

**WestSide Corporation Limited**  
**Interim financial report**

ABN 74 117 145 516

**31 December 2008**

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## Directors' report

Your Directors present their report on the Consolidated Entity (referred to hereafter as the Group) consisting of WestSide Corporation Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2008.

### Directors

The following persons are Directors of WestSide Corporation Limited at the date of this report :

A Karoll (Chairman)

K Farrell

A Gall

T Karoll

N Mitchell (appointed 15 December 2008)

Mr M Cavell was a Director up to his resignation on 3 September 2008.

## Review of operations

### HIGHLIGHTS

- WestSide's two Coal Seam Gas (CSG) pilots became fully operational, with completion of the fifth Paranoi pilot well in July and the commissioning of the remaining appraisal wells;
- Two highly prospective coal formations were identified to the North of the Tilbrook Pilot in ATP688P – planning commenced to explore these areas in 2009;
- WestSide took delivery of a new drilling rig which will reduce drilling costs and provide timely access to world-class equipment;
- New staff appointments have strengthened WestSide's technical team;
- Revised gas in place estimates for the Tilbrook pilot confirm an estimate of 306 billion cubic feet in the current area; and
- WestSide's Board has been strengthened with the appointment of former Mitchell Drilling CEO Nathan Mitchell as Director.

## OUTLOOK

### Bowen Basin (Australia)

Over coming months WestSide Corporation Limited (ASX Code: WCL) will continue to focus on production testing at the Paranoi and Tilbrook coal seam gas (CSG) projects in central Queensland's Bowen Basin including preparations for a new drilling, testing and fracturing program.

The Paranoi pilot includes three appraisal wells and two monitor wells. Production testing will continue with reservoir pressure and differential seam production monitored from the monitor wells which show positive results to date.

The four-well Tilbrook pilot includes two appraisal wells and two monitor wells. The two appraisal wells are currently being subjected to an extended production test, with reservoir pressure and differential seam production to be monitored from the monitor wells which also show positive results.

In February 2009 WestSide and BG-controlled Queensland Gas Company Ltd (QGC) formalised their new joint venture arrangements in the Bowen Basin. The parties have finalised plans for the next stage of exploration and appraisal at Paranoi, including drilling new core and appraisal wells and performing fracturing tests to provide further data for subsequent reserve certification upgrades.

Plans for further production wells at Tilbrook include horizontal wells and exploratory wells in the recently-identified Bald Hill fairway and Mount Saint Martin precinct to the north of the Tilbrook pilot. If exploration proves to be successful, these areas could make a substantial contribution to WestSide's gas resource.

The parties are aiming to achieve certification of sufficient reserves for a Petroleum Lease to be secured at both Paranoi and Tilbrook by mid 2010.

WestSide's new Schramm TXD drilling rig will be commissioned in the first half of 2009 to ensure lower costs and that future drilling programs are not delayed by equipment shortages.

### Indonesia

WestSide's partner in Indonesia, PT Bumi Resources is completing formalities to obtain the necessary permits to enable Coal Seam Gas exploration at its Kaltim Prima Coal mine site in Indonesia.

**OPERATIONS**

**Bowen Basin (Australia)**

WestSide's two CSG pilots in the Bowen Basin were fully-operational during the period following commissioning of the final Paranui wells. Dewatering of the appraisal wells continued, with three wells being upgraded with news pumps and production tubing in January 2009 to combat the wear and tear on components.

**Paranui (ATP 769P)**

*(WestSide interest 50%; QGC 50%)*

The Paranui pilot comprises three appraisal wells (Paranui #5R, #6R and #8) and two observer wells (Paranui #4 and #7). The status of these wells at the date of this report is set out below.

Well name	Well type	Completion	Depth	Net coal	Status
Paranui #4	Monitor	Sensors installed to monitor individual coal seams	975m	24.5m	Monitoring
Paranui #5R	Appraisal	Cased to full depth and fracture-stimulated across six deepest coal seams	1,033m	21.5m	Testing
Paranui #6R	Appraisal	Cased to full depth and fracture-stimulated	880m	23.4m	Testing
Paranui #7	Monitor	Sensor installed to monitor top four seams	1,061m	Not measured	Monitoring
Paranui #8	Appraisal	Slotted casing, coal seams under-reamed	1,061m	21.3m	Testing

Dewatering of the wells has progressed under controlled conditions to prevent well bore damage. Production from the Paranui #6 well continued at steady rates and the Paranui #5 appraisal well produced gas at increasing rates in November until equipment failure resulted in the well being shut-in. Production commenced again in January 2009 following a workover to install new equipment.

