

31 July 2008

Company Announcements Office  
Australian Stock Exchange Limited

Via ASX Online

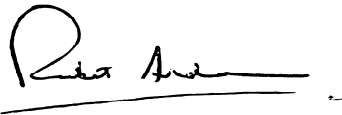
Dear Sirs,

**QUARTERLY REPORT FOR JUNE 2008**

Please find attached Carnarvon Petroleum Limited's Mining Exploration Entity Quarterly Report for the quarter ended 30 June 2008 incorporating:

- Report on activities for the June 2008 quarter; and
- Appendix 5B.

Yours faithfully,  
Carnarvon Petroleum Limited



RA Anderson  
Company Secretary

**REPORT FOR THE JUNE 2008 QUARTER**

*“Carnarvon has embarked on a multi-well development programme in its 40% owned NSE oil field, with the first two wells already successful, and one of those a new pool discovery, on target to deliver 15,000 bopd (gross) by year end in a low cost and high oil price environment complemented by a continuous exploration and appraisal programme.”*

**SUMMARY**

- ✓ Full field development of NSE commenced - first two wells successful
  - NSE-A1 flows at 1,245 bopd
  - NSE-A3 flows at 2,250 bopd
  - NSE-A4 spudded
  - Further 10-12 wells in construction or planning
- ✓ Continuous exploration drilling complements development drilling
  - Numerous exploration / appraisal wells planned
- ✓ New, shallower oil reservoir discovered at NSE-A1
  - NSE field now producing from two separate reservoirs
- ✓ Target 15,000 bopd (gross) by end 2008
  - Current production rates around 10,000 bopd (gross)
- ✓ Revenue for quarter A\$25.1 million
  - Unhedging on oil price allows full realisation in rising oil price environment
- ✓ Cash in bank A\$31.5 million
  - Enables greater New Venture opportunity scouting

## REVENUE AND PRODUCTION

Carnarvon achieved revenue for the June quarter of A\$25.1 million, with an average price of A\$106.15 per barrel. Carnarvon remains unhedged on oil price and will continue to benefit from the high crude oil price environment.

### *REVENUE AND SALES SUMMARY*

Net oil production sales and revenues for the past two quarters:

	<b>Jun 08 quarter</b>	<b>Mar 08 quarter</b>	<b>Qtrly % Change</b>	<b>Comments</b>
Net Sales Volumes – (bbls)	236,528	279,319	- 15%	Some wells shut-in due to ongoing drilling programme
Net Sales Revenue – (A\$ 000)	25,078	23,026	+ 9%	Higher oil price
Average sale price achieved – (A\$/bbl)	106.15	82.43	+ 29%	Rising oil price and higher realised oil price received
Net Average Daily (bopd)	2,596	3,070	- 15%	

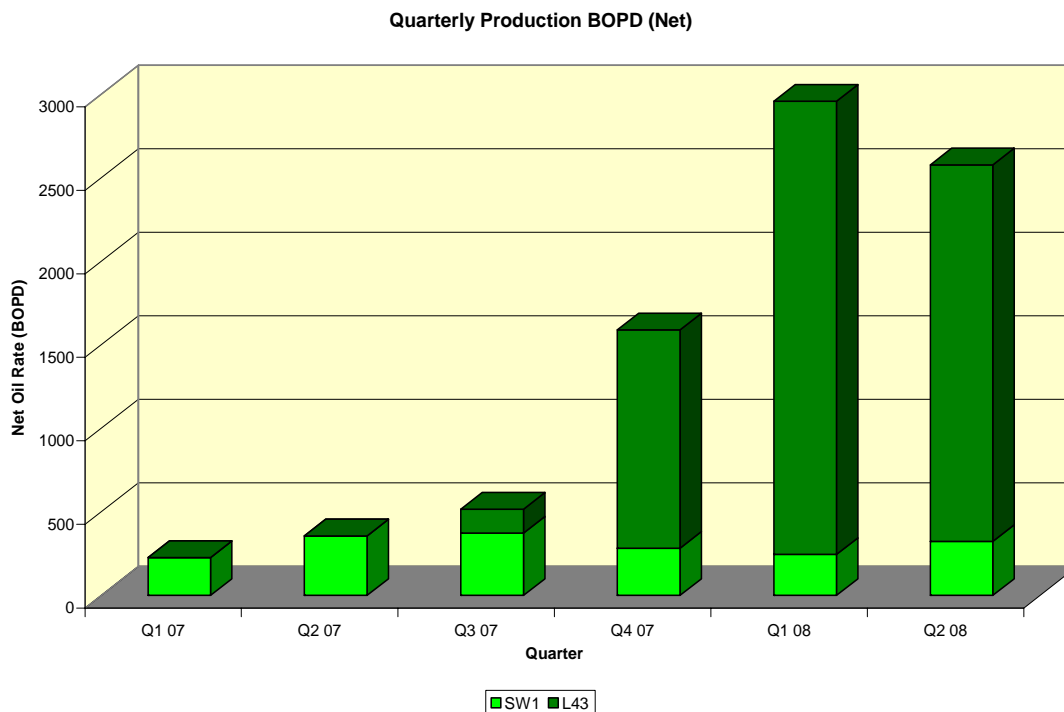
Due to the composition of the oil produced from the Thailand oil fields, the Joint Venture receives a discount price to known oil price markers, such as WTI.

