

2 August 2010

Australian Securities Exchange Limited  
Company Announcements Office  
Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2000

### Correction to Top 20 Shareholders - Quarterly Report

Please find attached amended Quarterly Report for the period ending 30 June 2010. The Top 20 Shareholder listing in the Shareholders section has been updated to reflect the position as at 30 June 2010.

Nido apologises for any inconvenience caused.

Yours sincerely



**John Newman**  
Company Secretary

# Quarterly Report

For the period ending 30 June 2010

Nido Petroleum Limited (the "Company") is pleased to present its quarterly report for the three months ending 30 June 2010.

## ***Operational Highlights***

---

### **Galoc Operation and Production**

- Oil production from the Galoc oilfield was up 3.84% from the previous quarter, due to steady production conditions.
- Uptime for Galoc for the quarter was 99.94%, up 17.3% from the previous quarter.
- Over 5.14 million barrels (gross) of oil have been produced from the Galoc field since start up to the end of the quarter.

### **Development and Exploration**

- The Tindalo oil field EWT programme commenced during the quarter.
- First oil flowed from the Tindalo oil field on 30 May 2010.
- Over 40,000 barrels of oil (net to Nido) have been produced to the end of the quarter and are being held in inventory on the FSO 'Tove Knutsen'.
- The deepwater multi-beam and sea-bed coring survey in SC 58 was completed in May. Cores are currently in Norway undergoing geochemical analysis with results expected in August.
- Processing of the Kawayan 3D seismic survey in SC 63 was completed in July. Final products are being loaded onto workstations for interpretation. Data quality has been substantially improved over the existing 2D seismic data.
- The company announced a five well exploration drilling program covering a period of 18 to 24 months at its AGM on 21 May 2010.

## Financial Highlights

- Cash on hand at the end of the quarter of A\$18.2 million, (A\$23.5 million at as 31 March 2010).
- Quarterly production and sales performance:

		<b>June 2010 Quarter</b>	<b>March 2010 Quarter</b>	<b>Year to date</b>
Oil Production – Tindalo Oil Field (net to Nido)	barrels	41,502	–	41,502
Oil Production – Galoc Oil Field (net to Nido)	barrels	182,307	175,558	357,865
Liftings sold in quarter*	barrels	235,014	148,200	383,214
Revenue *	A\$M	13.8	18.0	

\* Revenue is subject to timing and payment conditions and may therefore not correspond to Liftings sold in the quarter

## ***President's Comments on the Quarter***

---

Nido was pleased to announce that first oil flowed to surface from the Tindalo field on 30 May 2010, signalling the commencement of the field's extended well test (EWT). The EWT, which is intended to provide Nido with data relating to the reservoir, will run for a period of 100 days or until one million barrels of oil is produced, whichever comes earlier. As at 30 June there was approximately 100,000 bbl of oil stored in the FSO 'Tove Knutsen'.

Following dry oil production for the first three days of the EWT, water appeared in the produced fluids. As a consequence, preparations for a workover are currently underway to enable the maximisation of production from the field and reduce or eliminate watercut. The workover is scheduled for August 2010.

In June, Merrill Lynch International (Australia) Limited ('Merrill Lynch') converted an aggregate of USD\$2 million worth of convertible bonds in two separate tranches at a conversion price of \$AUD .08 per share resulting in the issuance of 29,843,604 ordinary shares to Merrill Lynch.

Galoc production remained steady during the quarter resulting in a 3.84% increase in production from the previous quarter. Uptime in the second quarter of 2010 was 99.94%, up 17.3% from the previous quarter. There have so far been five cargoes lifted in the first half of the year and a sixth cargo is expected to be lifted in August 2010.

The Annual General Meeting was held on 21 May 2010 at Nido's offices in Perth, with all resolutions being passed. A highlight of the meeting was the unveiling of the Company's five well exploration drilling program.

This five well program is designed to deliver on a number of key strategic objectives including maximising the chances of making a significant commercial discovery by drilling a balanced mix of both low, medium and high risk/value prospects, testing key play types across the basin which will provide additional technical data to further de-risk the portfolio, meeting future service contract work program obligations and securing land tenure over our existing acreage. Planning for the program has commenced with the tendering for long lead items for the initial wells in SC 54B (Gindara), SC 63 (Aboabo) and SC 54A (Laawan). Subject to rig availability, the program is anticipated to commence in 1Q'11.

