



23 March 2011

Company Announcements Office  
ASX Limited

### **PRESENTATION IN BEIJING**

We attach a copy of the English translation of the speech delivered in Chinese by John Wang in Beijing on 23 March 2011 at the invitation of the Sakhalin Government for the Presentation of the Sakhalin Region in China.

John Wang  
Executive Director/Secretary



English translation of speech delivered in Chinese in Beijing on 23 March 2011  
by John Wang.

Project presentation

**‘Organization of oil production on territory of Sakhalin Region’**

Section: Resources

Reporter: John Qiang Wang

**Slide (front page)**

Ladies and gentlemen, welcome to the presentation of the Sakhalin Region in Beijing. I am very grateful to the Government of Sakhalin Region for the opportunity of participating in this event.

I am very happy that I was chosen to tell the Chinese audience about our experience in conducting business on the territory of Sakhalin.

**Slide 1**

My name is John Qiang Wang. I am the executive director and company secretary of Ausmon Resources Limited, our company headquarters is located in Sydney, Australia.

Ever since 2008 Ausmon Resources has been engaged in subsoil exploration in Australia and USA, which aims to grow through acquisition of long-term interests in precious and non-ferrous metals, energy resources and other commodities, through study, evaluation, development, proof and eventually – exploitation of the resources.

Ausmon Resources is seeking to expand its business geographically, including implementation of international integration processes.

After an objective assessment of the competitive advantages of Sakhalin Region and basing on our work experience we are working on implementing the project of oil production organization on the island region during the next 4 years.

**Slide 2**

Due to the ‘Sakhalin-1’ and ‘Sakhalin-2’ projects Sakhalin Region is currently the center of oil and gas production in Russian Federation’s Far East and also – a reliable trade partner.

Development prospects of oil and gas complexes of Sakhalin region are confirmed by figures.

The effective investment in the hydrocarbon resources of Sakhalin is expected to increase the annual amount of oil exploitation to 1.5 times and of gas to 2.5 times by 2020.

This expectation determines not only the production possibility of oil and gas, but also the organization of their processing in Sakhalin.

We are aware of the strategic plans of the Government of Sakhalin region to build an integrated gas and chemical production facility, and its capability is based on forecasted oil and gas resources within the implementation of future 'Sakhalin' projects.

At the same time, our company is participating at accelerating its development. We are confident that the existing capabilities are sufficient to organize the construction of the Sakhalin plant for deep processing of oil at 500 thousand tons per year.

### Slide 3

The planned refinery is to be located in the neighborhood of Ilinskoe village in Tomari urban district in accordance with the 'Strategy of socio-economic development of Sakhalin Region for the period up to 2020', which was approved by the Governor of Sakhalin Region on September 23, 2008 through Decree № 695-ra.

The site selection is made in accordance with government plans for infrastructure development, as well as the possibility of incorporation into the existing system of oil transportation of project 'Sakhalin-2'. In particular the facilities mentioned below are planned in this area:

- A new source of power generation - Sakhalin SDPP-2 (State District Power Plant);
- Traffic facilities development: Arsentevka–Ilinskoe, Ilinskoe–Uglegorsk;
- A branch line of 40 km to organize oil supply from the main pipeline.

### Slide 4

Raw material supply for the plant includes sourcing of crude oil supplied from the Russian Far East across the ports of Nakhodka, Vanino and Kozmino.

Organizing our own independent oil extraction on land on Sakhalin Island will become the second component of raw material supply. Currently we are working on obtaining small oil fields, whose reserves are not large enough to interest the major oil and gas corporations.

Finally, the third direction: we are negotiating with the operator of ‘Sakhalin-2’, which at the same time is the founder of project ‘Sakhalin-2’ – JSC Gazprom. On August 17, 2010 we sent a letter to Gazprom on the possibility of concluding an agreement with Russian oil companies to supply oil to the Sakhalin oil refinery; in March this year similar letters were delivered to Exxon Neftegas Ltd. and Sakhalin Energy Investment Company Ltd.

The required volume of oil feed will be 500,000 tons per year.

## Slide 5

We are currently working on the allocation of land for the industrial site.

We are planning to proceed with the surveying works and project site design in 2011. We plan to work with reputable, international and experienced engineering and equipment suppliers.

