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# QUARTERLY ACTIVITY REPORT

## 30 JUNE 2014

### COMPANY OVERVIEW at 30 June 2014

| | | |
|---|---|---|
| ASX Code | Ordinary Shares:<br>Party Paid Shares: | OXX<br>OXXCB |
| Share price* | OXX:<br>OXXCB: | $0.12<br>$0.028 |
| Shares on issue | Ordinary shares:<br>Partly paid shares:<br>Trustee shares: | 152,127,398<br>74,278,910<br>33,000,000 |
| Options | 1,500,000<br>3,350,000 | 30/6/15 @ $0.32<br>21/5/16 @ $0.1534 |
| Market capitalisation | $20.3 million | |

### HIGHLIGHTS FOR THE QUARTER

**Operational Matters**

- Malaysian Risk Service Contract for the Ophir Oil Field awarded to an Octanex led joint venture company
- Retention Lease WA-54-R granted over the Greater Cornea Fields
- Farmout campaign launched in relation to the Southern Bonaparte Basin permits
- New Mohua 2D seismic survey acquired in PEP 53537

**Corporate Activity**

- Implementation Agreement executed with Peak Oil & Gas Ltd as an initial step in the proposed Scheme of Arrangement for Peak to merge into Octanex

### PERMIT INTERESTS HELD

At the end of the quarter under review, Octanex N.L., in its own name and through its wholly-owned subsidiaries, held working interests in 16 petroleum exploration permits and a petroleum retention lease that are situated in the offshore basins of Australia and New Zealand – see the Figure 1 *Location Map*.

Octanex also holds an indirect interest in a Malaysian Risk Service Contract through a wholly-owned subsidiary.

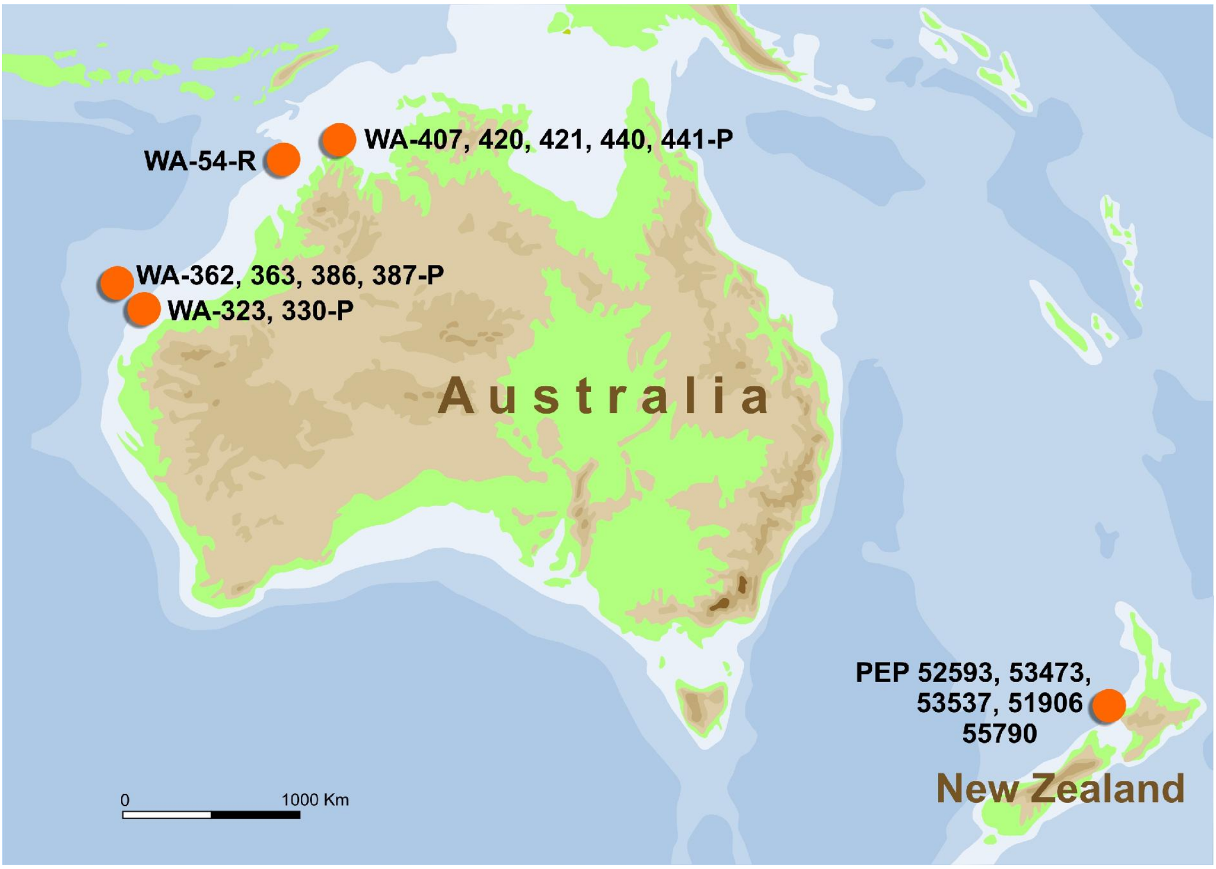


**Figure 1:** ***Location Map of the Octanex Group's Portfolio of Permits***

The Australian permits are concentrated offshore from Western Australia, on the Greater North West Shelf and in the Bonaparte Basin, in regions of moderate to intense exploration activity. In addition to the Australian based permits, Octanex holds interests in five permits that are adjacent to each other and strategically located in the offshore Taranaki Basin of New Zealand, a region of intense exploration activity.

At the end of the quarter, the WA-422-P and WA-342-P permits were undergoing the process of being surrendered.

The policy underlying the management of the Octanex Group's permits and related interests is one which, insofar as is practical and both legally and commercially expedient, does not differentiate between whether they are owned by Octanex N.L. directly, or indirectly through one or more of its wholly-owned subsidiaries. These interests and assets are all referred to in this report as being held by **Octanex** or the **Company** or the **Octanex Group**.

## OPERATIONAL MATTERS

## Ophir Oil Field Risk Service Contract, Malaysia

### Award of Ophir Risk Service Contract

During the quarter, on 12 June 2014, the Company announced the award of a Risk Service Contract (**RSC**) in respect of the Ophir Oil Field by Petroliam Nasional Berhad (**Petronas**). The award was made to a joint venture company, Ophir Production Sdn Bhd (**OPSB**), in which Octanex holds a 50% shareholding.

OPSB will develop the Ophir Oil Field via a stand-alone development concept involving the drilling of three production wells from a single wellhead platform to produce into a leased tanker for storage and offloading of crude. The development phase has an estimated cost of US$135 million and first oil is expected from the Field in December 2015.

On its award, Octanex Chairman, Geoff Albers, commented that the Ophir RSC is an important milestone for Octanex's broadened corporate strategy of acquiring near term production assets.

The formal award of the RSC and execution of the related contracts was completed at a ceremony in Kuala Lumpur on 11 June 2014 (see Figure 2).

**Figure 2:** ***Octanex and OPSB Director, James Willis, receives the RSC award from the Petronas representative, with Octanex appointed OPSB Director, Piers Codling (r), and Octanex in-country manager, Frank Jacobs (l), in attendance***

### Ophir Joint Venture Participants

Octanex incorporated OPSB to undertake the RSC and the shareholdings in the Joint Venture company consist of:

| | |
|---|---|
| Octanex Group | 50% |
| Scomi D&P Sdn Bhd (**Scomi**) | 30% |
| Vestigo Petroleum Sdn Bhd (**Vestigo**) | 20% |

Scomi is a wholly-owned subsidiary of Scomi Energy Services Bhd, a Malaysian downstream oil and gas services company listed on the Main Board of Bursa Malaysia. Vestigo is a wholly-owned subsidiary of Petronas and incorporated in 2013 to focus on the development of small, marginal and mature fields.

**Fiscal Terms**

Petronas introduced the RSC model in 2011 as a new petroleum arrangement designed with the objective of intensifying upstream Malaysian oil and gas activities and developing smaller, stranded oil and gas resources. The RSC model balances the sharing of risks with fair returns for the development and production of discovered small fields. Under the terms of the RSC, the Contractor (in this case OPSB) is the service provider and Operator of the field, while Petronas is the resource owner.

Upfront investment of capital is contributed by the Contractor, which is then compensated via the reimbursement of costs plus a remuneration fee for services rendered. The remuneration fee is linked to production volumes as well as certain key performance indicators.

**Project Finance**

Subsequent to the end of the quarter, OPSB accepted a Letter of Offer for syndicated term loan facilities of up to US$118.76 million. The facilities are structured to meet 75% of the planned capital expenditure for the development of the Ophir Oil Field and 75% of the first three quarters of the operating expenditure and the cost of a bank guarantee facility of US$13.5 million.

The tenure of the term loan facilities is up to four years and Octanex has provided a proportionate corporate guarantee and undertaking in respect of the facilities.
The finance is to be provided by a syndicate comprised of Malayan Banking Berhad (Maybank), RHB Bank (L) Ltd and United Overseas Bank Limited.

Commenting on the loan facilities Mr Albers confirmed that securing project financing is an important milestone for the development of the Ophir Oil Field.

## Browse Basin Interests

### WA-54-R – Cornea Retention Lease

The Cornea Joint Venture consists of the following interests:

| | |
|---|---|
| Cornea Resources Pty Ltd | 13.100% and Operator |
| Cornea Oil & Gas Pty Ltd | 17.000% |
| Enegex NL ***(ASX Code: ENX)*** | 14.875% |
| Cornea Petroleum Pty Ltd | 14.875% |
| Octanex N.L. | 10.250% |
| Cornea Energy Pty Ltd *(subsidiary of Octanex N.L.)* | 8.500% |
| Moby Oil & Gas Limited | 7.500% |
| Coldron Pty Ltd | 7.500% |
| Auralandia Pty Ltd | 6.400% |

On 24 April 2014, the Cornea Joint Venture received an offer from the Commonwealth – Western Australia Joint Authority to grant a retention lease over the Cornea Location Area. The Joint Venture accepted that offer and the WA-54-R Retention Lease (**Lease**) was formally granted for an initial 5-year term on 6 May 2014.

The Octanex Group holds an aggregate 18.75% participating interest in the Lease through Octanex N.L. (10.25%) and its wholly-owned subsidiary, Cornea Energy Pty Ltd (8.50%).

The Lease is located in the Caswell Sub-basin of the Browse Basin, offshore from Western Australia, and covers an area of approximately 497 km². WA-54-R covers six graticular blocks located within the WA-342-P permit and it incorporates the Cornea oil and gas accumulations (**Greater Cornea Fields**). The Greater Cornea Fields include the Cornea (Central and South), Focus and Sparkle Oil Fields and the Cornea North (Tear) Gas Field – see the Figure 3 *Cornea Retention Lease Location Map*.

### Work Programme designed to achieve early commercial production

The Cornea Joint Venture is of the belief that, from a resource size and oil price perspectives, the Greater Cornea Fields are an economic value opportunity. The path to early development is to, as quickly as possible, overcome the technical challenges to unlocking that value. To that end, the work programme to be carried out during the first four years of the Lease calls for extensive engineering and complementary studies to be completed in relation to the Greater Cornea Fields. Those studies focus on:

- reservoir characteristics;
- potential production performance;
- well design and related drilling challenges;
- investigation of the available and relevant technology, hardware and infrastructure;
- an assessment of environmental impacts; and
- identification of the economic risks.

In the main, the studies are a lead up to the first and fundamentally important operational activity of drilling a production test well in Year 4. The production test will be followed in Year 5 by a review of the outcomes from that well.

The design and required technologies for drilling and producing from what will likely be a horizontal test well are complex. The studies have therefore been structured to overcome the technical challenges faced by the Joint Venture in bringing the Greater Cornea Fields into early commercial production. The oil and gas volumes in the Greater Cornea Fields are such that demonstrating threshold production flow rates make the economics immediately attractive and provide a reasonable expectation of commercial development.

