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

WARRO FLOW TESTING UPDATE 5

The Warro 3 testing program continued with completion of the production logging test on Thursday June 4. The production logging test data is currently being evaluated by Schlumberger and Kappa Engineering, with their final reports expected in the next few days. These results will determine the planning and operation of the next phase of the Warro 3 testing program.

Following completion of the production logging test the well was shut in for a 16 hour period. Immediately upon recommencement of flow testing the well was producing gas at approximately 3.2 mmcfpd at a well head pressure of 580 psi through a 40/64ths inch choke. Over the next 48 hours the well flowed gas at an average rate of 2.5 mmcfpd, 405 barrels of water per day, and 6 barrels of condensate per day, with a well head pressure of 238 psi against a 200 psi back pressure setting.

The constant presence of fluids in the well bore has restricted the gas from reaching its optimal flow rate. The increased flow rate achieved immediately following the well shut in period demonstrates the ability of the gas flow rate to increase significantly from the reduction of fluids in the well bore combined with an increase in reservoir pressure. During the well shut in, the pressure generated in the well bore disperses the fluids present back into the reservoir, enabling the gas to flow with less fluid restriction for an initial period upon recommencement of flow testing.

One of the key objectives of the production logging test is to identify the location of the fluids entering the well bore. This is required to conclude the appropriate action to optimise the gas flow rate achievable from the Warro 3 well, i.e. either seal off the relevant area where the fluid is entering the well bore or run an extended flow test to drain the water bearing zone.

The Company will update the market upon receipt of the analysis from Schlumberger and Kappa Engineering, which is expected later this week.

For and on behalf of the Board