

8 August 2012

ASX Market Announcements
ASX Limited
20 Bridge Street
Sydney NSW 2000

SPRINT NEGOTIATES OPTION TO INVEST IN THE TOMSK BASIN IN WEST SIBERIA

The board of Sprint Energy Limited (ASX: **SPS**) ("Sprint" or the "Company") are pleased to announce they have entered into an option agreement with Electrosecur Limited to invest in OOO Bakcharneftegaz ("BNG") holder of License Block 71-1 in the prolific Tomsk Basin, in West Siberia.

THE ACQUISITION

Sprint has entered into an option agreement with Electrosecur Limited who have exclusive rights to obtain a seventy four (74%) percent equity interest in specialist Oil Company, OOO Bakcharneftegaz ("BNG"), a company duly incorporated under the laws of the Russian Federation and holder of License Block 71-1.

BNG is headed by renowned Russian Petroleum Geophysicist/Geologist, Mikhail Malyarenko.

Mr Malyarenko is a seasoned petroleum geologist with over twenty (20) years of experience with various oil projects including the Tomsk region. The largest field discovered in the Tomsk Basin was 500 million barrels of oil.

Mr Malyarenko has been credited with numerous successful commercial discoveries oil enterprises, including Malka Oil AB and Tomsk Refining AB which is now an operating mid-tier modern oil refinery.

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WEST SIBERIAN BASIN

The West Siberian Basin is the largest oil and gas producing region in Russia, both in the geographical area it covers and the recoverable oil and gas that it contains.

The oil resources in the West Siberian basin are extremely large in absolute terms. The US Geological Survey estimates volumes of discovered hydrocarbons in the basin are 144 billion barrels of oil and more than 1,300 trillion cubic feet of gas.

Estimated ultimate recovery is almost 232 billion barrels of oil. Approximately 70% of the oil produced in Russian comes from the West Siberian Basin¹, further identified in Diagram 1 below.



Diagram 1: Major Russian Oil Basins (Image Sourced: Petroneft Resources plc²)

¹ "West Siberian Oil Basin", <http://petroneft.com/operations/west-siberian-oil-basin/>, 2 August 2012

² "West Siberian Oil Basin", <http://petroneft.com/operations/west-siberian-oil-basin/>, 4 August 2012

