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QUARTERLY ACTIVITIES REPORT

MARCH QUARTER 2012

Exploration Activities

During the Quarter the Company drilled, completed and tested exploration well Apex Burragorang DDH1 (“AB DDH1”) in its New South Wales tenement PEL 454. AB DDH1 was spud on 20 February, 2012 and completed 5 March, 2012.

The primary target, the Wongawilli seam, has a net coal thickness of 3.8 meters. The Bulli seam has a net coal thickness of 2.1 meters. Analysis of the drill stem testing indicated fair to good permeability in these seams. The seams were pressure depleted indicating good communication along the seams with existing coal mines in the area. The final results of the gas desorption testing is not yet available, however preliminary results indicate that the carbon dioxide content of the gas is greater than expected. Final results will be announced when available. Gas compositions are known to vary within the seams in the area.

The Company with joint-venturer Apex Energy NL continued to engage with various Government Departments to obtain the necessary approvals to drill in PEL 442 and 444. Approvals are taking longer than expected. Announcements will be made once approvals are obtained and a decision to drill is made.

Other Activities

The Company is actively evaluating other projects including new permit applications, joint ventures, farmins and corporate deals both within and outside Australia.

The Company will make further announcements as appropriate.

T Fontaine
Managing Director
27th April 2012

NOTE: In accordance with ASX listing requirements, the geological information supplied in this report has been based on information provided by geologists who have had in excess of five years experience in their field of activity