



## MOBY OIL & GAS LIMITED

ABN 17 106 653 794

Level 21  
500 Collins Street  
Melbourne Victoria 3000 Australia

Tel: +61 (0)3 8610 4700  
Fax: +61 (0)3 8610 4799  
Email: admin@moby.com.au  
Website: www.moby.com.au

# QUARTERLY ACTIVITY REPORT

## TO 30 SEPTEMBER 2010

Moby Oil & Gas Limited (*ASX Code: MOG*) (“Moby” or “the Company”), by itself and through its wholly-owned subsidiary, holds working interests in 9 petroleum exploration permits in the offshore basins of Australia. Two are located in the Carnarvon Basin (WA-360-P and WA-409-P), two in the Browse Basin (WA-333-P and WA-342-P), three in the Gippsland Basin (Vic/P41, Vic/P45 and Vic/P47) and two in the Otway Basin (EPP 34 and EPP 35). Details of these permits and the work activities undertaken in each one during the quarter are provided below.

During the quarter the Vic/P53 permit was surrendered and cancelled and the process to surrender and cancel the WA-332-P permit continued.

## CARNARVON BASIN INTERESTS

### WA-360-P – CARNARVON BASIN

This permit is held by a Joint Venture consisting of the following parties (subject to various farmin agreements):

|  |     |
|--|-----|
| Petrobras International Braspetro BV   | 50% |
| North West Shelf Exploration Pty Ltd<br>( <i>subsidiary of MEO Australia Limited</i> )           | 25% |
| Rankin Trend Pty Ltd<br>( <i>subsidiary of Moby</i> )  | 10% |
| Cue Exploration Pty Ltd<br>( <i>subsidiary of Cue Energy Resources Limited (ASX Code: CUE)</i> ) | 15% |

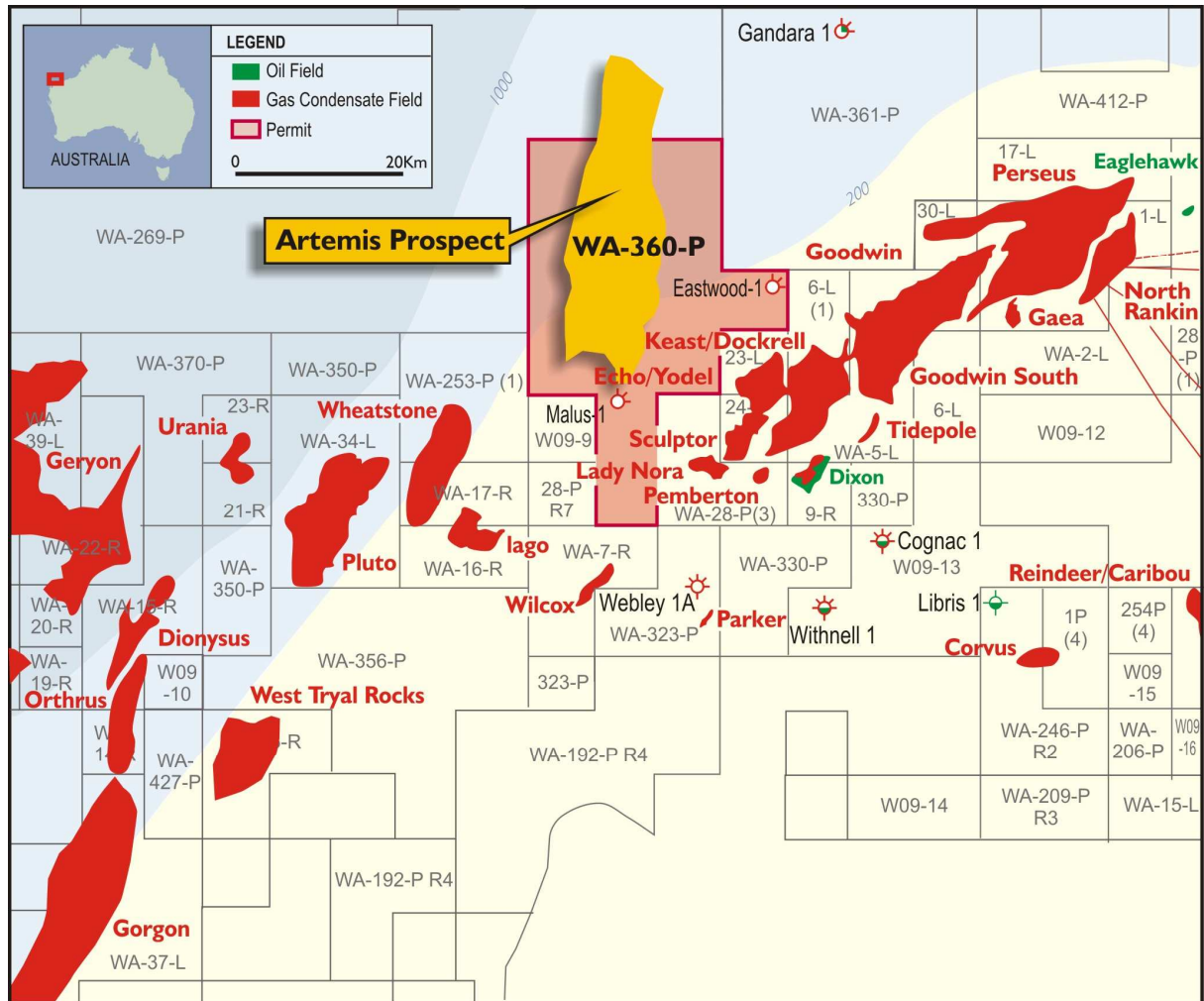
The Operator of the Joint Venture is MEO Australia Limited (“MEO”) (*ASX Code: MEO*).

The WA-360-P permit contains the Artemis Prospect (see location and prospect map below) identified by the permit Operator, MEO. MEO farmed into WA-360-P in 2007 and held a 70% interest in the permit, with each of the Company’s wholly-owned subsidiary, Rankin Trend Pty Ltd (“Rankin Trend”) and Cue Exploration Pty Ltd (“Cue”) then holding a 15% interest.

The MEO farmin terms provided that by 31 December 2009, MEO must have either committed to the drilling of a well in WA-360-P or reassign a 35% interest in the permit back to each of Rankin Trend and Cue. MEO made that commitment and, by doing so, is required to meet all of the costs of that well, including those costs attributable to each of the 15% permit interests then held by Rankin Trend and Cue.

As advised by MEO, the well to be drilled into the Artemis Prospect is targeting mean prospective resources of approximately 12 TCF.

In Q2 2010, MEO announced that it had farmed out a 50% interest to Petrobras International Braspetro BV (“Petrobras”), the national oil company of Brazil. The farm out to Petrobras was subject to those arrangements gaining various regulatory approvals, all of which were obtained during the quarter. As part of the arrangements with Petrobras, MEO will remain the Operator, at least through the drilling of the first well in the permit.



**WA-360-P Location Map and Artemis Prospect**

Towards the end of the previous quarter, on 10 June, the Company announced that Rankin Trend had agreed to sell a 5% interest in WA-360-P to MEO's subsidiary, North West Shelf Exploration Pty Ltd, for US\$7,000,000. During the quarter the necessary regulatory approvals for the sale were obtained and settlement of the transaction occurred after the end of the quarter. Moby, through Rankin Trend, retains a 10% interest in the WA-360-P permit and this interest remains fully carried through the drilling of the Artemis well.

Also during the quarter, MEO announced it had secured the Songa Venus semi-submersible drilling rig to drill the Artemis-1 well. MEO most recently announced that it is currently estimated that the rig will become available in early to mid November 2010.

During the course of the negotiations between Petrobras and MEO, Petrobras sought agreements from all the participants in the WA-360-P Joint Venture in relation to a collective understanding that a discovery at Artemis, if of sufficient size, would suggest LNG as the preferred development option. In Q2 2010, the Company entered into an agreement with Petrobras and MEO confirming that an integrated LNG development is a permitted development scenario under the Joint Venture Operating Agreement ("JVOA") and to commit its (Moby's) share of any gas in WA-360-P to such a development, if an LNG Project is confirmed by the Joint Venture.

