SUNSHINE GAS
LIMITED

23 March 2006

Company Announcements Office
Australian Stock Exchange

MARKET ANNOUNCEMENT

COXON CREEK 2 COMPLETED

Sunshine Gas Ltd (ASX symbol "SHG") is pleased to announce that the Coxon Creek 2 Coal Seam Gas (CSG) pilot well has been cased and completed over the Juandah and Taroom Coal Seam intervals.

As reported previously, 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 ½" choke accompanied by 1,100 barrels of water per day. The forward plan for the well is to place it on pump and commence an extended production test and dewatering process to assess its potential prior to connection into the gas gathering infrastructure.

Mitchell Rig 151 has been released and is now moving to the second of up to 4 Coxon Creek CSG Pilot wells to be drilled in close proximity to the Rowallon 14 CSG core hole (drilled last year).

On announcing the news to the market, SHG Managing Director Mr Tony Gilby said "the Coxon Creek 2 result is very pleasing and provides an optimistic outlook for the remainder of the pilot drilling program. These findings we believe tangibly demonstrate the potential of the region's Jurassic coal seams to economically advance gas deliverability within close proximity to existing gas export infrastructure.

The completion of the Coxon Creek pilot program will progress the establishment of a new Jurassic CSG productive fairway in Authority To Prospect for Petroleum (ATP) 336P which will enable the Company to pursue its interests in the neighbouring 100% owned ATP 767P and 795P permits."

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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%

SUNSHINE GAS LIMITED - OVERVIEW

Sunshine Gas is an Australian hydrocarbon exploration & production company which listed on the Australian Stock Exchange on 3 July 2002 under the symbol 'SHG'.

SHG's diversified portfolio includes conventional gas, oil and coal seam gas projects in Queensland. More recently, the Company augmented its interests to include the UK Continental Shelf complementing the Company's core exploration activities.

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 km^2. 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

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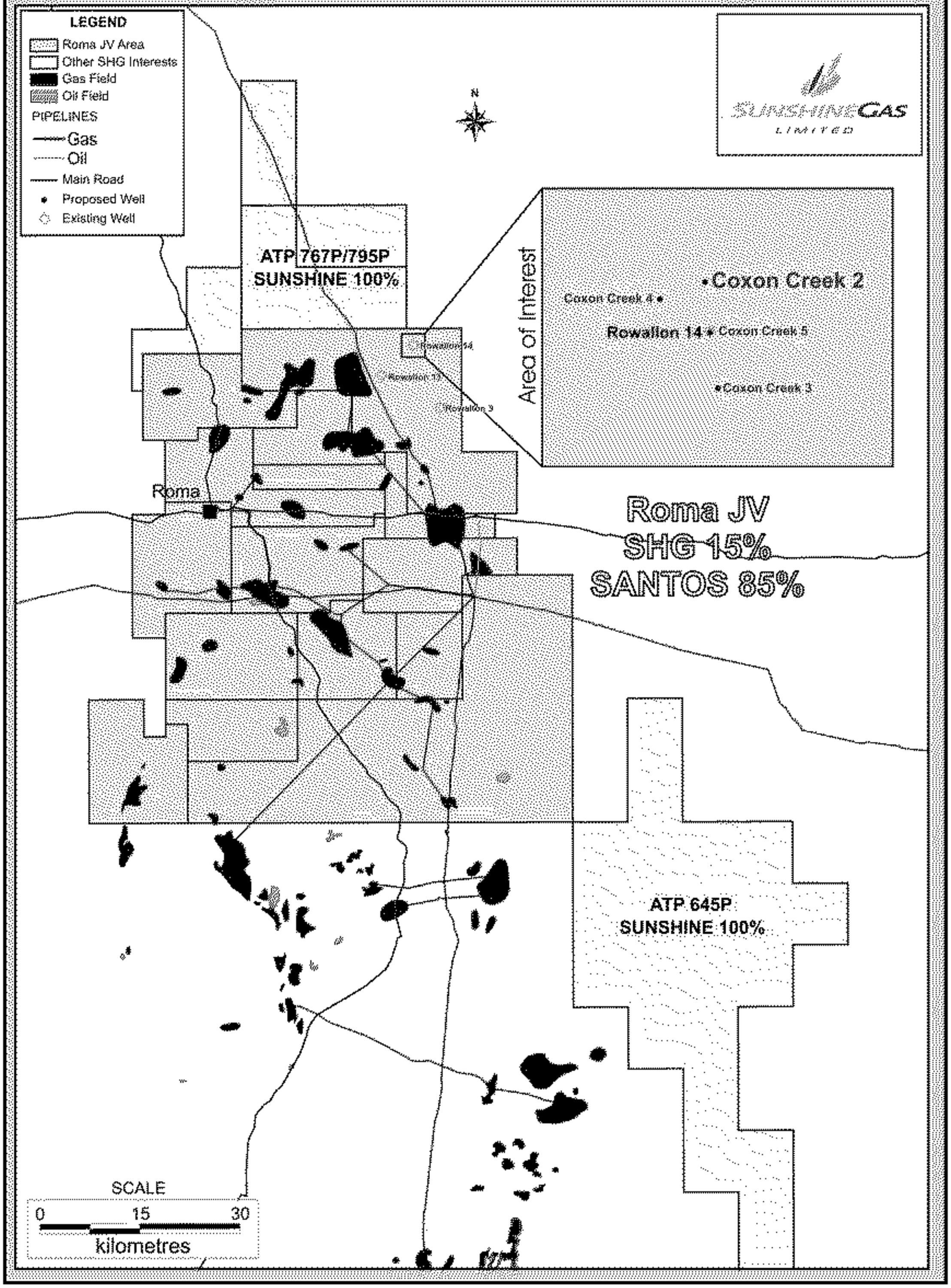
COXON CREEK WELL LOCATION MAP



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