

# Quarterly REPORT



THREE MONTHS ENDED 30 JUNE 2012

## QUARTERLY HIGHLIGHTS

- Galoc oil field production recommenced on 2 April 2012, following major facility upgrade
- Galoc oil field reserves upgraded by 19.7% at the Proved (1P) level
- Galoc oil field exceeded uptime expectations and delivered Cargo 26 offtake of 325,546 bbls in May 2012
- SC51 onshore 2D seismic acquisition commenced over the Duhat prospect
- SC55 Sub-Phase 4 12-month extension approved by the Philippines Department of Energy
- Tanzania legacy magnetic and gravity data reprocessed for planning 2012 airborne survey



## PRODUCTION & FINANCIAL SUMMARY

|                          |       | June 2012<br>Quarter | March 2012<br>Quarter | Change<br>% |
|--------------------------|-------|----------------------|-----------------------|-------------|
| Production (net to Otto) | bbl   | 176,354              | -                     | 100.00%     |
| Liftings (net to Otto)   | bbl   | 107,430              | -                     | 100.00%     |
| Revenue                  | US\$m | 10.939               | -                     | 100.00%     |
| Closing Cash Position    | US\$m | 28.320               | 29.525                | (4.08%)     |
| Expenditure              | US\$m | 10.53                | 10.53                 | 0.00%       |

## SIX MONTH OUTLOOK

- Galoc Phase II Final Investment Decision – two well development planned for 2013
- Maturing Galoc North exploration program – maturing potential exploration well in 2013 program
- Preparation for drilling the Duhat-2 well, onshore Leyte in 2013
- Working with SC55 Operator, BHP Billiton to deliver the Cinco-1 well, offshore Palawan
- Completing technical evaluation of new 3D covered prospects in SC69, offshore Visayas
- Commenced airborne magnetic and gravity surveys in Tanzania in July 2012
- Awards due from new Philippines licensing round – Otto has bid on two permit areas

## PRODUCTION AND DEVELOPMENT ASSETS

### SERVICE CONTRACT 14C – GALOC OIL FIELD

**Location:** Palawan Basin, Philippines  
**Area:** 163 km<sup>2</sup>  
**Otto's Interest:** 33% - Operator Otto Energy Group

#### Production Recommended

The Galoc oil field, offshore Palawan in the Philippines, recommenced production on 2 April 2012 following a planned shutdown for major upgrade of the Floating Production Storage and Offloading vessel (FPSO).

During the shutdown, the FPSO Rubicon Intrepid underwent planned re-certification, maintenance, inspection and turret installation work. The most significant work scope was the installation of a bow mounted, non-disconnectable turret mooring system to replace the previous disconnectable system.

The upgraded FPSO has increased reliability and uptime during the June quarter. Uptime is more than 95% and has performed safely and reliably during all weather events in the quarter. Production averaged 5,872 bbls per day during the quarter. End 2Q, the field was producing 6,100 bbls per day following optimisation of field production settings and produced the nine millionth barrel of crude oil.

Cargo 26 offtake was delivered on 31 May 2012 with 325,546 bbls sold into a South Korean refinery with pricing at US\$113 per bbl. Cargo 27, due for offtake in early August 2012 has been sold and is also expected to be delivered into South Korea.



*FPSO Rubicon Intrepid in production, June 2012*

#### Galoc Phase II

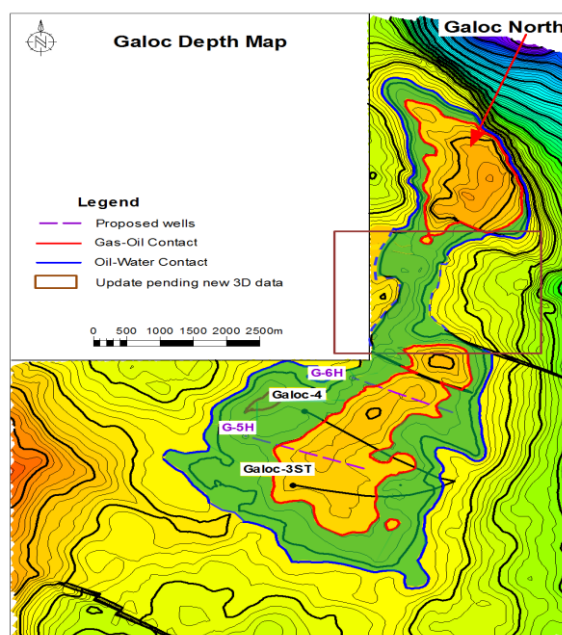
The Galoc joint venture commenced the engineering design work for Phase II in late 2011, which remains on schedule for the Final Investment Decision ("FID") in 3Q 2012.