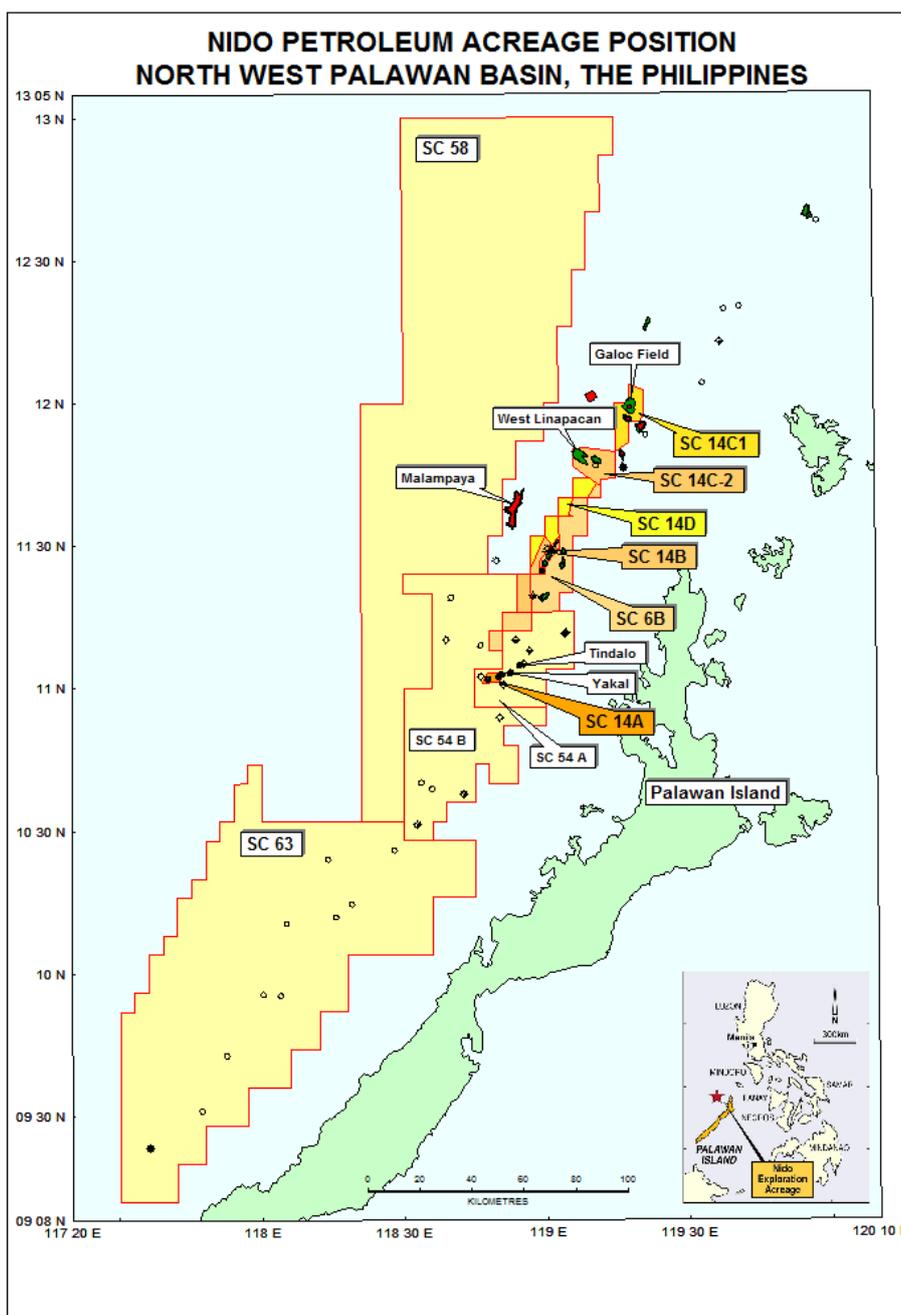
Our exploration team has completed the deepwater multi-beam and sea-bed coring survey in SC 58 in May, with the core samples currently undergoing analysis in Norway. Nido expects to receive the results of this analysis in August 2010.

Subsequent to the end of the quarter, the exploration team completed the processing of the Kawayan 3D seismic survey and is pleased with the data quality improvements over the existing 2D seismic data set.

Nido's exploration acreage continues to attract interest from oil majors and we are actively pursuing those opportunities which we believe will have the most strategic impact for the Company.

A handwritten signature in black ink, appearing to read "Jocot de Dios".

