



A.C.N. 004 247 214

Lakes Oil N.L.

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Quarterly Activities Report

For the three months ended
30 June 2015

Highlights:

- **PEP 167, 175 Otway Basin:** indicative external reviews of estimated gas in place volumes in the Eumeralla Formation suggest a very large potential resource across the 2 permits: commerciality would depend on several factors, which can only be assessed by proof of concept drilling. Lakes has requested permission to drill 2 such wells in the area.
- **Victorian Onshore Gas Inquiry:** Lakes Oil has presented a detailed written submission to the State parliamentary inquiry into onshore unconventional gas as well as participating at the inquiry's first public hearing in Sale.
- **The Labor State Government has not made any changes to the bans on** Lakes Oil's proposed operational activities in Victoria, resulting in the proposed drilling of 2 conventional wells (PRL 2, PEP 169) and a workover operation being stalled (PRL2).
- **Capital Raising.** Lakes Oil raised \$4.2M before costs from an issue of Listed Unsecured Converting Notes.
- **General Meeting.** As advised to the ASX on 15 July 2015 Armour Energy Ltd has issued the Company with a notice of intention to move resolutions for the removal of 2 of its directors, namely its Executive Chairman Rob Annells and Non-Executive Director Barney Berold. Lakes is required to convene a shareholder meeting in September 2015 in this regard.

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Directors

Robert J. Annells CPA, F.Fin (*Executive Chairman*)
Barney I. Berold BCom, MBA
Nicholas Mather B.Sc (Hons. Geology) MAusIMM
Prof Ian R. Plimer BSc(Hons), PhD
William R. Stubbs LLB
Kyle Wightman BComm, MBA, FAICD, CFTP(Snr)
Robbert de Weijer B.Eng (Mech) (Alternate Director for Mr. Mather and Mr W. Stubbs.)

CFO/Company Secretary

Leslie Smith BBS, MBA, GradDipACG CPA, CA(NZ), ACSA, ACIS

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Auditors

Pitcher Partners
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Victoria 3000

Bankers

Westpac Banking Corporation
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Melbourne, Victoria 3000

Technical Staff and Consultants

Ingrid Campbell RMIT (Geol), MPESA, MGSA MAAPG
Tim O'Brien BSc MSc MPESA MSPE MAAPG
Guy Holdgate BSc (Hons), PhD

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Share Registry

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Yarra Falls 452 Johnston Street
Abbotsford, Victoria 3067

Lakes Oil NL is a no-liability company incorporated in Australia. Unless otherwise stated references to 'Lakes Oil' or "the company" or "the Group" refer to Lakes Oil NL and its controlled entities as a whole. Lakes Oil operates a web site which directors encourage you to access for the most recent company information.

CORPORATE ACTIVITIES: HIGHLIGHTS FOR THE QUARTER

Current Government position on onshore oil and gas exploration

The Victorian State Government ban on all onshore oil and gas exploration has severely impacted on Lakes Oil's ability to conduct exploration activities across the State and sends a very negative message to industry and business in Victoria. Nevertheless, the Company is continuing to work up its portfolio in Victoria, in anticipation of the State lifting its onshore exploration ban.

A further 12 months' extension and suspension application been submitted for each permit.

The exploration reports below are basically the same as for the previous quarter, since no field operations are permitted in Victoria.

PEP 175 and PEP 167: Portland Energy Project

Re-interpretation by independent specialists of existing well and seismic data in PEP 175 and PEP 167 indicates that the Eumeralla Formation contains gas throughout and extends across the permits. Lakes Oil believes its new onshore Otway permits have the potential to be part of a **major new basin centred gas province** which could provide affordable energy and stimulate existing and potential new industries in the area.

The **Portland Energy Project** in western Victoria is part of Lakes Oil's new strategy to stimulate growth for the region and the State based on supply of cheap newly discovered onshore natural gas resources that have been previously overlooked.

