

TO: Manager, Company Announcements ASX Limited 09.10.16
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RED SKY FARM-IN: CTP BOARD RESOLUTION TO COMMENCE PROCEEDINGS

The Company refers to its announcement to the ASX of 14 October 2009.

As foreshadowed in that announcement, a meeting of the Board of the Company was held on Thursday 15 October. At the meeting, the Board resolved to issue a notice of dispute under relevant joint venture documents in connection with the failure by Petroleum Exploration Australia Limited ("PXA") to execute the deeds of assumption in relation to the farm-in by Red Sky Energy (NT) Pty Ltd ("Red Sky"). The Company plans to issue this notice of dispute shortly.

PXA has indicated that it is still considering the issues, including the Company's demand that PXA execute the deeds of assignment, and hopes to be in a position to provide a response by close of business Wednesday, 21 October 2009.

It is the Company's view that it has exercised a contractual right to assign a 10% interest in the permits concerned to Red Sky pursuant to the terms of the Farm Out Agreement as amended (FOA) between the Company, its subsidiaries and PXA.

While maintaining its views expressed in the last announcement, the Company recognises that the possible outcomes of the dispute process are (i) the farm-in by Red Sky proceeds as planned (subject to approval from the relevant government petroleum divisions); (ii) the farm-in by Red Sky is blocked; or (iii) PXA has a right of pre-emption and acquires the relevant interest on the same terms as Red Sky (again, subject to approval from the relevant government petroleum divisions).

Irrespective of the ultimate outcome, delays may continue to impact the Company's work programmes. However, it remains the Company's hope that the Joint Venture will proceed in due course with the work programme as discussed in the previous release so as to satisfy the official Northern Territory Department of Regional Development, Primary Industries, Fisheries and Resources (DRDPIFR) minimum exploration programme requirements necessary to maintain the permits in good standing.

Sincerely



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