

# WESTRALIAN GAS AND POWER LIMITED

## ACN 109 213 470

---

### ENTITLEMENT ISSUE PROSPECTUS

---

For a pro rata non-renounceable entitlement issue of two (2) Shares for every three (3) Shares held by Shareholders at an issue price of \$0.01 per Share to raise approximately \$2,666,159 together with one (1) free Attaching Option for every two (2) new Shares issued exercisable at \$0.015 on or before 31 December 2012 (**Entitlement Issue**).

The Entitlement Issue is underwritten by Pendulum Capital Pty Limited. Refer to Section 8.2 for details regarding the terms of the Underwriting Agreement.

#### IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the Securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Securities offered by this Prospectus should be considered as speculative.

---

---

## TABLE OF CONTENTS

---

1.	IMPORTANT INFORMATION .....	1
2.	CORPORATE DIRECTORY .....	5
3.	CHAIRMAN'S LETTER .....	6
4.	DETAILS OF THE OFFER .....	7
5.	PURPOSE AND EFFECT OF THE OFFER.....	12
6.	RIGHTS AND LIABILITIES ATTACHING TO THE SHARES AND OPTIONS .....	15
7.	RISK FACTORS .....	19
8.	ADDITIONAL INFORMATION.....	23
9.	AUTHORITY OF DIRECTORS .....	34
10.	DEFINITIONS .....	35

---

## 1. IMPORTANT INFORMATION

Below is important information and important notes in relation to the Offer. Shareholders should read this document in its entirety and, if in doubt as to any of the matters set out in this Prospectus, should consult their professional advisers.

### SUMMARY OF THE OFFER

By this Prospectus, the Company offers for subscription approximately 266,615,858 new Shares and approximately 133,307,929 free Attaching Options pursuant to a pro-rata non-renounceable entitlement issue to Shareholders of two (2) new Shares for every three (3) Shares held on the Record Date at an issue price of \$0.01 per Share together with one (1) free Attaching Option for every two (2) new Shares issued.

The rights attaching to the Securities now offered are set out in Section 6.

The purpose of this Prospectus is for the Company to make the Offer under Section 713 of the Corporations Act.

### SUMMARY OF IMPORTANT DATES\*

Notice sent to option holders	22 August 2011
Lodgement of Prospectus and Appendix 3B with ASX	22 August 2011
Notice sent to Shareholders	24 August 2011
Ex Date	29 August 2011
Record Date for determining Shareholder entitlements	2 September 2011
Prospectus despatched to Shareholders	6 September 2011
Closing Date of Offer	20 September 2011
Securities quoted on a deferred settlement basis	21 September 2011
Notify ASX of under-subscriptions	22 September 2011
Despatch date/Shares entered into Shareholders' security holdings	26 September 2011

\* These dates are determined based upon the current expectations of the Directors and may be changed in accordance with the ASX Listing Rules.

### KEY INVESTMENT RISKS

Prospective investors should read this Prospectus in its entirety before deciding whether to apply for Securities under this Prospectus. In particular, you should consider the risk factors set out in Section 7, which include the following key investment risks:

Risk area	Further details
<b>Exploration and development risks:</b> The business of oil and gas exploration, project development and production, contains elements of significant risk with no guarantee of success. Ultimate and continuous success of these activities is dependent on many factors such as the discovery and acquisition of economically viable reserves, securing, design and construction of efficient development and production infrastructure and maintaining title to interests.	Section 7.1

<b>Oil and gas price volatility:</b> International oil and gas prices have fluctuated widely in recent years and may continue to fluctuate significantly in the future. Fluctuations in oil and gas prices may have a material adverse effect on the Company's business, financial condition and results of operations.	Section 7.2
<b>Foreign exchange risk:</b> The current operations of the Company are in Australia and the United States and the costs of some revenues from operations will be in United States dollars. As the Company's financial reports will be presented in Australian dollars, the Company will be exposed to the volatility and fluctuations of the exchange rate between the United States dollar and the Australian dollar.	Section 7.3
<b>Environmental risk:</b> The Company's activities are subject to the environmental risks inherent in the oil and gas industry. The Company is subject to environmental laws and regulations in connection with operations it may pursue in the oil and gas industry, which operations are currently in Western Australia.	Section 7.4
<b>Competition risk:</b> The Company's current and future potential competitors include companies with substantially greater resources to develop similar and competing products.	Section 7.5
<b>Additional requirements for capital:</b> If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programs as the case may be.	Section 7.6
<b>Market conditions:</b> The market price of the Company's Securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities.	Section 7.8
<b>Investment speculative:</b> The risk factors referred to in this Prospectus, and others not specifically referred to in this Prospectus, may in the future materially affect the financial performance of the Company and the value of the Securities offered under this Prospectus.	Section 7.11

## DIRECTORS

### Mr Darren Levy -Non-Executive Chairman

Mr Levy holds a Bachelor of Commerce degree from Melbourne University, Post Graduate Diploma from the Securities Institute of Australia and has been admitted as a Fellow of the financial services institute of Australia (F.Fin.). He has had 25 years experience in the finance and stock broking industry.

As at the date of this Prospectus Mr Levy is not a nominee or a representative of a substantial Shareholder in the Company.

### Mr Stephen Thomas - Managing Director

Mr Thomas holds a Bachelor of Science (Hons) in Geology and Geophysics from the University of Cardiff in 1978.

Mr Thomas has held a number of managerial positions both technical and corporate within the field of oil and gas exploration since 1978. Mr Thomas moved into the coal seam methane industry in 1997 when he became managing director of Growth Resources NL.

As at the date of this Prospectus Mr Thomas is not a nominee or a representative of a substantial Shareholder in the Company.

#### **Mr Paul Garner - Executive Director**

Mr Garner has extensive experience in international business and over 35 years experience in the property and equities market. He has extensive experience with public company capital raising and restructuring. He has served on the Boards of various listed oil and gas companies at various stages of their development.

As at the date of this Prospectus Mr Garner is not a nominee or a representative of a substantial Shareholder in the Company.

#### **Sub-Underwriting by Directors**

Mr Darren Levy and Mr Paul Garner have agreed to each sub-underwrite, via their controlled entities, as priority sub-underwriters, up to 30 million Shares and 15 million free Attaching Options of any Shortfall, offered to Shareholders pursuant to the Offer.

Further information regarding the sub-underwriting can be found in Section 4.4 and Section 8.3 of this Prospectus.

#### **IMPORTANT NOTES**

Shareholders should read this document in its entirety and, if in doubt, should consult their professional advisors.

This Prospectus is dated 22 August 2011 and a copy of this Prospectus was lodged with the ASIC on that date. The ASIC and ASX take no responsibility for the content of this Prospectus.

The expiry date of the Prospectus is that date which is 13 months after the date of this Prospectus (**Expiry Date**). No Shares or Attaching Options will be allotted or issued on the basis of this Prospectus after the Expiry Date.

