



## QUARTERLY ACTIVITIES REPORT FOR THE QUARTER ENDED 31 MARCH 2009

### **ONSHORE PERTH BASIN PROJECTS**

The Company announced in August 2008 that it had entered into an MOU with Oswal Resources Pty Ltd to jointly explore the Company's leases in the onshore Perth and Collie Basins. This has now been completed and the work is being undertaken through a JV company known as Oswest Energy Pty Ltd. This will add new drive to the Company's exploration activities over all of its Onshore Permits as well as leaving it free to expand into new energy ventures.

#### ***Perth Basin Onshore Coal Seam Gas Exploration***

During the latter part of 2008 and early 2009 the Company completed the Warner Glen Seismic Survey and the results are presently being processed. Previous work has delineated a significant structure south east of the Blackwood River within the permit and the current seismic survey is aimed at firming up a drilling location for a stratigraphic test of the shallow coals known to exist in the area (Esso 1984).

The Company is in the process of finalising environmental issues to obtain a drilling permit for its upcoming drilling program at Rosa Brook (EP 445) and Vasse (DR10).

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 as well as the newly granted DR13 which contains the Wilga Basin.

#### ***Collie / Wilga Basins Coal Exploration***

Having completed the native title process the Company has been granted the Drilling Reservations (DR 12 and 13 respectively) for a period of 3 years during the quarter. 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 Collie (DR12) and Wilga (DR13) Drilling Reservations are located over and south of the town of Collie and are approximately 425 and 280 square kilometres in size respectively. The areas are situated within known coalfields and host significant coal thicknesses and have never been tested for their CSM potential. It is also worth noting that DR 12 hosts the largest of the states active coal mines and only coal fired power stations.

The Company also holds a mining Exploration Licence (within the Wilga Drilling Reservation 13) over the southern arm of the Boyup Brook Basin (approximately 40% of the basin). The Company has also applied for a mining exploration licence (EL) over a significant portion of the Wilga basin which has been proven by the Ferrovanadium

Corporation (1980's) to contain significant coal reserves. The application is presently going through the Native Title process.

A regional drilling program undertaken in 1983 by Western Collieries and Griffin Coal delineated the basin boundaries and assessed the basin to contain in excess of 90 million tonnes of coal (Reports referenced: Shire of Boyup Brook "Stage 1 Boyup Brook Community Profile" 1 September 2003 and "Coal Western Australia" by Department of Mines Geological Survey, Perth 1990, ISBN 0 7309 1083 0). These coals were shown to be of similar vintage to those of the Collie Basin which are sub-bituminous and as such within the window or having the ability to produce and sorb methane gas within the coals.

Following an intensive seismic survey of approximately 28 kilometres recorded in 2008 the Company has delineated a number of shallow structural leads for coal which will be drilled in May to June of 2009.

## **Eneabba-Greenough, North Perth Basin**

### ***Eneabba EP 455 and DR 11***

The Company has approximately 540 square kilometres of prospective ground over the town and to the south of Eneabba in the North Perth Basin. The area is located east and south of the Woodada Gas Field and is believed to lie over significant shallow coals of the Cattamarra Coal Measures.

The same Cattamarra Coal Measures were recorded to have flowed in excess of 700,000 cubic feet of gas per day from the well Ocean Hill #1 approximately 4 km to the east of the Eneabba DR's eastern boundary.

It is anticipated that ready market for any hydrocarbons will so be available some 5 km to the west in the form power station, which is presently in the planning phase.

The Company is presently awaiting environmental clearance to undertake a seismic survey which will be recorded in an area of little or no previous seismic exploration and will tie the east and western portions of the permits together.

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 an outcome is expected in the near future.

Further the aim is to map the Cattamarra Coal Measures from Ocean hill #1 into the permits and then determine if a drillable target for gas is located at a shallower depth.

### ***Greenough – EP462***

The Company has a 100% interest in approximately 2,350 square kilometres situated east of Geraldton in the North Perth Basin. The area has been drilled by previous oil

and gas explorers who have recorded Permian coals at shallow depths within the area of interest. The Mt Horner oil field adjoins the permit on its southern border.

### **OFFSHORE PERTH BASIN**

The Company and its joint venture partner ROC OIL Ltd have agreed to continue to develop the geological and geological model of the basin utilising the extensive geophysical data base prior to undertaking the next phase of its exploration in the offshore Perth Basin.

### **KENTUCKY**

With the recent down turn in oil prices and the Company focusing on its Australian interests it has continued to seek an outright sale or joint venture of its interests in Kentucky.

Expressions of interest in the leases which had been received were not fruitful due to the downturn in the price of oil. The leases are producing sufficient oil to almost cover the field operating overheads of the Company's subsidiary Sunset Energy LLC.

Stephen Thomas  
Managing Director  
30 April 2009