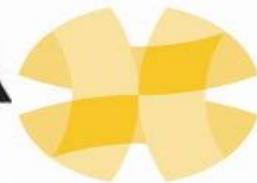


CBM ASIA

DEVELOPMENT CORP.



Indonesian Coalbed Methane

- ✓ **CBM Asia is a junior Canada-listed E&P focused exclusively on Indonesia CBM exploration & development**
- ✓ **Introducing innovative North America CBM technologies**
- ✓ **Participating in two PSC's, exploration drilling underway**
- ✓ **Plan to operate two other PSC's, awaiting final approval**
- ✓ **1.06 Tcf Unrisked Gross Recoverable Prospective Resources at Medco's Sekayu PSC (NSAI estimate)**
- ✓ **Blocks strategically positioned for commercialization**
- ✓ **Experienced Management and Technical Teams**



SEKAYU PSC
Early Gas to Surface at
Medco CBM-SE-03
exploration well

A Prediction: Independents and Majors Will Work Together to Unlock Indonesia's Great CBM Potential

In North America and Australia during the past 25 years, Independent E&P's have commercialized essentially every CBM and shale play. (Sole exception is Amoco co-discovered the San Juan Basin CBM play)

	WHO DISCOVERED ?			
	CBM		Shale	
	Indpt	Major	Indpt	Major
1	(San Juan)	(San Juan)	Barnett	-
2	Warrior	-	Fayetteville	-
3	C. Appalachia	-	Woodford	-
4	Raton	-	Haynesville	-
5	Uinta	-	Marcellus	-
6	Powder River	-	Eagle Ford	-
7	Cherokee	-	Utica	-
8	Taroom	-	Niobrara	-
9	Horseshoe	-	Bakken	-
10	Qinshui	-	Huron	-

Independents – particularly specialists in Indonesia CBM like CBM Asia -- are the most motivated to quickly commercialize their CBM assets.

Asia-Pacific CBM

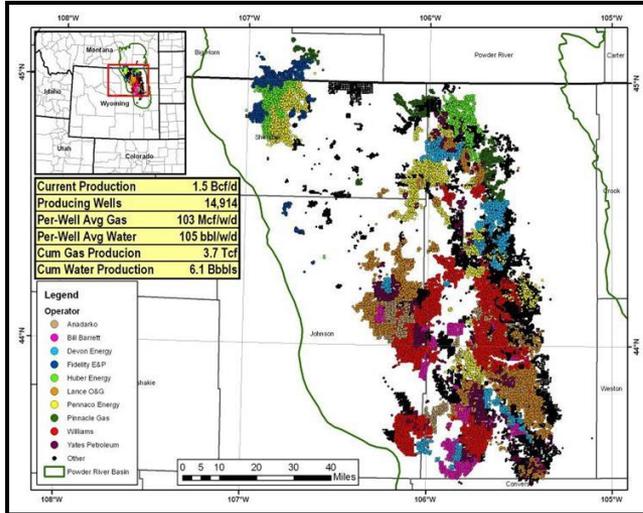
Indonesia Looks More Like Australia & USA than China

	USA 	China 	Australia 	Indonesia 
CBM Gas In Place	>500 Tcf	>500 Tcf	>500 Tcf	453 Tcf
Reservoir Quality	Excellent: Mostly High Gas Saturation & Permeability	Challenging: Low Gas Saturation &/or Permeability	Excellent: Mostly High Gas Saturation & Permeability	Excellent: Mostly High Gas Saturation & Permeability
Development Stage	Fully Mature Production: stable 5 Bcf/d	Struggling Production: only 145 MMcf/d after 20 years	Development: AUD30bn of mergers/acquisitions Production: +600 MMcf/d after 8 years – may outstrip USA by 2020	Exploration: Leasing and de-risking now underway Large-scale industry consolidation may occur
Major Oil Company CBM Activity	    	<p>Majors tested CBM but then left due to poor geology.</p>	      	    