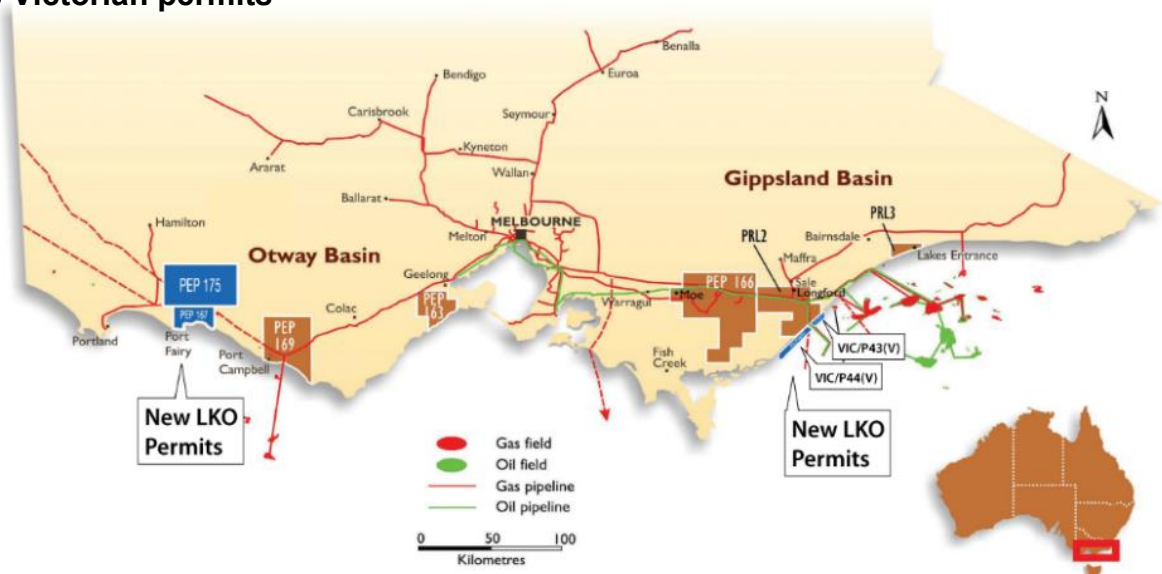
Although there is a current ban on onshore gas exploration in Victoria, the Company is convinced of the strategic importance of the potential gas resource in these permits and has requested Government approval to drill **two "proof of concept"** vertical, conventional wells in the permits that will **not require hydraulic fracturing** for gas to flow. Successful results from this project would be a major boost to the region and the State.

Capital Raising: Listed Unsecured Converting Note Issue

On 11 March 2015 the Company announced a pro-rata non-renounceable rights issue of listed unsecured converting notes at an issue price of \$10 each pursuant to a prospectus dated that day.

The issue was closed on 20 April 2015 with the Company raising \$4.12 Million before costs. The directors placed \$0.1 Million of the shortfall of \$7.18 Million during the three month period following the close of the issue during which they had reserved the right to make discretionary placements. This period closed on 20 July, 2015.

Lakes Oil's Victorian permits



EXPLORATION ACTIVITIES

VIC/P43(V) and VIC/P44(V) – NEARSHORE GIPPSLAND BASIN

(Lakes Oil, Operator, 100% interest in the two permits)

Lakes Oil's new Victorian nearshore permits are located in close proximity to Lakes' existing onshore Gippsland Basin permits.

The two permits are situated in the Seaspray Depression adjacent to Lakes' onshore tight gas fields at Wombat, Trifon and Gangell in PRL 2, and extend southwards just beyond St Margaret Island. The acreage is believed to be prospective for both conventional and unconventional oil and gas. Initial activity includes reviewing existing seismic and geological data in order to better understand the regional geology and the hydrocarbon prospectivity in the blocks.

PRL2 – ONSHORE GIPPSLAND BASIN

(Lakes Oil, Operator, 100% interest in the overall permit, except for the Trifon and Gangell blocks where Lakes Oil has a 57.5% interest and Jarden Corporation Australia Pty Ltd has a 42.5% interest) A successful exercise of the matching rights option by Armour Energy Ltd – see below- would produce the following relevant interests (Lakes Oil, 85% interest in the overall permit, except for the Trifon and Gangell blocks where Lakes Oil would have a 42.5% interest and Jarden Corporation Australia Pty Ltd would have a 42.5% interest. Armour Energy Ltd would have a 15% interest in the Permit subject to completing certain exploration expenditure)