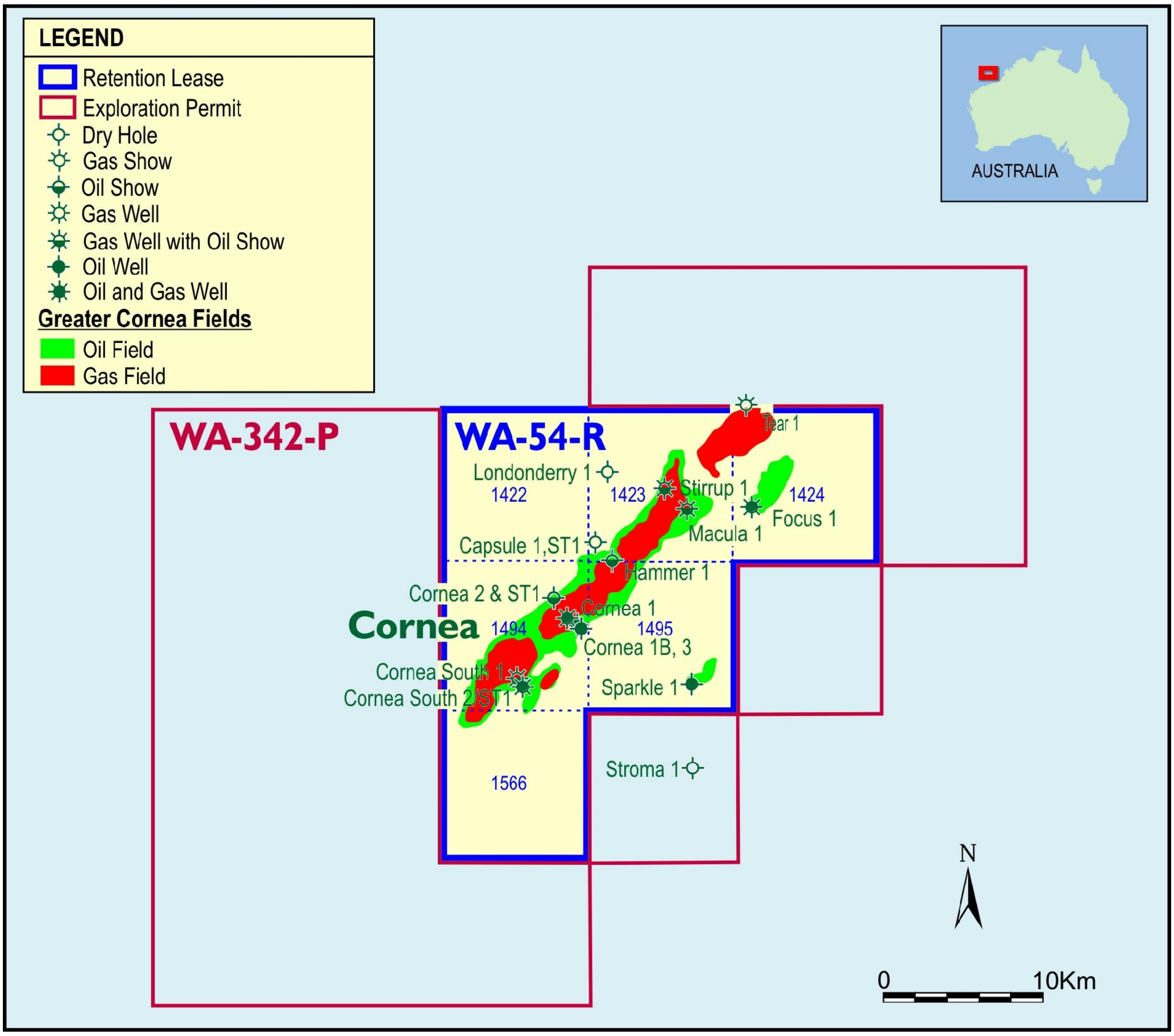


**Figure 3:** ***Cornea Retention Lease and WA-342-P Location Map***

**Development scenario**

In order to assess commercial feasibility, preliminary economic analysis of a full development of the Greater Cornea Fields was undertaken and formed an important aspect of the retention lease application. The actual development programme remains subject to optimisation analysis (number of platforms, wells and related production facilities). However, for the purposes of undertaking a preliminary economic analysis, a full development of the southern portion of the Cornea South and Central Oil Fields was chosen for that analysis.

A self-sufficient solution, based on 32 producing wells around 3 hubs, was the subject of the economic analysis – see the schematic diagram at Figure 4.

Due to its smaller gas cap, the Cornea South Oil Field was chosen for the preliminary stage of the economic analysis. The results of the preliminary analysis indicated a commercial development of the Cornea South Oil Field could reasonably be expected to result in the subsequent development of the Cornea Central Oil Field as the next development step.

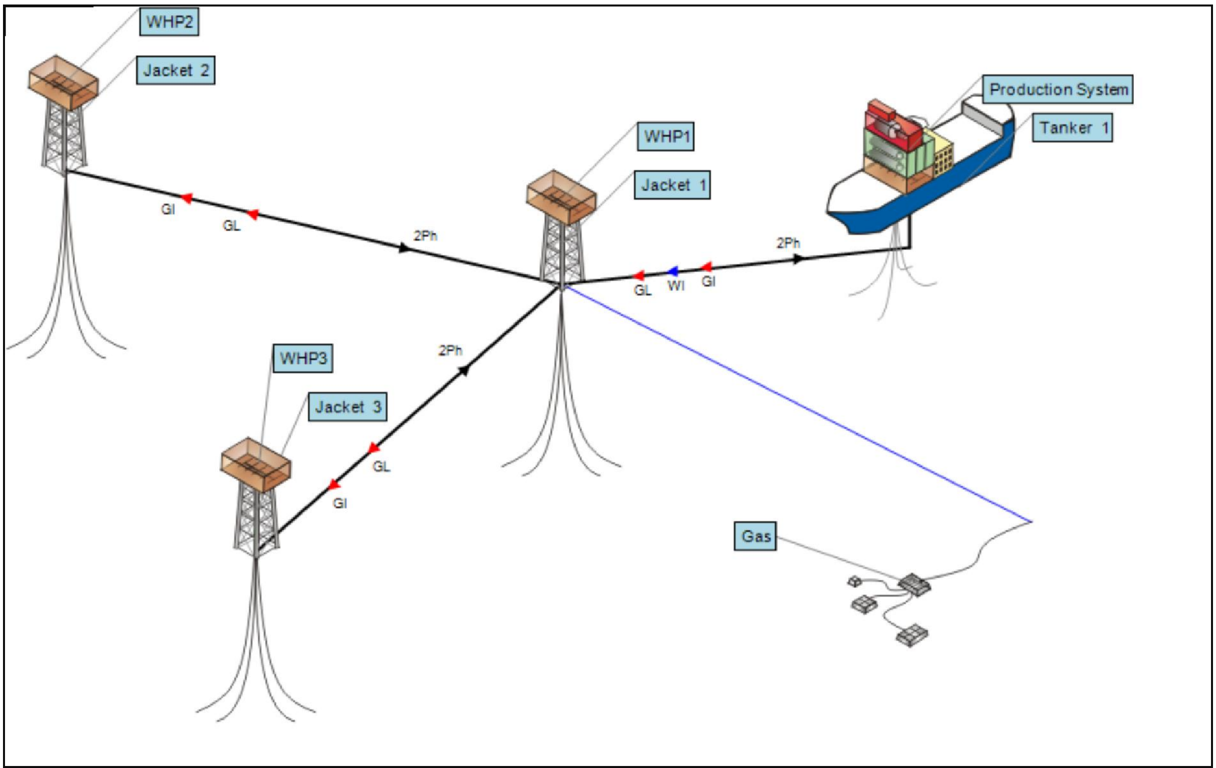


**Figure 4:** ***Greater Cornea Fields Preliminary Conceptual Development Schematic***

**Contingent Oil Resources**

The following Table 1 presents the probabilistically derived In-place and Contingent Oil Resources for the Cornea Central and South Oil Fields, with no development risk having been applied in deriving these volumes. The Octanex Group's 'Economic Interest' detailed in Table 1 is 18.75%.

| Middle Albian B & C Sands | Low Estimate (P90) | Best Estimate (P50) | High Estimate (P10) | Units |
|---|---|---|---|---|
| **Total Oil In-place** | **298.0** | **411.7** | **567.2** | **mmbbl** |
| Recovery Factor | 2 | 7 | 25 | % |
| **Contingent Oil Resources** | **7.9** | **28.8** | **101.9** | **mmbbl** |
| **Octanex Economic Interest** | **1.48** | **5.40** | **19.11** | **mmbbl** |

**Table 1:** ***In-place and Contingent Oil Resources for Cornea Central and South Fields***

**WA-342-P – Cornea Exploration Permit**

As noted in the previous section, the WA-54-R Retention Lease covers six graticular blocks located within the WA-342-P petroleum exploration permit – see the Figure 3 *Cornea WA-342-P Location Map*. The Cornea Joint Venture participants hold the same interests in WA-342-P as they hold in the WA-54-R Retention Lease.

WA-342-P is in Year 3 of its first 5-year renewed term, where the committed work programme calls for studies and an exploration well. During the quarter, the Joint Venture sought an exemption from the well commitment – this exemption was granted at the conclusion of Year 3 on 3 July 2014.

Prior to the end of Year 3, the Joint Venture completed its assessment of the prospectivity in WA-342-P within the 15 graticular blocks that exclude the area of the Lease. This work indicated a lack of prospectivity and the decision was made to surrender the permit at the end of Year 3. The surrender is currently in the process of being formalized by the Regulatory Authorities.

## Carnarvon Basin Interests

**WA-323-P & WA-330-P – Dampier Sub-Basin**

These permits are held by a Joint Venture consisting of:

| | |
|---|---|
| Santos Offshore Pty Ltd<br>*(subsidiary of Santos Limited)* | 75% and Operator |
| Octanex Group | 25% |

WA-323-P and WA-330-P comprise a discrete project area of 640 km² on the Parker Terrace – see the Figure 5 *Location Map*. The permits were each granted their first 5-year renewals in April 2011, with the Octanex Group interests held by the wholly-owned subsidiary, Winchester Resources NL.

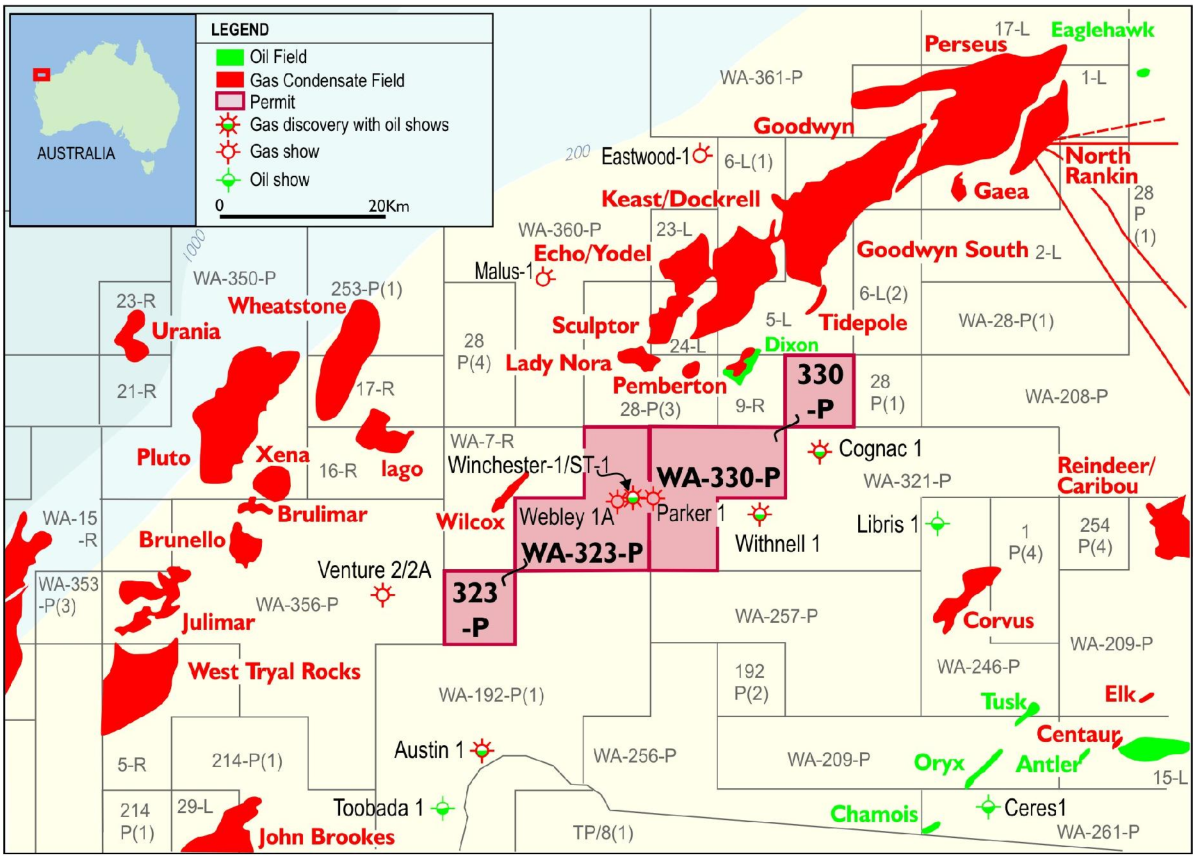


**Figure 5: *WA-323-P & WA-330-P and Winchester-1/ST1 Location Map***

As a result of a farmin agreement entered into with a subsidiary of Santos Limited ***(ASX Code: STO)***, Santos Offshore Pty Ltd (**Santos**), the Octanex Group was free carried in respect of its 25% interest in both permits through the first well in one of the permits and all other exploration costs for the two permits, up to the completion of that first well.

The Winchester-1/ST1 discovery well was drilled from a location within WA-323-P during Q2/Q3 2013 (see Figure 5). The well encountered good gas shows in stacked sands of the Late Jurassic Angel Formation and the Late Triassic Mungaroo Formation. The Santos analysis of the wireline logs, pressure testing and formation sampling of the well confirmed the presence of hydrocarbons and assessed the net gas pay of the discovery as 58m.

Preliminary post-well analysis, completed by Santos during Q3 2013, suggests that the estimated size of the Winchester discovery, by itself, to be insufficient to be developed economically. Further contributions from possible deeper or adjacent hydrocarbon zones to the Winchester location would be required to augment the discovered resource. The Winchester discovery is located near existing pipeline and processing infrastructure and likely future infrastructure extensions.

