

## ORMIL ENERGY LIMITED

ACN: 107 708 305

Level 8, 139 Macquarie Street, Sydney 2000, Australia

Telephone: 61 2 8231 7035 Facsimile: 61 2 9241 5818

### PRESS RELEASE

#### NEW PLAYER IN NSW CSM

Ormil Energy Limited (ASX:OMX) has entered into an agreement in which it can earn up to 50% interest in approximately 500km<sup>2</sup> of Coal Seam Methane (CSM) and Coal Mine Methane (CMM) prospective acreage located near Wollongong, NSW and less than 50km from the Sydney CBD.

An independent expert's report from MHA Petroleum Consultants estimates probable (2P\*) recoverable reserves of 58 Petajoules\* (PJ) and 1,360 PJ of recoverable contingent resources\* contained within about 20% of the acreage.

The area contains four different types of resource opportunities.

1. CSM exploration: contingent resources of 1,360 PJ are estimated to be recoverable from the Illawarra and Burragorang coal seams.
2. An agreement is in place to produce and market gas from a colliery prior to mining (CMM\*).
3. Agreements are in place to allow for drilling into two abandoned mine sites (GOAF \*). One GOAF well was drilled in 2004 which produced gas flow rates up to one million cubic feet of gas per day.
4. Gas storage. GOAFs can be used for gas storage.

The initial focus of Ormil Energy will be to prove up the contingent resources, and develop the 2P reserves for electricity generation to generate cash flow.

The 50% can be earned in stages as detailed in the ASX announcement released 24 August, 2010.

- 20% can be earned by spending \$1.6 million by 30 June 2011 and a further \$1.6 million by 31 December 2011
- An additional 30% can be earned by providing \$7 million in funding for further Joint Venture work by 30 June 2014.

The agreement is subject to due diligence and to successful capital raising by Ormil Energy.

New Ormil Managing Director Tom Fontaine commented, "I believe this transaction gives a small company like Ormil a chance for considerable upside if the CSM exploration is successful, and a baseline business converting the 58PJ of 2P reserves to electricity if it isn't."

Tom was a founding director of Pure Energy Resources and Bounty Oil & Gas.

Please refer to ASX announcement OMX 24 August, 2010 for further details of the farm-in and purchase agreement, the independent expert's report and the proposed capital raising.

\* GLOSSARY

2P reserves are defined as Probable reserves which have a 50% certainty of being produced.

Petajoule. 1.05PJ is approximately the energy contained in 1 billion cubic feet of natural gas.

Contingent Resources are defined as potentially recoverable, but the project(s) are not yet considered mature enough for commercial development. In CSM projects, dozens of wells may be necessary to determine if a project can be commercial.

CMM. Coal mine methane is the methane gas that naturally dissipates from coal mining operations

GOAF. That part of a mine from which the coal has been removed.