As announced on 12 August 2013, Beach Energy Limited and Somerton Energy (now Cooper Energy) Limited withdrew from their farm-in agreement over PRL2 by which they could have earned a 50% interest in the permit by conducting certain expenditure up to the value of \$50 million, and Armour Energy Ltd had a period of 6 months to match the terminated farm-in agreement. Lakes Oil has received a letter from Armour Energy Ltd purporting to exercise this matching right in relation to the farm-in agreement for PRL2. The matching right relates, amongst other things, to the Phase 1 fracture stimulation of 2 wells incurring up to \$10 million of expenditure which unfortunately will be prohibited during the fracking moratorium currently imposed by the Victorian Government. As referred to above, the original farm-in agreement over PRL2 which Armour Energy Ltd purported to match also included a right to earn up to a 50% interest in PRL2. The parties have reserved their rights in this matter which is yet to be determined.

Additionally Armour Energy Ltd has a 3 year option to acquire 50% of Lakes Oil's interests in the Trifon and Gangell blocks and a direct 25% interest in the remainder of PRL2 for a total payment of \$30 million. Option fees payable have a maximum lifetime value of \$0.6million. The life of this option has been extended while the moratorium is in place.

Proposed Field Operations

As previously stated, all operational activities in PRL2 have been stalled awaiting Ministerial approvals and the lifting of the onshore exploration ban.

The Wombat-3 re-entry oil test and proposed Wombat-5 conventional well operational programs will be conducted as soon as possible after approvals are given.

PRL3 – ONSHORE GIPPSLAND BASIN

(Lakes Oil, Operator, 100% interest)

No operational activities took place in this permit during the period. Lakes Oil has been working to resolve the continued access issues to its chosen drill sites.

The process of planning and engineering for two potential drilling sites had commenced, but because of the uncertainty of State bans on drilling, these plans have been delayed.

PEP166 – ONSHORE GIPPSLAND BASIN

(Lakes Oil, Operator, 75% interest) (Armour Energy Ltd (Armour) 25% interest)

No operational activities occurred in the permit in this period.

Regional Mapping

Regional mapping of the northern part of the permit continued, evaluating the potential prospects to test additional Strzelecki and Rintouls Creek Formation tight gas and conventional plays. Without adequate and sufficient seismic data in the permit, mapping of intra-Strzelecki and base Strzelecki surfaces is extremely difficult. Re-interpretation of old coal bores, early wells and existing seismic data has been completed in the eastern part of the permit, where basement is indicated at around 3000 metres. Further mapping is continuing whilst the permit remains in a state of suspension due to the onshore exploration ban.

PEP 175 and PEP 167 - ONSHORE OTWAY BASIN

(Lakes Oil, Operator, 100% interest)

No exploration activities are permitted in onshore Victoria permits until further notice.

A review of existing seismic and geological data has continued in order to better understand the regional geology and the hydrocarbon systems that are present. Lakes believes that the acreage has very good potential for unconventional and conventional plays, particularly in the Eumeralla Formation, a target that has been largely overlooked by previous explorers.

