



A.C.N. 004 247 214

Lakes Oil N.L.

www.lakesoil.com.au

Quarterly Activities Report

For the three months ended
31 December 2015

Highlights:

- **The State parliamentary inquiry final report** into onshore gas exploration was completed in December 2016 containing many recommendations. However, the Government is yet to respond to the findings of this inquiry.
- All operational activities in Lakes' Victorian permits continue to be stalled because of the onshore exploration moratorium.
- Independent seismic attribute mapping of anomalous hydrocarbons in PEP 169 over the proposed Otway prospect provides better risk evaluation of reservoir, seal and fault integrity properties.

Directors

Directors

Staff and Consultants

Robert Annells CPA, F.Fin (*Executive Chairman*)
Barney Berold BCom, MBA
Andrew Davis LLB(Appointed 9 September 2015)
Nicholas Mather B.Sc (Hons. Geology) MAusIMM
Prof Ian Plimer BSc(Hons), PhD
William Stubbs LLB
Chris Tonkin BSc (Hons.),BA,MBA,GAICD,CFTP(Snr)
(Appointed 9 September 2015)
Kyle Wightman BComm, MBA, FAICD, CFTP(Snr)
Robbert de Weijer B.Eng (Mech) (Alternate Director for
Mr. Mather and Mr W. Stubbs.)

Ingrid Campbell RMIT (Geol), MPESA, MGSA MAAPG
Tim O'Brien BSc MSc MPESA MSPE MAAPG
Guy Holdgate BSc (Hons), PhD
Sarah Rooke
Robert Thompson
Hon Theo Theophanous

CFO/Company Secretary

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

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Legal Advisors

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Auditors

Pitcher Partners
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Victoria 3000

Share Registry

Computershare Investor Services Pty. Ltd.
Yarra Falls 452 Johnston Street
Abbotsford, Victoria 3067

Bankers

Westpac Banking Corporation
360 Collins Street
Melbourne, Victoria 3000

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.

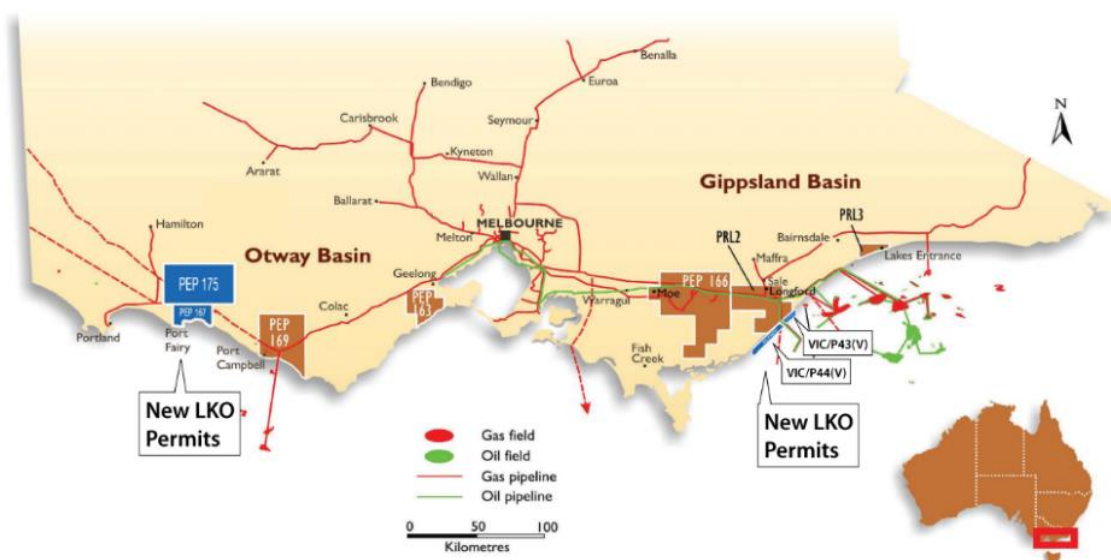
CORPORATE ACTIVITIES:

