

18 August 2011

RECOMMENDATION
Speculative Buy

12 month price target	\$0.23
12 month volume	43m
12 month share low	A\$0.05
12 month share high	A\$0.27

Market Risk	High
Liquidity Risk	Medium
Infrastructure Risk	Medium
Country Risk	Medium

IRESS & DJC Research

ISSUED CAPITAL

ASX	RAI
Share price	\$0.13
Mkt cap ¹	\$34m
Ordinary shares on issue	260m
Unlisted Options ²	54.5m

¹ Undiluted Source: IRESS
² Various dates and strike prices

DIRECTORS

David Berrie	Exec Chairman
Jeff Steketee	Managing Director
Jim Durant	Technical Director
Mathew Howison	Non Exec Director
Chris Reindler	Non Exec Director
Guy Cowan	Non Exec Director

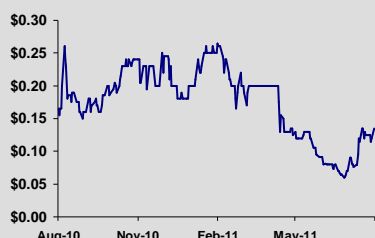
Source: RAI

MAJOR SHAREHOLDERS

Sagepark Holdings	11.7%
Pontia Pty Ltd	10.5%
Hebei Mining	6.15%
Mr Peter Smedvig	5.24%

Source: IRESS

12 MONTH PERFORMANCE



Source: IRESS

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Raisama Ltd (RAI)

40 Million Barrel Indonesian Oil Prospect

RAI has announced that recent technical studies on South Block A (located onshore North Sumatra, Indonesia) have highlighted the resource potential of the Amanah prospect. The Amanah prospect is estimated to have a most likely prospective resource of 40mmbbls oil. We have not previously incorporated any value for South Block A due to the lack of resource definition. Based on this announcement, we have increased our price target by ~10% from \$0.21/sh to \$0.23/sh.

Key Points:

- Amanah prospect has 40mmbbls oil potential:** RAI has entered into a shareholder agreement to acquire a 38.25% interest in South Block A. Based on recently completed technical studies by the joint venture on South Block A, the Amanah prospect has been assessed to have a most likely gross prospective resource of 40mmbbls. This equates to 15.3mmbbls oil RAI share.
- Amanah located close to discovered fields:** The Amanah prospect is located adjacent to the lee Tabue oil and gas field which was discovered in 1971 and by 1989 had produced 12mmbbls oil and 24bcf of gas. The large Rantau oil field (300mmbbls oil) is also located in close proximity (just over 50kms away).
- Amanah to be drilled in 1Q 2012:** RAI plans to drill the Amanah prospect in 1Q 2012. It is a relatively shallow well with a target depth of 1200 metres and will target six potential reservoir zones. One of the potential reservoir zones exhibits a flat spot and amplitude anomaly on 2D seismic which are potential indicators of a gas cap overlying an oil accumulation. The Amanah exploration well is estimated to cost \$3m gross with RAI's share being \$1.5m due to its obligation to fund certain study, seismic and drilling activities under a shareholder agreement with Renco Elang Energy Pte Ltd (REE).
- Our RAI price target has increased by ~10%:** We did not previously attribute any value to RAI's South Block A interest due to the lack of resource definition. Based on the resource estimate given to the Amanah prospect we have increased our valuation by ~10% from \$0.21/sh to \$0.23/sh. We have calculated an Expected Monetary Value for Amanah by applying a nominal NPV of \$10/bbl and a relatively low Probability of Success (POS) of 5% (i.e. 95% chance of failure). The POS accounts for both the geological and funding risks. We estimate exploration success at Amanah could add \$0.40/sh unrisks to RAI.
- We maintain our Speculative Buy recommendation with an updated price target of \$0.23/sh:** We believe RAI offers attractive exposure to a quality near term producing asset in Cadlao and a diversified portfolio of oil and gas and uranium assets. Near term upside will be driven by the maturation of the Cadlao project (project financing, FID and first oil) and the high impact exploration drilling of the Kaupokonui prospect (Taranaki Basin, New Zealand).

