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Raisama - 13 July, 2011

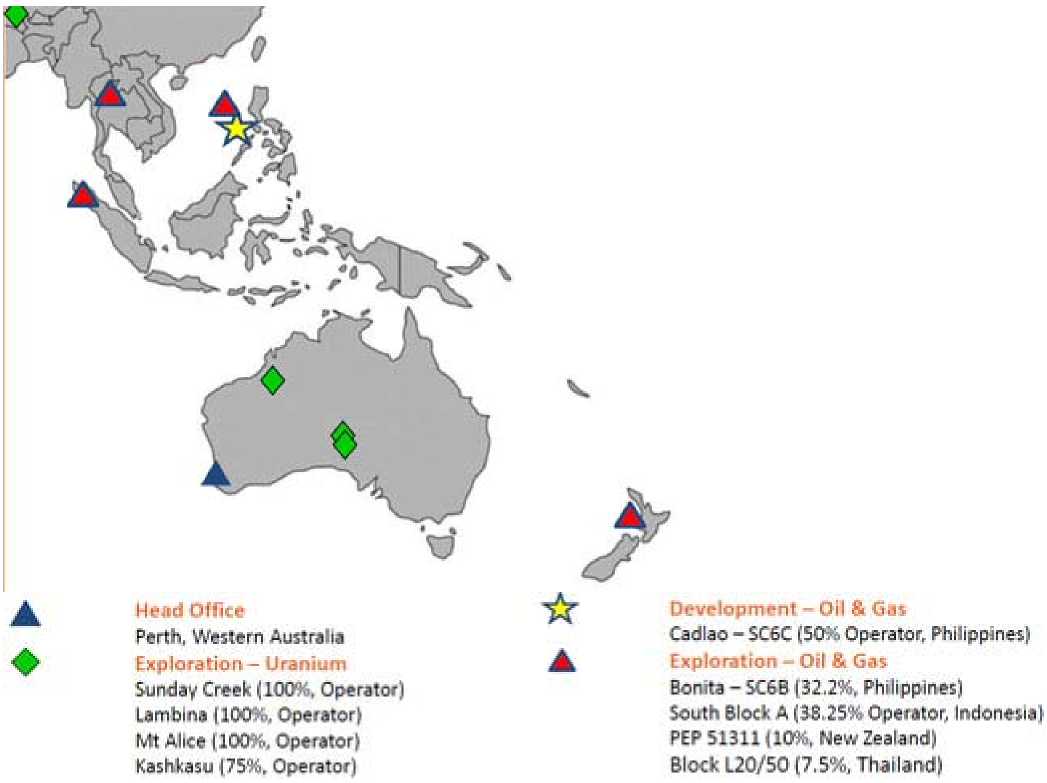
Under the radar

RAI: Buy up to 10 cents

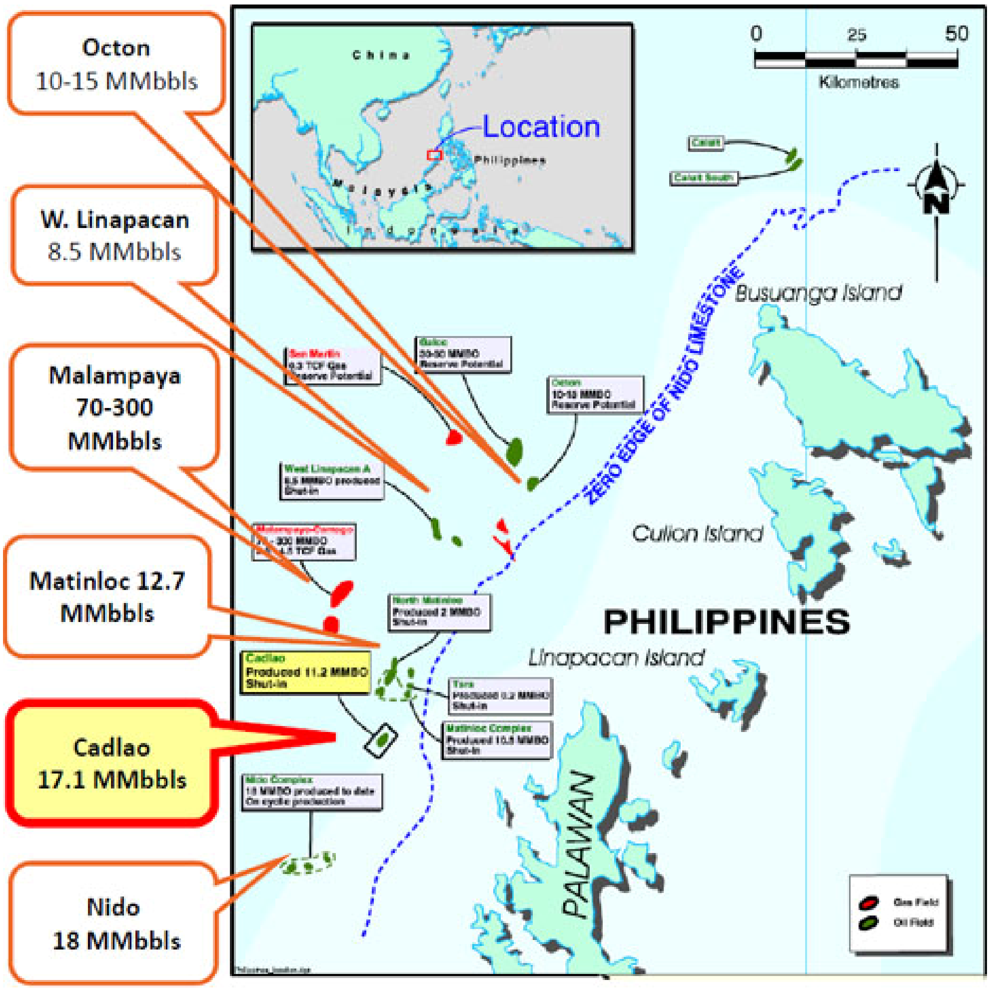
Raisama is an emerging energy junior that was formerly focused on the uranium sector, but has been restructured following the acquisition of unlisted company Peak Oil & Gas which holds a range of exploration and development opportunities in the Asia-Pacific region. The acquisition of Peak includes an opportunity to make a rapid transition to becoming an oil producer via the redevelopment of the modest scale, but low risk/cost Cadlao project in the Philippines – with the promise of significant near term cash flow to support the company's broader growth ambitions.

"Raisama is close to FID on the redevelopment of the Cadlao oil project in the Philippines and could be in production as soon as early 2012."

Raisama is a WA based company with an unusual mixture of oil & gas and uranium projects. This reflects the company's initial focus on the uranium sector at its IPO in late 2009 and the subsequent successful takeover of unlisted oil & gas company Peak Oil & Gas earlier this year (on the basis of 15 Raisama shares for every 11 Peak shares). The current oil & gas assets are located in SE Asia and NZ, while the uranium properties are located in Australia and the Kyrgyz Republic – as outlined below:



The near term focus is on the potential redevelopment of the SC6 Cadlao oil project located in shallow water offshore in the Palawan Basin, the Philippines – where Raisama is earning a 50% participating interest from Blade Petroleum.