<b>Main stages of project implementation</b>	
Choice and purpose registration of the land to build the plant	Under way
Acquisition of oil fields in Sakhalin and Russia’s Eastern Siberia/Sourcing of oil supply	Under way
Study TECHNICAL TASK to connect to the main oil pipeline (Sakhalin)	
Completion of bankable feasibility analysis The development of construction project design	
Extraction of oil	
Road construction and foundation works	
Construction of oil pipeline dock and	

metering unit	
Installation of technological equipment	
<b>First stage of the plant production</b>	
Straight-run gasoline	
Diesel fraction	
Fuel oil M100	
Bitumen	
<b>Second stage of the plant production</b>	
Gasoline (Euro 5 quality) Ai 92, Ai-95	
Diesel fuel (Euro 5 quality)	
Fuel oil M100	
Quality-improved road bitumen	
Elementary sulfur	
Aviation kerosene (JP54)	

### Slide 6

The experience in construction, operation and the advanced technology capabilities of existing enterprises – both domestic and foreign – will be taken into account while the technical and technological solutions are being developed.

The target products of the facility will be a series of Euro-5 standard oil-products, namely: motor gasoline Ai-92, Ai-95 and diesel fuel. Other types of products will be straight-run gasoline, aviation kerosene, fuel oil, road bitumen, grease and sulfur.

The main consumers of the products will be the enterprises and citizens of Sakhalin Region, Kamchatka, Magadan Region; we are also planning to supply our products to the Asia Pacific Region market. The market absorption capacity is quite promising.

At the moment Sakhalin Region is experiencing a demand for petroleum products in the volume of 450 thousand tons, Magadan Region - 200 thousand tons, Kamchatka Region - 400 thousand tons.

## Slide 7

Dear friends!

Construction of a refinery will not only bring economic benefits to the initiator of the project, but will also solve the macroeconomic tasks of the region.

For the Government of the Sakhalin Region, organization of hydrocarbon processing facility in the region is one of its strategic objectives.

As a result of the project, Sakhalin Region can create new job opportunities, increase tax revenues, develop related industries, expand inter-regional collaboration and international cooperation.

Having regards to mutual interests, Ausmon Resources has been working with regional and local authorities on the implementation of the project since 2010.

On February 2, 2010 the head of the municipality 'Tomari Urban District' had expressed his willingness to provide long-term lease of land for the production organization.

On February 12, 2010 Open Joint Stock Company 'Sakhalin Oil Refinery' was created. JSC 'Sakhalin Oil Refinery' is the partner and management company for the project.

On May 19, 2010 a meeting of Ausmon Resources representatives and the Government of Sakhalin Region took place. As a result of the meeting it was decided to work on the oil refinery project.

On September 22, 2010 a cooperation agreement between Ausmon Resources and the Government of Sakhalin Region was signed.

Ministry of Natural Resources and Environmental Protection of Sakhalin Region is contributing to the resolution of issues of getting oil fields to JSC 'Sakhalin Oil Refinery' to ensure the latter's resource feed base.

There are laws in Sakhalin Region that defines the measures of state support to participants of investment activities.

During the project implementation we have the opportunity to receive tax benefits, state guarantees and budgetary investments. And we are planning on getting such supports.

In addition, protection of foreign investors' interests is guaranteed by the federal law № 160 – 'On foreign investments in Russian Federation', dated July 09, 1999.

In conclusion, I would like to mention that we are at the moment carrying out systematic work. We have seen interest and support of regional and local authorities. All this gives us confidence in achieving success.

#### Slide 8

Finally, on behalf of our company I would like to thank Governor of Sakhalin Region – Mr. Alexander Khoroshavin for supporting our project.

Thank you for your attention.



**ПРАВИТЕЛЬСТВО  
САХАЛИНСКОЙ  
ОБЛАСТИ**



## **Section: Resources**

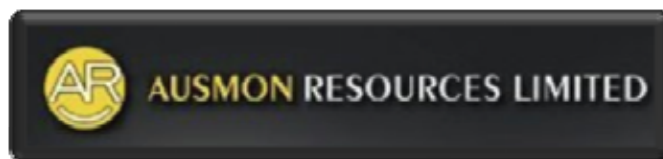
# **Organization of oil production on territory of Sakhalin Region**

**Beijing, March 23, 2011**





## About our company



### Ausmon Resources Limited

- ❑ Created in 2008;
- ❑ Main office – Sydney, Australia
- ❑ The owners: Public company listed on Australian Securities Exchange.
- ❑ Directors control 43% of the issued shares