The scope of FEED work, to be undertaken prior to FID, includes detailed subsurface modelling of the reservoir, drilling and completion design, subsea engineering and tie-back design for new wells as well as joint venture project financing.

In addition to engineering and design works, acquisition of 184 km<sup>2</sup> of new 3D seismic data was completed in late 2011, covering the Galoc field and adjacent Galoc North exploration prospect.

The new 3D seismic data will support the placement of Phase II wells in the reservoir and de-risk the project prior to the FID. In addition, it will also allow full evaluation of the Galoc North exploration prospect, which may realise further development opportunities for the Galoc field.

The Galoc joint venture has pre-invested in the required infrastructure, including wellheads, flowlines and umbilical lines to ensure drilling can occur in 2013.

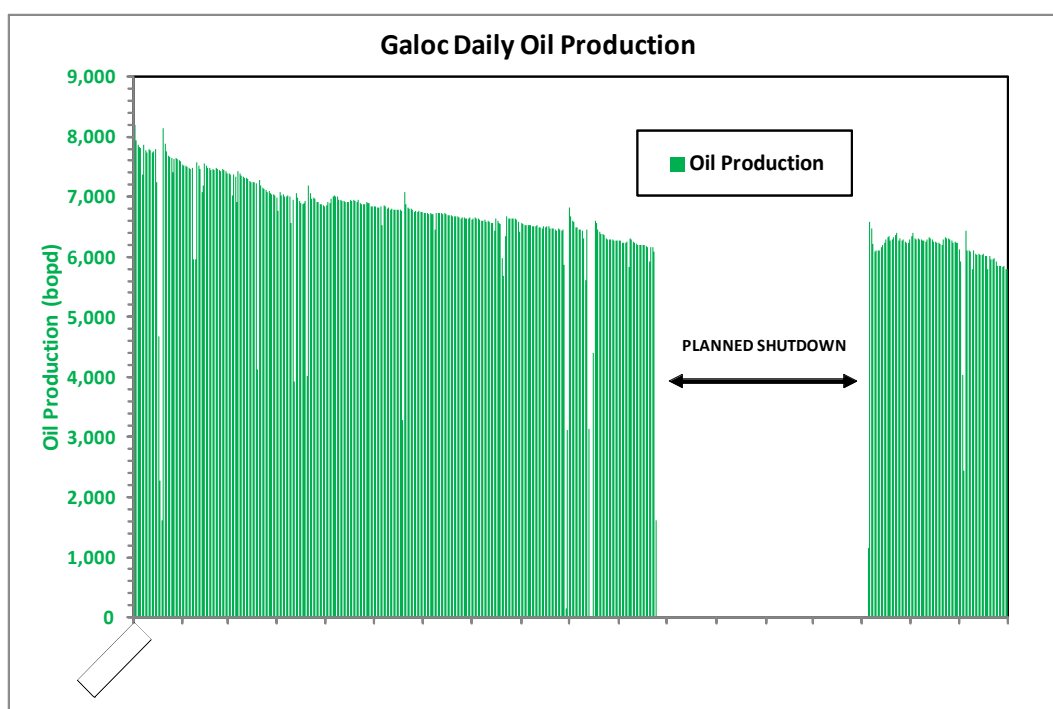


*Galoc field map, showing planned development wells Galoc-5 and Galoc-6*

**PRODUCTION AND DEVELOPMENT ASSETS (CONTINUED)****SERVICE CONTRACT 14C – GALOC OIL FIELD (CONTINUED)***Production and Financial*

|                          | Production (bbls) |         | Liftings (bbls) |         | Uptime % |
|--------------------------|-------------------|---------|-----------------|---------|----------|
|                          | Gross             | Net*    | Gross           | Net*    |          |
| 3 <sup>rd</sup> Qtr 2011 | 595,423           | 196,490 | 353,322         | 116,596 | 98       |
| 4th Qtr 2011             | 317,972           | 104,931 | 702,257         | 231,745 | 95       |
| 1 <sup>st</sup> Qtr 2012 | -                 | -       | -               | -       | -        |
| 2 <sup>nd</sup> Qtr 2012 | 534,405           | 176,354 | 325,546         | 107,430 | 99       |

\* Net share of production and lifting's having been revised to account for Otto's new working interest of 33% in the Galoc oil field from 1 April 2011. Prior to 1 April 2011 Otto held an indirect 18.78% interest.



