

5 July 2007

Dear Shareholder

Invitation to Participate in Shareholder Share Purchase Plan

The Board of Directors of Pure Energy Resources Limited (**Pure Energy** or **Company**) have approved the introduction of a Shareholder Share Purchase Plan (**SPP** or **Plan**). The Plan entitles Eligible Shareholders in the Company, irrespective of the size of their shareholding, to purchase up to **\$5,000** worth of ordinary fully paid shares in the Company (**Shares**) at a price of \$0.69 per Share (being a **20% discount** to the average closing trading price of the Company's shares on Australian Securities Exchange (**ASX**) for the five (5) trading days immediately prior to the date the Company originally announced the SPP offer), free of brokerage and commission (**Offer**).

The Directors are pleased to offer to all Eligible Shareholders an opportunity to participate in the Plan announced on Thursday 14 June 2007. Details of the Offer are set out in this letter and the enclosed Terms and Conditions together with an Entitlement and Acceptance Form.

The average closing market price of Pure Energy Shares traded on ASX for the five (5) trading days immediately prior to the date the Company originally announced the Offer was **\$0.86**. The price at which Shares are being offered under the SPP (\$0.69 per Share) is the maximum discount permitted under the ASX Listing Rules (20%).

Shareholders Eligible to Participate in the Plan

The right to participate in the Offer under the Plan is available exclusively to shareholders who are registered as holders of Shares in Pure Energy at 5pm (WST) on the record date of **28th June 2007** and whose registered address is in Australia (**Eligible Shareholders**).

The Company expects to raise up to \$2.0 million from the issue of the Shares to Eligible Shareholders. The SPP is not underwritten.

Current Projects

Details of the Company's current activities are set out in the announcements made by Pure Energy to ASX and are available from ASX: asx.com.au, buy code PES, or Pure Energy's Website: pureenergyresources.com.au.

Use of Funds

The funds raised under the Plan, together with the funds raised under a recent share placement undertaken by the Company, will be used for the acquisition of the Tipton West Coal Seam Gas Royalty Stream, to accelerate the appraisal and development of its Bowen Basin tenements including ATP 852P, granted on 1 May 2007, and contribute towards further working capital.

Subscription and Application Procedure

If you would like to participate in the Offer, please return your completed Entitlement and Acceptance Form (enclosed), together with your cheque for the purchase price for the number of Shares you wish to acquire, on or before the **closing date of 5pm (WST) on 26 July 2007**. A Reply Paid Envelope is enclosed for your convenience. No late applications will be accepted.

Please note the maximum investment per shareholder is up to \$5,000 and the minimum investment is \$1,035. The maximum investment any shareholder may apply for will remain up to \$5,000 even if a shareholder receives more than one Offer (whether in respect of a joint holding or because the shareholder has more than one holding under a separate account).

You may apply for shares in one of the following amounts:

- \$ 1,035.00 being 1,500 new Shares in the Company;
- \$ 2,070.00 being 3,000 new Shares in the Company;
- \$ 3,105.00 being 4,500 new Shares in the Company;
- \$ 4,140.00 being 6,000 new Shares in the Company; or
- \$ 4,999.74 being 7,246 new Shares in the Company;

Additional Information and Important Dates

The Offer cannot be transferred and the Directors of the Company reserve the right to reject any application over \$5,000. Shares allotted under the Plan will be issued no later than 3 business days after the closing date of the Offer. The issue of Holding Statements is expected to occur no later than 2nd August 2007. Application for quotation on ASX of the new Shares will be made immediately following the issue of those Shares.

This Offer of Shares under the Plan is limited to 2,898,550 Shares. The Directors may, in their absolute discretion, scale-back all applications on a pro-rata basis to this maximum.

If the Company rejects or partially rejects an application or purported application, the Company will promptly return to the shareholder the relevant application monies, without interest.

On the trading day immediately prior to the date of announcement of the Offer, the last closing price of the Shares traded on ASX was \$0.8150. The market price of the Shares in the Company may rise and fall between the date of the Offer and the date that any Shares are allotted to you as a result of your acceptance of this Offer. This means that the subscription price you pay for the Shares may exceed the market price of the Shares at the date of allotment of Shares under this Offer. The Board recommends that you obtain your own professional advice in relation to the Offer and consider price movements of Shares in the Company prior to accepting this Offer.

Indicative Timetable

Announcement of Plan	14 June 2007
Record Date (5.00pm WST)	28 June 2007
Opening date of Offer	5 July 2007
Closing date of Offer	26 July 2007
Issue of Shares under the Plan	31 July 2007
Dispatch date for holding statements	2 August 2007
Application for Quotation of Shares on ASX	31 July 2007

These dates are indicative only. The Company may vary the dates and times of the Offer without notice. Accordingly, shareholders are encouraged to submit their Entitlement and Acceptance Forms as early as possible.