**Jocot de Dios**  
President & CEO  
30 July 2010



Permit	Nido Interest (%)	Gross Area - hectares ('000)	Operator
<b>Philippines – NW Palawan</b>			
SC 14 Block A (Nido)	22.49	2	Philodrill
SC 14 Block B (Matinloc)	28.28	16	Philodrill
SC 14 Block C-1 (Galoc)	22.88	16	GPC
SC 14 Block C-2 (West Linapacan)	22.28	18	Philodrill
SC 14 Block D	31.42	17	Philodrill
SC 6B	7.81	55	Philodrill
SC 54A	42.4	88	Nido
SC 54B	60.00	316	Nido
SC 58	50.00	1,349	Nido*
SC 63	50.00	1,067	PNOC
<b>Total</b>		<b>2,946</b>	

\* Technical operator during farm in. Nido interest subject to completion of drilling farm-in commitment well.

## Production Assets

### Service Contract 14 C1 Galoc Oil Field – Production

- Working Interest: 22.879% (Non-operator)
- Field Operator: Galoc Production Company (GPC)
- Water Depth: 290-320 metres
- Discovered: 1981
- Tertiary turbidite sandstone
- Two wells, EWT plus three sidetracks for exploration and appraisal
- First oil October 2008
- Two horizontal production wells on-stream

### Production

During the quarter 796,815 barrels of oil gross (182,307 barrels net to Nido) were produced from the field at a rate of about 8,756 barrels of oil per day (2,003 barrels net to Nido). Total production since commencing operations in October 2008 to the end of the quarter, has been 5.14 million barrels gross (1.16 barrels net to Nido).

### Development and Reserves

SC 14C Operator Galoc Production Company (GPC) continues to review potential options for further development of the Galoc field. The reprocessed PSDM version of the Galoc 3D seismic has been integrated into the subsurface and preliminary new Top Nido depth maps generated by GPC and Nido. Further depth sensitivities are being reviewed in conjunction with biostratigraphic studies on a number of wells. Once this work is concluded the Joint Venture will be in a position to consider options for further development of the Galoc field.

### Crude Oil Sales and Marketing

During the quarter, 1.027 million barrels of crude oil (235,014 barrels net to Nido) were offloaded from the FPSO. The following cargoes were lifted from the Galoc FPSO vessel during the quarter:

Cargo No.	Date	Destination	Total Gross Offtake Volume (bbl)
13	7 April 2010	Japan	352,722
14	10 May 2010	Korea	324,811
15	19 June 2010	Korea	349,647
<b>TOTAL CRUDE OIL SALES</b>			<b>1,027,180</b>

During the first half of the year, a total of five cargoes have been lifted from the field. Revenue from the fifth (June) cargo along with a further cargo anticipated for August will be received in Q3'10.

### Equity Participants

Participant	Participating Interests (%)
Galoc Production Company WLL (Operator)	59.845
<b>Nido Production (Galoc) Pty Ltd</b>	<b>22.879</b>
Oriental Petroleum & Minerals Corporation and Linapacan Oil Gas & Power Corporation	7.785
The Philodrill Corporation	7.215
Forum Energy Philippines Corporation	2.276

---

## Service Contract 14 A (Nido Oil Field) & B (Matinloc Oil Field)

---

### **Nido A & B – Production**

- *Field Operator:* The Philodrill Corporation
- *Location:* SC 14 block B in 43-73 m water depth
- *Discovered:* 1977, began production 1979
- *Produced:* Over 18 million bbl

### **Matinloc – Production**

- *Field Operator:* The Philodrill Corporation
  - *Location:* SC 14 block B in 25 m water depth
  - *Discovered:* 1978, began production 1983
  - *Produced:* Over 12 million bbl
- 

The Nido and Matinloc oil fields continued to produce on a cyclical basis. Oil production from the fields during the quarter totalled 9,558 barrels of oil net to the Company (approximately 105 barrels of oil per day).

### **Equity Participants**

<b>Participant</b>	<b>Nido Oil Field Participating Interests (%)</b>	<b>Matinloc Oil Field Participating Interests (%)</b>
The Philodrill Corporation (Operator)	26.106	41.608
<b>Nido Petroleum Philippines Pty Ltd</b>	<b>22.486</b>	<b>28.283</b>
Oriental Petroleum & Minerals Corporation and Linapacan Oil Gas & Power Corporation	42.940	17.703
Forum Energy Philippines Corporation	8.468	12.406

## Development Assets

---

### Service Contract 54 Area 'A' – Tindalo Development Project

- *Water Depth:* 80-115 metres
  - *Discovered:* 2008
  - *Wells:* 1 vertical well; 135-140m oil column – Extended Well Testing Underway
  - *Reservoir:* pinnacle reef limestone structure
  - *Reservoir Depth:* 2000 metres (approx)
- 

### Production

During the quarter 100,067 barrels of oil gross (97,883stb at 60°F) were produced from field, net to Nido volumes were 41,502stb at 60°F. Nido anticipates the first lifting and the first receipt of proceeds from the field will occur in Q3'10.