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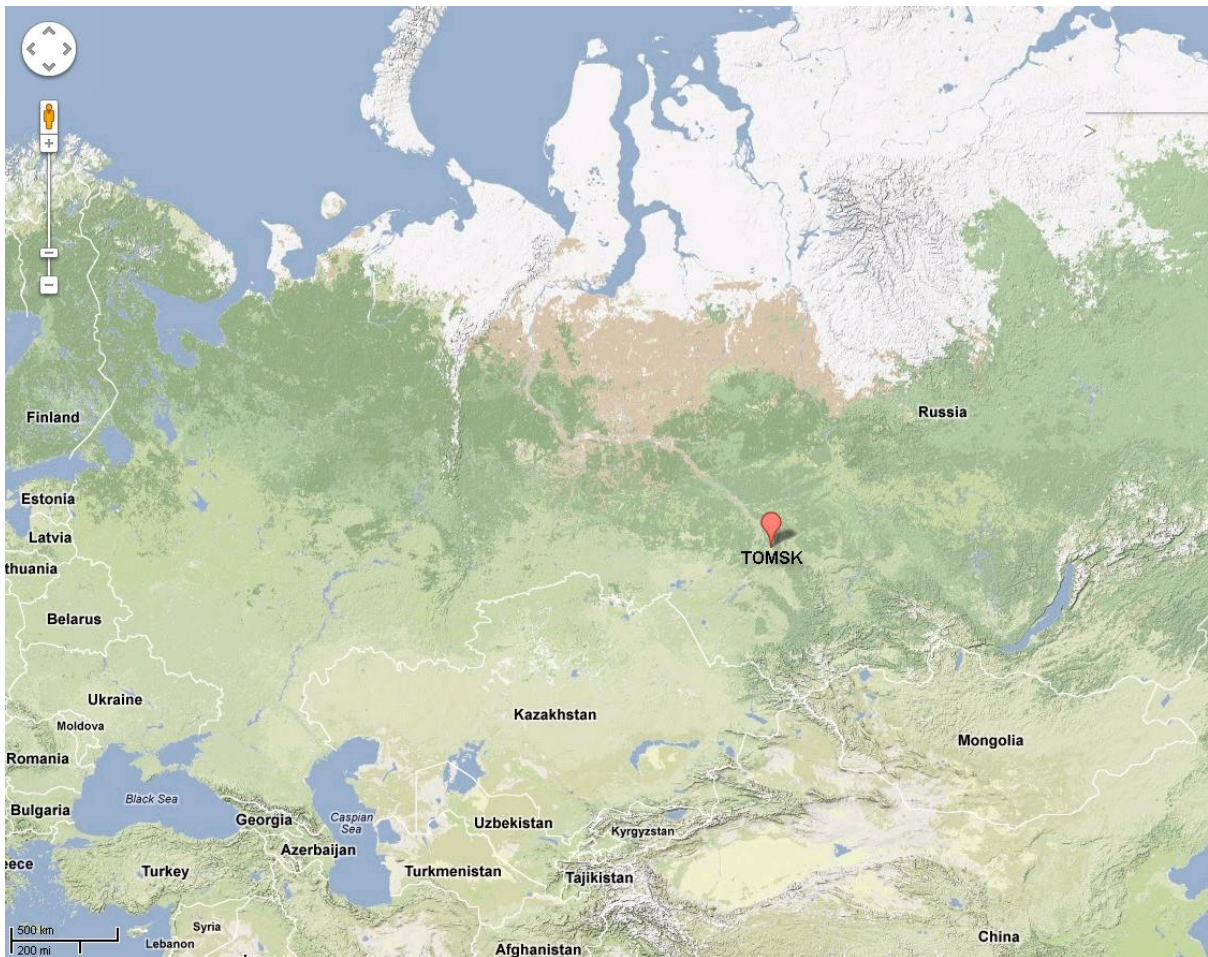


Diagram 2: Location of Tomsk (Image Sourced: Google Maps, <http://maps.google.com.au/maps?hl=en&tab=wl> 3 August 2012)

TOMSK BASIN

The Tomsk Basin (Diagram 2) is located in the West Siberian Basin and is one of the leading Oil & Gas regions in the Russian Federation. Oil & Gas was first discovered at Tomsk in the mid 1950's.

Today the Tomsk region produces approximately 300,000 barrels of oil per day, which corresponds to ~ 3% of total Russian Oil production.³

The Tomsk region is the size of Germany and is transected by the Ob River which runs in an east-west direction. Whilst the sub-surface geology is the same on both

³ US Geological Survey – June 2011, Fact Sheet 2011-3050 <http://pubs.usgs.gov/fs/2011/3050/pdf/fs2011-3050.pdf>