The Company also agreed to various relatively minor amendments to the JVOA between the parties, as were proposed by Petrobras. These amendments became operational with the regulatory approval of the Petrobras participation in the WA-360-P permit and Joint Venture.

## WA-409-P – CARNARVON BASIN

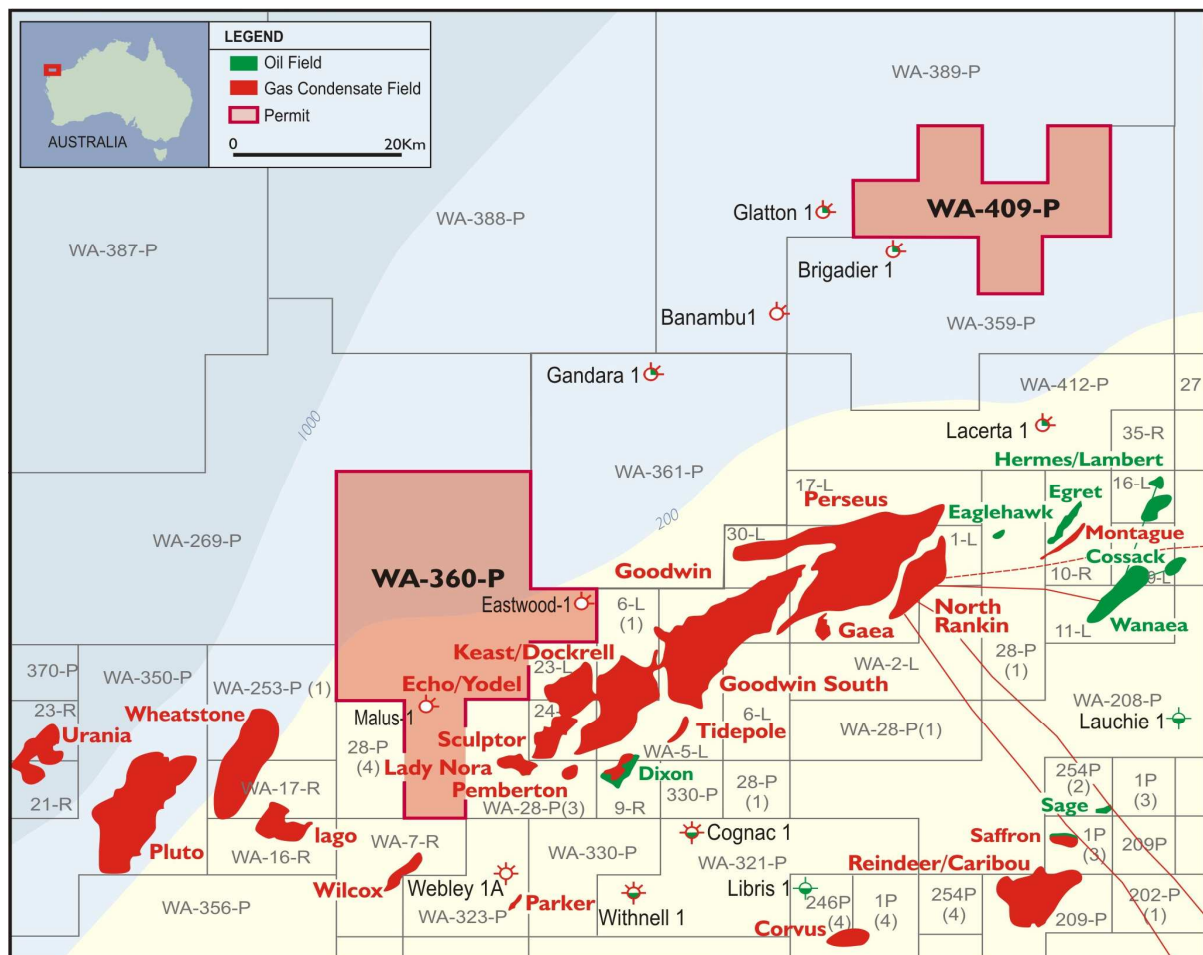
This permit is held by a Joint Venture consisting of the following parties:

|                         |     |
|-------------------------|-----|
| Rankin Trend Pty Ltd    | 50% |
| Cue Exploration Pty Ltd | 50% |

The Operator of the Joint Venture is Cue Energy Resources Limited.

The WA-409-P permit is held by Rankin Trend and Cue and the permit is located in the offshore Carnarvon Basin, directly north of the North Rankin Trend gas fields and Exeter and Mutineer oil fields (see following location map). The permit is in year-3 of the primary term, where the work programme is the acquisition of a new 2D seismic survey.

The Joint Venture has purchased and is currently mapping reprocessed seismic data over the permit. To date the mapping exercise has identified multiple leads at Triassic and Upper Jurassic levels, which it was planned would be evaluated by a closely spaced (1km x 1km) 2D seismic grid to be acquired during the current permit year.



**WA-409-P Location Map**

Subsequent to the end of the quarter, Rankin Trend entered into a farmout agreement (that is presently subject to regulatory approval) with a subsidiary of Apache Corporation ("Apache") under which Apache has agreed to fund the acquisition, processing, mapping and interpretation of a 3D seismic survey across the whole of the area of WA-409-P and the adjoining permit, WA-359-P. This commitment will earn Apache a 40% equity interest and operatorship in each of WA-409-P and WA-359-P, with Rankin Trend's interest in WA-409-P reducing to 30%.

Apache has a further right to elect to earn additional interests in WA-409-P and WA-359-P by funding up to 100% of the costs of the first well to be drilled in either of the permits. If Apache elects to drill a well in WA-409-P, Rankin Trend will be free carried through the costs of the well but will retain a 15% carried interest. If Apache drills a well in the adjoining permit, WA-359-P, Apache will have completed its right to acquire a 70% interest in each of WA-359-P and WA-409-P, with Rankin Trend retaining a 15% interest and an obligation to fund its participating interest share of any well the parties subsequently agree to drill within WA-409-P.

Moby, through Rankin Trend, has retained the right to elect to fund 5% of the costs of any well in WA-409-P and, by so doing, to maintain its potential interest in the permit at 20%.

## BROWSE BASIN INTERESTS

### WA-342-P – BROWSE BASIN

This permit is held by the Cornea Joint Venture consisting of the following parties (subject to various farm-in and acquisition agreements):

|   |         |
|---|---------|
| Moby Oil & Gas Limited  | 22.375% |
| Cornea Oil & Gas Pty Ltd<br><i>(subsidiary of Australian Oil &amp; Gas Corporation)</i> | 17.000% |
| Cornea Petroleum Pty Ltd<br><i>(subsidiary of Batavia Oil &amp; Gas Pty Ltd)</i>        | 14.875% |
| Cornea Resources Pty Ltd<br><i>(subsidiary of Exoil Limited)</i>                        | 13.100% |
| Octanex N.L. <b>(ASX Code: OXX)</b>   | 10.250% |
| Cornea Energy Pty Ltd<br><i>(subsidiary of Goldsborough Limited)</i>                    | 8.500%  |
| Coldron Pty Ltd<br><i>(subsidiary of Gascorp Australia Pty Ltd)</i>                     | 7.500%  |
| Auralandia N.L.   | 6.400%  |