### First Oil from Tindalo

During the quarter, Nido as Operator of SC 54A, commenced in-field operations at the Tindalo oil field. As advised, first oil from the Tindalo-1 well flowed to surface at 1108 hours (Manila time) on 30 May 2010. Highlights of the programme were:

- ✓ Some 44 metres of the Nido limestone reservoir was perforated and stimulated with acid;
- ✓ Maximum oil flow rate of 18,689 bopd was attained of 27° API oil with choke size 136/64<sup>th</sup> and a flowing tubing head pressure of 59 psig;
- ✓ Maximum oil rate was achieved on natural flow and was hardware limited;
- ✓ The Extended Well Test (EWT) commenced on 6 June 2010;
- ✓ A 10 month option on the Aquamarine Driller was been exercised;
- ✓ The Project has maintained excellent health and safety standards; and
- ✓ Oil produced during the EWT has been accumulating on the Floating, Storage and Offloading Vessel 'Tove Knutsen'.

### Extended Well Testing Continues

Following this a series of well tests have been conducted to assess the productivity of the carbonate reservoir and during this testing water production commenced. The testing to the end of the quarter confirmed the following:

- Well productivity exceeded expectations with high rate testing confirming well productivity in excess of 18,500 barrels per day;
- Commissioning of the water processing equipment was delayed due to an equipment fault and the field therefore produced at a restricted rate of approximately 6,000 bbls/day for a number of days; and
- Produced water samples analysed in Singapore confirmed that the source of the water was the formation.

As at the end of the quarter the downhole electric submersible pump (ESP) commenced operation and the testing of the well was continuing to evaluate the longer-term water cut development and well performance.

## Other Studies

In addition to the work on the Tindalo oil field development, Nido also progressed the reprocessing of 3D seismic data covering an area of 140 sq. km within the central portion of the contract area which includes the Tindalo, Nido 1X1 and Yakal discoveries. The reprocessed seismic is scheduled for delivery in 3Q 2010 and will enhance Nido's ability to further mature an area development strategy. In parallel with the reprocessing Nido commenced a review of the SC 54A prospects and leads inventory. The Laawan Prospect is considered a front-runner for the next exploration well to be drilled in the block, subject to the completion of remaining technical work and Joint Venture approval. The Laawan Prospect is included in the five well NW Palawan drilling program announced at the Company's May Annual General Meeting.

## Equity Participants

Participant	Participating Interests (%)
Nido Petroleum Philippines Pty Ltd - Operator	42.4%
Yilgarn Petroleum Philippines Pty Ltd, (Kariki, ASX: KIK)	30.1%
Trafigura Ventures III BV (Trafigura)	15.0%
TG World (BVI) Corporation (TG World)	12.5%

---

### Service Contract 14 C2 West Linapacan

- Location: SC 14 Block C-2
- Field Operator: Philodrill Corporation
- Upper Eocene to Lower Miocene age fractured limestone

---

#### West Linapacan A

- Water Depth: 350 metres
- Discovered: 1990
- Wells: 3 vertical production wells with 4 sidetracks
- Production: 1992 to early 1996
- Peak Production Rate: ~18,000 bopd
- Cumulative Production: Over 8.5 million bbl

#### West Linapacan B

- Water Depth: 305 metres
- Discovered: 1993
- Wells: 1 vertical well
- Test Production Rate: ~2,900 bopd

---

The Operator, Pitkin Petroleum, has continued with the development studies in the West Linapacan block and the results from this work will be used to assess the potential reserves and development planning.

