

QUARTERLY ACTIVITY REPORT

For the period ending 31 December 2015

The Directors wish to report the following activities for the quarter ended 31 December 2015:

Oil & Gas Activities

Philippines Offshore Oil and Gas Permit

- **SC 54A - 30.1% Participating Interest reduced to Nil**
- **SC 54B - 40% Participating Interest reduced to Nil**

During the previous quarter, shareholders approved the disposal of the company's interest in the share capital of Yilgarn Petroleum Philippines Pty Ltd (**Yilgarn**) to IMC Oil & Gas Investments Ltd. Yilgarn is the holder of the Company's interest in Service Contract 54A and 54B in the Philippines.

On 27 November 2015, the Company announced that the disposal of Yilgarn had been completed.

As previously reported, a disposal by a listed entity of its main undertaking can also raise issues under Listing Rule 12.1 and 12.2, which oblige a listed entity to satisfy ASX on an ongoing basis that the level of its operations is sufficient, and its financial condition adequate, to warrant its continued listing and continued quotation of its securities.

The Company has been notified by ASX that they will afford the Company a period of six months from the disposal date to demonstrate to the ASX that it is compliant with listing rule 12.1. If the Company does not demonstrate compliance with this rule to the ASX's satisfaction by the commencement of trade on 27 May 2016, ASX may suspend the Company's securities from official quotation.

Corporate Summary

Rights Issue

On 15 December 2015, the Company announced that it proposes to undertake a pro rata renounceable entitlement issue of approximately 468,244,960 ordinary fully paid shares (**New Shares**) on the basis of one (2) New Shares for every one (1) Share held by Eligible Shareholders on the Record Date at an issue price of \$0.001 per New Share, to raise up to approximately \$468,245 (**Rights Issue** or **Offer**).

Funds raised from the issue of \$468,245 (before costs) will be used to maintain the Company's administration, meet its current commitments, working capital purposes and ensure the Company has sufficient funds to review new investment opportunities.



Corporate Advisory Mandate

The Company also announced that it has entered into a Corporate Finance Mandate (**Mandate**) with GMP Securities Australia Pty Ltd (**GMP**). Pursuant to the terms of the Mandate GMP will:

1. Act as Corporate Advisor and Lead Manager to the proposed Rights Issue. GMP will have right of first refusal to place any shortfall under the Rights Issue, after any shortfall shares are first offered to existing shareholders to allow them to increase their holding to a marketable parcel; and
2. GMP will act as Corporate Advisor, on an exclusive basis, for a period of six months to assist the Company with an evaluation of its capital structure and to source new business opportunities.

GMP will be paid a monthly retainer of \$5,000 per month and will be paid a capital raising fee of 6% of the total amount raised by the Offer. GMP will also be due a success fee of 5% of the transaction value of any business or transaction introduced by GMP.

New Ventures

During the quarter, the Company continued to review new project opportunities.

Yours faithfully

N J Bassett
Company Secretary