

10 December 2013

## ORPHEUS OPERATIONS UPDATE

### Key Points:

- Coal sales of 20,000 tonnes so far for the month of December, since ADK production resumed in November – on track for 50,000 tonnes this month
- Offtake agreement executed with Indonesian trading group – minimum up-front cash purchase of 30,000 tonnes per month at benchmark rates
- Improvement in SKJM Port loading efficiency – 5000 tonne barges now loaded daily
- Coal price strengthening – price for 4200 kcal GAR coal has increased by ~\$1.00 per tonne over the last month

Orpheus Energy Limited (ASX: OEG) ('Orpheus' or 'the company') is pleased to provide an update on its operations in Indonesia.

ADK mining and trucking operations resumed to normal levels on 21 November 2013, following heavy unseasonal rains due to the tropical cyclones experienced in the Philippines during early November. By 2 December, Orpheus had mined and transported 27,690 tonnes from the ADK project ("ADK") to the SKJM stockpile.

Since 2 December, 20,000 tonnes have been loaded on to barges and sold to an Indonesian trading group at benchmark prices and with cash payment received upfront. The remaining coal on stockpile and the coal being delivered daily from ADK is also under contract to be sold to the same group in December. These sales are part of an agreement with the Indonesian trading group to purchase at least 30,000 tonnes and all additional available coal from ADK.

Orpheus is on track to mine, haul, load and sell 50,000 tonnes of its ADK coal in the month of December. The net sales margin achievable from Orpheus's own production means that should this sales figure be achieved, the company will be operational cash-flow positive this month.

Additionally, with a favourable upward movement in the coal price over the last month of approximately \$1.00 per tonne for 4200 kcal GAR coal to US\$39.65 FOB Mother Vessel (*Indonesian Coal Index, 6 December 2013*) per tonne, there will be a marginally improved return to Orpheus on coal sales.

Wet weather also affected the movement of coal contracted by Orpheus from local miners to

both SKJM Port and Abidin Port 1. It is anticipated that volumes and sales from trading operations will commence from early 2014.



*5 December 2013: Fully loaded barge at SKJM Port, ready for departure*

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