

# 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

**Kairiki Energy Limited**

ABN

34 002 527 906

Quarter ended ("current quarter")

**30 September 2008**

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(13,634)	(13,634)
(b) development	-	-
(c) production	-	-
(d) administration	(538)	(538)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	167	167
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)		
- GST Refunds	41	41
- Exploration refunds	25	25
<b>Net Operating Cash Flows</b>	<b>(13,939)</b>	<b>(13,939)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
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)		
- Cash secured re convertible note	(20)	(20)
<b>Net investing cash flows</b>	<b>(20)</b>	<b>(20)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(13,959)</b>	<b>(13,959)</b>

1.13	Total operating and investing cash flows (brought forward)	(13,959)	(13,959)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc (net of costs)	456	456
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings – convertible notes	10,196	10,196
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	<b>Net financing cash flows</b>	<b>10,652</b>	<b>10,652</b>
	<b>Net increase (decrease) in cash held</b>	<b>(3,307)</b>	<b>(3,307)</b>
1.20	Cash at beginning of quarter/year to date	15,171	15,171
1.21	Exchange rate adjustments to item 1.20	478	478
1.22	<b>Cash at end of quarter</b>	<b>12,342</b>	<b>12,342</b>

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	224
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

- payment of executive salaries;
- payment of directors fees; and
- payment of consulting fees.

#### 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

Nil

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

Nil

### 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 (convertible note US\$1.5m)	1,830,000	0
3.2 Credit standby arrangements	-	-

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	12,354
4.2 Development	-
<b>Total</b>	12,354

### 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	5,460	1,669
5.2 Deposits at call	6,882	13,502
5.3 Bank overdraft	-	-
5.4 Other	-	-
<b>Total: cash at end of quarter</b> (item 1.22) <sup>(1)</sup>	12,342	15,171

### 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	Nil		
6.2	Interests in mining tenements acquired or increased	Nil		

**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				
7.3 <b>+Ordinary securities</b>	419,561,231	419,561,231		Fully paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	7,365,634	7,365,634		Fully paid
7.5 <b>+Convertible debt securities</b> <i>(description)</i> Convertible Notes	8,500,000	-	US\$1 per note	US\$1 per note
7.6 Changes during quarter	8,500,000	-	US\$1 per note	US\$1 per note
7.7 <b>Options</b> <i>(description and conversion factor)</i>	136,208,867	136,208,867	<i>Exercise price</i> 5 cents	<i>Expiry date</i> 31/12/2008
	4,250,000	-	10 cents	30/6/2009
	3,750,000	-	12 cents	30/6/2009
	2,500,000	-	10.5 cents	3/10/2009
	2,750,000	-	13.5 cents	3/10/2010
	3,750,000	-	20 cents	31/5/2011
	3,750,000	-	25 cents	31/5/2011
	2,500,000	-	30 cents	31/5/2011
	3,300,000	-	30 cents	30/11/2009
	2,200,000	-	35 cents	30/11/2009
7.8 Issued during quarter	2,500,000	-	20 cents	31/5/2011
	2,500,000	-	25 cents	31/5/2011
	2,500,000	-	30 cents	31/5/2011
7.9 Exercised during quarter	6,115,634	6,115,634	5 cents	31/12/2008
	1,250,000	-	12 cents	30/6/2009
7.10 Expired during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				
7.12 <b>Unsecured notes</b> <i>(totals only)</i>				

## 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: C Gumley  
(Director)

Date: 31 October 2008

Print name: Craig Gumley

## 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.