Testing of the unstimulated Paranui #8 well resumed in March 2009 following a workover to clean accumulated coal fines from the slotted liner.

The Paranui #4 well was completed as an observation well in March 2009 with down-hole sensors measuring pressure changes in the major coal seams at the centre of the pilot.

Data collected from the wells will be assessed to provide resource estimates and will form the basis for a Petroleum Lease Application and reserves certification in 2009.

WestSide and new joint venturer, QGC signed new Joint Operating and Production Agreement in February 2009, with WestSide to operate ongoing activities at Paranui until at least mid-2010. The parties are currently finalising plans for the next stage of exploration and appraisal at Paranui, including further testing and drilling new core and appraisal wells after the wet season to provide further data for gas reserve certification.

**Tilbrook (ATP 688P)**

*(WestSide interest 50%; QGC 50%)*

The Tilbrook pilot is designed to appraise the Moranbah Coal Measures and is comprised of two appraisal wells (Tilbrook #7 and #8) and two observation wells (Tilbrook #4 and #6).

Well name	Well type	Completion	Depth	Net coal	Status
Tilbrook #4	Monitor	Four sensors installed	517m	13.3m	Monitoring
Tilbrook #6	Monitor	Single sensor installed	553m	7.4m	Monitoring
Tilbrook #7	Appraisal	Slotted casing, coal seams under-reamed	573m	12.3m	Testing
Tilbrook #8	Appraisal	Slotted casing, coal seams under-reamed	535m	15.0m	Testing

Dewatering of the two Tilbrook appraisal wells continued throughout the period. An extended production test of both wells is planned to continue for several months.

New pumps were installed in the two appraisal wells in January 2009 and accumulated coal fines were flushed from the wells to optimise production.

Geological analysis of available data identified two highly-prospective coal formations within the tenement to the north of the Tilbrook pilot. The Bald Hill prospect, extends 25km north of the current Tilbrook wells, while to the north-east of Tilbrook, the Mount Saint Martin prospect looks to contain un-intruded coals which are expected to be gas-bearing. These two areas

have the potential to make a significant contribution to WestSide's gas resource and will be targeted by exploration activities in 2009.

Following a detailed study of available data in the Tilbrook pilot area, gas in place of 306 billion cubic feet has been confirmed (on a best estimate basis) within the 75km<sup>2</sup> area. This Tilbrook area comprises approximately only 10% of the total area in the prospective precincts of ATP 688P which includes the Bald Hill and Mount Saint Martin targets.

WestSide and new joint venturer, QGC signed new Joint Operating and Production Agreements in February 2009. The parties are finalising plans for the next stage of exploration and appraisal at Tilbrook and the two prospective areas to the north.

### **International Developments**

WestSide has agreements with Indonesia's leading thermal coal producer, PT Bumi Resources, to jointly explore for CSG in Indonesia. Bumi subsidiaries PT Kaltim Prima Coal (KPC) and PT Arutmin Indonesia are together, by far, the largest thermal coal producers in Indonesia.

WestSide and Bumi Resources' jointly-owned company, PT Seamgas Indonesia, have prepared a project definition study to identify CSG resources at the KPC mine site in Kalimantan.

WestSide and KPC have completed a Project Definition Study assessing the CSG potential of selected areas of the 91,000 hectare KPC coal mining permit site in Kalimantan.

WestSide's partner in Indonesia, PT Bumi Resources is completing formalities to obtain the necessary permits to enable CSG exploration at the Kaltim Prima Coal mine site.

### **Corporate Resourcing for growth**

With activity expected to increase markedly in 2009, WestSide has moved to strengthen its resources with new appointments and re-locating to new premises to accommodate its growing team.

WestSide has gathered an enhanced technical team, headed by new Chief Operating Officer, Simon Mewing. Simon brings a rare mix of technical and commercial experience that will prove valuable to the Company as it works to commercialise its gas resources. In January 2009, WestSide appointed two experienced petroleum engineers to meet the expected increased workload from the planned 2009 exploration and appraisal program.

Former Mitchell Drilling Corporation CEO, Nathan Mitchell joined the WestSide Board as a non-executive Director in December. Nathan has been heavily involved in the growth of the CSG industry in Australia and overseas since its inception in the 1990's. Nathan's experience is sure to assist WestSide in optimising the efficiency of its drilling activities and in overseeing the commissioning and operation of its own drilling rig in 2009.

### **Result for the period**

The operating loss after income tax for the Group amounted to \$1,708,496 (2007 : profit \$153,687).


### **Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

### **Rounding of amounts**

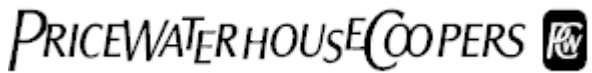
The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of Directors.



