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June 2009 Quarterly Review

EXTRACT

Aegis Measured by Performance

Contents

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Victoria Petroleum NL (VPE)

Sector	**Industry Group**	**Industry**	**Sub Industry**
Energy	Energy	Oil, Gas & Consumable Fuels	Oil & Gas Exploration & Production

Company Overview

VPE shares in oil production from the Cooper Basin (SA and QLD) and the North Perth Basin. Exploration in PEL 104, Cooper Basin, has rewarded VPE with a string of discoveries. A 45% interest in the Don Juan CSG project in QLD looks set to add significant value, with initial gross 2P reserves of 34PJ and further upgrades expected in 3Q2009. Technical and marketing agreements with Queensland Gas will prove valuable for development of ATP 574P and PL171 CSG projects.

Strategy

Two core focus areas: oil in Cooper Basin for short-term cashflow and coal-seam gas in Surat Basin QLD for longer-term major growth. In 2009/10 drilling 8 exploration and appraisal wells on Western Margin Jurassic oil fairway in SA Cooper Basin (estimated potential 100Mb oil in place). Target to increase net oil production to 800bopd by end 2009. In CSG, VPE with operator and major shareholder QGC plan to drill 26 wells. PL 171 and ATP 574P have a combined CSG gross resource in place of 2,600PJ

Aegis Comments as at June 2009.

Outlook: VPE is focused on two projects: Cooper Basin oil exploration and Surat Basin coal seam gas development. VPE is the operator of and a participant in an eight-well exploration program over the next 12 months. After successful exploration drilling at the Snatcher oil field, VPE is conducting production testing to determine potential oil flows. An initial CSG reserve estimate was completed, indicating gross 2P reserves of 34PJ. A further 2P certified reserve upgrade is likely in the Sept quarter.

Catalysts: VPE has an active drilling program of up to 30 wells during 2009 in its oil and CSG interests and continued success and additions to reserves may be a catalyst for re-rating. Recent transactions within the CSG industry in Queensland have shown a significantly increased value the market places on CSG assets, and lifting of its certified CSG reserves should be a positive. Like most oil and gas producers, a rise in global demand for oil will be a significant benefit to VPE.

Risks: The Cooper-Eromanga Basin is mature and major targets are drilled. This leaves smaller plays from which to build and sustain a business. The success rate for wildcat oil wells globally is around 17%. Success rates are higher in select fields with VPE running at 67% exploration success and 100% development success. The domestic CSG industry has demonstrated profitability, but has to show adequate returns on invested capital. Capex costs for CSG are relatively high compared to conventional gas.

Key investment information

Price:	**$0.39**
Price as at:	28-Aug-09
Market Cap ($M):	147.3
Equiv. Shares (M):	377.60
% All Ords:	0.00
12Mth Range ($):	0.12 - 0.50
Shares Traded ($M pa):	61.0
Listed since:	August 1984
Index:	n/a

Share price performance

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Earnings Summary

Yr to Jun	NPAT Rep $M	NPAT[1] Adj $M	EPS[1] c	EPS chg %	PER x	PER rel All Ords x	PER rel Sector x	DPS c	Yield %	Franking %	ROE %
2005A	**(3.3)**	**(3.3)**	(2.1)	n/a	**(18.1)**	(0.8)	(0.6)	0.0	**0.0**	0	(84.7)
2006A	**(7.9)**	**(7.9)**	(4.3)	n/a	**(9.0)**	(0.5)	(0.3)	0.0	**0.0**	0	(112.1)
2007A	**(7.1)**	**(7.1)**	(3.7)	n/a	**(10.3)**	(0.6)	(0.3)	0.0	**0.0**	0	(116.7)
2008A	**(3.8)**	**(3.8)**	(1.4)	n/a	**(27.4)**	(1.6)	(1.1)	0.0	**0.0**	0	(41.4)

[1] NPAT and EPS are adjusted by removing non-recurring items. All the above statistics are derived from normalised earnings.