Production volumes were down slightly this quarter due to some wells being shut-in while drilling appraisal wells.

During the quarter, development drilling of Na Sanun East (“NSE”) oil field was delayed awaiting environmental approvals resulting in a delay in the planned ramp up of production.

Subsequent to the quarter end field production rates have risen and are close to the previous mid year targets, due to the two successful development wells at NSE-A1 and NSE-A3.

Although development has been delayed, the Joint Venture is still anticipating gross field production rates of around 15,000 bopd by year end. Infrastructure enhancements were completed during the quarter in anticipation of increased sales from the completion of the full field development.



*Figure 1: Carnarvon net quarterly production for Jan 2007 to June 2008*

#### ***DEVELOPMENT ACTIVITY***

- A 27.8 square km production license over the NSE oilfield (Carnarvon 40%) was awarded in early 2008, however environmental approvals for drilling were delayed and not granted until early in the second quarter. Construction of multi-pad drill sites could only be commenced with the environmental approvals in place. These development pads are substantial, allowing for several horizontal wells to be drilled from each site. These sites also allow simultaneous production, completion and drilling operations from the individual pads without interrupting production. The first site, NSE-A, was completed in late May and the first two development wells, NSE-A1 and NSE-A3, were successfully drilled and completed in July. The operator, Pan Orient, is planning to drill up to 12 wells on the NSE production licence during 2008/2009 and has almost completed the second drill pad site construction at NSE-B.
- Development wells NSE-A1 and NSE-A3 have been successfully completed and were production tested at 1,245 bopd and 2,250 bopd respectively.
- The Joint Venture maintains a year end production target of around 15,000 bopd.
- Work is continuing on an integrated study of the NSE oil field and the results, due in the third quarter, will be used to fine tune the development plan.

**DRILLING AND EXPLORATION**

**(a) Wells drilled:**

Well	Permit	Status
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**During Quarter**

POE-9A	SW1A	Successfully tested at 680 bopd
L44-HD2	L44/43	Successfully tested at up to 600 bopd
NS3-D1STH	L44/43	Successfully tested at up to 1,800 bopd
NS5-D1STH	L44/43	Successfully tested at up to 140 bopd

**Subsequent to Quarter**

L33-3	L33/43	Unsuccessful test – well suspended
NS9-H1	SW1A	Unsuccessful test – well suspended
NSE-A1	L44/43	Successfully tested at 1,245 bopd
NSE-A3	L44/43	Successfully tested at 2,250 bopd
L44-C	L33/43	Drilling Ahead
NSE-A4	L44/43	Drilling ahead

