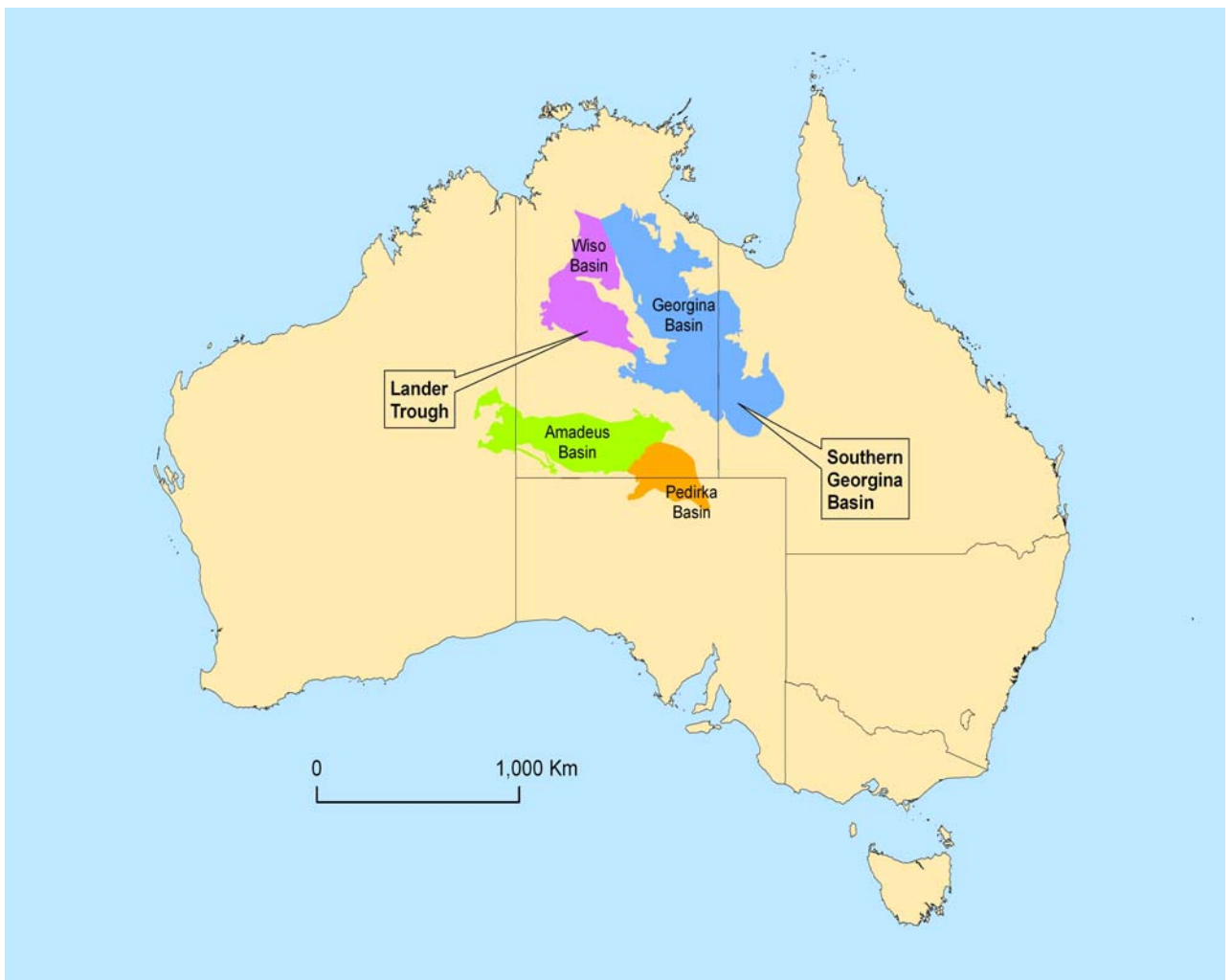


# Central Petroleum Limited

ABN 72 083 254 308

## Operations Report and ASX Appendix 5B For the Quarter ended 30 June 2011



Central Australia Basins

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## Company Goals

The Company's immediate focus is crude oil and condensate discovery and monetisation for potential early cash flow with future value adding for any gas discoveries via conversion to liquid transport fuels and/or LNG. Within the constraints of land access, sequence of grant and the inherent constraints of joint ventures the Company's focus has not changed. Early cash flow from any oil discoveries may initially be possible simply via trucking to port facilities at either of Port Darwin or Port Bonython with later development potential lying in additional pipeline facilities and/or bulk liquids haulage on the rail system connecting central Australia with port facilities.