**EXPLORATION ASSETS****SERVICE CONTRACT 55**

**Location:** Offshore Palawan, Philippines  
**Area:** 9,880 km<sup>2</sup>  
**Otto's Interest:** 33.18% - Operator BHP Billiton

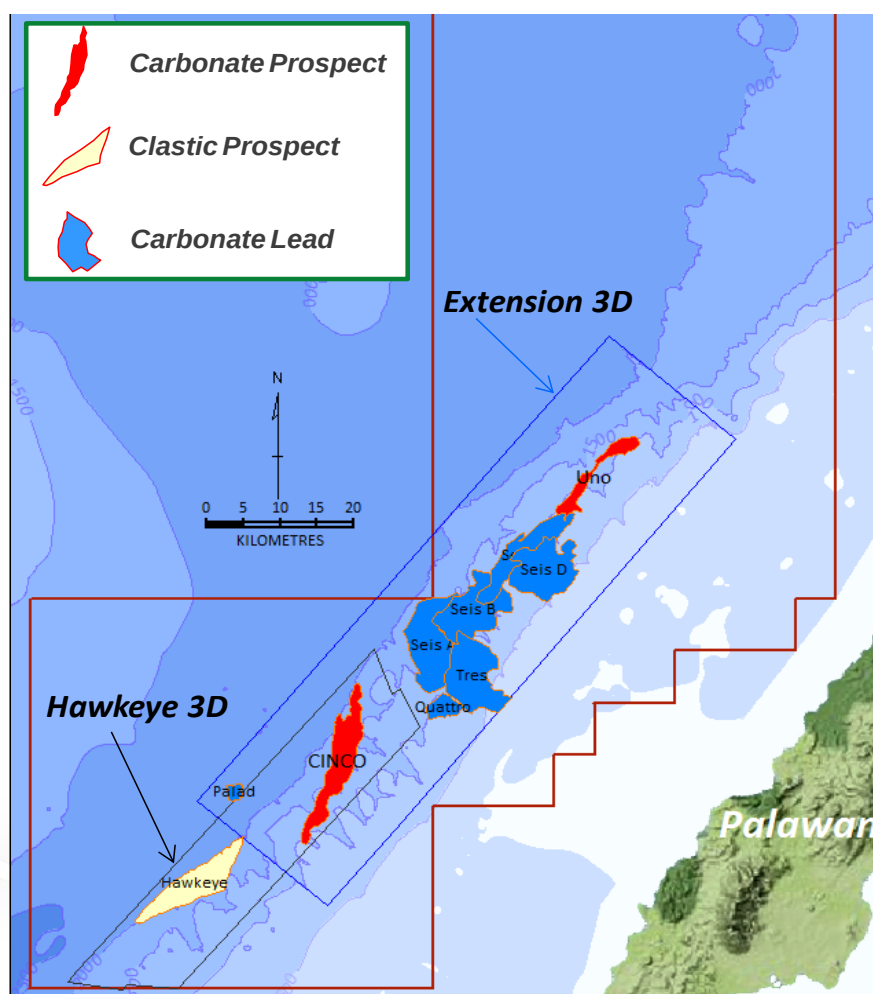
The SC55 joint venture is currently preparing for the drilling phase of exploration activities expected to commence with the Cinco-1 exploration well.

BHP Billiton is currently negotiating access to an appropriate ultra deepwater rig with specialised well control equipment that will promote safe drilling operations on the proposed Cinco prospect. Availability of such rigs is currently limited.

No specific date for commencement of drilling operations in SC55 can be given until a rig has been secured, however Otto maintains its longstanding view that SC55 holds significant hydrocarbon potential and the company looks forward to seeing the drilling program executed as soon as is safely possible. Further updates will be provided to the market as progress is made.

A robust, diverse and extensive portfolio of exploration prospects and leads has emerged from the recent analysis of more than 2,400 km<sup>2</sup> of 3D seismic data acquired in 2010. This portfolio has significant depth and variety and will present a high impact exploration drilling program for Otto over the remaining term of the exploration licence.

SC55 contains both carbonate and sandstone reservoir targets in a variety of settings. The Cinco and Hawkeye prospects provide an indication of this diversity of play type and represent drill mature prospects in the present portfolio.



Service Contract 55 3D mapped prospects

**EXPLORATION ASSETS (CONTINUED)****SERVICE CONTRACT 51**

**Location:** Onshore Leyte, Philippines  
**Area:** 3,320 km<sup>2</sup>  
**Otto's Interest:** 40% - Operator Otto Energy Group

***Onshore 2D Seismic Program***

The seismic acquisition program for 100 km<sup>2</sup> of new 2D data will support optimisation of a drilling location for the follow up well to Duhat-1.

Duhat-1 was drilled in 2011 to test the large San Isidro anticline. During the drilling of this well, oil and gas indications were observed and the presence of an active petroleum system, a working seal and a structure conducive to hydrocarbon entrapment were proven. The well could not be safely deepened to intersect the primary reservoir interval due to adverse pressures.

