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ASX Market Announcement
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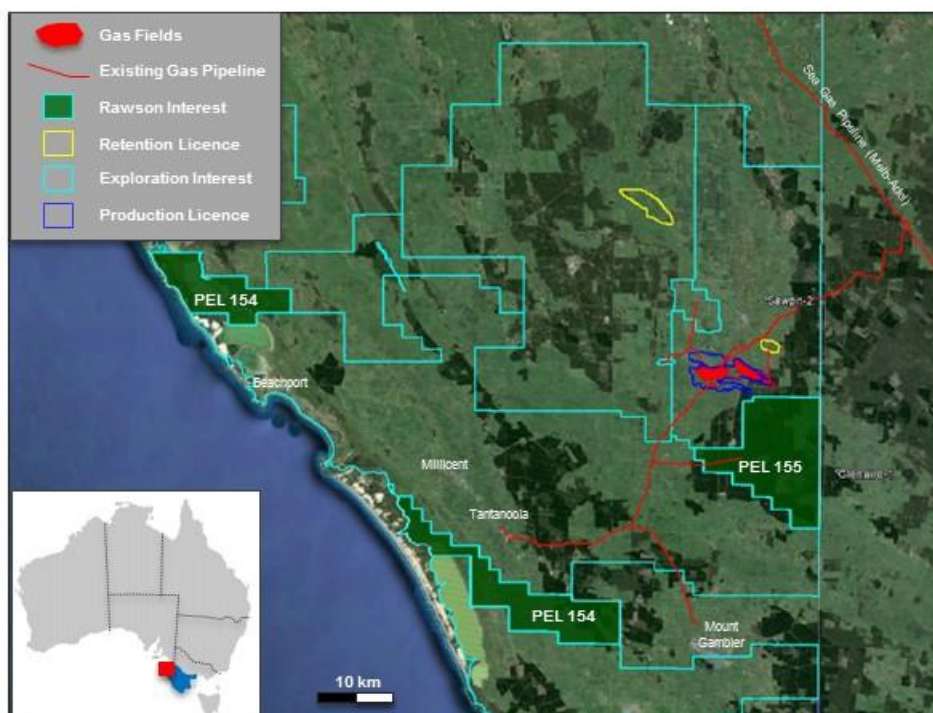
Otway Basin Update

Rawson Resources Limited (**Rawson**) advises the following in relation to exploration in the Otway Basin.

Otway Energy

Rawson previously advised the market (17th January 2014) that it had signed a Share Purchase Agreement to acquire the remaining shares in Otway Energy (**Otway**). Rawson currently holds 37.5% in Otway and Hardie Energy Pty Ltd (**Hardie**) holds the remaining 62.5% interest. Rawson will take 100% ownership of Otway and assume operatorship.

Otway currently operates two exploration permits in the Otway Basin in South Australia; PEL154 and PEL155. The two permits were originally awarded to Rawson in 2003. Later Rawson farmed-down to Hardie and Energetica Resources Pty Ltd for the purpose of acquiring two 3D seismic surveys in the permits. Following a large relinquishment, the permits were renewed for a second five year exploration term in April 2012.



Exploration History

The Otway Basin is one of the more actively explored basins along the southern margin of mainland Australia, the onshore western Otway Basin remains relatively underexplored.

Eight commercial gas fields have been discovered in the western Otway Basin. These fields to date have been of modest size, with an average recoverable reserves per field around 21 billion cubic feet (Bcf). The Katnook complex, comprising the Katnook, Haselgrove, Haselgrove South, and Redman gas fields produced gas and condensate from the Katnook processing facilities between 1991 and 2011.

More recent oil discoveries in the western Otway Basin have also been modest, with discoveries with Killanoola-1 (1998), Jacaranda Ridge-1 (1999), Killanoola South East-1 (2011) and Jacaranda Ridge-2 (2011). Oil flow rates from these discoveries have ranged from 25 to over 400 barrels of oil per day on test.