Angus Karoll  
Director

Brisbane  
12 March 2009



**PricewaterhouseCoopers**  
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## Auditor's Independence Declaration

As lead auditor for the review of WestSide Corporation Limited for the half-year ended 31 December 2008, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of WestSide Corporation Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Brett Delaney', with a stylized flourish at the end.

Brett Delaney  
Partner  
PricewaterhouseCoopers

Brisbane  
12 March 2009

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**WestSide Corporation Limited**  
**Consolidated Income Statement**  
For the half-year ended 31 December 2008

	Notes	Half Year 2008 \$'000	2007 \$'000
Revenue from continuing operations		480	762
Other income		3	-
<b>Total income</b>		<b>483</b>	<b>762</b>
<b>Other expenses :</b>			
Employment		(587)	(284)
Legal		(133)	(20)
Accounting and compliance		(115)	(61)
Business development		(100)	(41)
Directors' fees		(88)	(76)
Occupancy		(61)	(27)
Investor relations		(56)	(18)
Travel		(47)	(22)
Insurance		(22)	(22)
Finance costs		(12)	-
Depreciation		(8)	(7)
Net foreign exchange losses		-	(23)
Other		(16)	(7)
Share of net losses of joint venture entity		(946)	-
<b>Total other expenses</b>		<b>(2,191)</b>	<b>(608)</b>
<b>Gain / (Loss) before income tax</b>		<b>(1,708)</b>	<b>154</b>
Income tax expense		-	-
<b>Gain / (Loss) attributable to members of WestSide Corporation Limited</b>		<b>(1,708)</b>	<b>154</b>
		<b>2008</b>	<b>2007</b>
		<b>Cents</b>	<b>Cents</b>
<b>Earnings / (loss) per share for profit from continuing operations attributable to the ordinary equity holders of the company:</b>			
Basic and diluted earnings per share		(2.31)	0.21
<b>Earnings / (loss) per share for profit attributable to the ordinary equity holders of the company:</b>			
Basic and diluted earnings per share		(2.31)	0.21

The above Consolidated Income Statement should be read in conjunction with the accompanying notes.

**WestSide Corporation Limited**  
**Consolidated Balance Sheet**  
As at 31 December 2008

	<b>31 December</b>	30 June
	<b>2008</b>	2008
	<b>\$'000</b>	\$'000
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	9,593	16,144
Trade and other receivables	3,212	1,749
Inventories	331	467
<b>Total current assets</b>	<b>13,136</b>	<b>18,360</b>
<b>Non-current assets</b>		
Other financial assets	182	-
Property, plant and equipment	440	480
Intangible assets – exploration and evaluation costs	12,532	11,020
<b>Total non-current assets</b>	<b>13,154</b>	<b>11,500</b>
<b>Total assets</b>	<b>26,290</b>	<b>29,860</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	615	2,639
<b>Total current liabilities</b>	<b>615</b>	<b>2,639</b>
<b>Non-current liabilities</b>		
Provisions	521	418
<b>Total non-current liabilities</b>	<b>521</b>	<b>418</b>
<b>Total liabilities</b>	<b>1,136</b>	<b>3,057</b>
<b>Net assets</b>	<b>25,154</b>	<b>26,803</b>
<b>EQUITY</b>		
Contributed equity	28,144	28,144
Reserves	326	266
Accumulated losses	(3,316)	(1,607)
<b>Total equity</b>	<b>25,154</b>	<b>26,803</b>

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

**WestSide Corporation Limited**  
**Consolidated Statement of Changes in Equity**  
For the half year ended 31 December 2008

	Half Year	
	2008	2007
Notes	\$'000	\$'000
Total equity at the beginning of the period	<b>26,803</b>	27,879
Changes in the fair value of cash flow hedges, net of tax	-	56
Exchange differences recognised on translation of foreign operations	(1)	-
<b>Net loss recognised directly in equity</b>	<b>(1)</b>	56
Profit / (loss) for the half year	(1,708)	154
<b>Total recognised income and (expense) for the period</b>	<b>(1,709)</b>	210
<b>Transactions with equity holders in their capacity as equity holders:</b>		
Contributions of equity, net of transaction costs	-	-
Employee equity incentives	60	114
	<b>60</b>	114
<b>Total equity at the end of the period</b>	<b>25,154</b>	28,203

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**WestSide Corporation Limited**  
**Consolidated Cash Flow Statement**  
For the half year ended 31 December 2008

