

# OGI GROUP LTD

QUARTERLY ACTIVITIES REPORT  
FOR THE 3 MONTHS ENDING 30 SEPTEMBER 2014

## COMPANY INFORMATION

OGI Group Ltd  
ABN 34 090 074 785

## COMPANY DIRECTORS

Chris Ritchie – Exec Director  
Mark Freeman – Director  
Ian Daymond - Director

## MANAGEMENT

Chris Ritchie – CFO / Co Sec

## STOCK EXCHANGE LISTING

Australian Stock Exchange  
ASX Code: OGI

Current Shares on Issue:  
400,522,761  
Market Capitalization as at 30  
October 2014 based on a share  
price of \$0.011 AUD \$4.4 million

## CURRENT PROJECTS

### Diamonds

Save River

### Graphite

Balama

### Oil & Gas

Napoleonville

Bowtie West



## HIGHLIGHTS

### *Mozambique Diamond Prospecting Licences Acquisition*

On 4 August 2014, the Company announced that its was acquiring (subject to shareholder approval) an effective 50.7% interest in a highly-prospective diamond licence (L4969) and a first right of refusal to acquire an effective 51.15% of an adjacent licence (L4525) downstream from the world-class Murowa and Marange diamond fields in Zimbabwe.

The massive deposition of gravels under licence are a substantial 40km x 10km in size and bulk sampling began in August 2014 and is expected to be completed before the end of December 2014.

### *Additional Diamond Prospecting Licence Acquired*

On 8 September 2014, the Company announced that it has secured the acquisition of 51.8% of the highly prospective diamond prospecting licence L4525 adjacent to L4969. The bulk sampling program was expanded to include the L4525 and was still expected to be completed prior to the end of December 2014.

### *Acquisition of 6 Graphite Licences in Mozambique*

On 20 October 2014, the Company announced its agreement to acquire (subject to shareholder approval) interests in 6 tenements in the highly sought after Mozambique graphite province of Balama. Initial exploration work to de-risk the assets and prove up the graphite mineralisation were completed and samples were submitted to SGS laboratories for analysis with the preliminary results expected within a month.

Balama has been confirmed as a world-class graphite province with the largest high grade graphite resource in the world proximate to the OGI tenements. The Syrah Resources (ASX: 1.2 billion ton graphite and vanadium deposit and the OGI tenements are also adjacent to the Triton Nicanda Hills graphite deposit which has been hailed as one of the largest high grade graphite deposits (103MT inferred) with a >500Mt exploration target.

### *Corporate Restructure*

Debt reduction through conversion of convertible notes and operational cash flow  
Capital Raising of between AU\$3.5 million and AU\$6.0 million  
Additional board appointment and experienced in country operational management  
Equity consolidation  
Change of name

## DIAMONDS

### Save River & Sese Diamond Projects

The Save River and Sese Diamond Projects are located in southern Mozambique, next to the border with Zimbabwe. The area of interest is along the Save River, after the confluence with the Runde River. Through the acquisitions of majority interests in Save River Diamonds Pty Ltd and Sese Diamonds Pty Ltd the company will own a beneficial interest in 51% of L4696 (yellow outline) and 52% of L4525 (white outline). The licence area is located where gravels, conglomerates and grits have been mapped on surface. The tertiary to quaternary aged sediments are potentially associated with alluvial diamonds.

The geological model for this project is based on the Save and Runde Rivers having drained areas some 200 kms upstream with rich diamondiferous conglomerates and kimberlites (Murowa and Marange diamond fields in Zimbabwe) over millions of years. The profile of the Save/Runde Rivers from the Marange/Murowa areas in Zimbabwe to the Save River Diamonds Project shows a very steep gradient resulting in a high energy environment which the Save River maintains until it reaches the confluence with the Runde River. The topography then changes to a gentle and almost flat surface at the confluence of the rivers. This has resulted in a massive deposition of gravels on the concession area which is a substantial 40km x 10km in size.