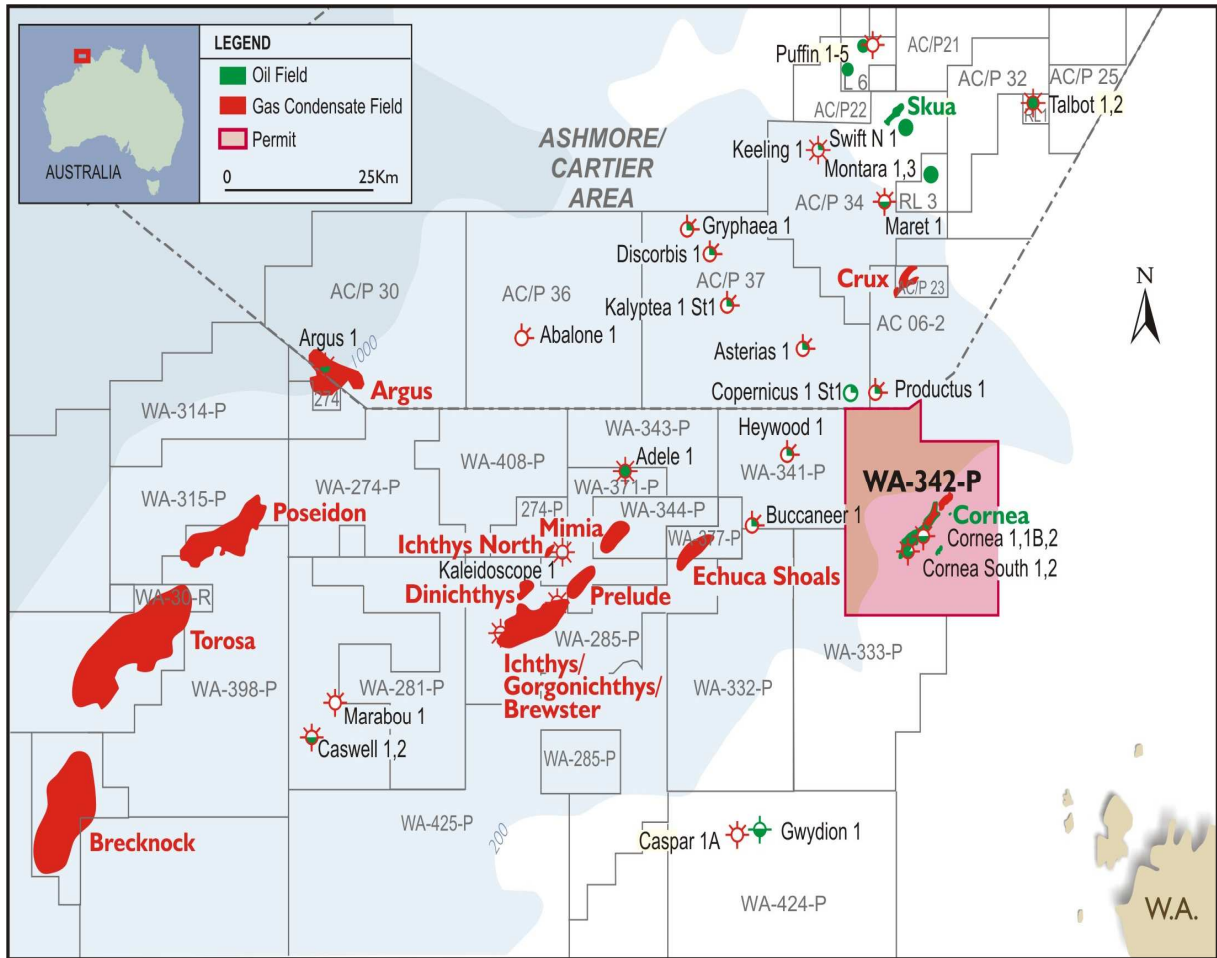
The Operator of the Cornea Joint Venture is Hawkestone Oil Pty Ltd (“Hawkestone”), a subsidiary of Exoil Limited (“Exoil”) **(NSX Code: EXX)**.

The Cornea oil and gas accumulation was discovered by Shell within the early exploration wells Cornea-1, 1B and 2. The wells are considered to have established the presence of a 25m gas column and a 22.2m oil column in the Albian sandstones of the Jamieson Formation. The field is a large drape feature. It accumulated 22 to 24 degree API oil derived from Early Cretaceous, Echuca Shoals Formation and possibly Late Jurassic source rocks in the Heywood Graben, located over 60 km to the west. The field is split into three main structural components – Cornea South and Cornea Central, both with gas and oil, and Cornea North with gas and no underlying oil presence – see location map above.

In December 2009, Cornea-3 was drilled into the known oil and gas accumulation by the Songa Venus semi-submersible rig. The objectives of the well were to define the location of the hydrocarbon contacts and obtain data on the potential reservoir qualities of the Middle Albian and Lower Jamieson Formation.

The well penetrated the targeted Middle Albian and Lower Jamieson Formation B and C sand reservoir interval (2.2 metres deeper than predicted) but, as planned, just below the predicted gas oil contact. The well was then deepened to penetrate exploration targets in the Early Albian and Aptian of the Lower Heywood Formation, before terminating at a total depth of 910.6 metres (measured depth below rotary table or MDRT). The data obtained while drilling indicated the intersection of a hydrocarbon bearing column in the Middle Albian, Lower Jamieson Formation. The secondary exploration targets in the Lower Heywood Formation did not contain hydrocarbons.

Following the conclusion of drilling, a series of logs were run, including a Magnetic Resonance log, as conventional logging tools are unable to resolve the reservoir properties due to the glauconitic nature of the rocks. In addition, a wireline formation tester was run to assess the pressure within the reservoir and to take fluid samples.



**WA-342-P Location Map**

The results of the drilling and logging of Cornea-3 can be summarised as follows:

1. An oil column of 20.4m was intersected in Cornea-3 between the top Middle Albian reservoir sand at 788m MDRT and the free water level (as defined by logs and pressure data) at 808.4m MDRT.
2. A considerable number of pressure testing results were obtained which enabled the establishment of oil and water gradients and the free water level – a significant improvement on the position known in this vicinity before the well was drilled. With the assistance of further exploration wells, this information will better enable the exploration for hydrocarbons across the Cornea feature.
3. The condition of the hole through the hydrocarbon bearing section enabled the recovery of high quality log data from the Nuclear Magnetic Resonance (NMR) tool. This logging tool has, for the first time, enabled the determination of an average effective, free fluid porosity of 16.4% for the Middle Albian reservoir in this well. The average inferred permeability of the reservoir in Cornea-3 is 100 millidarcies. The NMR tool also indicated an average hydrocarbon saturation of 70% for the free fluid porosity.
4. Extensive efforts were made to sample the oil but the unconsolidated nature of the reservoir meant that, on every attempt, the MDT test tools became blocked with sand, preventing fluid sampling. However, the oil pressure gradient is consistent with 22 API oil and the NMR logging tool indicated an oil viscosity ranging from 4 centipose at the top of the column to 4.3 centipose at the base – this being less viscous than reported in samples recovered and interpreted by the previous wells in this vicinity.

The results of Cornea-3 clearly defined the existence of a 23m oil column beneath the gas cap in this segment of the Cornea Central closure – a significant exploration result. A great deal has therefore been learned about how future exploration wells might be drilled in the greater Cornea closure. This has given the Joint Venture confidence about the ability to drill subsequent vertical and horizontal wells through the targeted sections and, to this end, the Joint Venture will investigate the best method to drill future wells.

Looking to the future, the data obtained from Cornea-3 will enable the Joint Venture to develop an ongoing exploration strategy, now that an oil column has been proved in Cornea-3 and useful data relating to the potential reservoir performance has been obtained. Continuing the current exploration phase with further exploration drilling is the necessary forerunner to any development strategy being formulated.

Prior to the end of the first term of the WA-342-P permit, the Cornea Joint Venture applied to renew the permit and is in discussions with the regulatory authorities concerning the form of the work programme to be undertaken during a renewed term.