Applications for Shares and Attaching Options offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form which accompanies this Prospectus.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. In particular, the Offer is only being made to existing Shareholders with a registered address in Australia and New Zealand.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

The Offer to New Zealand investors is made pursuant to the New Zealand Securities Act (Overseas Companies) Exemption Notice 2002. Pursuant to this Exemption Notice, the only members of the public to whom the Securities are offered in New Zealand under the

Offer are those who, at the time of the Offer, are holders of Shares in the Company. The taxation treatment of Australian securities is not the same as for New Zealand securities. If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The Offer may involve a currency exchange risk. The currency for the Shares and Attaching Options is not New Zealand dollars. The value of the Shares and Attaching Options will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant. If you expect the Shares and/or Attaching Options to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

As noted in the Prospectus at Section 4.6, the Company will apply to the ASX for quotation of the Shares and Attaching Options offered under this Prospectus. If quotation is granted, the Shares and Attaching Options offered under this Prospectus will be able to be traded on the ASX. If you wish to trade the Shares and/or Attaching Options through that market, you will have to make arrangements for a participant in that market to sell the Shares and/or Attaching Options on your behalf. As the ASX does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the securities and trading may differ from securities markets that operate in New Zealand.

No person is authorised to give information or to make any representation in connection with this Prospectus which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

## **ELECTRONIC PROSPECTUS**

Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Entitlement and Acceptance Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

---

## 2. CORPORATE DIRECTORY

### Directors

Mr Darren Levy  
*Chairman*

Mr Stephen Thomas  
*Managing Director*

Mr Paul Garner  
*Executive Director*

### Company Secretary

Mr Jack Toby

### Registered Office

31 Ord Street  
WEST PERTH WA 6005

Telephone: +61 8 9322 6955  
Facsimile: +61 8 9322 6722

Website:  
[www.westraliangasandpower.com.au](http://www.westraliangasandpower.com.au)

### Underwriter

Pendulum Capital Pty Limited  
Unit 2  
110 Hay Street  
SUBIACO WA 6008

Telephone: +61 8 9282 5400

### Share Registry\*

Computershare Investor Services Pty  
Limited  
Level 2 Reserve Bank Building  
45 St Georges Terrace  
PERTH WA 6000

Telephone (within Australia): 1300 850 505  
Telephone (overseas): +61 3 9415 4000

### Solicitors

Steinepreis Paganin  
Lawyers and Consultants  
Level 4, The Read Building  
16 Milligan Street  
PERTH WA 6000

### Auditor\*

Somes and Cooke  
1304 Hay Street  
WEST PERTH WA 6005

\*These parties have been included for information purposes only. They have not been involved in the preparation of this Prospectus.

---

### 3. CHAIRMAN'S LETTER

Dear Shareholder,

On behalf of the Board of Westralian Gas and Power Limited (the **Company**), I am pleased to invite you to participate in a two (2) for three (3) non-renounceable entitlements issue of Shares at \$0.01 each, together with one (1) free Attaching Option for each two (2) new Shares issued, to raise approximately \$2,666,159 (before expenses) (**Entitlement Issue**). The Entitlement Issue provides you with the opportunity to increase your investment in the Company and to further participate in the continued growth of the Company.

All Shareholders registered as at 5:00pm (WST) on 2 September 2011 will be entitled to participate in the Entitlement Issue.

The Closing Date for acceptances of the Offer is 5:00pm (WST) on 20 September 2011.

The Entitlement Issue is fully underwritten by Pendulum Capital Pty Limited and any Shares not taken up by Shareholders pursuant to the Entitlement Issue will be allocated to the Underwriter. A summary of the material terms of the Underwriting Agreement is set out in Section 8.2 of this Prospectus.

On behalf of the Board of Westralian Gas and Power Limited, I thank you for your past support of the Company and I invite you to consider this investment opportunity and look forward to your continuing support of the Company.

Yours sincerely

**Darren Levy**  
**Chairman**  
**Westralian Gas and Power Limited**

---

## 4. DETAILS OF THE OFFER

### 4.1 Offer

By this Prospectus, the Company offers for subscription approximately 266,615,858 new Shares and approximately 133,307,929 free Attaching Options pursuant to a pro-rata non-renounceable entitlement issue to Shareholders of two (2) new Shares for every three (3) Shares held on the Record Date at an issue price of \$0.01 per Share together with one (1) free Attaching Option for every two (2) new Shares issued. Fractional entitlements will be rounded up to the nearest whole number.

The Attaching Options issued will be exercisable at \$0.015 on or before 31 December 2012.

Pursuant to the Underwriting Agreement, the Company will issue 15,996,951 free Attaching Options to Pendulum Capital Pty Limited (**Pendulum**) or its nominees, bringing the total number of free Attaching Options to be issued to 149,304,880. Pursuant to the Underwriting Agreement, the Company will also issue 6,000,000 options exercisable at \$0.01 on or before 31 March 2013, and otherwise on standard terms and conditions of unlisted options, to Pendulum or its nominees (**Pendulum Options**). Further details of the Underwriting Agreement are set out in Section 8.2.

Based on the capital structure of the Company (and assuming no existing Options are exercised prior to the Record Date), the maximum number of Shares to be issued pursuant to the Offer is approximately 266,615,858. The Offer will raise approximately \$2,666,159 (before expenses). The purpose of the Offer and the use of funds raised are set out in Section 5 of this Prospectus.

Holders of existing Options will not be entitled to participate in the Offer. The Company currently has 387,699,630 Options on issue as at the date of this Prospectus, which Options may be exercised by the Option holder prior to the Record Date in order to participate in the Offer.

### 4.2 How to Accept the Offer

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus. Your acceptance must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for the maximum Entitlement.

You may participate in the Offer as follows:

- (a) if you wish to accept your Entitlement in full:
  - (i) pay the amount indicated on your Entitlement and Acceptance Form via BPAY using the BPAY code and personalised reference number indicated so that the funds are received before 3.00pm (WST) on the Closing Date; or
  - (ii) complete the Entitlement and Acceptance Form, filling in the details in the spaces provided and attach your cheque for the amount indicated on your Entitlement and Acceptance Form,
- (b) if you only wish to accept part of your Entitlement:

- (i) pay a lesser amount than indicated on your Entitlement and Acceptance Form via BPAY using the BPAY code and personalised reference number indicated so that the funds are received before 3.00pm (WST) on the Closing Date; or
  - (ii) fill in the number of Securities you wish to accept in the space provided on the Entitlement and Acceptance Form and attach your cheque for the appropriate application monies (at \$0.01 per Share),
- (c) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to “**Westralian Gas and Power Limited – Trust Account**” and crossed “**Not Negotiable**”.

Your completed Entitlement and Acceptance Form and cheque must be mailed to:

Computershare Investor Services Pty Limited  
GPO Box 505  
MELBOURNE VIC 3001

or delivered to:

Computershare Investor Services Pty Limited  
Level 2  
45 St Georges Terrace  
Perth WA 6000

and received by no later than 5.00pm (WST) on the Closing Date.