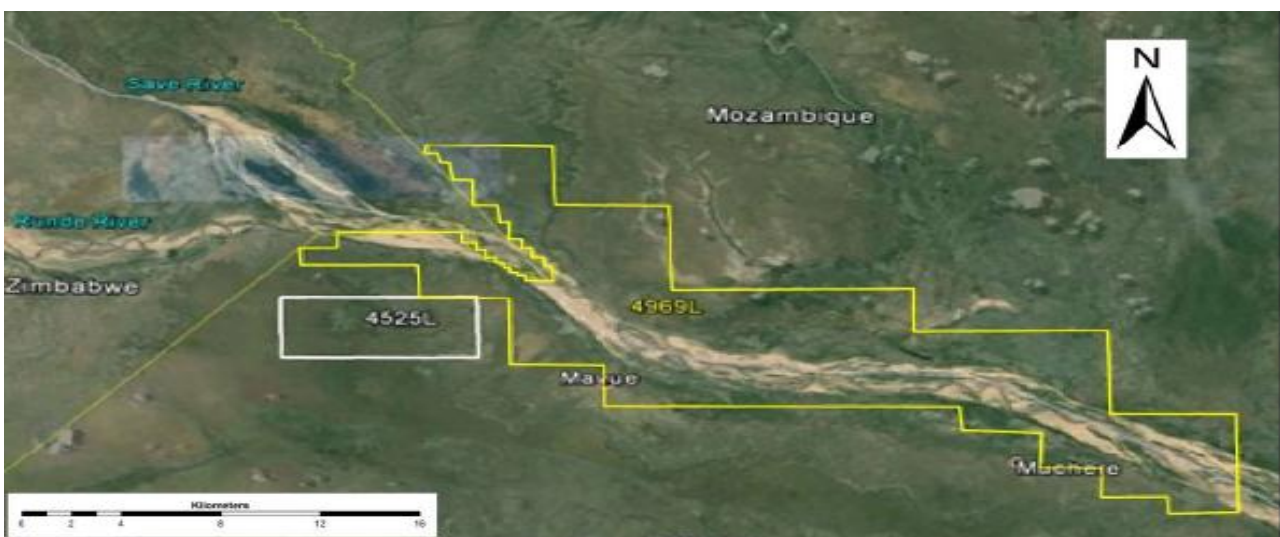


Figure 1

Previous exploration work included radiometric images of the areas which showed channel features cutting across the concession. These features which are sub-parallel to the Save River, indicate that the river has migrated towards the north. Further airborne magnetic data confirmed the occurrence of a structure trending NE through the concession and is associated with structural displacements resulting in up-faulted sandstone units. The crosscutting structure formed a barrier which would have promoted the deposition of sediments and gravels on the west and eastern portion of the feature. In addition, a Ground Penetrating Radar Survey ("GPR") over the concession area was completed by Terravision™ in April 2014. The GPR traverses confirmed the presence of a deep (14m) and wide (1-1.5km) palaeochannel in the western and central portion of the concession. Two GPR lines completed to the south of the concession mapped potential lower gravel terraces which have been affected by faulting and define a sandstone plateau and troughs with visible gravels on surface.

An exploration programme has been designed to validate the traverses and test for diamonds in all gravel settings. The programme will involve the collection of a minimum 50,000 tonnes and a maximum of 100,000 tonnes of material to test for diamonds. A preliminary budget of US\$1.7 million is proposed for this work with the programme to commence immediately and be completed during 2014/2015. All gravels exposed during pitting and trenching will be processed for diamonds using rotary pans and Boesman jigs. Diamond size distribution and gravel volume estimates will be used to determine the grade of diamonds in the area and the depth continuity of troughs/grabens will be confirmed during pitting and trenching.

## Diamond Market Dynamics

The global supply of rough diamonds has been falling steadily since 2005 with the prices of both rough and polished diamonds having increased since 2010. The year 2013 saw a return of price stability in the international diamond market which was underpinned with a company such as De Beers having doubled its operating profit year on year to US\$1 billion. China and India have been at the forefront in the global demand for rough diamonds

### Transaction overview – L4969 & L4525 (“Save Diamond Project”)

#### Share Purchase Agreement

Following legally binding term sheets between the Company and the current shareholders of Save River Diamonds Pty Ltd (“**SRD**”) and Sese Diamonds Pty Ltd (“**Sese**”), the Company will acquire 78% of the issued capital of SRD and 74% of Sese, giving the Company an effective 50.7% interest in Licence 4969L and 51.8% of Licence 4525L. The SPA will be legally binding subject to a number of conditions precedent, including the following:

- (1) due diligence is completed to the satisfaction of the OGI Board;
- (2) OGI shareholders approvals at an EGM for:
  - the issue of securities to the shareholders of Saver River Diamonds Pty Ltd and Sese Diamonds Pty Ltd;
  - a change in the nature and scale of the Company’s activities;
  - the consolidation of the issued capital of the Company to meet ASX Listing Rule requirements; and
  - The issue of shares pursuant to the Capital Raising;
- (3) OGI successfully completing the Capital Raising;
- (4) OGI and SRD/Sese completing due diligence process;
- (5) OGI obtaining all third party consents, approvals or waivers to the transaction; and
- (6) OGI obtaining the conditional approval of ASX to re-instatement of its securities to quotation.

The Company has provided a loan facility of US\$1.7 million (which covers bulk sampling for both 4525L and 4969L areas) to Save River Diamonds Pty Ltd (SRD) and Sese Diamonds Pty Ltd (Sese). The loan has an interest rate of LIBOR + 2.5% and is secured against the proceeds of all diamonds sold from the bulk sampling programme in priority to any distribution to shareholders. The maximum anticipated drawdown is US\$1.4 million under the budget for the bulk sampling programme.

The loan is repayable by SRD and Sese 3 months following confirmation the transaction will not proceed.