Early cash flow may also be possible from helium and "mini" LNG production and sales and this is regarded as an intrinsic part of the Company's overall strategy for relatively short term cash flow. In the longer term the Company is seeking to build gas resources to a threshold point where value-adding processes via the conversion of gas into liquid transport fuels (GTL) can be brought into play.

Apart from conventional oil and gas reservoir potential, the Company has significant areas prospective in unconventionally reservoired oil and gas potential in the Company's acreage in the Amadeus Basin and the Southern Georgina Basin. 16 billion barrels of oil equivalent at "mean" prospective recoverable resource level have been independently estimated.

Several areas in central Australia with unconventional potential have recently received significant investor attention due to the involvement of companies such as the North American groups Hess, PetroFrontier, Rodinia and TME. Independent (Ryder Scott) estimates of prospective recoverable resources of up to 27 billion barrels of oil at P50 level have been made in permits adjoining the Company's acreage.

Recent developments in the worldwide coal sector and coal discoveries by the Company in its vast Pedirka Basin mineral leases have led to interest from various groups in the Company's potential coal resources with monetisation pathways being evaluated including coal mining and beneficiation for export, coal to liquids (CTL) and underground coal gasification (UCG) with gas to liquids value adding to any gas produced such as gas to liquids (GTL) processing.

The Company holds a 100% working interest in all of its permits and application areas other than the Simpson, Pellinor, Bejah and Dune prospect blocks within EP97 where the Company has a farm-in agreement with Rawson Resources Limited, and the Mt Kitty and Magee prospect blocks within EP125 and EP82 respectively which are the subject of a farm-out to Oil and Gas Exploration Limited (previously known as He Nuclear Limited).

The Company continues to seek potential joint venture participants with the financial capacity and the will to explore the vast prospective acreage at its disposal and is focussing its efforts on large companies and majors. This is a shift away from previous joint ventures involving smaller partners who in the past have had difficulty in funding their share of the various joint ventures that the Company had entered into. Interest in the Company's acreage which is believed to contain commercial quantities for conventionally and unconventionally reservoired hydrocarbons, helium and coal continues. Prospective exploration acreage values in the energy industry, particularly in the overlooked central Australian basin areas are escalating rapidly so the Company is determined to extract maximum value for its shareholders in any deal being contemplated.

## Review of Operations and other Joint Venture Activities for the June 2011 Quarter ("the Quarter")

During the Quarter the Company focused on completing various studies and evaluation reports and on planning for its forward exploration campaigns in conventional and unconventional oil and gas horizons. In order to deliver the best possible results from its recent round of seismic acquisition and this next round of drilling, the Company has recruited strongly during the Quarter with considerable focus placed on well credentialed and experienced technical staff, including in particular, North American unconventional exploitation experience.

The Company also continued to progress the exploration of its coal resources via a business arrangement with Allied Resource Partners Pty Ltd ("ARP"). The Company and ARP have entered into a Deed of Co-operation to oversee the sourcing of funding and technology for a series of underground coal gasification ("UCG") and or gas to liquids ("GTL") projects. Further details of this arrangement are provided below under the heading "Forward Exploration and Development Plans"

## Studies and Reports

The Company released various reports throughout the Quarter.

There were two separate independent reports on the unconventional reservoir resource assessments of the Company's permit areas – one for the Amadeus Basin and the other the Georgina Basin.

