

## **ORMIL ENERGY LIMITED**

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### **QUARTERLY ACTIVITIES REPORT DECEMBER QUARTER 2010**

#### **Rights Issue**

On 28<sup>th</sup> September 2010 the Company announced a 1 for 2 renounceable rights issue to raise up to \$2,791,122 for working capital and to fund its commitments under its joint venture with Apex Energy Limited. The rights issue closed on 1 November 2010 and was fully subscribed. As a result 93,037,417 shares were issued.

#### **Other Share Issues**

As a result of resolutions passed at the Annual General Meeting a further 3,000,000 ordinary shares were issued on 15<sup>th</sup> November 2010

On 3 December 2010 the Company issued 19,500,000 shares to purchase a further 3,000,000 shares in the capital of Apex Energy NL bringing its total holding to 10,250,000 shares or approximately 13.49%.

The total issued capital of the Company after the share issues referred to above is now 301,612,500 ordinary shares.

#### **Annual General Meeting**

The Annual General Meeting of the Company for 2010 was held on 15<sup>th</sup> November and all resolutions put to the meeting were passed.

#### **Joint venture - Apex Energy N.L.**

As previously advised, in September 2010 the Company finalised Due Diligence and settled the purchase of 100% of the issued capital of Sydney Basin CBM Pty Limited from Apex Energy N.L. in accordance with the agreement which was announced to the ASX on 24<sup>th</sup> August 2010. Apex Energy NL has Coal Seam and Coal Mine Methane interests in the Southern Coalfields areas of New South Wales.

Sydney Basin CBM Pty Limited owns a 20% interest in Petroleum Exploration Licences 442, 444 and 454 in the Sydney Basin which are prospective for Coal Seam Methane (CSM.) and owns a 20% interest in agreements with the owners of Coal Mining which are prospective for Coal Mine Methane (CMM.).

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As announced in the release of 24<sup>th</sup> August Ormil Operations has agreed to enter into a Joint Venture with Apex Energy N.L. and is obliged to spend \$3,200,000 on exploration of the Apex CSM and CMM areas. This expenditure will occur in two stages with Phase 1 (\$1,600,000) to be spent on or before 30 June 2011 and Phase 2 (a further \$1,600,000) to be spent on or before 31 December 2012.

The Joint Venture is currently working with various Federal and State Government Departments to obtain the necessary approvals for the exploration wells to be drilled and announcements will be made at the appropriate time relating to those approvals.

### **Chinese Interest Update**

The Company advises that there has been little progress in the recovery of the amounts owed for the sale of its 76% shareholding in Guangzi Golden Tiger Mining Joint Venture Limited and of loans due to Ormil Energy.

### **Exploration Activities**

The Company has not carried out any exploration activities in the Quarter.

T Fontaine  
Managing Director  
27 January 2011

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