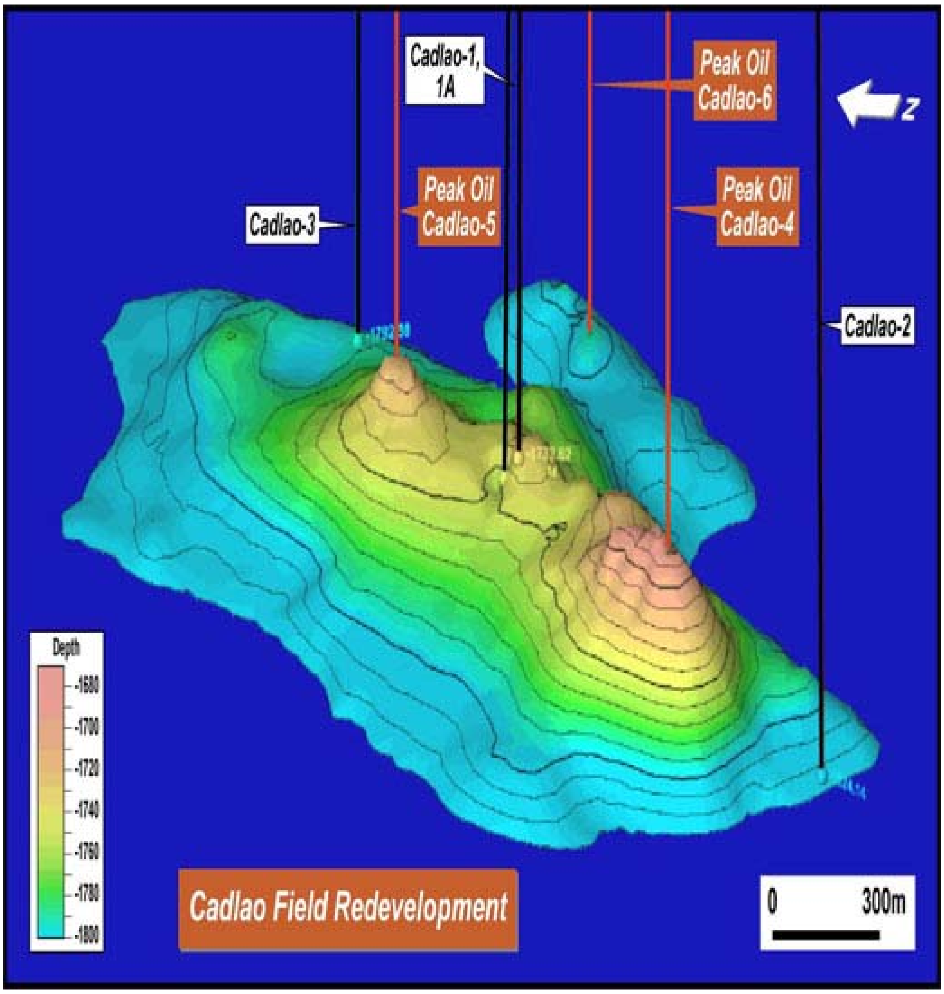
Source: Company

The Cadlao oil field was originally discovered by Amoco in 1977 and subsequently developed for production using a floating production, storage & offloading (FPSO) facility in 1981. Two wells produced an aggregate of around 11 mmbbl of premium (47° API) crude oil by natural flow over the ensuing eleven years.

The field was shut-in and decommissioned in 1991 when the low oil price environment (around US$19/bbl) made it uneconomic.

The Cadlao permit was secured by Blade Petroleum in 2007/08, and they acquired and remapped the 3D seismic to define significant up-dip structural potential of the field to host un-developed oil reserves. Independently certified (2P) reserves based on this work are 6.05 mmbbl.

The redevelopment plan is centered on the proposed drilling of 3 new production wells (Cadlao 4, 5 and 6) to access attic oil up dip from previous production wells (Cadlao 1A and 3) which were sub-optimally located, as illustrated on the 3D seismic plan below:



Source: Company

The base case financial parameters appear attractive, with Raisama's share of capex to first oil likely to be in the order of US$25m and operating costs forecast at US$22/bbl. Initial high flow rates in the order of 20,000 bopd indicate project payback could be just 2 months around spot pricing – although the oil rate very rapidly declines to around 500 bopd by 2016, as illustrated below:

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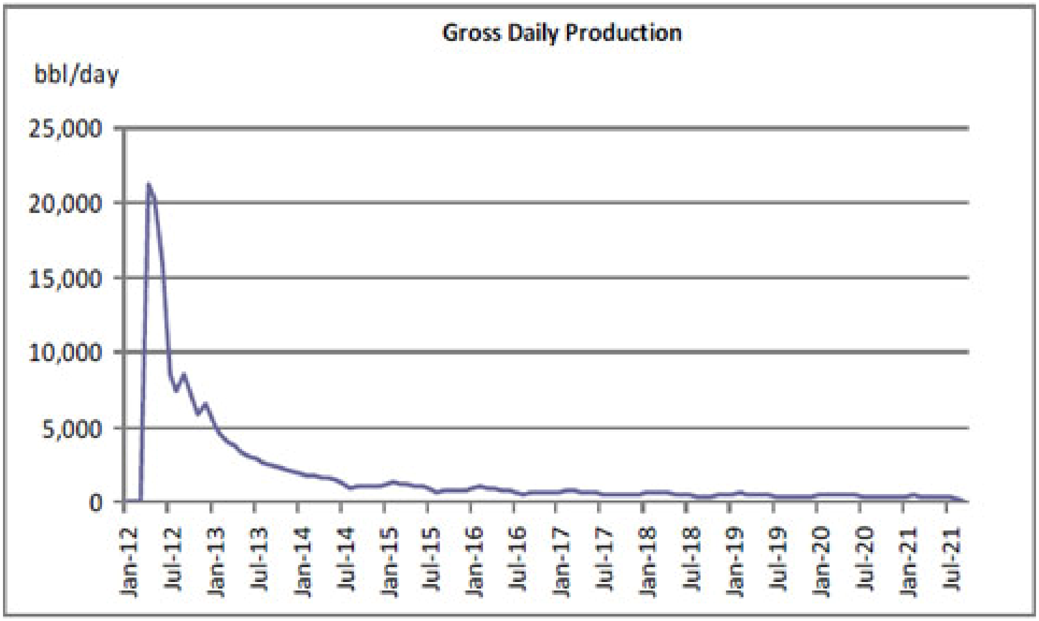


