



CARBON ENERGY LTD
QUARTERLY REPORT
MARCH 2013



carbonenergy

CARBON ENERGY LIMITED

ABN 56 057 552 137

QUARTERLY ACTIVITIES REPORT FOR
THE PERIOD ENDED 31 MARCH 2013

ASX CODE: CNX OTCQX CODE: CNXAY

ISSUED CAPITAL AS AT 31 MARCH 2013

782,684,355 shares

OPTIONS - UNLISTED

5,709,000 Unlisted current CNX management and employee options

29,250,000 Unlisted ex CNX management and employee options

44,645,845 Unlisted Pacific Road Capital Convertible Note options

61,728,395 Unlisted Credit Suisse options

SHAREHOLDERS

5,588 Shareholders

TOP 20 SHAREHOLDERS

Hold 51.54% of listed shares

BOARD OF DIRECTORS & MANAGEMENT

Dr Chris Rawlings	– Non-Executive Chairman
Dr Helen Garnett	– Non-Executive Director
Mr Max Cozijn	– Non-Executive Director
Mr Peter Hogan	– Non-Executive Director
Mr Louis Rozman	– Non-Executive Director
Mr Morné Engelbrecht	– Acting Chief Executive Officer, Chief Financial Officer & Company Secretary
Dr Cliff Mallett	– Technical Director
Mr Justin Haines	– General Manager Technical Services
Mr Terry Moore	– General Manager Operations

MAJOR SHAREHOLDERS

Incitec Pivot Ltd	9.65%
Pacific Road	9.40%

COMPANY OVERVIEW

ABOUT CARBON ENERGY

Carbon Energy specialises in underground coal gasification (UCG). Our proprietary *keyseam*[®] technology is the key to unlocking new energy sources, transforming stranded, deep or otherwise uneconomic coal resources into high value syngas for the production of a number of downstream products.

Carbon Energy delivers end-to-end UCG services from initial project assessment through to commercial project development, operations, site decommissioning and rehabilitation.

Carbon Energy achieved Proof of Concept of its keyseam technology following 10 years of research by Australia's premier scientific research agency, the Commonwealth Scientific and Industrial Research organisation (CSIRO), 5 years of in-field trials and over \$100 million investment in technology development.

By successfully proving our keyseam technology, we have earned a reputation for delivering consistent, high quality product gas which can be used for many purposes including power generation, ammonia products and production of pipeline quality gas. Carbon Energy's keyseam technology maximises resource efficiency, whilst minimising surface disturbance and preserving groundwater quality.

Carbon Energy has previously announced the following suite of assets:

- 2.0 Billion tonnes¹ of coal JORC Inferred Resource in southeast Queensland's Surat Basin;
- 743PJ² of Certified 2P syngas reserves in southeast Queensland's Surat Basin; and
- 910 Million tonnes³ of coal JORC Inferred Resource at its Bridger, Wyoming USA farm-in area.

The Company is headquartered in Brisbane, Australia, listed on the Australian Securities Exchange (ASX) as CNX and is quoted on the OTCQX International Exchange as CNXAY in the United States.

¹ See CNX ASX/Media Announcement 2 April 2013. CNX is not aware of any new information that would materially affect the Resources stated.

² See CNX ASX/Media Announcement 8 December 2009. CNX is not aware of any new information that would materially affect the Reserves stated.

³ See ASX/Media Announcement 23 January 2013. CNX is not aware of any new information that would materially affect the Resources stated.




KEY EVENTS OF THE QUARTER

CARBON ENERGY:

- Signed a Technology Services Agreement whereby the Company earned its first revenue of up to \$100,000 from providing technology services in relation to its proprietary keyseam UCG technology.
- Commenced a Conceptual Study identifying commercial scale opportunities in Australia utilising its significant 2P Gas Reserve at Bloodwood Creek. The study will be finalised in May 2013.
- Advanced the process for settlement of the \$10 million Shanxi Coal Licencing Agreement in China.