HIGHLIGHTS FOR THE QUARTER

Current Government position on onshore exploration

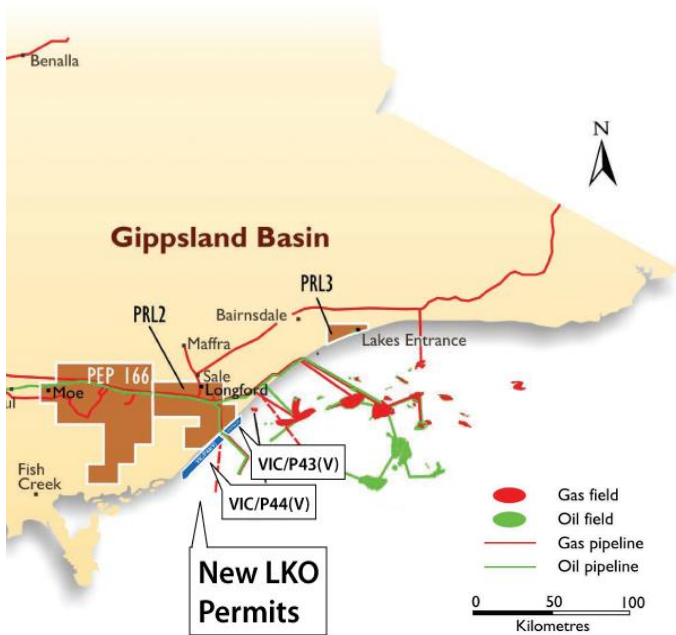
- **The Victorian State Parliamentary Inquiry into Onshore Unconventional Gas Exploration** delivered its final report in December 2016 containing numerous recommendations and minority party reports. The Government is yet to respond to the findings of the enquiry. The final report can be accessed on:
http://www.parliament.vic.gov.au/images/stories/committees/SCEP/GAS/Report/EPC_58-03_Text_WEB.pdf
- The Victorian State Government ban on all onshore exploration continues to severely impact 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 on conventional drilling.
A further 12 months' extension and suspension application been submitted for each permit.
- **The Lakes Oil Annual General Meeting** was held on 23 November 2015. The Chairman noted that Lakes Oil has a number of proposed projects which are currently on hold due to the ongoing, non-scientific, Government imposed, state-wide moratorium and total onshore gas exploration ban, regardless of whether it is conventional or unconventional, namely:
 - The drilling of two "proof of concept" wells for the Portland Energy Project
 - The drilling of Otway-1
 - The drilling of Wombat-5
 - The workover of Wombat-3
 - The testing of Wombat-4
 - The testing of Boundary Creek-2
 - The drilling of Yallourn North-2

Lakes Oil's Victorian permits



EXPLORATION ACTIVITIES

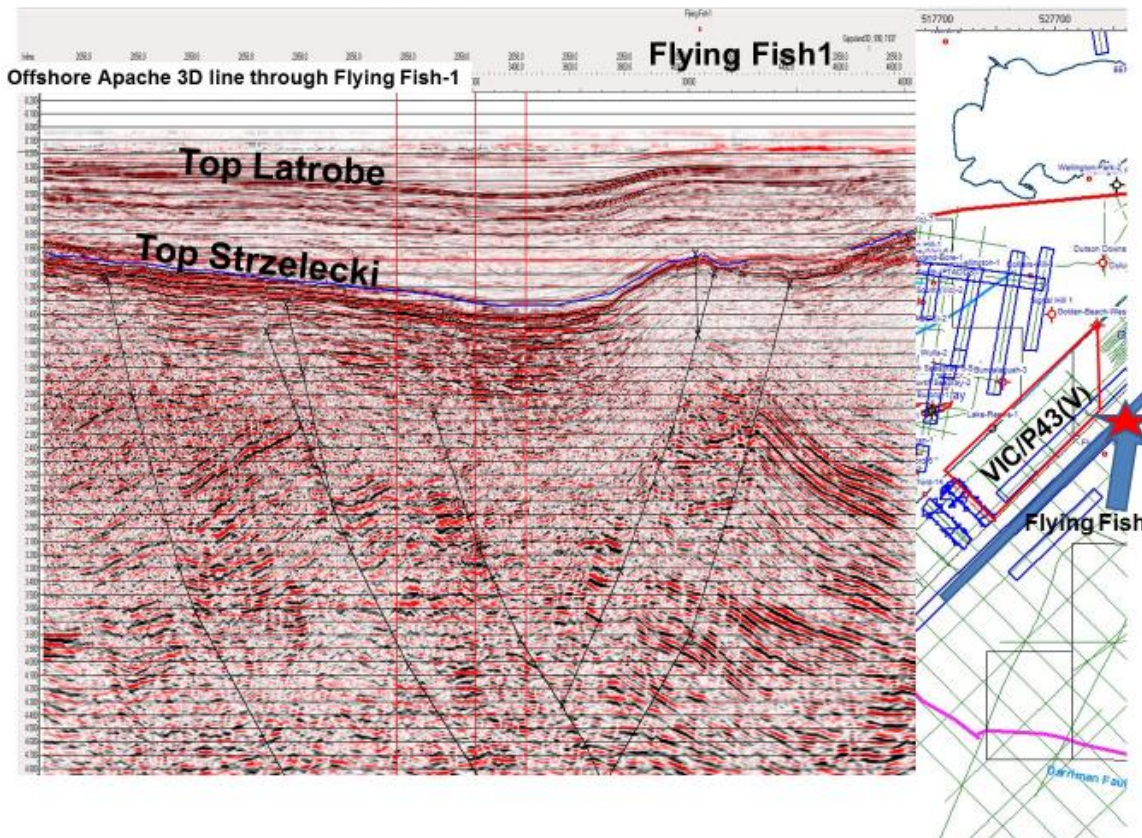
VIC/P43(V) and VIC/P44(V) – NEARSHORE GIPPSLAND BASIN (Lakes Oil, Operator, 100% interest in the two permits)



