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To: ASX Market Announcements Office
By: Electronic Transmission

Gunnedah Basin Coalbed Methane Project PELs 1 and 12. Santos arrangements restructured

The Company reported in the quarterly activities report to 30 September 2013 that drilling and associated works remained on hold within PELs 1 and 12.

The Company's wholly owned subsidiary, Australian Coalbed Methane Pty Ltd (ACM) has agreed with Santos (QNT) Pty Ltd (Santos) to formally restructure the current arrangements to take account of current conditions in the CSG sector in New South Wales and changes to minimum work commitments recently agreed with the NSW Government.

Under the restructured arrangements, (1) the field work which has been on hold will be undertaken by Santos as operator, in consultation with ACM, at a time when it is considered reasonable to do so;

(2) the minimum work commitments with the NSW Government will be met by the parties; and

(3) the \$13 million cap for ACM's share of costs will continue to apply until an agreed program of field work has been completed and results presented to the joint venture committee.

The Company's Chairman, Marcus Lincoln Smith stated that he was pleased with the restructured arrangements which recognised current difficulties in the CSG sector in New South Wales while at the same time providing the platform for future field work to proceed when it is feasible to do so.

Yours faithfully,



Steven Danielson
Company Secretary