



VICTORIA PETROLEUM N.L. A.B.N 50 008 942 827

Incorporated in Western Australia

1 September 2010

**DRILLING REPORT FOR WALLOON COAL MEASURES COAL SEAM GAS PROJECT,
PL 171, SURAT BASIN, QUEENSLAND**

Victoria Petroleum NL (**Vicpet**) has been advised by QGC Pty Limited - a BG Group business (**QGC**) and the Operator for PL 171, that the Alex-5 Coal Seam Gas (CSG) exploration well is drilling ahead at 208 metres to the planned target depth of 593 metres.

Alex-5 is being drilled as an exploration CSG well for the Alex CSG Project. This exploration and appraisal drilling program is the continuation of the evaluation of the CSG bearing potential and deliverability of the Walloon Coal Measures.

The aim of this initial and planned follow on drilling over the next six months is to build on the certifiable gross recoverable CSG reserves for PL 171.

PL 171 is interpreted to be situated in the prime Walloon Coal Seam Gas fairway on the eastern side of the Surat Basin.

Vicpet holds a 20% interest in PL 171.

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