EVENTS SUBSEQUENT TO QUARTER END

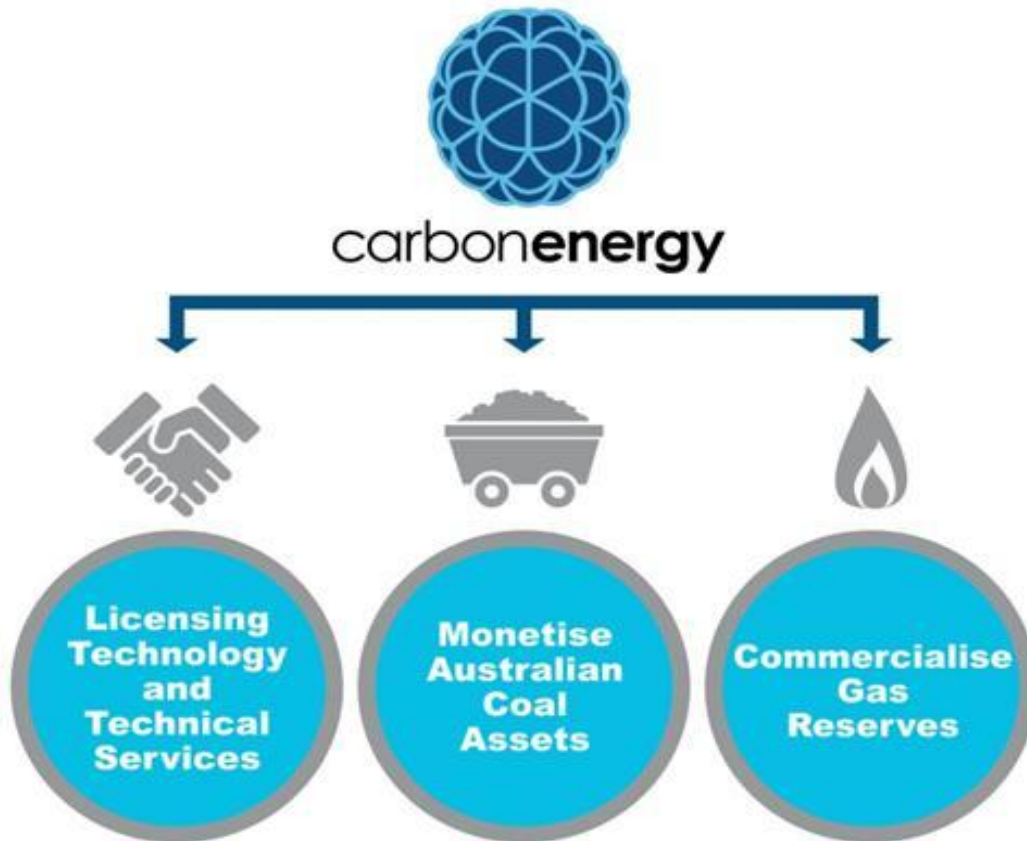
CARBON ENERGY:

- Announced a 48% increase in its JORC Inferred Coal Resource to 2.0 Billion tonnes within its wholly-owned Surat Basin tenements.
 - Completed an independent geophysical survey reinforcing the Company's technically advanced UCG technology through confirming the location and size of the UCG reactor.
- 

GROWTH STRATEGIES

Carbon Energy remains committed to its strategic objectives and is pursuing several business development opportunities. The Company is experiencing an increase in UCG related enquiries and continues to progress with technology licensing and services opportunities worldwide.

The increase in UCG related enquiries is in line with global recognition of UCG as an economic alternative for accessing otherwise unrecoverable coal reserves. International Energy Agency Clean Coal Centre senior analyst, John Kessels, publicly stated at a recent workshop that UCG is recognised worldwide as a clean, viable and economic method of accessing deep coal reserves.



LICENSING TECHNOLOGY & TECHNICAL SERVICES

INDEPENDENT CAVITY SURVEY REINFORCES CARBON ENERGY'S TECHNICALLY ADVANCED UCG TECHNOLOGY

In a world first, Carbon Energy released the results of a survey which confirms the size and nature of the Underground Coal Gasification (UCG) cavity following trials of the Company's proprietary keyseam UCG technology.

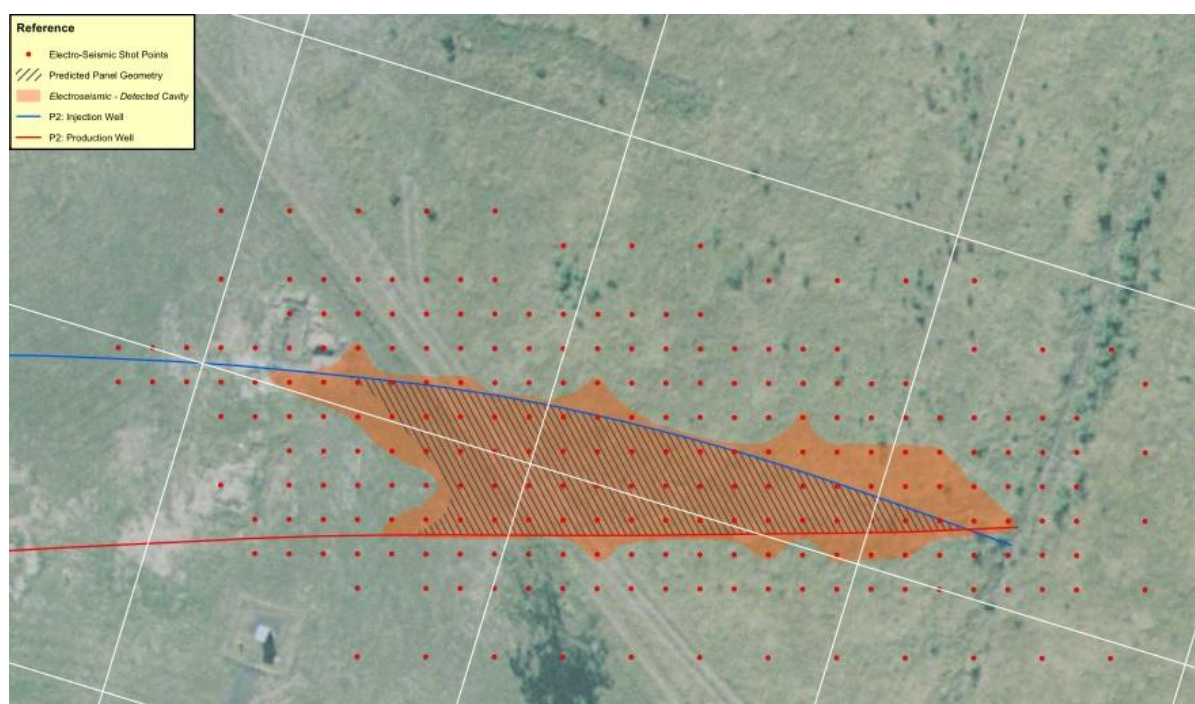
The independent electro-seismic survey was conducted by Aquatronic Solutions, developers of this innovative technique, at the Company's Bloodwood Creek pilot site.