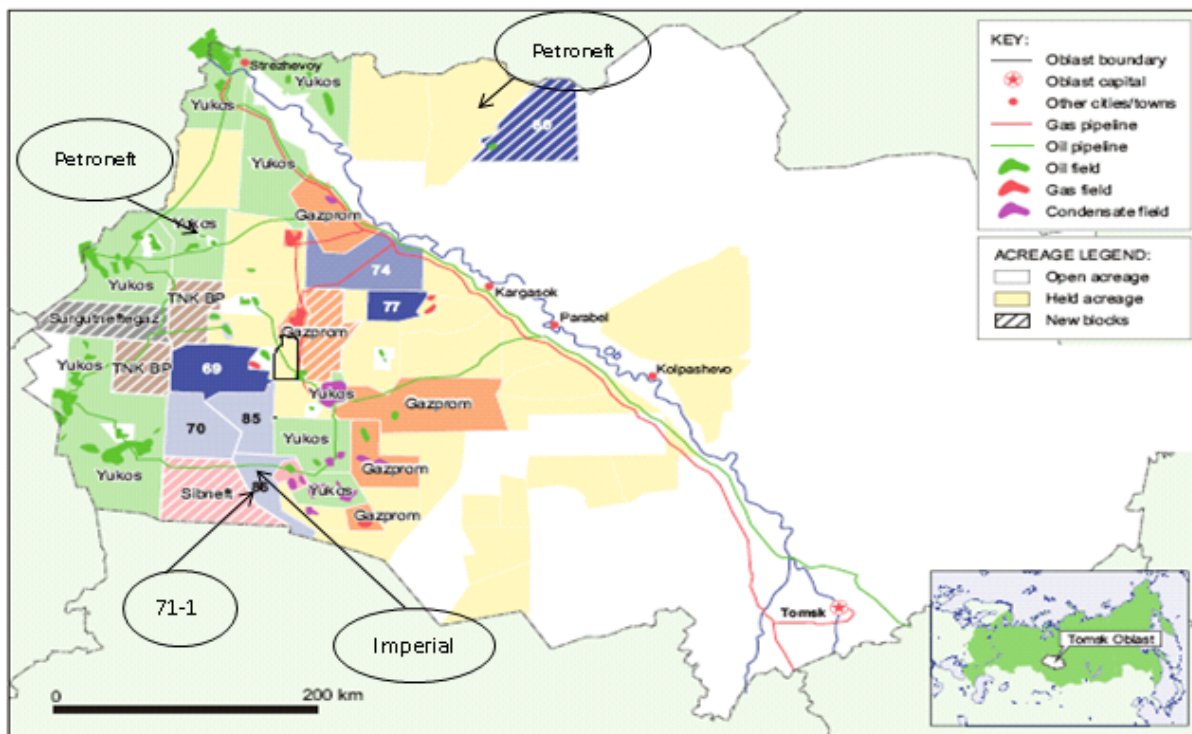
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sides of the river, the vast majority of exploration and hydrocarbon production and infrastructure are on the southern side of the river. Consequently, the Basin is expected to be able to sustain and or possibly increase its production as oil exploration on the northern side of the river increases.⁴

The main domestic producers in the Tomsk Basin are publicly listed Russian companies Rosneft via Tomskneft and Gazpromneft via Sibneft.

The prominent foreign companies operating in the Tomsk region include, Imperial Energy (owned by Indian national oil company ONGC), Petroneft (listed in Dublin and on AIM) and Alliance Oil (listed in Stockholm). The locations of the foreign company's licenses are better defined in Diagram 3 below.

Direct foreign investment in the Tomsk region is well established and has the support of the regions Governor Zhvachkin. (Governor Kress retired earlier this year after decades as governor and was replaced by Mr Zhvachkin, who has worked as manager for local oil and gas companies).⁵



⁴ Graham Blackburn – “Petroleum Geology of the Pre-Jurassic” Blackburn Geoconsulting March 2012

<http://www.rogtcmagazine.com/index.php>

⁵ Torbjorn Ranta – July 2012

⁶ <http://www.imperialenergy.com/en/operations/ieatglance/>, 5 August 2012

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Diagram 3: License Blocks held in the Tomsk Basin (Image Sourced: Imperial Energy⁶)

BLOCK 71-1 & BNG PERMITS

Block 71-1, with a combined area of 34km² is located in the south-western section of the Tomsk Basin and is surrounded by a cluster of oil production centres.⁷

License 86, lies immediately adjacent to the west, is owned by Imperial Energy. Block 86 produces in excess of 15,000boe p/day.⁸

Two (2) exploration wells were drilled in License 71-1 to over 4,000m during the Soviet period (1970's), namely #2 Well and #4 Well.

The #2 Well was a discovery well with logs indicating a number of oil saturated zones in the Jurassic and older Palaeozoic rock sequences.

The #2 Well experienced an internal blow-out during remedial perforations to inject cement behind the casing at an estimated depth of some 3,800m in Palaeozoic sediments. The hydrocarbon shows were predominately oil with some associated gas.⁹

The geological setting of License Block 71-1 is within a well-known rift zone which hosts approximately twenty (20) Palaeozoic oil and gas fields in the Tomsk Basin¹⁰.

