



STOCK EXCHANGE ANNOUNCEMENT

COXON CREEK 2 FLOWS GAS

17 March 2006

Sunshine Gas Ltd is pleased to announce that the Coxon Creek 2 Coal Seam Gas (CSG) pilot well has flowed gas from the Juandah and Taroom Coal Seam intervals. A series of open hole flow tests (OFT's) has recorded a maximum gas flow rate to surface of 0.59 million standard cubic feet per day (MMscfd) on a 1/2" choke.

Commenting on the gas flows Sunshine's Managing Director Mr Tony Gilby noted that "the instantaneous gas flow rate achieved from the uppermost coal seam in the sequence, suggests that the Jundah CSG resource in this location is capable of delivering gas at good rates. Production testing of the well will be required to establish the sustainability of the gas flows observed to date. However, this initial result bodes well for the broader Walloon CSG Play in ATP 336P and also in Sunshine's adjoining ATP 795P permit (SHG 100%)."

The maximum rate of 0.59 MMscfd was recorded from the uppermost Juandah Coal Seam at a depth of 197 metres KB and was without significant water production. Subsequent testing of the deeper seams has now occurred and the cumulative flow rate has reduced with the intersection of water zones. Water was being produced at up to 1,100 barrels per day during the later OFT's, which indicates good permeability in some of the seams.

The OFT results from Coxon Creek 2 are as follows:

OFT 1: 197m, 80 psi on 1/2" choke.	Gas rate = 0.59 MMscfd
OFT 2: 229m, 70 psi on 1/2" choke.	Gas rate = 0.53 MMscfd
OFT 3: 263m, 55 psi on 1/2" choke.	Gas rate = 0.44 MMscfd
OFT 4: 283m, 50 psi on 1/2" choke.	Gas rate = 0.40 MMscfd
OFT 5: 332m, 40 psi on 1/2" choke.	Gas rate = 0.34 MMscfd
OFT 6: 362m, 5 psi on 1/2" choke.	Gas rate = 0.125 MMscfd
OFT 7: 405m, 100 psi on 1/4" choke.	Gas rate = 0.169 MMscfd

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At 06:00 hours today, Coxon Creek 2 well was at a total depth of 405 metres KB and conducting a wiper trip prior to running wireline logs.

The well was designed to establish Juandah Seam CSG production and if successful, bring it into the Roma Joint Venture (SHG 15%) gas gathering system and to existing gas sales contracts. The well is located in an area confirmed as potentially gas productive by the 2005 Rowallon 14 CSG corehole.

Coxon Creek 2 is the first in a Pilot Project of up to 4 Coal Seam Gas wells that will be drilled to target the Juandah Coal seam play. These wells will be located near the successful Rowallon 14 CSG corehole drilled in 2005.

The Operator, Santos Limited is utilising Mitchell Drilling Rig 151 to drill Coxon Creek 2. It is expected to take some 11 days to drill, evaluate, test and complete the well.

Participants in ATP 336P and Coxon Creek 2 are:

Interstate Pipelines Pty Ltd (A wholly owned subsidiary of Sunshine Gas Ltd):	15%
Santos Group (Operator)	85%

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SUNSHINE GAS LIMITED - OVERVIEW

Sunshine Gas listed on ASX 3 July 2002 with a conventional gas, oil and coal seam gas focus initially on Queensland. More recently, the UK Continental Shelf has been added as a focus area.

The Company has interests in 16 Petroleum Leases (PL's) and 13 Authorities To Prospect for Petroleum (ATP's) in Queensland including awarded permits covering an area of over 37,000 km². In the UK Continental Shelf, the Company has a 50% interest in 9 blocks that are highly prospective for oil.

The Company has conventional gas / liquids reserves & production from the Roma Shelf as well as several projects in various stages of development. These projects are expected to lead to strong earnings growth in the future.

For additional information about the Company, please visit www.sunshinegas.com.au

A handwritten signature in black ink, appearing to read 'Chris Blamey', with a stylized flourish at the end.