Aquatronic Solutions produced an image of Carbon Energy's UCG cavity following the decommissioning of the Company's Panel 2 at the site. The image was created by detecting the heated rock in the roof of the cavity (see Diagram 1).

The Bloodwood Creek Panel 2 UCG reactor was operated continuously for 20 months and gasified approximately 13,000 tonnes of coal and formed a cavity of approximately 8,500 cubic metres in size. In March 2012 Carbon Energy announced that Proof of Concept was achieved during the Panel 2 trial, including the following key outcomes:

- High quality syngas produced – a 12 month average of 6.45 MJ/Sm³ HHV;
- Consistent gas quality;
- No physical intervention or re-ignition required once reactor initiated; and
- No impact on groundwater quality or quantity beyond trial area.

Diagram 1 Electro-Seismic Grid, Carbon Energy Panel 2



The location of the reactor cavity is clearly shown and confirms:

- Containment and control of the gasification process, evidenced by the limited gasification impact outside the defined panel;
- Predictability and therefore validation of the Company's gasification prediction models. The image highlights that as the gasification process proceeded, it followed very closely to the path predicted from the modelling;
- Cavity size and location is in line with expectations; and
- Confirmation that the Company's patented, automated CRIP system operates effectively.

The electro-seismic method also allows for continuous monitoring of the reactor growth during the gasification process. As Carbon Energy's keyseam technology is operating, the size, shape, and location of the cavity can be monitored to confirm it is performing in-line with expectations.

These findings further support one of the Company's key strategic pillars, which is to pursue global expansion by becoming the preferred partner of choice, nationally and internationally, through delivering the most technically advanced and demonstrated UCG technology.

CHINA

Carbon Energy remains committed to its relationship with and becoming the UCG technology partner of choice for Shanxi Coal Transportation and Sales Group (Shanxi Coal) in the Shanxi Province in China.

A number of governmental changes in China including a new Governor for the Shanxi Province and, just recently, a new Mayor for Changzhi City (proposed project location area) have unfortunately delayed access to and approval by the local Government. Without local Government approval, payment of the contracted US\$7.5 million technology fee cannot be made.

In a positive development during the Quarter, Shanxi Coal has re-affirmed its commitment to the project with the recent appointment of the China University of Mining and Technology (CUMT) as its new China technology advisor. CUMT will assist Shanxi Coal in its undertaking to develop the new relationships to provide a positive outcome for the project.

CHILE

Commercial discussions are continuing with Antofagasta Minerals (AMSA) to align the current joint venture agreement with our strategic direction as a technology provider. The current agreement also allows for Carbon Energy to take ownership through acquiring AMSA's interest in the Mulpun Energy project and taking control of its future development in the event that AMSA decides that it does not want to continue with the project.

Project	JORC Resource ¹ (Mt)	Estimated Recoverable Gas ² (PJ) Non-JORC
Mulpun, Chile ³	103	1,100

Notes:

1. JORC compliant – Competent Person: Dr C. Mallett
2. Carbon Energy calculation based on estimated energy content of the coal and 50% recovery (that takes into account pillars, losses and a gasification efficiency of 80%)
3. Carbon Energy has the right to 30% contributing interest in Chile deposit upon completion of agreed milestones

UNITED STATES OF AMERICA

On 23 January 2013, Carbon Energy announced a maiden Coal JORC Inferred Resource of 910 Million tonnes (Mt) at the Company's tenements in Bridger, Wyoming in the United States of America (see Company ASX/Media Announcement, 23 January 2013 for Executive Summary and Competent Person Statement).

Carbon Energy has the rights to explore these coal tenements, which cover 113km² of land, as part of an agreement with Anadarko Land Corporation. The drill hole data for the project comprised 213 holes and includes rock type and lithological descriptions, and seam correlation.

This initial statement was completed as part of geological and resource modelling for the area.