### Activities:

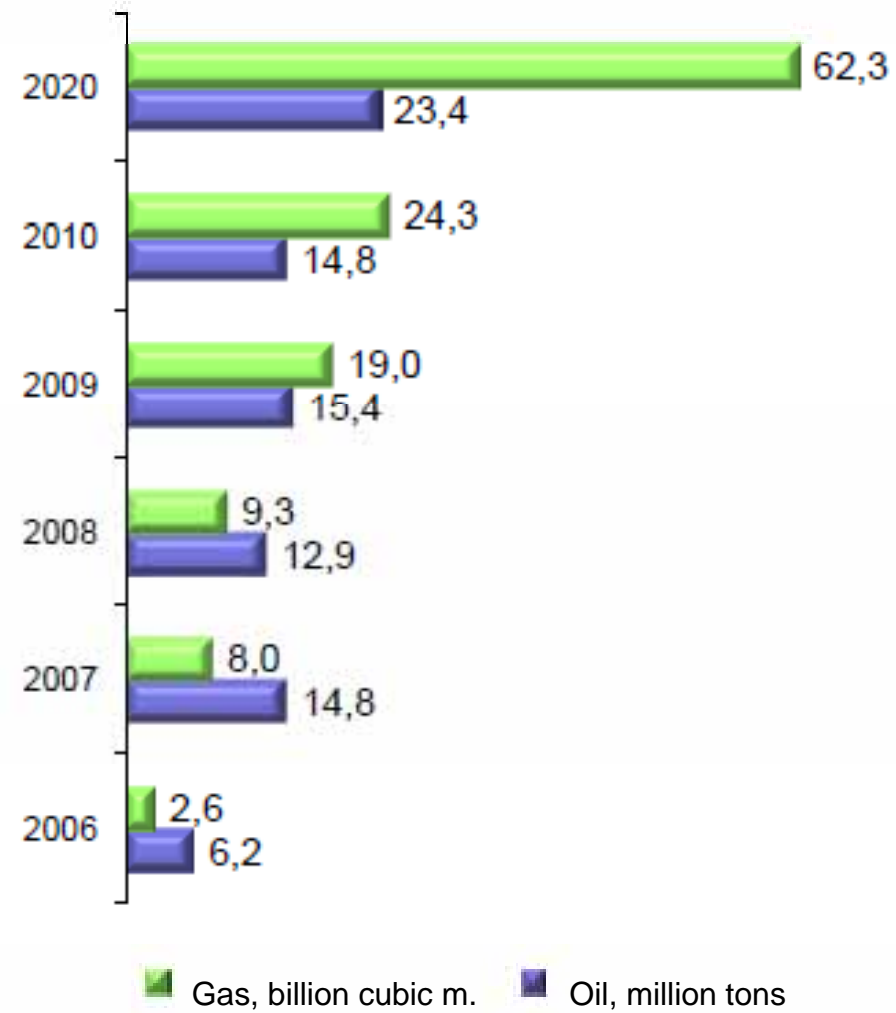
- ❑ Koonenberry Copper Project in NSW Australia
- ❑ Cobar/Orange Gold Project in NSW Australia
- ❑ Gold Project in Idaho USA via Premium Exploration Inc.
- ❑ Sakhalin Oil Industry



