

## COMPANY ANNOUNCEMENT

<b>Date:</b>	<b>30 October 2007</b>
<b>To:</b>	<b>ASX Companies Announcement Office by Electronic Lodgement</b>
<b>Number of Pages:</b>	<b>8</b>

**July - September 2007 - First Quarter Activities Report  
and  
July - September 2007 - First Quarter Cashflow Report**

### Summary of Activities

### Westralian Gas and Power Ltd ('the Company' or 'WGP')

#### **KENTUCKY USA**

During the quarter the Company continued exploration on its leases in Kentucky USA.

Work on the Riddle lease was ongoing with the Riddle well continuing to produce while Riddles # 9 and #10 were drilled near by. The # 9 well intersected shows of oil but could not be stimulated to flow and was plugged and abandoned. Riddle #10 is presently waiting treatment following a good show of oil during drilling. New drill sites for Riddle #'s 13 and 14 were cleared.

A well was drilled on the York lease (York #4) and shows of oil were encountered in the Knox Formation, this well is awaiting further workover action.

The Stockton lease continued to produce modest amounts of oil during the period and ongoing studies have determined a location for a new well in the north west corner of the lease.

The Company's original lease has been the focus of significant work with the drilling of three discovery wells Carters 21, 22 and 23. These wells all produced oil to surface during drilling and are presently being prepared for long-term production. These wells were drilled into the shallow Granville Formation, which is known to produce for long periods (sometimes up to 30 years). Workovers of existing wells on the lease continue.

The Company has also increased its land holding with the finalisation of agreements on the Wells Farm (west of Stockton) and the Shepherd Farm (east of Carter). Ongoing negotiations with other landholders in the district are expected to produce several new leases in the coming months.

## WESTERN AUSTRALIA

During the quarter the Company successfully farmed out all of its holdings in both the onshore and offshore of Western Australia.

The onshore Coal Seam Methane projects at Eneabba and in the southwest of Western Australia were farmed in to by ERM Gas. Under the terms of the deal, exploration of WGP's coal seam gas leases will be 100 percent funded to production by ERM Gas, with a view to supplying its parent companies' proposed power station, due for completion in 2008. The deal provides a free carry for WGP, with all exploration costs through to production met by ERM Gas, reimbursement of our exploration costs of \$3 million and 25 percent of gas reserves being retained by WGP.

On the 4<sup>th</sup> of September the Company announced a signing of a "heads of agreement" with ROC Oil Ltd to farm into its offshore areas.

Under the terms of the farm in ROC Oil will hold an option to explore the two offshore permits in a three-phase exploration program. Once the third phase is complete the Company will retain a 10% interest in the permits while ROC Oil would have expended \$37 million on exploration.



Stephen Thomas BSc (Hons), AustIMM

Managing Director

## Appendix 5B

### Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Westralian Gas and Power Limited

ABN

853 109 213 470

Quarter ended ("current quarter")

30 September 2007

#### Consolidated statement of cash flows

	Current quarter	Year to date (3 months)
	\$A'000	\$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	9	9
1.2 Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(132) - - (298)	(132) - - (298)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	1	1
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (refer to note 1.7)	100	100
<b>Net Operating Cash Flows</b>	<b>(320)</b>	<b>(320)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a)prospects (b)equity investments (c) other fixed assets	(10) - (24)	(10) - (24)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	- - -	- - -
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	9	9
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>(25)</b>	<b>(25)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(345)</b>	<b>(345)</b>

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(345)	(345)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	350	350
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (capital raising costs)	(20)	(20)
	<b>Net financing cash flows</b>	330	330
	<b>Net increase (decrease) in cash held</b>	(15)	(15)
1.20	Cash at beginning of quarter/year to date	67	67
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	52	52

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	54
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Cash payments for consulting fees

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

## Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

## Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	500
4.2 Development	-
<b>Total</b>	<b>500</b>

## Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	52	67
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter</b> (item 1.22)	<b>52</b>	<b>67</b>

## Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	Onshore & Offshore Western Australia	No change Refer to Note 6.1	
6.2	Interests in mining tenements acquired or increased	Shepherd Farm Oil Lease	Kentucky USA Oil Lease acquired	0% 100%

+ See chapter 19 for defined terms.

### Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.


		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	<b>Preference +securities</b> (description)	Converting Executive Preference Shares. 13,700,000	Nil	Nil	Nil
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	- -			
7.3	<b>+Ordinary securities</b>	57,392,500	57,392,500	Fully Paid	Fully Paid
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	2,800,000 -	2,800,000 -	- -	- -
7.5	<b>+Convertible debt securities</b> (description)				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	<b>Options</b> (description and conversion factor)	16,250,000 4,000,000 4,000,000	16,250,000 - -	Exercise price 25 cents 30 cents 30 cents	Expiry date 17/09/09 17/09/09 30/11/08
7.8	Issued during quarter	250,000	-	-	-
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	-	-	-	-
7.11	<b>Debentures</b> (totals only)	-	-		
7.12	<b>Unsecured notes</b> (totals only)	-	-		

+ See chapter 19 for defined terms.

## Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act [or other standards acceptable to ASX](#) (see note 4).

2 This statement does ~~/does not\*~~ *(delete one)* give a true and fair view of the matters disclosed.

Sign here:  ..... Date: 30 October 2007  
(Company secretary)

Print name: Dean McKenzie

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+ See chapter 19 for defined terms.

Note 1.7 - Other cash flows under operating activities of \$100,000 relates to the payment of the option fee from ERM Gas Pty Ltd (refer below).

Note 6.1

## 1) ONSHORE WESTERN AUSTRALIA

On 28 September 2007 the Company entered into a Farm-in Agreement with ERM Gas Pty Ltd ('ERMG'). ERMG is farming in to the Coal Seam Methane areas where the Company holds title to permits in Western Australia (*excluding the Greenough block*) and aims to develop production where it is economically viable to do so.

The key terms of the farm-in agreement are:

- ERMG will pay an option fee of \$100,000 to the Company upon execution of a formal farm-in agreement
- ERMG will have the option to conduct a work program of its design to the minimum value of \$1,000,000 on any of the farm-in areas
- ERMG as part of the work program must undertake and complete the minimum work and expenditure commitments of any designated authority in respect of the petroleum exploration permits the subject of the farm-in agreement
- Upon expenditure of the \$1,000,000 ERMG will have earned a 25% participating interest in each of the farm-in areas
- Within 12 months of completing the work program ERMG has the option to increase its participating interest in the farm-in areas by electing to make a farm-up payment of \$1,000,000 to achieve a participating interest of 50% or a farm-up payment of \$2,000,000 to achieve a participating interest of 75%.

## 2) OFFSHORE WESTERN AUSTRALIA

On 4 September 2007 the Company with joint venture partners Lempika Pty Ltd (25%) and Emphazise Pty Ltd (25%), signed a farm-in agreement with ROC Oil Limited ('ROC') assigning it the rights to explore and drill two wells in the two offshore petroleum permits W05-21 and W05-22.

Under the terms of the Farm-in Agreement, which is subject to government approval, ROC has acquired a series of three options that can be sequentially triggered by funding a three staged work programme as follows:

- the first earning stage whereby ROC will acquire an initial 20% interest in the two permits and be appointed Operator, by funding 100% of \$2 million of pre-seismic exploration activity. ROC has already committed to funding this stage.
- the second earning stage whereby ROC will acquire an additional 20% interest in each permit by funding 100% of a \$5 million 2D/3D seismic programme.
- the third earning stage whereby ROC will earn an additional 40% interest in the permit in which the well is located, by funding 100% of a well in each permit up to a total cost of \$15 million per well.

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