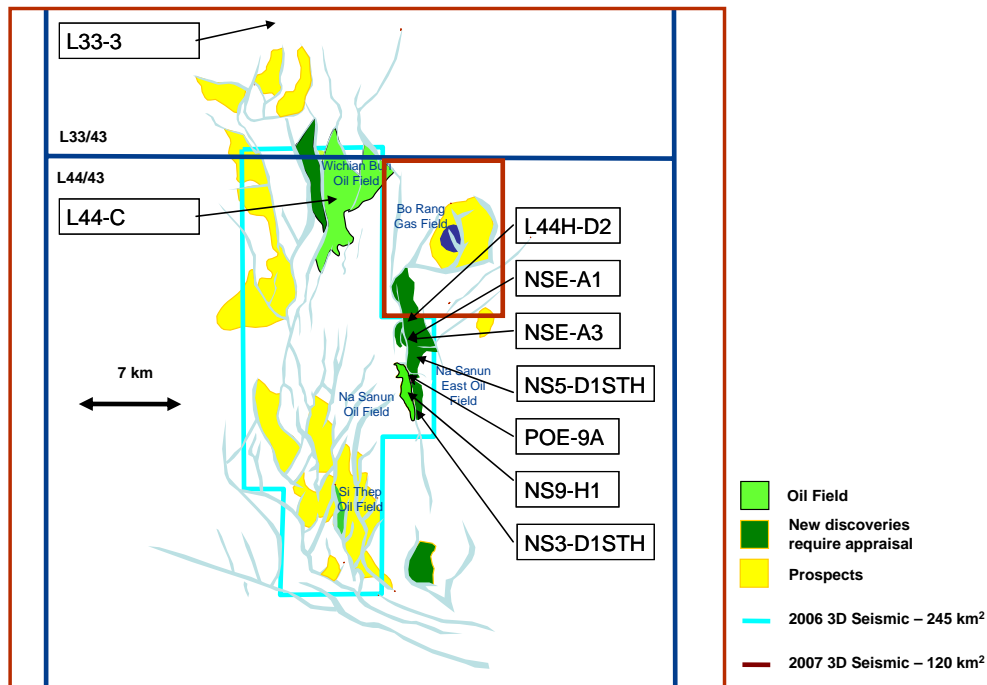


Figure 2: Phetchabun Basin well location map (CVN 40%)

- The POE-9A vertical appraisal well, which was located approximately 130 metres south of the NSE discovery well POE-9 is producing, on pump, from the main volcanic zone at rates of around 600 to 700 bopd. Flow testing of a deeper volcanic zone failed to produce hydrocarbons at commercial rates at this location.
- The L44H-D2 appraisal well was flow tested in the main producing volcanic zone between 840 and 860 metres MD resulting in oil production at a rate of approximately 600 bopd. This test was performed through casing perforations after testing several deeper volcanic zones. The cased test resulted in a restricted flow rate.
- The NS3-D1STH high-angle deviated/horizontal side track well, located on the edge of the NSE structure, has been tested at stabilized rates of approximately 1,650 bopd with a minimal water cut over a three day period. At the end of this initial test period, water cuts increased to as high as 20% before the well was choked back. Currently the well is restricted to between 50 and 200 bopd to determine if the water production originates from the more than 3,800 bbls of drilling water that was lost into the reservoir while drilling or from coning up a large fracture system. A number of options will be considered to optimize production depending on the final analysis of results.
- The NS5-D1STH horizontal development well, located in the southern most, down dip portion of the NSE central fault compartment was drilled to a total measured depth of 1,406 metres (872 metres TVD) within the target volcanic reservoir zone. Testing has now been underway for approximately 4 weeks with the well on low pump setting and still in clean up stage, after the loss of 7,200 barrels of mainly fresh water pumped into the formation during drilling operations. Oil rates have been variable between 70-140 bopd with 60 to 142 barrels of fresh water.
- The L33-3 exploration well is located in the northern L33/43 exploration permit within the previously untested Khon Khwang graben. The well was drilled on a lead defined by a single seismic line, to evaluate the potential of this northern area. This well was drilled to a total depth of 1,084 metres. Potential volcanic reservoir was intersected over a number of intervals throughout the well. However, extensive testing failed to produce commercial hydrocarbons.
- The NS9-H1 horizontal appraisal/development well is located within the Na Sanun oil field located on the downthrown western side of the Na Sanun bounding fault and separate from the adjacent Na Sanun East oilfield on the upthrown eastern side of the same bounding fault. Testing of the well failed to produce commercial rates of oil flow.
- The NSE-A1 appraisal well which was completed subsequent to the quarter, is located off the crest of the NSE central fault compartment. The NSE-A1 well, which is the first well drilled from the NSE-A drill pad, was flow tested at a free flowing rate of around 1,245 bopd. This oil is being produced from a newly discovered, approximately 17 metre thick upper volcanic/volcanic clastic reservoir. NSE-A1, was drilled vertically and was planned to core the upper section of the approximately 180 metre thick main volcanic reservoir. However, whilst drilling through a previously untested upper zone at approximately 720 metres TVD, above the main volcanic objective, very high mud gas readings and strong oil shows resulted in the decision to cut 20 metres of core at that depth. Initial well site analysis of the core indicated mixed fractured volcanics and volcanic clastics with good oil shows

throughout and good visible matrix porosity in the volcanic clastic section. NSE-A1 represents the first oil production within the central and southern fault compartments of the NSE Field from a zone other than the main massive volcanic. The full areal extent of this upper zone will be evaluated during the current round of NSE appraisal drilling. However, initial interpretation suggests this zone may be quite extensive.