### **WA-333-P – BROWSE BASIN**

This permit is held by the Braveheart Joint Venture consisting of the following parties:

|   |          |
|---|----------|
| Moby Oil & Gas Limited  | 26.4375% |
| Braveheart Resources Pty Ltd<br><i>(subsidiary of Exoil Limited)</i>                        | 25.3750% |
| Browse Petroleum Pty Ltd<br><i>(subsidiary of Gascorp Australia Pty Ltd)</i>                | 20.1875% |
| Braveheart Oil & Gas Pty Ltd<br><i>(subsidiary of Australian Oil &amp; Gas Corporation)</i> | 14.5000% |
| Braveheart Energy Pty Ltd<br><i>(subsidiary of Goldsborough Limited)</i>                    | 7.2500%  |
| Braveheart Petroleum Pty Ltd<br><i>(subsidiary of Batavia Oil &amp; Gas Pty Ltd)</i>        | 6.2500%  |

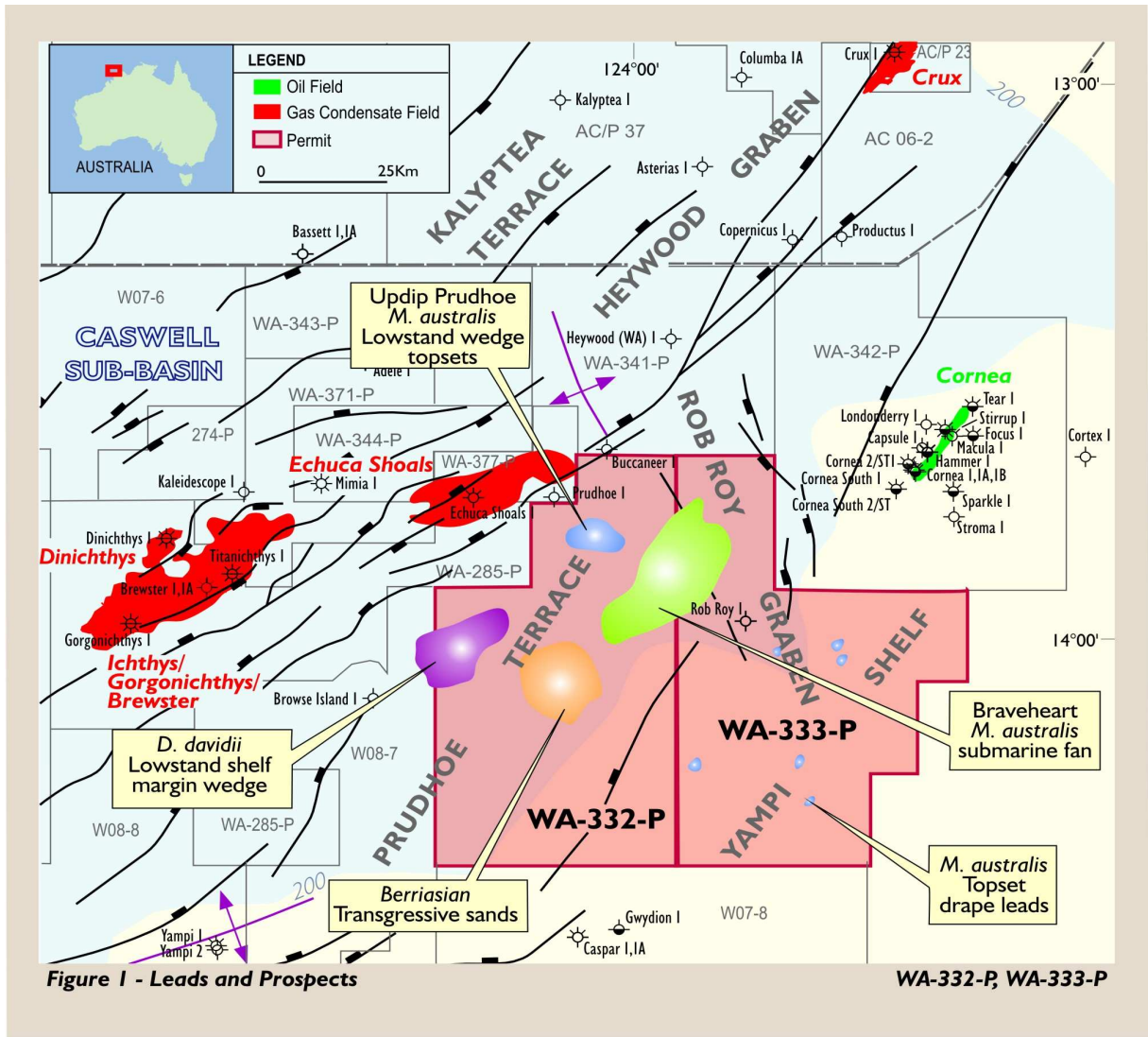
The Operator of the Braveheart Joint Venture is Hawkestone.

In late December 2009 and early January 2010 the Braveheart-1, ST1 exploration well was drilled into the Braveheart prospect by the Songa Venus semi-submersible rig from a location within WA-333-P. The well failed to encounter hydrocarbons and was plugged and abandoned. The mapped prospect straddled the two permits WA-332-P and WA-333-P – see the location map above.

There is some evidence of residual hydrocarbons at the top of the reservoir interval but most of the cleaner sands are water filled. While this result was disappointing, the well results validated the depositional model relied upon to support the presence of a high quality reservoir interval at the Braveheart prospect.

After the drilling of the Braveheart-1, ST1 well, the Joint Venture intended to maintain both the WA-332-P and WA-333-P permits and continue exploration activities within them. Both permits are now in year-6 of their initial terms and the Joint Venture lodged an application in relation to each permit to vary their work programmes.

The variation was only granted in relation to WA-333-P, so the necessary steps are underway to surrender and cancel the WA-332-P permit.

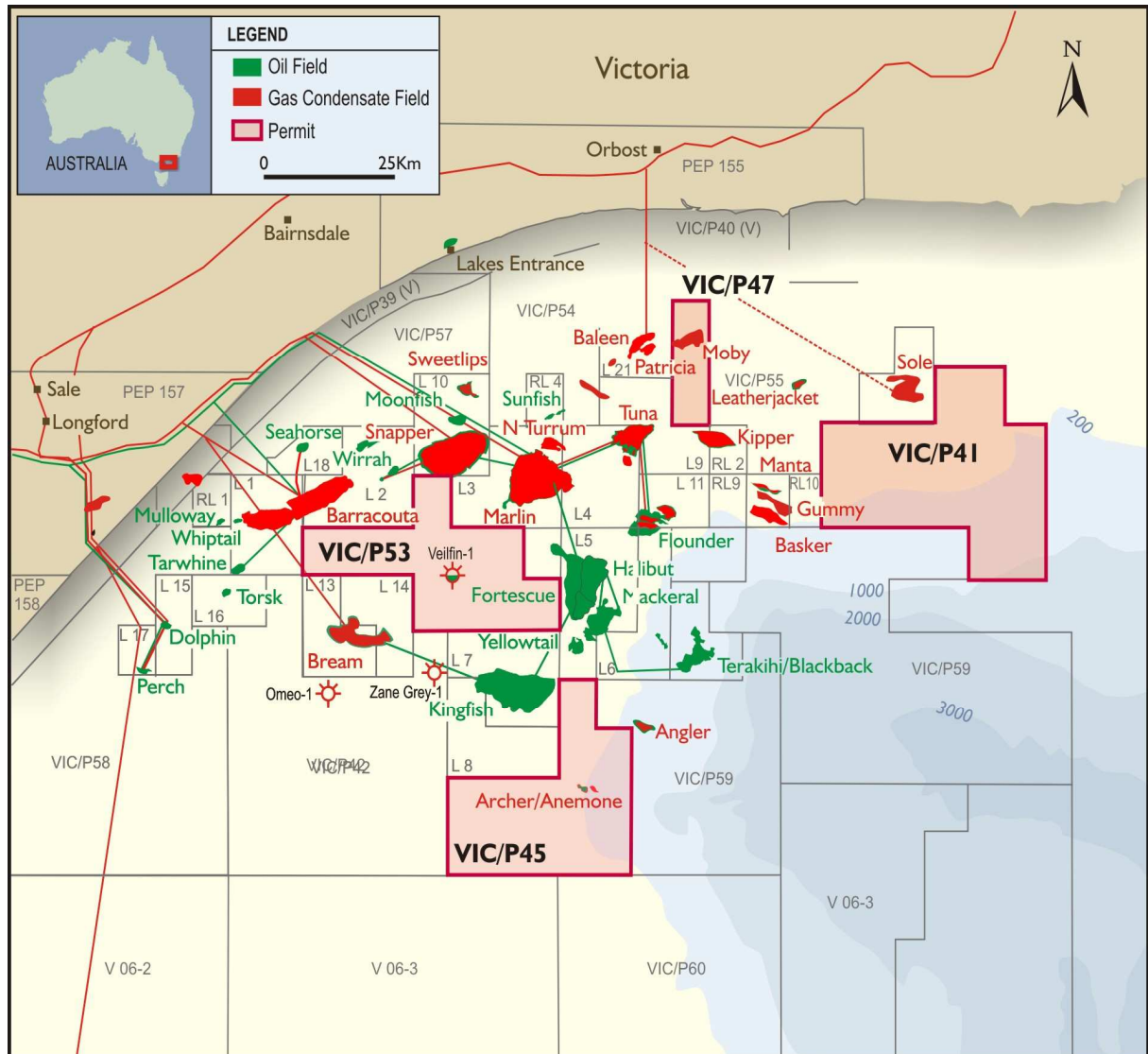


**WA-332-P & WA-333-P Location Map and Braveheart Prospect**

## GIPPSLAND BASIN INTERESTS

As detailed in the following location map, Moby held interests in four petroleum exploration permits in the offshore Gippsland Basin at the commencement of the quarter (Vic/P41, Vic/P45, Vic/P47 and Vic/P53).