South Block A Structure (38.25% RAI)

RAI has entered into a shareholders' agreement with PT Realto Energi Nusantara Corelasi (RENCO), Elang Energy Inc (Elang) and REE. REE is the 51% owner and designated operator of South Block A Production Sharing Contract (PSC) located in the prolific onshore North Sumatra Basin. Under the REE Shareholders' Agreement, RAI will fund REE's share of certain study, seismic and drilling activities in South Block A to a value of \$5.3m in consideration for the acquisition of a 75% controlling shareholding interest in REE, which delivers an indirect 38.25% interest in South Block A.

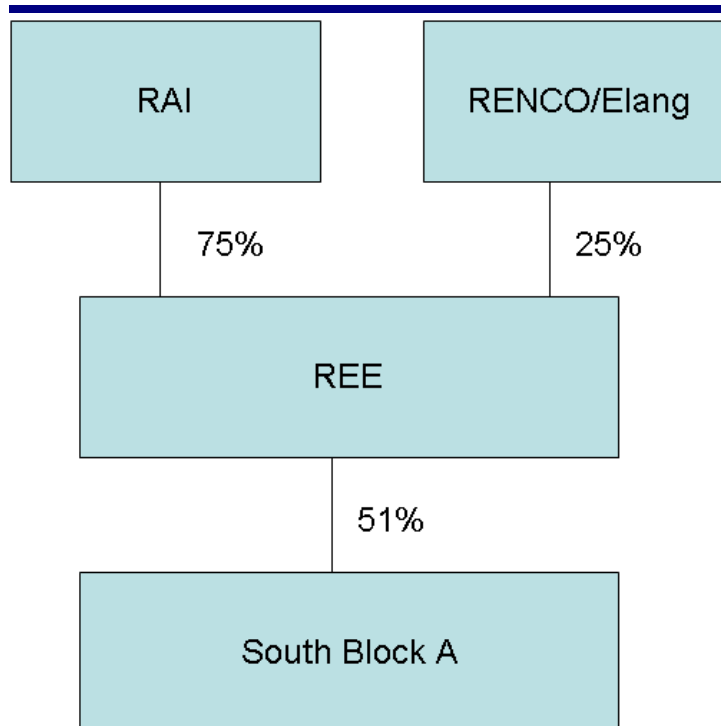


Figure 1: South Block A Structure

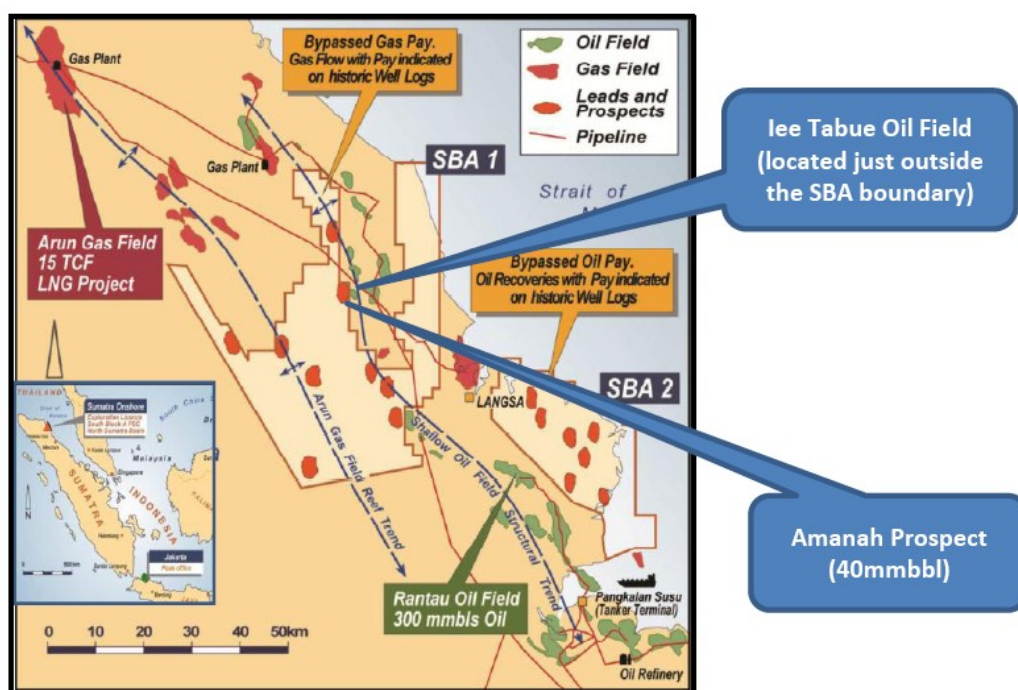
Source: DJC and RAI

South Block A and the Amanah Prospect

The North Sumatra Basin is one of the most productive hydrocarbon provinces in Indonesia with over 80 known oil and gas fields. South Block A covers 2,100 sq km and is surrounded by a number of oil and gas fields supported by extensive infrastructure. The larger fields include the Arun gas field (15tcf) and the Rantau oilfield (300mmbbls). Two distinct petroleum trends (Shallow oil and Arun gas field reef trend) are prominent throughout South Block A.

The Amanah prospect is located adjacent to the lee Tabue oil and gas field which was discovered in 1971 and by 1989 had produced 12mmbbls oil and 24bcf of gas. The large Rantau oil field (300mmbbls oil) is also located in close proximity (just over 50kms away). Based on recently completed technical studies by the joint venture on South Block A, the Amanah prospect has been assessed to have a most likely gross prospective resource of 40mmbbls. This equates to 15.3mmbbls oil RAI share. The study has also identified three additional prospects, including a large oil prospect and two large gas prospects. However, these prospects require further study work to delineate the resource potential.

RAI plans to drill the Amanah prospect in 1Q 2012 and a further two to three exploration prospects in late 2012.



South Block A (SBA) Exploration Project – Onshore North Sumatra

Figure 2: Amanah Prospect Location in South Block A

Source: RAI

RAI Valuation