Once new seismic data has been acquired it will be used to locate a new well on the same structure as tested by Duhat-1. The new data will assist in understanding the pressure regime in the area and help with the selection of a rig capable of drilling to the primary reservoir target.

Seismic work has commenced with line scouting and surveying, which is presently underway. Data acquisition is scheduled to commence in July/August 2012.



*Seismic contractor, BGP's crew auger drilling seismic shot holes, onshore Leyte*

## EXPLORATION ASSETS (CONTINUED)

### SERVICE CONTRACT 69

**Location:** Offshore Visayas, Philippines  
**Area:** 5,280 km<sup>2</sup>  
**Otto's Interest:** 79% - Operator Otto Energy Group

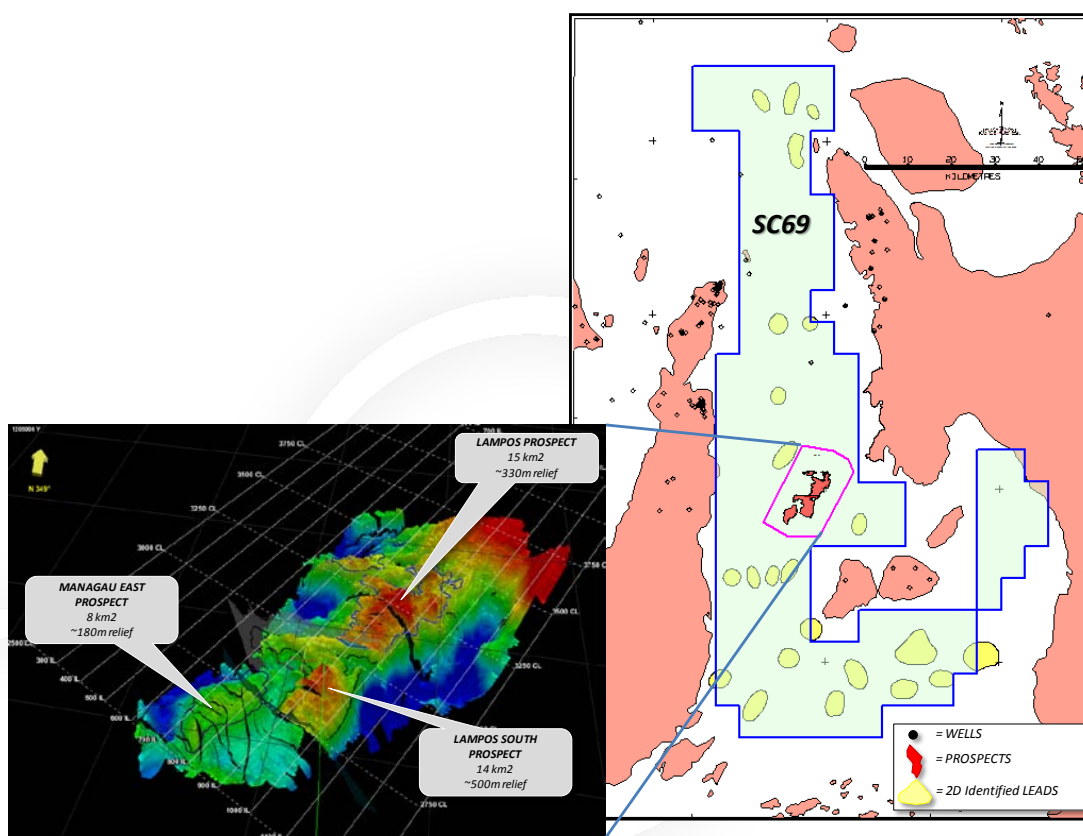
Recent 3D seismic data has confirmed the presence of three attractive potential drilling targets in the most prospective portion of the block, namely Lamos, Lamos South and Managau East.

A nine-month extension to the present permit term was granted by the Philippines DOE to allow sufficient time to complete detailed technical evaluation of the prospects and allow considered selection of the most attractive prospects for drilling.

During the extension period, outstanding technical work will be completed, the prospect portfolio will be ranked and well planning will commence.

