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12th May 2009

The Manager
Company Announcements Office
Australian Securities Exchange Limited
20 Bridge Street
Sydney NSW 2000

Dear Sir

12th MAY 2009 CORRECTED UPDATE ON DRILLING STATUS LYDIA PILOT LP-2

Lydia Pilot LP2, has reached a depth of 638.15 metres and piping has been set in preparation for the coring of the Walloon Coals.

As previously advised, selected portions of the main coal sections will be sent to the testing laboratory in Brisbane to determine the gas content. The coring operation provides useful information on the Methane content of the coal. While we have strong indications of gas saturation from the drill cuttings and gas readings from the drilling process, reserve certifiers normally see standard cores as the most reliable source of gas content estimates. Core analysis also provides useful laboratory results on isotherm testing, proximate analysis and coal thickness. Core analysis results will be received progressively over the next two months with the final report due by the end of July.

Once the coring operations have been completed the hole will be enlarged and under-reamed to 22 inches over the main coal intervals. The production casing will then be installed and the rig released. A workover rig will be mobilized immediately LP-2 is cased and the production tubing and pumps installed for testing. The rig will then move to LP-3.

Yours sincerely



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Company Secretary/Director
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