

20 December 2005

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

(1 page by email)

Dear Madam

NORTH AMERICAN PROPOSAL

The Directors are pleased to advise that Sprott Securities Inc. ('Sprott Securities'), of Toronto Canada, has commenced acting as a financial advisor to the Company with respect to the identification and execution of a strategic transaction for the Company in the North American capital markets.

The purpose of the proposed transaction is to match the Company's asset base with the Canadian market environment with a view to attaining the generally higher prevailing North American market values for energy stocks.

Subject to completion of a formal engagement agreement, Sprott Securities will earn a fee only on a success fee basis.

About Sprott Securities

Sprott Securities is a full service, institutional brokerage boutique focusing on small-to-mid capitalisation companies and is one of the top independent brokerage firms in the Canadian investment industry.

For the past five years, Sprott Securities has been ranked first or equal first (Brendan Wood International Research, Sales and Trading Performance in Canada Report 2000 - 2004) investment bank with Canadian investors for the quality of research, sales and trading coverage on small and mid capitalisation Canadian stocks.

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

Yours sincerely



Peter J. Nightingale
Director

pjn3336