# Oil and Gas Complex of Sakhalin Region



## Extraction of oil and gas





## Location of the industrial site



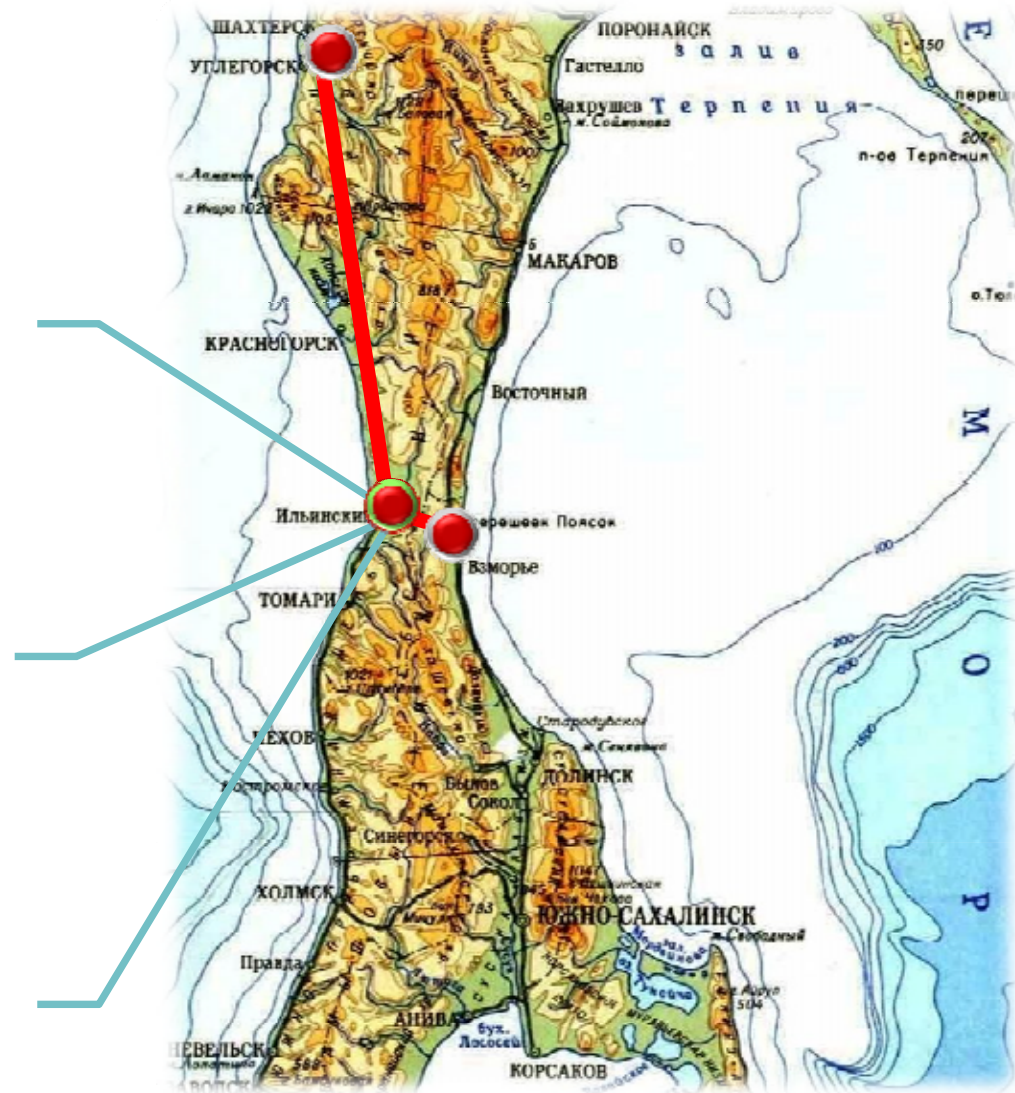
Transportation  
between  
Ulegorsk -  
Ilinskoe -  
Arsentevka



Sakhalin  
oil refinery



Sakhalin SDPP-2  
(State District  
Power Plant)





# The project's resources supply



Acquisition of  
Oil fields

Supplies from  
the Far East

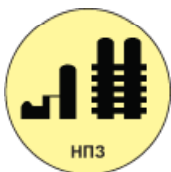


Supplies from  
'Sakhalin-2'





## Work schedule and key partners



# Sakhalin oil refinery

### Main stages of project implementation

Choice and purpose registration of the land to build the plant
Acquisition of oil fields in Sakhalin and Russia's Eastern Siberia/Sourcing of oil supply
Study TECHNICAL TASK to connect to the main oil pipeline (Sakhalin)
Completion of bankable feasibility analysis
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Straight-run gasoline
Diesel fraction (D2)
Fuel oil M100
Bitumen
<b>Second stage of the plant production</b>
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Diesel fuel (Euro 5)
Fuel oil M100
Quality-improved road bitumen
Elementary sulfur
Aviation kerosene (JP54)

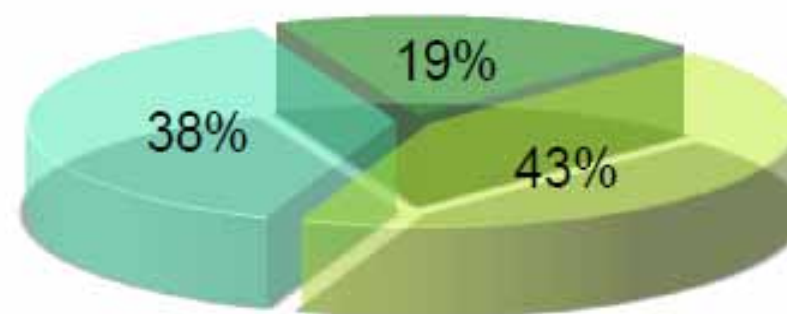




## Products and marketing

Production	Volume, 1,000 ton/year
Gasoline Ai 92, Ai-95	141
Diesel fuel	281
Fuel oil M100	30
Quality-improved road bitumen	5
Elementary sulfur	3
Aviation kerosene (JP54)	40
<b>Total</b>	<b>500</b>

