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Company Announcements  
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## COMPANY UPDATE

### ACQUISITION OF INDO PACIFIC PTY LTD

Further to Orchid Capital Ltd's (ASX: ORC – "the **Company**" or "**Orchid**") announcements on 14 March 2011 and 21 July 2011 regarding the Company's acquisition of Indo Pacific Energy Pty Ltd ("**IPE**") ("**Transaction**") pursuant to a share sale agreement between the Company, IPE and the shareholders of IPE ("**Vendors**") ("**Share Sale Agreement**"), the Company is pleased to provide this update on the Transaction. Full details of the Transaction are set out in the 14 March 2011 and 21 July 2011 announcements.

Completion of the Transaction is subject to satisfaction of a number of conditions precedent which are set out in the 21 July 2011 announcement. Two of the conditions precedent have been satisfied, namely the completion of the Company's due diligence investigations on IPE and its projects (announced 6 September 2011), and the successful capital raising by the Company of 27,000,000 shares at an issue price of \$0.025 per share to raise \$675,000 (announced 29 December 2011). Orchid and IPE are currently working towards satisfaction of the other conditions precedent of the Share Sale Agreement, including preparing a notice of meeting to be sent to shareholders seeking approval for the Transaction.

As noted in the 21 July 2011 announcement, the timing for the Transaction has changed since it was first announced on 14 March 2011. A revised indicative timetable of the key events and dates of the Acquisition is set out below:

Dispatch notice of meeting seeking approval for the Transaction	[15 February 2012]
Suspension of trading	[15 March 2012 (pre-trading)]
General meeting to approve Transaction and change in nature and scale of activities	[15 March 2012]
Consolidation of Orchid's capital	March 2012
Lodgement of prospectus with ASIC	[28 March 2012]
Opening date of offer under the prospectus	[28 March 2012]
Closing date of offer under the prospectus	[27 April 2012]
Settlement of Transaction and allotment of shares under the prospectus	[4 May 2012]
Suspension of trading lifted and resumption of trading (subject to satisfaction of chapters 1 and 2 of the ASX Listing Rules)	[11 May 2012]

\* These dates are indicative only and subject to change. The directors of the Company reserve the right to amend the timetable without prior notice, subject to compliance with the ASX Listing Rules.

## **SUMMARY OF RECENT ACTIVITIES**

As noted above, Orchid and IPE are currently working towards satisfaction of the other conditions precedent to completion under the Share Sale Agreement, including preparing a notice of meeting to be sent to shareholders seeking approval for the Transaction. Further, as noted in the 21 July 2011 announcement, the Company has entered into a loan agreement with IPE pursuant to which the Company has agreed to loan up to \$1,000,000 to IPE to fund IPE's operations prior to completion of the Transaction, and to progress the Transaction. The Company and IPE are pleased to provide the following update of activities which have been undertaken on the Papua New Guinea (**PNG**) oil and gas licences held by IPE (through its wholly owned PNG subsidiary, Coral Sea Petroleum Ltd (**CSP**)).

CSP operates five Petroleum Prospecting Licenses (PPLs) in Papua New Guinea; PPL 366, 367, 356, 357 & 358. Each of these completed its first year of licence in November 2011. The activities undertaken to date are well on the way to delivering the work obligations required during the first two year period of the initial six year license terms.

A requirement of the PNG Oil & Gas Regulations is the submission of a report on operations carried out within each license every six months and annually within one month of the anniversary date of grant of each license. CSP has fully complied with all such statutory submissions.

As a result of the activities undertaken during 2011 CSP considers each of the five existing permits to be in good standing. Furthermore, CSP has made significant progress in identifying additional petroleum exploration and production opportunities in PNG.

CSP has rapidly positioned itself for significant and strategic expansion from its initial acreage footprint and it continues to pursue that objective. Furthermore it has commenced discussions for possibility with a small number of reputable potential candidate joint venture partners of choice that can bring both financial and technological strengths.

## **PROJECT MANAGEMENT**

On 9 February 2011 CSP contracted the services of Insight Exploration Pty Ltd to project manage the technical aspects of the five PPL exploration programmes. Insight Exploration continues in this role.

## **DATA PURCHASE**

CSP commenced the crucial data identification and gathering process during the first half of 2011 by engaging the services of Kallow Limited in Port Moresby. Such data gathering is a significant work programme requirement of each PPL.

By the end of Year 1 all pertinent and accessible seismic, well, geological and remote sensing data had been obtained by CSP. This data provide the basis for the years 1 & 2 commitment geological, geophysical & geochemical studies and seismic reprocessing.

CSP will continue to investigate means of obtaining additional infill seismic (and well) data sets by initiatives such as data exchange with other operators and purchase of available data sets from seismic service companies.

## **GEOLOGICAL, GEOPHYSICAL & GEOCHEMICAL STUDIES**

In October 2011 CSP commissioned Neflex Geoscience Consultants in the UK as consultant of choice to undertake a country-wide geoscience study of petroleum systems in the sedimentary basins of PNG. The study will provide the necessary initial framework within which to undertake the more detailed license specific studies required to decide where to acquire seismic data during the second two year period of each PPL in Years 3 & 4.

The first phase of the project was completed on schedule before the end of 2011. In January 2012 CSP commenced gathering the additional data specifically requested by Neflex to allow focus on the second more detailed phase of the study.

#### **EVALUATION OF NEW OPPORTUNITIES**

It is expected that the Neflex regional PNG study will be completed during the first quarter of 2012.

The results to date have identified a range of potential petroleum exploration investment opportunities in PNG and CSP is currently assessing these possibilities. If any of these is considered to bear synergy and have the potential to add substantial value to the existing acreage portfolio then CSP will pursue them with a view to expanding the present acreage footprint provided by its current five PPLs.

CSP is also in the early stages of investigating possibilities to participate in oil and gas production projects within PNG. Any significant achievements in the progress of such discussions will be released to the market at the appropriate time.

While PNG will remain the focus, CSP has started to investigate possible exploration and production opportunities within the broader South East Asia Region.

#### **PARTNERING**

CSP currently holds a 100% interest in its five PPLs. With such a strong initial position it has commenced initial discussions with a small number of reputable potential partners of choice that can bring financial, technological and operational excellence and potentially introduce CSP to additional assets.

Yours faithfully

**Orchid Capital Limited**

**Richard Lambe**

Company Secretary