**If you choose to pay via BPAY® you are not required to submit your Entitlement and Acceptance Form.**

Your payment will not be accepted after 3.00pm (WST) on the Closing Date and no Shares will be issued to you in respect of that application.

If you have multiple holdings you will have multiple BPAY reference numbers. To ensure you receive your Shares in respect of that holding, you must use the specific biller code and the customer reference number shown on each personalised Application Form when paying for any Shares that you wish to apply for in respect of that holding. If you inadvertently use the same Customer Reference Number for more than one of your applications, you will be deemed to have applied only for the application to which that Customer Reference Number applies and any excess amount will be refunded.

Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. You may also have your own limit on the amount that can be paid via BPAY. It is your responsibility to check that the amount you wish to pay via BPAY does not exceed your limit.

The Offer is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement.

### **4.3 Minimum Subscription**

There is no minimum subscription in respect of the Offer.

### **4.4 Underwriting**

The Offer is fully underwritten by Pendulum Capital Pty Ltd (**Pendulum**).

Pursuant to the Underwriting Agreement, as part of the underwriting fee the Company will issue 15,996,951 options, on the same terms as the free Attaching Options, to Pendulum or its nominees. The offer of the 15,996,951 options to be issued to Pendulum or its nominees on the same terms and conditions as the free Attaching Options is a separate offer made pursuant to this Prospectus.

The following directors of the Company, or their associates, have agreed to sub-underwrite as priority sub-underwriters up to the following number of Shares and Options of any Shortfall:

- Mr Darren Levy, 30 million Shares and 15 million free Attaching Options; and
- Mr Paul Garner, 30 million Shares and 15 million free Attaching Options.

Darren Levy and Paul Garner, via their controlled entities, will each be paid fees of 5% of the amount they are underwriting (\$300,000 worth of Shares each), which equates to a fee of \$15,000 to be paid by the Underwriter.

Refer to Section 8.2 of this Prospectus for further details of the terms of the Underwriting Agreement with Pendulum. The potential effect of the Underwriting Agreement on the Company is set out in Section 8.3 of this Prospectus.

### **4.5 Shortfall**

Any Entitlement not taken up will form part of the Shortfall. The offer of the Shortfall Shares and Attaching Options is a separate offer made pursuant to this Prospectus and will remain open after the Closing Date. The issue price of any Shortfall Shares shall be \$0.01 together with one (1) free Attaching Option for every two (2) new Shares issued, being the price and terms at which the Entitlement has been offered to Shareholders pursuant to this Prospectus.

The Shortfall shall be placed in at the absolute discretion of the Underwriter. The Underwriter reserves the right to allot to an applicant a lesser number of Shortfall Shares than the number for which the applicant applies, or to reject an application, or to not proceed with placing the Shortfall.

### **4.6 Australian Securities Exchange Listing**

Application for official quotation by ASX of the Shares and Attaching Options offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus. If approval is not obtained from ASX before the expiration of 3 months after the date of issue of the Prospectus, (or such period as modified by the ASIC), the Company will not issue any Securities and will repay all application monies for the Securities within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant official quotation to the Shares and/or Attaching Options is not to be taken in any way as an indication of the merits of the Company or the Securities now offered for subscription.

#### **4.7 Allotment of Shares and Attaching Options**

Shares and Attaching Options issued pursuant to the Offer will be allotted as soon as practicable after the Closing Date. The Company will allot the Shares and Attaching Options on the basis of a Shareholder's Entitlement. Where the number of Shares and Attaching Options issued is less than the number applied for, or where no allotment is made, surplus application monies will be refunded without any interest to the applicant as soon as practicable after the Closing Date.

Pending the allotment and issue of the Shares and Attaching Options or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

#### **4.8 Overseas Shareholders**

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Securities these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Securities will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

Shareholders resident in New Zealand should consult their professional advisors as to whether any government or other consents are required, or other formalities need to be observed, to enable them to exercise their Entitlements under the Offer.

#### **4.9 Taxation Implications**

The Directors do not consider that it is appropriate to give Applicants advice regarding the taxation consequences of applying for Securities under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation consequences. The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to Applicants. Potential Applicants should, therefore, consult their own professional tax adviser in connection with the taxation implications of the Securities offered pursuant to this Prospectus.

#### **4.10 Clearing House Electronic Sub-Register System (CHESS) and Issuer Sponsorship**

The Company will not be issuing share or option certificates. The Company will apply to ASX to participate in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares and Attaching Options allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

#### **4.11 Privacy Act**

If you complete an application for Shares and Attaching Options, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASTC Settlement Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

---

## 5. PURPOSE AND EFFECT OF THE OFFER

### 5.1 Purpose of the Offer

The purpose of the Offer is to raise approximately \$2,666,159 (before expenses of the Offer). The proceeds of the Offer are planned to be used in accordance with the table set out below:

<b>Proceeds of the Offer</b>	<b>\$</b>
Exploration of shale gas prospect DR11	500,000
Investigation of new opportunities	1,000,000
Working Capital and administration expenses	968,983
Expenses of the Offer	197,176
<b>Total</b>	<b>2,666,159</b>

#### Notes:

1. Refer to Section 8.7 of this Prospectus for further details relating to the estimated expenses of the Offer.

### 5.2 Effect of the Offer and Pro Forma Consolidated Balance Sheet

The principal effect of the Offer will be to:

- (a) increase the cash reserves by approximately \$2,468,983 immediately after completion of the Offer after deducting the estimated expenses of the Offer;
- (b) increase the number of Shares on issue from 399,923,786 to approximately 666,539,644 Shares following completion of the Offer; and
- (c) increase the number of Options on issue from 387,699,630 Options prior to the date of this Prospectus to approximately 543,004,510 Options following completion of the Offer, issue of the 15,996,951 Attaching Options to Pendulum and issue of the 6,000,000 Pendulum Options to Pendulum or its nominees.

### 5.3 Consolidated Balance Sheet

The unaudited Balance Sheet as at 30 June 2011 and the unaudited Pro Forma Balance Sheet as at 30 June 2011 shown on the following page have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position. They have been prepared on the assumption that all Shares and Attaching Options pursuant to the Offer in this Prospectus are issued.

The unaudited Balance Sheets have been prepared to provide Shareholders with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

The following unaudited consolidated pro forma Statement of Financial Position of the Company is based on the unaudited management financial report as at 30 June 2011, adjusted for:

- The issue of 266,615,858 Shares at \$0.01 each and the issue of 133,307,929 free Attaching Options to raise \$2,666,159.
- The issue of 15,996,951 free Attaching Options and 6,000,000 Pendulum Options pursuant to the Underwriting Agreement valued at \$73,991.
- Expenses of the Offer of \$197,176.

