



WESTRALIAN GAS & POWER LIMITED

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Company Announcements
ASX Limited

FINALISATION OF JOINT VENTURE AGREEMENT

Perth based diversified energy exploration company, Westralian Gas and Power Limited (“WGP”), has signed a title transfer and share sale and purchase agreement and a joint-venture shareholder’s agreement with Oswal Resources Pty Ltd.

Oswal Resources Pty Ltd is the family owned resource investment company of Mr Pankaj and Mrs Radhika Oswal and is part of Oswal Group Global, a diverse group of companies with interests in petro chemicals, property, shipping, energy as well as engineering and construction. They are currently evaluating and developing projects in the Middle East, Asia, Australia and the Americas. (Oswal Group). Oswal Group is well known for promoting and constructing the Burrup Fertilisers plant, a Multi Billion dollar facility producing liquid ammonia production facility on the Burrup Peninsula, near Karratha. It is a significant investment in Australia.

The completion of these agreements is pursuant to the Memorandum of Understanding between the two companies to explore strategic energy opportunities in Western Australia, announced on 21 August 2008. The agreements which have now been signed are consistent with that announcement.

A new joint venture company, Oswest Energy Pty Ltd has been formed which is 75 per cent owned by Oswal Resources Pty Ltd and 25 per cent owned by WGP. Oswest Energy will now hold approximately 4500 square kilometers of onshore petroleum titles from Geraldton to Augusta in coastal Western Australia and a coal exploration licence in the Collie region of WA, formerly held by WGP.

By virtue of the agreements, Oswal is to fund the initial evaluation and exploration of those titles and the licence. It is also to fund any bankable feasibility study carried out in respect of resources identified during the initial evaluation. If after the completion of the bankable feasibility study Oswal elects to proceed to commercial development of the resources the subject of the study, then Oswal must, to the extent that WGP is unable to fund its 25% share of that development, loan to WGP that shortfall. Any such loan together with interest at a rate of 15% per annum is to be repaid primarily out of WGP’s share of production.

Prior to the completion of a bankable feasibility study Oswal has the right to cease sole funding and if that occurs the titles and licence previously transferred to Oswest by

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WGP must be returned to WGP unless they are able to be sold by Oswest within 6 months of Oswal's decision to cease funding.

The new agreements mean that WGP's interests will again be actively subjected to seismic studies of its coal and petroleum titles including coal seam gas and conventional oil and gas exploration. It will also be evaluating the feasibility of underground coal gasification.

The company is awaiting details on new State Government regulations for underground coal gasification and it plans to develop the extensive resources available once the legislative framework is finalized.

Underground coal gasification is currently being actively developed in Queensland and WGP would like to lead its development in Western Australia.

While exploring for coal seam methane, WGP has delineated coal in previously under explored areas of a number of its titles. Coal has also been discovered in its Boyup and Wilga basin mineral titles. Both areas will be targeted under the exploration program.

Rising global energy costs have made previously uneconomic coal reserves in Western Australia suitable for export.

This joint venture considerably reduces the Company's overheads and commitments and provides an immediate payment of \$200,000 on the satisfaction of certain conditions which are expected to be satisfied within 7 days and also provides for reimbursement over three years of the company's previous exploration costs to a maximum of \$2.5 million, commencing 12 months after the transfer of all the Titles to Oswest.

Peter Briggs
Chairman