During the quarter the Vic/P53 permit was surrendered and cancelled



### Vic/P41 – GIPPSLAND BASIN

The Vic/P41 Joint Venture consists of:

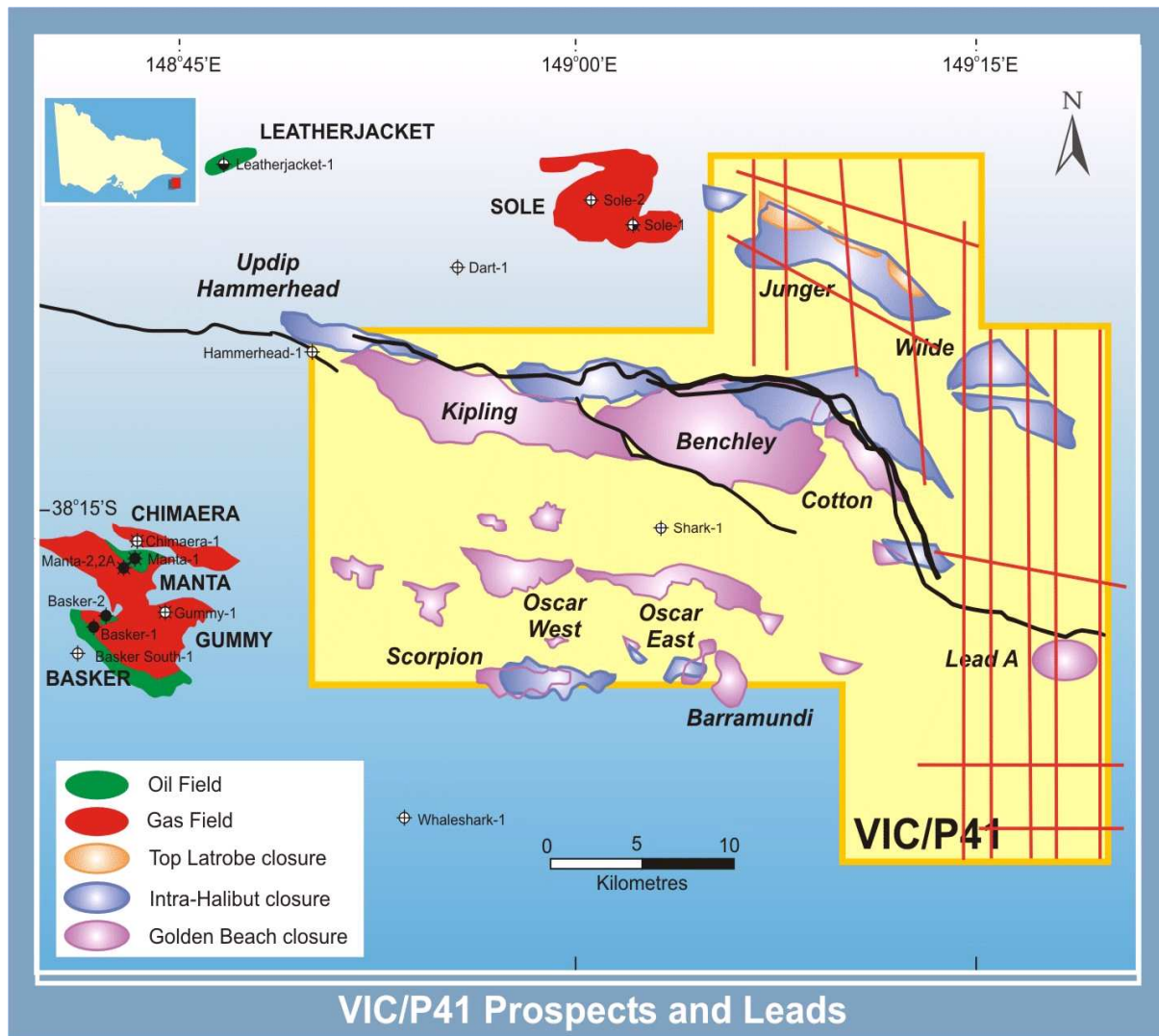
|  |  |
|--|--|
| Bass Strait Oil Company Ltd ( <b>ASX Code: BAS</b> ) | 45.0% and Operator   |
| Moby Oil & Gas Limited                               | 30.0% (reducing to 25% subject to farmin by OBL)   |
| Strategic Energy Resources Ltd                       | 25.0% (reducing to 17.5% subject to farmin by OBL)   |
| Oil Basins Limited ( <b>ASX Code: OBL</b> )          | 12.5% (subject to earning pursuant to farmouts by Moby and Strategic ( <b>ASX Code: SER</b> )) |

The Vic/P41 permit is located in the offshore Gippsland Basin, approximately 40 km south of the eastern Victorian coast.



A 2D survey carried out in 2008 recorded a total of 295 km of new seismic data in the east of the permit and fulfilled the year-3 work programme commitment, which called for a 250 km 2D seismic survey to be acquired by September 2009. As well as the seismic obligation, the permit work programme for year-3 involved completion of engineering and commercial studies and these studies are ongoing.

The Joint Venture accelerated the completion of the 2D seismic commitment in order to better define the eastern area of the permit, where several leads were defined only on sparse existing data – refer to the following prospects and leads map.



Interpretation and mapping of the 2008 2D seismic data and re-processed older data has confirmed the potential of the eastern area of the permit. The Lead A, Junger and Wilde features, previously defined only on sparse older data, all demonstrate structural closure based on the updated mapping. Lead A also exhibits anomalous amplitude responses that may be indicative of hydrocarbons and warrant further investigation. To that end, the Joint Venture is progressing permit based seismic inversion and basin modelling projects.

The 2D seismic interpretation project also integrated updated mapping of the Oscar prospects and highlighted the potential of the Oscar East prospect. Oscar East is defined on 3D seismic and is on trend with, and analogous to, the producing Basker/Manta/Gummy ("BMG") fields which are outside and to the west of the Vic/P41 permit.

Modern 3D seismic data also defines several large prospects along the Rosedale Fault trend in the north of the permit. These prospects are interpreted as analogous to the Kipper oil and gas field which lies on-trend and also outside and to the west of Vic/P41. Development plans for Kipper have been announced, targeting first production for 2011.

While the 3D-defined prospects in Vic/P41 are ready to be tested, the timing of any potential drilling is dependent on the availability of a semi-submersible drilling rig slot in the Gippsland Basin and on the progress of currently ongoing farmout negotiations.