Lakes Oil's Victorian nearshore permits are located in close proximity to Lakes' existing onshore Gippsland Basin permits. The Company has applied for a suspension and extension of the permits due to the difficulty of accessing these areas from onshore while the onshore exploration ban is still in place.

Examination of the existing geophysical and well data is continuing. The seismic coverage is fairly sparse along this coastal area and may require re-processing. In VIC/P43(V), two survey lines parallel to the coast provide tie lines to Golden Beach-1A, located several kms to the east within the coastal strip.

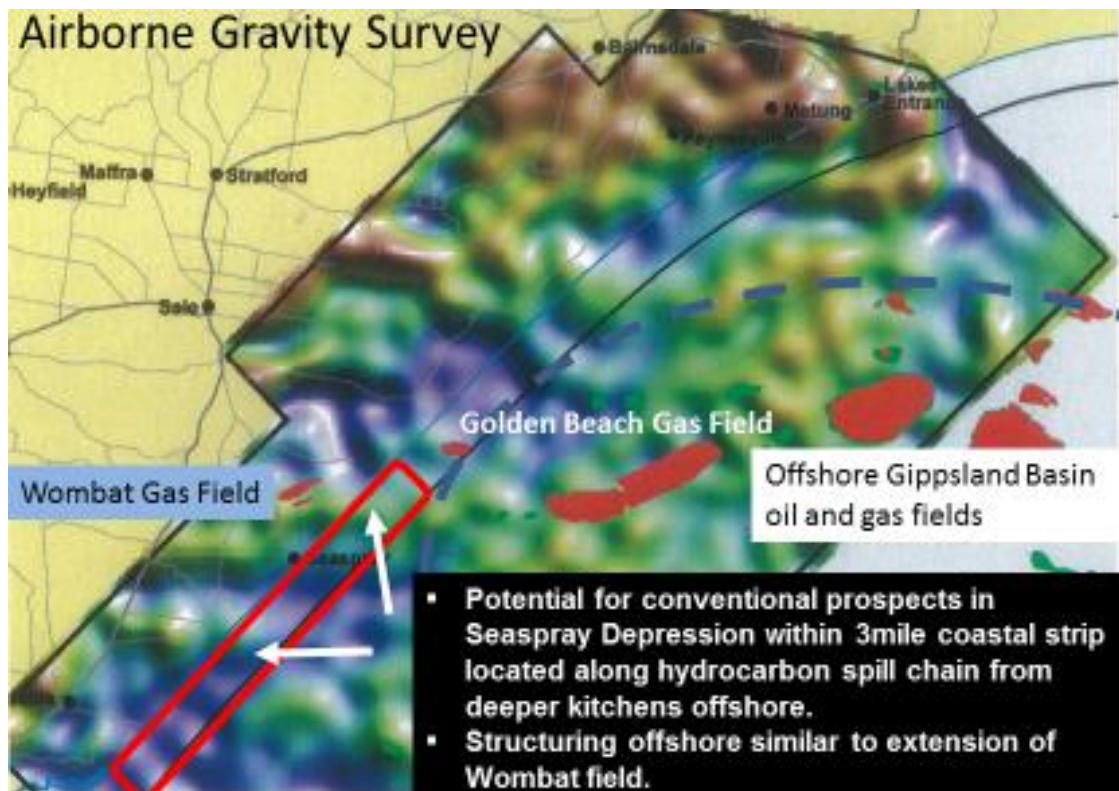
The Latrobe Group and the upper beds of Strzelecki Group are well defined in the offshore line which runs through Flying Fish 1 parallel to coast, 2 km east of VICP43 and shows potential for targets in both Latrobe and Strzelecki Formations. Refer to the seismic line below.