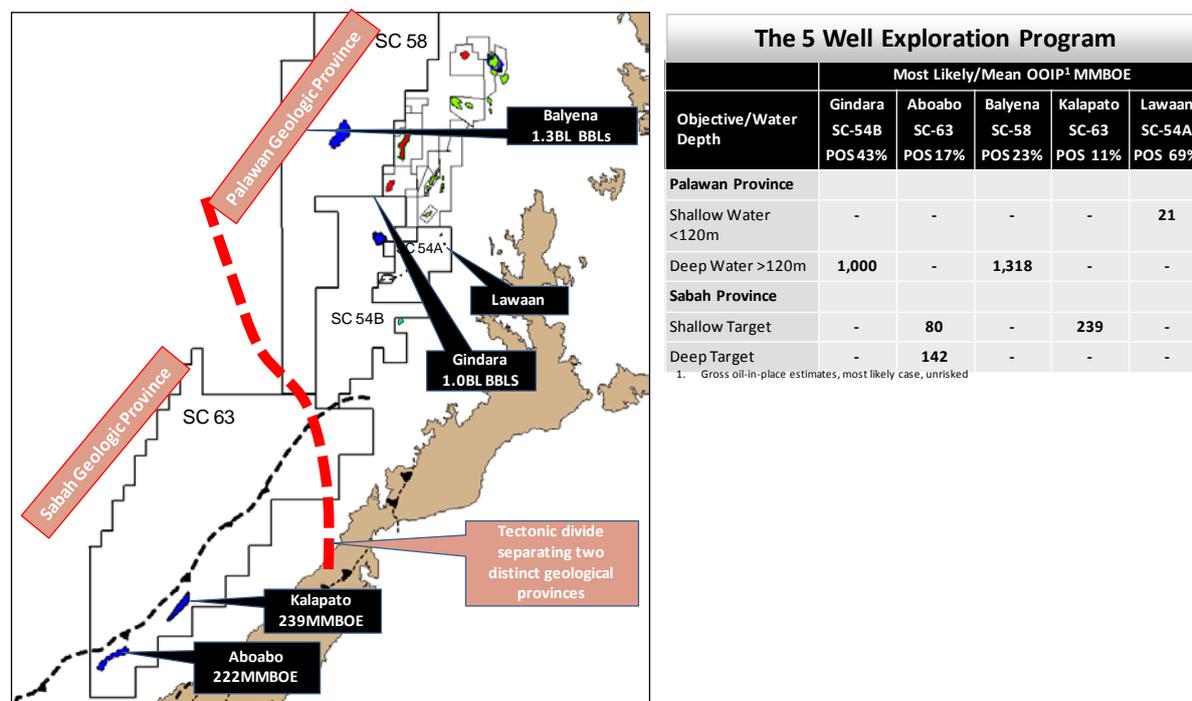
## Equity Participants

Participant	Participating Interests (%)
Pitkin Petroleum Plc	58.291
<b>Nido Petroleum Philippines Pty Ltd</b>	<b>22.279</b>
Oriental Petroleum & Minerals Corporation and Linapacan Oil Gas & Power Corporation	7.572
The Philodrill Corporation	7.018
Forum Energy Philippines Corporation	2.276
Alcorn Gold Resources Corporation	1.531
PetroEnergy Resources Corporation	1.034

## Exploration Assets

At the May Annual General Meeting, the Company announced plans to implement a five well drilling exploration program across its NW Palawan exploration acreage commencing in 2011.

The program is summarized in the table and map below:



The five well program is designed to deliver on a number of key strategic objectives:

- Maximize the chances of making a significant commercial discovery by drilling a balanced mix of both low, medium and high risk/value prospects
- Test key play types across the basin which will provide additional technical data to further de-risk the portfolio
- Meet future Service Contract work program obligations
- Secure land tenure over acreage

Planning for the program has commenced with the tendering for Long Lead Items for the initial wells in SC 54B (Gindara), SC 63 (Aboabo) and SC 54A (Lawaan). Subject to rig availability, the program is anticipated to commence in 1Q'11.

---

**Service Contract 54 – Area “B”**

- *Working Interest:* Nido 60% (Operator), Kairiki Energy 40%
  - *Area:* 314,335 hectares (3143 sq km)
  - *Water Depth:* 30 metres to 1,300 metres
  - *Work commitment:* Geological and Geophysical Studies to value of US\$150,000; next commitment well in 2011
- 

The work program strategy for Sub Phase 5 has continued to focus on a subsurface review of the area south of the Abukay 3D seismic survey. This work has involved building the seismic database by creating digital seismic lines from paper sections that are archived at the Philippine Department of Energy. Interpretation of this data is planned over the upcoming months.

Following the announcement of the five well exploration drilling program at the Company's AGM in May, tendering for long lead item drilling materials (casing/wellhead) for the Gindara well has commenced.

