

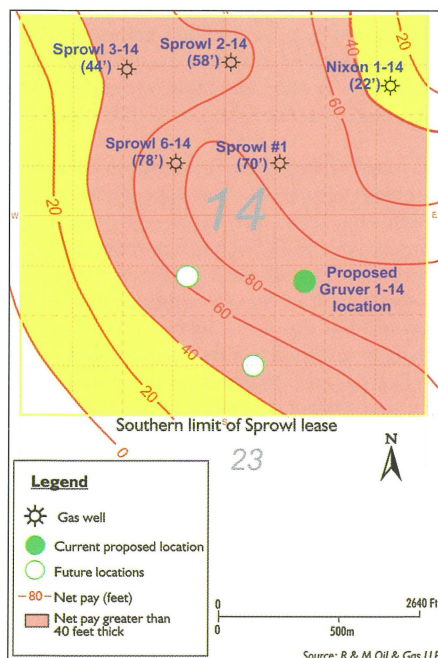
New Aussie Junior Looks Stateside Despite 80 Years' Local Knowledge

A lack of opportunities for lower risk onshore opportunities in Australia in a cut-throat market and a sense that brokers were suffering a degree of 'Cooper Basin fatigue' were two of the main reasons why new Melbourne-based explorer and producer, Fall River Resources (FRR), has followed the trend of more than 24 other Australian juniors, and is focusing its exploration effort onto North America.

That's despite two of its Board members, Chairman Rod Hollingsworth and Technical Director Jack Mulready (both Vic/Tas PESA branch members) having more than over 80 years combined experience in Australian exploration between them. The company is listed on the Canadian TSX exchange and was already listed in Canada and involved in exploration in Alberta for its Australian debut in April 2006.

Fall River raised just over \$6 million when it listed on the ASX earlier this year, a good part of which went towards the purchase of a 20% working interest in the Sprowl gas field in Oklahoma. The company holds no Australian interests and is totally focused on North America. In addition to the Sprowl field, FRR is earning in 31 sections of land in the Baxter Shale play in Wyoming and has an interest in several Alberta and Saskatchewan leases.

"Our intent was to establish production and cash flow at the earliest opportunity, whilst at the same time providing investors with substantial upside in respect of the portfolio as a whole", Mulready told *PESA News*. "The former goal was achieved by the purchase of a 20% interest in the Sprowl gas field in



Sprowls lease net pay map, in Oklahoma.



Fall River Resources Chairman, Rod Hollingsworth, and Technical Director Jack Mulready.

Oklahoma, the latter by means of options to earn an interest in the Baxter Shale gas/oil play in the Green River Basin of Wyoming."

Mulready said other compelling reasons for setting up shop in North America included a greater abundance of source rocks, effectively lowering prospect risk, the availability of an extensive seismic and well data base and massive and extensive infrastructure. Other pluses include easy and rapid access to markets for oil and gas at relatively low transport cost, an abundance of investment opportunities and gas prices up to five times greater than those prevailing in Australia.

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"The success of this strategy also relies heavily on local expertise, provided by our US and Canadian consultants and joint venture partners, all of whom have decades of experience in North American exploration and production", Mulready said. And the company has no plans to operate in the US and Canadian projects, preferring to rely on established local operators. "Despite many Australians perceiving onshore North America as an over mature province, the reality is that this prolific region continues to turn up substantial new discoveries of both oil and gas as new ideas and technology are applied to well established exploration provinces."

Mulready said the company did not exclude involvement in suitable Australian exploration in the future, should a suitable opportunity arise, but the plan is to first establish a production base in North America which will sustain ongoing exploration. FRR has a Vancouver-based Canadian company secretary, with the rest of the management team based in Melbourne. Its Chief Executive Officer is chartered accountant Ian McBain.

Mulready believed the issues that would galvanise onshore exploration in Australia included high gas prices, pipeline access, affordable transportation costs from remote areas and taxation incentives.

"This is especially important for capital raising, the government then gets its cut when production starts", he said.

He said there could also be more frequent turnover of prospective acreage, but this could cut but ways. "Oil exploration can be justified in the recent price environment in most parts of Australia", Mulready said.

"One interesting possibility for remote onshore Australia is conversion of gas to liquids, as espoused by Central Petroleum in northern and central Australia, thus lowering transport cost while maximising product price." ■