The discovery of oil in a separate shallower reservoir to the main volcanic reservoir is an excellent result, supporting Carnarvon's view that additional reserves will be found in volcanic reservoirs at different levels. Whilst several wells have been flow tested in attempts to identify additional reservoirs, this is the first success at NSE resulting in an excellent flow rate.

- The NSE-A3 horizontal development well is located within the Na Sanun East oil field. The well was completed subsequent to the Quarter. During well test operations the well was free flowing oil from the main volcanic reservoir within the Na Sanun East central fault compartment at a stabilised rate of approximately 2,250 bopd with a low 0.1% water cut. The NSE-A3 horizontal appraisal well was drilled to a total measured depth of 897 metres, penetrating the top of the main volcanic target at a depth of 755 metres TVD at a location approximately 420 metres due north of the NSE-A1 surface location. A 60 meter horizontal section was drilled within the upper 6 metres of the approximately 180 meter thick main volcanic reservoir.
- The L44-C well is located in the L44/43 licence within the Wichian Buri oil field. The well is designed to appraise the POE-6 fault block extension to the Wichian Buri field, discovered in the 2006 drilling programme. The well will also be deepened to evaluate a deeper volcanic reservoir updip of Wichian Buri Deep-1 which successfully intersected fractured volcanic and flowed approximately 700 bwpd. This well is currently drilling ahead.

**(b) Status of near term exploration / appraisal / development programme (for Q3 2008)\***

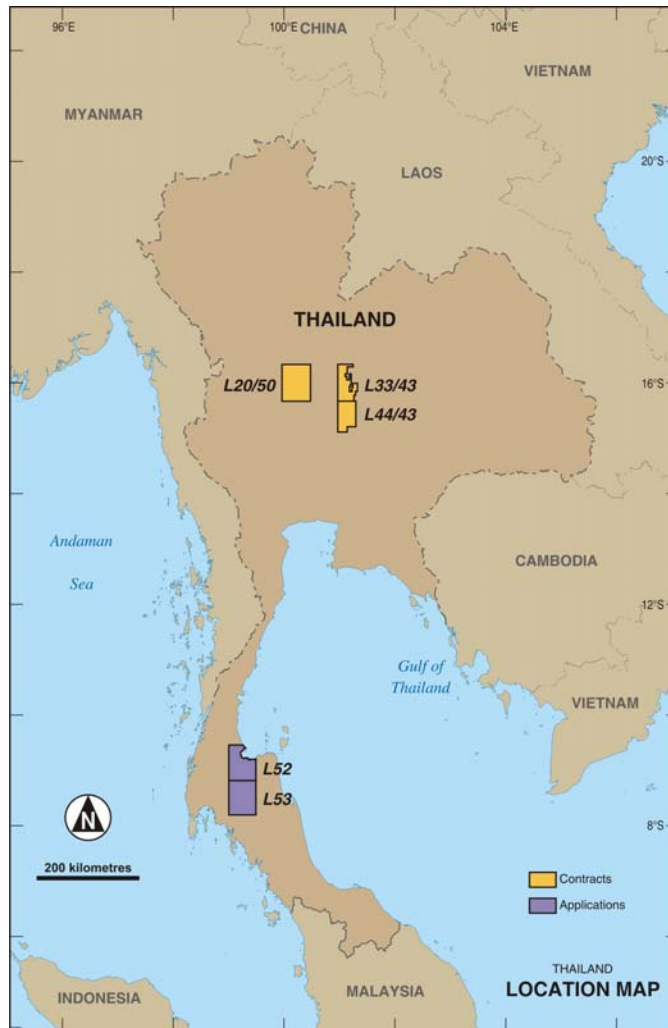
<b>Well</b>	<b>Permit</b>	<b>Well Type</b>	<b>Status</b>
L44C-D1	L44/43	Development – Wichian Buri	Site construction complete
L33-1	L33/43	Exploration – Northern Block L33/43	Site construction complete
L33-2	L33/43	Exploration – Northern Block L33/43	Site construction complete
L44-F	L44/43	Exploration – Newfield Wildcat	Site construction complete
NSE-A	L44/43	Development – Na Sanun East	Drilling in progress
NSE-B	L44/43	Development – Na Sanun East	Site construction near complete

\* Final well numbers, locations and order of drilling subject to ongoing joint venture discussion.