	Half year	
	2008	2007
Notes	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Receipts from joint venture entity	650	-
Receipts of refunds of goods and services tax	534	397
Payments to suppliers and employees (inclusive of goods and services tax)	(2,737)	(1,037)
Interest received	584	751
<b>Net cash outflow from operating activities</b>	<b>(969)</b>	<b>111</b>
<b>Cash flows from investing activities</b>		
Payments for exploration and evaluation	(4,441)	(3,823)
Payments for property, plant and equipment	(25)	(396)
Investment in joint venture entities	(1,128)	-
<b>Net cash outflow from investing activities</b>	<b>(5,594)</b>	<b>(4,219)</b>
<b>Cash flows from financing activities</b>	-	-
<b>Net cash inflow from financing activities</b>	-	-
<b>Net increase in cash and cash equivalents</b>	<b>(6,563)</b>	<b>(4,108)</b>
Cash and cash equivalents at the beginning of the half year	16,144	24,722
Effects of exchange rate changes on cash and cash equivalents	12	(49)
<b>Cash and cash equivalents at end of the half year</b>	<b>9,593</b>	<b>20,565</b>

The above Consolidated Cash Flow Statement should be read in conjunction with the accompanying notes.

## Notes to the financial statements

This interim financial report covers the Consolidated Entity consisting of WestSide Corporation Limited and its subsidiaries.

### 1 Basis of preparation

This general purpose financial report for the interim half-year reporting period ended 31 December 2008 has been prepared in accordance with Australian Accounting Standard AASB 134 "Interim Financial Reporting" and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2008 and any public announcements made by WestSide Corporation Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

### 2 Segment information

The Group operates in one business segment, being the petroleum industry. Activities include the exploration and evaluation, of potential gas resources. The Group's activities are conducted in two significant geographical segments, being the Bowen Basin, Queensland and Kalimantan, Indonesia.

#### Primary reporting format – geographical segments

Half year ended 31 December 2008	Australia \$000's	Indonesia \$000's	Other \$000's	Total \$000's
Segment revenue	-	43	-	43
Unallocated revenue			440	440
Consolidated revenue				483
Segment result	(1,165)	(26)		(1,191)
Unallocated revenue less unallocated expenses			(517)	(517)
Profit before income tax				(1,708)
Half year ended 31 December 2007				
Segment revenue	-	-	-	-
Unallocated revenue				762
Consolidated revenue				762
Segment result	(326)	(86)	(3)	(415)
Unallocated revenue less unallocated expenses				569
Profit before income tax				154

### 3 Equity securities issued or expired

	Exercise price	2008 Options	2007 Options
<b>Incentive options issued during the half year</b>			
Exercisable between 1 July 2011 and 30 June 2013	\$0.638	422,000	-
Exercisable between 10 January 2010 and 10 January 2013	\$0.50	-	-
Exercisable between 1 July 2010 and 30 June 2012	\$0.91	-	454,000
		<b>422,000</b>	454,000

**3 Equity securities issued or expired (Continued)**

	Exercise price	2008 Options	2007 Options
<b>Incentive options which expired during the half year</b>			
Exercisable between 10 January 2010 and 10 January 2013	\$0.50	<b>420,000</b>	-
Exercisable between 1 July 2010 and 30 June 2012	\$0.91	<b>217,000</b>	-
		<b>637,000</b>	-

In the Directors' opinion:

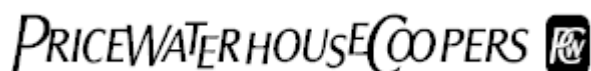
- (a) the financial statements and notes set out on pages 5 to 10 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Consolidated Entity's financial position as at 31 December 2007 and of its performance for the half year ended on that date; and
- (b) there are reasonable grounds to believe that WestSide Corporation Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



A Karoll  
Director

Brisbane  
12 March 2009



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## **INDEPENDENT AUDITOR'S REVIEW REPORT to the members of Westside Corporation Limited**

### **Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Westside Corporation Limited, which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the Westside Corporation Limited Group. The consolidated entity comprises both Westside Corporation Limited the company and the entities it controlled during that half-year.

#### *Directors' responsibility for the half-year financial report*

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of an Interim Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of WestSide Corporation Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

For further explanation of a review, visit our website <http://www.pwc.com/au/financialstatementaudit>.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

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*Matters relating to the electronic presentation of the reviewed financial report*

This review report relates to the financial report of the Company for the half-year ended 31 December 2008 included on Westside Corporation Limited's web site. The company's directors are responsible for the integrity of the Westside Corporation Limited web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

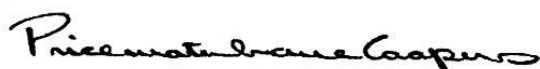
*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Westside Corporation Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



PricewaterhouseCoopers



Brett Delaney  
Partner

Brisbane  
12 March 2009

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