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Company Announcements Office
Australian Stock Exchange Limited
4th Floor
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

**PRIMERO-1 WELL AT REID'S DOME – ADDITIONAL GAS DISCOVERIES
DRILLING REPORT 02 OCTOBER 2006**

Drilling continues deeper into the Reid's Dome structure

Performance of WSP Rig-1 continues to improve as the shake down period eliminates bugs in the system. Rate of penetration using rotary bits and air drilling has averaged 8 to 10 metres per hour in the Reid's Dome Beds strata (525m – 1750m).

Gas encountered in the Reid's Dome Beds

Occurrence of additional gas zones has been identified during drilling with air in several sandstone and coal formations. The gas zones have resulted in common gas peaks, significant increases of background gas during drilling operations and several occasions where continuous flaring was required during drilling operations.

The depth of Primero-1 was 1565m at 06:00 today. Background levels of gas in excess of 3500 units (76% gas) were recorded during the last bit change on 01 October 2006 with the presence of a continuous bluish-orange flare at the blowie line. Another open hole flow test designed to measure the capacity of these gas deposits is planned to take place within the next few days.

If successful, the open hole flow test may provide an indication of the rate these zones can produce (measured in million cubic feet per day) and the formation pressure. These are important measurements which can provide an indication of the economic viability of the deposits.

Flow tests scheduled for shallow gas deposit

The JV partners in PL-231 have agreed to conduct an extended flow test of the shallow gas sands occurring between 134 and 151 metres depth in Primero-1. The test will involve perforating the casing in the gas zone and monitoring the volume and pressure characteristics of the reservoir under simulated production conditions.

The extended flow test is expected to require at least four weeks to complete. Data collected during the flow test will be used to prepare feasibility studies for commercial development of the shallow gas field. Preliminary analysis of data available suggests that the shallow gas field will support construction of a commercial gas project. The scale of development will depend upon the strength of the gas flows.

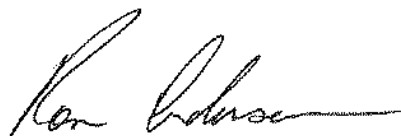
Contact with potential buyers of the gas or electricity generated using the gas from Reid's Dome will commence soon.

Participants in PL-231 are:

White Sands Petroleum	20% (operator)
Dome Petroleum	40%
Victoria Petroleum	40%

Yours faithfully

WHITE SANDS PETROLEUM LIMITED

A handwritten signature in black ink, appearing to read "Ron Anderson", with a long horizontal flourish extending to the right.

RON ANDERSON
Company Secretary