Sekayu PSC

Superior to USA Analog: Powder River Basin



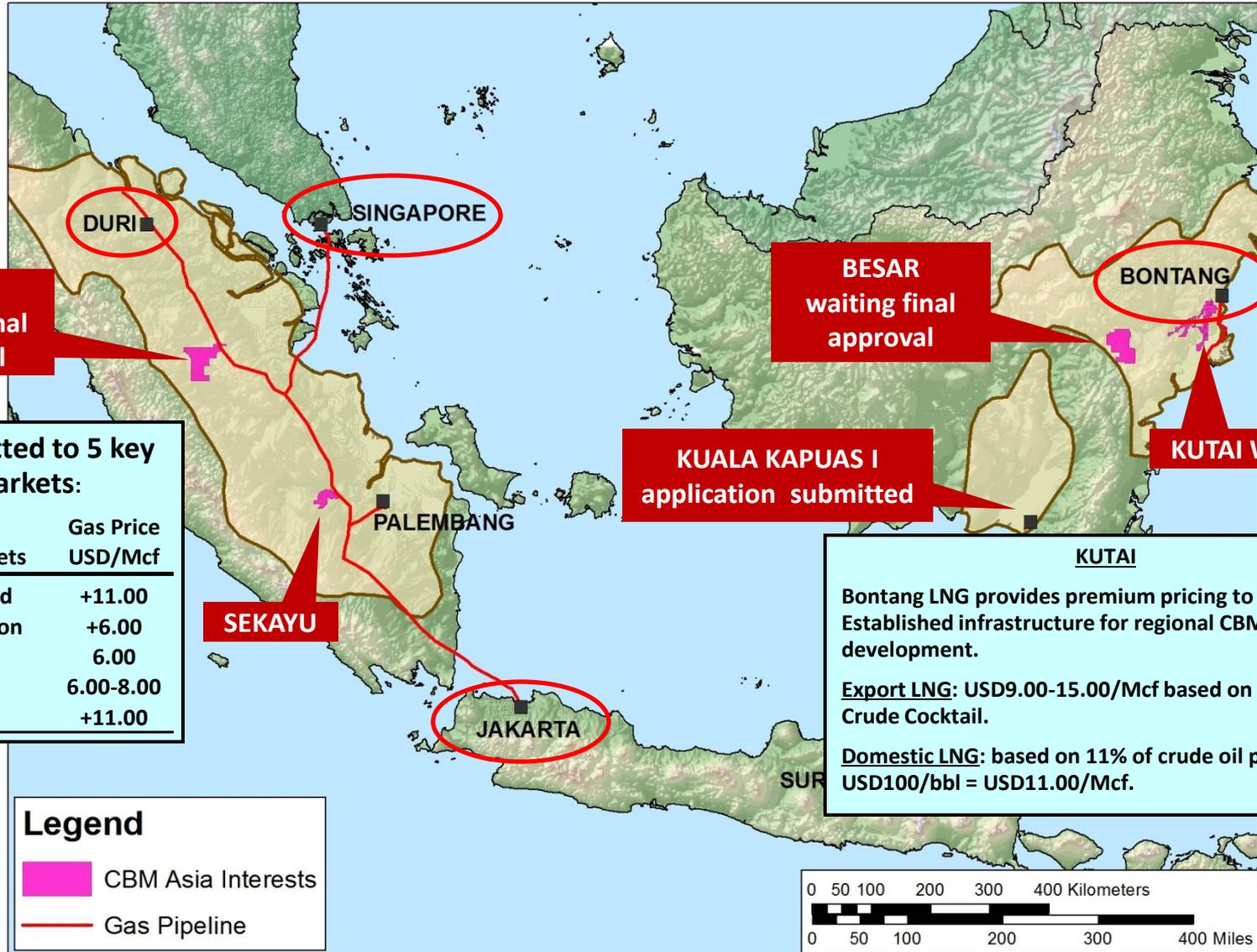
Indonesia CBM geology compares favorably with Powder River Basin (Wyoming, USA), considered the commercial analog for Indonesia.

- The Powder River Basin is the world's second largest CBM field, producing 1.5 Bcf/d and expected to recover 30 Tcf.
- Well test results indicate that Sekayu CBM reservoir conditions are significantly better than in the Powder River Basin.

Reservoir Property	Wyoming USA Powder River Big George Coal		Indonesia South Sumatra Sekayu PSC		Comment
	Variable	Source	Variable	Source	
Depth (ft)	1,200	BBC	2,000	Well Logs	Deeper = more pressure, higher potential gas content
Coal Thickness (ft)	120	BBC	147	Well Logs	Thicker = more potential gas in place
Coal Rank (Ro)	0.3%	USGS	0.3%-0.4%	Lab Test	Higher Rank = higher potential gas content
Gas Content (ft ³ /ton d.a.f)	50	USGS	>100	Corelab	Higher Gas Content = more potential gas in place
Gas Saturation	60%	USGS	95%	Weatherford	Higher Saturation = faster potential gas production
Permeability (mD)	500	USGS	500	Medco	Comparable
Gas Price of 10% ROE (USD/Mcf)	4.22	BBC	TBD	Testing	Sekayu looks favorable but requires production testing
Current Gas Price (USD/Mcf)	4.00-5.00	NYMEX	5.50-6.25	Medco	Higher gas prices in Sumatra