The results of the 3D seismic are encouraging and present a series of candidate targets for the first well in the block. In the event of success in the first well, significant follow up targets have already been identified

| Sub-Phase   | Period                        | Work Program Commitment                       |
|-------------|-------------------------------|-----------------------------------------------|
| Sub-Phase 3 | 7 February 2011 to 7 May 2013 | 50 sqm 3D seismic or drill 1 exploration well |
| Sub-Phase 4 | 7 May 2013 to 7 May 2014      | 50 sqm 3D seismic or drill 1 exploration well |
| Sub-Phase 5 | 7 May 2014 to 7 May 2015      | Drill 1 exploration well                      |



Service Contract 69 3D mapped prospects

**EXPLORATION ASSETS (CONTINUED)****KILOSA-KILOMBERO AND PANGANI PSA'S**

|                         |                                                 |
|-------------------------|-------------------------------------------------|
| <b>Location:</b>        | Onshore, Tanzania                               |
| <b>Area:</b>            | ~34,000 km <sup>2</sup>                         |
| <b>Otto's Interest:</b> | 50% - Operator Swala Oil and Gas (Tanzania) Ltd |

In February 2012, Otto announced that it had secured interests in two onshore Production Sharing Agreements (PSAs) in Tanzania, from partner Swala Oil and Gas (Tanzania) Limited ('Swala'). Swala has assigned to Otto a 50% working interest, under the terms of the Area of Mutual Interest Agreement signed in January 2011, in the Kilosa-Kilombero Area and Pangani Area PSA's, both onshore Tanzania.

These PSAs were awarded by the Government of the United Republic of Tanzania on 20 February 2012. The interests will be held by Otto subsidiary, Otto Energy (Tanzania) Pty Ltd.

The overall Kilosa-Kilombero and Pangani acreage covers a gross area of almost 34,000 km<sup>2</sup>. The acquisition of the two blocks is consistent with Otto's strategy to obtain acreage in prospective areas on attractive terms at the beginning of the exploration lifecycle.

The initial stage of exploration in both blocks involves analysis of legacy gravity and magnetic data in the area and the acquisition of new airborne gravity and magnetic information together with associated field work to confirm the presence of a significant sedimentary basin, as suggested by existing regional gravity data.

The legacy data review was completed during the quarter and allowed identification of a number of prospective areas which formed the target for the new acquisition.

New airborne surveys commenced in July 2012.

If results from the initial data acquisition are positive then the Otto-Swala joint venture can elect to acquire seismic data prior to committing to a well in either block. Such a phased approach to exploration allows commitment of funds to be closely aligned with emerging prospectivity.

**Airborne surveys in Pangani Area, Tanzania, commenced in July 2012**



**CORPORATE****CASH OUTFLOWS**

Otto's free cash reserve at the end of the quarter was US\$28.320 million (Mar: US\$29.545 million).

Historic and expected cash outflows in the coming quarter are shown below:

|                      | Sep 12<br>Qtr<br>US\$m<br>Forecast | Jun 12<br>Qtr<br>US\$m<br>Actual | Mar 12<br>Qtr<br>US\$m<br>Actual | Dec 11<br>Qtr<br>US\$m<br>Actual | Sept 11<br>Qtr<br>US\$m<br>Actual |
|----------------------|------------------------------------|----------------------------------|----------------------------------|----------------------------------|-----------------------------------|
| Philippines          |                                    |                                  |                                  |                                  |                                   |
| SC 14C               |                                    |                                  |                                  |                                  |                                   |
| Production           | 5.12                               | 5.74                             | 3.79                             | 4.75                             | -                                 |
| Development          | 3.08                               | 1.21                             | 4.36                             | -                                | -                                 |
| SC 51                | 2.03                               | 1.45                             | 0.09                             | 0.02                             | 0.01                              |
| SC 55                | -                                  | -                                | -                                | -                                | 0.13                              |
| SC 69                | 0.26                               | 0.51                             | -                                | 0.31                             | 2.41                              |
| Tanzania             | 0.30                               | 0.37                             |                                  |                                  |                                   |
| Business Development | -                                  | -                                |                                  | -                                | 0.35                              |
| Administration       | 1.45                               | 1.25                             | 2.29                             | 1.68                             | 2.26                              |
| <b>Total</b>         | <b>12.24</b>                       | <b>10.53</b>                     | <b>10.53</b>                     | <b>6.76</b>                      | <b>5.16</b>                       |

**CORPORATE (CONTINUED)****SHAREHOLDERS**

Otto's issued capital as at 30 June 2012:

|                               | Number        |
|-------------------------------|---------------|
| Fully paid ordinary shares    | 1,138,290,071 |
| Unlisted Options <sup>1</sup> | 34,750,000    |
| Performance Rights            | 27,000,000    |

<sup>1</sup> Exercisable between 12 and 60 cents per share with expiration dates from 1 August 2012 to 5 January 2012.