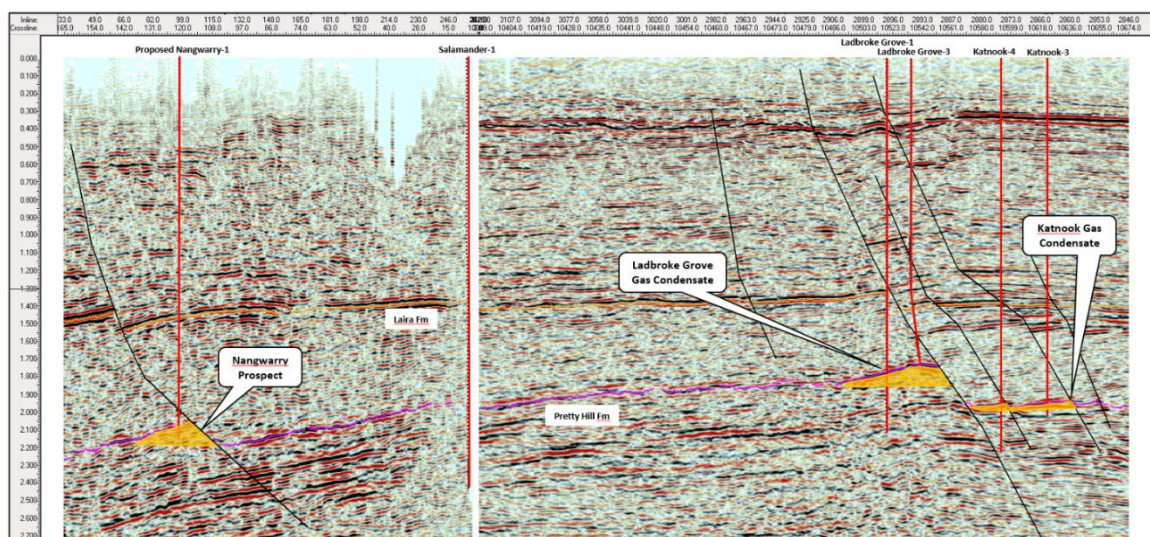
Exploration Focus

The western Otway Basin in South Australia has recently seen an upsurge in exploration activity driven mostly by unconventional oil and gas exploration.

Conventional Exploration

The most important established conventional reservoirs in the western Otway Basin include in the Pretty Hills Formation, which contains the Katnook complex gas fields. The formation comprises the Sawpit Sandstone as well as other undifferentiated sandstones. The Windmere Sandstone and the Waarre Sandstones are also important reservoirs, particularly in the eastern Otway Basin. Significant oil potential remains within the basin.

Our recent re-evaluation of existing seismic in our permits has confirmed three conventional prospects and identified several new conventional leads. The Pretty Hills Formation is the primary target in prospect and leads within PEL155, while the Warree Sandstone is the target for the prospects in PEL154. The prospects are defined on 3D seismic and are near drill-ready. The Nangwarry prospect in PEL155 shows a similar trap geometry to the Ladbrooke Grove and Katnook fields and likely contains the same reservoirs. Rawson intends to drill the Nangwarry prospect in next drilling season in 2014/2015, depending on rig availability.



Unconventional Exploration

The primary targets for shale exploration within the western Otway Basin are the thick non-marine Sawpit and Casterton shales. They have good shale oil and gas potential in the deeper parts of the basin, including the Robe, Penola, Rivoli and St Clair troughs. There is also tight gas potential in the Pretty Hills Formation.

Recently, Ouro Petro Resources was awarded PEL629 in the western Otway Basin. The permit includes an area of almost 6,000 km² and a work program including seven wells in the first five year exploration term. The company is a subsidiary of Northern Petroleum Plc who holds oil and gas exploration permits in the UK, Canada, Italy and French Guiana. This acquisition highlights the international focus on the shale potential of the Otway Basin.