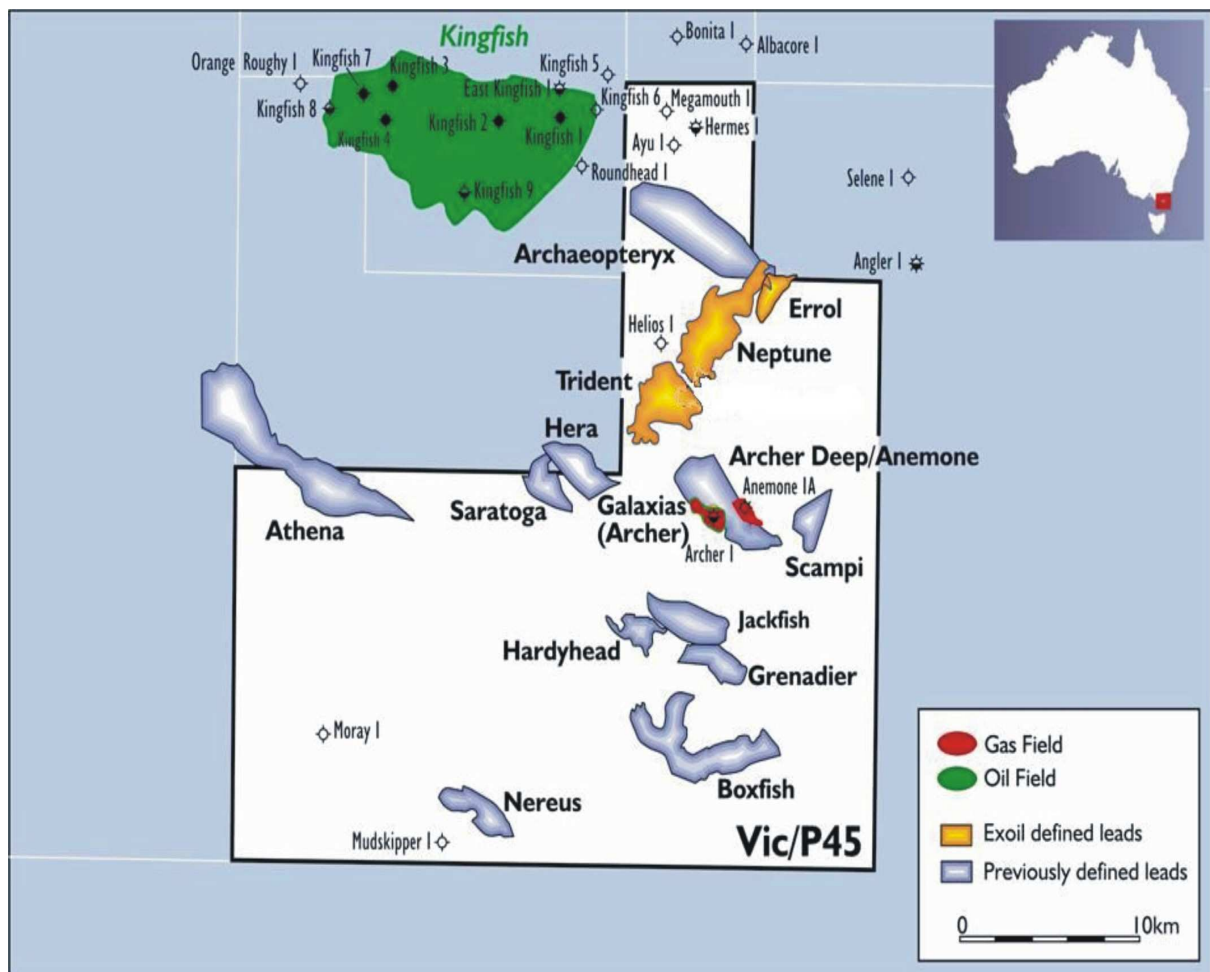
### Vic/P45 – GIPPSLAND BASIN

The Vic/P45 Joint Venture consists of:

|                        |                  |
|------------------------|------------------|
| Exoil Limited          | 50% and Operator |
| Moby Oil & Gas Limited | 50%              |

During the quarter the Vic/P45 Joint Venture was granted a variation to the year-6 terms of the permit following the drilling of the Megamouth-1 and Coelacanth-1 wells (both unsuccessful).

The application was to vary the year-6 work programme and that programme now requires completion of ongoing geotechnical studies and review of the remaining leads within the permit, with the aim of developing a drillable prospect – see following prospects and leads map.

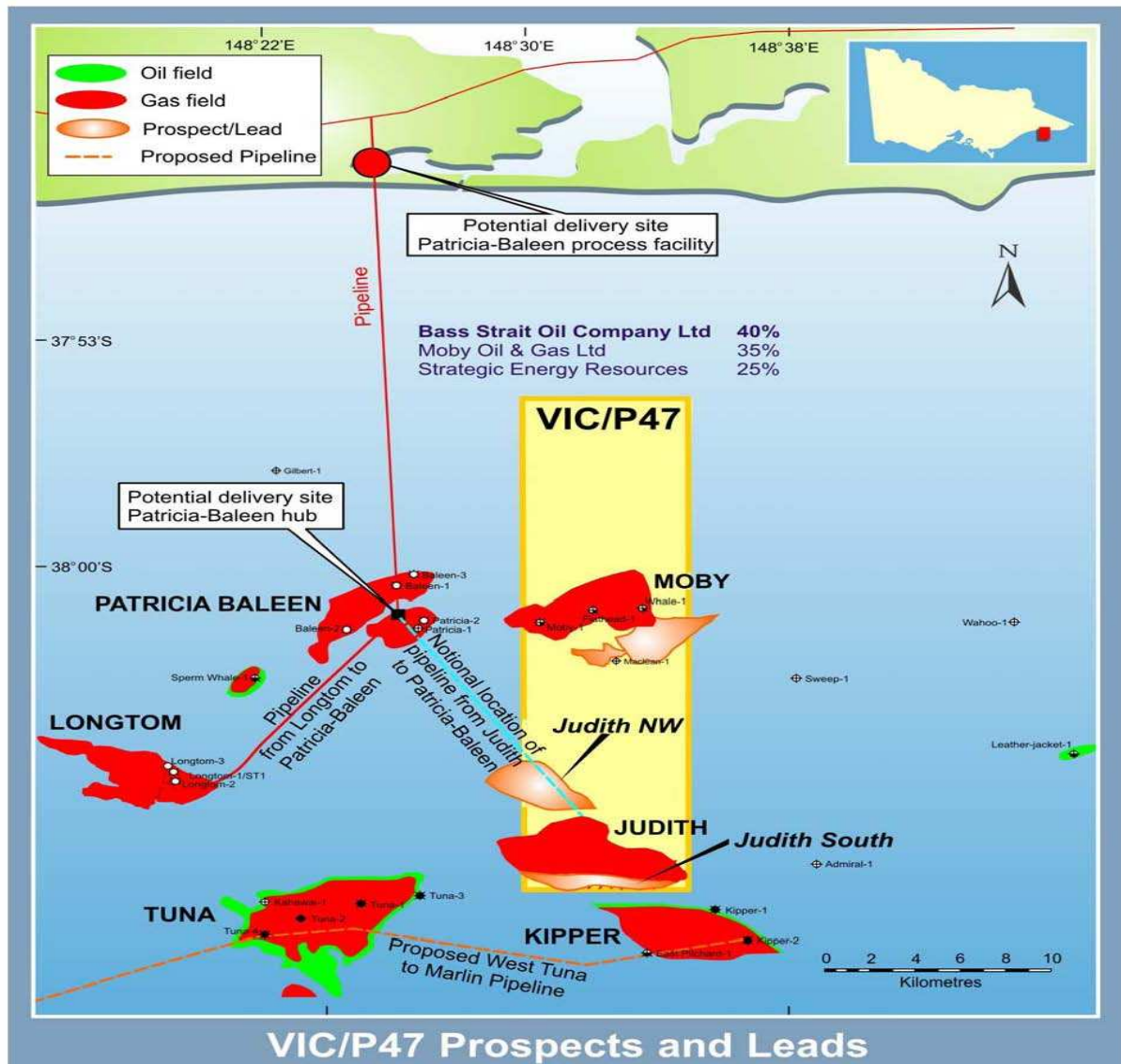


**Prospects and Leads Map – Vic/P45**

## Vic/P47 – GIPPSLAND BASIN

The Vic/P47 Joint Venture consists of:

|                                    |                  |
|------------------------------------|------------------|
| Bass Strait Oil Company Limited    | 40% and Operator |
| Moby Oil & Gas Limited             | 35%              |
| Strategic Energy Resources Limited | 25%              |



The Vic/P47 permit is in year-1 of the first 5 year renewed term. It is located in the offshore Gippsland Basin, 14 km from the coast and south of the Victorian town of Orbost, with water depths ranging up to 80 metres. The renewed Vic/P47 comprises 3 graticular blocks from the original permit area and contains the Judith and Moby gas discoveries, as detailed on the map above. The permit area contains approximately 160 km<sup>2</sup> of existing 3D seismic data and a commitment to reprocess this data is included in the terms of renewed permit.

