

Quarterly Report

**Activities Report for the Quarter ended
30 June 2015**



ORPHEUS
ENERGY

Settlement Agreement with Nugroho Suksmanto

As announced on Thursday 30 July 2015, Orpheus has executed a Settlement Agreement with Nugroho Suksmanto which allows for a revised total amount of 70 billion Rupiah (~AUD\$7M) to be paid in monthly instalments.

The settlement agreement allows for monthly installments of 20.8 billion Rupiah (~AUD\$2.08M) to be paid by 31 August 2015. The balance of 49.2 billion Rupiah (~AUD\$4.92M) will then be paid in monthly instalments of 3.4 billion Rupiah (~AUD\$340,000) with a final payment of 1.6 billion Rupiah (~AUD\$160,000) due on 30 November 2016.

As part of the settlement agreement, Orpheus has also been provided with additional security from Suksmanto's family (Noegroho Pranoto and Yohana Kurniastuti), in the form of a pledge over 1,073 shares (equivalent to 7%) owned by Noegroho Pranoto in an Indonesian property development company, PT Abadi Guna Papan ("AGP") and a pledge over 578 shares (equivalent to 3.5%) owned by Yohana Kurniastuti in AGP. Among numerous developments, AGP owns the 28-storey office building where Orpheus's Jakarta office is located in the Mega Kuningan CBD area.

As a result of the execution of the settlement agreement, Orpheus has withdrawn the bankruptcy petition in the Central Jakarta Commercial Court. However, the settlement agreement explicitly provides for Orpheus to re-initiate legal action or arrange for the sale of the 10.5% equity in AGP, should Suksmanto default on the repayments.

Alternative asset acquisition strategy

As announced on 10 June 2015, Orpheus has progressed its due diligence on a company in the technology sector and has now executed a Heads of Agreement for the purposes of a reverse take-over, subject to final due diligence and Board approval.

As the nature of the Company's business will change if the reverse-takeover is carried out, the Company intends to consult with the ASX on the proposed reverse-takeover and its implementation, and the nature and extent of the member approvals that may be required to carry out the proposed reverse-takeover including (without limitation) consulting with the ASX on compliance with Listing Rule 11.1. The Company anticipates it will be required to re-comply with Chapters 1 and 2 of the Listing Rules and seek member approval to carry out the reverse-takeover.

Cancellation of Unlisted Options held by Directors and Staff

Orpheus Directors and staff have agreed to forfeit the following 10,089,458 performance based options (issued in November 2013) as at 30 June 2015, as the option vesting hurdles will never be met due to the fact that the Company has sold its coal asset portfolio in Indonesia. Accordingly, the options have been cancelled.

Name	Options
Wayne Mitchell	4,854,910
David Smith	2,513,512
Wes Harder	1,851,036
Barry Neal	600,000
Harry Ariyandi	270,000

Please refer to the attached Appendix 3B report for the Company's updated capital structure.

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")

JUNE 2015

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/(credits) from product sales and related debtors	29	(320)
1.2 Payments for		
(a) exploration and evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) administration	(213)	(933)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	4	12
1.5 Interest and other costs of finance paid	(2)	(2)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)		
- GST refund	-	17
- Other	-	27
Net Operating Cash Flows +	(182)	(1,199)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a)prospects	-	-
(b)equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds/(refunds) from sale of:		
(a)prospects	-	-
(b)equity investments *	(3)	298
(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	18	298
1.13 Total operating and investing cash flows (carried forward)	(164)	(901)

* 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)	(164)	(901)
Cash flows related to financing activities		
1.14 Proceeds from issues of shares, options, etc. Net of brokerage	-	243
1.15 Proceeds from sale of forfeited shares	-	-
1.16 Proceeds from borrowings	162	608
1.17 Repayment of borrowings	-	(309)
1.18 Dividends paid	-	-
1.19 Other – Loans to related party	-	(45)
Net financing cash flows	162	497
Net increase (decrease) in cash held	(2)	(404)
1.20 Cash at beginning of quarter/year to date	8	410
Cash acquired on acquisition of subsidiaries	-	-
1.21 Exchange rate adjustments to item 1.20	-	-
1.22 Cash at end of quarter	6	6

Note Funds from signed agreements for sale of assets to Nugroho Suksmanto approved by shareholders at the EGM on 14 August 2014, yet to be received - \$6.89 million. Orpheus has now executed a settlement agreement with Nugroho Suksmanto with payments in monthly instalments commencing with approx \$2.08 million to be paid by 31 August 2015. As part of the settlement agreement Orpheus has been provided with additional security in the form of a pledge over shares in a real estate company in which Nugroho Suksmanto has a controlling interest.
In the event that additional funds are needed for working capital the Directors of Orpheus have indicated their willingness to contribute further short term loan funds.