There is further prospectivity in the Parker tilted fault block. The Parker-1/ST1 well in WA-330-P, located 3.2 km to the northeast of Winchester-1/ST1, drilled a separate structure and encountered gas shows in Triassic Mungaroo Formation sandstones over a 211m gross interval. These were not logged or tested before the well was prematurely abandoned. Reprocessing and interpretation of the 720 km² Winchester 3D seismic data set (acquired by Santos in 2011 as part of the farmin terms) should enable a better definition of the Parker fault block and may also define additional Triassic targets in the north of WA-330-P, and in the vicinity of the Parker-1 well in particular.

The Winchester 3D showed a significant improvement on existing surveys but the original processing was conducted over a short time period prior to drilling the Winchester-1 well. During the previous quarter, Santos completed preparations for reprocessing the entire 720 km² Winchester 3D data set; the aim being to improve resolution for the purpose of selecting the next drilling target within the WA-323-P and WA-330-P permits.

During the quarter, applications to extend Year 3 of WA-323-P (by 9 months) and WA-330-P (by 12 months) were granted by the Regulatory Authorities. The purpose of the extensions is to provide sufficient time to complete the reprocessing and then carry out the re-interpretation and mapping of the reprocessed 3D data.

**WA-362-P & WA-363-P – Exmouth Plateau**

The WA-362-P and WA-363-P Joint Ventures both consist of:

| | |
|---|---|
| Eni Australia Limited (**Eni**) | 66.667% and Operator |
| Octanex Group | 33.333% |

Commencing on 23 August 2012, the WA-362-P and WA-363-P permits were each granted their first 5-year renewals. The two permits now comprise a combined exploration area of approximately 10,956 km². Together with the WA-386-P and WA-387-P permits detailed in the following section, these four permits are located on the northern margin of the Exmouth Plateau, 300 – 400 km northwest of the Western Australian coastline – see the Figure 6 *Location Map.*

The committed work programme in the first three years of the renewed terms of both WA-362-P and WA-363-P calls for seabed coring and studies. This is then followed by a new 3D seismic survey and an exploration well in the last two years of each permit's term.

The Octanex Group remains fully carried by Eni though all exploration activity, including the next well in each permit, should a well be drilled in either or both of the permits.

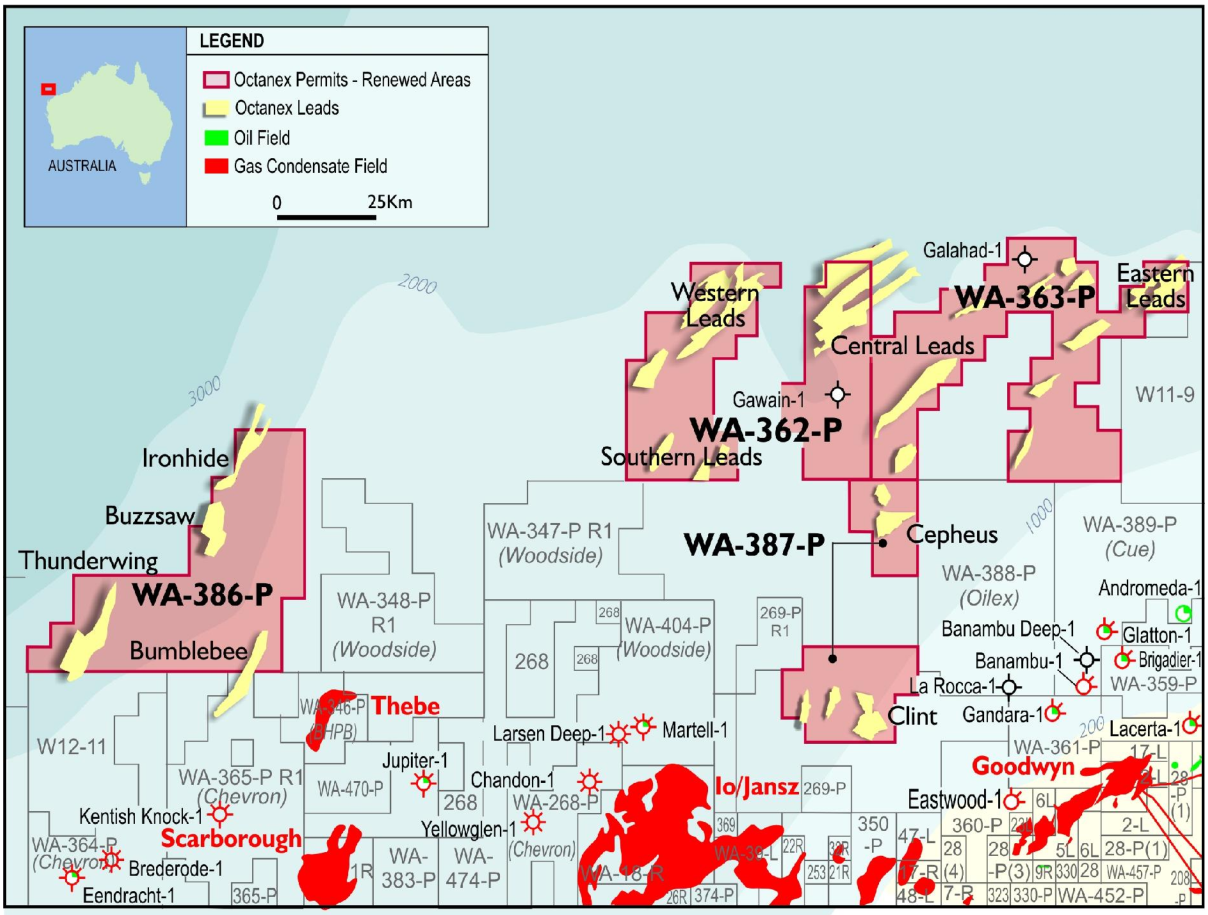


**Figure 6:** ***Location Map of Renewed Areas of the Exmouth Plateau Permits***

**WA-386-P & WA-387-P – Exmouth Plateau**

The WA-386-P and WA-387-P permits were each granted their first 5-year renewals on 7 February 2013. The two permits now comprise a combined exploration area of approximately 7,630 km² – see the Figure 6 *Location Map*. The Octanex Group has a 100% interest in both permits, with those interests held by the wholly-owned subsidiary, Exmouth Exploration Pty Ltd.

The committed work programme in the first three years of the renewed terms of both WA-386-P and WA-387-P call for the acquisition of new 2D seismic surveys, licencing of newly available seismic data and studies. This is then followed by a new 3D seismic survey and an exploration well in the last two years of each permit's term. Octanex will seek the interest of other exploration companies to join with it in this work.

## Bonaparte Basin Interests

**WA-407-P, WA-420-P, WA-421-P, WA-441-P & WA-440-P – Southern Bonaparte Basin**

The Octanex Group holds 100% interests in five petroleum exploration permits in the offshore Southern Bonaparte Basin that encompass 232 graticular blocks and comprise approximately 18,950 km² in total. Those permits are WA-407-P, WA-420-P, WA-421-P, WA-440-P and WA-441-P and they are displayed in the Figure 7 *Location Map*. The Group's interests in these five permits are held and operated by the wholly-owned subsidiary, Goldsborough Energy Pty Ltd.

The Bonaparte Basin is located predominantly offshore of the north-western coast of Australia. Being highly prospective for exploration, the Basin already contains a number of very significant petroleum discoveries, including the Bayu/Undan, Caldita, Barossa, Petrel, Tern and Frigate fields.

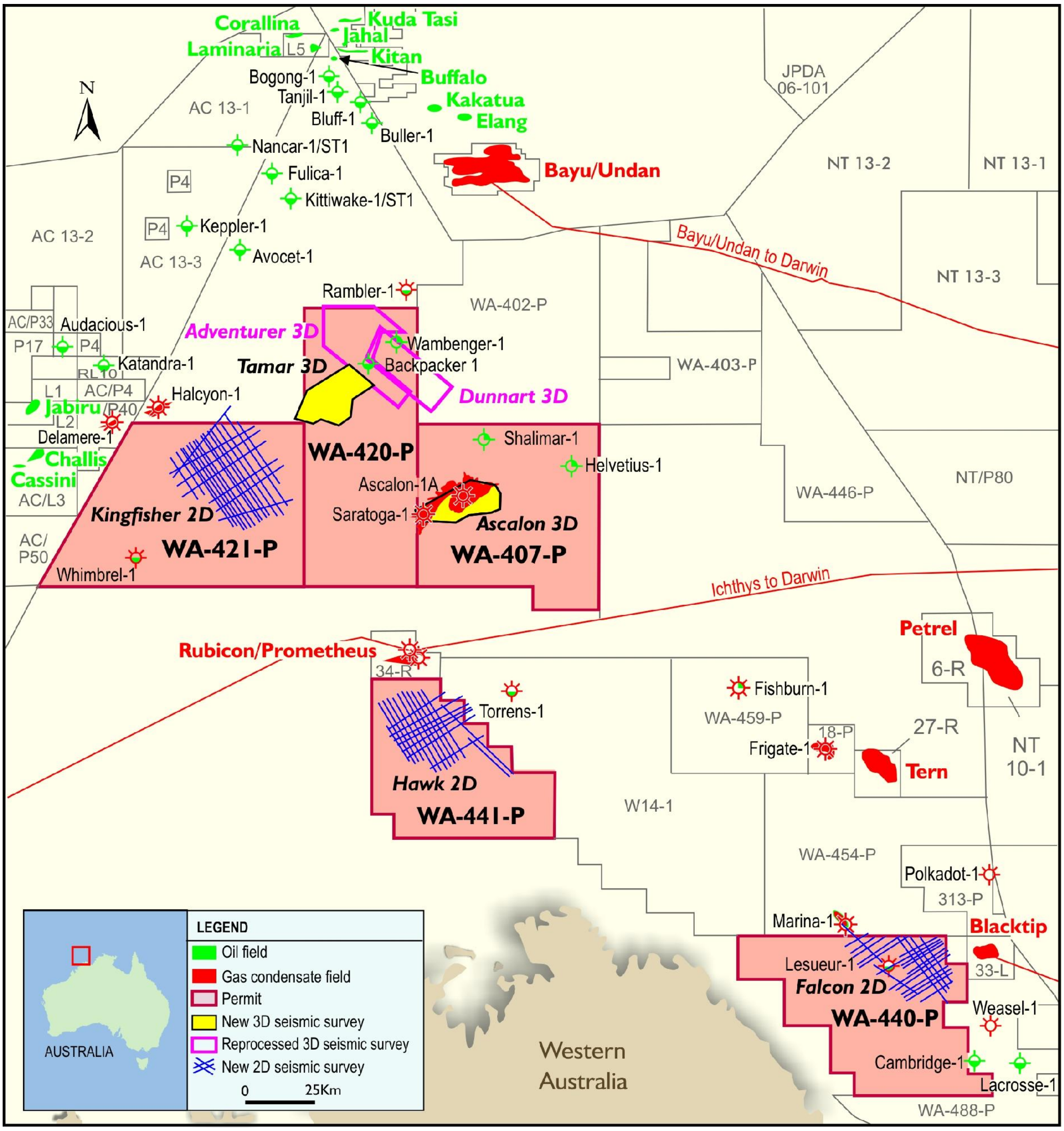


**Figure 7:** ***Location Map of Southern Bonaparte Basin Permits and Completed Seismic Surveys***

Between November 2011 and March 2012, the Octanex Group acquired new seismic surveys that fulfilled the Year 2 and Year 3 work programme commitments of their respective permits to acquire either new 2D or 3D seismic data. One survey is located within each of the five permits and they are detailed in the following sections, together with maps displaying the relevant 2D grids and 3D polygons of each survey – see the Figure 7 *Location Map of Completed Seismic Surveys*.

Having completed the interpretation and mapping of the new 2D and 3D surveys and reprocessed 3D data across the five Southern Bonaparte Basin permits during the quarter, the important results and outcomes from this work are:

- Multiple oil and gas plays across the permits have been defined;
- A significant number of leads and prospects have been identified on the new and reprocessed seismic database;

- The proven hydrocarbon migration pathways from the Sahul Syncline source kitchen are better understood; and

- The numerous oil and gas shows in wells drilled within the three adjacent permits (WA-407-P, WA-420-P and WA-421-P) and in their vicinity attest to the presence of a working petroleum system.

As a result of completing the interpretation and mapping work and related studies, a campaign to farm out the Octanex Group's Southern Bonaparte Basin permit interests was launched during the quarter.

**The Tamar Nose Oil Play**

An important feature investigated by the work undertaken in the Southern Bonaparte Basin permits relates to the Tamar Nose region within and adjacent to WA-420-P and WA-421-P. The Tamar Nose is a northeast/southwest trending structural high that plunges down into the Sahul Syncline source kitchen to the north. Structural extension in the Late Jurassic created the Sahul Syncline, while Late Jurassic to Early Cretaceous organic rich marine claystones in the Syncline, together with Middle Jurassic deltaic deposits, form the source kitchen.