Although the Bridger, Wyoming Maiden Resource represented a large resource for future UCG, the

current challenging gas market in the United States does not support the commercial exploitation of these tenements in the near to medium term.

In accordance with JORC guidelines, the reported Inferred Coal Resources in the Company's Bridger Site, Wyoming are:

Resource Category	Seam	Thickness (m)	Depth (m)	Area (km ²)	Volume (m ³)	Tonnage (Mt)
Inferred Resource	O	4.59	420-606	33.3	153,000,000	229
Inferred Resource	BU	4.36	565-813	35.0	152,000,000	229
Inferred Resource	GU	6.75	587-879	34.2	230,000,000	346
Inferred Resource	L	6.19	822-968	11.4	70,700,000	106
Total Inferred Resources						910

Table – Coal Resource Estimation Table – 4m Minimum Thickness

1. See CNX ASX/Media Announcement 23 January 2013. CNX is not aware of any new information that would materially affect the Resources stated.

MONETISE AUSTRALIAN COAL ASSETS

48% INCREASE IN JORC INFERRED COAL RESOURCE TO 2.0 BILLION TONNES

Subsequent to Quarter end, on 2 April 2013, Carbon Energy announced a 48% increase in its JORC Inferred Coal Resource to 2.0 Billion tonnes within its wholly-owned Surat Basin tenements. (see Company ASX/Media Announcement, 2 April 2013 for Executive Summary and Competent Person Statement).

This statement continues the modelling of existing Carbon Energy tenements in the Surat Basin from public file drill-hole information and has been developed by an independent, third party geological services company GeoConsult.

The newly defined resource relates to tonnage increases at EPC 867 (excluding MDL 374), EPC 869, and EPC 1132 in the Macalister Seam.

There is significant potential for further definition of resources in other Walloon Coal Measure seams in these same leases, subject to obtaining further coal quality data within these seams.

Carbon Energy previously announced on 22 November 2012 the finalisation of a Conceptual Study on conventional coal mining at its Surat Basin tenements that identified at least three longwall mining areas each with the potential of mining 5 million product tonnes per annum of export thermal coal.

Coal quality within Carbon Energy's resources is expected to be consistent with the published coal qualities of the Macalister Seam at the Wilkie Creek and Kogan operating coal mines. These mines

produce a thermal coal product of around 11% ash, 9% moisture and Gross Calorific Value of 6,200 kCal/kg for export and domestic markets.

Carbon Energy is seeking the monetisation of our large 100% owned thermal coal Resource. As previously noted, Carbon Energy plans to utilise the funds generated to further develop its core business of providing underground coal gasification technology and services.

In accordance with JORC guidelines, the reported Inferred Coal Resources in the Company's Surat Basin tenures are¹:

Resource Category	Seam	Thickness (m)	Depth (m)	Raw Ash (%ad)	IM (%ad)	Area (km ²)	Volume (km ³)	Tonnage (Mt)
Inferred Resource	MAU	3.3 (2.0-5.9)	187 (142-242)	29.7 (24.4-35.1)	7.1 (6.4-8.9)	20.7	63.7	98.2
Inferred Resource	MAM	3.8 (2.0-6.2)	205 (150-247)	27.4 (25.2-46.2)	5.9 (5.4-8.4)	26.4	93.5	145
MDL374 Total								243
Inferred Resource	MAU	3.9 (2.0-6.6)	234 (145-385)	29.0 (9.1-36.5)	8.6 (6.4-9.6)	77.2	281	448
Inferred Resource	MAM	3.9 (2.0-9.4)	301 (148-450)	29.2 (11.3-47.9)	7.5 (5.4-9.4)	178.7	637	1,000
EPC867 Total								1,448
Inferred Resource	MAM	6.4 (2.0-14.5)	337 (229-417)	25.9 (20.2-34.4)	4.9 (3.4-6.8)	52.7	298	449
EPC869 Total								449
Inferred Resource	MAM	5.6 (4.1-7.0)	271 (206-363)	26.1 (24.7-27.6)	7.5 (7.1-7.9)	6.7	35.9	58.8
Inferred Resource	MAM	4.4 (2.4-6.4)	259 (230-296)	25.4 (24.7-26.3)	5.3 (4.6-6.3)	6.8	27.0	42.2
Inferred Resource	MAM	7.0 (4.7-8.0)	259 (238-285)	24.7 (24.2-25.1)	3.8 (3.6-4.1)	3.0	20.7	31.6
EPC1132 Total								132
Project Total								2,272

Table – Coal Resource Estimation

Nb. Inferred Resources are conceptual in nature.

Constraints on the Inferred Resources are as follows:

- Points of observation less than 4km apart and not exceeding 1km past the last data point.
- Minimum seam thickness of 2m (in aggregate of plies)
- Maximum stone parting thickness of 0.5m
- Maximum raw ash of 50%
- Drill holes classed as valid points of observations were defined as holes where;
 - The entire coal seam was cored or the drillhole contained slimline geophysics,
 - Drillhole seam intersection has reasonable stratigraphic correlation.