Seismic line parallel to the coast through Flying Fish 1 (2 km east of VIC/P43(V) showing potential for structural targets at top Latrobe and top Strzelecki levels,

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

Both areas are believed to be prospective for both conventional and unconventional oil and gas plays. Gas and oil trapped in top-Latrobe and intra-Latrobe formations are potentially present with migration of oils displaced from the large fields further offshore often being trapped in small near-shore fields. The Golden Beach gas field located immediately east of the VIC/P43(V) is an example of this type of updip play.



Map of gravity data showing the proximity of the VIC/P43(V) to the offshore Gippsland producing fields and the extension of major structural trends from onshore to offshore from the Wombat Gas Field. Note proximity of the Golden Beach field located in the coastal strip east of VIC/P43(V).

In VIC/P43 (V), detailed airborne gravity imagery indicates that structuring offshore is continuous with the Wombat field onshore in PRL2, which would upgrade both the conventional Latrobe and unconventional Strzelecki potential along that trend. (See figure above).

In VIC/P44(V), seismic mapping on top Strzelecki structure indicates that the onshore Darriman structure extends offshore into the permit and therefore indicates good potential for targets in the acreage.

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)

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. 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 is currently prevented 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.

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



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 sections of > 2000m in certain instances.

PEP 175 and PEP 167 - ONSHORE OTWAY BASIN (cont.)
PORTLAND ENERGY PROJECT (cont.)

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 conventional 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.

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 conventional “proof of concept” vertical wells to about 1500 metres to test the potential for gas to flow naturally from the Eumeralla Formation 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 onshore geological formations encountered in Origin Energy’s offshore wells that were approved for drilling from onshore in the Otway Basin.

Independent Seismic Attribute Study

A recent seismic analysis project over parts of PEP 175 was commissioned by Lakes Oil that further upgrades the hydrocarbon potential of the Lakes’ acreage. Seismic attribute analysis was conducted on all 2D lines in the study area and has revealed several anomalies where there are potential structural closures and clear anomalous gas responses in the Eumeralla Formation, as well as below and above it. Compelling evidence of seismic frequency washouts, gas chimneys, gas clouds and high energy anomalies were identified in several localities using specialised mapping programmes. The seismic mapping was calibrated to existing well log data and additional leads and prospects were mapped and risked for reservoir, seal integrity and enhanced gas charge.

