

**DAILY GEOLOGICAL REPORT**DATE: 05 Dec 2009  
REPORT NO.: 2  
( associated DDR # 2 )**WELL: CBM93-004**

|                             |                            |                         |  |
|-----------------------------|----------------------------|-------------------------|--|
| RIG                         | Wallis Rig D 39            | RIG TYPE                | Land                                     |
| COMPLETION TYPE             | Single Gas Producer        | TARGET                  | Test gas potential of Puni Coal Measures |
| Depth at Midnight (MD)      | 142.0 m                    | SPUD DATE               | 04 Dec 2009                              |
| DAYS SINCE SPUD             | 1.39 ( Days on well: 4.00) | LAST CASING             | 10.000 in @ 15.0 m MD                    |
| PRESENT DEPTH MD            | 160.5 m                    | BACKGROUND GAS          | Unit                                     |
| 24 Hr Progress (Geology)    | 127.0 m                    | MAX GAS                 | Unit                                     |
| AVERAGE ROP                 | 6.00 m/h                   | MUD WEIGHT              | 9.00 sg (WBM)                            |
| Operations Status @ 0600hrs |                            | ECD                     |  |
| PROGNOSSED TD               | 250.0m MD 250.0m TVD       | ESTIMATED PORE PRESSURE |  |

**Well Details**

|            |                            |           |               |                 |
|------------|----------------------------|-----------|---------------|-----------------|
| Latitude:  | 24.00° 52.00" 10.92' South | UTM(N/S): | RT - MSL:     | 186.00 m DF MSL |
| Longitude: | 135.00° 50.00" 59.64' East | UTM(E/W): | GL Elevation: | 185.0 m         |

**Operations Summary and General Remarks**

|                    |   |
|--------------------|---|
| OPERATION SUMMARY: | No problems anticipated setting casing at 250m  |
| NEXT OPERATION:    | Current 0600hrs depth 160m, MacKunda Fm. claystone. Drill 8 1/2" hole to 250m casing depth. |

**Lithology Summary**

| Interval MDBRT (m)<br>From To |  | Lithology  | %   | Description   |
|-------------------------------|--|--|---|---|
| 15.00 - 28.00                 |  | Sandstone,<br>Surficial Quaternary<br>dune sandstone | 100%  | Sandstone, Light Yellow Grey, loose, medium to very coarse, poorly sorted, subangular to subround, grains white transparent, yellow and orange stained, dark grey and green grey lithic grains, trace white firm Silcrete   |
| 28.00 - 35.00                 |  | Claystone  | 20-50% in samples collected at 30m and 40m, balance of sample sandstone<br>80% upper sample and 50% darker Winton Formation<br>Claystone in sample taken at 40m | <b>Claystone, off white, tan, orange</b><br>Claystone, off white with red tinge, becoming off white, tan, orange brown, trace limonite fragments, trace Sandstone, white, firm, very fine grained with abundant silcrete matrix. This lithology represents the Tertiary, Eyre Formation or possibly weathered top of Winton Formation   |
| 35.00 - 95.00                 |  | Claystone (Winton Formation)                         | 100%  | <b>Claystone, soft, dark grey</b><br>Claystone, medium dark grey, soft, firm in part, common specks of disseminated carbonaceous material and common irregular coal grains, rare blocky and laminated fragments, fine to medium, rarely coarse grained at the top of the interval becoming fine grained and lesser percentage of sample with depth, minor silty and very fine sandy interval from 50 - 60m, slightly micaceous, non calcareous. No drill rate recorded (logging shack no power). Drill rate in the upper part 30-35 m/hr. From 68m slowed to 4-8 m/hr               |
| 95.00 - 160.00                |  | Claystone (Mackunda Formation)                       | 100%  | <b>Claystone, medium - dark grey, glauconite grains</b><br>Claystone, medium dark grey to dark grey, soft, sloppy, more readily discernable black glauconite grains as poor trace (compared to presence of coal grains in Winton above) occasionally glauconite grains occur as clusters in the upper part of the interval, blacky coaly specks diminish and become very fine to silt sized, slightly micaceous, non calcareous. Trace Sandstone in 110m - 120m sample, off white friable, very fine, subangular, glauconitic and slightly calcareous Drill rate generally 4-6 m/hr |

**Prognosis and Preliminary Correlation**

| Top             | Actual Depth<br>(186.00 m DF MSL) |       |         | Prognosis | H/L | Pick Criteria | Remarks |
|-----------------|-----------------------------------|-------|---------|-----------|-----|---------------|---------|
|                 | MD                                | TVD   | MDSS    |           |     |               |         |
| Namba Formation | 1.00                              | 1.00  | -185.00 |           | N/A |               |         |
| Eyre Formation  | 28.00                             | 28.00 | -158.00 |           | N/A |               |         |



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### Prognosis and Preliminary Correlation

| Top              | Actual Depth<br>(186.00 m DF MSL) |       |         | Prognosis | H/L | Pick Criteria                                 | Remarks  |
|------------------|-----------------------------------|-------|---------|-----------|-----|---|--|
|                  | MD                                | TVD   | MDSS    | MD        |     |   |  |
| Winton Formation | 35.00                             | 35.00 | -151.00 |           | N/A | Change to grey claystone                      | Top placed halfway through 10m sample interval |
| MacKunda Fm      | 95.00                             | 95.00 | -91.00  |           | N/A | Presence of glauconite fragments in claystone | Top placed halfway through 10m sample interval |

### Well Geologist

Michael Harrison