For a summary of the funding proposals for the acquisition of these projects please see the Corporate Restructure section later in this report.



## GRAPHITE

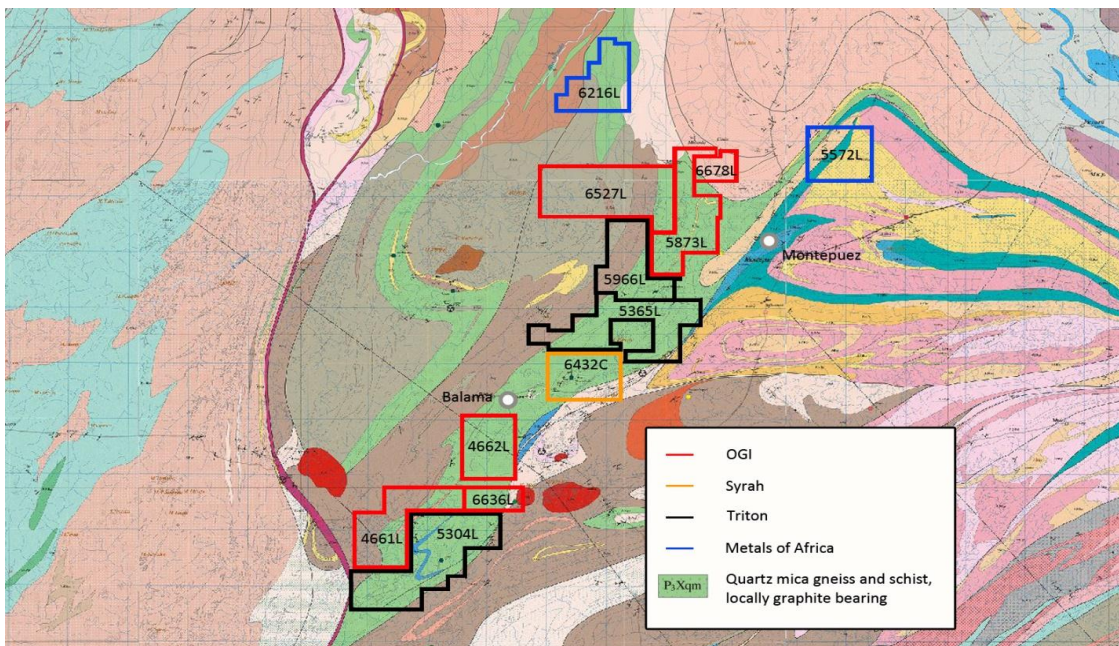
### Balama Project

OGI through the acquisition of Balama Resources Pty Ltd has acquired a portfolio of 6 highly prospective tenements in Balama graphite province, Cabo Delgado, Mozambique. The Balama licences collectively make up >80,000ha (800sqkm) and are all underlain by the locally graphite bearing schists (green unit in the below map). Importantly, the tenements are all along geological strike of 2 recent major discoveries by Syrah Resources (ASX: SYR) and Triton Minerals (ASX:TON).

- Syrah has identified and proved up the world's largest graphite deposit at Balama, containing high-grade zones combined with an exceptional quality product. Syrah has proven a 1.15 billion ton Graphite resource at 10.2% TGC and 0.23% V2O5.
- In February 2014, Triton delivered what looks to be the fourth largest graphite tonnage deposit by tonnage in the world at Cobra Plains, with a maiden Inferred Resource of 103 million tonnes at 5.52% TGC.

A recent exploration program conducted by Balama Resources has discovered numerous graphite outcrops as well as electromagnetic anomalies consistent with graphite mineralisation (as graphite is a highly conductive mineral).

Balama Graphite tenement map (licences marked as "OGI")