- Up to 20 wells have been planned for 2008 incorporating a mixture of exploration, appraisal and development.
- Two rigs are currently being used full-time, Aztec Rig #7 (commenced in 2006) and Aztec Rig #14 (commenced for the Joint Venture in late July 2007). A smaller workover rig is also being utilised to minimise appraisal and development rig costs.
- To accelerate some drill locations and allow the joint venture to complete the planned 2008 drill programme, the Operator (Pan Orient Energy) is contemplating contracting a third drilling rig for some portion of 2008.
- L44-F is a new field wildcat exploration well targeting a 3D seismic anomaly to the west of the Wichian Buri and Na Sanun East oil fields.
- L33-1 & 2 are planned new field wildcat exploration wells within the northern L33/43 concession, north of the producing Wichian Buri field. These wells which will target 2D seismic amplitude prospects are independent of the recently completed L33-3 exploration well.
- Development drilling will continue in the Na Sanun East oil field. Each site location has drill pads for up to four horizontal development wells.



## EXPLORATION BLOCKS



*Figure 3: Thailand concessions – location map*

### **L20/50 Concession Award - Thailand**

**(Carnarvon Petroleum 50% and Operator / Sun Resources 50%)**

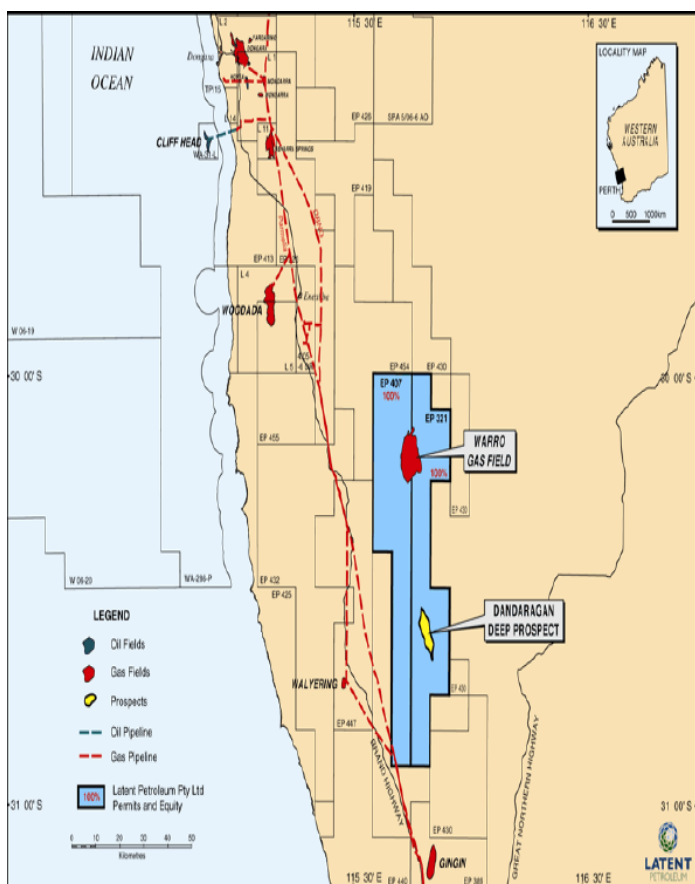
The L20/50 concession is situated approximately 30 kms to the southeast and on trend with the largest onshore oil field in Thailand at Sirikit. Previous drilling has demonstrated that oil has been generated within the L20/50 concession.

One previously drilled well at Nong Bua-1 in 1982 intersected significant oil shows which Carnarvon believes were not fully tested. Carnarvon is continuing to investigate the possibility of twinning or re-drilling this well; however the earliest date to gain required environmental approvals would delay the spudding until 2009.

Carnarvon has commenced reprocessing available seismic data within the permit, which combined with a planned imminent high resolution aeromagnetic survey, will provide a 3 dimensional view of the subsurface. This will enable the recording of new seismic in the most prospective part of the concession during 2009 and the drilling of at least one exploration well within the first three year obligation period.

The planned aeromagnetic survey has been unexpectedly delayed due to dual permitting being required from both civil (C.A.A.) and military (Ministry of Defence) departments of the Thai government. The engaged survey contractor is currently working through both processing streams to be in the air as soon as possible.