Source: Company

Nevertheless, financial modelling at spot pricing and using a 10% discount rate indicates the project worth to Raisama is in the order of $100m.

Management is hoping funding can be finalised in the near term for a syndicated debt facility, possibly including convertible instruments as well as timely financing arrangements with potential offtake parties. However, the fallback position is an existing A$20m equity facility (which would be expensive/dilutive for shareholders).

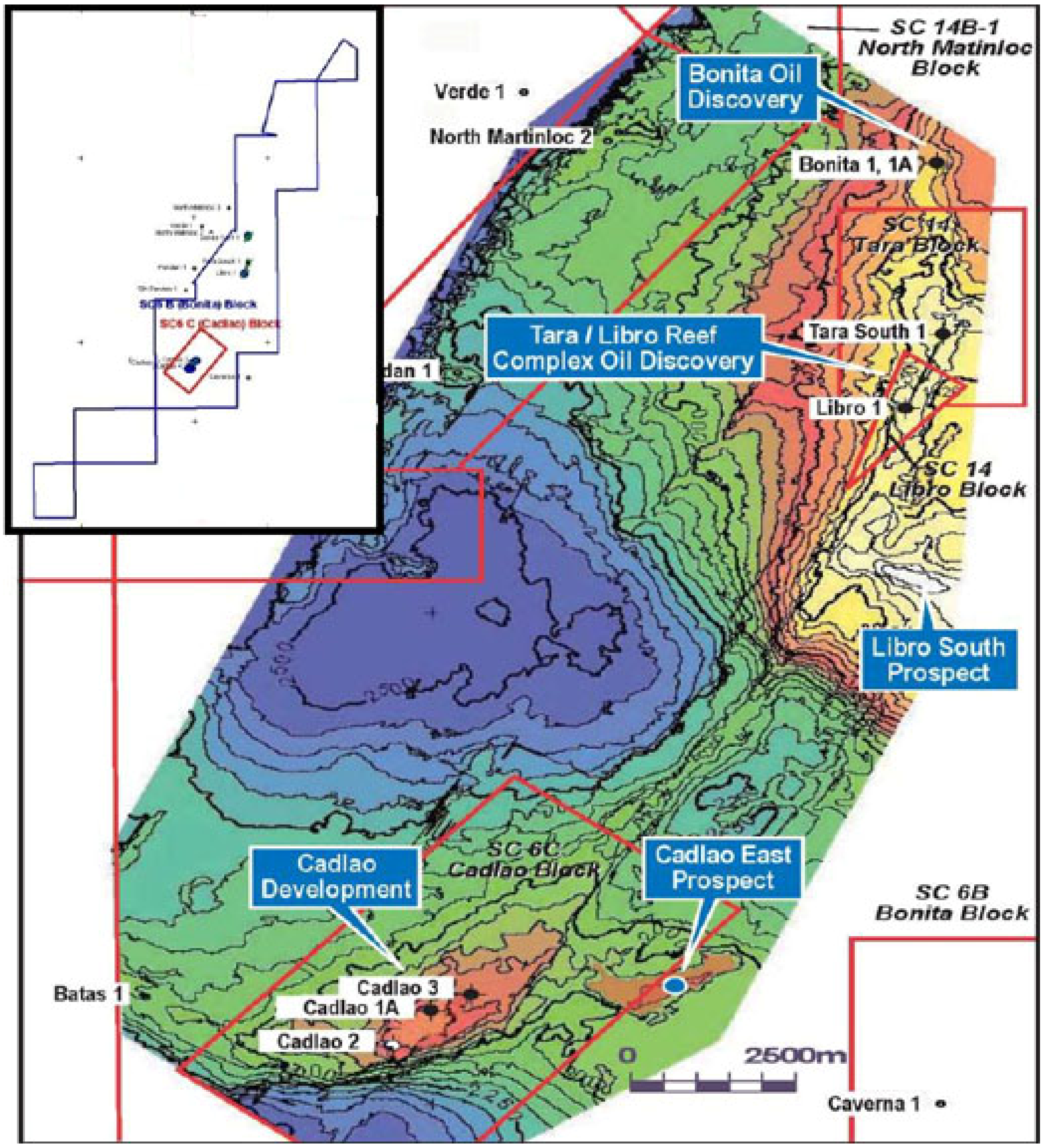
The company is well advanced in its tendering and permitting processes, and expects to be in a position to announce a final investment decision (FID) in the next month or so – with development drilling to commence in early 2012, first oil a few months later and full field development some 6 months later.

