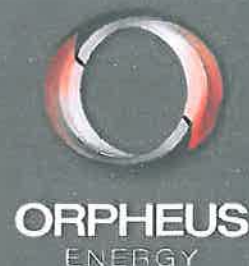


# Quarterly Report

Activities Report for the Quarter ended  
30 June 2016



## Reverse take-over update

Since the March Quarterly Report, there have been further delays experienced in the proposed RTO process with Wavetronic/Prognos. Orpheus has been advised that there is continuing internal restructuring occurring, including a split in the Wavetronic/Prognos entity between the Indian and US businesses, such that in the proposed RTO, Orpheus would only acquire the US business. The US business accounts for ~90% of the revenues and EBITDA of the Wavetronic/Prognos entity. Orpheus will keep shareholders updated of progress with this exercise and when a new indicative transaction timetable becomes available.

In the meantime, Orpheus is receiving approaches regarding other potential backdoor listing opportunities, which are being considered by the Orpheus Board, for presentation to shareholders, when and if one of the opportunities sufficiently progresses.

## Debt Recovery Update

Nugroho Suksmanto is still to pay any of the outstanding funds owed to Orpheus and he remains in breach of the Settlement Agreement. According to the Agreement, as at 30 June 2016, IDR 55.8 billion Rupiah, plus interest of IDR 4.655 billion Rupiah (total 60.455 billion Rupiah or ~AUD\$6M) remains due.

As previously advised, as part of the Agreement, Orpheus has been provided with additional security in the form of a pledge over shares in a real estate company, PT Abadi Guna Papan ("AGP"), in which Nugroho Suksmanto has a controlling interest.

Given Suksmanto's continuing breach of the Agreement, Orpheus, as the pledgee under the Shares Pledge Agreements is entitled to sell the pledged shares, on behalf of the pledgors based on powers of attorney to sell shares and consents to transfer issued by the pledgors, to recover the outstanding funds owed to Orpheus. Over the last three months, Orpheus has continued to directly, and through its lawyers, conduct discussions with potential acquirers of the AGP shares.

Additionally, Suksmanto continues to confirm that he is in advanced negotiations to sell a number of his other properties (separate to the properties owned by AGP), and if any of these sales eventuate, Orpheus will be paid a large portion of the outstanding amount owed.

Notwithstanding this activity, since the March Quarterly, Orpheus has instructed its lawyers to commence the lodgement of a formal Police Report. As part of this complex process, involving extensive documentation and multiple formal letters being sent, Suksmanto has already been interviewed by Police. The Company awaits further updates from its lawyers.

## 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 2016**

#### 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	-	14
1.2	Payments for		
	(a) exploration and evaluation		
	(b) development		
	(c) production		
	(d) administration	(67)	(341)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	-	5
1.5	Interest and other costs of finance paid	-	(5)
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)		
	- GST and PAYG refunds	32	32
	- Other		
	<b>Net Operating Cash Flows +</b>	<b>(35)</b>	<b>(295)</b>
<b>Cash flows related to investing activities</b>			
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	-	-
	(c)other fixed assets	-	5
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 recouped	-	74
	Advance received	17	55
	<b>Net investing cash flows</b>	<b>17</b>	<b>134</b>
1.13	<b>Total operating and investing cash flows (carried forward)</b>	<b>(18)</b>	<b>(161)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

		Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1.13</b>	<b>Total operating and investing cash flows (brought forward)</b>	<b>(18)</b>	<b>(161)</b>
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc. Net of brokerage	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	17	159
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – Loans to related party	-	-
	<b>Net financing cash flows</b>	<b>17</b>	<b>159</b>
	<b>Net increase (decrease) in cash held</b>	<b>(1)</b>	<b>(2)</b>
1.20	Cash at beginning of quarter/year to date	5	6
	Cash acquired on acquisition of subsidiaries	-	-
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>4</b>	<b>4</b>

**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 – ~\$7.6million. Orpheus subsequently executed a settlement agreement with Nugroho Suksmanto with payments in monthly instalments commencing August 2015. No payments have been made and Suksmanto is in breach of the settlement agreement.

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.

Suksmanto is still to pay any of the outstanding funds owed to Orpheus. According to the Settlement Agreement, as at 30 June 2016, IDR 55.8 billion Rupiah, plus interest of IDR 4.655 billion Rupiah (total 60.455 billion Rupiah or ~AUD\$6M) remains due.

Given Suksmanto's continuing breach of the Settlement Agreement, Orpheus, as the pledgee under the Shares Pledge Agreements is entitled to sell the pledged shares, on behalf of the pledgors based on powers of attorney to sell shares and consents to transfer issued by the pledgors, to recover the outstanding funds owed to Orpheus. Over the last three months, Orpheus has continued to directly, and through its lawyers, conduct discussions with numerous potential acquirers of the AGP shares.

Additionally, Suksmanto continues to confirm that he is in advanced negotiations to sell a number of his other properties (separate to the properties owned by AGP), and if any of these sales eventuate, Orpheus will be paid a large portion of the outstanding amount owed.

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	-

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

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)	656	656
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	65
<b>Total</b>	<b>65</b>

*\*In the fourth quarter Directors extended loans of \$16,600 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	4	5
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>4</b>	<b>5</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

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**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	-	-	-

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+ 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 <b>Preference *securities</b> <i>(description)</i>				
7.2 <b>Changes during quarter</b>				
(a) Increases through issues	-			
(b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>*Ordinary securities</b>	183,476,469	183,476,469		Fully Paid
7.4 <b>Changes during quarter</b>				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs	-	-	-	-
7.5 <b>*Convertible debt securities</b> <i>(description)</i>	-			
7.6 <b>Changes during quarter</b>				
(a) Increases through issues	-	-	-	-
(b) Decreases through securities matured, converted	-	-	-	-
7.7 <b>Options</b> <i>(description and conversion factor)</i>				
	<b>Options</b>	<b>Quoted</b>	<b>Exercise price</b>	<b>Expiry date</b>
<b>Unquoted</b>	-	-	-	-
<b>Total Options</b>	-	-	-	-
7.8 <b>Issued during quarter</b>	<b>Options</b>	<b>Quoted</b>	<b>Exercise price</b>	<b>Expiry date</b>
	-	-	-	-
7.9 <b>Exercised during quarter</b>	-	-	-	-
7.10 <b>Cancelled during quarter</b>	<b>Options</b>	<b>Quoted</b>	<b>Exercise price</b>	<b>Expiry date</b>
	-	-	-	-
<b>Total Options</b>	-	-	-	-
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <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:



(Company Secretary)  
David Smith

Date: 29 July 2016

Print name:

## 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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