

8 June 2007



Manager Announcements
Company Announcements Office
Australian Stock Exchange Limited
10th Floor, 20 Bond Street
SYDNEY NSW 2000

via electronic lodgement

Dear Sir/Madam,

SOUTH FLANK VENTURA WELL SUSPENDED

The Ventura South sidetrack well has reached a TD of 9910 feet and electric logs were run. No commercial hydrocarbons have been discovered in the sidetrack well. The data collected from this well combined with the data from the original South Flank well will now be analysed in detail, incorporating data from the old Sexton well before proceeding with any additional drilling at this location.

The South Flank Joint Venture has decided to suspend the well and allow for a full technical review before proceeding with additional drilling at this location. The Joint Venture is still keen to explore the South Flank Project area but it is clear from recent drilling that the structural configuration of the prognosed oil and gas accumulation is more complex and will require additional technical work before any more drilling takes place. At this stage it is expected that any drilling activities may commence in approximately **two to** three months time.

For and on behalf of the Board

The geological information included in this announcement is based on information provided by Mr. Robert Rosenthal, a geologist employed as a technical consultant to the Company. Mr Rosenthal has practiced as a geologist in the petroleum industry for over 25 years. Mr Rosenthal has consented to the inclusion of the geological information in this announcement in the form and context in which it appears.