

Quarterly Report

**Activities Report for the Quarter ended
31 March 2015**



Partially Underwritten Non-Renounceable Rights Issue Closure

On 19 February 2015, Orpheus ("OEG" or "the Company") announced it had raised approximately \$270,000 via a partially underwritten, non-renounceable, 1 for 3 rights issue. The capital raised from the Rights Offer was directed towards extinguishing an Orpheus debt relating to its coal business, working capital (which includes funds required to recover ~US\$7.2m owed to Orpheus by Mr Nugroho Suksmanto and PT Mega Coal) and to pay the costs of the Rights Offer.

Orpheus Extinguishes External Debt

On 9 March 2015, Orpheus announced that after lengthy negotiations with its creditor PT Baraindo and also Nugroho Suksmanto, the Company executed a legally binding debt novation agreement. Under the terms of the agreement, Orpheus paid PT Baraindo ~A\$270,000 from the proceeds of the Rights Issue, and the ~A\$792,100 balance of the debt owing to PT Baraindo was assigned to Mr Suksmanto. This meant the Company has no further external debt and it correspondingly reduced the amount owed to Orpheus by Mr Suksmanto to ~US\$7.2m.

Update on Bankruptcy Proceedings against Nugroho Suksmanto

Given the delay in payment of debts to Orpheus by Suksmanto, the Orpheus board decided the Company had no choice but to initiate bankruptcy proceedings against Suksmanto to recover all outstanding funds. As announced on 30 March 2015, Orpheus instructed its lawyers, Hadiputranto, Hadinoto & Partners, a member firm of Baker & McKenzie International, to lodge the bankruptcy petition in the Jakarta Commercial Court at the Central Jakarta District Court.

The process is underway and Orpheus and Suksmanto are in detailed discussions to draw the process to a satisfactory resolution. Should this outcome be achieved, the Company will withdraw the legal action. Orpheus will keep shareholders updated on the legal process.

New Orpheus Opportunities

Orpheus has commenced discussions on a range of other opportunities to grow the company, and will keep shareholders updated on appropriate projects for consideration.

Board and Management Changes

Post reporting date, on 23 April 2015, Orpheus announced changes to its Board and senior management team. David Smith stepped down as Executive Director and Company Secretary, remaining on the Orpheus Board as a Non-Executive Director. Orpheus Director Wesley Harder has assumed the Company Secretary responsibilities.

Disclaimer – Forward looking statements

This release may contain forward-looking statements. These statements are based upon management's current expectations, estimates, projections and beliefs in regards to future events in respect to Orpheus's business, the industry in which it operates. These forward looking statements are provided as a general guide and should not be relied upon as an indication or guarantee of future performance. The bases for these statements are subjected to risk and uncertainties that might be out of control of Orpheus Energy Limited and may cause actual results to differ from the release. Orpheus Energy Limited takes no responsibility to make changes to these statements to reflect change of events or circumstances after the release.

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

ORPHEUS ENERGY LIMITED

ABN

67 121 257 412

Quarter ended ("current quarter")

MARCH 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts/(credits) from product sales and related debtors	16	(349)
1.2 Payments for		
(a) exploration and evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) administration	(157)	(720)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	7	8
1.5 Interest and other costs of finance paid	-	(1)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)		
- GST refund	-	17
- Other	10	27
Net Operating Cash Flows +	(124)	(1,018)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a)prospects	-	-
(b)equity investments	-	-
(c) other fixed assets	-	(1)
1.9 Proceeds/(refunds) from sale of:		
(a)prospects	-	-
(b)equity investments *	-	303
(c)other fixed assets	-	-
1.10 Loans/advances to other entities	-	-
1.11 Loans repaid by other entities including working capital advances	-	-
1.12 Other (provide details if material)	-	-
Deposits applied for purchase of equity investments	-	-
Deposits paid re mining operations	-	(21)
Net investing cash flows	-	281
1.13 Total operating and investing cash flows (carried forward)	(124)	(737)

* Proceeds from sale of equity in subsidiaries

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13 Total operating and investing cash flows (brought forward)	(124)	(737)
Cash flows related to financing activities		
1.14 Proceeds from issues of shares, options, etc. Net of brokerage	243	243
1.15 Proceeds from sale of forfeited shares	-	-
1.16 Proceeds from borrowings	149	446
1.17 Repayment of borrowings	(258)	(308)
1.18 Dividends paid	-	-
1.19 Other – Loans to related party	(46)	(46)
Net financing cash flows	88	335
Net increase (decrease) in cash held	(36)	(402)
1.20 Cash at beginning of quarter/year to date	44	410
Cash acquired on acquisition of subsidiaries	-	-
1.21 Exchange rate adjustments to item 1.20	-	-
1.22 Cash at end of quarter	8	8

Note Funds from signed agreements for sale of assets approved by shareholders at the EGM on 14 August 2014, yet to be received - \$9.9 million. As announced to the ASX on 30 March 2015 a bankruptcy petition against the debtor has been lodged in the Jakarta Commercial Court

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
1.2 Aggregate amount of payments to the parties included in item 1.2	-
1.2 Aggregate amount of loans to the parties included in item 1.10	-

1.2 Explanation necessary for an understanding of the transactions

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

Borrowings plus accrued interest owing by Orpheus's Indonesian subsidiary of \$792,100 have been assigned to Mr Nugroho Suksmanto under a legally binding debt novation agreement. This reduced the debt owing by Mr Suksmanto to Orpheus to \$8.5m.

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

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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 (to finance working capital)	360	360
3.2 Credit standby arrangements	NIL	NIL

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	-
4.2 Development	-
4.3 Production	-
4.4 Administration	163
Total	163

**In April Directors extended loans of \$85,000 to provide working capital. In the event that the debt owing to the Company is not paid in the fourth quarter the Directors will contribute further loans funds to meet working capital requirement.*

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	8	45
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	8	45

Appendix 5B
Mining exploration entity quarterly report

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	-		

+ 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 <i>(description)</i>				
7.2 Changes during quarter				
(a) Increases through issues	-			
(b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	183,476,469	183,476,469		Fully Paid
7.4 Changes during quarter				
(a) Increases through issues	15,220,198	15,220,198	\$0.02	Fully Paid
(b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>	-			
7.6 Changes during quarter				
(a) Increases through issues	-			
(b) Decreases through securities matured, converted	-			
7.7 Options <i>(description and conversion factor)</i>				
	Options	Quoted	Exercise price	Expiry date
Unquoted	10,189,458	-	\$0.0607	30/6/2017
Total Options	10,189,458	-	-	-
7.8 Issued during quarter	Options	Quoted	Exercise price	Expiry date
	-	-	-	-
7.9 Exercised during quarter	-	-	-	-
7.10 Expired during quarter	Options	Quoted	Exercise price	Expiry date
Total Options	-	-	-	-
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ 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.

Sign here: 

Date: 30 April 2015

Print name: (Company Secretary)
Wes Harder

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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