This is further supported in Diagram 4 below, which highlights the many areas in the Tomsk region that are considered as being prospective and highly prospective for hydrocarbons.

⁶ <http://www.imperialenergy.com/en/operations/ieatglance/>, 5 August 2012

⁷ Mikhail Malyarenko – Bakchaneftgaz – April 2012

⁸ Imperial Energy www.imperialenergy.com/en/operations/ieatglance/, 5 August 2012

⁹ Natalya Konovalova – Sibpromgeofysika, V. A. Benenson, I. I. Karapuzov and S. S. Kosova - Interfax Russia – Russian O&G Journal #5 2001, 3 August 2012

¹⁰ Graham Blackburn – “Blackbourn Reports: Petroleum Geology of the Pre-Jurassic” Blackbourn Geoconsulting, 9 December 2011, <http://www.rogtectmagazine.com/blog/blackbourn-reports-petroleum-geology-of-the-pre-jurassic/>, 4 August 2012

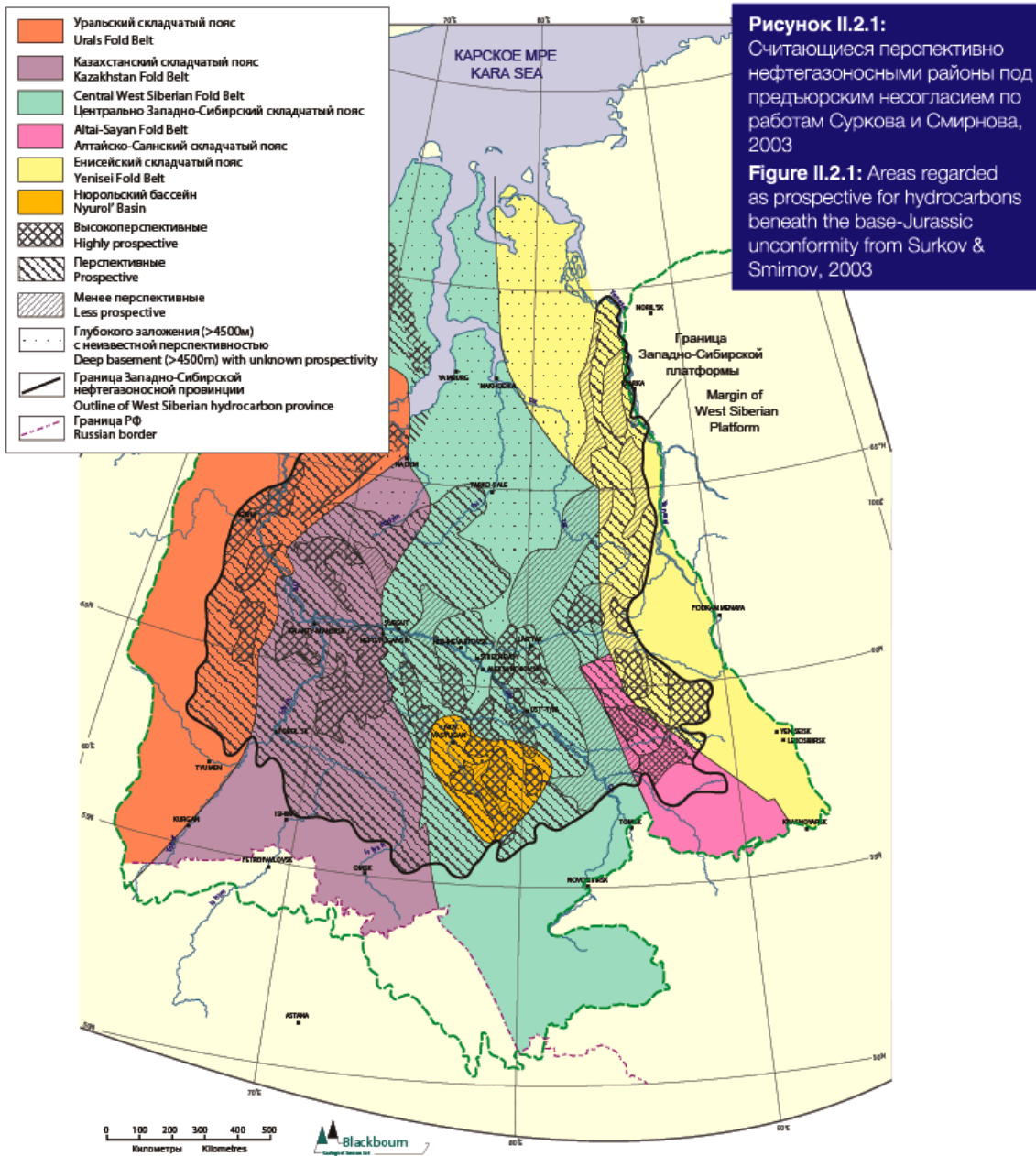


Diagram 4: Areas considered prospective for Hydrocarbons in West Siberia (Image Sourced: Graham Blackbourn¹¹)

¹¹ "Blackbourn Reports: Petroleum Geology of the Pre-Jurassic" Blackbourn Geoconsulting, 9 December 2011, <http://www.rogtectmagazine.com/blog/blackbourn-reports-petroleum-geology-of-the-pre-jurassic/>, 4 August 2012.

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The existing seismic coverage over License Block 71-1 has been reprocessed using modern techniques. The seismic shows good structural control over potential targets in what appears to be a paleo-reef carbonate environment of Palaeozoic age.

Interpretation of wireline logs from the two wells along with the seismic interpretation, suggests a target interval of up to 800m thick below the Jurassic unconformity between approximately 3200m - 4000m.¹²

BLOCK 71-1 PLANNED WORK PROGRAMS

BNG has advised that their planned work program, which has already commenced on site, as shown in Diagram 5 below, will initially focus on the re-entry of Well #4 to collect additional technical data.

The well-head pressure in Well #4 is lower and hence makes for a less risky re-entry. The second part of the work program will be a re-entry of Well #2 (high pressure well subject to the blow-out) if appropriate risk analysis is satisfied.¹³