### Lower Larapinta Group - Amadeus Basin

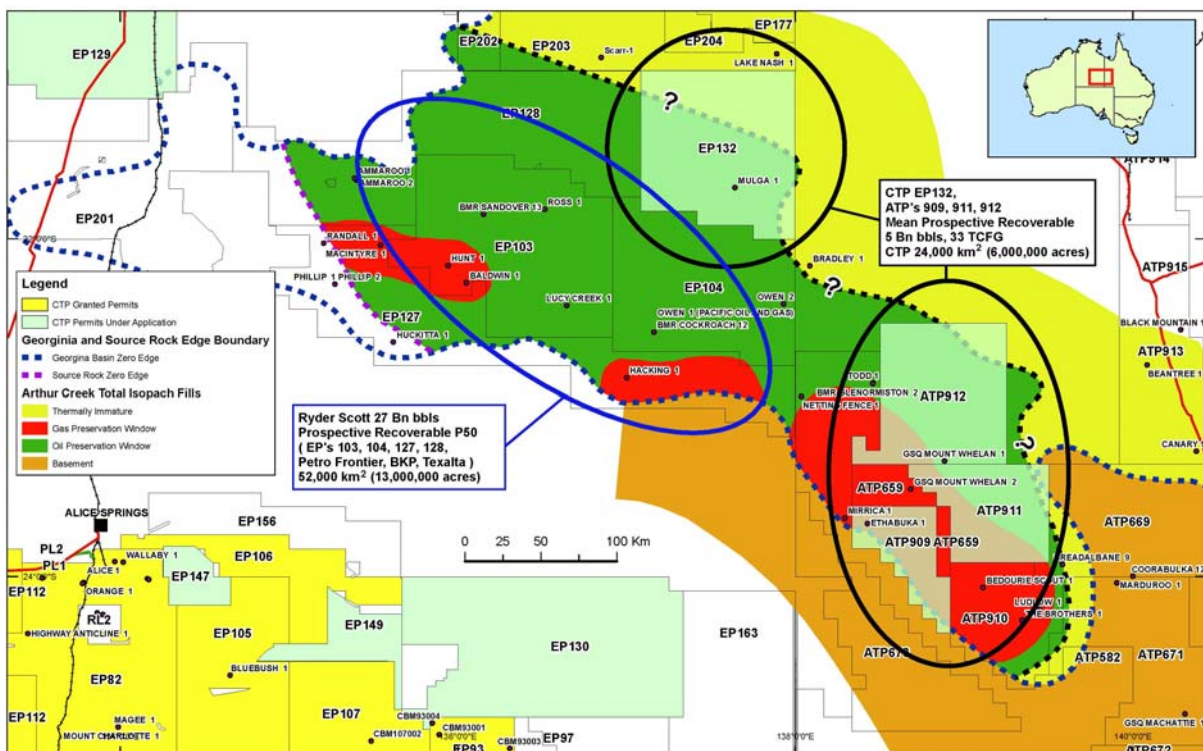
DSWPET Pty Ltd, an independent consulting group has concluded that the Company has “mean” prospective recoverable resources of 26 TCFG and 1 billion barrels of oil in the Lower Larapinta Group sediments in permits and applications operated by the Company within the Amadeus Basin.

### The Arthur Creek Formation – Georgina Basin

This study, also from DSWPET Pty Ltd, concluded that in the Company's Southern Georgina Basin permit applications, there is a total “mean” prospective recoverable resource of 5 billion barrels of oil and 33 trillion cubic feet of gas over a CTP net acreage position of 6 million acres, subject to the granting of the permits concerned.

**Overall, the independently derived resource estimates for unconventionally reservoir hydrocarbons in the Company's acreage translates to some 16 billion barrels of oil equivalent at “mean” estimate, with the Company enjoying a 100% net acreage position less certain production royalties in the mix of granted permits and applications it operates.**

According to DSWPET, although the resource estimates for these unconventional plays will require significant amounts of seismic, drilling and testing to potentially confirm or re-define, the Company's recoverable resources at “mean” level in the Company's permits and applications in the Amadeus and Southern Georgina Basins rival the well established Bakken and Barnett Shale plays in North America which are rapidly assuming a dominant position in onshore North American oil and gas production. The North American companies have been successfully exploiting unconventional resources for over a decade and the Company believes that access to capital, technical know-how and ultimately appropriate equipment and crews will flow to Australia to aid in exploration of ground held by various companies including Central Petroleum Limited.



The Company's interests in the Southern Georgina Basin

### *Devonian Reef/Platform Carbonate Oil Plays*

The Company has interpreted carbonate complexes underlying the Permian sediments of the Pedirka Basin. The play types largely lie within the EP97 Simpson and Pellinor Prospect Blocks where the Company holds an 80% interest with co-venturer Rawson Resources Limited holding the balance.

Current mapping of the Madigan Prospect (likely to be drilled in the Company's first drilling campaign) and the Simpson East Prospect infers that both have underlying Devonian sediments. The P50 or "best" estimates of UOIIP potential in the Madigan Prospect is 4 billion barrels and in the Simpson East Prospect is 350 million barrels.