The Casterton shale was recently assessed in the neighbouring PEL495 permit by the Sawpit-2 well. Results from core analysis suggested that the shale is generating hydrocarbons. The operator of PEL495 are continuing the unconventional focus in the block and have recently spudded the Jolly-1 well (11th January, 2014). Jolly-1 has a planned total depth of 4,070 metres and is expected to be the deepest petroleum well drilled in the Otway Basin to date. The well will be the first of a two well program to test the potential of the shale and tight sands in the Lower Sawpit Shale and Casterton Formation within the Penola Trough. Both oil and gas are being targeted with at least four cores programmed to be taken to analyse the hydrocarbon content

Both PEL154 and PEL155 are well located over depositional troughs within the basin for unconventional shale oil and gas exploration.

Infrastructure and Markets

The Katnook gas processing facilities near the township of Nangwarry were built in 1991. Cumulative production from the Katnook Complex for the period to the end of 2011 was approximately 75 Bcf of gas and 450,000 barrels of condensate. Production was suspended in October 2011. Gas from Katnook supplied local industry and several townships in the area, including Mount Gambier. The region is currently supplied via the SEA Gas pipeline from the Iona gas facilities offshore Otway Basin in Victoria.

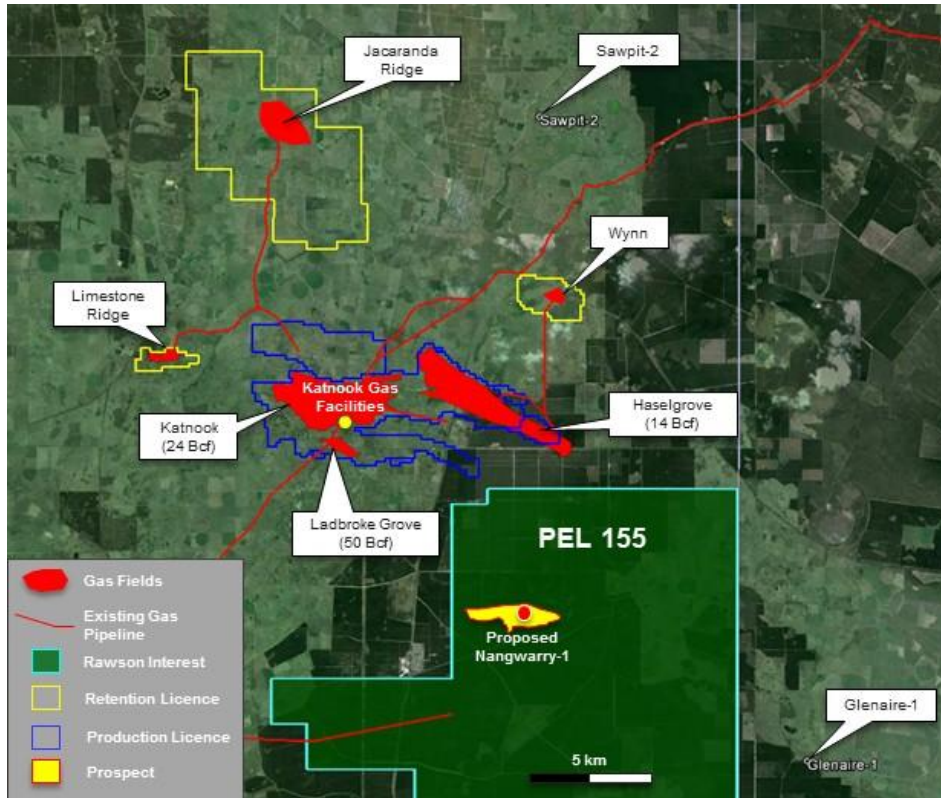
The Katnook facilities have been upgraded and made ready for the resumption of operations. Rawson has initiated discussion with the operator to supply gas into the plant in the event of a discovery in our permits. The Nangwarry prospect is located only 12 kilometres from the Katnook facilities.

Rawson Resources Chairman

Simon Bird said:

“Acquiring full ownership of Otway Energy provides a solid base for Rawson in the Otway Basin and will be our catalyst for future growth.”

“We remain confident that a small explorer can achieve near-term production success by focusing on the conventional opportunities in this basin, where even modest discoveries can be commercialised quickly and efficiently. However, there is still much larger potential in the unconventional plays and our assets are well placed to explore these.”



For further information:

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