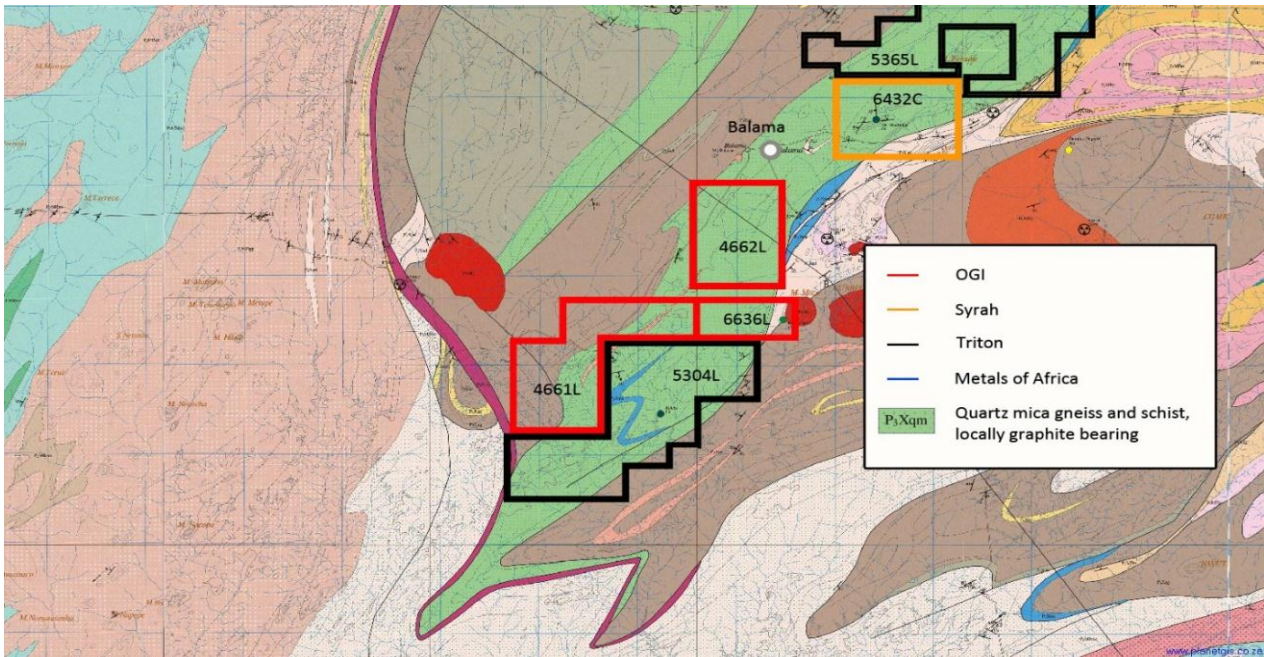


An extensive 42 line km ground electromagnetic survey (EM-34) was concluded on the Balama graphite tenements during September 2014 which provided evidence of multiple areas of potential graphite mineralisation in all the tenements, further validated by numerous graphite outcrops discovered on the Southern licences and the extrapolation of the neighbouring graphite deposit within licence 5966L into the Balama licence 5873L, directly north of it.

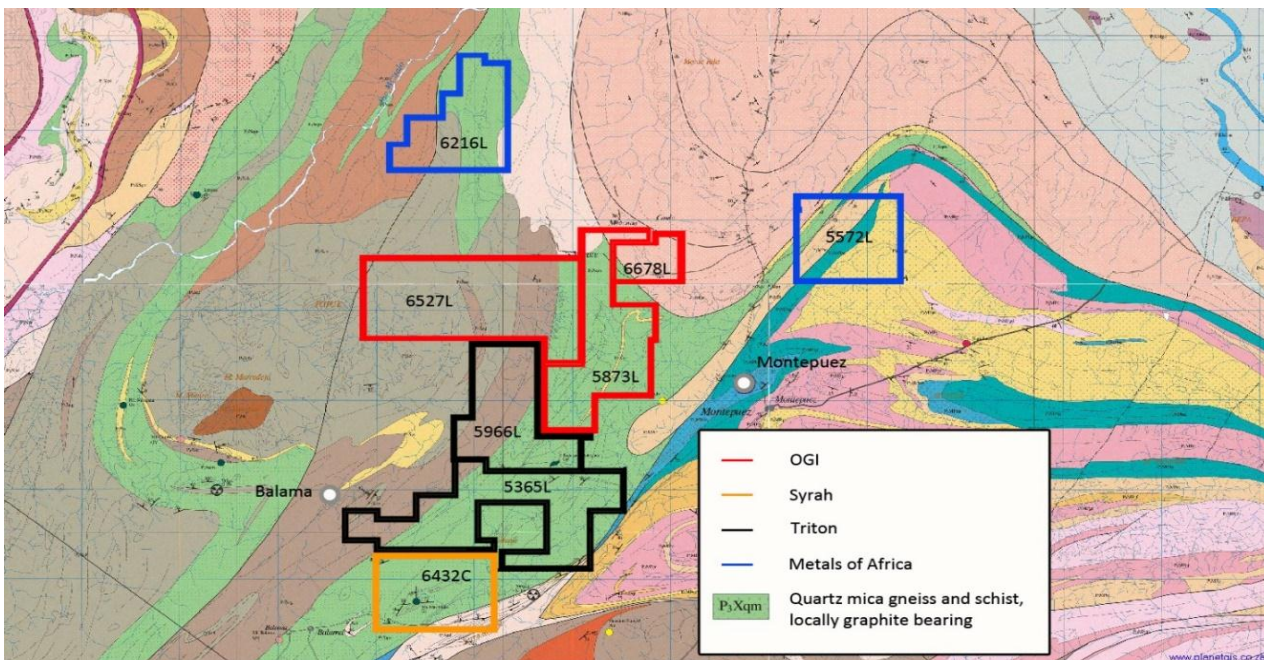
Balama is currently processing all the gathered field data and further positive market announcements are expected in the near future.