### *Lander Trough Oil Play*

The Company's Technical Report on the Lander Trough Oil Play concluded that results of maturation studies are encouraging for the search for both conventional and unconventionally reservoir oil in the Company's Lander Trough acreage where the Company holds up to 11 million acres.

Studies have confirmed that stratigraphic equivalents of Middle Cambrian source rocks from the Georgina Basin (the Arthur Creek Shale and the Middle Thornton Limestone) occur in the Lander Trough of the Wiso Basin.

In the Lander Trough, the dominant oil generation rate occurred in the Ordovician as is the case for analogous source rocks to the east in the Georgina Basin. A second pulse of oil generation occurred during the early Alice Springs Orogeny (Siluro/Devonian).

### *Fractured Basement Plays*

The Company recently released a paper on Fractured Basement Hydrocarbon Plays and "Buried Hill" Plays in central Australia. In this paper, basement is regarded as any metamorphic or igneous rock which is unconformably overlain by a sedimentary sequence.

These fractured crystalline basement terranes occur in various parts of the world but are completely unexplored in central Australia despite favourable geological criteria in several basins. The Company's holdings in the Amadeus, Georgina and Pedirka basins include specific areas where structurally deformed crystalline basement terranes have potential to reservoir hydrocarbons.

The fractured basement play type may produce some exciting targets in subsequent exploration campaigns.

### **Expanded Technical Team**

The Company appointed Mr Allen Thorsen as Chief Operating Officer, with primarily responsibilities the management of drilling exploration, logistics, production, contracting and marketing. He has thirty years' experience in managing operations across oil fields in British Columbia to North Dakota including the Williston Basin which contains the Bakken oil shales. He joined the Company from his position of Vice President Operations, Zargon Oil & Gas of Calgary, a company with significant, mainly oil, production. Mr Thorsen has expertise in both vertical conventional and horizontal drilling and completion techniques with multiple stage frac jobs as part of the process.

The Company recently appointed Mr Trevor Shortt as Exploration Manager and he is scheduled to commence with the Company in early August 2011. Mr Shortt's experience includes a focus on unconventional resources. His experience in shale gas, shale oil and tight reservoirs gained in such plays as the Bakken oil shales in the Williston Basin is potentially of immense value to the Company. He has previously worked with various companies including EnCana Corporation, Home Oil, Renaissance Energy, Chevron, Cimmaron Petroleum and Bengal Energy Ltd. In addition to North America his experience includes working in Argentina, India, the Timor Sea and the Cooper Basin.

Also joining the Exploration and Drilling Team under the direction of Mr Thorsen and Mr Shortt are the following experienced team members.

Dr Jacques Sayers (Geophysicist) has over 20 years of experience in 2D and 3D seismic modelling. With both industry and high level government experience Dr Sayers is a widely published interpretational geoscientist who has worked on many of Australia's most successful onshore and offshore geological projects in the Cooper and Gippsland basins and on the North West Shelf. His

international experience includes Turkey, New Zealand, Papua New Guinea, Thailand and Nigeria. He joined to the Company from his position as Team Leader for the Petroleum and Marine Division of Goscience Australia.

Nathan Palmer is also a geophysicist and joined the Company from WesternGeco where he worked both onshore and offshore exploration on seismic acquisition, programming and analysis. As a Group leader his management covered project processing, planning workflow and all aspects of data processing, analysis and presentation

Emmanuel Cocodia adds 8 years of experience as a geoscientist with well developed skills in petroleum geology and geophysics. Mr Cocodia' has worked with Nexen and Sasol and has worked in the oil basins of Australia and Africa and in the North Sea in exploration, development and operations.

Damian Theseira, a UWA Engineering Honours graduate, has been appointed a Junior Drilling Engineer and will be assisting with drilling planning and execution. Mr Theseira previously worked for the Company on a contract basis where he performed a similar role during the Company's 2010 drilling campaign.

### **Farm-ins /Farm-outs**

There were no farm in or farm out deals completed in the Quarter.

### **Legal Action**

On 31 March 2011, the Company announced it had initiated legal proceedings against Century Energy Services Pty Ltd to protect its interests.

The proceedings follow an unplanned incident which occurred during the drilling of Surprise-1 in EP 115 whereby the monkey board and 129 stands of racked drill pipe twisted around the rig mast by thirty degrees whilst the wireline sheaves were being repositioned. This incident resulted in the Company having to necessarily terminate the drilling contract with Century Energy Services Pty Ltd for performance related issues.