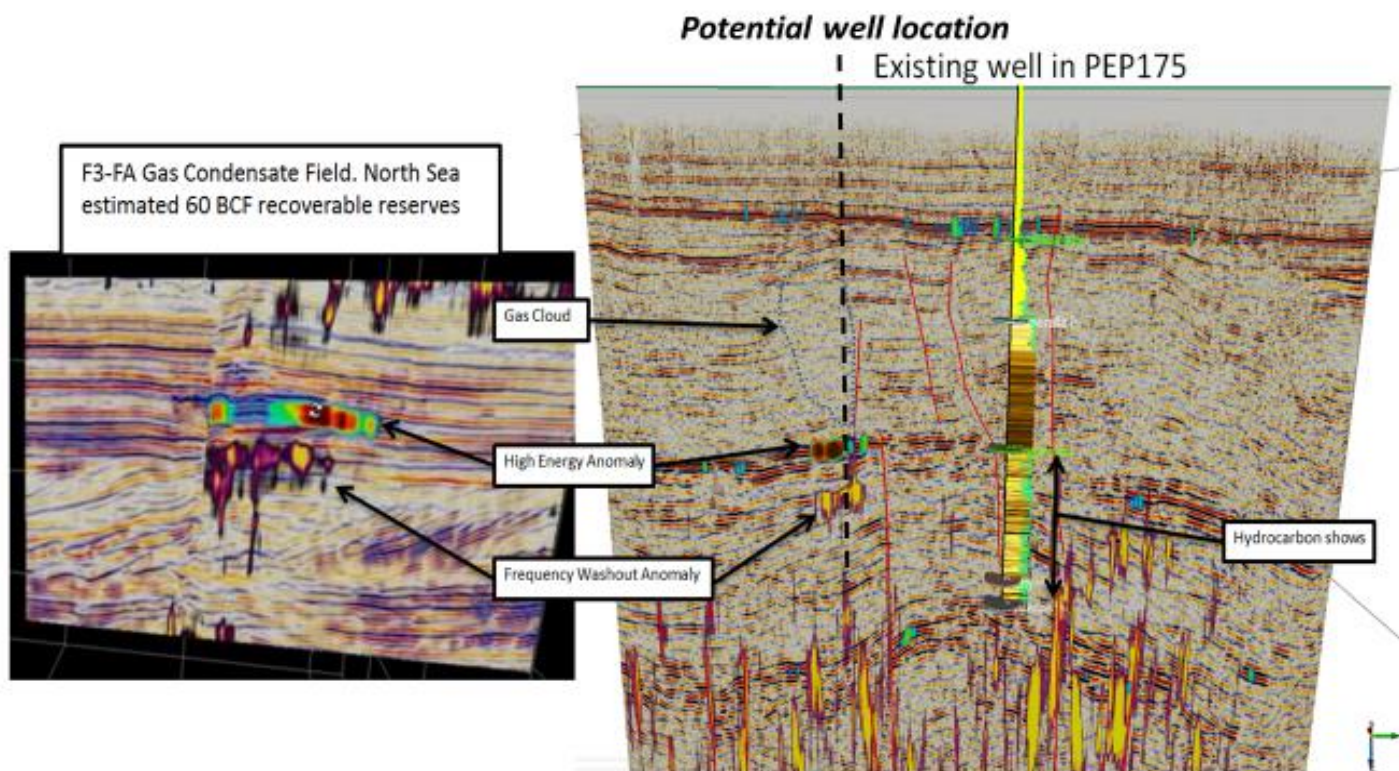
Mapping of one of the closures indicates a potential prospective recoverable resource up to 128 BCF.

Lakes believes that these results now considerably improve the hydrocarbon prospectivity of the acreage. The only way to prove the presence of moveable hydrocarbons in the column is to drill conventional “proof of concept” wells in the most favourable locations.

PEP 175 and PEP 167 - ONSHORE OTWAY BASIN (cont.)
PORTLAND ENERGY PROJECT (cont.)

The seismic attribute analysis method

Hydrocarbon accumulation evaluation using seismic attribute analysis is a modern exploration method to assist in the evaluation of petroleum plays, structural analysis, charge, seal and trap potential. In many cases, attribute analysis has been able to demonstrate anomalous frequency and attribute responses in relation to hydrocarbon accumulations. Such examples have been identified in relation to major oil and gas fields worldwide, in many basins including in the North Sea, Gulf of Mexico and Colombia. Many attributes were used in the Lakes' study to assess the hydrocarbon anomalies in the focus area including RMS Energy, Frequency Washout (to define structure and hydrocarbon prospectivity) and Similarity (Structure). In combination with a detailed geological evaluation, the study provided increased confidence and was used to develop new targets.



North Sea and Otway Basin comparison showing similar anomalous seismic attribute response

The seismic line in PEP 175 (above right) shows seismic amplitude mapping, energy attribute peaks and frequency washout attribute peaks similar to the North Sea example (above left). The Otway Basin example shows a potential structural closure with three stacked anomalous attribute responses increasing the confidence of enhanced gas content of the Eumeralla Fm and suggesting the presence of a conventional trap in the underlying Windermere Sandstone.