## PRO FORMA STATEMENT OF FINANCIAL POSITION

	<b>Consolidated</b>	
	<b>Unaudited 30 June 2011 \$</b>	<b>Pro-Forma Unaudited 30 June 2011 \$</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	1,173,445	3,642,428
Trade and other receivables	15,290	15,290
Inventories	5,623	5,623
<b>Total Current Assets</b>	1,194,358	3,663,341
<b>Non-Current Assets</b>		
Plant and equipment	84,146	84,146
Receivables	12,000	12,000
Capitalised oil and gas expenditure	23,497	23,497
<b>Total Non-Current Assets</b>	119,643	119,643
<b>TOTAL ASSETS</b>	1,314,001	3,782,984
<b>Current Liabilities</b>		
Trade and other payables	76,809	76,809
Provisions	2,244	2,244
<b>Total Current Liabilities</b>	79,053	79,053
<b>TOTAL LIABILITIES</b>	79,053	79,053
<b>NET ASSETS</b>	1,234,948	3,703,931
<b>Equity</b>		
Issued capital	12,542,332	14,937,324
Reserves	1,488,067	1,562,058
Accumulated losses	(12,795,451)	(12,795,451)
<b>TOTAL EQUITY</b>	1,234,948	3,703,931

## 5.4 Effect on Capital Structure

A comparative table of changes in the capital structure of the Company as a consequence of the Offer is set out below, assuming that the Offer is fully subscribed.

### Shares

	<b>Number</b>
Shares on issue at date of Prospectus	399,923,786
Shares offered pursuant to the Offer	266,615,858
<b>Total Shares on issue after completion of the Offer</b>	<b>666,539,644</b>

### Options

	<b>Number</b>
Quoted exercisable at \$0.05 on or before 1 October 2011	190,186,639
Unquoted exercisable at \$0.0275 on or before 31 October 2013	30,000,000
Unquoted exercisable at \$0.05 on or before 31 July 2015	5,000,000
Unquoted exercisable at \$0.03 on or before 31 October 2015	162,512,991
Attaching Options offered pursuant to the Offer	133,307,929
Attaching Options to be issued to Pendulum <sup>1</sup>	15,996,951
Pendulum Options to be issued to Pendulum or its nominees <sup>2</sup>	6,000,000
<b>Total Options on issue after completion of the Offer</b>	<b>543,004,510</b>

1. Refer to Section 8.2 of this Prospectus for further information regarding the Underwriting Agreement.
2. Refer to Section 8.2 of this Prospectus for further information regarding the Underwriting Agreement

---

## **6. RIGHTS AND LIABILITIES ATTACHING TO THE SHARES AND OPTIONS**

### **6.1 Terms of Shares**

The following is a summary of the more significant rights and liabilities attaching to Shares to be issued pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Company's Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

#### **6.1.1 General Meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution of the Company.

#### **6.1.2 Voting Rights**

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- (a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (c) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the share.

#### **6.1.3 Dividend Rights**

The Directors may from time to time declare a dividend to be paid to shareholders entitled to the dividend. The dividend as declared shall (subject to clause 22.9, the rights of any preference shareholders and to the right of the holders of any shares created or raised under any special arrangement as to dividends) be payable on all shares in accordance with the Corporations Act. The Directors may from time to time pay to the shareholders such interim dividends as they may determine. No dividends shall be payable except out of profits.

#### **6.1.4 Winding-Up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the

division is to be carried out as between the Shareholders or different classes of Shareholders. The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

#### **6.1.5 Transfer of Shares**

Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the Listing Rules.

#### **6.1.6 Future Increase in Capital**

The allotment and issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of securities contained in the Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

#### **6.1.7 Variation of Rights**

Subject to the Listing Rules, if at any time the share capital of the Company is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of the issue of the Shares of that class) may be varied, whether or not the Company is being wound up, with the consent in writing of the holders of three quarters of the issued Shares of that class, or if authorised by a special resolution at a separate meeting of the holders of the Shares of that class. Any variation of rights under clause 2.3 of the Constitution is subject to sections 246B and 246E of the Corporations Act.

The Shares are quoted on ASX.

### **6.2 Terms of Attaching Options**

The Attaching Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each Attaching Option entitles the holder to subscribe for one (1) Share upon the payment of 1.5 cents per Share subscribed for.
- (b) The Attaching Options will lapse at 5.00pm, Western Standard Time on 31 December 2012.
- (c) The Attaching Options may not be listed for official quotation on the ASX, however, the Company may, in its absolute discretion, apply for the Attaching Options to be listed for official quotation on the ASX in the future. The Company is under no obligation to apply for the Attaching Options to be listed for official quotation on the ASX. In the event that the Attaching Options are listed for official quotation on the ASX in the future, the Company is under no obligation to maintain the listing and may take any action that may result in the delisting of the Attaching Options on the ASX.

- (d) The Attaching Option holder must not offer any of the Attaching Options, or the Shares issued on exercise of the Attaching Options, for sale to any person (Secondary Offer) within 12 months from the respective date of issue of those Attaching Options or Shares (as applicable) unless:
- (i) the Secondary Offer does not require disclosure as a result of sections 707 or 708 of the Corporations Act (excluding section 708(1) of the Corporations Act);
  - (ii) the Secondary Offer does not require disclosure as a result of section 708A or ASIC Class Order 04/671 or any variation or replacement of such Class Order;
  - (iii) the Secondary Offer is made pursuant to a disclosure document in accordance with the Corporations Act; or
  - (iv) the Secondary Offer is received by a person outside Australia.

For the avoidance of doubt, paragraph (d)(iii) does not create any obligation on the Company to issue a disclosure document (whether at its cost or otherwise).

- (e) There are no participating rights or entitlements inherent in the Attaching Options and holders of the Attaching Options will not be entitled to participate in new issues of capital that may be offered to Shareholders during the currency of the Attaching Option.
- (f) In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of the issued capital of the Company, the Attaching Options will be re-organised as required by the ASX Listing Rules, but in all other respects the terms of exercise will remain unchanged.
- (g) The Attaching Options shall be exercisable by the delivery to the registered office of the Company of a notice in writing stating the intention of the Attaching Option holder to exercise all or a specified number of Attaching Options held by them accompanied by an Option Certification and payment to the Company for the subscription monies for the Shares. An exercise of only some Attaching Options shall not affect the rights of the Attaching Option holder to the balance of the Attaching Options held by them.
- (h) The notice of exercise of Attaching Options may be deemed by the Company to be received at the end of the calendar month in which it is actually received and the Company shall comply with the ASX Listing Rules with respect to the allotment of resultant Shares and the issue of a statement of shareholding.
- (i) Shares allotted pursuant to an exercise of Attaching Options shall rank, from the date of allotment, equally with the existing Shares of the Company in all respects.
- (j) The Company shall make an application to have those Shares allotted pursuant to an exercise of Attaching Options listed for official quotation by ASX.