1. See CNX ASX/Media Announcement 2 April 2013. CNX is not aware of any new information that would materially affect the Resources stated.

COAL COMMERCIALISATION STRATEGY

Since announcing the strategic direction to monetise its coal assets, Carbon Energy has achieved key milestones in defining its coal resource and the initial development plans to maximise value from these assets. These include:

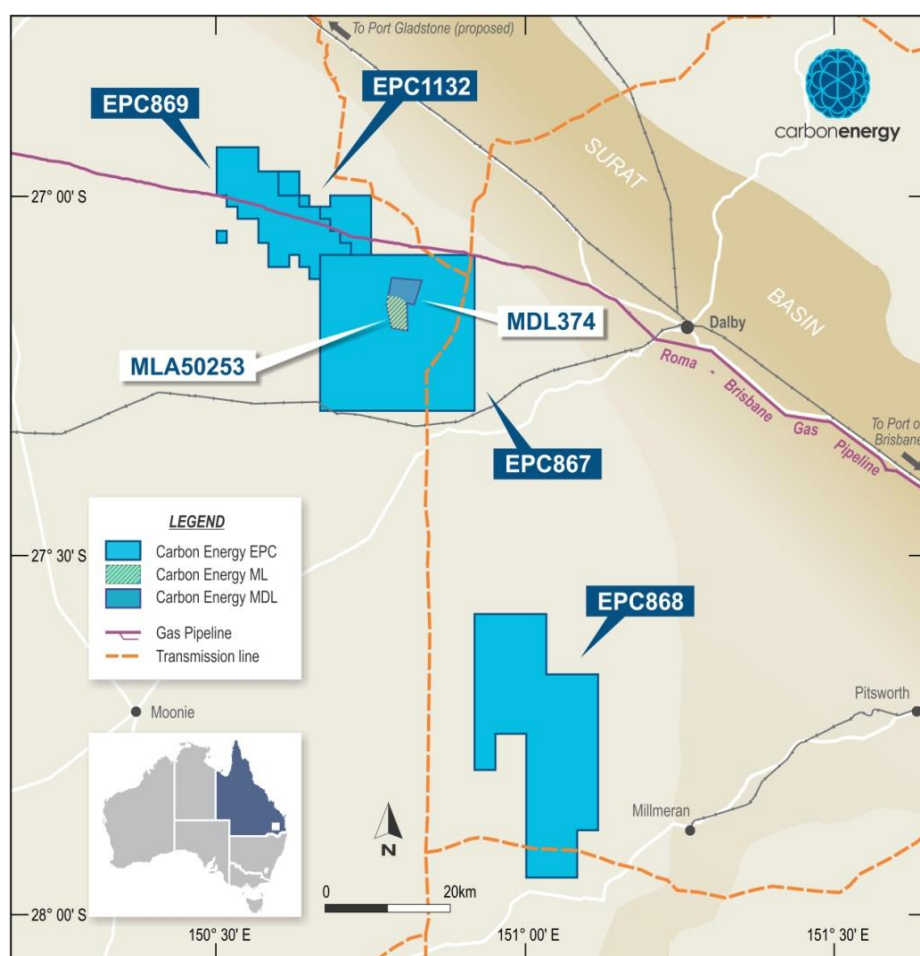
- Developing Exploration Target and Inferred Resource statements (completed); and
- Undertaking conceptual mining study for development of the company's coal assets (completed);

Further to this, the Company is currently advancing significant initiatives including:

- Engaging with multiple parties for the monetisation of the coal assets;
- Preparing MDL applications over five key resource areas; and
- Seeking to secure access to ports and transport infrastructure for expected coal production.

Carbon Energy plans on utilising the funds generated from monetising its coal assets to further develop its core business of providing underground coal gasification technology and services.

CARBON ENERGY COAL TENURE SURAT BASIN



Carbon Energy Coal Tenure Surat Basin

TENEMENT STATUS AT END MARCH 2013

Tenement ¹	Status	As at December 2012	Area km ²
MLA 50253	Application	1,343 ha	13
MDL 374	Granted	2,868 ha	29

Tenement ¹	Status	As at December 2012 sub-blocks	Area km ²
EPC 867	Granted	195	595.7
EPC 869	Granted	64	195.8
EPC 868	Granted	177	538.0
EPC 1132	Granted	23	70.4
Total Eastern Surat Basin EPC's		459	1,399.9

Tenement ¹	Status	As at December 2012 sub-blocks	Area km ²
EPC 1109	Granted	65	195
Total Beaudesert EPC's		65	195