PEP 169 -- ONSHORE OTWAY BASIN

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

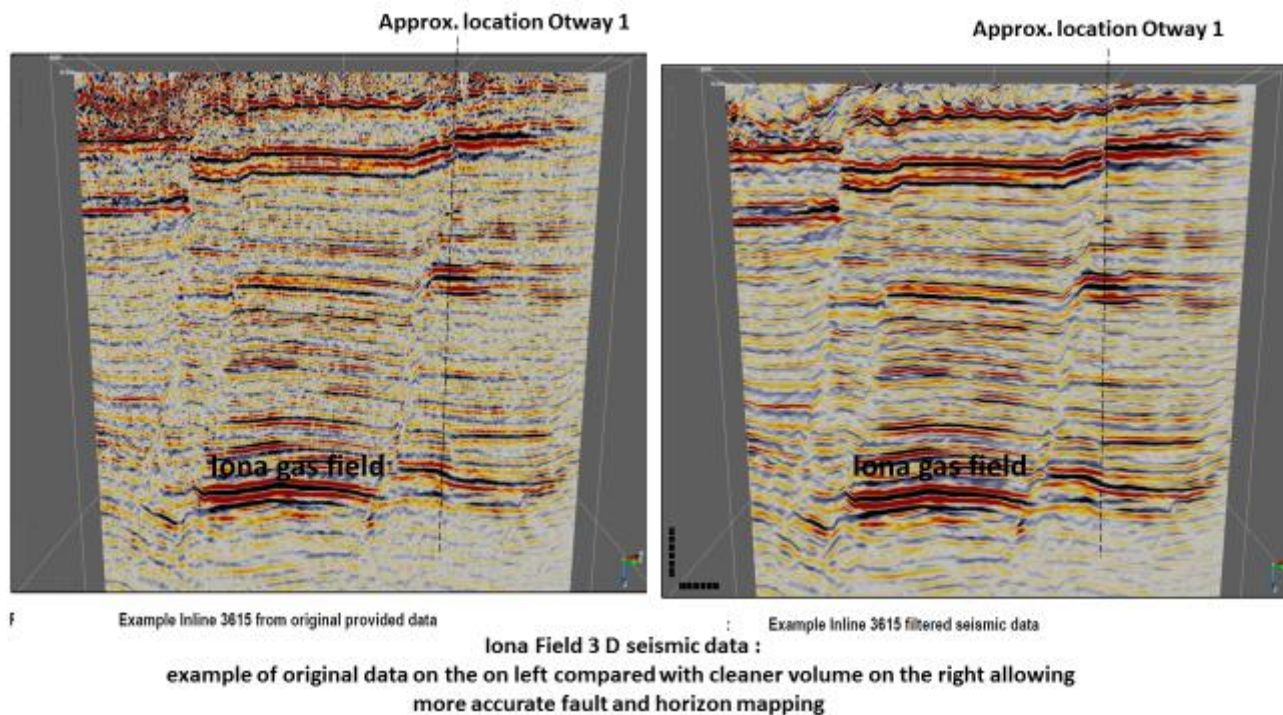
Proposed Drilling Operations

- 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.

Independent Seismic Attribute Analysis across Otway prospect

An independent seismic attribute mapping project, similar to the one in PEP 175, was conducted over the proposed Otway 1 prospect using all available 2D and 3D data over the Iona gas field and surrounding wells. Additionally, a neural network chimney model was developed to increase understanding of the hydrocarbon charge potential. Results of the study provide improved mapping of anomalous hydrocarbon indications within the three target zones at the proposed Otway 1 location. Considerable effort was taken to produce a cleaner seismic volume and attributes for modelling hydrocarbon responses. *Refer to figure below which shows comparison of original 3D data with the cleaned version.*

The mapping provides improved risk evaluation of the reservoir, seal and structural /fault integrity properties and better identifies the probable extent of anomalous hydrocarbons of the prospect.