The Sahul Syncline provides a natural potential focus for hydrocarbon migration into northern part of WA-420-P towards the southern Londonderry High and the northeast corner of WA-421-P – see the Figure 8 *Location Map of Postulated Migration Pathways*. This is supported by the discovery of oil in tight, distal shelf sandstones of the Sandpiper Sandstone Formation at the Rambler-1 well located to the immediate north of WA-420-P (see Figure 9).

A residual gas and oil column in good quality shallow marine sandstones was also encountered in the same play in the Backpacker-1 well (see Figure 8) located on the crest of the nose where fault seal breach is likely to have occurred.

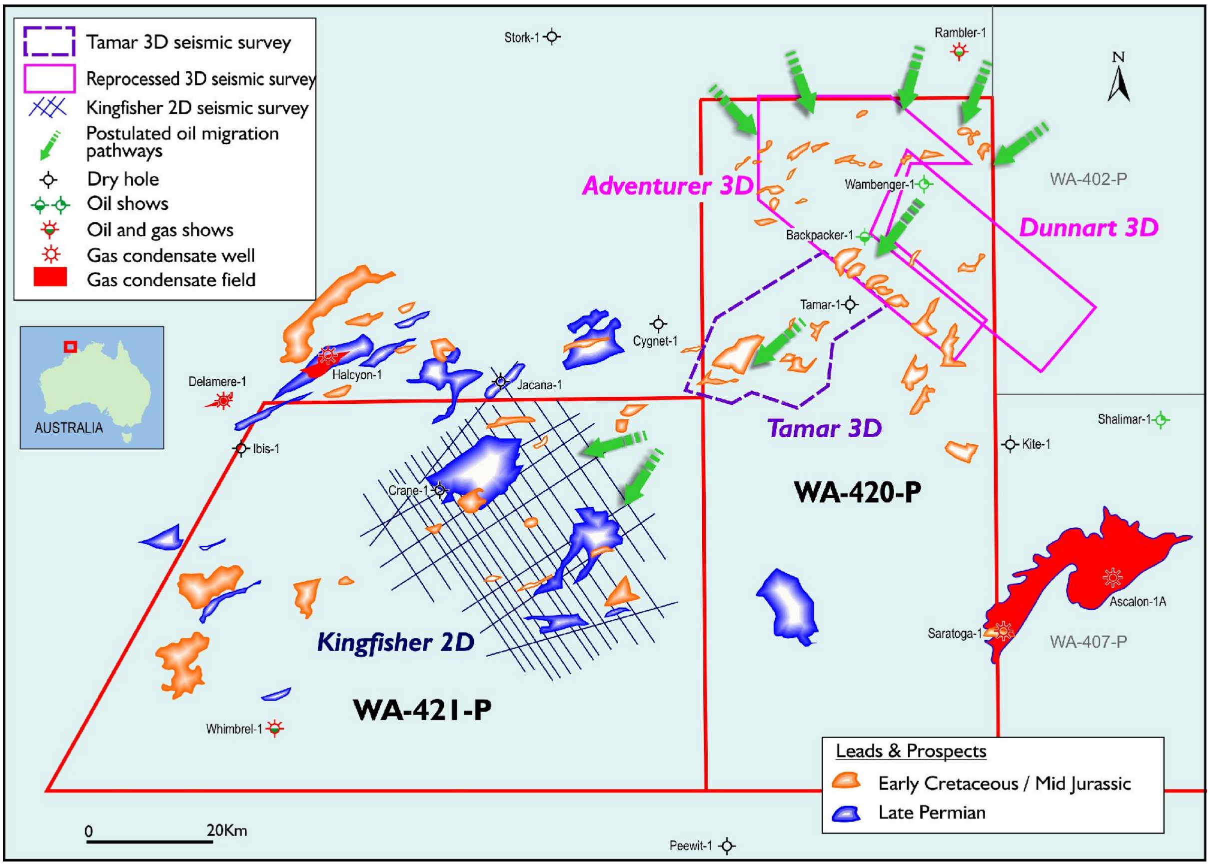


**Figure 8:** ***Location Map of Tamar 3D, Kingfisher 2D Seismic Surveys and Postulated Migration Pathways***

The new 501 km² Tamar 3D seismic survey was acquired within WA-420-P and is located on the Tamar Nose – see the Figure 8 *Location Map of the Tamar 3D Seismic Survey*.

Three of the four wells drilled on the Tamar Nose have oil shows, while the fourth well, Tamar-1 (see Figure 8), was not located on a valid trap. Interpretation and mapping of the Tamar 3D seismic, which has been co-reprocessed and merged with the vintage Adventurer and Dunnart 3D data (see Figure 8) and provides a combined 1725 km2 3D dataset, indicates the presence of a number of tilted fault block structures on the northwest flank of the Tamar Nose that are ideally located to receive a hydrocarbon charge.

More than 30 structural closures have been identified in the Early Cretaceous Sandpiper Sandstone Formation play, with the potential for stacked reservoirs both within this play and also the underlying Elang/Plover Formations sandstone play.

In the south of WA-420-P and north-eastern corner of WA-421-P, large structural closures have been identified within the late Permian Hyland Bay Subgroup play, similar to the nearby Ascalon-1A gas discovery in the WA-407-P permit (see Figure 8).

In WA-421-P in particular, interpretation and mapping of the new Kingfisher 2D seismic has identified fifteen structural closures in the Sandpiper Sandstone Formation play and eight structural closures in the Late Permian, Hyland Bay Subgroup (Tern and Cape Hay Formations) sandstone plays – see the Figure 8 *Location Map of the Kingfisher 2D Seismic Survey*. Whimbrel-1, the only well to have penetrated the Late Permian play in WA-421-P, encountered oil and gas shows.

During the quarter, a 12 month extension (to 12 November 2014) of the WA-420-P Year 5 work programme, in order to complete additional geotechnical studies, was granted. The work variation and extension of time will allow the amplitude, source rock maturity history and hydrocarbon charge studies, together with the play mapping and economic modelling, to be further developed and completed.

During the previous quarter, the WA-421-P permit was granted a variation of the Year 6 work programme, with seismic interpretation and geotechnical studies now required to be completed before the initial term of the permit ends on 12 November 2014.

**The Ascalon and Saratoga Gas Discovery**

Important features investigated through the work undertaken in the WA-407-P permit relates to the Ascalon and Saratoga gas discoveries, both discoveries being located in the western sector of WA-407-P – see the Figure 9 *Location Map*.

The new 426 km² Ascalon 3D seismic survey was acquired within WA-407-P, with the area of the survey located on a northeast structural trend between the Saratoga-1 and Ascalon-1A discovery wells (see the Figure 9).

The Ascalon 3D survey has enabled more precise mapping of the Early Cretaceous Sandpiper Sandstone Formation play and the deeper Late Permian, Hyland Bay Subgroup (Tern and Cape Hay Formations) sandstone plays of the Hyland Bay Formation.

Anticlinal and fault block traps have been identified in the Early Cretaceous Sandpiper Sandstone play, which is considered an oil play in the north (supported by oil shows in Shalimar-1 and Helvetius-1 – see Figure 9) and a gas play in the south, as proven by the Saratoga-1 gas discovery and several gas dim seismic anomalies. The gas dim seismic anomalies occur at the Saratoga-1 discovery, updip of the Ascalon-1A well location and in structural closures south of the Ascalon fault, which is believed to be the conduit for gas generated in Palaeozoic source rocks.

The presence of oil shows within the Sandpiper Sandstone play in the north of WA-407-P support an oil charge from Middle and Late Jurassic source rocks located within the Sahul Syncline source kitchen to the north. The Sandpiper Sandstone play comprises excellent quality Tithonian submarine fan and Berriasian shallow marine sandstones over the permit and the presence of intra formational seals provides the potential for stacked pay.

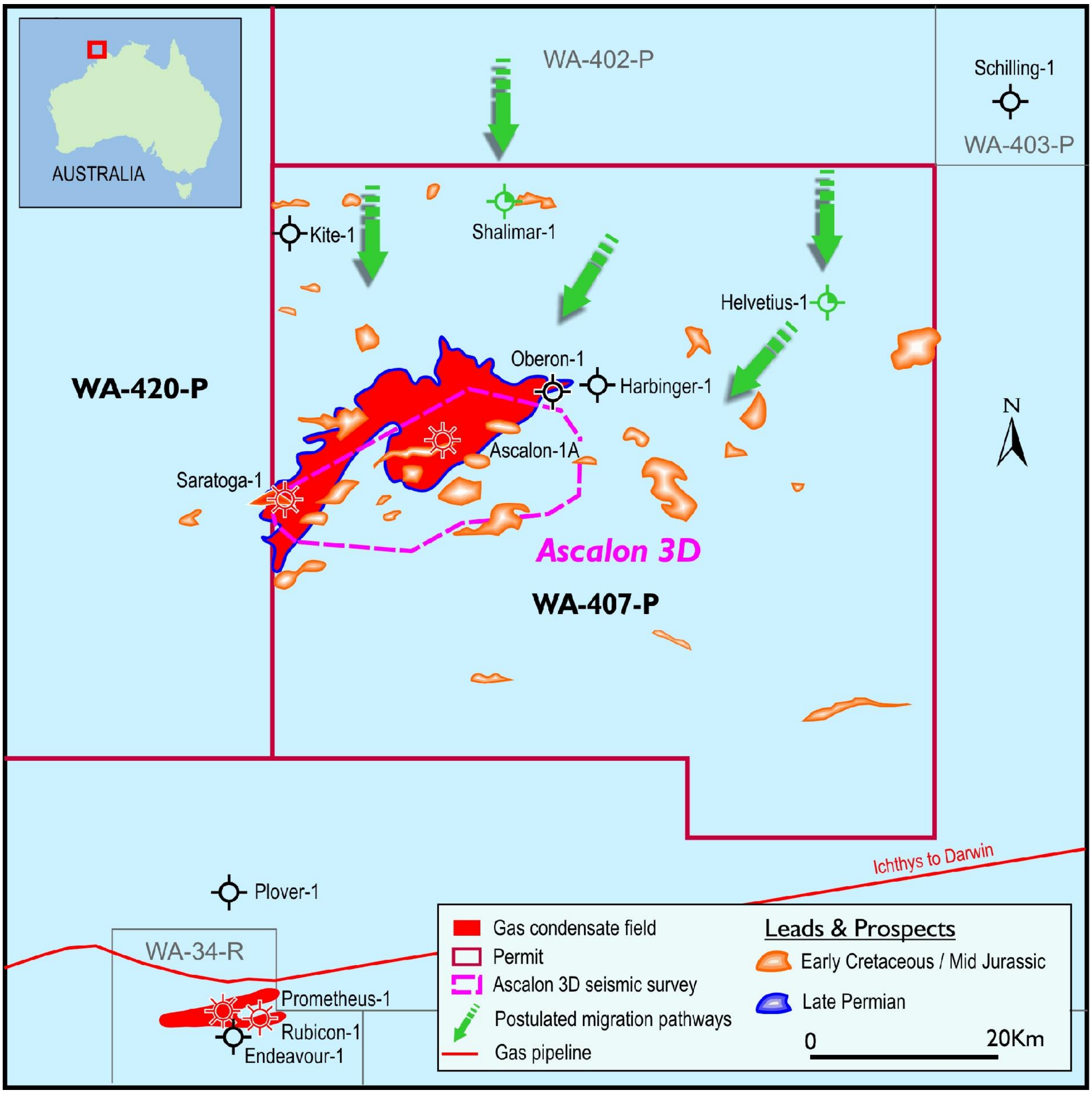


**Figure 9:** ***Location Map of the Ascalon 3D Seismic Survey and Postulated Migration Pathways***

The Ascalon-1A gas discovery by Mobil Exploration in 1995 is a gas appraisal and development opportunity. The Ascalon gas accumulation comprises a proven 146m gas column in the Late Permian sandstones of the Upper Cape Hay Formation of the Hyland Bay Subgroup, with 200m of closure remaining updip of the well location. The Ascalon trap is sealed by overlying Mt Goodwin Subgroup claystones and is delineated by the new Ascalon 3D seismic with a closure of 260 km2. Similar large structures have been identified in the southern WA-420-P and north-eastern corner of WA-421-P (see Figure 8).

The Ascalon gas accumulation is postulated to be charged from underlying Palaeozoic source rocks, with the Ascalon fault acting as a conduit. Only a lowest known gas at 4591mSS (4615mMDRT) was established in Ascalon-1A but this is consistent with the mapped spill point. Ascalon-1A DST-1, over the lower 46.5m of the Cape Hay Formation, flowed at a rate of 2.5MMCFPD. The Upper Tern Formation and the Upper Cape Hay Formation of the Hyland Bay Subgroup had the highest gas shows but were untested.

During the quarter, a 12 month extension (to 18 January 2015) of the WA-407-P Year 5 work programme, in order to complete additional geotechnical studies, was granted. The work variation and extension of time will allow the amplitude, source rock maturity history and hydrocarbon charge studies, together with the play mapping and economic modelling, to be further developed and completed.

**The Joseph Bonaparte Gulf Oil and Gas/Condensate Play**

The WA-440-P permit is strategically located immediately east of the Blacktip gas development and the Turtle/Barnett oil accumulations – see the Figure 10 *Location Map*. The Blacktip field has been developed by Eni and is the first such development in the Sub-basin.