1. No change in tenement holding since June 2012.

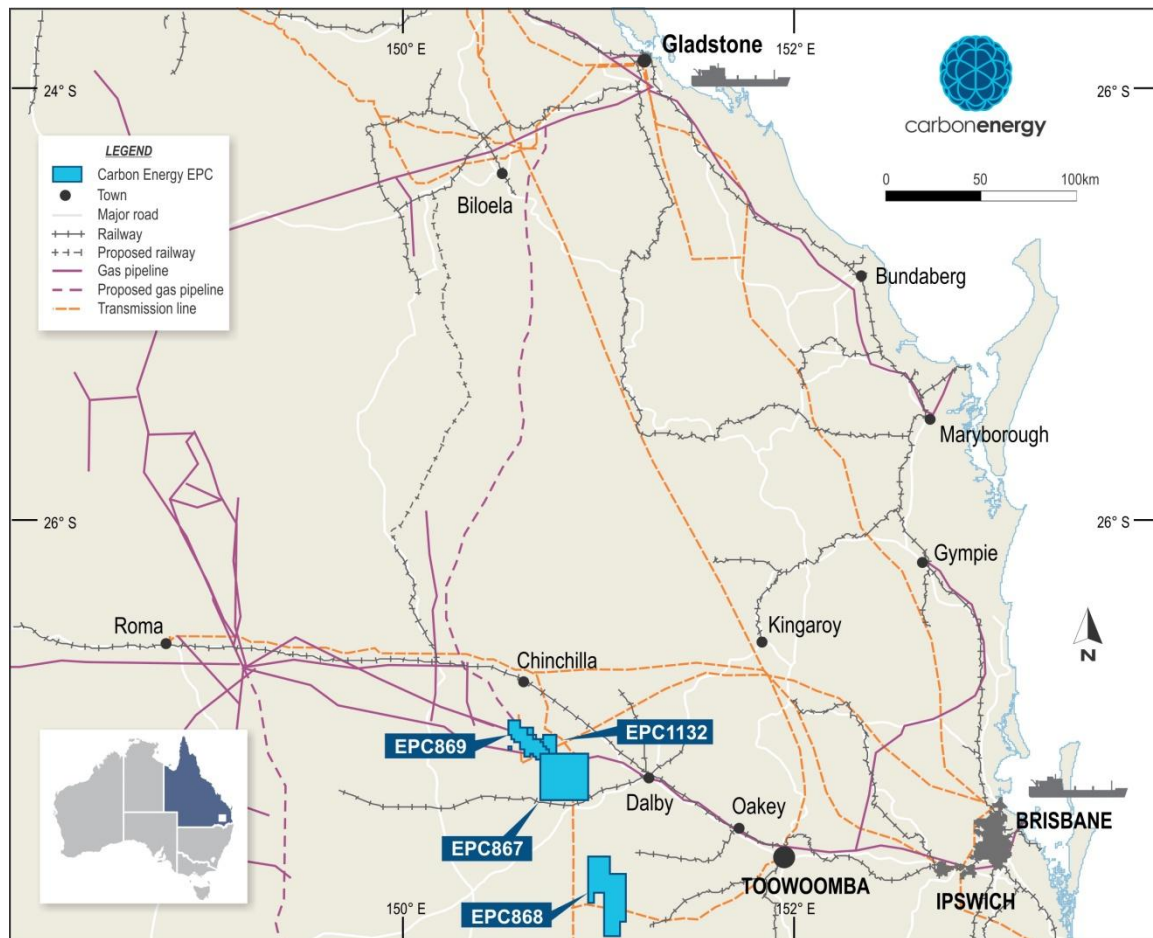
COMMERCIALISE GAS RESERVES

COMMENCED COMPREHENSIVE CONCEPTUAL STUDY TO CONFIRM COMMERCIAL SCALE OPPORTUNITIES IN AUSTRALIA

Carbon Energy, in January 2013, commenced a major Concept Study utilising robust engineering studies from engineering specialists LogiCamms to demonstrate the commerciality of the Company's keyseam UCG technology. The study is based on successful trial data gathered from more than five years of in-field trials and operation from the Company's syngas reserve at Bloodwood Creek.

Carbon Energy's substantial 743PJ certified 2P syngas Reserve located in South East Queensland, the basis of the study, provides for 25 years of continuous production for all scenarios being assessed.

The Company's syngas Reserve is positioned on the Mineral Development Licence 374 within the Company's wholly owned 1400 km² of exploration leases in Queensland's Surat Basin. The site is well placed for full commercialisation with nearby infrastructure including major power lines, the Roma-Brisbane Gas Pipeline, industrial-grade water supply, roads and rail as well as skilled labour (see map below).



Carbon Energy Coal Tenure and Regional Infrastructure

The Conceptual Study is the next phase in a process which follows 10 years of scientific development and research conducted by Australia's leading scientific agency CSIRO and 5 years of in-field trials.

The elements being assessed as part of the Conceptual Study include:

- Market Analysis – A market analysis conducted for each downstream market.
- Engineering Study – Utilisation of robust engineering studies from engineering specialists LogiCamms using data from the in-field UCG trials and operation completed to a Level 1 Front End Loading (FEL-1).
- Regulatory and Environmental requirements – Review of the existing and anticipated major regulatory and environmental requirements.
- Social impacts – Social and economic impacts study at a local, regional, and state level.
- Economic Evaluation – Robust economic evaluation.

