



13<sup>th</sup> January, 2005

**PEL 427 FARMIN  
ADJACENT TO EXISTING GAS PRODUCTION  
PROSPECTIVE SEDIMENTS OF SAME AGE AND TYPE**

The Directors of Eastern Star Gas Limited (“ESG”) are pleased to announce that the Company has entered into an agreement with Comet Ridge Limited (ASX Code: COI) whereby it has the right to acquire a 75% interest in the recently renewed Gunnedah Basin Petroleum Exploration Licence (“PEL”) 427.

PEL 427 covers an area of 7,010.5 square kilometers of the Gunnedah/Surat Basins in northern NSW. The licence is immediately north and adjacent to ESG’s PEL 238 and immediately west of ESG’s PEL 6 (map attached). PEL 238 contains the Coonarah Gas Field, NSW’s first commercial natural gas reserves, and is being used to fuel the Wilga Park Power Station which commenced operations in July, 2004. ESG will earn the interest in PEL 427 by funding 100% of the Year 1 and 2 work commitments which consist of seismic acquisition and the drilling of one well.

PEL 427 contains Permian, Triassic and Jurassic sediments of the same age and type that produce gas within PEL 238 immediately to the south and also oil and gas in the Bowen/Surat Basin in southern Queensland. ESG has a detailed understanding of this sedimentary basin and it was logical that the Company would seek involvement in the total area that it considers prospective for oil and natural gas. Petroleum exploration operations in PEL 427 will complement those already being undertaken by ESG in the surrounding licences. ESG is also pleased to be in joint venture with Comet Ridge whose management is well known to those at ESG.

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**Figure 1**  
**Location of PEL427**  
**Gunnedah Basin, New South Wales**