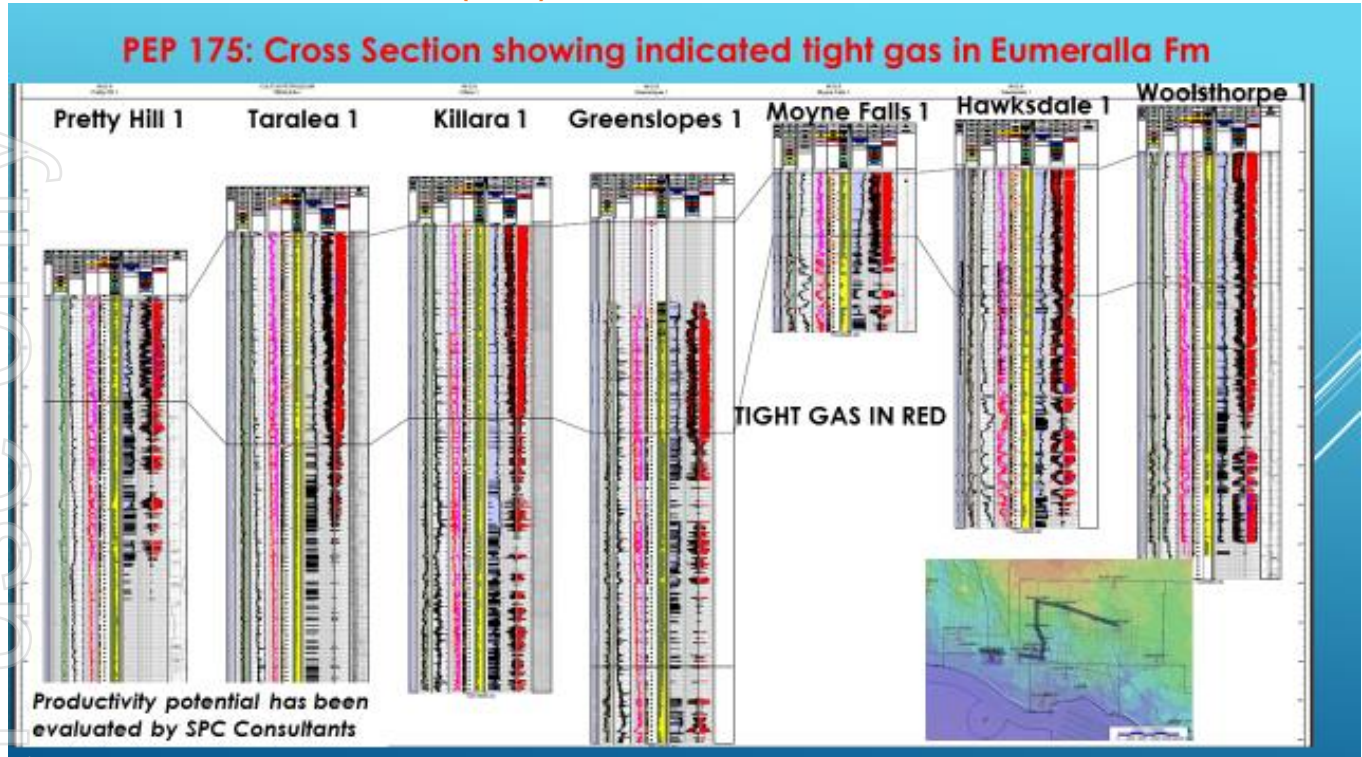
A total of 14 historic wells, some dating back to the 1960s, have been drilled in the two permits targeting conventional plays: the Waarre Formation situated above the Eumeralla Formation and the Pretty Hill Formation (Crayfish Group) below the Eumeralla Formation. Even though the Eumeralla was intersected in all wells, it was not recognised as a valid target and not tested. Re-interpretation in the USA of the well data indicates that the Eumeralla Formation contains gas throughout, and extends right across the permits (See re-interpreted well logs in cross section below).

PORTLAND ENERGY PROJECT

LAKES OIL'S STRATEGIC PLANS FOR A MAJOR NEW ONSHORE ENERGY SOURCE FOR VICTORIA



PORTLAND ENERGY PROJECT (cont.)



Cross-section of re-interpreted logs from west to east across a distance of approx. 40 km showing indicated gas (in red) in the Eumeralla Formation with thicknesses greater than 1000 metres in some cases. This data was presented in the Lakes' booklet to shareholders sent out on 10 February 2015 and also posted on Lakes' website on 10 February 2015.

The Portland Energy Project in western Victoria is part of Lakes Oil's new strategy to stimulate growth for the region and the State based on supply of newly discovered onshore natural gas resources that have been previously overlooked.

Lakes believes its new onshore Otway permits have the potential to be part of a **major new basin centred gas province** which could provide energy and stimulate existing and potential new industries in the area. In previous wells, continuous gas was encountered over a 2000m interval in certain instances.

In the previous Quarterly Report, Lakes highlighted that it believes it has identified a major new onshore basin-centred gas province in its Otway permits. It set out the background information in this regard, including various aspects described in more detail in the Information Booklet sent to shareholders on 10 February 2015.