Chris Blamey

Company Secretary

SUNSHINE GAS LIMITED

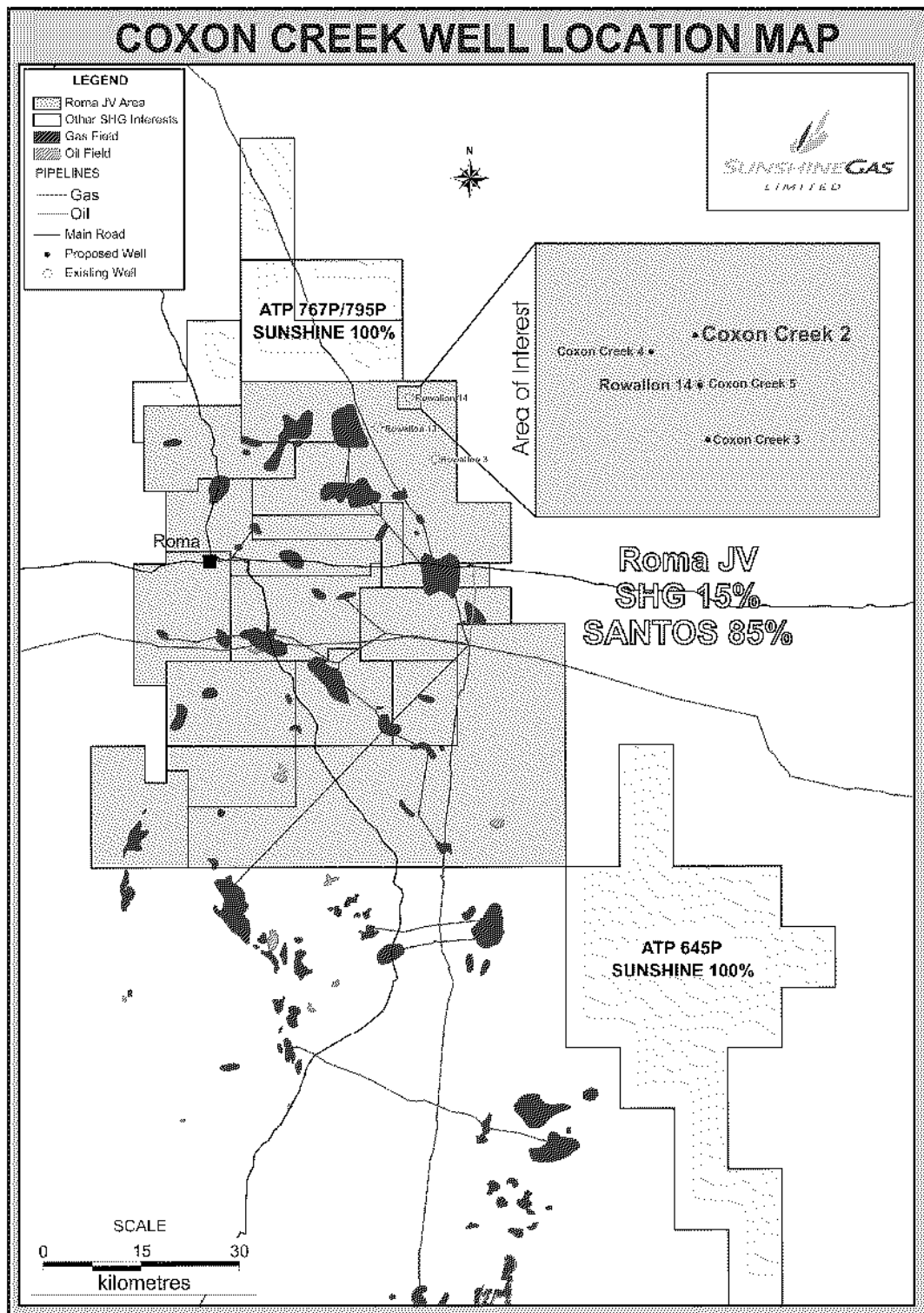
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