Beyond Cadlao, Raisama has exercised an option for a 32.2% interest in SC6B Bonita block which surrounds SC6 Cadlao and provides opportunities to tie-back incremental oil production to Cadlao.

This includes further modest scale, low risk targets such as:

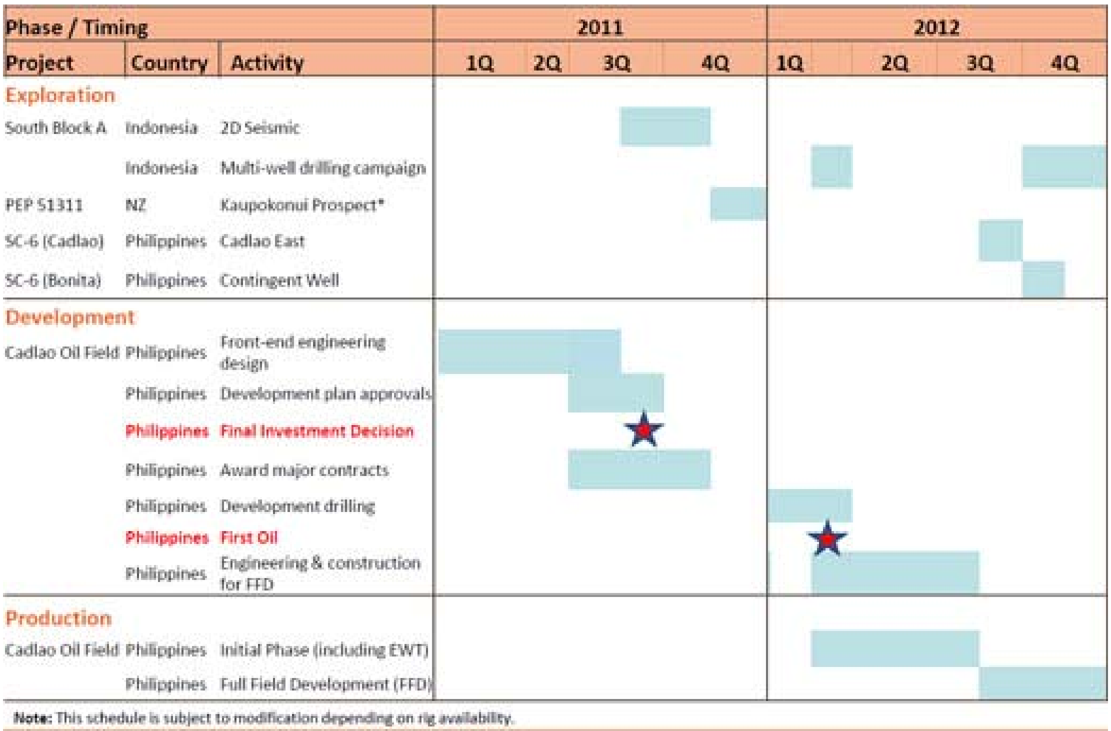
- Cadlao East prospect
    - Potential 4 mmbbls recoverable oil located 3.5km from Cadlao
    - Drill and develop as part of Cadlao

- Bonita discovery
    - Potential 2-3 mmbbls recoverable oil located 15 km from Cadlao tieback



Source: Company

The activity schedule for the oil & gas portion of the company is outlined below:



Source: Company

In particular we draw attention to the planned drilling of a high impact well at PEP 51311 in the Taranaki Basin NZ, where Raisama has a 10% interest. At the Kaupokonui prospect the JV is proposing to test a 378 mmbbl target, potentially spudding before year end.