Lakes has received 2 assessments of gas in place estimates for the Otway permits PEP 167 and 175. One report covers the entirety of the 2 permits PEP167 and PEP175 and the second is for an area which has the potential we believe to recover gas from the Eumeralla formation using conventional wells. It is based on well logs and seismic survey analysis without flow tests, undertaken not by Lakes but by several previous holders of the permits going back to the 1960s, and have been given only as an indication of what **potential gas in-place volumes** may be present in the permits. The numbers given for the total combined permits are large but heavily qualified. It will require proof of concept wells to be drilled and additional work to be conducted to test the existence of potentially moveable gas.

The above mentioned area in which Lakes currently proposes to drill its two proof of concept wells, should the government inquiry into unconventional gas give permission, according to the report, has the potential to hold an estimated recoverable prospective P50 gas resource of 8.27 TCF in the Eumeralla which Lakes is targeting and a further 3.19 TCF in formations below the Eumeralla which will not be targeted in the proof of concept wells.

It should be noted that when Armour and Lakes drilled the Moreys-1 well in 2012 wet gas was encountered in the Eumeralla and there is the possibility that this could occur here.

The report cautioned that the recoverable prospective P50 number was based on 6 wells in that particular area with no drill stem test being run in the Eumeralla formation. It pointed out that a proof of concept well would be the best test to understand the tight gas and wet gas potential of the formations targeted. It emphasised that negligible test production is available at this time to support the proposed resource determinations. The estimated quantities of petroleum that may be potentially recovered by the application of a future development project relate to identified accumulations and it follows that these estimates have an associated risk of profitable recovery and development. Further exploration appraisal and evaluation are required to determine the existence of a significant quantity of potential moveable hydrocarbons.

Lakes reiterates that it is not presently possible to assess the chance of discovery or the chance of development associated with the figures set out above pending government approval to drill 2 proof of concept vertical wells and the current moratorium on doing so. Moreover, these figures are based on a range of assumptions and technical parameters several of which are set out above. Further exploration, appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons. Accordingly investors should take care before relying on these estimates given this context.

In view of the current moratorium on drilling for oil and gas in Victoria, Lakes has sought the support of the current Upper House inquiry into "Unconventional Gas in Victoria", for the Government to allow it to drill two proof of concept wells to confirm the presence of potentially recoverable onshore gas in the Otway Basin. Only then can it be sure of both the presence of moveable gas in the Eumeralla Formation and its potential for commerciality.

In the meantime, Lakes is in the process of seeking a proposal from another independent party in relation to an opinion regarding whether any such accumulation if assessed in the 2 permits would be suitable for further public disclosure pending such drilling.

Lakes Oil believes this gas can be extracted using conventional drilling methods, without needing hydraulic stimulation.

- Lakes' permits (PEP 175 and PEP 167) are strategically located close to the deep port and smelter at Portland.
- To further the case for potential economic development of a new major energy source, the onshore gas reserves in the region will be able to access existing pipelines that traverse the permits.
- This will have favourable ramifications for the entire region and provide an opportunity to develop Portland as a major centre for employment.
- Importantly, because of the shallow nature of the gas, the cost of recovery will be *substantially less* than for existing offshore development.

Lakes believes that this resource would be pivotal to providing affordable, clean energy to the State and will have a considerable impact on local industries.

Lakes is hopeful that it will obtain Government approval to drill two "proof of concept" vertical wells to about 1500 metres to test the potential for gas to flow naturally from the Eumeralla Fm without the need for hydraulic fracturing. The locations of the wells are yet to be determined. The drilling specifications would use best practice guidelines and drill through the same geological formations encountered in Origin Energy's current wells that were approved for drilling onshore in the Otway Basin.

Comparison of the Otway and Gippsland Basins

The Lower Cretaceous Eumeralla Formation in the Otway Basin is comparable with the Strzelecki Group in the Gippsland Basin that contains Lakes' gas fields. Comparison of the reservoir rocks in the Eumeralla Formation with the Strzelecki Group indicates that the reservoirs are equivalent in age, rock type and depositional environment (see figure below).