Otto's Top 20 Holders as at 29 June 2012:

**TOP 20 SHAREHOLDERS AS AT 29 JUNE 2012**

| Rank                             | Name                                                       | Units                | % of Units    |
|----------------------------------|------------------------------------------------------------|----------------------|---------------|
| 1                                | MOLTON HOLDINGS LTD                                        | 241,910,757          | 21.25%        |
| 2                                | SANTO HOLDING AG                                           | 241,910,757          | 21.25%        |
| 3                                | ACORN CAPITAL LIMITED                                      | 83,889,340           | 7.37%         |
| 5                                | NATIONAL NOMINEES LIMITED                                  | 46,264,495           | 4.06%         |
| 4                                | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED                  | 29,354,665           | 2.58%         |
| 6                                | J P MORGAN NOMINEES AUSTRALIA LIMITED                      | 19,703,358           | 1.73%         |
| 7                                | JOHN JETTER (CONSOLIDATED RELEVANT INTEREST)               | 19,089,175           | 1.68%         |
| 8                                | CITICORP NOMINEES PTY LIMITED <CWLTH BANK OFF SUPER A/C>   | 17,526,262           | 1.54%         |
| 9                                | RICK CRABB (CONSOLIDATED RELEVANT INTEREST)                | 17,495,052           | 1.54%         |
| 10                               | CITICORP NOMINEES PTY LIMITED                              | 17,055,655           | 1.50%         |
| 11                               | ESCOT INVESTMENTS PTY LTD                                  | 15,915,000           | 1.40%         |
| 12                               | DBS VICKERS SECURITIES (SINGAPORE) PTE LTD                 | 14,020,833           | 1.23%         |
| 13                               | NAVIGATOR AUSTRALIA LTD                                    | 8,946,695            | 0.79%         |
| 14                               | ESCOT FINANCE LTD                                          | 8,150,000            | 0.72%         |
| 15                               | JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>     | 7,713,121            | 0.68%         |
| 16                               | MIDDLE EAST PETROLEUM SERVICES LTD                         | 6,659,402            | 0.59%         |
| 17                               | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED                  | 6,424,989            | 0.56%         |
| 18                               | DALY FINANCE CORP                                          | 5,763,250            | 0.51%         |
| 19                               | FORSYTH BARR CUSTODIANS LTD <FORSYTH BARR LTD-NOMINEE A/C> | 5,488,216            | 0.48%         |
| 20                               | MR DAVID KENNETH ANDERSON & MRS CHARMAYNE ANDERSON         | 5,000,000            | 0.44%         |
| <b>TOTAL TOP 20 SHAREHOLDERS</b> |                                                            | <b>818,281,022</b>   | <b>71.89%</b> |
| TOTAL REMAINING SHAREHOLDERS     |                                                            | 320,009,049          | 28.11%        |
| <b>TOTAL SHARES ON ISSUE</b>     |                                                            | <b>1,138,290,071</b> | <b>100.0%</b> |

## OTTO AT A GLANCE

- ASX-listed Oil and Gas Company with assets in SE Asia and East Africa
- Focus on conventional oil and gas exploration and production
- Operator of the Galoc Oil Field
- High impact offshore deepwater exploration well in SC55 in the Philippines.

## DIRECTORS

### Chairman:

Rick Crabb

### Non-Executive Directors:

Ian Boserio

Ian MacIver

John Jetter

Rufino Bomasang

## OFFICERS

### Chief Executive Officer:

Gregor McNab

### Chief Financial Officer/ Company Secretary:

Matthew Allen

## CONTACTS

ASX Code: OEL

32 Delhi Street  
West Perth WA 6005 Australia

**E:** [info@ottoenergy.com](mailto:info@ottoenergy.com)

**P:** +61 8 6467 8800

**F:** +61 8 6467 8801

## MEDIA

MAGNUS Investor Relations + Corporate Communication

Dudley White

**E:** [dwhite@magnus.net.au](mailto:dwhite@magnus.net.au)

**P:** +61 2 8999 1002

John Gardner

**E:** [jgardner@magnus.net.au](mailto:jgardner@magnus.net.au)

**P:** +61 8 9212 0101

## Definitions

(1) "\$m" means millions of dollars

(2) "bbl" means barrels per day

## Competent Person Statement

The Reserve and Contingent Resource estimates outlined in this report have been compiled by Mr Nick Pink. Mr Pink is the Senior Reservoir Engineer of Otto and a full time employee. Mr Pink has more than 13 years of relevant experience and is qualified in accordance with ASX Listing Rule 5.11. Mr Pink has consented to the form and context that this statement.