- (k) If there is a bonus share issue to the holders of Shares, the number of Shares over which an Attaching Option is exercisable will be increased by the number of Shares which the Optionholder would have received if the Attaching Option had been exercised before the record date for the bonus issue.
- (l) There is no right to change the exercise price of the Attaching Options nor the number of underlying Shares over which the Attaching Options can be exercised, if the Company completes a pro rata issue.

---

## 7. RISK FACTORS

Applicants should consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for Securities. Potential Applicants should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Securities.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

### ***Risks Specific to the Company***

#### **7.1 Exploration and Development Risks**

The business of oil and gas exploration, project development and production, by its nature, contains elements of significant risk with no guarantee of success. Ultimate and continuous success of these activities is dependent on many factors such as:

- the discovery and/or acquisition of economically recoverable reserves;
- access to adequate capital for project development;
- design and construction of efficient development and production infrastructure within capital expenditure budgets;
- securing and maintaining title to interests;
- obtaining consents and approvals necessary for the conduct of oil and gas exploration, development and production;
- access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants.

Whether or not income will result from projects undergoing exploration and development programs depends on successful exploration and establishment of production facilities. Factors including costs, actual hydrocarbons and formations, flow consistency and reliability and commodity prices affect successful project development and operations.

Drilling activities carry risk as such activities may be curtailed, delayed or cancelled as a result of weather conditions, mechanical difficulties, shortages or delays in the delivery of drill rigs or other equipment.

Industry operating risks include fire, explosions, blow outs, pipe failures and environmental hazards such as accidental spills or leakage of liquids, gas leaks, ruptures or discharges of toxic gases. The occurrence of any of these risks could result in legal proceedings against the Company and substantial losses to the Company due to injury or loss of life, damage to or destruction of property, natural resources or equipment, pollution or other environmental damage, cleanup responsibilities, regulatory investigation, and penalties or suspension of operations. Damage occurring to third parties as a result of such risks may give rise to claims against the Company.

There is no assurance that any exploration on current or future interests will result in the discovery of an economic deposit of oil or gas. Even if an apparently

viable deposit is identified, there is no guarantee that it can be economically developed.

## **7.2 Oil and Gas Price Volatility**

The demand for, and price of, oil and natural gas is highly dependent on a variety of factors, including international supply and demand, the level of consumer product demand, weather conditions, the price and availability of alternative fuels, actions taken by governments and international cartels, and global economic and political developments.

International oil and gas prices have fluctuated widely in recent years and may continue to fluctuate significantly in the future. Fluctuations in oil and gas prices and, in particular, a material decline in the price of oil or gas may have a material adverse effect on the Company's business, financial condition and results of operations.

## **7.3 Foreign Exchange Risk**

The current operations of the Company are in Australia and the United States and the costs of some revenues from operations will be in United States dollars. As the Company's financial reports will be presented in Australian dollars, the Company will be exposed to the volatility and fluctuations of the exchange rate between the United States dollar and the Australian dollar.

Global currencies are affected by a number of factors that are beyond the control of the Company. These factors include economic conditions in the relevant country and elsewhere and the outlook for interest rates, inflation and other economic factors. These factors may have a positive or negative effect on the Company's exploration, project development and production plans and activities together with the ability to fund those plans and activities.

## **7.4 Environmental Risk**

The Company's activities are subject to the environmental risks inherent in the oil and gas industry. The Company is subject to environmental laws and regulations in connection with operations it may pursue in the oil and gas industry, which operations are currently in Western Australia. The Company intends to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws. However, the Company may be the subject of accidents or unforeseen circumstances that could subject the Company to extensive liability.

Further, the Company may require approval from the relevant authorities before it can undertake activities that are likely to impact the environment. Failure to obtain such approvals will prevent the Company from undertaking its desired activities. The Company is unable to predict the effect of additional environmental laws and regulations that may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

The Company's operational risks include environmental hazards such as accidental spills or leaks of petroleum liquids or gas, ruptures and the discharge of toxic gases. The occurrence of any such incident could result in substantial costs to the Company for environmental rehabilitation, damage control and losses.

## **7.5 Competition**

The Company will compete with other companies, including major oil and gas companies. Some of these companies have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. Many of the Company's competitors not only explore for and produce oil and gas, but also carry out downstream operations on these and other products on a worldwide basis. There can be no assurance that the Company can compete effectively with these companies.

## **7.6 Additional Requirements for Capital**

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the capital raising. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programs as the case may be.

### **General Risks**

## **7.7 Economic Risks**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

Further, share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (a) general economic outlook;
- (b) interest rates and inflation rates;
- (c) currency fluctuations;
- (d) changes in investor sentiment toward particular market sectors;
- (e) the demand for, and supply of, capital; and
- (f) terrorism or other hostilities.

## **7.8 Market Conditions**

The market price of the Company's securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

## **7.9 Operating Risks**

The operations of the Company may be affected by various factors, including failure to locate or identify deposits, operational and technical difficulties encountered in drilling, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated problems

which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

#### **7.10 Reliance on Key Management**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

#### **7.11 Investment Speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Securities offered under this Prospectus. Therefore, the Securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Securities.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

---

## **8. ADDITIONAL INFORMATION**

### **8.1 Continuous Disclosure Obligations**

The Company is a “disclosing entity” (as defined in Section 111AC of the Corporations Act) for the purposes of Section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms “transaction specific prospectuses” are only required to contain information in relation to the effect of the issue of securities on the Company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 12 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in Section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
  - (i) the financial statements of the Company for the financial year ended 30 June 2010 being the last financial statements for a financial year, of the Company lodged with the ASIC before the issue of this Prospectus;
  - (ii) any half year financial statements of the Company lodged with ASIC since the lodgement of the last financial statements for

the year ended 30 June 2010 lodged with ASIC before the issue of this Prospectus; and

- (iii) any documents used to notify ASX of information relating to the Company in the period from lodgement of the financial statements referred to in paragraph (i) above until the issue of the Prospectus in accordance with the Listing Rules as referred to in Section 674(1) of the Corporations Act.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

The Company has lodged the following announcements with ASX since the lodgement of the audited 2010 financial statements:

<b>Date</b>	<b>Description of Announcement</b>
12/08/2011	WGP Commencement of Seismic Survey
04/08/2011	WGP Option Expiry Notice
28/07/2011	WGP Accelerated Exploration Capital Raising and 3B
21/07/2011	WGP ASX Appendix 5B Jun – 11
21/07/2011	WGP Quarterly Activities Report Jun – 11
19/07/2011	WGP ASX Appendix 3Z 2 0 Ch'ng
19/07/2011	WGP ASX Appendix 3Z – Init Dir Int Garner
19/07/2011	WGP Director appointment and resignation
08/07/2011	WGP Appendix 3X – Init Dir Int Levy
08/07/2011	WGP Appointment of Director
07/07/2011	WGP ASX Appendix 3Z – Briggs
07/07/2011	WGP Resignation of Director
20/06/2011	WGP Seismic Program Approval
17/06/2011	WGP Meeting Results
11/05/2011	WGP Notice of Meeting 17-Jun-11
28/04/2011	WGP ASX App 3Y – Ch'ng – Change of Int
19/04/2011	WGP ASX Appendix 5B Cashflow Mar-11
19/04/2011	WGP Quarterly Activities Report Mar-11
07/04/2011	WGP ASX Appendix 3B
28/02/2011	WGP Perth Basin Update