OTWAY BASIN
EUMERALLA FORMATION:
WOOLSTHORPE-1 @ 1460 metres KB



Woolsthorpe-1: porosities up to 22.3%;
perms: up to 21.0 mD

GIPPSLAND BASIN
STRZELECKI GROUP :
WOMBAT- 2 @ 1500 metres KB



Wombat - 2 : porosities 16% - 22%;
perms: up to 22.0 mD

PEP 169 -- ONSHORE OTWAY BASIN

(Lakes Oil, Sub-operator as delegated by Armour Energy Ltd, 49% interest)(Armour Energy Ltd 51% interest)

Proposed Drilling Operations

- All drilling operations have been stalled awaiting written Ministerial approvals and lifting of the ban on onshore drilling in the State.
- The proposed Otway-1 conventional vertical well, located next to the Iona Gas field, which is the largest producing field onshore Victoria, has been put on hold until such approval is given.

PEP 163 – ONSHORE OTWAY BASIN

(Lakes Oil, Operator, 100% interest)

All exploration activities in this permit have been placed on hold due to the ongoing State Government moratorium on onshore exploration.

ATP 642P and ATP 662P – EROMANGA BASIN

(Lakes Oil, Operator, 100% interest)

Examination of previous geological and geophysical investigations continued in order to build up our data base and understanding of the hydrocarbon prospectivity of the acreage. The areas are underexplored and are positioned along probable hydrocarbon migration pathways originating from Permian Cooper Basin and Jurassic Eromanga Basin source rocks.

EAGLE PROSPECT - ONSHORE, CALIFORNIA, USA

(Lakes Oil: 17.97% interest, Operator: Strata-X Inc.)

Proposed Shannon-1

This permit contains the Mary Bellochi-1 well drilled in 1986 by Lakes and its joint venture partners. The well flowed oil to surface for several weeks before withering out from, what was believed at the time to be, a mechanical problem rather than oil ceasing to be present. The permit is now operated by Strata-X, Inc. The proposed Shannon-1 well is to be located close to the Mary Bellochi-1 well location. The joint venture partners propose to drill the vertical Shannon-1 well as a near-offset appraisal of the P90 reserves case of 1.2 MMB (oil) and 3.8 BCF (gas). Drilling is planned, but not confirmed, pending rig availability.

COMMUNITY CONSULTATION & THE STATE PARLIAMENTARY INQUIRY INTO ONSHORE UNCONVENTIONAL GAS:

1. **A report on community and stakeholder attitudes** to onshore natural gas in Victoria has now been completed by The Primary Agency, dated 20 April 2015. Lakes participated in the community panel meetings held in Traralgon and Camperdown.

The link to this report is: www.onshoregas.vic.gov.au/_data/.../Onshore-Natural-Gas-Report-Final.pdf

2. **A Victorian parliamentary inquiry into onshore unconventional gas industry** is seeking community views on the exploration, extraction, production and rehabilitation for onshore unconventional gas in Victoria.

Lakes made a detailed, scientifically based, written submission to the State parliamentary inquiry before the deadline date of 10 July 2015.

The Chairman of the Victorian Parliament's Environment and Planning Committee stated that the inquiry is an opportunity for all Victorians to have their say on what has been a controversial issue around Australia. The Committee will present an interim report no later than 1 September, 2015 and a final report no later than 1 December, 2015.

The terms of reference for the parliamentary inquiry are focussed on:

- The prospectivity and potential benefits of onshore unconventional gas as an energy source
- The potential risks, including risks to the environment, land productivity, agricultural industries and public health, and whether such risks can be managed
- The impact on the legal rights of property owners and existing land and water uses
- How this issue is managed in other Australian and international jurisdictions
- Potential changes to our legislative and regulatory framework.

Refer to: <http://www.parliament.vic.gov.au/epc/references-committee-inquiries/article/2634>

3. **Open Public Hearings: Victorian Gas Inquiry**

On 1 July 2015, Lakes Oil was one of eight witnesses called to give evidence to the parliamentary committee in Sale, which was open to the public.

Lakes briefly presented factual data on the benefits of cheap, clean, onshore gas production to the manufacturing industry and potential jobs for the future, minimising risks associated with water table and environmental issues. Lakes has subsequently submitted a detailed written submission to the Inquiry.

Lakes also took members of the Committee for a site visit to the Wombat Field so they could see the Lakes' operations first hand.

Other public hearings have been scheduled for Melbourne and the Surf Coast.

