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**ASX ANNOUNCEMENT
FOR IMMEDIATE RELEASE**

5 March 2012

UPDATE ON PEL 454 EXPLORATION WELL AB DDH1

The Directors of Ormil Energy (Ormil) are pleased to announce the completion of coring, logging and drill stem testing of exploration well Apex Burragorang DDH1 (AB DDH1) in its New South Wales tenement PEL 454. AB DDH1 was spudded on February 20, 2012 and is currently being cementing from total depth to surface, as per our Drilling Program.

AB DDH1 was drilled to test the potential of the Illawarra coal measures on the western flank of the Sydney basin. The well was fully cased through the Hawkesbury Sandstone and Bald Hill Claystone to isolate them from the wellbore and deeper formations.

A summary of the preliminary results are as follows:

- Preliminary core and log analysis indicates approximately 7.8 metres of net coal over 3 main coal packages, the Bulli seam, Wongawilli and the combined Tongarra and Woonona seams in the Illawarra Coal Measures.
- There appears to be an additional 5.5 meters of potential Carbonaceous Shale/Stoney Coal pay, which is associated with the coal seams.
- Eight samples of coal and two samples of Carbonaceous Shale were sent for gas desorption testing. Gas was observed desorbing from all the samples on site, prior to demobilization. Pressure data showed gas content was increasing with depth, as expected. Full results will be available once total desorption has been

completed and coal sample weight has been accurately measured. Proximate analysis and Adsorption Isotherms will then be conducted on individual seam samples.

- Drill Stem Testing was conducted over four main intervals, which correspond to the main coal packages with indications of permeability in all four test intervals. Pressure Transient Analysis will now be conducted to determine individual reservoir characteristics and pressure.
- AB DDH1 Net coal thickness and depths are comparable with offset historical Burragorang coal boreholes drilled in the Catchment Area.

Ormil Energy is a publicly listed ASX company that has formed a Joint Venture with public unlisted Apex Energy NL to explore for bypassed coal seam gas in previously mined areas in NSW. Ormil Energy can earn up to 50% in the combined PEL 454, 444 and 442 acreage (See previous ASX announcements).

Further to our announcement Ormil Energy would like to clarify several recent media reports regarding these drilling activities in the Burragorang area. Various groups have made statements to the media that have contained gross inaccuracies and mis-information. Ormil continues to try to provide the facts related to it's operations to ensure all stakeholders and the local community are fully and properly informed. During the drilling, local councils, special interest groups, members of the community and journalists were invited to inspect the operations. As a follow-up, Ormil will be attending an open community meeting in Oakdale on March 11 to continue open discussions and answer any questions and try to address any concerns.

Ormil's Managing Director Tom Fontaine said

"The preliminary results are encouraging and, subject to final results, indicate further exploration is warranted in PEL 454. Ormil is a small, progressive company that believes providing gas to NSW energy market

to displace coal will provide a positive outcome to the environment, to NSW and to Ormil shareholders.

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For and on behalf of the Board of Directors

**Mark Ohlsson,
Company Secretary, Ormil Energy**

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NOTE: In accordance with ASX listing requirements, the geological information supplied in this report has been based on information provided by geologists who have had in excess of five years experience in their field of activity.