



QUARTERLY ACTIVITIES REPORT FOR THE QUARTER ENDED 31 DECEMBER 2008

OSWAL JOINT VENTURE - COAL EXPLORATION

The Oswest Energy Pty Ltd Joint Venture undertook exploration work on its Boyup Brook Coal Lease in the form of a seismic survey. The result more accurately defined the boundaries of the Basin and has led to the selection of a number of drill targets. Negotiations for drilling contracts will proceed in the next quarter. The aim of this work is to determine economic coal reserves outside the Collie Basin.

COAL SEAM GAS

1. A seismic survey in the Warner Glen area of EP446 recommenced in December 2008. This work is aimed at completing the study of coal bearing strata in the area and to accurately delineate a coal seam methane drill target.
2. A drill target has been determined for the Rosa Brook area of EP445 some 13 km east of Margaret River. The company is waiting for a permit to drill to be issued by the Department of Minerals and Energy. Once received, a drilling program will be planned.

The company is also waiting on a number of permits in other exploration areas to be issued by the department which will enable it to continue its exploration work in its permits in the Perth Basin.

ROC OIL JOINT VENTURE - OFFSHORE PERTH BASIN

Roc Oil Company Limited is earning its interest by spending up to \$37 million on these permits and is currently re-assessing old seismic to determine the next stage of exploration.

KENTUCKY

The Company's Kentucky project continues on a care and maintenance basis with the produced oil going into storage pending a recovery in the world price.

CORPORATE

During the quarter plus January 2009, the Company has raised some \$950,000 in cash from the issue of securities. This successful capital raising programme, despite the current severe global market downturn, has been a strong vote of confidence in the

Company's future prospects. The Board are further encouraged by the background and experience of these investors, who we are pleased to welcome to our share register.

PETER BRIGGS
EXECUTIVE CHAIRMAN