The main area of interest in the permit is the trend between the Lesueur-1 and Cambridge-1 wells where oil shows were encountered (see Figure 10). The permit contains multiple oil and gas plays in the Late/Early Permian and Late Carboniferous of the Petrel Sub-basin; close to the Blacktip gas field and along strike with the Marina gas/condensate discovery (see Figure 10).

The new Falcon 2D seismic survey was acquired over leads in the north-eastern part of WA-440-P where interpretation of vintage 2D seismic data in the area of the survey had defined several structural leads (see Figure 10). Interpretation and mapping of the Falcon 2D seismic data has identified leads in rollover anticlines, salt diapirs and salt induced turtleback anticlines.

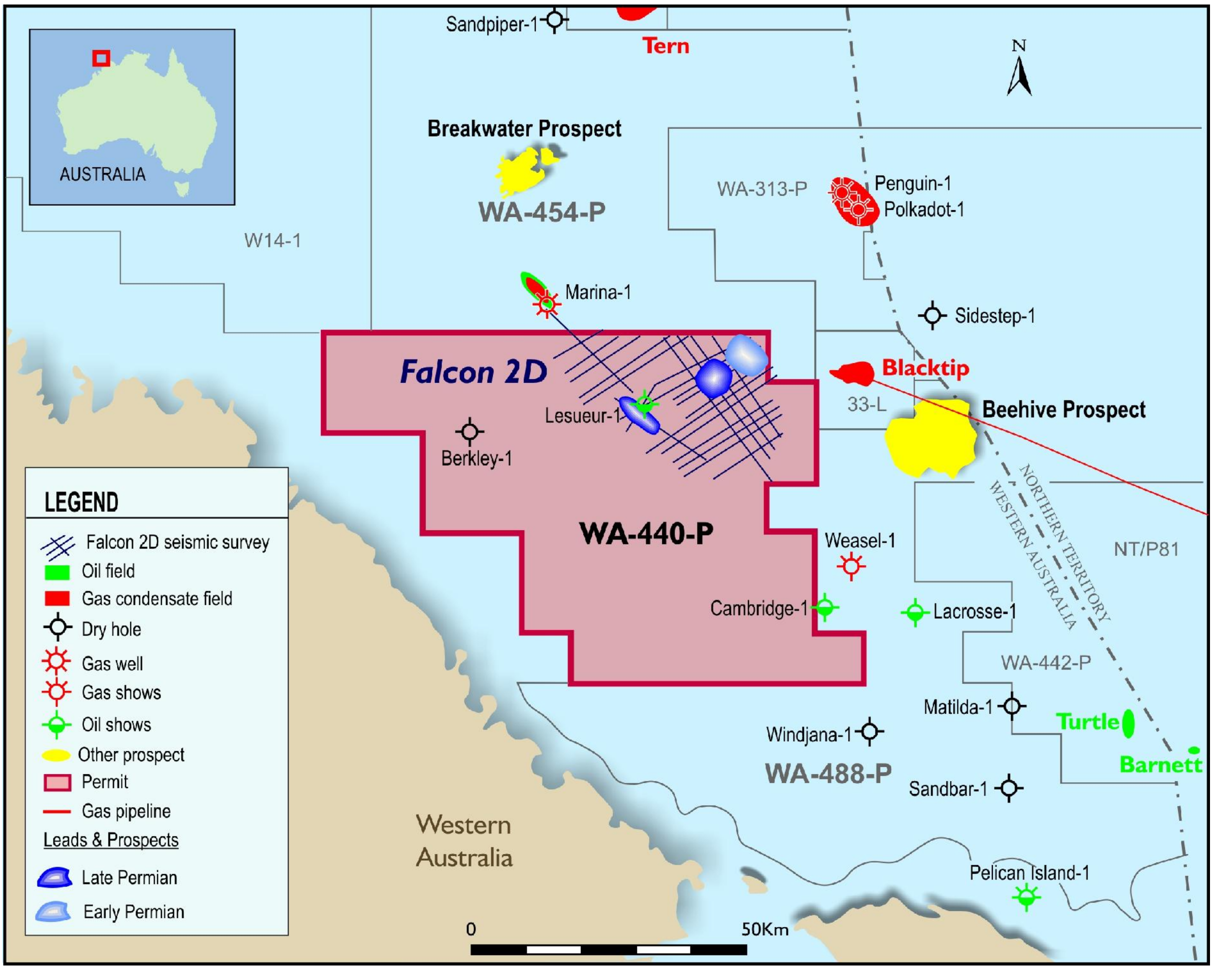


**Figure 10:** ***Location Map of the Falcon 2D Seismic Survey***

**The Hawk Shallow Oil Play**

The Hawk 2D seismic survey was acquired over leads in the north-western and central part of the WA-441-P permit – see the Figure 11 *Location Map*.

Interpretation of vintage 2D seismic data in the area of the survey indicated the presence of Early Permian, Keyling Formation sandstone targets draped over basement topography and within tilted fault blocks. The Hawk survey was designed to identify whether these leads may form closed traps.

Interpretation of the Hawk 2D seismic data has been completed, as has the depth mapping work and related studies.

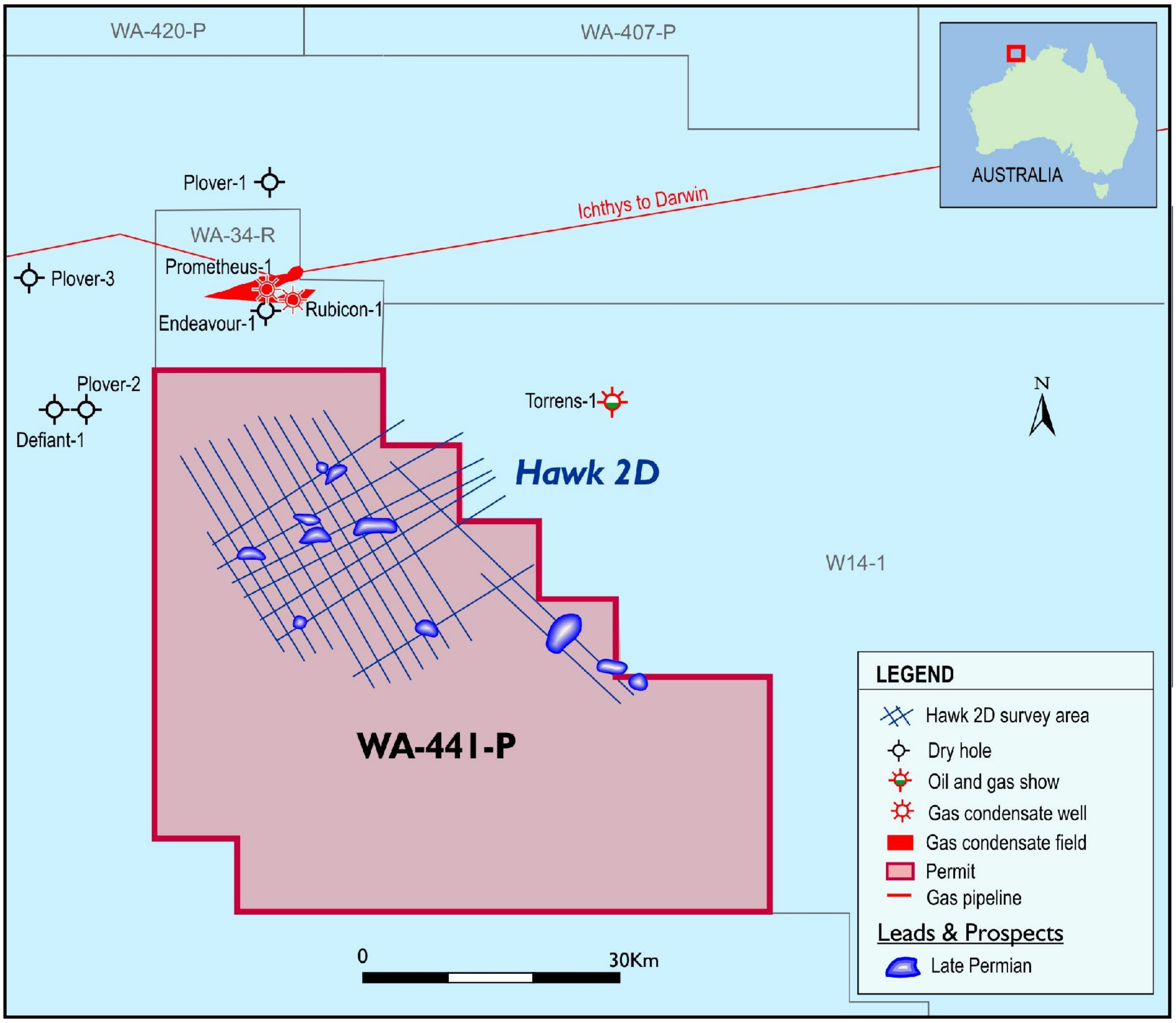


**Figure 11:** ***Location Map of the Hawk 2D Seismic Survey***

**WA-422-P – Londonderry High**

During the quarter, the Stirling Joint Venture was granted a seven month extension (to 12 June 2014) of the Year 5 work programme of WA-422-P. During the period of the work programme extension, the Joint Venture completed its assessment of the prospectivity in the permit. This work indicated the prospectivity was not sufficient to support a commitment to the Year 6 work programme; which is to drill an exploration well. Consequently, the decision was made to surrender the permit at the end of Year 5. The surrender was formalized by the Regulatory Authorities on 10 July 2014.

**Taranaki Basin Interests**

As displayed in the Figure 12 *Location Map*, the Octanex Group holds varying interests in five petroleum exploration permits in the offshore Taranaki Basin of New Zealand; namely PEP 51906, PEP 52593, PEP 53473, PEP 53537 and PEP 55790.

The interests in the offshore Taranaki Basin cover approximately 7,640 km² and are all held by Octanex's wholly-owned subsidiary, Octanex NZ Limited.

The Octanex Group has built a substantial exploration position in New Zealand's premier oil and gas producing basin, with all of the New Zealand permit interests held being both strategically located and prospective for the discovery of hydrocarbons. The offshore Taranaki Basin of New Zealand is a region of renewed exploration activity that has involved several international oil companies, including new entrants awarded permits in the 2013 block offer.

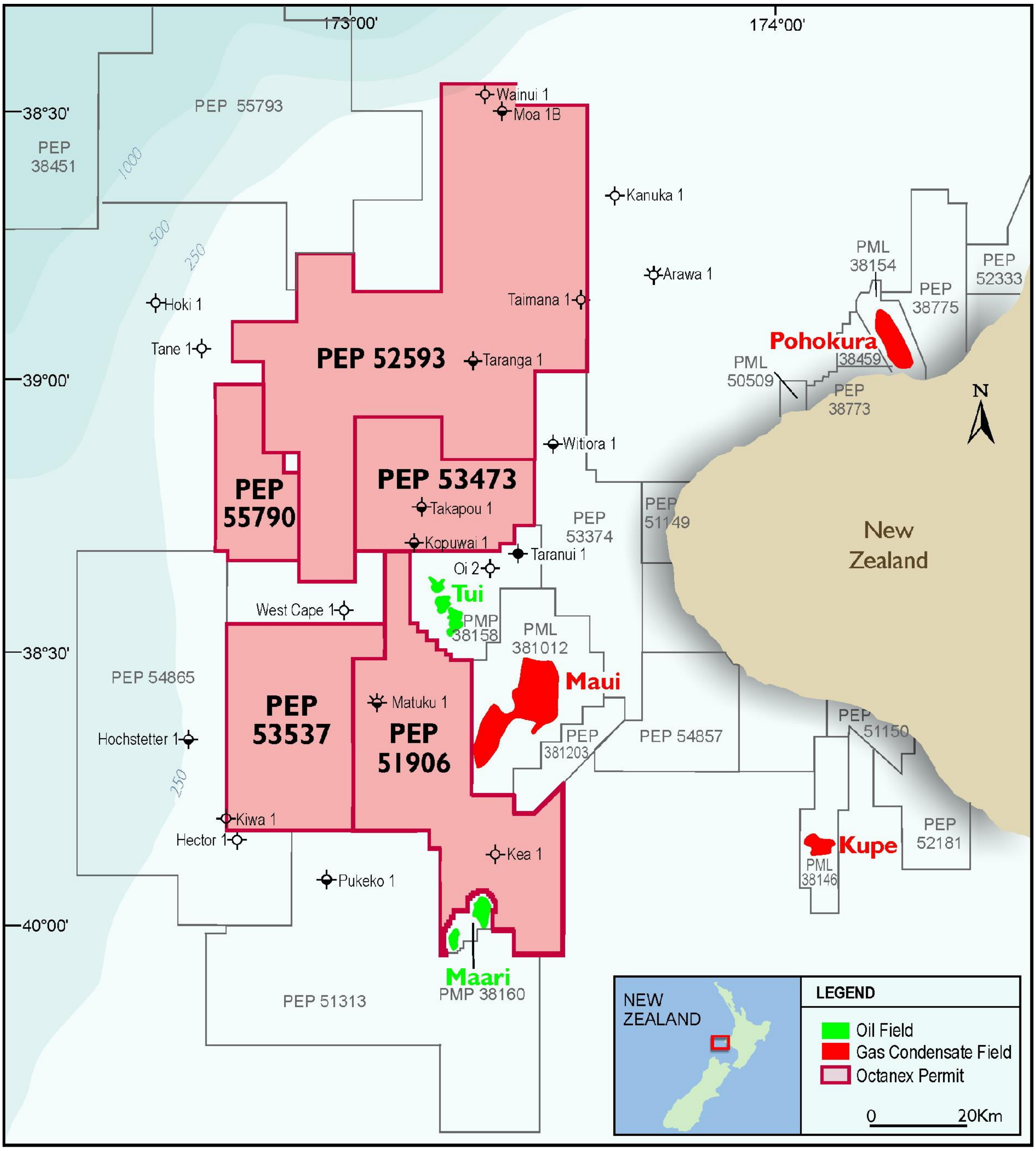


**Figure 12:** ***Location Map of the Taranaki Basin Permits***

**PEP 51906 – Taranaki Basin**

The PEP 51906 Joint Venture consists of:

| | |
|---|---|
| OMV New Zealand Limited (**OMV**) | 65.0% and Operator |
| Octanex Group | 22.5% |
| New Zealand Oil & Gas Limited (**NZOG**)<br>***(ASX Code: NZO)*** | 12.5% |

The PEP 51906 permit covers an area of 1,613 km² and is adjacent to three producing fields; the Maui gas/condensate field to the east (which has been in production since 1979), the Tui oil field to the northeast (which has been producing since 2008) and the Maari/Manaia fields to the south (which commenced production in 2009) – see the Figure 13 *PEP 51906 Location Map*.