If you wish to participate in the Share Purchase Plan please ensure that you return the completed "Entitlement and Acceptance Form" prior to the closing date of the Offer. Should you wish to discuss any information contained in this letter further, do not hesitate to contact the Company Secretary, Geoff Hewett, on (08) 9368 5535.

Yours faithfully



Steve Beardsall
Managing Director
Pure Energy Resources Limited

PURE ENERGY RESOURCES LIMITED
ABN 48 115 514 880
Share Purchase Plan - Terms and Conditions

Purpose

The purpose of the Share Purchase Plan (**the Plan**) is to offer shareholders of Pure Energy Resources Ltd Limited (**Pure Energy or the Company**) the opportunity to acquire additional fully paid ordinary shares in the Company up to a maximum of A\$5,000 in any twelve month period at a discount to the market price of Pure Energy Shares on the financial market operated by ASX Limited (**ASX**) without the need to pay brokerage costs and without the need for Pure Energy to issue a Prospectus, upon such terms and conditions as the Board of Directors of Pure Energy, in its absolute discretion, sees fit.

Shareholders eligible to participate

Eligible shareholders of Pure Energy Shares that are registered with an Australian address at the relevant record date may participate in the Plan. Due to foreign securities laws, it is not practical for shareholders resident in other countries to be offered the opportunity to participate in the Plan.

Participation in the Plan is optional and is subject to these terms and conditions. Offers made under the Plan are non renounceable (ie eligible shareholders may not transfer their rights to any Pure Energy Shares offered under the Plan).

An offer may, at the discretion of the Directors of Pure Energy, be made under the Plan once a year. The maximum amount, which any shareholder may subscribe for in any consecutive twelve month period, is A\$5,000. The Directors of Pure Energy may also determine in their discretion the minimum amount for participation, the multiple of Pure Energy Shares to be offered under the Plan and the period the offer is available to eligible shareholders.

Price of Pure Energy Shares

The price of Pure Energy Shares to be issued under the Plan will be determined by calculating a discount to the average closing trading market price of Pure Energy Shares quoted on ASX for the five trading days immediately prior to the date of the announcement of the Offer.

Applications and Notices

At the discretion of the Directors, Pure Energy will send eligible shareholders a letter of offer and acceptance procedures, inviting them to subscribe for Pure Energy Shares under the Plan, accompanied by the terms and conditions of the Plan and an entitlement and acceptance form. Applications will not be accepted after the closing date of an offer. Over subscriptions to an offer will be refunded without interest.

Notices and statements made by Pure Energy to participants may be given in any manner prescribed by its Constitution.

Underwriting

An Offer may be underwritten and the underwriters and/or sub-underwriters may be issued with Shares pursuant to the Plan where one or more of the eligible shareholders fail to subscribe for the maximum number of shares available to them under the Offer. The Directors may pay a broker's fee to Underwriters.

Issue of Pure Energy Shares

Pure Energy Shares to be issued under the Plan will be issued as soon as reasonably practicable after the closing date specified by the Directors of Pure Energy in the relevant offer. Pure Energy Shares issued under the Plan will rank equally in all respects with all other fully paid ordinary shares in Pure Energy from the date of issue.

Shareholding statements or CHESS notification will be issued in respect of all Pure Energy Shares issued under the Plan. Pure Energy will, promptly after the issue of Pure Energy Shares under the Plan, make application for those Pure Energy Shares to be listed for quotation on the official list of ASX.

Modification and Termination of the Plan

Pure Energy may modify or terminate the Plan at any time.

Pure Energy will notify ASX of any modification to, or termination of, the Plan. The omission to give notice of any modification to, or termination of, the Plan or the failure of ASX to receive such notice will not invalidate the modification or termination.

Without limiting the above, Pure Energy may issue to any person fewer Pure Energy Shares than the applicant applied for under the Plan if the issue of the Pure Energy Shares applied for would contravene any applicable law or the Listing Rules of ASX.

Dispute Resolution

Pure Energy may, in any manner it thinks fit, settle any difficulties, anomalies or disputes, which may arise in connection with or by reason of the operation of the Plan, whether generally or in relation to any participant, application or Pure Energy Shares. The decision of Pure Energy in this respect will be conclusive and binding on all shareholders and other persons to whom that determination relates.

Pure Energy reserves the right to waive strict compliance with any provision of these terms and conditions. The powers of Pure Energy under these conditions may be exercised by the Directors of Pure Energy or any delegate of the Directors of Pure Energy.

Questions and Contact Details

If you have any questions regarding the Share Purchase Plan or how to deal with this Offer, please contact your stockbroker or professional adviser, or Pure Energy's Company Secretary, Geoff Hewett on (08) 9368 5535.