

22 August 2007

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

(1 page by email)

Dear Madam

WEST ESPONDA PRODUCTION PROGRAM DRILLING

The Directors are pleased to announce the completion of an additional two wells which continue the development of an eight well program situated immediately northwest of the existing 10 well pilot production program at West Esponda. All wells are being fully cased on reaching total depth. Well completions, including downhole cleanup, seam perforations, formation enhancement and pump installation is to be initiated with the completion of the drilling program.

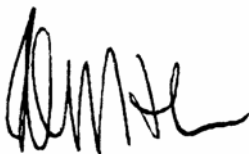
The following results of the most recent wells completed are:

Well Name	Total Logged Depth (metres)	Total Coal Intercepts (metres)	Total Big George Interval (metres)
Esponda 9-5	700.3	31.1	14.6
Esponda 9-9	671.5	32.9	14.9
Esponda 9-7	662.3	35.7	17.7
Esponda 9-1	662.1	31.4	13.1
Esponda 8-1	680.8	29.0	13.7
Esponda 9-3	671.8	39.6	21.0
Esponda 4-15	671.8	35.1	15.8

The sole focus of the pilot program will be the Big George formation. Previous drilling indicates the Big George coal seam intervals are between 17 to 22 metres. In addition coals of 17 to 24 metres in total thickness overly the Big George. Whilst they are not intended to be produced from at this time, they will be 'behind pipe' so they can be readily accessed in the future.

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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