### EP 321, EP 407 Australia Onshore Perth Basin (Carnarvon Petroleum 2.5% Overriding Royalty - ORRI)



The Warro Gas Field is located within EP 321 and EP 407 within the onshore part of the Perth Basin Western Australia. Carnarvon holds a 2.5% overriding royalty of net well head value from any production within the permits. Carnarvon is not required to commit to any ongoing expenditure in development, production, appraisal and exploration operations. The operator of the permits Latent Petroleum is planning to bring the Warro Gas field into production during 2009. The field has been estimated to contain approximately 7 Tcf of gas in place by the operator who has announced plans for the field to commence production at an initial rate of 20 mmcfgd peaking at 100 mmcfgd.

Figure 4: Onshore Perth Basin – location map

**WA 399 P – Australia Offshore NW Shelf**  
(Carnarvon Petroleum 50% and Operator / Rialto Energy 50%)

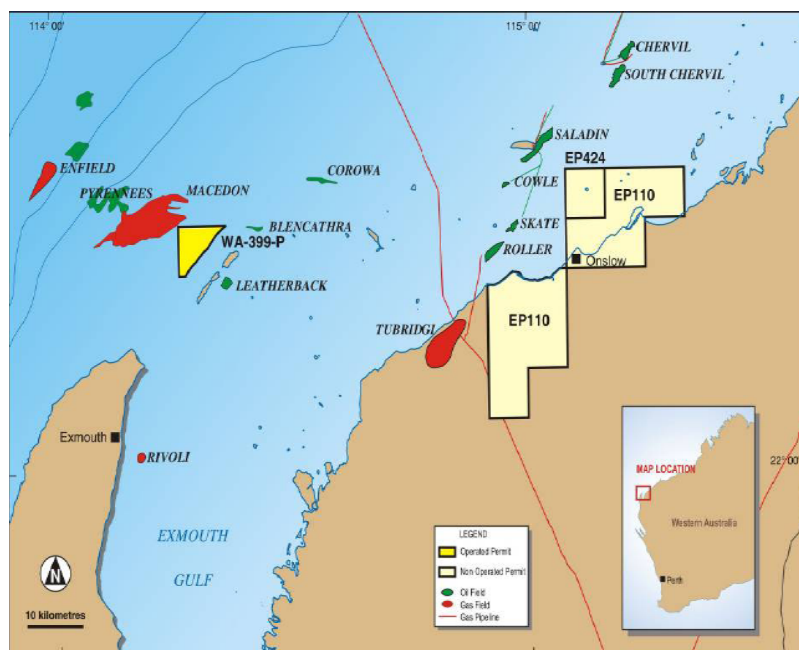
WA-399-P was awarded on 7 May 2007. The permit covers an area of 50km<sup>2</sup> located between the Pyrenees and Macedon oil and gas fields and the Leatherback oil accumulation. The minimum guaranteed work programme (Years 1 -3) comprises Geotechnical Studies and 315km new 2D seismic data.

Carnarvon has completed the reprocessing of all available seismic over the permit (550 km<sup>2</sup>) and is incorporating the results into a revised structural interpretation of the permit. Once finalized, this is expected to lead to the location for the new 2D seismic programme.

**EP 424 / EP 110 - Australia Offshore NW Shelf**  
(Carnarvon Petroleum 35%, Strike Oil 40% and operator, Pancontinental 25%)

A variation to the permit terms of EP 424 has been requested from the Department of Industry and Resources under which the drilling of one well is now required by 13 April 2009. The outcome is awaited.

Further detailed seismic analysis of ‘amplitude versus offset’ was carried out by the operator over the Baniyas Prospect to refine the nature of hydrocarbons expected. The Baniyas Prospect is situated on the downthrown side of the Flinders Fault and bright seismic amplitudes on the crest are similar to the Cyrano and Nasutus discoveries elsewhere along trend which encountered a gas cap on an oil leg. Baniyas is estimated to have potential for Pmean prospective resources of 26 million barrels oil and 56 Bcf gas (34 Barrels of Oil Equivalent). These prospective resources are of a speculative nature until the prospect has been evaluated by drilling. EP-110 is operated in conjunction with EP-424 and an application to renew the permit was submitted to the DOIR in July, 2006. The outcome is also awaited.