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Financial Stability

Balance Sheet (Y/E Jun)	**07A**	**08A**
Net debt (cash) ($M)	(5.4)	(17.7)
Total assets ($M)	14.6	27.5
Net debt/equity (%)	(44.8)	(70.2)
Net interest cover (x)	n/a	n/a
NTA per share ($)	0.06	0.08
Current ratio (x)	5.8	15.1

As at 30-Jun-08	
Net debt (cash) ($M)	(17.7)
Net debt (cash) / shr ($)	(0.05)
Net debt (cash) / MktCap (%)	(12.0)

Substantial Shareholders

BG Aus / QGC	16.7%
Sentient Executive GP II	13.5%
Elphinstone Holdings Pty Ltd	6.1%

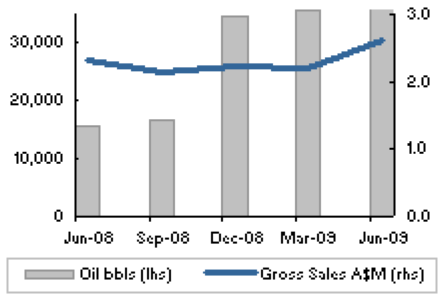
Board

J T Kopcheff (Managing Director)
D Patten (Executive Chairman)
R J Pett (Director)
B McKeown (Non-Executive Director)

Key Executives

J T Kopcheff (Managing Director)

Production Chart



Source: VPE

Differentiating Factors

VPE targets 2 areas in Australia: oil in Cooper Basin and CSG in QLD. It holds a major acreage in Cooper Basin, with a large prospect portfolio for future growth from a success base of estimated FY10 net oil revenue of $12M. Appraisal drilling has restarted with Bow Energy and major shareholder BG/QGC on a potential CSG resource of net 560PJ+. Among its peers in $50M-$150M market-cap group, VPE has no debt, one of the larger net oil revenues, CSG growth potential and a strong cash position.

Achievements

VPE has built a modest revenue stream from its Australian operations. Production and cashflow are rising as revenue streams are established from successful wells. The operating cashflow for FY09 was -$7.0M, driven by its substantial exploration and development programs. VPE has one of the largest net acreage positions in the Cooper/Eromanga Basin. CSG in Surat Basin is emerging as another strong growth area with operator of key permits and major shareholder QGC.

Recent Events

17 August 2009 – Snatcher-2 cased for production: Second well in the 2009 PEL111 Western Margin Oil Trend drilling program, Snatcher-2, was cased for production after wireline logging and core confirmed 13m net oil play in the Birkhead Sandstone. Short Term Production Testing is planned for mid-October to determine oil flow production rates. Success in Snatcher-2 following on from Snatcher-1 oil well, gives VPE great confidence in future discoveries in other seismically defined Birkhead Sandstone channels in prolific Western Margin Oil Trend.

31 July 2009 – June 2009 quarterly report: Cooper Basin gross oil production sales increased over the quarter, up 7% to 987bopd. The upgrade at the Growler Oil Field was completed in July 2009, aimed at doubling gross production capacity to 2,000bbl fluid/day. Estimated net oil sales for the quarter increased by 55% on the previous quarter to $1.7M. First certification of Surat Basin CSG 2P reserves was completed with an initial 2P gross reserves of 34PJ. VPE ended the quarter with $18.4M in cash. Estimated FY10 net oil revenue is $12M.

27 July 2009 –Snatcher-1 flows 218bbl oil per day: Short Term Production Testing at Snatcher-1, the first 2009 exploration well in the Western Margin Oil trend, resulted in a flow to surface of clean 48deg API oil at a rate of 218bopd on a 12/64" choke. Snatcher-1 was a successful test of the oil-bearing potential of the Snatcher prospect adjacent to the Santos operated Charo Field in PPL 177. VPE is the operator of the PEL 111 joint venture and holds a 40% interest.

Capital Structure

VPE has 369.1M fully paid ordinary shares on issue plus 61.6M listed options (25 cents, 30/01/10). There are also 8.8M unlisted options (25 cents, 31/1/2012) and 9.4M unlisted partly paid shares with amounts owing between 39.9 cents and $3.40.

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