Balama Southern Graphite Licences

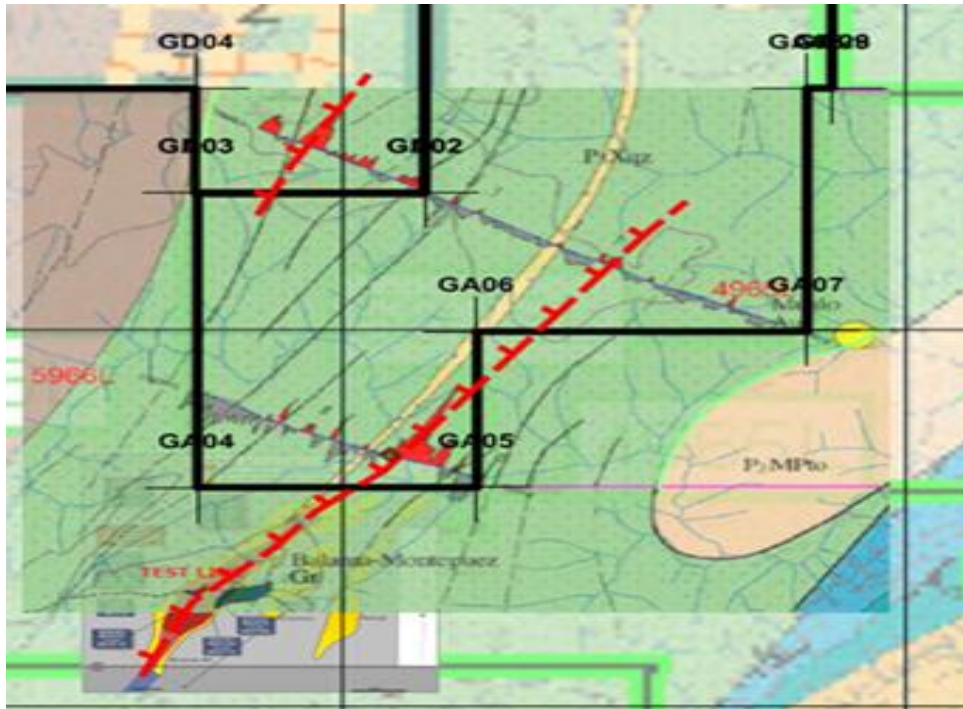


Balama Northern Graphite Licences



Within the Balama licences 5873L & 6527L a distinct positive anomaly is observed that strikes in a north-easterly direction from the established graphitic carbon intersection on the neighbouring property (5966L) as illustrated in the below image providing very strong indications of graphite mineralisation on licence 5873L held by Balama.

EM-34 Anomalies/Highs on licences 5873L & 6527L



### Graphite Market Dynamics

Graphite market currently dominated by China which has limited remaining reserves. Very strong demand growth being driven by multiple current & future industrial and specialist applications:

- Refractory (Carbon) Market: graphite is used for numerous carbon applications (pet coke) i.e. the steel & aluminium industry (price US\$1,000 to US\$3,000/ton)
- New growth Graphite market: Graphite is used for battery anodes in lithium ion batteries. 40kg of graphite used in a Nissan leaf li-ion battery and 100kg in a Tesla model-S. Electric vehicle growth driving demand increases for high quality graphite. 30% to 40% annual battery market growth forecasted with 20% CAG in the electric vehicle market (Price > US\$3,000/ton)
- Future market applications: Graphene – a specialist application of natural graphite in the high tech industry due to its unique characteristics the full scope of which is still uncertain (electronics, PV, energy storage, etc)

Growth in the graphite market estimated at 8.8% CAG up to 2020 due to the increased use of graphite in batteries. The growth of the battery market is estimated to add an additional 1.4Mt p.a market demand by 2020 (source: USGC and Industrial Minerals Magazine).

By 2020 more than 25 mines producing 40,000tpa graphite will be needed to meet expected demand. At present there is a market wide scramble for graphite production as investment in new capacity has lagged and supply falls far short of projected demand growth.

OGI considers that Mozambique will become one of the dominant graphite supply sources owing to its quality (>10% TGC) and enormous volumes (>1 billion tons proved to date). Additionally, the presence of high grades of associated vanadium (as a by-product), and lower labour and other OPEX costs means that Mozambique graphite mines can reasonably be expected to be more economical and profitable than graphite mines in the rest of the world.



## Transaction overview

### Share Purchase Agreement

Following a legally binding term sheet, the Company will enter into a Share Purchase Agreement (“SPA”) with the current shareholders of Balama Resources Pty Ltd (“**Balama**”) to acquire 100% of the issued capital of Balama. The SPA will be legally binding subject to a number of conditions precedent, including the following:

- (1) due diligence is completed to the satisfaction of the OGI Board;
- (2) OGI shareholders approvals at an EGM for:
  - a. the issue of securities to the shareholders of Balama Resources Pty Ltd;
  - b. a change in the nature and scale of the Company’s activities;
  - c. the consolidation of the issued capital of the Company to meet ASX Listing Rule requirements; and
  - d. the issue of shares pursuant to the Capital Raising;
- (3) OGI successfully completing the Capital Raising;
- (4) OGI and Balama completing due diligence process;
- (5) OGI obtaining all third party consents, approvals or waivers to the transaction; and
- (6) OGI obtaining the conditional approval of ASX to re-instatement of its securities to quotation.