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

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

-

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)	497	497
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	105
Total	105

**In the fourth quarter Directors extended loans of \$122,000 to provide working capital. In the event that the debt owing to the Company is not paid in the next 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	6	8
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	6	8

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) (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	-	-	-	-
(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	-	-	-	-
Total Options	-	-	-	-
7.8 Issued during quarter	Options	Quoted	Exercise price	Expiry date
	-	-	-	-
7.9 Exercised during quarter	-	-	-	-
7.10 Cancelled during quarter	Options	Quoted	Exercise price	Expiry date
Forfeited on resignation of employees	370,000	-	\$0.0607	30/6/2017
Cancelled by agreement of option holders	9,819,458	-	\$0.0607	30/6/2017
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: 31 July 2015

(Company Secretary)

Print name:

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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Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Orpheus Limited ACN 121 257 412

ABN

67 121 257 412

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|---|--|
| 1 | +Class of +securities issued or to be issued | Cancellation of Unlisted Options |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 10,089,458 |
| 3 | Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Unlisted Options – Exercisable at \$0.0607 on or before 30 June 2017 |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

4	Do the ⁺ securities rank equally in all respects from the ⁺ issue date with an existing ⁺ class of quoted ⁺ securities?	N/A
	<p>If the additional ⁺securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	
5	Issue price or consideration	N/A
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Cancellation of unlisted options as the option vesting hurdles will never be met due to the fact that the Company has sold its coal asset portfolio in Indonesia.
6a	<p>Is the entity an ⁺eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the ⁺securities the subject of this Appendix 3B, and comply with section 6i</p>	N/A
6b	The date the security holder resolution under rule 7.1A was passed	N/A
6c	Number of ⁺ securities issued without security holder approval under rule 7.1	N/A
6d	Number of ⁺ securities issued with security holder approval under rule 7.1A	N/A

⁺ See chapter 19 for defined terms.

6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	N/A	
6f	Number of +securities issued under an exception in rule 7.2	N/A	
6g	If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation.	N/A	
6h	If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A	
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	N/A	
7	<p>+Issue dates</p> <p><small>Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.</small></p> <p><small>Cross reference: item 33 of Appendix 3B.</small></p>	N/A	
8	Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable)	Number	+Class
		183,476,469	Fully paid ordinary shares
9	Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable)	Nil	

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

- 10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)

N/A

Part 2 - Pro rata issue

- 11 Is security holder approval required?

- 12 Is the issue renounceable or non-renounceable?

- 13 Ratio in which the +securities will be offered

- 14 +Class of +securities to which the offer relates

- 15 +Record date to determine entitlements

- 16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?

- 17 Policy for deciding entitlements in relation to fractions

- 18 Names of countries in which the entity has security holders who will not be sent new offer documents

Note: Security holders must be told how their entitlements are to be dealt with.

Cross reference: rule 7.7.

- 19 Closing date for receipt of acceptances or renunciations

- 20 Names of any underwriters

- 21 Amount of any underwriting fee or commission

- 22 Names of any brokers to the issue

+ See chapter 19 for defined terms.

23	Fee or commission payable to the broker to the issue	
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders	
25	If the issue is contingent on security holders' approval, the date of the meeting	
26	Date entitlement and acceptance form and offer documents will be sent to persons entitled	
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	
28	Date rights trading will begin (if applicable)	
29	Date rights trading will end (if applicable)	
30	How do security holders sell their entitlements <i>in full</i> through a broker?	
31	How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

32 How do security holders dispose of their entitlements (except by sale through a broker)?

33 ⁺Issue date

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of ⁺securities
(tick one)

(a) ☐ ⁺Securities described in Part 1

(b) ☐ All other ⁺securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 ☐ If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders

36 ☐ If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 ☐ A copy of any trust deed for the additional ⁺securities

Entities that have ticked box 34(b)

38	Number of +securities for which +quotation is sought					
39	+Class of +securities for which quotation is sought					
40	<p>Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 					
41	<p>Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another +security, clearly identify that other +security)</p>					
42	Number and +class of all +securities quoted on ASX (including the +securities in clause 38)	<table border="1"> <thead> <tr> <th>Number</th> <th>+Class</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> </tr> </tbody> </table>	Number	+Class		
Number	+Class					

+ See chapter 19 for defined terms.

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

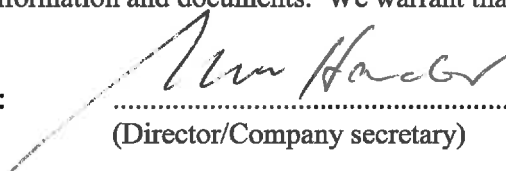
Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:



Date: 31 July 2015

(Director/Company secretary)

Print name:

Wesley Harder 

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