# 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

**OTTO ENERGY LIMITED**

ABN

56 107 555 046

Quarter ended ("current quarter")

30 June 2012

### Consolidated statement of cash flows

| Cash flows related to operating activities        |                                                            | Current quarter<br>\$US'000 | Year to date<br>(12 months)<br>\$US'000 |
|---------------------------------------------------|------------------------------------------------------------|-----------------------------|-----------------------------------------|
| 1.1                                               | Receipts from product sales and related debtors            | 10,940                      | 30,882                                  |
| 1.2                                               | Payments for (a) exploration & evaluation                  |                             |                                         |
|                                                   | -Excluding 1800km2 SC55seismic                             | (2,365)                     | (6,377)                                 |
|                                                   | -1800km2 SC55seismic                                       | -                           | (164)                                   |
|                                                   | (b) development                                            | (1,209)                     | (5,566)                                 |
|                                                   | (c) production                                             | (5,714)                     | (14,261)                                |
|                                                   | (d) administration                                         | (1,246)                     | (7,478)                                 |
| 1.3                                               | Dividends received                                         | -                           | 6,872                                   |
| 1.4                                               | Interest and other items of a similar nature received      | 10                          | 18                                      |
| 1.5                                               | Interest and other costs of finance paid                   | (3)                         | (20)                                    |
| 1.6                                               | Income taxes paid                                          | (3,964)                     | (6,156)                                 |
| 1.7                                               | Other (Farm In Contribution )                              | -                           | 2,300                                   |
|                                                   | <b>Net Operating Cash Flows</b>                            | <b>(3,551)</b>              | <b>50</b>                               |
| <b>Cash flows related to investing activities</b> |                                                            |                             |                                         |
| 1.8                                               | Payment for purchases of:                                  |                             |                                         |
|                                                   | (a) prospects                                              | -                           | -                                       |
|                                                   | (b) equity investments                                     | -                           | (23,329)                                |
|                                                   | (c) other fixed assets                                     | (154)                       | (634)                                   |
| 1.9                                               | Proceeds from sale of:                                     |                             |                                         |
|                                                   | (a) prospects                                              | -                           | -                                       |
|                                                   | (b) equity investments                                     | -                           | -                                       |
|                                                   | (c) other fixed assets                                     | -                           | -                                       |
| 1.10                                              | Loans to other entities                                    | -                           | -                                       |
| 1.11                                              | Loans repaid by other entities                             | 2,500                       | 2,500                                   |
| 1.12                                              | Other (purchase of subsidiaries net cash acquired)         | -                           | 14,149                                  |
|                                                   | Other (funds for decommissioning)                          | -                           | -                                       |
|                                                   | <b>Net investing cash flows</b>                            | <b>2,346</b>                | <b>(7,314)</b>                          |
| 1.13                                              | Total operating and investing cash flows (carried forward) | <b>(1,205)</b>              | <b>(7,264)</b>                          |

+ See chapter 19 for defined terms.

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

|      |                                                            |         |         |
|------|------------------------------------------------------------|---------|---------|
| 1.13 | Total operating and investing cash flows (brought forward) | (1,205) | (7,264) |
|      | <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 (Share issue costs)                                  | -       | -       |
|      | <b>Net financing cash flows</b>                            | -       | -       |
|      | <b>Net increase (decrease) in cash held</b>                | (1,205) | (7,264) |
| 1.20 | Cash at beginning of quarter/year to date                  | 29,525  | 35,624  |
| 1.21 | Exchange rate adjustments to item 1.20                     |         | (40)    |
| 1.22 | <b>Cash at end of quarter</b>                              | 28,320  | 28,320  |

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

|      |                                                                  |                            |
|------|------------------------------------------------------------------|----------------------------|
|      |                                                                  | Curent quarter<br>\$US'000 |
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 |                            |
| 1.24 | Aggregate amount of loans to the parties included in item 1.10   | 118                        |

1.25 Explanation necessary for an understanding of the transactions

Payment of Directors Fees 118

**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

Nil

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

**Financing facilities available**

Add notes as necessary for an understanding of the position.

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

+ See chapter 19 for defined terms.

### Estimated cash outflows for next quarter

|                                | \$US'000      |
|--------------------------------|---------------|
| 4.1 Exploration and evaluation | 2,593         |
| 4.2 Development                | 3,076         |
| 4.3 Production                 | 5,121         |
| 4.4 Administration             | 1,450         |
| <b>Total</b>                   | <b>12,240</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>\$US'000 | Previous quarter<br>\$US'000 |
|--------------------------------------------------|-----------------------------|------------------------------|
| 5.1 Cash on hand and at bank                     | 24,325                      | 19,479                       |
| 5.2 Deposits at call                             | 3,975                       | 3,975                        |
| 5.3 Bank overdraft                               |                             |                              |
| 5.4 Other (Term Deposit)                         | 20                          | 6,071                        |
| <b>Total: cash at end of quarter (item 1.22)</b> | <b>28,320</b>               | <b>29,525</b>                |

### Changes in interests in mining tenements

|                                                                   | Tenement<br>reference | Nature of interest<br>(note (2)) | Interest at<br>beginning<br>of quarter | Interest at<br>end of<br>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<br>security (see note<br>3) (cents) | Amount paid up per<br>security (see note 3)<br>(cents) |
|----------------------------------------------------------|--------------|---------------|-----------------------------------------------------|--------------------------------------------------------|
| 7.1 <b>Preference<br/>+ securities<br/>(description)</b> | Nil          | Nil           |                                                     |                                                        |

+ See chapter 19 for defined terms.

