

5 January 2010

## Market Update

### European Gas Coal Seam Methane Project Update

**Future Corporation Australia Limited (ASX: FUT)** notes that despite the passing of the 31 December 2009 deadline for the renewal of the Gardanne lease to European Gas Limited by the relevant French government ministry as required under its Heads of Agreement with European Gas as announced to ASX on 8 September 2009, it remains in negotiation with European Gas over the Gardanne, St Etienne and Tuscany projects.

Future Corporation is seeking appropriate amendments to the terms of the current HoA to accommodate the longer than expected timeframe in attaining the Gardanne lease approval from the relevant French government ministry which is a key condition precedent. As at the current time Future Corporation cannot estimate the timeframe and/or likelihood of success of the negotiation process.

### Catahoula Lake – New Oil Exploration Project

Taking the opportunities that have become available with the uncertainty surrounding the transaction with European Gas, Future Corporation has taken the opportunity to enter into an agreement with Pryme Oil and Gas Limited for oil exploration on Catahoula Lake which is located in LaSalle, Rapides, and Grant parishes, Louisiana through the acquisition of a 50% interest in Pryme's 100% owned subsidiary Pryme Lakes Exploration LLC.

This transaction gives Future Corporation an indirect 25% working interest (18.2% net revenue interest) in 7,676 mineral acres and a 25% ownership interest in a drilling barge, service barges, crew boats and associated equipment necessary to drill and operate on the Lake. Future Corporation will pay a US\$700,000 upfront buy-in fee with an additional \$US350,000 to be paid to Pryme through a revenue sharing agreement derived from oil production from the Lake project.

The Catahoula Lake project will test the same "Middle-Wilcox" oil horizons as Pryme's existing production in the LaSalle Parish and Four Rivers projects.

### **First lake well a success**

The first well in the Catahoula Lake Project (FUT 18.2% NRI), the State Lease No. 19857 well in the Hawg Pen Prospect, has already reached target depth of 5,200 feet and intersected the primary target in the Wilcox formation and an additional sand. Core sampling and logging indicate that the intersected sands are oil bearing. Production casing is being run and the well is being prepared for completion.



*The barge rig used to drill wells on the Lake*



*The Barge Rig*

The Catahoula Lake project not only contains highly prospective offset drilling and wildcat targets but is also unique in that the Future Corp 50% acquisition of PLX includes the equipment which is necessary for the exploration and development of wells and fields within the lake.

Pryme Lakes Exploration (50% FUT) holds a competitive advantage throughout the 30,000 acre area of Catahoula Lake given there are no other drilling barges or equipment that can operate on the lake.

The mineral leases and equipment were originally purchased from Hunt Oil by Axis Onshore LP, the operating arm of TriDimension Energy.

Catahoula Lake wells will be drilled to between 4,500 to 5,500 feet in depth. They can be drilled on a less than 40 acre spacing and are prospective for stable, long life oil production. The water depth of the lake is up to 18 feet and varies through the year as the US Army Corps of Engineers regulates the flow of water into and out of the lake. The optimum Lake drilling period is typically between February and July each year. In other months most drill locations around the periphery of the Lake are accessible via a land-based rig.

An aggressive drilling program planned for 2010 which includes wells to be drilled on water and directionally beneath the lake from a land-based rig. Our objective is that the project becomes self funding in the shortest possible timeframe. It is expected that over the next 12 months approximately 12 wells will be drilled with 8 from the drilling barge and 4 from a land based rig.

### **Catahoula Lake Project Description.**

Future Corporation holds a 50% ownership interest in Pryme Lake Exploration, LLC (PLX) which in turn owns a 50% Working Interest (36.5% Net Revenue Interest (NRI)) in 7,676 mineral acres within Catahoula Lake and its surrounds and a 50% ownership interest in a drilling barge, service barges, crew boats and associated equipment which are required to drill and operate on Catahoula Lake.

The project is located on Catahoula Lake in LaSalle, Rapides, and Grant parishes, Louisiana. It will test the same multiple "stacked" oil zones throughout the Middle-Wilcox formation as the Company's existing oil production in the LaSalle Parish and Four Rivers projects. However, in a much less drilled environment. Wells drilled in the Middle-Wilcox exhibit long production lives with low decline rates after the initial flush oil is produced and relatively steady production is established.

### **Potential change to the nature of the company's activities**

As the farm-in to the European Gas / Gardanne project remains subject to a number of conditions including agreement between the parties to extend the agreement and the approvals of the relevant French government ministry for the lease renewal approvals and the Catahoula Lake project remaining a non-core investment, the Board of Directors of the Company is yet to form a view on whether either transaction will result in a change to the nature of its activities as contemplated by ASX Listing Rule 11.1.

The primary business nature of the Company shall remain in Financial Services and the running and managing of its Responsible Entity business.

### **Atocha Project - HM Brian No.1 Update**

Perforation and testing of the second Tuscaloosa sand interval which is slightly shallower than the recently tested interval has been completed.

On perforation the well did not produce commercial rates of hydrocarbons. Accordingly, it has been decided unanimously by the partners to abandon work on the HM Brian No.1 well, restore the site to its original condition and focus on drilling a second well at a location up-dip to the HM Brian No.1. Even with the perforation of the second zone the total re-entry costs to date have remained under budget. Work will begin on collating the data we have acquired from the re-entry towards the generation of a second test location.

Further updates on the Atocha project is expected within the first quarter of 2010

### **Atocha Project Description**

The Atocha Project, located in East Baton Rouge and East Feliciana Parishes in Louisiana, covers 6,400 contiguous acres within the up-dip fairway of the Tuscaloosa Trend. The Tuscaloosa Trend was discovered in 1975 by Chevron. It has produced over 2.8 Trillion Cubic Feet (TCF) of natural gas and 120 million barrels of condensate over the past 32 years.

Atocha is located five miles north of BP's Port Hudson Field which is the best producing field in the trend and contains the HM Brian No.1 well which was drilled by Shell Oil in 1980 and cased to a depth of approximately 17,700 feet. Pryme is the operator of the project and has a 25% working interest and a 3% overriding royalty on production.

### **Working Interest Partners**

Future Corporation Australia Limited (ASX: FUT)	50%
Pryme Oil and Gas Limited (ASX: PYM)	25% (Operator)
Promesa Limited (ASX: PRA)	25%

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*The information in this announcement has been reviewed by Bryan S. Groves professional Petroleum Geologist in the United States of America who has over 20 years experience in petroleum geology, drilling, well completions and production operations. Mr Groves reviewed this announcement and consents to the inclusion of the geological descriptions and any estimated hydrocarbons in place or flow rates in the form and context in which they appear. Any resource estimates contained in this report are in accordance with the standard definitions set out by the Society of Petroleum Engineers, further information on which is available at [www.spe.org](http://www.spe.org)*