VICTORIAN COAL EXPLORATION LEASES


Commonwealth Mining Pty Ltd: a wholly owned subsidiary of Lakes Oil NL

Commonwealth Mining Pty Ltd has acquired 3 coal exploration leases in the Gippsland Basin. The areas are: EL 5333, EL 5334 and EL 5394. Lakes Oil has a 100% interest in each of these exploration leases.

No further activities have taken place in this quarter.

These areas have been acquired to investigate the resource potential of economically recoverable brown coal resources. The three leases have JORC exploration potential coal tonnage estimates calculated by independent consultants.

These leases are **not being explored for coal seam gas resources.**



Ingrid Campbell.

Chief Geologist.

Signed on behalf of Lakes Oil N.L.

Appendix 5B

Mining exploration entity and oil and gas 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, 01/05/2013

Name of entity

Lakes Oil NL

ABN

62 004 247 214

Quarter ended ("current quarter")

30 June 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	7	21
Receipts from joint Venture Partners	-	98
1.2 Payments for (a) exploration & evaluation	(149)	(528)
(b) development	-	-
(c) production	-	-
(d) administration	(803)	(2,780)
(e) capital raising	(157)	(157)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	8	30
1.5 Interest and other costs of finance paid		
-Other	(36)	(68)
1.6 (Income taxes paid)\ R&D Refund	-	-
1.7 Net movement in GST suspense account	(13)	(1)
Net Operating Cash Flows	(1,143)	(3,385)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects,; 4 petroleum exploration permits	-	(1,486)
(b) equity investments	-	-
(c) other fixed assets	-	-
(d) other -	-	-
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	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	(1,486)
1.13 Total operating and investing cash flows (carried forward)	(1,143)	(4,871)

+ See chapter 19 for defined terms.

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Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,143)	(4,871)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, converting notes, options, etc.	4,222	4,222
1.15	Proceeds from sale of forfeited shares	-	29
1.16	Proceeds from borrowings	-	1,000
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Interest paid on converting notes	-	(110)
	Net financing cash flows	4,222	5,141
	Net increase (decrease) in cash held	3,079	270
1.20	Cash at beginning of quarter/year to date	453	3,262
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter – including \$856K held on trust by a third party for Converting Note Interest Payments	3,532	3,532

Payments to directors of the entity, associates of the directors, 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	148K
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	Salary and director's fee paid to Executive Chairman for 3 months to 30 June 15 \$86K. Directors' fees paid to other directors during the 3 months to 30 June 15 \$62.5K

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

None

- 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

None

+ 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	\$1,000	\$1,000
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation expenditure (net inflow after anticipated receipt of tax refund for research & development activities)	(850)
4.2 Development	-
4.3 Production	-
4.4 Administration – Note that this includes the repayment of \$1,000k of borrowings due in the quarter	1,700
Total	850

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 –	2,535	302
Cash – held on trust by a third party for Converting Note Interest Payments	<u>846</u>	-
<u>Total Item 5.1</u>	<u>3,381</u>	<u>302</u>
5.2 Deposits at call	151	151
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	3,532	453

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Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements and petroleum 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>			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	+Ordinary securities	11,430,638,039	11,248,638,039	

+ See chapter 19 for defined terms.

Mining exploration entity and oil and gas exploration entity quarterly report

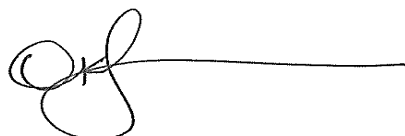
7.4	Changes during quarter (a) Increases through issues/conversion of convertible debt (b) Decreases through returns of capital, buy-backs				
7.5	+Convertible debt securities <i>(description)</i>	422,209	422,209	\$10 per Note	\$10 per Note
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	422,209	422,209	\$10 per Note	\$10 per Note
7.7	Options <i>(description and conversion factor)</i>	Nil	Nil	<i>Exercise price</i>	<i>Expiry date</i>
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures <i>(totals only)</i>	Nil	Nil		
7.12	Unsecured notes <i>(totals only)</i>	Nil	Nil		

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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 ~~not~~* (*delete one*) give a true and fair view of the matters disclosed.



Sign here:
(Company secretary)
Date: 30 July 2015

Print name: Leslie Smith

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 and petroleum 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 or petroleum 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* apply 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.

+ See chapter 19 for defined terms.