Source: BBC = Bill Barrett Resources 2011. USGS = US Geological Survey, 2004

CBM Asia: Assets Close to Attractive Gas Markets

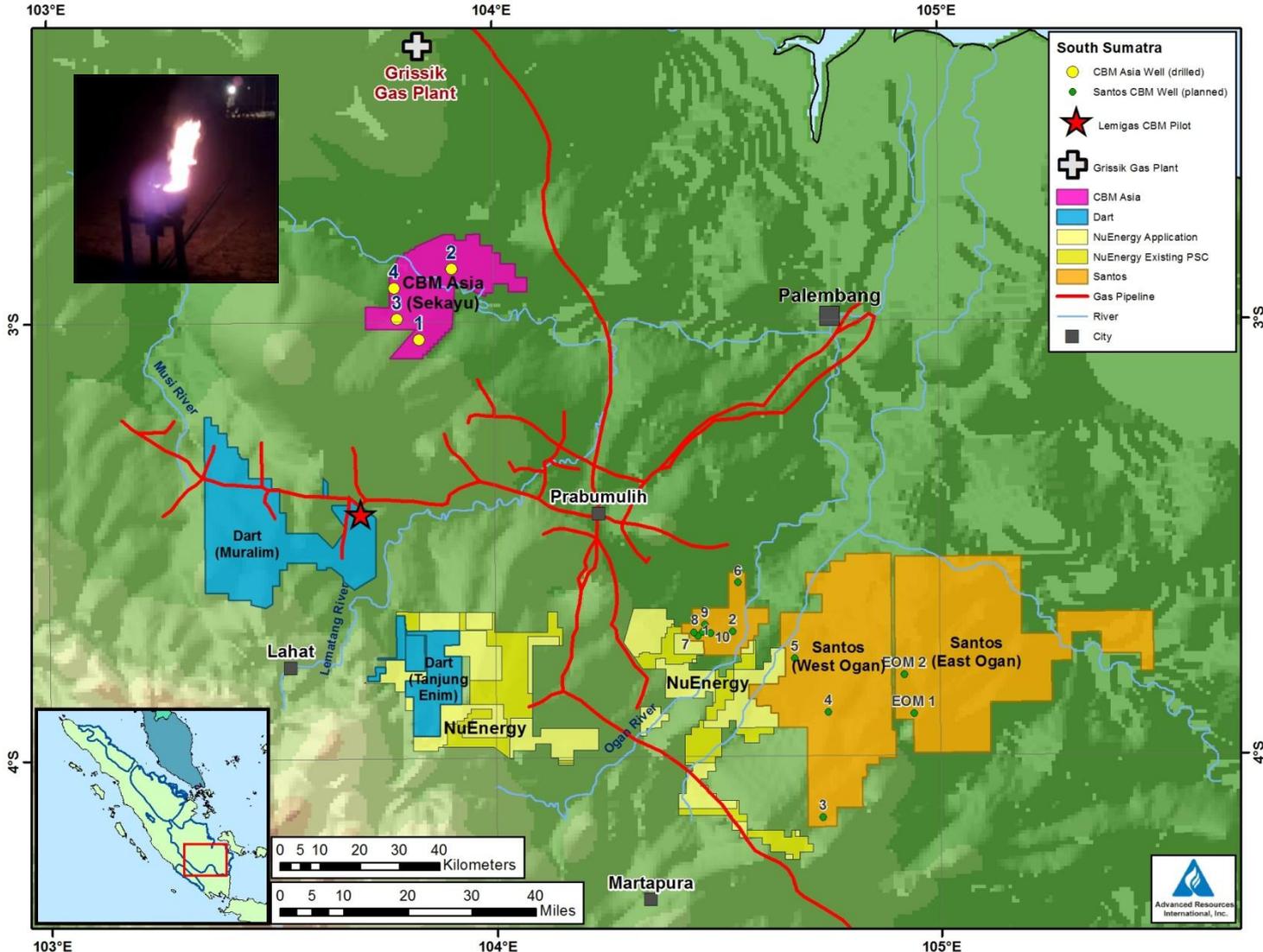




Sekayu PSC

CBM Asia participating - 2 Wells Flow Gas to Surface

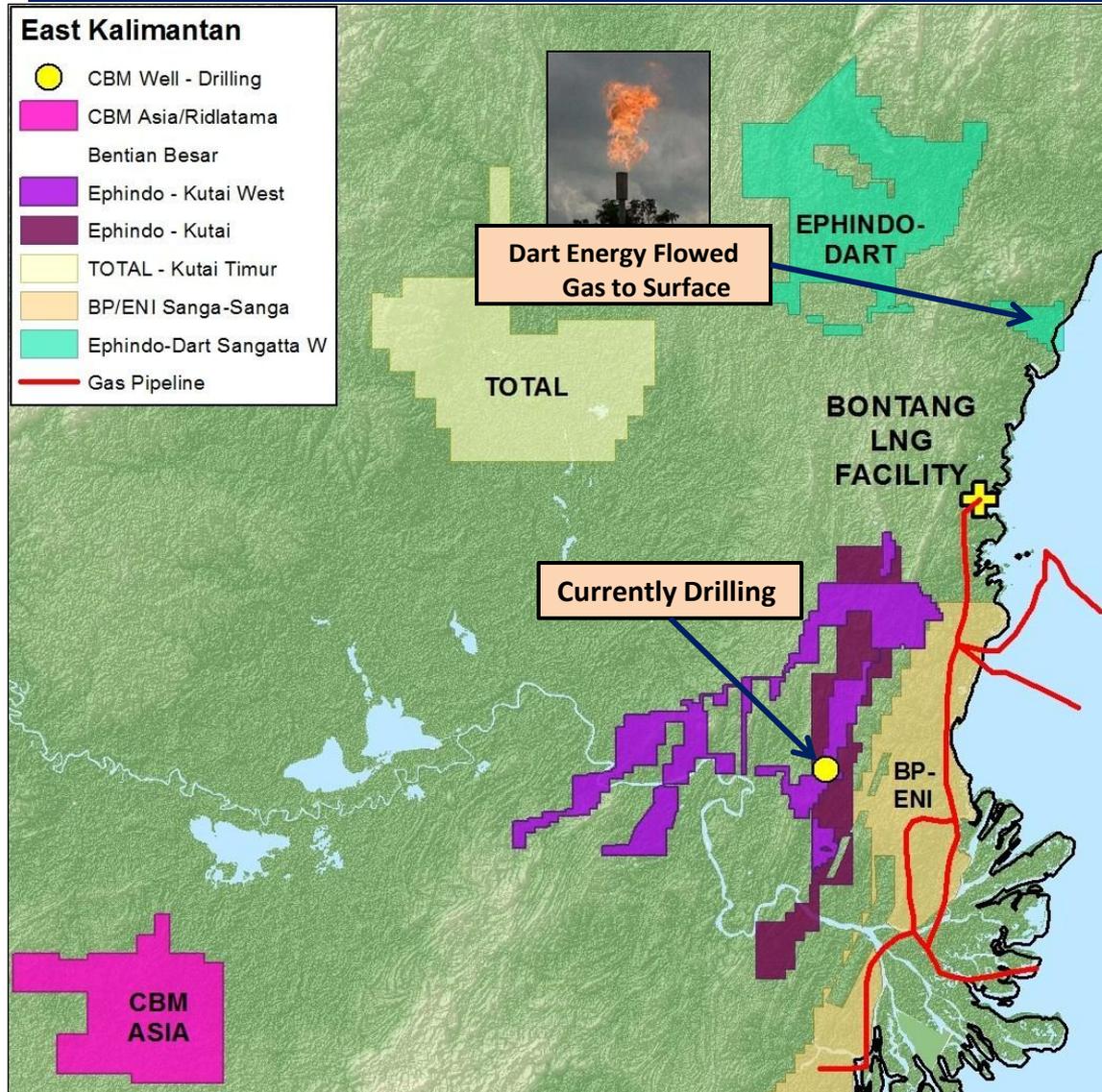
- Medco testing 4 CBM core wells.
- Good gas content, saturation, perm.
- Gas to surface in two wells without dewatering.
- 5-well production pilot planned March 2012.
- Early gas sales planned.
- Could be first commercial CBM project in western Indonesia.





