



CSM Energy Limited
ABN: 46 114 795 229

ANNOUNCEMENT

6th December 2006

Heads of Agreement

The Board of CSM Energy Limited are pleased to announce that the company has entered into a Heads of Agreement ('HOA') with Energy Investments Limited (ASX: EIV) for the joint development of a Coal Bed Methane (CBM) pilot program on the highly prospective ATP 814P within the Bowen Basin (Fig 1.).

Under the agreement CSM Energy Limited will earn a 50% interest in the Eastern Block of ATP 814P by funding 100% of 4 CBM pilot project wells, completing associated gas flow testing and independent gas reserve certification. CSM Energy has a right of first refusal to farm into ATP814P Central on similar terms to ATP814 Eastern for a period of 12 months.

ATP 814P comprises eight separate tenements covering approximately 3,400 km² within Queensland's Northern Bowen Basin and contains extensive coal measures of the late Permian Blackwater Group, including Moranbah, Fort Copper and Rangal Coal Measures. ATP814P is adjacent to Arrow/CH4's Moranbah CBM development.

The staged tenement development plan is to commence in February 2007.

EIV and CSM Energy will form a Joint Venture to develop the tenements. CSM Energy will act as Operator and Joint Venture Manager. CSM Energy will manage a "best for project" consortium of underground and above-ground specialists ("CSM Energy Consortium"). Collectively the CSM Energy Consortium has significant experience in the development of CBM projects.

For further information, please visit www.csmenergy.com.au or contact:

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FIG 1: FARMIN AREA (ATP814P EASTERN & CENTRAL) TENEMENTS