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)

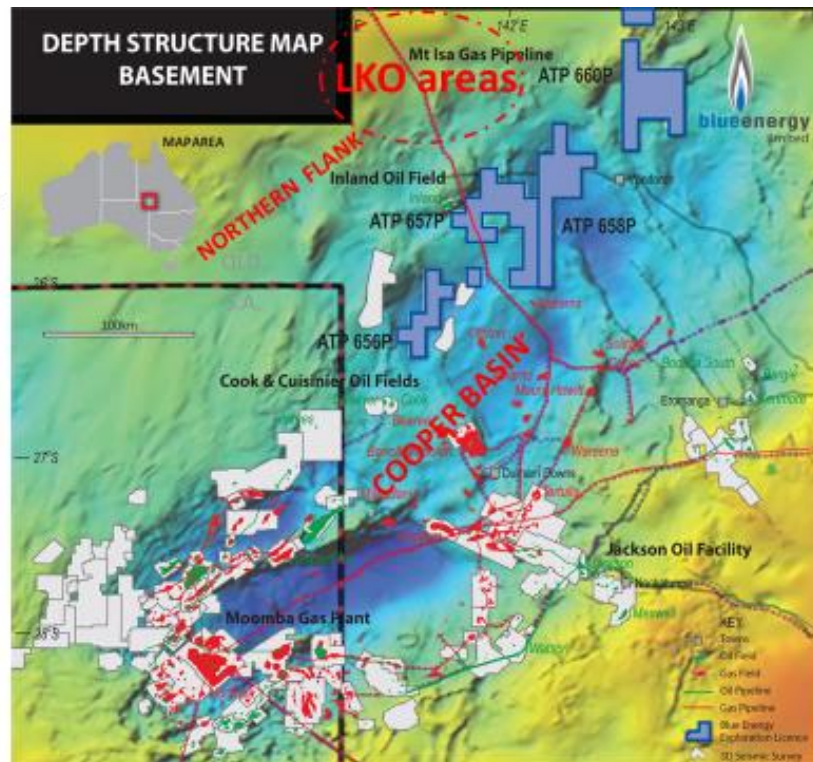
The Company has applied for a change of work program for the coming year in order to more effectively map large areas using airborne methods, replacing the original seismic work program.

As the acreage is relatively underexplored, the proposed forward program is to conduct a cost effective regional survey using remote-sensing multispectral fracture analysis and geochemical sampling to identify potential hydrocarbon leakages sites and calibrate these with known hydrocarbon signatures in the vicinity. These results would provide the basis for identifying the areas to be the focus of later seismic and airborne gravity acquisition to enable the identification of potential leads and prospects. The timing of this work is yet to be confirmed, but is planned for mid-2016, subject to weather conditions. Quotes are currently being assessed for the program.

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 ATPs cover 10,000 sq.km (2.6 million acres) on the northern flank of the Cooper/Eromanga Basins. The areas are located close to existing infrastructure (Mt Isa gas pipeline runs through ATP 662), and immediately adjacent to SANTOS ATP 661 acquisition and west of Blue Energy’s newest acreage (ATP 660). See maps below.

Regional structural setting:

- Major NE, NNE and NW basement structural trends are evident in the regional gravity map of the Northern Flank of the Cooper / Eromanga Basins.
- These trend continue into the LKO areas and could provide structural control for traps in the Eromanga sequences.
- Basement becomes shallower around the entire Cooper Basin: providing potential hydrocarbon fairway along the northern flank.

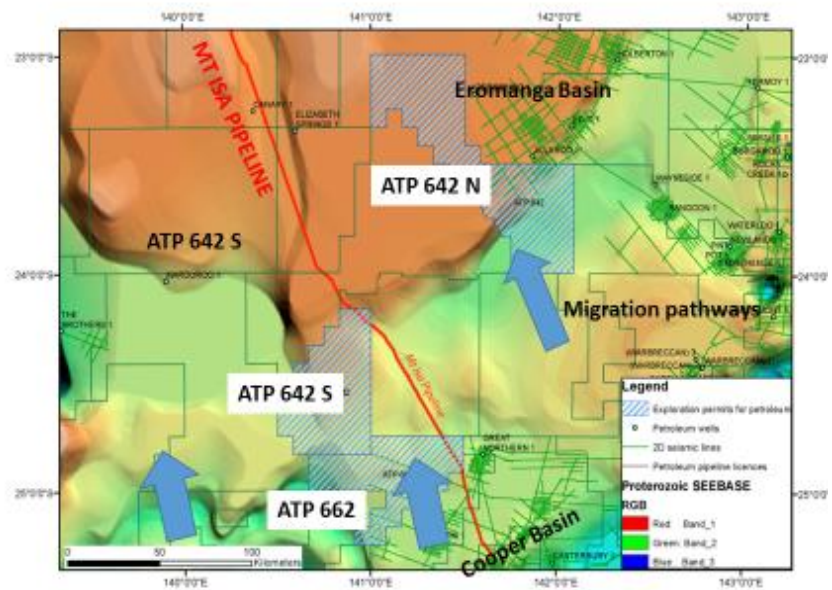


ATP 642P and ATP 662P – EROMANGA BASIN (cont.)