---

**Service Contract 58**

- *Working Interest:* Nido 50% (Operator during farm in), PNOC-EC 50%
  - *Area:* 1,348,747 hectares (13,487 sq km)
  - *Water Depth:* 500 metres to 2,000 metres
  - *Work commitment:* January 2009 to January 2012; Seabed coring survey and 1 exploration well
- 

Activity for this quarter has focused on:

- The deepwater multi-beam and sea-bed coring survey which commenced in March was completed on 7 May 2010. Approximately 161 cores were acquired. These have been shipped to Trondheim, Norway for detailed geochemical analysis. Results are expected in August and will then be integrated into the subsurface understanding of the deepwater grabens identified in the block.
- Seismic reprocessing of the Talusi 2D seismic survey has continued during the quarter. This reprocessing project has been undertaken to better constrain the source rock distribution and aid in the selection of seabed coring locations. In addition the reprocessing will provide better imaging of the deepwater grabens and the distribution of mature source rock within the block. Final deliverables are expected in August and will be integrated with the results of the sea-bed coring results.
- Further maturation of the prospect and lead inventory has continued with depth mapping and volumetric analysis.

This work will contribute to the selection of the best candidate to fulfill the drilling commitment for Sub-Phase 3.

---

**Service Contract 63**

- *Working Interest:* Nido 50%, PNOC-EC 50% (Operator)
  - *Area:* 1,067,317 hectares (10,671 sq km)
  - *Water Depth:* 500 metres to 1,000 metres
  - *Work commitment:* Work commitments in current sub-phase completed (800 sq km 3D seismic)
- 

Activity for this quarter is as follows:

- PSDM processing of the Kawayan 3D seismic survey was completed in July. Deliverables are being loaded onto workstations in both PNOC-EC and Nido's offices to commence interpretation. Data quality is substantially improved over the greater Aboabo-1 area with evidence for additional leads in toe-thrust plays along the leading edge of the deepwater thrust/fold-belt.

The SC 63 Joint Venture has engaged UK-based structural geology specialists Midland Valley to assist with the initial interpretation of this structurally complex block using the newly processed 3D PSDM seismic data. This work will take approximately two months to complete and will be used to high-grade the remaining SC 63 Prospect and Lead portfolio and mature already high ranked leads at Aboabo and Kalapato to drill-ready status.

Following the announcement of the five well exploration drilling program at the Company's Annual General Meeting in May, tendering for long lead item drilling materials (casing/wellhead) for the Aboabo/Kalapato wells has commenced.

## Corporate

### Annual General Meeting

The Annual General Meeting was held on 21 May 2010 and resulted in the following resolutions being passed:

- Re-election of Mr William Bloking
- Election of Mr Andrew Edwards
- Approval of Employee Performance Rights Plan
- Issue of Performance Rights to Mr Jocot de Dios.

The 2010 Focus on Drilling presentation was released at the Annual General Meeting which announced the 5 well drilling program, and highlighted that strategic farmout of deepwater acreage assets would be pursued.

### Convertible Note Conversions

Merrill Lynch converted the sum of USD\$1 million convertible bonds on 9 June 2010 resulting in the issuance of 15,247,621 ordinary shares.

Merrill Lynch again converted the sum of USD\$1 million convertible bonds on 16 June 2010 resulting in the issuance of an additional 14,595,983 ordinary shares.

### Financial

Nido's cash on hand decreased during the quarter by A\$5.3 million to A\$18.7 million. The main impacts on cash flow during the quarter were:

- Net cash flows from crude oil sales of A\$7.1 million in the quarter, predominately from the Galoc field. The net cash from production was impacted by payment of first quarter Galoc production cash calls in the second quarter. Minimal Tindalo oil field EWT production costs were paid during the period with the June 2010 period costs to be paid in July 2010;
- Insurance proceeds of A\$0.5 million received in the quarter relating to an insurance claim on the Galoc field;
- Exploration expenditure in the period of A\$2.1 million primarily relating to the Kawayan 3D seismic survey in SC 63 and multi-beam and sea bed coring survey in SC 58;
- Development costs relating to the Tindalo oil field paid in the quarter total A\$5.9 million;
- Administration costs for the quarter totalled A\$2.1 million; and

The following table summarises Nido's cash and debt position:

	30-Jun-10	31-Mar-10
Cash at end of quarter	A\$18.2 million	A\$23.5 million
Convertible Bond <sup>(1)</sup>	A\$20.1 million US\$17.3 million	A\$20.9 million US\$19.3 million

1) During the quarter ending 30 June 2010 the Company reduced underlying debt outstanding relating to the Merrill Lynch convertible note by US\$2.0 million to US\$17.3 million, due to the two conversions within the quarter. The exchange rate used to convert the USD debt to AUD is 0.8567 at 30 June 2010 and 0.9195 at 31 March 2010.