28/02/2011	WGP ASX Appendix 3B
25/02/2011	Response to ASX Price and Volume Query
23/02/2011	WGP Half Year Accounts 31 –Dec-10
17/02/2011	Response to ASX Query
17/02/2011	Appendix 3B
28/01/2011	WGP ASX Appendix 5B Cashflow Dec-10
28/01/2011	WGP Quarterly Activities Report Dec-10
10/01/2011	WGP Surrender of 1 Offshore Petroleum Permits
24/12/2010	WGP Securities Trading Policy
22/12/2010	WGP 2011 Exploration Program
03/12/2010	WGP ASX Appendix 3B
30/11/2010	WGPAGM Meeting Results
26/11/2010	WGP ASIC Form 605 Cease Sub Sholder Brown
18/11/2010	WGP Prospectivity of DR11
15/11/2010	WGP Placement for Shale Gas Exploration
11/11/2010	WGP Coal Seam Methane Project Evaluation
10/11/2010	WGP Perth Basin Shale Gas
22/10/2010	WGP Notice of Annual General Meeting
21/10/2010	WGP ASX Appendix 5B Cashflow Sep-10
21/10/2010	WGP Quarterly Activities Report Sep-10
04/10/2010	WGP ASX Appendix 3B
30/09/2010	WGP ASX Appendix 3X–Init Dir Int Ch'ng
30/09/2010	WGP Capital Raising and Board Appointment
29/09/2010	WGP ASIC Form 605
24/09/2010	Becoming a substantial holder from SVS
23/09/2010	WGP ASX Appendix 3B
10/09/2010	WGP ASX Appendix 3B
03/09/2010	WGP 2010 Annual Report

ASX maintains files containing publicly available information for all listed

companies. The Company's file is available for inspection at ASX during normal office hours.

## 8.2 Material Contracts

The following are summaries of the significant terms of the material agreements which relate to the business of the Company.

### 8.2.1 Underwriting Agreement with Pendulum

Pursuant to an agreement between Pendulum (**Underwriter**) and the Company, the Underwriter has agreed to act as underwriter and to fully underwrite the Offer up to the amount of \$2,666,159 (**Underwriting Agreement**).

Pursuant to the Underwriting Agreement, the Company has agreed to:

- (a) pay the Underwriter an underwriting fee of 6% of the cash raised, being \$2,666,519, which equates to a fee of \$159,970 (**Underwriting Fee**);
- (b) issue the Underwriter or its nominee with:
  - (i) 15,996,951 free Attaching Options; and
  - (ii) 6,000,000 Pendulum Options.

The issue of the Attaching Options and Pendulum Options are subject to the Company obtaining any required shareholder approval.

Within five business days of receipt of the Underwriting Fee, the Underwriter will pay all sub-underwriting fees.

The Underwriting Agreement is conditional upon satisfaction of the following conditions:

- (a) the Underwriter reviewing the final Prospectus prior to the lodgement date and being satisfied reasonably with such document as evidenced by the Underwriter giving its consent to be named in the Prospectus;
- (b) the Prospectus being lodged with ASIC prior to the lodgement date or such other date agreed by the Company and the Underwriter;
- (c) the Underwriter completing a review of the due diligence program undertaken by the Company for the purpose of preparing the Prospectus and being satisfied with the results of the review prior to the lodgement date;
- (d) the Underwriter entering into sub-underwriting agreements with sub-underwriters on terms satisfactory to the Underwriter (in its absolute discretion); and
- (e) the Company's solicitors providing to the Underwriter a legal sign-off letter in a form satisfactory to the Underwriter and for the benefit of the Underwriter that the due diligence program has been completed to its satisfaction.

The obligation of the Underwriter to underwrite the Offer is subject to certain events of termination. The Underwriter may terminate its obligations under the Underwriting Agreement on the occurrence of specific events including:

- (a) the Company is in breach of any provision of the Underwriting Agreement (whether or not the same is expressed to be a condition\_ and such failure is not remedied to the satisfaction of the Underwriter (acting reasonably) prior to the issue of the shortfall notice deadline;
- (b) any of the representations, warranties or undertakings given on the Company's part cease to be, or are found not to have been, true and correct in all material respects;
- (c) there is a material misstatement or inaccuracy in, or omissions from, the Prospectus, or any statement in the Prospectus (including, but not limited to, any representation with respect to any future matter) is or becomes misleading or deceptive in a material respect;
- (d) there is a material adverse change in the financial position or prospects of the Company;
- (e) the Company withdraws the Prospectus;
- (f) the occurrence of an event as defined in section 652C of the Corporations Act in relation to the Company, as though the Company were a target company other than any allotment or issue of securities, and any grant of security contemplated in the Prospectus;
- (g) an application is made by ASIC for an order under section 1324B of the Corporations Act in relation to the Prospectus and that application has not been dismissed or withdrawn;
- (h) the Prospectus does not comply with sections 710, 711 or any other relevant provision of the Corporations Act, so far as non-compliance can be remedied by lodging a supplementary or replacement prospectus (in the reasonable opinion of the Underwriter) having a material adverse effect on the Offer, there is a refusal or omission to lodge a supplementary or replacement prospectus in relation to the Prospectus;
- (i) there is a refusal or omission to lodge a supplementary or replacement prospectus in relation to the Prospectus which, in the reasonable opinion of the Underwriter is required to be lodged in accordance with Part 6D.2 of the Corporations Act;
- (j) any supplementary prospectus is lodged with ASIC in relation to the Prospectus which:
  - (i) in the reasonable opinion of the Underwriter may have a material adverse effect on the Offer;
  - (ii) is lodged without the prior approval of the Underwriter;
- (k) any party withdraws its written consent to the inclusion of statements made by it in the Prospectus pursuant to section 716 of the Corporations Act
- (l) a stop order or interim stop order or notice of intention to hold a hearing being issued by ASIC in relation to the Prospectus or any supplementary prospectus in relation thereto, in accordance with section 739 of the Corporations Act;