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

|     |                                                                                                                            |               |               |     |     |
|-----|----------------------------------------------------------------------------------------------------------------------------|---------------|---------------|-----|-----|
| 7.2 | Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs, redemptions | Nil           | Nil           |     |     |
| 7.3 | <b>*Ordinary securities</b>                                                                                                | 1,138,290,071 | 1,138,290,071 |     |     |
| 7.4 | Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through returns of capital, buy-backs              | Nil<br>Nil    | Nil<br>Nil    | Nil | Nil |
| 7.5 | <b>*Convertible debt securities</b><br>(description)                                                                       | Nil           | Nil           |     |     |
| 7.6 | Changes during quarter<br>(a) Increases through issues<br>(b) Decreases through securities matured, converted              | Nil           | Nil           |     |     |

+ See chapter 19 for defined terms.

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

|     |                                                              |                                              |     |                                        |                                   |
|-----|--------------------------------------------------------------|----------------------------------------------|-----|----------------------------------------|-----------------------------------|
| 7.7 | <b>Options</b><br><i>(description and conversion factor)</i> | 34,750,000<br>Unlisted<br>Options            | Nil | 2,500,000<br>Exercise Price<br>\$0.60  | On or before<br>01 Aug 2012       |
|     |                                                              |                                              |     | 4,000,000<br>Exercise Price<br>\$0.12  | On or before<br>08 September 2012 |
|     |                                                              |                                              |     | 1,000,000<br>Exercise Price<br>\$0.12  | On or before<br>19 January 2013   |
|     |                                                              |                                              |     | 5,500,000<br>Exercise Price<br>\$0.12  | On or before<br>16 February 2013  |
|     |                                                              |                                              |     | 3,000,000<br>Exercise Price<br>\$0.12  | On or before<br>11 August 2013    |
|     |                                                              |                                              |     | 9,000,000<br>Exercise Price<br>\$0.12  | On or before<br>26 November 2013  |
|     |                                                              |                                              |     | 6,000,000<br>Exercise Price<br>\$0.125 | On or before<br>30 November 2013  |
|     |                                                              |                                              |     | 1,250,000<br>Exercise Price<br>\$0.12  | On or before<br>13 October 2012   |
|     |                                                              |                                              |     | 2,500,000<br>Exercise Price<br>\$0.12  | On or before<br>5 January 2015    |
|     |                                                              | 27,000,000<br>Unlisted<br>Performance Rights | Nil | 4,000,000<br>Performance Rights        | On or before<br>31 December 2014  |
|     |                                                              |                                              |     | 4,000,000<br>Performance Rights        | On or before<br>31 December 2014  |
|     |                                                              |                                              |     | 4,000,000<br>Performance Rights        | On or before<br>31 December 2014  |
|     |                                                              |                                              |     | 5,000,000<br>Performance Rights        | On or before<br>1 April 2014      |
|     |                                                              |                                              |     | 5,000,000<br>Performance Rights        | On or before<br>1 November 2014   |
|     |                                                              |                                              |     | 5,000,000<br>Performance Rights        | On or before<br>1 April 2015      |
| 7.8 | Issued during<br>quarter                                     | Nil                                          | Nil | Nil                                    | Nil                               |

+ See chapter 19 for defined terms.

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

---

|      |                                             |     |     |     |     |
|------|---------------------------------------------|-----|-----|-----|-----|
| 7.9  | Exercised during quarter                    | Nil | Nil | Nil | Nil |
| 7.10 | Expired during quarter                      | Nil | Nil | Nil | Nil |
| 7.11 | <b>Debentures</b><br><i>(totals only)</i>   | Nil | Nil | Nil | Nil |
| 7.12 | <b>Unsecured notes</b> <i>(totals only)</i> | Nil | Nil | Nil | Nil |

## **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 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Gregor McNab  
Chief Executive Officer  
19 July 2012

## 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 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* applies to this report.
- 5 Accounting Standards ASX will accept, for example, the use of International Financial Reporting 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.

== == == == ==