A proposed new well location (Well #5) has been planned at the centre of the reef structure some 4km to the north-west of Well #2.

BNG considers this location to have a positive risk/reward ratio given that Well #2 is already a discovery.

The two (2) existing wells have oil saturations in various zones in both the Jurassic and Palaeozoic sequences. A review suggests that the location of the first two wells was not optimal, as they are towards the edge of the postulated structure.

BNG believes the proposed Well #5 is a relatively low risk exploration/appraisal well.¹⁴

¹² Natalya Konovalova – Sibpromgeofysika, V. A. Benenson, I. I. Karapuzov and S. S. Kosova - Interfax Russia – Russian O&G Journal #5 2001, 3 August 2012

¹³ Mr Mikhail Malyarenko – Bakchameftegaz – April 2012

¹⁴ Natalya Konovalova – Sibpromgeofysika, V. A. Benenson, I. I. Karapuzov and S. S. Kosova - Interfax Russia – Russian O&G Journal #5 2001, 3 August 2012

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Diagram 5: Block 71-1 Drill site, camp and helipad (Image Sourced: BNG 2012)

THE CONSIDERATION

Subject to Sprint Shareholder approval and the satisfactory outcome of the due diligence, Sprint will execute the option with Electrosecur Limited and acquire a seventy four (74%) percent interest in BNG for the issue of 19.0% equity in Sprint and USD\$800,000.

A milestone agreement has also been agreed should the project define a minimum volume of 50,000,000 BOE P2 reserves (Barrels of Oil Equivalent, Proven and Probable reserves). Upon verification by an independent third party, the Vendor or nominee shall be issued an additional 50,000,000* ordinary shares. Further, should the project define an additional minimum volume of 25,000,000BOE (for a total of 75,000,000BOE) P2 reserves, confirmed by an independent third party, the Vendor or nominee shall be issued an additional 50,000,000* ordinary shares.