Since being granted the permit in November 2009, Octanex has farmed out a 65% interest to OMV in March 2011, with OMV also taking Operatorship, and sold a 12.5% interest to NZOG in November 2012 for US$12,500,000.

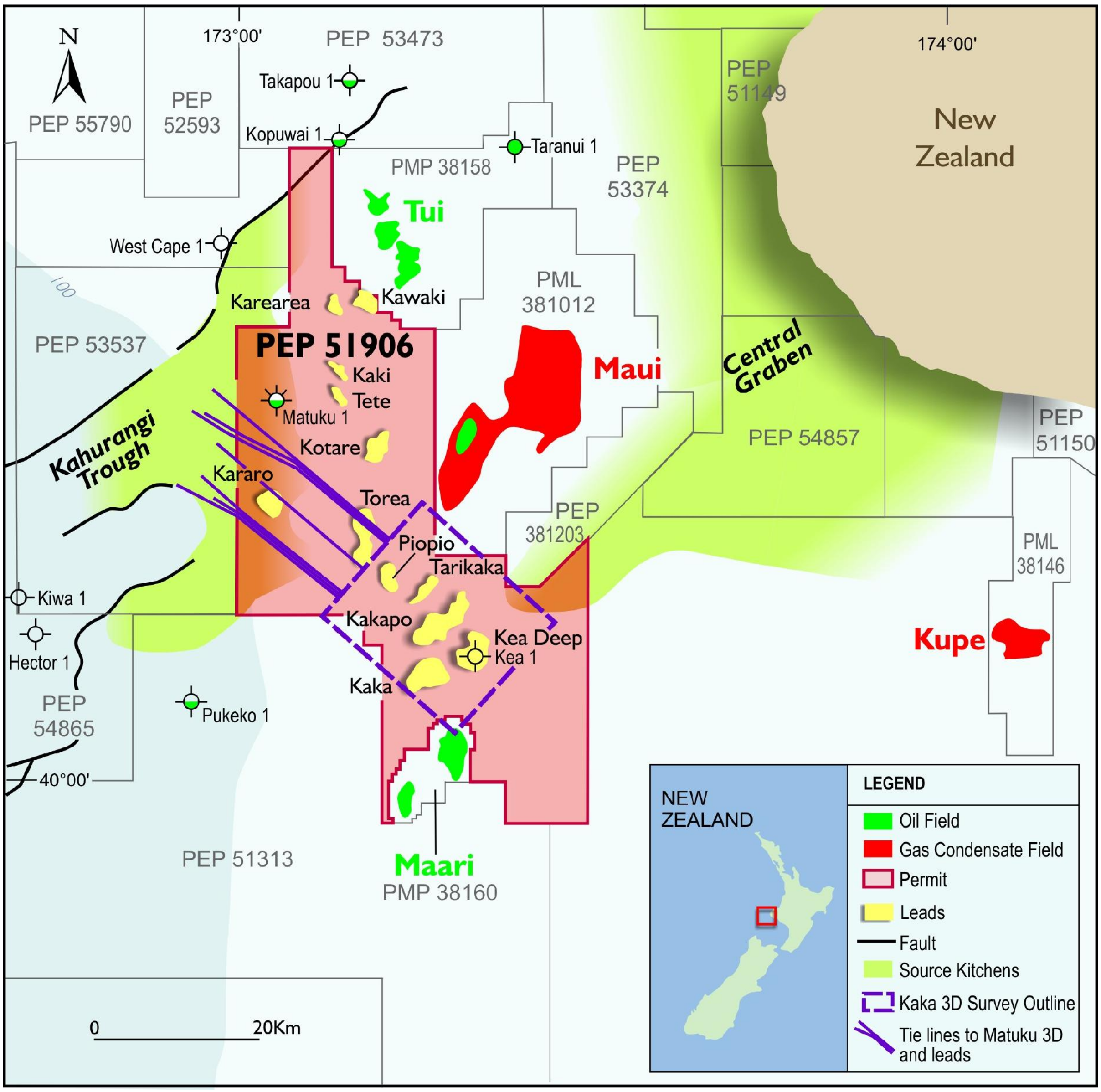


**Figure 13:** ***PEP 51906, Matuku-1 and Kaka 3D Survey Location Map***

The terms of the farmin agreement with OMV required that company to meet all of the cost of a new 3D seismic survey and the first well drilled in the permit. OMV acquired a new 3D seismic survey over the Matuku structure in Q3 2011 (see the Figure 14 *3D Seismic Surveys Location Map* in the following section) and drilled the Matuku-1 exploration well.

Matuku-1 was spudded on 30 November 2013 and plugged and abandoned as a dry hole, with oil and gas shows, on 3 February 2014 – see the Figure 13 *Matuku-1 Location Map*. The well was drilled as a vertical well by the Kan Tan IV semi-submersible rig in water depths of approximately 130m and to a total depth of 4,846m MDRT. The well did encounter sandstones in the primary and secondary targets (Kapuni Group F-sands and North Cape Formation) as expected. These contained oil shows but did not confirm the presence of commercial quantities of hydrocarbons.

A large amount of logging and drilling data was gathered from Matuku-1 which is being utilised to update geological models of the area. This work has continued during the quarter and will help better predict where hydrocarbons may have been generated and trapped.

During the previous quarter, the Kaka seismic survey acquired 403.8 km² of new 3D data from within and adjacent to PEP 51906 – see the Figure 13 *Kaka 3D Survey Location Map*. The survey area is situated on a north-east structural trend between the Maui oil and gas field and the Maari and Manaia oil fields (see Figure 13). The objective of the survey is to enable more precise mapping of identified leads in prospective oil plays of the Palaeocene Farewell Formation and Eocene Mangahewa Formation.

Additional to the new 3D data acquired within the Kaka polygon, a further 67.4 km² of 3D tie lines were acquired as part of the overall survey (see Figure 13). The more northerly swath extends the survey to both tie the new data to the Matuku 3D survey acquired in 2011 and provide continuous data over the Kahurangi Trough depocentre. The central and southerly swaths acquired new data over the Torea and Kararo Leads.

These swaths will also facilitate the tie of the new data and the Matuku-1 well information to the vintage Hector 3D survey that was previously acquired in the adjoining PEP 53537 permit – see the Figure 14 *3D Seismic Surveys Location Map*.

The Kaka seismic survey was shot by the vessel *"Polarcus Alima"* using an array of 10 cables, with each cable being eight kilometres long and spaced 100 metres apart. The new data acquired by the Kaka 3D seismic survey is being processed by DownUnder GeoSolutions at their Brisbane processing centre.

This new 3D seismic survey and swath lines completed and significantly exceeds the Year 5 seismic work obligation of PEP 51906; being to acquire a minimum of 310 km² of new 3D data. The further Year 5 work obligation, to drill one exploration well, was fulfilled by the Matuku-1 well.

**PEP 53537 – Taranaki Basin**

The PEP 53537 Joint Venture consists of:

| | |
|---|---|
| OMV New Zealand Limited | 65% and Operator |
| Octanex Group | 35% |

The PEP 53537 permit adjoins the western boundary of PEP 51906 – see the Figure 14 *PEP 53537 Location Map*. It covers an area of 1,146 km² and has an extensive grid of 2D seismic data of various vintages covering the southern, western and north-eastern sections of the permit area.

Based on previous successful drilling results in areas close to PEP 53537, the Kapuni Group plays are seen to be the most prospective for the permit, although possible targets in the Moki Formation are also being analysed.

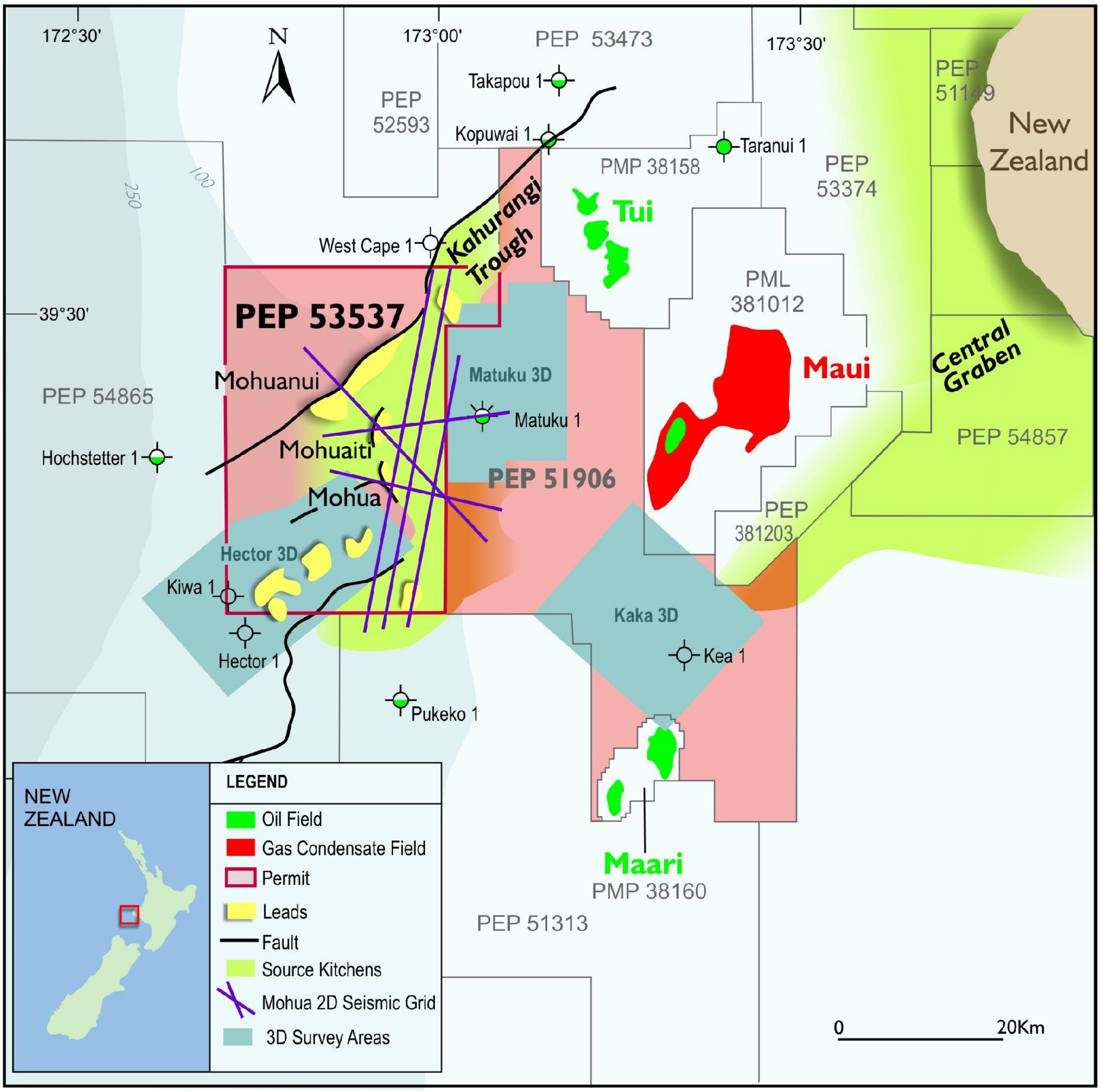


**Figure 14:** ***PEP 53537, Mohua 2D Grid and 3D Seismic Surveys Location Map***

In conjunction with the Matuku 3D seismic survey acquired in Q3 2011 (in both PEP 53537 and PEP 51906), the seismic vessel carried out the 2D seismic survey in PEP 53537 required under that permit's work programme. Detailed interpretation and mapping of the new 2D and 3D data was completed in conjunction with the work programme requirement to reprocess 400 km of existing data.

