

2 May 2006

The Manager Companies
Australian Stock Exchange Limited
20 Bridge Street
Sydney NSW 2000

(1 page by email)

Dear Madam

WEST ESPONDA PILOT DRILLING PROGRAM

The Directors are pleased to announce the completion of the drilling phase of the pilot production program at the West Esponda project with this tenth well. Well completion, including downhole cleanup, seam perforations, formation enhancement and pump installation has begun. All wells have been fully cased on reaching total depth.

The most recent well, Esponda 15-3, has been completed with the following results:

Well Name	Total Drilled Depth (metres)	Total Coal Intercepts (metres)	Total Big George Interval (metres)
Esponda 15-3	689	38.1	18.3

The pilot program is comprised of ten wells totalling 6,874 metres drilled and 6,790 metres cased in a staggered offset pattern, and is centred on the State lease which was acquired in October 2004 as part of the continued program of area consolidation of the Company's lease package. This northern portion of the West Esponda project has approximately 88 contiguous or near contiguous well locations.

With the expectation of the Wyoming Department of Environmental Quality ('WDEQ') approval of its Wyoming Pollution Discharge Elimination System ('WYPDES') Option 1A permit, WY0054313, the Company is awaiting the receipt of bids for the construction of its 200 megalitres water discharge retention facility.

For further information, contact Norman Seckold, Bruce Riederer or Peter Nightingale on (61-2) 92475112.

Yours sincerely



Peter J. Nightingale
Director

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