Kutai West & Bentian Besar PSC's

Close to BP's Sanga-Sanga PSC and Bontang LNG



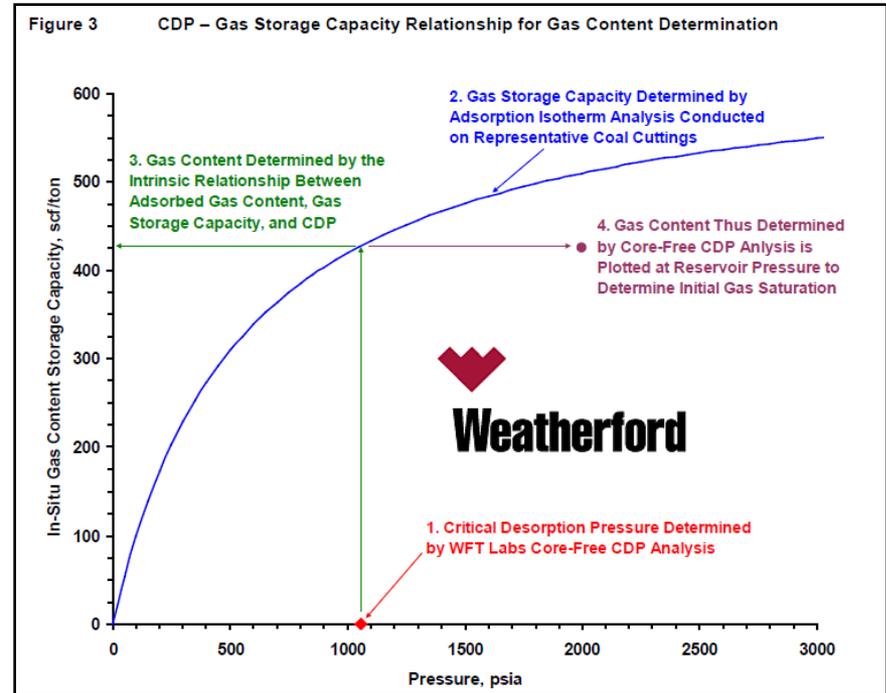
- World first CBM-to-LNG export at Bontang from VICO's Sanga-Sanga.
- Newton testing first core hole at Kutai West (CBM Asia 18% WI).
- Planning exploration corehole program at Bentian Besar (CBMA 70% WI).
- Gas flare from Ephindo-Dart Energy test well.
- CBM vital to the future of Bontang LNG.



Innovative CBM Technology

Gas Content -- Without Core – A First for Indonesia

- Traditional CBM coring and desorption has limitations, especially in low-rank high-permeability coals like in South Sumatra.
- Also need method to test gas content on coal seams which were drilled through and thus core not available.
- Weatherford's Core-Free Critical Desorption Pressure (CDP) test measures gas content by detecting the critical desorption pressure downhole, coupled with the adsorption isotherm measurement.
- Provides high-confidence gas content.



- *First application in Indonesia at Medco's initial Sekayu well, where core recovery & gas content were low and discouraging.*
- *96% gas saturation corroborated by rapid gas flow to surface from this well.*

CBM Asia: Commercialization

Innovative Options: GTL and Mini-LNG



Gas-to-Liquids: Modular/portable GTL can convert CBM into onsite diesel for the mining industry at a rate of 8-10/Mcf per bbl dependent on technology. CBM Asia is actively perusing negotiations with two modular/portable GTL equipment providers in the United States as well as potential mining companies in Indonesia. Significant savings for miners could be realized.



Mini-LNG: modular mini-LNG facilities of 250k tonne/ annum provide an opportunity to fast track commercialization. CBM Asia is actively engaged in discussions to implement mini-LNG technology to provide gas supplies to stranded power plants in Indonesia and the region.

Indonesia CBM: An Operator's Perspective

Possible Steps to Streamline & Speed Up CBM Development

Surface Access: basin-specific standards or guidelines for “damages” based on surface use (agriculture, plantation, etc.). Introduce national regulation to standardize land usage and land acquisition compensation for projects that are in the national interest. Important for CBM and shale.

Specific CBM Regulation: introduce CBM specific regulation rather having to comply with the current conventional oil and gas requirements. Example: allow use of mining rigs for coring in minimal shallow gas risk areas.

Streamline Procurement Process: the procurement process is expensive, time consuming and does not provide the flexibility for varying contracts to satisfy development of CBM blocks as the exploration and pilot production data matures.

CBM Forum: informal CBM forum's facilitate technology transfer among operators, service companies. Very important during early CBM commercialization in the USA, Canada, and Australia.