



5 March 2007

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

(2 pages by email)

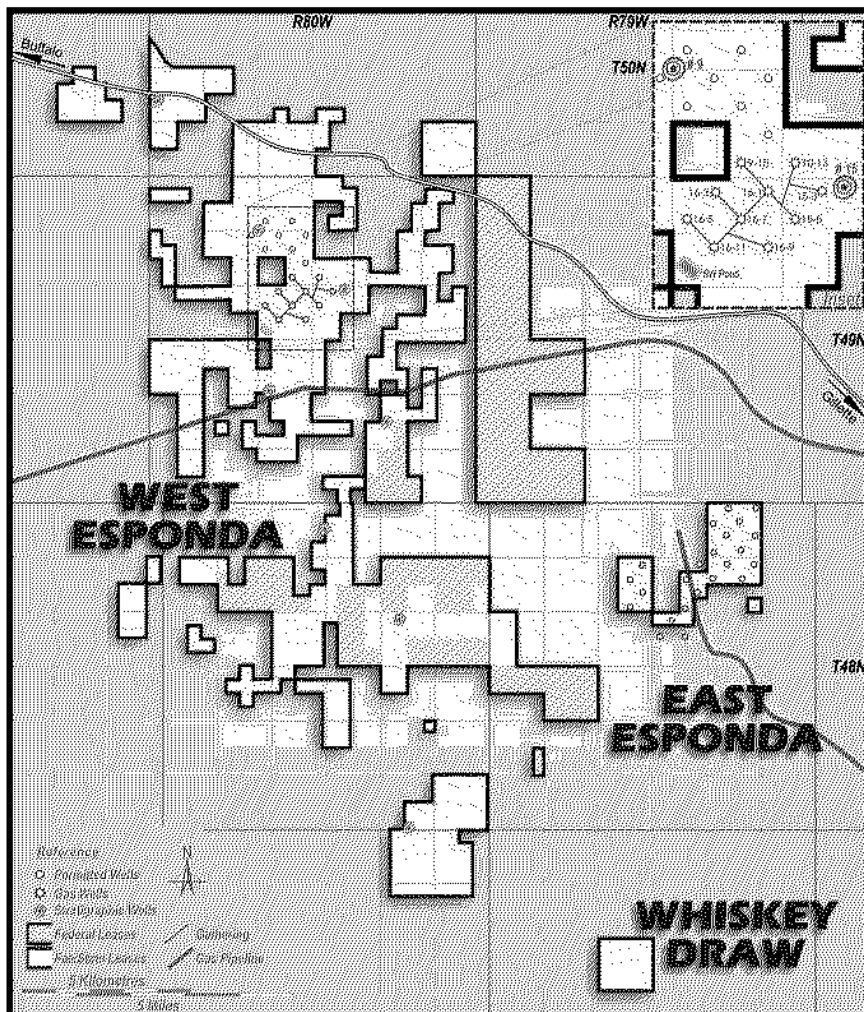
Dear Madam

## NEW POWDER RIVER BASIN, WYOMING, USA TENEMENTS INCREASE HOLDINGS BY 36%

The Directors are pleased to advise that the Company has increased its Powder River Basin, Wyoming, tenement holdings by approximately 36%. Ten Federal mineral leases totalling 3,153 net hectares (7,791 net acres) have been conveyed from Lance Oil and Gas, a subsidiary of Western Gas Resources-Anadarko to the Company. Completion of transfer of ownership is subject to a procedural registration process.

The new leases, shown as Federal Leases in the map below, are situated either adjoining or within a kilometre of the Company's West Esponda tenements in Townships 48 and 49 North, Ranges 79 and 80 West, Johnson County.

These leases are not restricted to coal bed methane (CBM), but, like the Company's Oriva Federal project which is currently developing a conventional oil and gas project, convey all oil and gas rights to the Company. While the primary CBM target is the Big George Seam at depths of approximately 600 metres, conventional oil and gas prospects to depths greater than 2,500 meters are being evaluated.



Federal leases carry a 12.5% Federal royalty and these new leases also have an additional 5.5% to 7.5% overriding royalty payable. Thus, the Company's net revenue interest in these leases ranges between 80% and 82% and averages 80.9%.

Federal leases have a primary term of ten years which is extended so long as the leases are subject to production activity. The current status of these leases is complex with some having two years of the primary term remaining, others being held in a suspended status by the Federal Bureau of Land Management which require the initiation of a Plan of Development (POD) permitting process to maintain this abeyance and others which are held by production.

The Company plans to initiate the long lead items for the POD with wildlife surveys to be commenced in the northern hemisphere spring.

A gas in place resource estimate is currently being prepared by Dr. Jimmy Goolsby of Goolsby, Finley & Associates of Casper Wyoming, considered to be pre-eminent authorities on the CBM geology of the Powder River Basin.

In addition to substantially adding to the CBM production capacity of the Company's West Esponda project, these new tenements further consolidate the Company's tenement position and enhance the logistics of the Company's West Esponda project development program and future production.

For further information, contact Norman Seckold, Bruce Riederer or Peter Nightingale on (61-2) 9247 5112.

Yours sincerely

A handwritten signature in black ink, appearing to read 'P. Nightingale', written in a cursive style.

Peter J. Nightingale  
Director

pjn3813