The SPA will also contain a number of standard items and conditions, including representations and warranties from each party, considered standard for an agreement of this nature.

Total consideration for the shares in Balama will be:

1. 10,000,000 Ordinary shares on completion of the transactions; and
2. 14,000,000 performance rights A in the Buyer which will vest upon proving a JORC Compliant Inferred Graphite Resource of a minimum of 50 Million tons @ >5% TGC, on any of the licences; and
3. 14,000,000 performance rights B will vest following a successful upon proving a JORC Compliant Inferred & Indicated Graphite Resource of a minimum of 100 Million tons @ >5% Total Graphitic Content, on any of the licences (Vesting Condition); and
4. 14,000,000 performance rights C will vest following a successful upon proving a JORC Compliant Inferred & Indicated Graphite Resource greater than 500 Million tons @ >5% TGC, on any of the licences (Vesting Condition); and
5. On completion of this agreement an amount of ~US\$300,000 is payable to Balama Shareholders; and
6. Following vesting of performance rights B a payment of US\$1,500,000 is payable to the shareholders in Balama.

## OIL AND GAS

### Production for the Quarter

Well	Total Production		OGI Share	
	Oil BBL	Gas MCF	Oil BBL	Gas MCF
Dugas & Leblanc #3	8,444	2,429	1,292	372
Hensarling #1	37,477	-	1,495	-
Sugar Valley #1	161	16,397	24	2,460
	46,082	18,826	2,811	2,832

During the quarter the Company's estimated gross share of production was 2,811 barrels of oil and 2.8 million cubic feet of gas. At current oil and gas prices net revenue to the Company is estimated at US\$58,000 per month.

### Permian Project

*Reagan and Irion Counties, Texas*

The Company sold the Permian leases to Laredo Petroleum Inc. on 11 June 2014. At closing a total of US\$1,259,500 was held in escrow pending finalisation of a number of matters.

On 16 October 2014, the Company received US\$638,429.09 being the total of the amount withheld pending the release of a lien over the SRH #3 well of US\$492,000 and the net proceeds of operating the five wells from 1 February 2014 to 11 June 2014 of US\$146,429.09. A total of US\$267,500 had been provisionally escrowed at closing to allow for all post-closing adjustments.

A balance of US\$500,000 remains in escrow pending the Company being able to provide Laredo with a written non-appealable court order or other waiver satisfactory to Laredo that the lawsuit filed in Reagan County 112<sup>th</sup> Court under Cause No 1573 (see Legal Matters below) has been rectified, cleared, removed, waived or otherwise eliminated prior to 16 March 2015, otherwise the US\$500,000 will be returned to Laredo. The Company fully impaired this receivable as at 30 June 2014.

Legal matters

The primary legal action between the Company and Petro Raider LLC and Mr Paul Page has been stayed by the Judge pending the conclusion of the Arturus Capital Limited liquidation currently underway in Perth, Australia. No further action has taken place in regard to the Company's tortious interference case against Petro Raider LLC and Mr Paul Page.

The Company made another offer to the plaintiff to settle in September 2014 but this offer was rejected.

### Napoleonville Project

*Dugas & Leblanc #3 well, Assumption Parish, Louisiana, Non-Operator, 15.3% WI*

During the quarter the Dugas and Leblanc #3 well produced a total of 8,444 bbls of oil and 2,429 MCF of gas. The Company's share of production was 1,292 bbls of oil and 372 MCF of gas.

During the quarter the JV approved the purchase and installation of a Jet Pump for the Dugas & Leblanc #3 well as well as commenced work on converting the Dugas & Leblanc #2 well to a salt water disposal well. Both of these measures are expected to improve the Company's return on this investment in future periods.

Partners in the D&L#3 well are:

Company	WI
Grand Gulf Energy Ltd	39.4%
Golden Gate Petroleum Ltd	15.3%
Other Partners	45.3%



*Hensarling #1 well, Assumption Parish, Louisiana, Non-Operator 3.99 WI*

Production for the quarter was 37,477 bbls of oil. The Company's share of production was 1,495 bbls of oil.