We have not undertaken a detailed review of the uranium assets at this time, but include the following summary of key projects:

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Uranium

Kashkasu II (75%), Kyrgyz Republic
- Uranium mineralisation identified over 2.6km strike
- Working towards a maiden JORC resource by end of 2011

Sunday Creek (100%), Australia
- Prime uranium ground located 20km east of the 36,000t uranium Kintyre Project owned by Cameco-Mitsubishi
- Close to signing heritage access agreement with Martu
- Significant drill intersections

Lambina (100%), Australia
- Numerous discrete high amplitude magnetic anomaly targets
- Magnetic anomalies have a coincident gravity anomaly response suggesting potential IOCG style mineralisation similar to Olympic Dam/Prominent Hill and the recent Carrapateena discovery.

Mt Alice (100%), Australia
- Project on the edge of the Hamilton basin and covers a broad airborne uranium radiometric anomaly
- Aircore drilling planned for May 2011

Source: Company

Logically, there will be rationalisation of these assets at an opportune time as they are unlikely to gain good value recognition in the current structure.

Capital Structure
Our current estimate of the capital structure of the company is as follows:

Market Valuation	**Issued Shares (m)**	**Share Price (cents)**	**Market Cap (A$m)**
Fully paid shares	260.6	$0.095	$25
Options (in the money)	0.0	$0.095	$0
Cash from options			$0
Diluted Market Cap			$25
Cash			$5
Debt			$0
Enterprise Value			**$20**

SR estimates

While there are some 54.5 million options on issue, these are generally well out of the money. In addition we note a significant number of escrowed shares will come on to the market in the coming months.

The company Board and management team comprises representatives from the original Raisama IPO, plus key personnel from Peak Oil & Gas. The Board comprises:

- David Berrie – Executive Chairman
- Jeff Steketee – Managing Director
- Jim Durrant – Technical Director
- Matthew Howison – Non Executive Director
- Chris Reindler – Non Executive Director
- Guy Cowan – Non Executive Director

Discussion and Recommendation

Raisama started life as a cashed up uranium explorer, but has redefined its future via the acquisition of Peak Oil & Gas. This has introduced the Cadlao project to the company, with potential for a low risk, lost cost and timely transition to oil production.

While the scale and longevity of the Cadlao is not large, it provides very strong cash flow during its initial phase and there is potential for nearby incremental development opportunities once an operation is established.

The company also has active exploration programs at a diverse range of projects, with potential for a step change in company valuation on success.

Raisama has flown under the radar and has a low enterprise value at this time. However, this is likely to change now that a clear path to production has been defined. **Stock Resource recommends Raisama as a Buy up to 10 cents for all Members.**

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The Chartist's Perspective

Encouraging turnaround

From a price peak at 62c in December 2009 the share price for Raisama as fallen within a downward cascade. Initially finding support around 29c in early 2010 this was taken out mid year and led to a sell-off to 15c where it held for the rest of 2010, churning up to 26c. But the downward influence proved too strong and reasserted in April, triggering a more aggressive sell-off in prices.

Spiking down to 5.3c in June the price formed a one-day reversal, spurring a recovery. The rally to 9.2c is encouraging but more consolidation maybe necessary to bolster a change in trend. Churning may develop in the 7c to 8.5c area as the reversal broadens with a rise through 9.5c signaling a test of higher barriers at 13c and 15c and potentially higher. The risk to this scenario would be a drop below 6c.

'The Chartist's Perspective' has been independently derived by Regina Meani from charting and technical assessment, and has not taken into account fundamental analysis of the company.

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Reference within the Stock Resource Report to the “Stock Resource Portfolio” is a reference to the hypothetical portfolio on the “Past Predictions” page, which includes details on the methodology used to derive the performance figures.