- (m) a resolution is passed or an order made by a court of competent jurisdiction for the winding up of the Company;
- (n) a receiver or receiver and manager or administrator or other controller is appointed to all or any part of the assets or undertaking of the Company;
- (o) the Company enters into any scheme of arrangement with its creditors or any class of them or indicates its intention or endeavouring to do so;
- (p) the Company suspends payment of its debts or is unable to pay its debts within the meaning of section 95A of the Corporations Act;
- (q) ASIC commences or the Company or the Underwriter becomes aware of, the intention to commence an investigation under the *Australian Securities and Investments Commission Act 1989* into all or any part of the Company;
- (r) a provisional liquidator is appointed to the Company;
- (s) an inspector is appointed pursuant to the Corporations Act to investigate all or any part of the affairs of the Company;
- (t) the Company or an officer of the Company is charged with or convicted of an offence in relation to the Company's constituent documents or any law relating to companies or securities or ASX Listing Rules;
- (u) if without the prior consent of the Underwriter, which consent will not be unreasonably withheld, a material contract is terminated (whether by breach or otherwise), rescinded, altered or amended or any such contract is found to be void, voidable or unenforceable;
- (v) the Company alters or announces an intention to alter its capital structure or its constitution without the prior written consent of the Underwriter, which shall not be unreasonably withheld;
- (w) ASX refuses, does not grant, on terms acceptable to the Underwriter, or withdraws approval for the granting of official quotation of the Shares comprising the Offer or ASX makes a statement to that effect to the Company, the Underwriter or any other persons;
- (x) ASX withdraws approval for the Company to be admitted to the official list or ASX makes a statement to that effect to the Company, the Underwriter or any other person;
- (y) any of the S&P/ASX200 Index, or the S&P/ASX300 Energy Index as published by ASX is, at any time after the date of the Underwriting Agreement, 10% or more below its respective level at the close of business on the business day prior to the date of the Underwriting Agreement;
- (z) the West Texas Immediate Cushing contract as published by Bloomberg under the code USCRWTIC:IND is 10% or more below its respective level at the close of business on the business day prior to the date of the Underwriting Agreement;

- (aa) any of the Company sub-underwriters do not comply with their obligations under the sub-underwriting agreements or threaten to not comply with their respective obligations under the sub-underwriting agreements.

The Underwriting Agreement also contains a number of indemnities, representations and warranties from the Company to the Underwriter that are considered standard for an agreement of this type.

### 8.3 Disclosure of Underwriting on Voting Power

As set out above, the Offer is underwritten by Pendulum (**Underwriter**) and Mr Darren Levy and Mr Paul Garner have agreed to sub-underwrite, via their controlled entities up to 30 million Shares and 15 million free Attaching Options of any Shortfall (**Director Sub-Underwriters**).

The potential effect that the issue of Securities under the Offer will have on the control of the Company is as follows:

- (a) if all Shareholders take up all of the Entitlement under the Offer, the percentage interest in the Securities of the Company held by the Underwriter and Director Sub-Underwriters to the Offer (and any other major Shareholders) would not change, and there would not be any effect on the voting power of the Underwriter or Director Sub-Underwriters; and
- (b) if some or all of the Shareholders do not take up their Entitlement under the Offer, and there is Shortfall, then the Underwriter and any sub-underwriters to the Offer will be required to subscribe for the Securities which make up the Shortfall.

To comply with the requirement to fully disclose the Underwriter's potential voting power in the Company and the effect of the underwriting by the Underwriter, the table below sets out various scenarios to indicate the effect on the Company's shareholding depending on the Shortfall (if any). The potential maximum increase in the voting power of the Underwriter is set out below (100% Shortfall) and would only occur if no Shareholders take up their Entitlement under the Offer.

As detailed in Section 8.5, as at the date of this Prospectus, the Underwriter does not have a relevant interest in any Securities.

<b>Event</b>	<b>Number of Shares of the Company held by the Underwriter</b>	<b>Voting power of the Underwriter in the Company</b>
Pendulum holding as at the date of the Prospectus	Nil	0%
After issue of Shares to the Underwriter assuming 100% Shortfall	266,615,858	40%
After issue of Shares to the Underwriter assuming	199.539.644	30%

<b>Event</b>	<b>Number of Shares of the Company held by the Underwriter</b>	<b>Voting power of the Underwriter in the Company</b>
75% Shortfall		
After issue of Shares to the Underwriter assuming 50% Shortfall	133,307,929	20%
After issue of Shares to the Underwriter assuming 25% Shortfall	66,653,965	10%

The number of Shares held by the Underwriter and its voting power in the table above show the potential effect of the underwriting of the Offer. However, it is unlikely that no Shareholders will take up their Entitlement under this Offer. The underwriting obligation of the Underwriter, and therefore voting power of the Underwriter, will reduce by a corresponding amount for the amount of Entitlements taken up by other Shareholders. In addition, the future pattern of shareholding of the Company will change depending on the take up of Entitlements of the other Shareholders.

To comply with the requirement to fully disclose the Director Sub-Underwriter's potential voting power in the Company and the effect of the sub-underwriting by the Director Sub-Underwriters, the potential maximum increase in the voting power of each of the Director Sub-Underwriters is set out below.

The maximum number of Shares to be issued to the Director Sub-Underwriters is 30 million Shares each of any Shortfall. As neither of the Director Sub-Underwriters currently holds Shares in the Company (see Section 8.4 of this Prospectus) the maximum number of Shares that each Director Sub-Underwriter will hold after the Offer is 30 million. This will equate to a maximum of 4.5% voting power in the Company.

Notwithstanding the potential effect of the underwriting and sub-underwriting detailed in the tables above, the Underwriter has advised the Company that it has, or will, allocate the Shortfall to its clients such that neither the Underwriter nor any of its clients, individually, will have a voting power in the Company in excess of 20% after the issue of the Shortfall. Therefore, although the information detailed in this Section 8.3 sets out the hypothetical position of the Underwriter if it is required to subscribe for the Shortfall under the Offer, in practical terms, the Underwriter will not obtain control of the Company as a result of the Underwriter underwriting the Offer.

#### **8.4 Directors' interests**

Other than as set out below or elsewhere in this Prospectus, no Director nor any firm in which such a Director is a partner, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer pursuant to this Prospectus; or

(c) the Offer pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director or to any firm in which any such Director is a partner, either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by the firm in connection with the formation or promotion of the Company or Offer pursuant to this Prospectus.

Directors' interests in securities of the Company at the date of this Prospectus are:

Name	Shares	Options	Entitlement <sup>1</sup>
Darren Levy	Nil	1,000,000 <sup>2</sup>	Nil
Stephen Thomas	9,744,843	10,000,000 <sup>3</sup>	6,496,562
Paul Garner	Nil	7,750,000 <sup>4</sup>	Nil

**Notes:**

1. Stephen Thomas has indicated that it is his present intention to subscribe for 1,000,000 Shares of his Entitlement under the Offer.
2. Options are exercisable at \$0.03 each and expire on 31 October 2015.
3. Options are exercisable at \$0.05 each and expire on 1 October 2011.
4. Options are exercisable at \$0.03 each and expire on 31 October 2015.

During the year ended 30 June 2011, Paul Garner and his associates received fees of \$74,000 from the Company for provision of consultancy services and a loan to the Company. These payments were made to Mr Garner before he was appointed a Director of the Company on 19 July 2011.