In Q2 2013, the regulatory authority granted a variation to the work programme that provided the PEP 53537 Joint Venture with a 12 month deferral of the well commitment decision; which is now due by 4 July 2015. The work variation required the Joint Venture to acquire either a new 200 km 2D or 100 km² 3D seismic survey during Year 3. This requirement was satisfied in April 2014 by the Mohua seismic survey that acquired 203.65 km of new 2D data from within and adjacent to PEP 53537 – see the Figure 14 *Mohua 2D Grid Location Map*.

The Mohua survey is designed to define leads and prospects in the vicinity of the Kahurangi Trough, with the survey grid acquiring new 2D data over the main leads in the Permit, Mohua, Mohuaiti and Mohuanui (see Figure 14). It also provides ties lines to the recently drilled Matuku-1 well and the Hector and Matuku 3D seismic surveys previously acquired in PEP 53537 and PEP 51906 respectively (see Figure 14).

The Mohua seismic survey was shot by the vessel *"Aquila Explorer"* using an eight kilometre streamer.

As noted in the previous section, the Kaka seismic survey acquired a number of 3D tie lines that extended into the area of PEP 53537 (see Figure 13). These swaths will also facilitate the tie of the new data and the Matuku-1 well information to the vintage Hector 3D survey.

**PEP 52593 – Taranaki Basin**

The PEP 52593 Joint Venture consists of:

| | |
|---|---|
| New Zealand Oil & Gas Limited | 50% and Operator |
| Octanex Group | 50% |

The PEP 52593 permit covers an area of over 3,500 km² and is located in the offshore Taranaki Basin, north of PEP 51906 and adjoining the boundaries of both PEP 53537 and PEP 55790 – see the Figure 12 *Location Map*.

In Q4 2012, the Octanex Group and NZOG entered into a farmin agreement relating to PEP 52593 under which the Group agreed to assign a 50% interest in the permit to NZOG in consideration of NZOG agreeing to fund 60% of all ongoing exploration costs, until such time as the permit is either surrendered or a commitment is made to drill a well in the permit. NZOG also became the Operator of the permit and the PEP 52593 Joint Venture.

Leads had previously been identified within PEP 52593 and studies, including seismic inversion work and basin modelling, are on-going in relation to them – see the Figure 15 *PEP 52593 Leads Map*.

Interpretation and mapping of reprocessed and other vintage seismic data in the permit led to a Joint Venture decision to acquire a new 3D seismic survey over the Karoro Lead. The Karoro 3D seismic survey was shot by the *"Western Monarch"* in Q2 2012, with approximately 294 km² of new 3D data acquired. A single tie line, from the Karoro area across the Tane-1 well, was also acquired as part of the survey to strengthen the ability to establish continuity of the target reservoir unit – see Figure 15 for the *Karoro 3D Polygon* and the tie line.

The main focus of the Karoro 3D seismic survey was the attractive Karoro lead, a compressional anticline situated updip and immediately adjacent to the Tane Trough hydrocarbon source kitchen and located entirely within the northwest part of the permit – see Figure 15. The target reservoir for the Karoro lead are Late Cretaceous sandstones of the North Cape Formation which are well developed with good porosity and permeability in the nearest well, Tane-1, situated to the east.

The new 3D seismic data has been used to map the structural closure at the top reservoir of the North Cape Formation and to evaluate its reservoir properties. The interpretation and mapping work completed during the previous quarter has successfully fulfilled its aim of elevating the Kararo lead to prospect status.

Completion of the seismic inversion work, basin modelling and related studies are fundamental to the Joint Venture reaching a conclusion on the drillable status of the Kararo prospect. To that end, the Joint Venture has sought a six month extension of the 30 September 2014 'drill or surrender' decision date – the outcome of that application is pending.

The farmout campaign for both PEP 52593 and PEP 53473 continues and discussions are ongoing with interested parties.

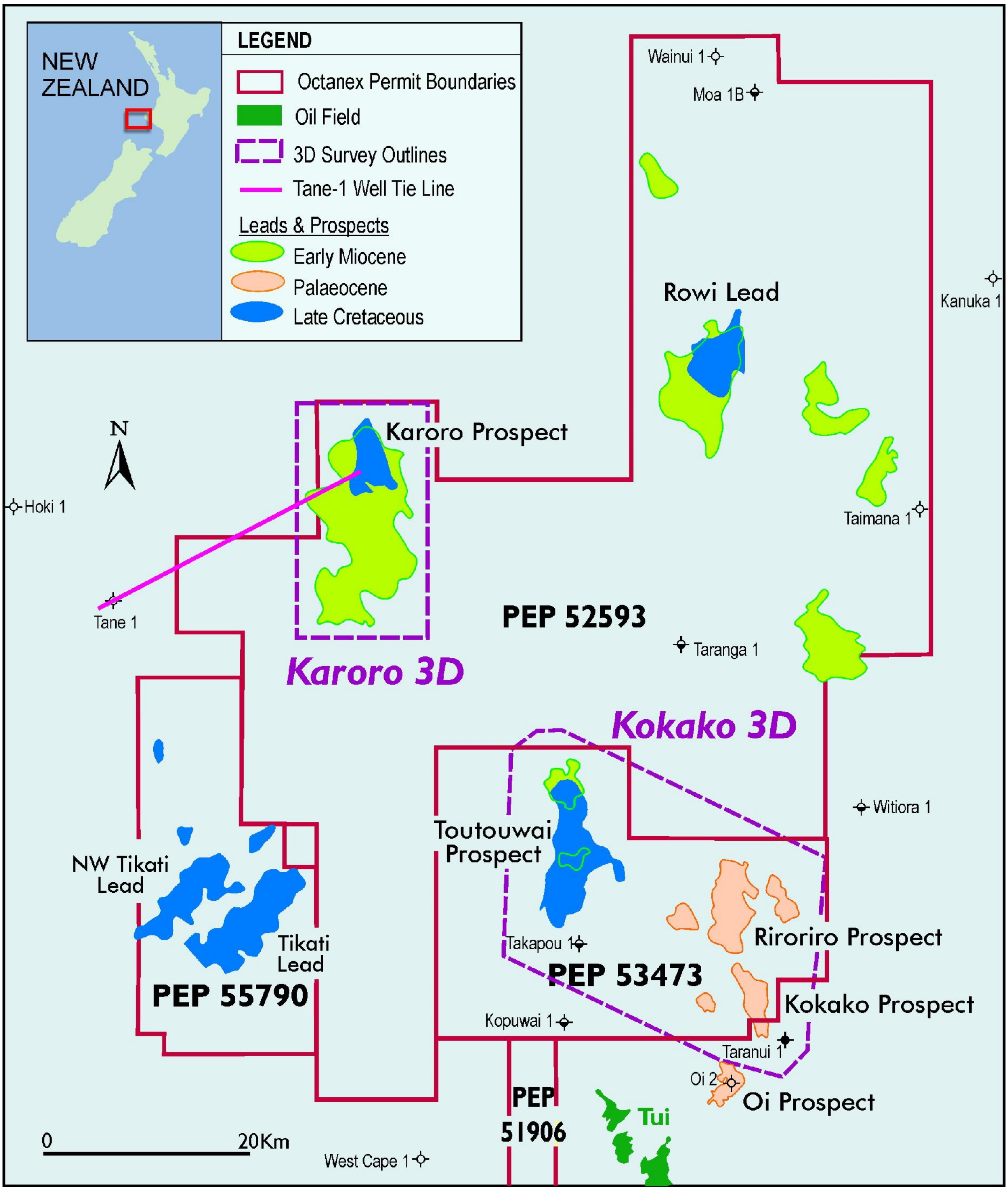


**Figure 15:** ***PEP 52593, PEP 53473 & PEP 55790 Leads and Prospects and Karoro and Kokako 3D Polygons***

**PEP 53473 – Taranaki Basin**

The PEP 53473 Joint Venture consists of:

| | |
|---|---|
| New Zealand Oil & Gas Limited | 50% and Operator |
| Octanex Group | 50% |

The PEP 53473 permit covers an area of 853 km² and is located in the offshore Taranaki Basin, lying between the PEP 51906 and PEP 52593 permits and immediately adjacent to the north of the Tui oil field – see the Figure 12 *Location Map*.

There have been two wells drilled within the permit area, Takapou-1 and Kopuwai-1, both of which encountered oil shows (see Figure 15).

In Q4 2012, the Octanex Group and NZOG entered into a farmin agreement relating to PEP 53473 under which the Group agreed to assign a 50% interest in the permit to NZOG in consideration of NZOG agreeing to fund 75% of all ongoing exploration costs, until such time as the permit is either surrendered or a commitment is made to drill a well in the permit. NZOG also became the Operator of the permit and the PEP 53473 Joint Venture.

The *"Western Monarch"* shot the new 595 km² Kokako 3D seismic survey in April 2013 – see Figure 15 for the *Kokako 3D Polygon*. The main focus of the Kokako 3D seismic survey was three attractive leads within the permit. The three leads fall entirely within the area of the survey. The first lead, Kokako, is located in the southeast corner of the permit while the second, Riroriro, is in the northeast corner. The third lead, Toutouwai, is located more centrally and in the north of the permit (see Figure 16).

The Kokako 3D seismic survey was acquired to enable the on-going geotechnical studies, including seismic inversion work and basin modelling, to potentially elevate the leads to prospect status.

The Kokako 3D survey data has enabled the determination of a robust depth closure at Kokako within the prospective Palaeocene Farewell Formation (F Sand) reservoir of the Kapuni Group. The Kokako lead is interpreted to be located updip from the Taranui-1 well (located outside of the permit – see Figure 15) which sampled oil in the overlying Kaimiro Formation (D Sand) and had oil shows in the Farewell Formation (F Sand).

The Riroriro lead is located to the north of the Kokako lead where the Farewell Formation (F Sand) reservoir is the main target. The Kokako 3D seismic data has been used to delineate closures over the sparsely surveyed Riroriro lead and in determining whether the Farewell Formation (F Sand) reservoir is prospective.

The Toutuowai lead, located to the north of the Takapou-1 well (see Figure 15), possesses a good structural closure at the top of the North Cape Formation, sandstones of which are the target reservoir for this lead. The new 3D seismic data is being used to evaluate the reservoir properties of the North Cape Formation in the Toutuowai lead.

The interpretation and mapping work completed for all three leads during the quarter successfully fulfilled its aim of elevating the Kokako, Riroriro leads to prospect status.

As with PEP 52593, completion of the seismic inversion work, basin modelling and related studies are fundamental to the Joint Venture reaching a conclusion on the drillable status of the Kokako, Riroriro and Toutouwai prospects. With that end in mind, the Joint Venture has also sought a six month extension of the 19 September 2014 'drill or surrender' decision date of PEP 53473 – the outcome of that application is also pending.

As noted in the previous section, the farmout campaign for both PEP 53473 and PEP 52593 continues and discussions are ongoing with interested parties.

**PEP 55790 – Taranaki Basin**

The term of the newly awarded PEP 55790 permit commenced on 1 April 2014. The permit was awarded 100% to Octanex NZ Limited as a result of a successful bid for the acreage in the New Zealand 2013 Block Offer. PEP 55790 covers an area of approximately 518 km² and it is located adjacent to the Octanex Group's existing offshore Taranaki Basin permits – see Figure 12. The permit offers similar prospectivity to the Octanex Group's other Taranaki Basin interests and is a strategic fit with the Group's exploration activities and its portfolio of interests.

Under the terms of the permit, Octanex must reprocess, interpret and map a minimum of 2100 km of existing 2D seismic data from within and immediately adjacent to the permit and carry out various geotechnical studies. This work is to be completed within 24 months of the permit commencement date. In completing these work requirements, the Company will carry out extensive reprocessing of the vintage 2D seismic data acquired by earlier operators of the permit and surrounding area.

Following the reprocessing and studies, Octanex can either surrender the permit or commit to acquire and process a minimum of 300 km² of new 3D seismic data. The Company will then need to commence interpretation of the new 3D seismic data within 48 months of the commencement date. There has been no modern 3D seismic data acquired within the permit area to date. Should Octanex carry out the new 3D seismic survey and complete the interpretation and mapping of the new data it must then, within 60 months of the commencement date, have either farmed out the permit to a party able to commit to drill a well within PEP 55790 or surrender the permit.

No wells have been drilled within the area of PEP 55790 but several wells have been drilled in the area surrounding the permit. Those wells provide useful reference and interpretation tie points for the evaluation of the seismic database for the determination of structure, reservoir distribution and quality, seal capacity, source rock maturity and likely charge routes.

Several anticlinal closures have been identified on the existing 2D seismic database within the area of PEP 55790. These formed during the closing stage of the Late Cretaceous in response to strike slip fault movement reactivation of earlier Cretaceous rift related faults. Two of these closures, Tikati and NW Tikati, are of particular interest – see Figure 15 for the *PEP 55790 Leads Location Map*.

Shallow marine sandstones in the Lower North Cape Formation, penetrated in the nearby Tane-1 and Hoki-1 wells (see Figure 15) where they possess excellent porosity and permeability, are the primary reservoir target in PEP 55790. The deposition of these sandstones was concomitant with the formation of the anticlines and, although they thin over the crest of the structure, they are expected to be present on the flanks and as clean winnowed sandstones on the crest.