These shares (19% plus milestones) unless otherwise agreed or ordered by the ASX, will be subject to voluntary escrow periods. Namely fifty (50%) percent of the shares will be escrowed for six (6) months, whilst the remaining fifty (50%) percent of the shares will be escrowed for twelve (12) months.

Note: *Half the (milestone) issued shares will be apportioned to Mr Torbjorn Ranta.

Mr Ranta will be engaged by the Company as a key operations consultant for the Tomsk asset. Mr Ranta speaks fluent Russian and is considered to be a highly skilled operator and has considerable experience in the Russian oilfields.

In 2001, Mr. Ranta became the Managing Director of junior oil producer Vostok Oil Ltd. Over a twenty four (24) months\ period Vostok Oil went from green field stage to producing 3,000 BOE per day via a 120 km pipeline constructed during one season (horizontal wells, first in Tomsk).

Subsequently, in 2003, Mr Ranta left Vostok Oil Ltd when the control of the company was taken over by Russian Alltech group, which later merged Vostok Oil with Russian refining company Alliance Oil forming an independent integrated oil company today still listed in Stockholm with a market capitalization of some 1.5 billion USD.

Mr Ranta has also served as Board Director of a number of joint-stock companies, among others Malka Oil (publicly listed), Tomsk Refining AB (non-listed), Alpcot Agro AB (publicly listed), Karelia Timber AB (non-listed).

FUNDING

The Company is pleased to announce it has decided to raise in the order of AUD\$4.0 million before costs through the placement of shares to sophisticated and professional investors (the "Placement") in Australia and internationally through Merchant Capital Markets as lead broker.

Sprint also confirms it has now formally withdrawn from the Truestone Capital drawdown facility, which is no longer required. The Company wishes to thank Truestone Capital for their support of the Company over the last couple of years.

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Managing Director Brad Boyle stated: "Sprint has recently completed a major capital restructuring and debt elimination program and has significantly improved its financial position. The Company believes this proposed exciting investment in the Tomsk Basin, is a substantial step forward towards to a bright future for Sprint and its loyal and supportive shareholders."

THIS ANNOUNCEMENT EFFECTIVELY CEASES THE TRADING HALT REQUESTED BY THE COMPANY ON 6 AUGUST 2012. THE COMPANY IS NOT AWARE OF ANY REASON WHY THE ASX WOULD NOT ALLOW TRADING TO RECOMMENCE IMMEDIATELY.

Yours sincerely
Sprint Energy Ltd



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Managing Director

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About Sprint Energy Ltd: Sprint Energy Ltd is an independent oil and gas exploration and production Company, listed on the Australian Stock Exchange (ASX Code: SPS). Its primary focus of operations is Gulf Coast, USA.

Competent Person: Information in this report relating to hydrocarbon reserves or resources has been reviewed by Dr Jaap Poll BSc, MSc, and a PhD in Structural Geology is the Non-Executive Chairman of Sprint Energy Ltd who has over 46 years experience in petroleum geology and certified professional member of the American Association of Petroleum Geology (AAPG) and a Distinguished Member of the Petroleum Exploration Society of Australia (PESA). Mr Poll consents to the inclusion of the information in this report relating to hydrocarbon reserves and resources in the form and context in which it appears. Resource estimates contained in this report are in accordance with the standard definitions set out by the Society of Petroleum Engineers, Petroleum Resources Management System, 2007.

Forward-Looking Statements: This document may include forward-looking statements. Forward-looking statements include, but are not necessarily limited to, statements concerning Sprint Energy Limited's planned exploration program and other statements that are not historic facts. When used in this document, the words such as "could", "plan", "estimate" "expect", "intend", "may", "potential", "should" and similar expressions are forward-looking statements. Although Sprint Energy Limited believes that its expectations reflected in these are reasonable, such statements involve risks and uncertainties, and no assurance can be given that actual results will be consistent with these forward-looking statements.

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