



## WGP – Oswal Resources Ltd Joint Venture

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Westralian Gas and Power Ltd (WGP) is pleased to announce the signing of a memorandum of understanding (MOU) today with Oswal Resources Pty Ltd, (Oswal), the private resource company of Mr Pankaj Oswal.

The MOU covers all of the onshore Western Australian Mining and Petroleum Leases held by Westralian Gas and Power Ltd.

Under the terms of the MOU, Oswal and WGP have 3 months to finalise a Joint Venture Agreement pursuant to which Oswal Resources will fund 100 percent of the exploration on WGP's leases in south west and mid west Western Australia to a bankable feasibility, to earn a 75% interest.

Exploration of the Mining and Petroleum Leases is to include, coal, coal seam methane gas, conventional hydrocarbons and the prospects of underground coal gasification.

WGP holds a number of mineral leases within the Wilga and Boyup Brooks basins which are in the Collie Coal Mining District and according to government documentation, (Coal Western Australia GSWA 1990), have significant reserves of coal.

### The transaction will be conditional on:-

- satisfactory completion, in Oswal's sole absolute discretion, of legal and technical due diligence by Oswal in respect of the Resource Titles;
- formation of a Joint Venture (JV) Company;
- waiver of any pre-emptive or other rights held by third parties in respect of the Resources Titles;
- any necessary third party consents to the transfer of the Resource Titles to the JV Company being obtained
- approval of the board of Westralian to the proposed transaction and transaction documents;
- the grant of all authorisations for proposed joint venture activities from any relevant authorities;
- any necessary Ministerial consent to the transfer of the Resource Titles to the JV Company being obtained;
- no Adverse Event or change in Control occurring in respect of Westralian or in respect of Oswal.

### The Agreement requires

- a payment of \$200,000 (exclusive of GST) to WGP;
- payment of an amount (exclusive of GST) equal to the lesser of: the amount spent by WGP or by any of its subsidiaries directly in relation to exploration of the Resource Titles between the date of their grant and the date of this Memorandum, including application fees, rental, rates, accounting fees, legal fees, overheads and any other fees, costs or expenses incurred in relation to them (which must be evidenced by production of accounts and receipts); and
- \$2,500,000 by equal annual payments over a three year period.

### Initial Evaluation

Oswal will pay all the exploration and development costs (including drilling costs) for the Initial Evaluation and further exploration of the Resource Titles by the JV Company by way of equity contributions or loans to the JV Company for both its 75% share and WGP's 25% share. There is to be no obligation on WGP to repay any such funding advanced by Oswal on its behalf. There is to be no obligation on the JV Company to repay any such funding advanced by Oswal other than in relation to its 75% share.

The programme and scope for the Initial Evaluation will be in Oswal's sole discretion after which Oswal and Westralian will discuss the best method to exploit and develop any identified resources. The decision to further exploit and develop any identified resources will be Oswal's.

If a decision is made to further exploit and develop any identified resources (Further Exploitation) then Oswal must continue to fund, on the same basis, the cost of development and exploitation up to and including the date upon which it delivers to the JV Company a Bankable Feasibility Study.

### Equity funding from Bankable Feasibility Study in respect of the project

From the date immediately after the Bankable Feasibility Study is delivered, funding of the Joint Venture Company in respect of the project will be on a pari passu basis.



Stephen Thomas  
Managing Director