An interim application in respect to the dispute was heard in the Supreme Court of Western Australia on 5 July 2011. A decision is expected during the next (September) Quarter of 2011.

## **Forward Exploration and Development Plans**

### *Oil and Gas Interests*

The Company is scheduling to kick off its renewed liquids focused exploration and development programme in the Fourth (December) Quarter of 2011 with the re-entry and testing of Surprise-1 in the Amadeus Basin for oil potential in both conventional and unconventional horizons, followed by the drilling of the 4 Billion barrel Madigan prospect (P50 UOIP) in the Pedirka Basin and the 2 TCFG Mt Kitty prospect (P50 UGIIIP). The Mt Kitty prospect is anticipated to host condensate as well as helium, a valuable gas originally discovered in the sub-salt Magee prospect in the Amadeus Basin in 1992 (Magee-1).

Seismic acquisition and further drilling of a number of play types are also being evaluated. Included amongst the play types are the Surprise-Johnstone area in EP115 for both conventional and unconventional oil accumulations, reefal carbonate plays in the Pedirka Basin and the conventional and unconventional oil and gas potential within the Company's application areas in the Southern Georgina Basin.

The Southern Georgina Basin has recently been attracting a high level of interest. Canadian companies PetroFrontier and Rodinia have commenced or are soon to commence well funded drilling programmes. As the Company has various petroleum permit interests (under application) adjacent to the PetroFrontier acreage, drilling success by either PetroFrontier or Rodinia would likely see escalated attention by the Company to its Arthur Creek Shale and Thorntonia Limestone plays.

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### *Mineral / Coal Interests*

The Company has commenced a global search for Pedirka Basin UCG/GTL Commercialisation Partners.

The Company has partnered with Allied Resource Partners Pty Ltd (“ARP”) to commercialise part of the Company’s permit and application areas in the Pedirka Basin covering coal deposits. ARP will instigate and oversee the global search for funding and technology partners for this part of the Company’s coal assets located in the Northern Territory and South Australia. This watershed agreement is aimed at creating significant and multi-generational benefits to Australia including liquid fuels self-security, taxation and royalty revenues, employment and indigenous empowerment.

ARP’s Chairman, Michael Doyle, is a specialist in investment banking, corporate finance, project and infrastructure financing. ARP’s Managing Director, David Shearwood, has extensive experience in mining engineering, funds management, as a resource analyst, in infrastructure and coal mining.

UCG projects are “clean coal” as they offer a major step towards reducing CO<sub>2</sub> intensity of power generation and transport fuels. UCG extraction does not employ the same technology methods as Coal Seam Methane or Coal Seam Gas. UCG does not require the lowering of the water table to drain coal seams, the use of fracking techniques to rupture rock underground, or the use of carcinogenic chemicals. There is a groundswell of total misinformation in the market regarding these facts.

UCG technology based projects are increasingly becoming mainstream and it is expected many more will appear across the globe in the next decade.

A rigorously prescriptive Request for Proposal (“RFP”) process will be used to bind commitments to the Project from already identified carefully selected major domestic and global petroleum and mining companies, sovereign funds, energy funds and investment funds. Compliant RFP respondents will be required to detail their plans to explore for coal and potentially complete a Bankable Feasibility Study with Stage 1 output of a minimum of 60,000 barrels per day from the yet to be drilled minimum JORC compliant resource of 4 billion tonnes of accessible coal and their plans to commence construction of Stage 1 of the Project within 5 year. The respondents will also be required to detail their incremental expansion strategies to a potential 3 million barrels per day output.

The foregoing effort is predicated upon significant expenditure, exploration success, technical due diligence and other attendant requirements such as State and Federal support and legislative clarification. While the tenements are highly prospective with coal intersections up to 35metres in thickness, they remain sparsely drilled at this time, hence the exploration phase is critical to the long term success of the proposal.

## **Corporate**

### **Capital Structure**

The Company’s ordinary shares on issue were unchanged during the Quarter and have remained unchanged up to the date of this report. There are 982,298,842 ordinary shares on issue.

The Company has 274,310,525 listed options at 30 June 2011. There were no changes during the Quarter or up to the date of this report. The options have an exercise price of 16 cents per option and an expiry date of 31 March 2014.