### The need for petroleum products

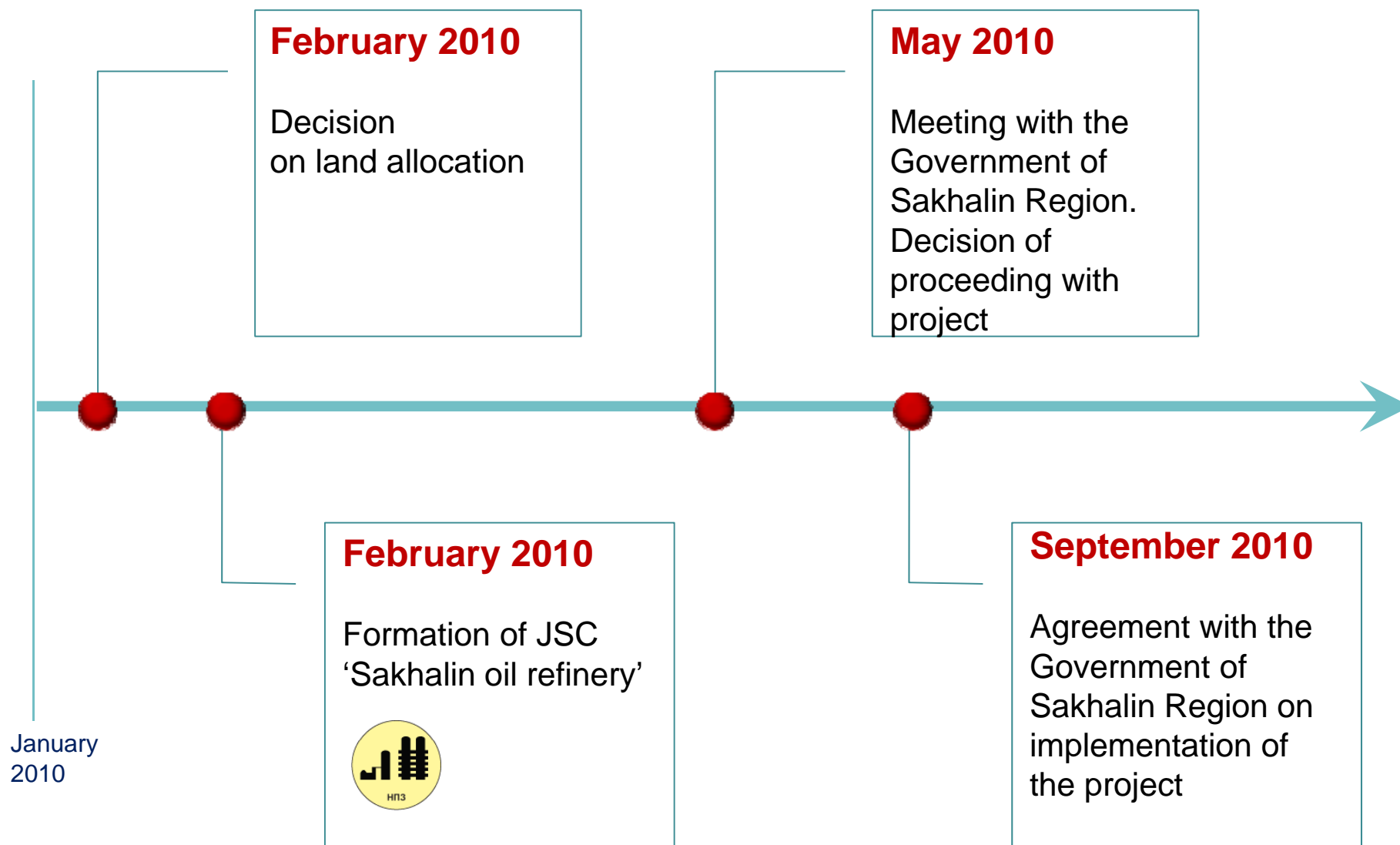


- Sakhalin Region
- Kamchatka
- Magadan Region

- Sakhalin Region
- Kamchatka
- Magadan Region
- PRC, Japan, South Korea



## Preparation for the project implementation





**JSC 'Sakhalin oil refinery'**



With the support of the  
Government of  
Sakhalin Region

**Thank you for your attention!**