*Figure 4: North West Shelf permits – location map*

## **NEW VENTURES**

### **Appointment of New Ventures Manager**

Carnarvon is pleased to announce the appointment of Dr Robert Bird as New Ventures Manager. Robert is a geophysicist/geologist with 23 years international oil and gas experience, particularly in the South East Asian region. For the past two years he has been working on international projects out of Jakarta Indonesia for Murphy Oil. Prior to this role, Robert was responsible for new ventures with Tap Oil.

Robert will lead Carnarvon's review of opportunities within Thailand and nearby countries. Since becoming cash positive in late 2007, Carnarvon has accelerated its new ventures activities and has identified a number of significant opportunities, some with near term production and others with a longer term view. Robert's addition further strengthens the growing and technically strong Carnarvon team based in Perth.

### **L52 and L53 Application blocks - Thailand**

The Company has applied to the Department of Mineral Fuels ("DMF") in Thailand for concession rights in petroleum exploration and production for two areas described as Blocks L52/50 and L53/50 ("the Concessions") onshore Thailand within the Surat-Khiensa Basin.

Pearl Oil (Petroleum) Ltd ("Pearl"), an independent oil and gas company with exploration and production (E&P) activities focused exclusively in South East Asia, submitted the bid as operator on behalf of Pearl and Carnarvon, each company participating at a 50% equity level. No other applicants have applied for these blocks.

The combined area of the two blocks is large, comprising approximately 6,950 km<sup>2</sup> however both are lightly explored, with only two deep wells and limited seismic data available.

These represent longer term exploration potential complementing the near term potential and oil production from Carnarvon's SW1A, L33/43 and L44/43 concessions in the onshore Phetchabun Basin and the mid term potential of recently awarded block L20/50 in the onshore Phitsanulok Basin.

There has been minimal exploration over the area and little public knowledge is available about the Surat-Khiensa Basin. However, work completed to date and Carnarvon's regional knowledge suggests this is an area with good potential for hydrocarbon exploration.

### **Joint study licence - Indonesia**

Following the October 2007 award of a Joint Study Licence to the 'NW Natuna Joint Study Group', jointly operated by Carnarvon and Enovation Resources, each with a 32.5% interest, a comprehensive review of the area has been completed. Final presentations have been made to BPMIGAS.

## **Other**

Carnarvon maintains an active programme screening and evaluating growth opportunities predominantly in SE Asia where it can add value with its highly recognised technical strength but requiring minimal upfront expenditure in the initial stages of prospect evaluation.

In particular, Carnarvon is looking at several opportunities in Thailand using its knowledge of the area and where it has tax advantages out of production from the Wichian Buri and Na Sanun oil fields.

## **CORPORATE ACTIVITIES**

### ***Cash balance***

The consolidated cash balance at quarter end was A\$31.5 million, compared to A\$23.4 million at the end of the previous quarter.

Carnarvon's share of the planned June 2008 quarter production, exploration, evaluation and development expenditure is currently estimated at A\$5 million, primarily consisting of ongoing drilling and testing operations in Thailand. Ongoing field expenditure will be funded by sale proceeds from producing wells.

### ***Top 20 Shareholders***

An updated top 20 shareholders list (as at 29 July 2008) is attached:

**CARNARVON PETROLUUM LIMITED: TOP 20 SHAREHOLDERS 29<sup>TH</sup> JULY 2008**

1	<u>J P MORGAN NOMINEES AUSTRALIA LIMITED</u>	63,621,848	9.45%
2	<u>HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED</u>	39,975,266	5.94%
3	<u>NATIONAL NOMINEES LIMITED</u>	21,756,967	3.23%
4	<u>ANZ NOMINEES LIMITED &lt;CASH INCOME A/C&gt;</u>	16,338,465	2.43%
5	<u>MR EDWARD PATRICK JACOBSON</u>	14,817,903	2.20%
6	<u>CITICORP NOMINEES PTY LIMITED</u>	13,103,799	1.95%
7	<u>ARNE INVESTMENTS PTY LTD</u>	8,916,906	1.32%
8	<u>MR PETER JAMES LEONHARDT</u>	7,700,000	1.14%
9	<u>ARNE INVESTMENTS PTY LTD</u>	6,710,493	1.00%
10	<u>PENDOMER INVESTMENTS PTY LTD &lt;LAW SETTLEMENTS FUND A/C&gt;</u>	6,316,186	0.94%
11	<u>HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 3</u>	6,074,941	0.90%
12	<u>MR EDWARD PATRICK JACOBSON</u>	6,000,000	0.89%
13	<u>MR GREGORY JOHN MUNYARD + MRS MARIA ANN MUNYARD + MISS CARMEN HELENE MUNYARD &lt;RIVIERA SUPER FUND A/C&gt;</u>	5,800,000	0.86%
14	<u>CITICORP NOMINEES PTY LIMITED &lt;CWLTH BANK OFF SUPER A/C&gt;</u>	5,271,720	0.78%
15	<u>KAYMAC NOMINEES PTY LTD &lt;MCMULLAN SUPER FUND A/C&gt;</u>	4,939,372	0.73%
16	<u>MR BRETT STEELE WILLIAMSON + MS NICOLE DEANNE ROCKLIFF</u>	4,900,000	0.73%
17	<u>MR LAWRENCE ADDISON BROWN + MRS JILL BROWN</u>	4,789,272	0.71%
18	<u>BOND STREET CUSTODIANS LIMITED &lt;MACQUARIE SMALLER CO'S A/C&gt;</u>	4,636,199	0.69%
19	<u>ATHOL STEEL PTY LTD</u>	4,600,000	0.68%
20	<u>SEAWELL SUPER PTY LTD &lt;SEAWELL S/F A/C&gt;</u>	4,050,000	0.60%
	<b>Top 20 holders as at 29 Jul 2008</b>	<b>250,319,337</b>	<b>37.17%</b>