## Shareholders

As at 30 June 2010, the Company had 6,036 shareholders on its registry. The top 20 shareholders were:

As at 30 June 2010	Total Units	% Issued Capital
1. NATIONAL NOMINEES LIMITED	91,605,424	8.48
2. ANZ NOMINEES LIMITED (Cash Income A/c)	73,373,876	6.79
3. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	61,048,378	5.65
4. ESCOT FINANCE LTD	48,400,000	4.48
5. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED – A/C 2	41,178,907	3.81
6. MERRIL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	30,578,970	2.83
7. NEFCO NOMINEES PTY LTD	29,527,539	2.73
8. J P MORGAN NOMINEES AUSTRALIA LIMITED	22,540,965	2.09
9. BOOM SECURITIES (HK) LTD	17,893,300	1.66
10. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	17,349,759	1.61
11. CITICORP NOMINEES PTY LIMITED	17,156,496	1.59
12. PACKWOOD CAPITAL SA	17,000,000	1.57
13. FORTIS CLEARING NOMINEES PTY LIMITED	13,608,886	1.26
14. J M MORAZA & A MORAZA	13,033,627	1.21
15. D WHITBY	11,000,000	1.02
16. W D GOODFELLOW	8,000,000	0.74
17. L WHITBY	6,527,500	0.60
18. KEMBLA NO 20 PTY LTD <John Shuster Retirement A/C>	6,248,349	0.58
19. MESSARA INVESTMENTS PTY LTD <Messara Family A/C>	5,500,000	0.51
20. D SHARPE	5,130,001	0.47

In accordance with the notices issued to the ASX, Nido's substantial shareholders as at 30 June 2010 were:

Shareholder	Total Units	% Issued Capital
Morgan Stanley Co. International plc	110,438,942	10.22%

Nido had 1,080,658,378 quoted fully paid ordinary shares on issue as at 30 June 2010.

**For further information on Nido's activities, please go to [www.nido.com.au](http://www.nido.com.au) or contact the Company's President and CEO, Jocot de Dios at (08) 9474 0000 or via email at [nido@nido.com.au](mailto:nido@nido.com.au).**

## **Nido Information**

---

Nido Petroleum Limited is an oil and gas exploration and production company with over 2,945,000 hectares (29,450 sq km) of contiguous exploration and development assets in the North West Palawan Basin in the Philippines. Nido is a leading explorer in the North West Palawan basin and the company's exploration portfolio extends across both the shallow (<100m) and deepwater (>1,200m) sectors of the North West Palawan continental margin which provides it with a diverse range of potential exploration and development projects in the Philippines premier producing basin. Nido operates SC 54A (42.4% interest), SC 54B (60% interest) and SC 58 (\*50% interest). Nido has a 50% non-operated interest in SC 63.

Nido's core producing asset is the Galoc oil field of which Nido has a 22.879% non-operated interest. Galoc lies within SC 14 in 300 metres of water, some 60 km offshore Palawan Island. First production commenced 9 October 2008 through a simple two-well sub-sea development concept tied back to a moored FPSO.

In 2008, Nido completed a successful two well exploration program in SC 54A which resulted a 100% strike rate yielding the Yakal-1 and Tindalo-1 oil discoveries. Nido is currently conducting an extended well test on the Tindalo-1 discovery.

*\*Subject to: completion of the obligations under the Farm-out Agreement with PNOC; and DOE approval.*

### **Directors**

William Bloking	Non-Executive Chairman
Jocot de Dios	President and CEO
David Whitby	Non-Executive Director
Vince Pérez	Non-Executive Director
Eduardo Mañalac	Non-Executive Director
Andrew Edwards	Non-Executive Director

### **Registered and Principal Office**

Level 3  
1 Preston Street  
Como WA 6152

Telephone: +61 8 9474 0000  
Facsimile: +61 8 9474 0099  
Email: [nido@nido.com.au](mailto:nido@nido.com.au)  
Web site: [www.nido.com.au](http://www.nido.com.au)

### **Manila Office**

38B, 38<sup>th</sup> Floor, Philamlife Tower  
8767 Paseo de Roxas  
Makati City  
Philippines

Telephone: +632 856 5910  
Facsimile: +632 856 5494

### **Share Registry**

Computershare Investor Services  
Level 2, 45 St George's Terrace  
Perth WA 6000

Telephone: +61 (0) 8 9323 2000  
Facsimile: +61 (0) 8 9323 2033

### **Stock Exchange Listing**

The Company's securities are listed on the official list of the Australian Securities Exchange Limited.

