

## ORMIL ENERGY LIMITED

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24<sup>th</sup> August 2010

Company Announcements Office  
ASX Limited  
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Sydney NSW 2000

The Directors of Ormil Energy Limited (“Ormil Energy”) advise as follows:

Ormil Operations Pty Limited (“Ormil Operations”) a wholly owned subsidiary of Ormil Energy Limited has agreed to purchase the whole of the issued capital of Sydney Basin CBM Pty Limited which is a wholly owned subsidiary of Apex Energy NL. Settlement of the transaction is subject to a due diligence period of 45 days.

Sydney Basin CBM Pty Limited owns a 20% interest in Petroleum Exploration Licences Number 442, 444 and 454 in the Sydney Basin which are prospective for Coal Seam Methane (CSM) and owns a 20% interest in agreements with the owners and operators of CCLs 703,700,740, Coal Lease 379 and Authorisation 200 for the exploration and production of Coal Mine Methane (CMM).

The purchase price for Sydney Basin CBM Pty Limited is \$1,750,000 to be satisfied by \$750,000 in cash and the issue by Ormil Energy Limited of 20,000,000 fully paid shares in its capital to Apex Energy NL at 5 cents per share.

At the same time Ormil Operations has agreed to enter into a Joint Venture with Apex Energy N.L. and is obliged to spend \$3,200,000 on exploration of the Apex CSM and CMM areas by spending in Phase 1 \$1,600,000 on or before 30 June 2011 and in Phase 2 a further \$1,600,000 on or before 31 December 2011.

The expenditures in Phases 1 and 2 are both conditional on Ormil Energy raising sufficient funds for each stage on terms satisfactory to Ormil Energy.

After spending the \$3,200,000 referred to above the Ormil Energy Limited group will own a 20% interest in the Apex Energy N.L. CSM and CMM assets in the Southern New South Wales coal fields (the Apex CSM and CMM assets). The parties have also agreed to the creation of an area of mutual interest which covers all CBM and CMM areas which Apex Energy N.L. now owns or acquires in New South Wales during the period of the joint venture south of a line drawn East-West through Macquarie Place in Sydney.

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In Phase 3 of the Joint Venture agreement Ormil Operations has the right to earn a further 30% interest in the Apex CSM and CMM assets by spending \$7,000,000 exploring, appraising or developing the assets on or before 30 June 2014.

In the event Ormil Operations spends the total \$7,000,000 in Phase 3 Ormil Energy will own 50% of the Apex CSM and CMM assets in the Area of Mutual Interest in Southern NSW with Apex Energy N.L. owning the other 50%.

In order for shareholders and prospective shareholders to fully understand the CSM and CMM assets which the Company has acquired and the joint venture areas, we have enclosed with this announcement a summary of the agreement and a comprehensive geological appraisal of the areas prepared by Mr John Blumer of RobSearch who has considerable experience in this field.

Ormil Operations has been appointed Operator of the Joint Venture and has agreed with Apex Energy N.L. to drill 2 wells as soon as practicable. The parties have agreed on the location of the first well namely AI16 on PEL442 and discussions are continuing on the location of the second well.

#### Capital Raising and Share Issue

After the issue of 20,000,000 ordinary shares in Ormil Energy Limited to Apex Energy N.L. on settlement of the agreement there will be 182,074,833 shares on issue in Ormil Energy Limited

In order to fund Phase 1 the Company has resolved to make a one (1) for three (3) renounceable share issue at three (3) cents per share. Arrangements are presently being made in relation to the issue and a timetable for the issue will be announced as soon as practicable.

The Company has also accepted an offer by Avatar Energy Pty Limited a company owned and controlled by Mr Tom Fontaine to underwrite firm at a fee of 6% fifty million (50,000,000) ordinary shares in this issue.

#### Management Changes

Effective yesterday the 23<sup>rd</sup> of August 2010 Mr Andrew Davis retired as Managing Director of the Company.

Mr Tom Fontaine has been appointed Managing Director of the Company effective Monday 23<sup>rd</sup> August 2010. The further terms of his employment arrangements will be announced as soon as they are completed.

#### Board Changes

Following the reorganisation of the management of the Company the Company wishes to announce some Board changes.

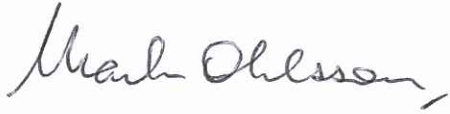
Mr Graham Hurst has resigned as a Director and Chairman of Ormil Energy Limited. The Company wishes to place on record its great appreciation of the work of Mr Hurst as a Director and particularly his assistance with the Apex transactions which he introduced and which he worked hard to bring to a satisfactory conclusion.

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Mr Andrew Davis has been appointed Chairman of the Company.

Conclusion

The Board of the Company welcomes the appointment of Mr Tom Fontaine as Managing Director and looks forward to developing with his expertise a significant position in Coal Seam Methane and Coal Mine Methane in Southern New South Wales and further developing within the oil and gas industry.



M.T. Ohlsson  
Company Secretary