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

**CARNARVON PETROLEUM LIMITED**

ABN

60 002 688 851

Quarter ended ("current quarter")

30 JUNE 2008

### 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	25,049	56,533
1.2 Payments for		
(a) exploration and evaluation	(361)	(1,426)
(b) development	(8,313)	(18,586)
(c) production	(3,317)	(8,645)
(d) administration	(313)	(1,676)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	49	235
1.5 Interest and other costs of finance paid	-	(2)
1.6 Income taxes paid	(3,666)	(3,666)
1.7 Other (provide details if material)	-	-
<b>Net Operating Cash Flows</b>	<b>9,128</b>	<b>22,767</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(154)	(331)
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	-	-
<b>Net investing cash flows</b>	<b>(154)</b>	<b>(331)</b>
1.13 Total operating and investing cash flows (carried forward)	8,974	22,436

**Line 1.2 (a) includes expenditure on new ventures**

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	8,974	22,436
	<b>Cash flows related to financing activities</b>		
1.14	Net proceeds from issues of shares, options, etc.	100	1,226
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Repayment of Employee Share Plan loans	-	90
	<b>Net financing cash flows</b>	<b>100</b>	<b>1,316</b>
	<b>Net increase in cash held</b>	<b>9,074</b>	<b>23,752</b>
1.20	Cash at beginning of quarter/year to date	23,466	8,927
1.21	Exchange rate adjustments to item 1.20	(1,007)	(1,146)
1.22	<b>Cash at end of quarter</b>	<b>31,533</b>	<b>31,533</b>

Note: Line 1.2 includes the payment of 31 March 2008 creditors

Note: Line 1.22 includes A\$3,164,000 of restricted cash lodged as security for guarantees.

The Appendix 5B reflects the cash movements for the period and does not necessarily equate to operational results, which can be impacted by significant movements in receivables and payables.

**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	80
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

**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

Not applicable

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

Not applicable

+ 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	500
4.2 Development	4,500
<b>Total</b>	<b>5,000</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	28,270	18,936
5.2 Deposits at call	99	1,314
5.3 Bank overdraft	-	-
5.4 Other (restricted cash deposits)	3,164	3,216
<b>Total: cash at end of quarter (item 1.22)</b>	<b>31,533</b>	<b>23,466</b>

**Changes in interests in 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		
6.2		Interests in mining tenements acquired or increased		

+ See chapter 19 for defined terms.

**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.*

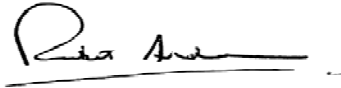
	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	672,924,634	672,924,634		
7.4 Changes during quarter (a) Increases through issues	1,000,000	1,000,000	10 cents per share on exercise of options	10 cents per share on exercise of options
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases (b) Decreases				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	10,000,000		<i>Exercise price</i> 10 cents	<i>Expiry date</i> 31 March 2009
7.8 Issued during quarter				
7.9 Exercised during quarter	1,000,000		<i>Exercise price</i> 10 cents	<i>Expiry date</i> 31 March 2009
7.10 Expired during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				

+ 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 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



Print name: Robert A Anderson  
COMPANY SECRETARY

Date: 30 July 2008

## 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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