During the year ended 30 June 2011, Darren Levy and his associates received fees of \$5,000 from the Company for provision of loans to the Company. These payments were made to Mr Levy before he was appointed a Director of the Company on 8 July 2011.

The Constitution of the Company provides that the Directors are to be paid no more than the maximum remuneration that the Company determined by resolution and the Directors determine how the remuneration is to be divided between them.

The Company paid to the Directors a total of \$417,500 for the year ended 30 June 2010 and \$492,750 for the year ended 30 June 2011. In addition to the above, the Directors have been paid fees totalling \$45,946 from the end of the previous financial year until the date of this Prospectus.

Directors, companies associated with the directors or their associates are also reimbursed for all reasonable expenses properly incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of the Company and other miscellaneous expenses.

## 8.5 Interests and Consents of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no expert, underwriter, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner, nor any company with which any of those persons is or was associated, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer of securities pursuant to this Prospectus; or
- (c) the Offer of securities pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any expert, underwriter, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus, or to any firm in which any of those persons is or was a partner, or to any company with which any of those persons is or was associated, for services rendered by that person, or by the firm or the company, in connection with the formation or promotion of the Company or the Offer pursuant to this Prospectus.

Pursuant to Section 716 of the Corporations Act, Pendulum has given, and has not withdrawn, its consent to being named as Underwriter to the Offer in the Corporate Directory of this Prospectus. Pendulum has not caused or authorised the issue of this Prospectus, does not make or purport to make any statement in this Prospectus and takes no responsibility for any part of this Prospectus.

Pendulum (including its related entities) is not a Shareholder of the Company and currently has no relevant interest in any Shares. The fees that Pendulum will be paid pursuant to the Underwriting Agreement are set out in Section 8.2.

Pursuant to Section 716 of the Corporations Act, Steinepreis Paganin has given, and has not withdrawn its consent to being named as Solicitors to the Company in the Corporate Directory of this Prospectus in the form and context in which it is named. Steinepreis Paganin has not caused or authorised the issue of this Prospectus, does not make or purport to make any statement in this Prospectus and takes no responsibility for any part of this Prospectus.

Steinepreis Paganin acts as solicitors to the Company. Steinepreis Paganin will be paid approximately \$10,000 for services in relation to this Prospectus.

Pursuant to Section 716 of the Corporations Act, Computershare Investor Services Pty Limited has given, and has not withdrawn, its consent to being named as share registry to the Company in the Corporate Directory of this Prospectus in the form and context in which it is named. Computershare Investor Services Pty Limited has not caused or authorised the issue of this Prospectus, does not make or purport to make any statement in this Prospectus and takes no responsibility for any part of this Prospectus.

Pursuant to Section 716 of the Corporations Act, Somes and Cooke has given, and has not withdrawn its consent to being named as Auditor to the Company in the Corporate Directory of this Prospectus in the form and context in which it is

named. Somes and Cooke has not caused or authorised the issue of this Prospectus, does not make or purport to make any statement in this Prospectus and takes no responsibility for any part of this Prospectus.

## **8.6 Legal Proceedings**

There is no litigation, arbitration or proceedings pending against or involving the Company as at the date of this Prospectus.

## **8.7 Estimated Expenses of Offer**

In the event that the Offer is fully subscribed, the estimated expenses of the Offer are as follows:

	\$
ASIC fees	2,137
ASX fees	15,069
Underwriting fees	159,970
Legal expenses	10,000
Printing and other expenses	10,000
<b>Total</b>	<b>197,176</b>

## **8.8 Market Price of Shares**

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest and lowest market sale prices of the Company's Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest: \$0.023 on 01 June 2011

Lowest: \$0.009 on 9 August 2011

The latest available closing sale price of the Company's Shares on ASX prior to the lodgement of this Prospectus with the ASIC was \$0.012 on 19 August 2011.

## **8.9 Electronic Prospectus**

Pursuant to Class Order 00/044, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the application form. If you have not, please phone the Company and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both.

The Company reserves the right not to accept an application form from a person if it has reason to believe that when that person was given access to the electronic application form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

---

**9. AUTHORITY OF DIRECTORS**

**9.1 Directors' Consent**

Each of the Directors of the Company has consented to the lodgement of this Prospectus with the ASIC in accordance with Section 720 of the Corporations Act.

Dated the 22<sup>nd</sup> day of August 2011.

**Mr Paul Garner**  
**Director**  
**For and on behalf of**  
**WESTRALIAN GAS AND POWER LIMITED**

---

## 10. DEFINITIONS

**Applicant** means a Shareholder or Underwriter or other party instructed by the Underwriter who applies for Securities pursuant to the Offer.

**ASIC** means the Australian Securities and Investments Commission.

**ASTC Settlement Rules** means the settlement rules of the securities clearing house which operates CHESS.

**ASX** means the ASX Limited (ACN 008 624 691).

**Attaching Option** means an Option to be issued on the basis of one (1) Attaching Option for every two (2) new Shares issued, on the terms set out in Section 6.2.

**Board** means the board of Directors unless the context indicates otherwise.

**Business Day** means a day on which trading takes place on the stock market of ASX.

**Closing Date** means the closing date of the Offer, being 5.00pm (WST) on 20 September 2011 (unless extended).

**Company** means Westralian Gas and Power Limited (ACN 109 213 470).

**Constitution** means the Company's Constitution as at the date of this Prospectus.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Directors** means the directors of the Company at the date of this Prospectus.

**Dollar** or "\$" means Australian dollars.

**Entitlement** means the entitlement of a Shareholder who is eligible to participate in the Offer.

**Entitlement and Acceptance Form** means the entitlement and acceptance form either attached to or accompanying this Prospectus.

**Issue** means the issue of Shares offered by this Prospectus.

**Listing Rules** or **ASX Listing Rules** means the Listing Rules of the ASX.

**Offer** means the offer pursuant to the Prospectus of two (2) new Shares for every three (3) Shares held by a Shareholder on the Record Date together with one (1) free Attaching Option for every two (2) new Shares issued.

**Official List** means the official list of ASX.

**Option** means an option to acquire a Share.

**Pendulum** means Pendulum Capital Pty Limited (ACN 108 119 848).

**Pendulum Option** means up to 6,000,000 Options to be issued to Pendulum or its nominee exercisable at \$0.01 on or before 31 March 2013.

**Prospectus** means this prospectus.

**Quotation** and **Official Quotation** means official quotation on ASX.

**Record Date** means 5.00pm (WST) on 2 September 2011.

**Related Corporation** has the meaning given to that term in the Corporations Act.

**Securities** means Shares and Options.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a shareholder of the Company.

**Shortfall** means those Securities under the Offer not applied for by Shareholders under their Entitlement.

**Underwriting Agreement** means the underwriting agreement dated 19 August 2011 between Pendulum and the Company as described in Section 8.2.1 of this Prospectus.

**WST** means Western Standard Time.