Top seal to the North Cape Formation sandstone play is provided by transgressive marine claystones of the Upper North Cape Formation, as well as the overlying distal offshore siltstones and claystones of the Tane Member and Turi Formation.

PEP 55790 is situated adjacent to the Late Cretaceous Tane Trough rift which contains coal measures belonging to the Wainui Member and Rakopi Formation of the Pakawau Group. These deposits are proven source rocks for oil and gas generation in the Taranaki Basin and the permit lies on a potential oil migration pathway from the Tane Trough.

## Canning Basin Farmin Interest

In January 2013, Octanex announced it had agreed to acquire a 25% participating interest from Oil Basins Limited (**OBL**) in a permit to be issued in respect of the Western Australia petroleum exploration permit application area 5/07-8 EP (**Derby Block**). During the previous quarter, the Company announced the petroleum exploration permit EP 487 had been granted to OBL and Back Reef Oil Limited (**Backreef**) by the Department of Primary Industry of the State of Western Australia. The permit was granted in equal 50% participating interests to OBL and Backreef.

The Derby Block comprises an area of approximately 5,063 km² located in the onshore Canning Basin, mainly south and east of Derby township – see the Figure 16 *EP 487 Location Map*.

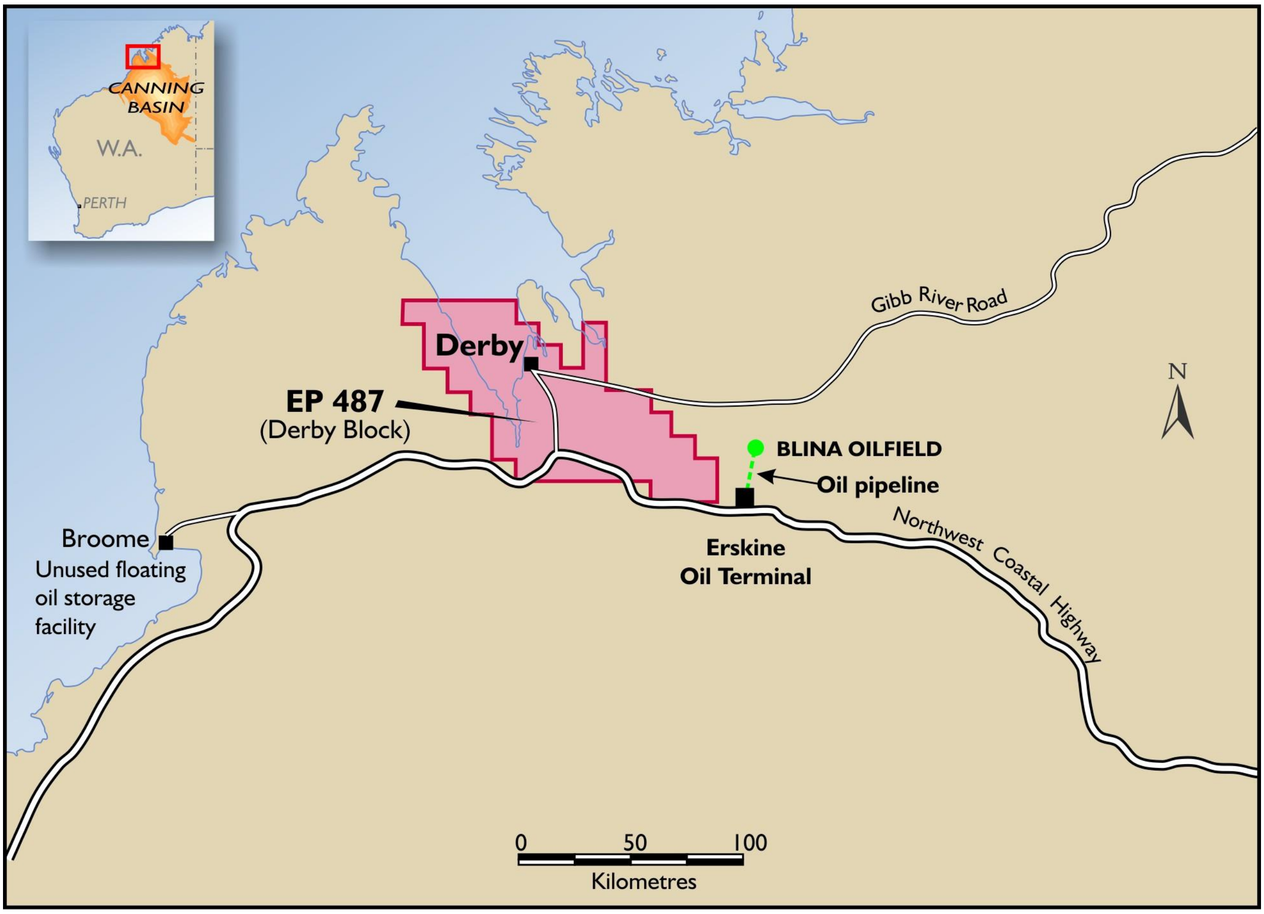


**Figure 16:** ***EP 487 Derby Block Location Map***

The price for the 25% interest is A$1.75 million, payable to OBL after all conditions precedent to the acquisition have been satisfied or waived. The remaining primary conditions precedent relate to:

- approval and registration of the Purchase Agreement between the Company and OBL as a dealing under the *Petroleum and Geothermal Energy Resources Act 1967* of Western Australia *(the Purchase Agreement has been lodged for approval and its registration will provide Octanex with enforceable rights in relation to EP 487)*;

- execution and registration of a transfer of the 25% participating interest in EP 487 into Octanex's name *(a transfer has been executed and lodged for registration)*; and

- finalisation and registration of a Joint Venture Operating Agreement by the EP 487 permit holders and their proposing transferees and assignees.

The 25% interest in EP 487 will be the first onshore acquisition made by the Octanex Group. The acquisition was motivated by the Company's perception that the Derby Block is potentially prospective for unconventional oil and gas from shales, as well as gas from coal seams, and there is particular attraction in the potential of the shale formation known as the Laurel Formation. In addition, there are a number of other formations which have potential for the discovery of conventional and unconventional hydrocarbons.

## CORPORATE MATTERS

### Peak Implementation Agreement for Merger Scheme

During the quarter, Octanex N.L. executed an Implementation Agreement with Peak Oil and Gas Limited (**Peak**) as an initial step in the proposed Scheme of Arrangement (**Scheme**) to be undertaken by Peak, whereby it is proposed Peak merge into Octanex. Simultaneously, Octanex entered into a loan agreement, with associated security documentation, enabling Peak to meet an agreed budget until the end of the 2014 calendar year. The loan will enable Peak to complete the South Block A seismic programme in North Sumatra and to fund the initial costs of preparation for an oil-target well.

The proposed Scheme consideration is the issue of 1 Octanex share for every 24 Peak shares if the Scheme is approved by shareholders and ratified by the Supreme Court. In an addition to the Scheme consideration, a bonus consideration will be payable by Octanex (equal to a further 1 Octanex share for every 24 Peak Shares) in relation to Peak's interest in the Cadlao project in the Philippines, which has been the subject of dispute for some time. If the dispute can be satisfactorily resolved, the bonus consideration will be the additional 1 Octanex share for 24 Peak shares.

The basic Scheme consideration is subject to the usual corporate conditions precedent, as well as conditions precedent that mostly relate to title to, and standing of, Peak's interest in the South Block A project in North Sumatra.

Peak's main interests are in the South Block A exploration permit and the Cadlao redevelopment project in the Philippines.

Subsequent to the end of the quarter, Peak announced a conditional settlement in relation to the Cadlao project dispute. If the settlement is concluded, Peak will receive a cash payment of approximately $6.7 million that will enable Peak to repay Octanex an amount of approximately $1.1 million advanced under the loan agreement.

### On Market Share Buy-back

During the quarter, on 1 April 2014, Octanex announced an on market share buy-back for up to 7,500,000 of the Company's fully paid ordinary shares. The buy-back was launched to exercise effective capital management for the benefit of Octanex shareholders and will run for a period 12 months. By the end of the quarter, a total of 4,500 shares had been acquired for a total consideration of $562.50.

**By Order of the Board**

**J G Tuohy**
Company Secretary

30 July 2014

*Rule 5.5*

# Appendix 5B

## Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10, 17/12/10, 01/05/2013

Name of entity

**OCTANEX N.L.**

| ABN | Quarter ended ("current quarter") |
|---|---|
| 61 005 632 315 | 30 June 2014 |

### Consolidated statement of cash flows

| | Cash flows related to operating activities | Current quarter $A'000 | Year to date (12 months) $A'000 |
|---|---|---|---|
| 1.1 | Receipts from product sale and related debtors | | |
| 1.2 | Payments for (a) exploration and evaluation | (709) | (7,818) |
| | (b) development | | |
| | (c) production | | |
| | (d) administration | (838) | (2,763) |
| 1.3 | Dividends received | | |
| 1.4 | Interest and other items of a similar nature received | 71 | 350 |
| 1.5 | Interest and other costs of finance paid | | |
| 1.6 | Income taxes paid | | |
| 1.7 | Other including permit sale proceeds | 14 | 10,369 |
| | **Net Operating Cash Flows** | (1,462) | 138 |
| | **Cash flows related to investing activities** | | |
| 1.8 | Payment for purchases of: (a)prospects | | |
| | (b)equity investments | (590) | (2,015) |
| | (c) other fixed assets | | |
| 1.9 | Proceeds from sale of: (a)prospects | | |
| | (b)equity investments | | |
| | (c)other fixed assets | | |
| 1.10 | Loans to other entities | (945) | (945) |
| 1.11 | Loans repaid by other entities | | |
| 1.12 | Other | | |
| | **Net investing cash flows** | (1,535) | (2,960) |
| 1.13 | Total operating and investing cash flows (carried forward) | (2,997) | (2,822) |

+ See chapter 19 for defined terms.

| | | | |
|---|---|---|---|
| 1.13 | Total operating and investing cash flows (brought forward) | (2,997) | (2,822) |
| | **Cash flows related to financing activities** | | |
| 1.14 | Proceeds from issues of shares, options, etc. | | |
| 1.15 | Proceeds from sale of forfeited shares | | |
| 1.16 | Proceeds from borrowings | | |
| 1.17 | Repayment of borrowings | | |
| 1.18 | Dividends paid | | |
| 1.19 | Share issue costs | | |
| | **Net financing cash flows** | | |
| | **Net (decrease) / increase in cash held** | (2,997) | (2,822) |
| 1.20 | Cash at beginning of quarter/year to date | 11,650 | 11,696 |
| 1.21 | Exchange rate adjustments to item 1.20 | (146) | (367) |
| 1.22 | **Cash at end of quarter** | 8,507 | 8,507 |

## Payments to directors of the entity, associates of the directors, 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 | 340 |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10 | 945 |

1.25 Explanation necessary for an understanding of the transactions

1.10 Loan drawdowns by Peak Oil & Gas Limited for the quarter - $945k

1.8(b) Investment in 50% owned Ophir Production Sdn Bhd for the quarter - $590k

1.23 Pro rata share of administration costs and Joint Venture exploration and evaluation expenditures for the quarter - $340k

## 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

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

+ See chapter 19 for defined terms.

## 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 | 230 |
| 4.2 | Development | 4,200 |
| 4.3 | Production | |
| 4.4 | Administration | 600 |
| | **Total** | **5,030** |

# 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 | 7,488 | 8,647 |
| 5.2 | Deposits at call | 1,019 | 3,003 |
| 5.3 | Bank overdraft | - | - |
| 5.4 | Other (provide details) | - | - |
| | **Total: cash at end of quarter** (item 1.22) | 8,507 | 11,650 |

## Changes in interests in mining tenements and petroleum tenements

| | | Tenement reference and location | Nature of interest (note (2)) | Interest at beginning of quarter | Interest at end of quarter |
|---|---|---|---|---|---|
| 6.1 | Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed | | See Activity Report Section | | |
| 6.2 | Interests in mining tenements and petroleum tenements acquired or increased | | See Activity Report Section | | |

+ 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 | **Preference +securities** *(description)* | | | | |
| 7.2 | Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions | | | | |
| 7.3 | **+Ordinary securities** | 152,127,398<br>74,278,910<br>33,000,000 | 152,127,398<br>74,278,910<br>- | -<br>25 cents<br>- | -<br>15 cents<br>- |
| 7.4 | Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs | | | | |
| 7.5 | **+Convertible debt securities** *(description)* | | | | |
| 7.6 | Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted | | | | |
| 7.7 | **Options** *(description and conversion factor)* | 1,500,000<br>3,350,000 | -<br>- | *Exercise price*<br>32 cents<br>15.34 cents | *Expiry date*<br>30/06/2015<br>21/05/2015 |
| 7.8 | Issued during quarter | 3,350,000 | - | 15.34 cents | 21/05/2015 |
| 7.9 | Exercised during quarter | | | | |
| 7.10 | Expired during quarter | 2,350,000 | - | 32 cents | 30/06/2015 |
| 7.11 | **Debentures** *(totals only)* | | | | |
| 7.12 | **Unsecured notes** *(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 5).

2 This statement does give a true and fair view of the matters disclosed.

Sign here: ............................................................ Date: 30/07/14
(Company Secretary)

Print name: J.G. TUOHY

# Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities.** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

+ See chapter 19 for defined terms.