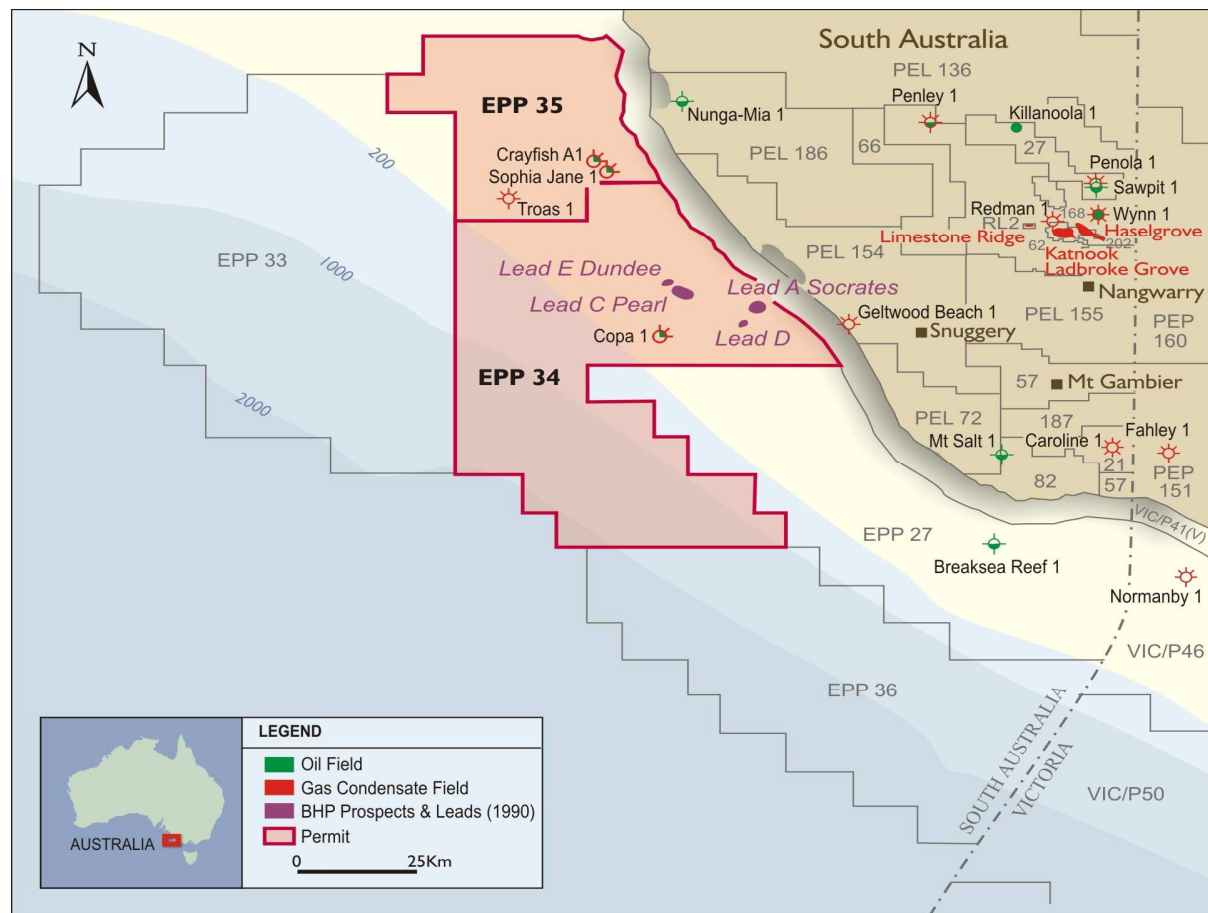
The Judith gas resource was certified by international consultants Gaffney Cline & Associates (“GCA”) (see details below) and both Judith and Moby are in close proximity to existing and planned infrastructure in adjacent licences. The Longtom Field to the west commenced gas production late in the quarter ended 31 December 2009 and the Kipper Field to the south is being developed for first gas production in 2011.

During June 2008, GCA completed an independent resource certification of the Judith gas discovery and associated prospects in Vic/P47. GCA reported that a gross gas column of 290m can be interpreted from Judith-1 electric log data and GCA's petrophysical analysis indicated 135.5m of net gas pay in the Judith-1 well. GCA's certification provides independent confirmation that, subject to successful appraisal, the Judith gas discovery has the resource volume potential to underpin a commercial development.

The Judith gas discovery is located 22 km east of the Longtom Gas Field where Nexus Energy holds a 100% interest and, as noted above, commenced production during the 31 December 2009 quarter. Longtom is the first commercial production from the Emperor Subgroup, a geological unit which also forms the potential reservoir at Judith. The Longtom Field has been developed on the basis of a contract to sell 350 PJ (approximate conversion = 325 BScf) of sales gas.

## **OTWAY BASIN INTERESTS**

As detailed in the following location map, Moby currently holds interests in two petroleum exploration permits in the offshore Otway Basin, being EPP 34 and EPP 35.



### **EPP 34 – OTWAY BASIN**

The EPP 34 (Western Otway) Joint Venture consists of:

|                           |                  |
|---------------------------|------------------|
| Exoil Limited             | 15% and Operator |
| United Oil & Gas Pty Ltd  | 30%              |
| National Gas Group        | 25%              |
| Moby Oil & Gas Limited    | 20%              |
| Gascorp Australia Pty Ltd | 10%              |

Processing of the 1,100 km Trocopa 2D survey and reprocessing of old data has been completed and interpretation and mapping of the seismic data is ongoing. In the past, interpretation focused on the northern shelfal section of the block, targeting the Early Cretaceous Pretty Hill Sandstone, but has covered all areas now comprising the enlarged modern data set.

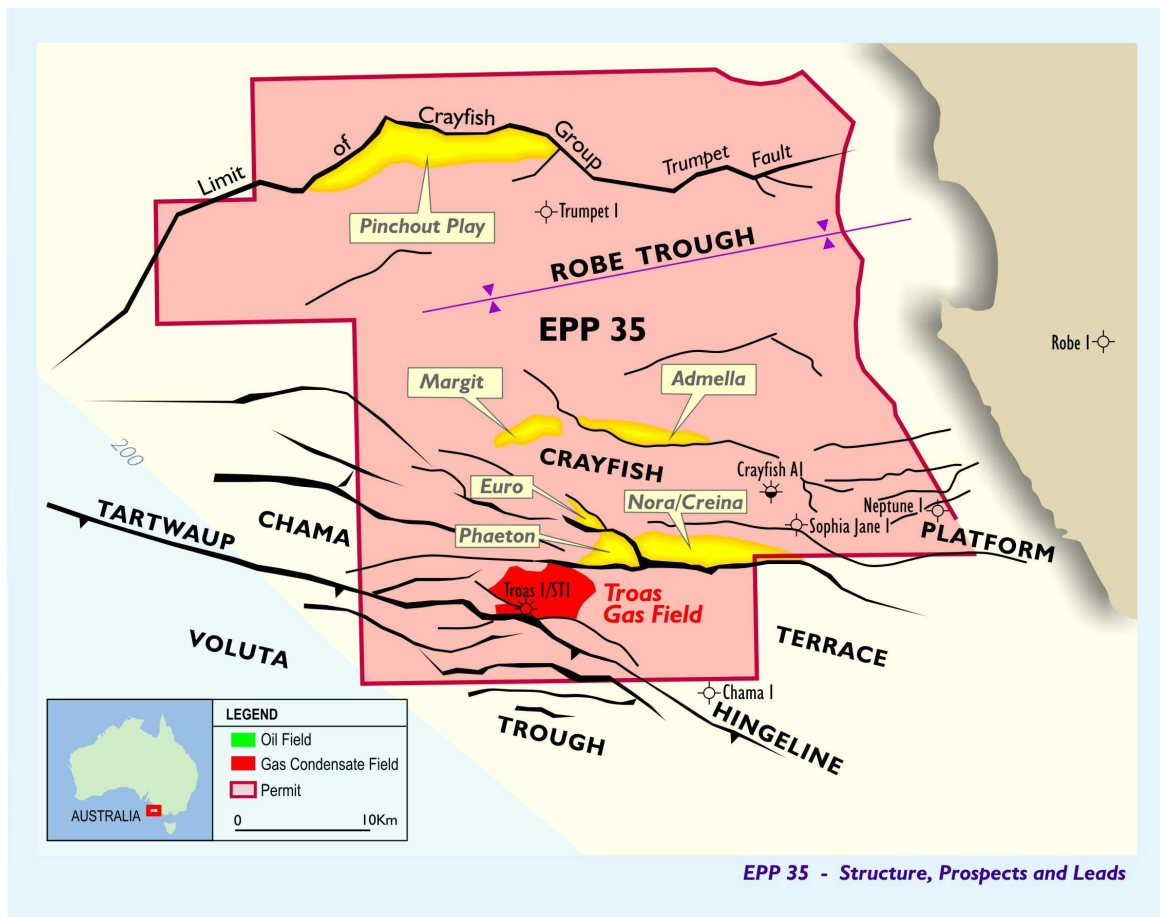
The EPP 34 permit is in year-6 of the initial term after the Joint Venture was granted a variation to the work programme that sees the well obligation moved to the initial term of a renewal of the permit, should such a renewal be applied for. The variation was sought to enable the completion of the current phase of integration and interpretation of the new Trocopa 2D seismic data and reprocessed old seismic data, prior to a decision then being made on what would be the appropriate next step in exploring the permit.