The main play types identified in these permits are: a) conventional oil play on the northern flank of the Cooper Basin with long range oil/condensate migrating from the Permian aged source rocks to the south east and mixing with possible Mesozoic sourced oil and: b) Unconventional Toolebuc Formation shale oil/gas play at relatively shallow depths in the Eromanga Basin.

**Lakes Oil’s Queensland Acreage
 “Seebase” basement model (structurally enhanced view of economic basement)**

- ❑ Regional trends show basement becoming shallower to the north.
- ❑ Hydrocarbon migration pathways in overlying Mesozoic sediments would flow to the north and north west from southern depocentres.
- ❑ No wells drilled in the permits, but oil shows are present in several wells outside the permits
- ❑ Minimal 2 D seismic in permits
- ❑ Surface geological structures in the Lakes permits show NNE trending anticlinal features.



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.

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. We do not intend to seek renewal of these leases.

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.**

A handwritten signature in black ink that reads "I. B. Campbell". The signature is written in a cursive style with a comma at the end.

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")

31 December 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	3	8
Receipts from joint Venture Partners	-	-
1.2 Payments for (a) exploration & evaluation	(92)	(241)
(b) development	-	-
(c) production	-	-
(d) administration	(868)	(1,494)
(e) capital raising	-	(5)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	7	16
1.5 Interest and other costs of finance paid		
-Other	(1)	(13)
1.6 (Income taxes paid)\ R&D Refund	1,035	1,035
1.7 Net movement in GST suspense account	-	8
Net Operating Cash Flows	84	(686)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects,; 4 petroleum exploration permits	-	-
(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	-	-
1.13 Total operating and investing cash flows (carried forward)	84	(686)

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	84	(686)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, converting notes, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	(1,000)
1.18	Dividends paid	-	-
1.19	Interest paid on converting notes	(211)	(211)
	Net financing cash flows	(211)	(1,211)
	Net increase (decrease) in cash held	(127)	(1,897)
1.20	Cash at beginning of quarter/year to date	1,762	3,532
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter – including \$574K held on trust by Equity Trustees Ltd for Converting Note Interest Payments	1,635	1,635

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	170.5K
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 31Dec15 \$102K. Directors' fees paid to other directors during the 3 months to 31Dec15 \$68.5K

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	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation expenditure	(75)
Inflow from tax refund for research & development activities – estimated	250
4.2 Development	-
4.3 Production	-
4.4 Administration –	(750)
Total	(575)

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 –	910	761
Cash – held on trust by Equity Trustees Ltd for Converting Note Interest Payments	574	<u>850</u>
<u>Total Item 5.1</u>	<u>1,484</u>	<u>1,611</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)	1,635	1,762

+ See chapter 19 for defined terms.

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	11,658,453,039	11,658,453,039	

+ 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	227,815,000 -	227,815,000 182,000,000	Nil. Shares issued on conversion of listed unsecured converting notes in accordance with Conditions of Issue annexed to the Prospectus dated 11 March 2015 This was not a new issue but was an application for quotation (for technical reasons) of existing fully paid ordinary shares that were formerly classified as partly paid shares	
7.5	+Convertible debt securities <i>(description)</i>	376,646	376,646	\$10 per Note	\$10 per Note
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	- (45,563)	- (45,563)	- Listed unsecured converting notes converted to fully paid ordinary shares in accordance with Conditions of Issue annexed to the Prospectus dated 11 March 2015	-
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		

+ See chapter 19 for defined terms.

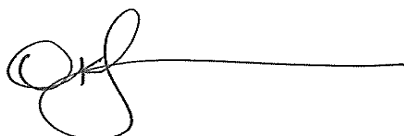
Appendix 5B
Mining exploration entity and oil and gas exploration entity quarterly report

7.12	Unsecured notes (<i>totals only</i>)	Nil	Nil
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+ See chapter 19 for defined terms.

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



Sign here:
(Company secretary)
Date: 29 January 2016

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.