The Company has been advised of a legal dispute involving a previous joint venture partner seeking to have their working interest reinstated. Whilst the Company is not a direct party to the dispute, should the claim be successful the Company's working interest may be reduced to approximately 3.78%. The Company notes Grand Gulf Energy's (ASX: GGE) stated intention to vigorously defend the case;

Partners in the Hensarling #1 well are:

<b>Company</b>	<b>WI</b>
Grand Gulf Energy Ltd	35.60%
Golden Gate Petroleum Ltd	3.99%
Other Partners	60.41%

*Templet #1 well, Louise Prospect, Assumption Parish, Louisiana, Non-Operator 3.28% WI*

The Templet #1 well spudded on 19 August 2014, unfortunately, it was determined to be uneconomic and JV elected to place the well into suspension to be used a future salt water disposal well for Hensarling #1 well.

Partners in the Templet #1 well are:

<b>Company</b>	<b>WI</b>
Grand Gulf Energy Ltd	22.57%
Golden Gate Petroleum Ltd	3.28%
Other Partners	74.15%

*Dugas & Leblanc #1 Well*

The Operator's insurers have paid in excess of US\$20.1 million toward the blowout costs of the Dugas & Leblanc #1 well. The Company has paid its deductible to its own insurers and does not expect any further exposure.

**Bowtie West Project**

*Sugar Valley #1 Well, Matagorda County, Texas, Non-Operator, 12% WI*

During the quarter the Sugar Valley # 1 well produced a total of 161 bbls of oil and 16,397 MCF of gas. The Company's share of production was 24 bbls of oil and 2,460 MCF of gas.

Partners in the Sugar Valley #1 well are:

<b>Company</b>	<b>WI</b>
Golden Gate Petroleum Ltd	12.0%
Other Partners	88.0%

**Fausse Point Project**

*TGR #1 Well, Iberia Parish, Louisiana, 18% WI*

The Company plans to commence the P & A of this well in the final quarter of calendar 2014.

**Padres Island Project**

Due to progress with the reclamation of the ST949 well pad and access road the National Parks Services has reduced one of the bonds from US\$200,000 to US\$143,000. This amount will be held until 70% of ground cover with target species has been achieved, which is estimated to be up to 2 years.

The Company has US\$375,200 in total bonds outstanding of which US\$147,867 is expected to be returned to the Company and the balance is owed to joint venture partners on completion of all the works.

## CORPORATE RESTRUCTURE

On 5 August 2014, the Company announced the resignations of Mr. Rob Oliver and Mr. Chris Porter as directors of the Company. The Company also advised that the Board had appointed Mr. Mark Freeman and Mr. Ian Daymond as directors of the Company.

The Company has also contracted with locally based (Mozambique) diamond and graphite mining management personnel with local market expertise and relationships and over 10 years of operational experience.

On 27 August 2014, the Company advised that the Series 1 & 2 Convertible Notes had had their maturity dates extended through to 31 December 2014.

The Company had been notified by a number of existing convertible note holders that subject to the transaction proceeding they intend to convert their notes into fully paid shares. The conversion of these notes into shares provides the Company with the ability to eliminate significant debt which it otherwise may not be able to repay from existing cash reserves.

Subsequently, on 5 September 2014, the Company advised that AU\$425,000 of Series 3 Convertible Notes had converted into 128,787,879 fully paid ordinary shares. This conversion reduces the Company's debt by AU\$425,000 and saves interest expense of AU\$46,750 over a full twelve month period. The Company also advised the Series 3 Convertible Notes maturity date had been extended to 31 December 2014.

On 21 October 2014, the Company advised that AU\$400,000 of Series 1, 3 and 4 Convertible Notes had converted into 71,884,656 fully paid ordinary shares. This conversion reduces the Company debt by a further AU\$400,000 and saves further interest expense of AU\$40,750 over a full twelve month period.

On 5 August 2014, the Company advised that as a result of its decision to acquire (subject to shareholder approval among other conditions precedent) a 50.7% interest in a diamond prospecting licence in Mozambique it was going to proceed with raising new capital of between A\$3.5 million and A\$6.0 million (before costs) pursuant to a prospectus.

The minimum raising of AU\$3.5 million will be arranged on a best endeavours basis by Novus Capital Ltd. Novus had confirmed their full support to the Board for the acquisition and financing of the project. Existing shareholders will be given the priority right to top up their shareholdings (AU\$2,000 per shareholder) pursuant to the prospectus.

The acquisition of the Save, Sese and Balama projects will result in a change in the Company's nature and scale of activities, and will require shareholder approval under Chapter 11 of the ASX Listing Rules as well as requiring the Company to re-comply with Chapters 1 and 2 of the ASX Listing Rules.

The Company will dispatch as soon as practicable a notice of meeting seeking the relevant approvals to undertake this process, with such notice of meeting containing detailed information relating the acquisition of Save, Sese and Balama, including independent experts' reports on the transactions.

In addition, at the same EGM the Company will undertake (subject to shareholder approval) a consolidation of its capital at a ratio of around 67:1 to meet ASX Listing Rule requirements and also consider changing the Company name with the proposed principal focus on diamond and graphite exploration and mining.

Cash balance as at 30 September 2014 was AU\$673,000.