The Conceptual Study framework will also give Carbon Energy the ability to evaluate other business opportunities outside of the Company's existing South East Queensland tenements both domestically and globally. The Conceptual Study will be finalised in May 2013.

BLOODWOOD CREEK UPDATE

Carbon Energy completed decommissioning of its panels during the last Quarter and has commenced first steps in rehabilitation. After decommissioning its second trial Panel at Bloodwood Creek, Carbon Energy is holding the pressure in the cavity at or near atmospheric pressure to promote groundwater ingress to steam the cavity as the first step in the rehabilitation process.

Meanwhile planning is well underway for access to the cavity to enable biogeochemical characterisation and assessment of the extent and methodology for any further remediation required. The company looks forward to demonstrating the final phase of the full life-cycle of a UCG Panel.

QUEENSLAND GOVERNMENT POLICY - UCG

Carbon Energy was advised by the Queensland Government in early December 2012 that a final report on UCG had been provided to the Government from the Independent Scientific Panel (ISP). A policy for UCG in Queensland was expected in the first Quarter of this year.

The Company continues to work proactively with the Queensland Government at various levels and awaits advice as to the next steps and the outcome of a policy for UCG in Queensland.

UCG SYNGAS RESERVE

In accordance with the Society of Petroleum Engineers (SPE) guidelines, the reserves in these properties are¹:

AREA	CATEGORY	GROSS GAS VOLUMES(PJ)
Bloodwood Creek MDL 374	1P Reserve (Proven)	11
	2P Reserve (Proven + Probable)	743
	3P Reserve (Proven + Probable + Possible)	1,042

The reserve estimates used in this document were compiled by Mr Timothy Hower of MHA Petroleum consultants, Colorado, USA, a qualified person under ASX Listing Rule 5.11. Mr Hower has consented to the use of the reserve information contained within this document in the form and context in which it appears.

1. See CNX ASX/Media Announcement 8 December 2009. CNX is not aware of any new information that would materially affect the Reserves stated.

CORPORATE

CASH MANAGEMENT

The consolidated group had \$4.639 million in cash at bank as at 31 March 2013.

SUMMA SHARE SALE UPDATE

On 25 March, 2013, the Company advised that it had received a dispute notice from Summa Resource Holdings LLC (Summa) pursuant to the Share Sale Agreement entered between Carbon Energy and Summa (Agreement) (refer to ASX Announcement on 23 February 2011), pursuant to which it acquired two companies which held rights to projects in Wyoming (USA), North Dakota/Montana (USA) and Amasra (Turkey).

Summa is claiming that it is entitled to two further tranches of US\$4.5 million of CNX shares each, a total of US\$9 million (based on a specified 30 day VWAP) which the Agreement provided were to be issued subject to meeting key development milestones.

As previously announced by Carbon Energy (refer to ASX Announcement on 5 March 2013), the relevant milestones under the Agreement have not been met, notwithstanding Carbon Energy having taken all required steps and having used its best endeavours. Carbon Energy considers that it has no obligation to issue the claimed shares under the Agreement. The Agreement requires the claim to go through a dispute resolution process prescribed by the Agreement. Carbon Energy will vigorously defend the claim by Summa.

EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

On the 16 November 2012 the Company announced Credit Suisse AG, Sydney Branch provided a \$10 million bridging loan facility. On the same day the Company also announced it had issued the CS Options to Credit Suisse as part of the Facility.

In accordance with Part 2J.3 of the Corporations Act, Shareholder approval is required for any financial assistance provided by the Company or by any Subsidiary in connection with the issue of the Credit Suisse Options and the issue of Shares upon exercise of any of the Credit Suisse Options on the terms set out in the Option Deed.

Accordingly, an Extraordinary General Meeting (EGM) was held on the 6 February 2013 to approve, amongst other business, the above.



Morné Engelbrecht

Acting Chief Executive Officer

30 April 2013

APPENDIX 5B

MINING EXPLORATION ENTITY QUARTERLY REPORT

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

CARBON ENERGY LIMITED

ABN

56 057 552 137

Quarter ended ("current quarter")

31 March 2013

CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Quarter \$A'000	Year to date \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) Exploration & Evaluation	(113)	(363)
(b) BWC Site Operating & Maintenance Costs	(665)	(3,210)
(c) Technical Services	(741)	(1,765)
(d) Corporate & Administration	(1,216)	(4,995)
(e) Commercial & Other Business Development	(65)	(366)
(f) Other Projects	(173)	(186)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	73	146
1.5 Interest and other costs of finance paid	-	(3)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material) Receipt of R&D Rebate	-	7,002

Net Operating Cash Flows		(2,900)	(3,740)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(236)	(278)
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	565
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	(50)	(162)
	Project Chile, net payment for Premises Bond and payment for Intangible asset costs		
Net investing cash flows		(286)	125
1.13	Total operating and investing cash flows (carried forward)	(3,186)	(3,615)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from Credit Suisse Term Facility	-	10,000
1.17	Repayment of borrowings	-	(7,003)
1.18	Term facility fees paid	-	(1,010)
1.19	Other (provide details if material) – Trade Creditors/Debtors	-	(3)
Net financing cash flows		-	1,984
Net increase (decrease) in cash held		(3,186)	(1,631)
1.20	Cash at beginning of quarter/year to date	7,825	6,270
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	4,639	4,639

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	87
1.24 Aggregate amount of loans to the parties included in item 1.10	-
1.25 Explanation necessary for an understanding of the transactions	

Costs included in item 1.23 above include Non-Executive Directors' fees and superannuation.

