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Quarterly Activities Report for the Quarter ended 30 June 2008

Offshore Perth Basin

The Company and its joint venture partners led by Roc Oil Company Limited have agreed to undertake the next phase of its exploration in the offshore Perth Basin with the reprocessing and interpretation of up to 1500 km of 2D seismic. The results of this work should be available by mid October 2008 and will be used to plan the 2009/10 3D seismic program.

The value of this reprocessing and new seismic is anticipated to be approximately \$10 million.

This work will build a prospects and leads inventory for the first exploration wells by the Joint Venture in the permits due in 2009/10.

Coal Seam Methane Exploration Onshore Western Australia

The Company is presently reviewing its options in regard to all of its Perth Basin onshore.

Perth Basin Onshore

Having now resolved all of the native title issues on its permits, the Company is now in the process of finalising drilling permits for its upcoming drilling over the next 18 months. Three drilling permits have been applied for and are presently being assessed by the DoIR's environmental department and should be issued in the near future. The Company has also applied for approval to undertake seismic surveys to firm up possible Coal Seam Gas leads in both the northern and southern parts of the Perth Basin.

Collie / Wilga Basins

Having finally completed the native title process the Company is looking forward to the grant of both permits in the near future. Initial work will focus on a limited seismic survey in both areas to firm up drill locations outlined by earlier work by the Company.

The Company also holds a mining tenement within the Wilga petroleum licence. This will allow the company to assess not only the gas potential of the area but also explore other uses for the coal contained in the area. The Company has also applied for a mining exploration tenement (EL) over a large portion of the Wilga Basin Coal Field.

Eneabba

Having completed native title negotiations the Company has lodged an application to undertake a seismic survey spanning both permits held by the Company. A large part of this work is to take place in a nature reserve where very little or no seismic has previously been recorded.

As the area is protected extra care is being taken to plan the survey with the assistance of the Department of Environment and Conservation (DEC). The Environmental Management Plan (EMP) has been lodged and the Company is presently assessing the rare fauna information prior to it being sent to the minister for approval.

Greenough

Native title negotiations are completed and the Company is awaiting a grant of an Exploration Permit to begin its first year program of a full data review and a 40 km seismic survey based on the results of the review.

Kentucky

With the rise in demand and price of local hydrocarbons the Company has decided to concentrate on oil and gas exploration in its Western Australia areas which have now become significantly more economically attractive.

Following a bad winter with limited production and operational difficulties the Company is reassessing its position in Burkesville.

Several expressions of interest in the leases have been received and are being reviewed. The leases are producing sufficient oil on "care and maintenance" to cover the overheads of the Company's subsidiary Sunset Energy LLC.



Stephen Thomas
Managing Director