**ASX Code:** NDO

# 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

Nido Petroleum Limited

ABN

65 086 630 373

Quarter ended ("current quarter")

30 June 2010

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months ending 30 June 2010) \$A'000
1.1 Receipts from product sales and related debtors	13,754	31,789
1.2 Payments for (a) exploration & evaluation	(2,048)	(4,307)
(b) development	(5,895)	(14,694)
(c) production	(6,693)	(8,541)
(d) administration	(2,098)	(4,420)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	22	29
1.5 Interest and other costs of finance paid	(787)	(1,810)
1.6 Income taxes paid	(2,866)	(2,866)
1.7 Other – insurance proceeds	472	472
<b>Net Operating Cash Flows</b>	<b>(6,139)</b>	<b>(4,348)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(16)	(16)
1.9 Proceeds from sale of: (a) prospects	-	5,147
(b) equity investments	-	-
(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>	<b>(16)</b>	<b>5,131</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(6,155)</b>	<b>783</b>

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (brought forward)	(6,155)	783
	<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	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	(6,155)	783
1.20	Cash at beginning of quarter/year to date	23,456	17,091
1.21	Exchange rate adjustments to item 1.20	876	303
1.22	<b>Cash at end of quarter</b>	18,177	18,177

**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	310
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

Represents salary and consulting fees paid to directors, including CEO.

**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

During the quarter ending 30 June 2010 the Company also reduced underlying debt outstanding relating to the Merrill Lynch convertible note by US\$ 2.0 million to US\$17.3 Million, due to the 2 conversions within the quarter. No cash was directly received by the Company.

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

Nil.

+ See chapter 19 for defined terms.

### 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	20,135	20,135
3.2 Credit standby arrangements	-	-

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	(2,053)
4.2 Development	(1,953)
4.3 Production	(17,441)
4.4 Administration	(2,382)
<b>Total</b>	<b>(23,829)</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 \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	17,406	22,691
5.2 Deposits at call	771	765
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter</b> (item 1.22)	<b>18,177</b>	<b>23,456</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 chapter 19 for defined terms.

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

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 <b>Preference securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	1,080,658,378	1,080,658,378	-	Fully paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	(a) 29,843,604 increase in issued capital due to conversion of convertible bonds in the sum of USD \$2,000,000	(a) 29,843,604	Conversion Price \$0.08 cents per share	Fully paid
7.5 <b>+Convertible debt securities</b> <i>(description)</i>	1 Convertible Note with a maximum of 84,463,487 ordinary shares			
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	(b) 29,834,604 ordinary shares issued on conversion.	(b) 29,834,604		

+ See chapter 19 for defined terms.

7.7	<b>Options</b> <i>(description and conversion factor)</i>	See attachment 1		<i>Exercise price</i>	<i>Expiry date</i>
	<b>Performance Rights</b> (performance rights issued pursuant to the terms of the Long Term Incentive Policy and Employee Performance Rights Plan)	6,980,986	Unquoted	Nil – Vest in accordance with the Employee Performance Rights Plan	30 April 2013
		1,047,535	Unquoted	Nil – – Vest in accordance with the Employee Performance Rights Plan	28 May 2013
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter	300,000	300,000	\$0.25	20 April 2010
7.11	<b>Debentures</b> <i>(totals only)</i>				
7.12	<b>Unsecured notes</b> <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 (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



.....  
(Company secretary)

Date: 30 July 2010

Print name: John Newman

---

+ See chapter 19 for defined terms.

## 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.

== == == == ==

**Attachment 1 – Unlisted Options (as at 30 June 2010)**

Code	Number of Options	Exercise Price	Expiry Date
NDOAJ	2,000,000	40 cents	6 July 2010
NDOAL	1,200,000	40 cents	3 October 2010
NDOAN	800,000	40 cents	26 October 2010
NDOAR	1,400,000	40 cents	22 February 2011
NDOAI	1,200,000	40 cents	19 March 2011
NDOAT	3,000,000	35 cents	12 May 2011
NDOAT	5,000,000	40 cents	12 May 2011
NDOAT	2,000,000	45 cents	12 May 2011
NDOAT	2,000,000	50 cents	12 May 2011
NDOAK	200,000	55 cents	17 June 2011
NDOAQ	1,950,000	55 cents	8 September 2011
<b>Total</b>	<b>20,750,000</b>		

---

+ See chapter 19 for defined terms.