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

Issue of 2,877,033 Ordinary Shares to cover the interest costs, payable 3 months in arrears, in relation to Tranche A (\$2 million) and Tranche B (\$8 million) utilised under the \$10 million Pacific Road Convertible Note Facility Agreement. These shares are issued in accordance with ASX Listing Rule 7.

- 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

N/A

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 (Pac Road Convertible Note Facility and Credit Suisse Term Facility)	13,000	13,000
3.2 Credit standby arrangements	237	237

ESTIMATED CASH OUTFLOWS FOR NEXT QUARTER

	\$A'000
4.1 Exploration and evaluation	49
4.2 BWC Site Operating & Maintenance Costs & Technical Services	1,526
4.3 Production	-
4.4 Corporate, Commercial, New Business & Administration	1,347
Total	2,922

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	1,539	1,825
5.2 Deposits at call	3,100	6,000
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	4,639	7,825

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>	Nil	Nil	-	-
7.2 Changes during quarter				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 *Ordinary securities	782,684,355	782,684,355	Various	Fully paid
7.4 Changes during quarter				
(a) Increases through issues	1,355,368 2,877,033	1,355,368 2,877,033	4.70 c 4.33 c	Fully paid Fully paid
(b) Decreases through returns of capital, buy-backs	-	-	-	-

Appendix 5B

Mining exploration entity quarterly report

7.5	*Convertible debt securities <i>(description)</i>	<p>The Company completed a \$10,000,000 Convertible Note Facility with Pacific Road Capital ("Pacific Road") on 5 January 2012. A drawdown notice for \$2,000,000 was issued to Pacific Road on 17 January 2012 and a further drawdown notice issued for the remaining \$8,000,000 on 24 February 2012. Pacific Road may convert the Convertible Loan Facility into Shares at any time at \$0.15 each, being a 25% premium to the Rights Issue Price, and the Company has a similar right in the event that after 18 months its share price exceeds a 60 day volume weighted average of \$0.40. Pacific Road are entitled to a maximum of 66,666,667 Shares in the event of the exercise of conversion rights under the Convertible Loan Facility. The Company is required to pay interest on a quarterly basis at 5% per annum which is payable by way of the issue of Shares at the 5 day VWAP for the Shares on the ASX prior to the day a payment is due.</p> <p>The Company completed a \$10 million bridging loan facility with Credit Suisse on 16 November 2012. A drawdown notice for \$10 million was issued to Credit Suisse on 16 November 2012. The terms of the loan are a 12 month secured term loan facility at an interest rate of 8% per annum with 61,728,395 million Options issued at a strike price of \$0.08. Repayments of \$7,002,767 were also made on 7 December 2012 leaving an outstanding balance of \$2,997,233 on the Facility.</p>			
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-	-	-
7.7	Options <i>Unlisted Options 25c</i> <i>Unlisted Options 35c</i> <i>Unlisted Options 70c</i> <i>Unlisted Options 80c</i> <i>Unlisted Options \$1.00</i> <i>Unlisted Options \$1.20</i> <i>Unlisted Options \$1.60</i> <i>Unlisted Options \$0.1875</i> <i>Unlisted Options \$0.1875</i> <i>Unlisted Options \$0.0810</i> <i>Unlisted Options \$0.0810</i>	5,000,000 1,400,000 5,600,000 7,250,000 10,000,000 875,000 1,750,000 7,000,000 28,000,000 61,728,395 9,645,845	- - - - - - - - - - -	<i>Exercise price</i> 25c 35c 70c 80c \$1.00 \$1.20 \$1.60 \$0.1875 \$0.1875 \$0.0810 \$0.0810	<i>Expiry date</i> 10/12/2013 10/12/2013 10/12/2013 10/12/2013 10/12/2014 10/12/2013 10/12/2013 18/01/2017 25/02/2017 15/11/2014 15/11/2014
7.8	Issued during quarter	3,084,000	-	\$0.12	31/12/2015
7.9	Exercised during quarter	-	-	-	-

+ See chapter 19 for defined terms.

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7.10	Expired during quarter	-	-	-	-
7.11	Debentures <i>(totals only)</i>	-	-		
7.12	Unsecured notes <i>(totals only)</i>	-	-		

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

Sign here:



Date: 30 April 2013

Print name: Morné Engelbrecht

Title: Acting CEO, CFO & Company Secretary

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