## EPP 35 – OTWAY BASIN

The EPP 35 (Troas) Joint Venture consists of:

|                           |                  |
|---------------------------|------------------|
| Exoil Limited             | 30% and Operator |
| Gascorp Australia Pty Ltd | 30%              |
| Moby Oil & Gas Limited    | 20%              |
| National Energy Pty Ltd   | 20%              |

EPP 35 contains the Troas gas accumulation, where gas indications were noted over more than 1,000 metres of sedimentary section during drilling of the Troas-1 and ST1 well. The permit therefore has a proven hydrocarbon system in place. The focus of the EPP 35 Joint Venture has thus been on the Troas Deep Prospect, where it is planned to acquire a 325 km<sup>2</sup> 3D seismic grid over the Troas complex.



The permit is located approximately 100 km from the gas pipeline to Adelaide and is endowed with a wide range of potential prospects, with 'fair to good' seismic and well data coverage.

The Joint Venture has been granted a 12 month extension to year-3 in order to complete the acquisition and processing of the new 325 km<sup>2</sup> 3D seismic survey; although that is yet to be acquired. The delay in acquiring the survey relates to the lack of availability of existing seismic data acquired by earlier explorers that requires reprocessing and review prior to finalising the design of the new survey.

The environmental consent process is also a limiting consideration in terms of the short period each year within which a survey can be acquired and meet the various requirements of the consents.

**By Order of the Board**



**J G Tuohy**  
Company Secretary

Melbourne, Australia

26 October 2010

**Risk Factors**

*Various statements in this release constitute statements relating to intentions, future acts and events. Such statements are generally classified as forward looking statements and involve known and unknown risks, expectations, uncertainties and other important factors that could cause those future acts, events and circumstances to differ from the way or manner in which they are expressly or impliedly portrayed in this report.*

*Furthermore, exploration for oil and gas is speculative, expensive and subject to a wide range of risks. Summaries of some of the risks inherent in an investment in Moby Oil & Gas Limited are set out in the Company's latest information document (being the Explanatory Memorandum dated 27 November 2009) provided to Shareholders and lodged with the Australian Securities and Investment Commission. Individual investors should consider these matters in light of their personal circumstances (including financial and taxation affairs) and seek professional advice from their accountant, lawyer or other professional adviser as to the suitability for them of an investment in the Company.*

# Appendix 5B

## Mining exploration entity quarterly report

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

Name of entity

MOBY OIL & GAS LIMITED

ABN

17 106 653 794

Quarter ended ("current quarter")

30 SEPTEMBER 2010

### Consolidated statement of cash flows

| Cash flows related to operating activities   | Current quarter<br>\$A'000 | Year to date<br>(3 months)<br>\$A'000 |
|--|----------------------------|---------------------------------------|
| 1.1 Receipts from joint venture participant  |                            |                                       |
| 1.2 Payments for (a) exploration and evaluation<br>(b) development<br>(c) production<br>(d) administration | (374)                      | (374)                                 |
| 1.3 Dividends received   |                            |                                       |
| 1.4 Interest and other items of a similar nature received  | 14                         | 14                                    |
| 1.5 Interest and other costs of finance paid   |                            |                                       |
| 1.6 Income taxes paid  |                            |                                       |
| 1.7 Other  |                            |                                       |
| <b>Net Operating Cash Flows</b>  | <b>(611)</b>               | <b>(611)</b>                          |
| <b>Cash flows related to investing activities</b>  |                            |                                       |
| 1.8 Payment for purchases of: (a)prospects<br>(b)equity<br>investments<br>(c) other fixed assets           |                            |                                       |
| 1.9 Proceeds from sale of: (a)prospects<br>(b)equity<br>investments<br>(c)other fixed assets               |                            |                                       |
| 1.10 Loans to other entities   |                            |                                       |
| 1.11 Loans repaid by other entities  |                            |                                       |
| 1.12 Other (provide details if material) –   |                            |                                       |
| <b>Net investing cash flows</b>  |                            |                                       |
| 1.13 Total operating and investing cash flows<br>(carried forward)   | <b>(611)</b>               | <b>(611)</b>                          |

+ See chapter 19 for defined terms.

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

|   |  |       |       |
|---|--|-------|-------|
| 1.13  | Total operating and investing cash flows (brought forward) | (611) | (611) |
| <b>Cash flows related to financing activities</b> |  |       |       |
| 1.14  | Proceeds from issues of shares, options, etc.              |       |       |
| 1.15  | Proceeds from sale of forfeited shares                     |       |       |
| 1.16  | Proceeds from borrowings                                   | 600   | 600   |
| 1.17  | Repayment of borrowings                                    | (616) | (616) |
| 1.18  | Dividends paid   |       |       |
| 1.19  | Share issue costs  |       |       |
|   | <b>Net financing cash flows</b>                            | (16)  | (16)  |
| <b>Net (decrease) increase in cash held</b>       |  |       |       |
|   |  | (627) | (627) |
| 1.20  | Cash at beginning of quarter/year to date                  | 2,675 | 2,675 |
| 1.21  | Exchange rate adjustments to item 1.20                     | (14)  | (14)  |
| 1.22  | <b>Cash at end of quarter</b>                              | 2,034 | 2,034 |

**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<br>\$A'000 |
|------|--|----------------------------|
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 | 101                        |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10   |                            |

1.25 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

+ See chapter 19 for defined terms.



### Financing facilities available

Add notes as necessary for an understanding of the position.

|                                 | Amount available<br>\$A'000 | Amount used<br>\$A'000 |
|---------------------------------|-----------------------------|------------------------|
| 3.1 Loan facilities             |                             |                        |
| 3.2 Credit standby arrangements |                             |                        |

### Estimated cash outflows for next quarter

|                                | \$A'000      |
|--------------------------------|--------------|
| 4.1 Exploration and evaluation | 900          |
| 4.2 Development                |              |
| 4.3 Production                 |              |
| 4.4 Administration             | 200          |
| <b>Total</b>                   | <b>1,100</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<br>\$A'000 | Previous quarter<br>\$A'000 |
|--|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank                     | 2,034                      | 2,675                       |
| 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>2,034</b>               | <b>2,675</b>                |

### 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 | See Activity Report Section   |                                  |                            |
| 6.2 | Interests in mining tenements acquired or increased           | See Activity Report Section   |                                  |                            |

+ See chapter 19 for defined terms.

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

**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><br><i>(description)</i>   |              |               |   |  |
| 7.2 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs, redemptions |              |               |   |  |
| 7.3 <b>+Ordinary securities</b>  | 288,177,593  | 168,177,593   |   |  |
| 7.4 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs              |              |               |   |  |
| 7.5 <b>+Convertible debt securities</b><br><i>(description)</i>  |              |               |   |  |
| 7.6 Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through securities matured, converted              |              |               |   |  |
| 7.7 <b>Options</b><br><i>(description and conversion factor)</i>   | -            | -             |   |  |
| 7.8 Issued during quarter  |              |               |   |  |
| 7.9 Exercised during quarter   |              |               |   |  |
| 7.10 Expired during quarter  | -            | -             |   |  |
| 7.11 <b>Debentures</b><br><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: ..... Date: 26/10/2010  
(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 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.

== == == == ==