### For further information contact:

Chris Ritchie  
Executive Director  
Phone: +61 3 9349 1488  
Email: investor.relations@ggpl.com.au

### Forward Looking Statements

This announcement contains forward looking statements that are subject to risk factors associated with diamond and graphite exploration and the oil and gas businesses. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a variety of variables and changes in underlying assumptions which could cause actual results or trends to differ materially, including but not limited to: price fluctuations, actual demand, currency fluctuations, drilling and production results, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries and regions, political risks, project delay or advancement, approvals and cost estimates.

31Rule 5.3

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

OGI Group Ltd

ABN

34 090 074 785

Quarter ended ("current quarter")

30 September 2014

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date \$A'000
1.1 Receipts from product sales and related debtors	201	201
1.2 Payments for		
• exploration and evaluation	-	-
• development	(254)	(254)
• production	(145)	(145)
• administration	(489)	(489)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received		
1.5 Interest and other costs of finance paid	(33)	(33)
1.6 Income taxes paid		
1.7 JV Trust Accounts		
<b>Net Operating Cash Flows</b>	<b>(720)</b>	<b>(720)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
• prospects		
• equity investments		
• other fixed assets		
1.9 Proceeds (costs) from sale of:		
• Project asset	(75)	(75)
• equity investments		
• other fixed assets		
1.10 Loans (to )from other entities	(112)	(112)
1.11 Refunds/(Payments) of Security Deposits	61	61
<b>Net investing cash flows</b>	<b>(126)</b>	<b>(126)</b>
1.13 Total operating and investing cash flows	<b>(846)</b>	<b>(846)</b>

+ See chapter 19 for defined terms.



OGI Group Ltd  
Appendix 5B – 30 September 2014  
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (carried forward)	(846)	(846)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.		
1.15	Costs of the Issue		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	<b>Net financing cash flows</b>	(846)	(846)
<b>Net increase (decrease) in cash held</b>			
1.20	Cash at beginning of quarter/year to date	1,478	1,478
1.21	Exchange rate adjustments to item 1.20	41	41
1.22	<b>Cash at end of quarter</b>	673	673

**Payments to directors of the entity and associates of the directors  
Payments to 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	82
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Salaries, Directors Fees and Travel Reimbursements

**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
	Conversion of \$425,000 of Convertible Notes into Fully Paid Ordinary Shares
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
	Nil

+ See chapter 19 for defined terms.

### Financing facilities available

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	0	0
3.2 Credit standby arrangements	0	0

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	-
4.2 Development	-
4.3 Production	50
4.4 Administration	280
<b>Total</b>	<b>330</b>

### 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	673	673
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter</b> (item 1.22)	<b>673</b>	<b>673</b>

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+ See chapter 19 for defined terms.

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

### 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)	Amount paid up per security (see note 3)
7.1	<b>Preference</b>			
	<b>*securities</b>			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	<b>*Ordinary securities</b>	328,638,105		
7.4	Changes during quarter (a) Increases through issues  (b) Decreases through returns of capital, buy-backs	136,698,041		

+ See chapter 19 for defined terms.



**OGI Group Ltd**  
**Appendix 5B – 30 September 2014**  
**Mining exploration entity quarterly report**

7.5	*Convertible debt securities (description)	Number	+Class	Conversion \$	Maturity
	Face value of \$0.05 but can convert at (Series 1 & 2) 85% of 10 day VWAP prior to maturity, (Series 3 90% of 5 day VWAP). Series 4 85% of 10 day VWAP.	6,000,000 4,120,000 8,100,000 4,000,000	Series 1 Series 2 Series 3 Series 4		31 December 2014 31 December 2014 31 December 2014 31 December 2014
	Conversion at 90% of the average of 3 VWAPS over a specified period.	1	Convertible Security Face Value \$550,000		19 March 2015
7.6	Changes during quarter (a) Increases through issues  (b) Decreases through securities matured, converted or redeemed	8,500,000	Series 3 Notes	\$0.033	31 December 2014
7.7	<b>Options</b> (description and conversion factor)	6,923,082 25,849,647 1,800,000 400,000 1,000,000 440,000 536,000 524,445	Listed Listed Unlisted Unlisted Unlisted Unlisted Unlisted Unlisted	<b>Exercise price</b> \$1.25 \$0.50 \$0.50 \$0.06 \$0.03 \$0.0375 \$0.03 \$0.00275	<b>Expiry date</b> 31 December 2014 31 December 2014 19 March 2016 19 April 2016 22 May 2016 27 June 2016 31 July 2016 6 Sep 2016
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	<b>Debentures</b> (totals only)	0			
7.12	<b>Unsecured notes</b> (totals only)	0			

+ 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 4).
- 2 This statement does give a true and fair view of the matters disclosed.

### Chris Ritchie

Executive Director

Date: 31 October 2014

### 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 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, 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 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting 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.

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+ See chapter 19 for defined terms.