The Company issued 300,000 unquoted options during the Quarter. These were issued under the Company’s employee share option plan (“ESOP”). There were no other changes during the Quarter and at 30 June 2011 there are 37,123,332 unquoted options at various exercise prices and various expiry dates. Since the end of Quarter and up to the date of this report a further 7,646,665 unquoted options have been issued to various employees under the ESOP.

### **Dual Listing in Canada**

During the Quarter the Company evaluated the level of support that it could expect from potential Canadian and US investors (shareholders) as well as from its existing shareholders domiciled in those locations for future equity fund raisings. As expected, with the ground swell of interest in unconventional resources globally and given the quantum of the Company’s potential unconventional reserves and resources, the preliminary support has been very encouraging such that the Company has elected to plan a listing on the TSX Venture Exchange (“TSXV”).

The Company has appointed Ryder Scott Company Canada to prepare an estimate of the potential hydrocarbon resources attributable to the Company's interest in the Amadeus Basin, the Pedirka Basin, the Wiso Basin and the Southern Georgina Basin for the primary purpose of the Company listing on TSXV.

### **Cancellation of Bond Subscription Agreement**

The Company determined that the bond subscription agreement which was entered into in November 2007 and which had been partly drawn down to raise funds for its exploration and development programmes was no longer in the Company's best interests and elected to exercise its rights to terminate.

### **Cash Position**

The Company started the Quarter with \$9.28 million in cash and cash equivalents and at 30 June 2011 held \$9.46 million, both amounts inclusive of its share of cash held in Joint Venture bank accounts. Cash expenditures for the Quarter were primarily on evaluation costs and studies as well as corporate overheads. Cash inflows for the Quarter were principally from refunds of security deposits and refunds of GST.



John Heugh  
Managing Director  
29 July 2011

#### **Competent Persons Statement**

##### **Al Maynard & Associates**

*Information in this announcement or attached report or notification which may relate to Exploration Results of coal tonnages in the Pedirka Basin is based on information compiled by Mr Allen Maynard, who is a Member of the Australian Institute of Geosciences ("AIG") and a Corporate Member of the Australasian Institute of Mining & Metallurgy ("AusIMM") and an independent consultant to the Company. Mr Maynard is the principal of Al Maynard & Associates Pty Ltd and has over 30 years of exploration and mining experience in a variety of mineral deposit styles. Mr Maynard has sufficient experience which is relevant to the styles of mineralisation and types of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Maynard consents to inclusion in this Report or announcement of the matters based on his information in the form and context in which it appears.*

##### **Mulready Consulting Services**

*The Mulready Consulting Services Report on UCG and CSG which may be referred to in this report or announcement or notification was prepared by their Associate Mr Roger Meaney, who holds a BSc (Hons) from Latrobe University and has over 30 years experience in the petroleum exploration and production industry with 8 years experience in the field of Coal Seam Gas.*

##### **General Disclaimer**

*Potential volumetrics of gas or oil may be categorised as Undiscovered Gas or Oil Initially In Place (UGIIP or UOIP) or Prospective Recoverable Oil or Gas in accordance with AAPG/SPE guidelines. Since oil via Gas to Liquids Processes (GTL) volumetrics may be derived from gas estimates the corresponding categorisation applies.*

*As new information comes to hand from data processing and new drilling and seismic information, preliminary results may be modified. Resources estimates, assessments of exploration results and other opinions expressed by the Company in this announcement or report have not been reviewed by any relevant joint venture partners, therefore those resource estimates, assessments of exploration results and opinions represent the views of the Company only. Exploration programmes which may be referred to in this announcement or report may not have been approved by relevant Joint Venture partners in whole or in part and accordingly constitute a proposal only unless and until approved.*

*This document may include statements that are forward looking statements. Such forward looking statements are by their nature speculative and based on various assumptions. Any such statements are hypothetical with respect to prospective events and should not be construed as being indicative of the actual events which will occur or a guarantee of future performance. All forward looking statements are subject to risks, uncertainties and assumptions that could cause actual results to differ from those contemplated by the relevant forward looking statements. Any exploration programme proposal is contingent upon several factors, including, but not limited to, access, weather, funding, and availability of appropriate crew and equipment.*

*NOTICE: The participating interests of the relevant parties in the respective permits and permit applications are:*