Based on the resource estimate given to the Amanah prospect we have increased our valuation by ~10% from \$0.21/sh to \$0.23/sh. We have calculated an Expected Monetary Value for Amanah by applying a nominal NPV of \$10/bbl and a relatively low Probability of Success (POS) of 5% (i.e. 95% chance of failure).

Valuation Component	NPV10 A\$m	POS	Riskd NPV	A\$/sh
Cadlao	89	55%	49.0	0.14
Cadlao East Prospect	13	10%	1.3	0.00
Bonita Discovery	10	20%	1.9	0.01
Kaupokonui Prospect	378	10%	37.8	0.11
Amanah Prospect	153	5%	7.7	0.02
Corporate	(4)	100%	-4.0	-0.01
Est. Cash	4	100%	3.9	0.01
Forecasted Debt	(20)	100%	-20.0	-0.06
Price Target	622		78	0.23

Figure 3: RAI Valuation

Source: DJC Estimates

Disclosure**RCAN0968**

This Research report, accurately expresses the personal view of the Author. All the information utilised in this report is accurate and current at the date stated on this report.

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The Author of this report made contact with **Raisama Ltd** for assistance with verification of facts, admittance to business sites, access to industry/company information. No inducements have been offered or accepted by the company.

The recommendation made in this report is valid for four weeks from the stated date of issue. If in the event another report has been constructed and released **Raisama Ltd**, the new recommendation supersedes this and therefore the recommendation in this report will become null and void.

Recommendation Definitions

SPECULATIVE BUY – 10% out-performance, but high risk

BUY – 10% or more out-performance

ACCUMULATE – 10% or more out-performance, buy on share price weakness

HOLD – 10% underperformance to 10% over performance

SELL – 10% or more underperformance

Period: During the forthcoming 12 months, at any time during that period and not necessarily just at the end of those 12 months.

Stocks included in this report have their expected performance measured relative to the ASX All Ordinaries index. DJ Carmichael Pty Limited's recommendation is made on the basis of absolute performance. Recommendations are adjusted accordingly as and when the index changes.

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