- *EP-82 (excluding the Central subsidiary Helium Australia Pty Ltd ("HEA") and Oil & Gas Exploration Limited ("OGE") (previously He Nuclear Ltd) Magee Prospect Block) - HEA 100%*
- *Magee Prospect Block, portion of EP 82 – HEA 84.66% and OGE 15.34%.*
- *EP-93, EP-105, EP-106, EP-107, EPA-92, EPA-129, EPA-130, EPA-131, EPA-132, EPA-133, EPA-137, EPA-147, EPA-149, EPA-152, EPA-160, ATP-909, ATP-911, ATP-912 and PELA-77 - Central subsidiary Merlin Energy Pty Ltd 100% ("MEE").*
- *The Simpson, Bejah, Dune and Pellinor Prospect Block portions within EP-97 – MEE 80% and Rawson Resources Ltd 20%.*
- *EP-125 (excluding the Central subsidiary Ordiv Petroleum Pty Ltd ("ORP") and OGE Mt Kitty Prospect Block) and EPA-124 – ORP 100%.*
- *Mt Kitty Prospect Block, portion of EP 125 - ORP 75.41% and OGE 24.59%.*
- *EP-112, EP-115, EP-118, EPA-111 and EPA-120 - Central subsidiary Frontier Oil & Gas Pty Ltd 100%.*
- *PEPA 18/08-9, PEPA 17/08-9 and PEPA 16/08-9 - Central subsidiary Merlin West Pty Ltd 100%.*



# 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

**Central Petroleum Limited**

ABN

**72 083 254 308**

Quarter ended ("current quarter")

**30 June 2011**

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (full year) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(1,322) - - (2,003)	(30,786) - - (7,345)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	132	941
1.5 Interest and other costs of finance paid	-	(3)
1.6 Income taxes paid	-	-
1.7 Other (R&D refunds, other income) GST refunds received	- 2,627	358 2,674
<b>Net Operating Cash Flows</b>	<b>(566)</b>	<b>(34,161)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	(270) - (76)	(320) - (584)
1.9 Proceeds(net) 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- Redemption/(lodgement) of security bonds	1,098	1,017
<b>Net investing cash flows</b>	<b>752</b>	<b>113</b>
1.13 Total operating and investing cash flows (carried forward)	186	(34,048)

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (brought forward)	186	(34,048)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds (net) from issues of shares, options.	(2)	5,982
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>	(2)	5,982
	<b>Net increase (decrease) in cash held</b>	184	(28,066)
1.20	Cash at beginning of quarter/year to date	9,280	37,530
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	9,464	9,464

**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	132
1.24	Aggregate amount of loans to the parties included in item 1.10	
1.25	Explanation necessary for an understanding of the transactions	
	Directors' remuneration and expenses	

**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

--

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

--

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### 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	-	-
3.2 Credit standby arrangements		

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	3,393
4.2 Development	0
4.3 Production	0
4.4 Administration	1,985
<b>Total</b>	<b>5,378</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	9,464	9,280
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>9,464</b>	<b>9,280</b>

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**Changes in interests in petroleum permits and 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	Nil			
6.2 Interests in mining tenements acquired or increased				

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**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>	982,298,842	982,298,842		
7.4 Changes during quarter (a) Increases through issues (b) Increases through exercise of options (b) Decreases through returns of capital, buy-backs	- - -	- - -		
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				

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

7.7	<b>Options</b> <i>(description and conversion factor)</i>			<u>Exercise price</u>	<u>Expiry date</u>
		274,310,525	274,310,525	\$0.16	31 Mar 2014
		11,000,000	0	Various	03 Jan 2012
		200,000	0	\$0.33	31 Jul 2011
		500,000	0	\$0.30	31 Aug 2011
		666,666	0	\$0.25	17 Nov 2011
		1,000,000	0	\$0.25	19 Jan 2012
		250,000	0	\$0.25	16 Feb 2012
		200,000	0	\$0.25	23 Feb 2012
		7,500,000	0	Various	31 Mar 2014
		8,366,666	0	\$0.20	31 Mar 2014
		6,340,000	0	\$0.122	31 May 2015
		800,000	0	0.11	31 Oct 2015
		300,000	0	0.12	12 May 2016
7.8	Issued during quarter	300,000	0	0.12	12 May 2016
7.9	Exercised during quarter				
7.10	Expired during quarter				
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 ~~does not~~\* (*delete one*) give a true and fair view of the matters disclosed.



Sign here: .....  
 (Joint Company Secretary)

Date: 29 July 2011...

Print name: ..Bruce Elsholz.....

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## 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.

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