Rule 4.7B

Appendix 4C

Quarterly report
for entities admitted
on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001, 24/10/2005.

Name of entity

ASF Group Limited

ABN

50 008 924 570

Quarter ended ("current quarter")

30 September 2009

Consolidated statement of cash flows

			Current quarter $	Year to date (3 months) $
	Cash flows related to operating activities			
1.1	Receipts from customers		-	-
1.2	Payments for	(a) staff costs	(296,800)	(296,800)
		(b) advertising and marketing	(16,355)	(16,355)
		(c) research and development	-	-
		(d) leased assets	-	-
		(e) other working capital	(265,591)	(265,591)
1.3	Dividends received		-	-
1.4	Interest and other items of a similar nature received		3,955	3,955
1.5	Interest and other costs of finance paid		-	-
1.6	Income taxes paid		-	-
1.7	Other (GST refund)		50,476	50,476
	Net operating cash flows		(524,315)	(524,315)

+ See chapter 19 for defined terms.

		Current quarter $	Year to date (3 months) $
1.8	Net operating cash flows (carried forward)	**(524,315)**	**(524,315)**
	Cash flows related to investing activities		
1.9	Payment for acquisition of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	-	-
	(e) other non-current assets	(470,755)	(470,755)
1.10	Proceeds from disposal of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	-	-
	(c) intellectual property	-	-
	(d) physical non-current assets	-	-
	(e) other non-current assets	-	-
1.11	Loans to other entities	-	-
1.12	Loans repaid by other entities	-	-
1.13	Other (mainly bank guarantee deposit)	(53,000)	(53,000)
	Net investing cash flows	(523,755)	(523,755)
1.14	**Total operating and investing cash flows**	(1,048,070)	(1,048,070)
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.	555,925	555,925
1.16	Proceeds from sale of forfeited shares	-	-
1.17	Proceeds from borrowings	2,000,000	2,000,000
1.18	Repayment of borrowings	-	-
1.19	Dividends paid	-	-
1.20	Other (term deposit matured)	21,460	21,460
	Net financing cash flows	2,577,385	2,577,385
	Net increase (decrease) in cash held	1,529,315	1,529,315
1.21	Cash at beginning of quarter/year to date	1,116,938	1,116,938
1.22	Exchange rate adjustments to item 1.20	-	-
1.23	**Cash at end of quarter**	2,646,253	2,646,253

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 $
1.24	Aggregate amount of payments to the parties included in item 1.2	(102,209)
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 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

n/a

2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

n/a

Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

		Amount available $	Amount used $
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

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 $	Previous quarter $
4.1	Cash on hand and at bank	2,646,252	2,646,252
4.2	Deposits at call	-	-
4.3	Bank overdraft	-	-
4.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.23)	2,646,252	2,646,252

Acquisitions and disposals of business entities

		Acquisitions *(Item 1.9(a))*	Disposals *(Item 1.10(a))*
5.1	Name of entity	n/a	n/a
5.2	Place of incorporation or registration	n/a	n/a
5.3	Consideration for acquisition or disposal	n/a	n/a
5.4	Total net assets	n/a	n/a
5.5	Nature of business	n/a	n/a

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.

2 This statement does give a true and fair view of the matters disclosed.

Sign here: .... Date: 30/10/2009
(Director)

Print name: Min Yang

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 definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.

   - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
   - 9.2 - itemised disclosure relating to acquisitions
   - 9.4 - itemised disclosure relating to disposals
   - 12.1(a) - policy for classification of cash items
   - 12.3 - disclosure of restrictions on use of cash
   - 13.1 - comparative information

3. **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.

+ See chapter 19 for defined terms.

QUARTERLY ACTIVITIES REPORT – SEPTEMBER QUARTER 2009

Western Australia E04/1428, 1433-1436, 1512, 1670, 1774 and applications 1886, 1887)

During the quarter drilling activities commenced at the Company's Canning Basin tenements. A total of 9 Mud Rotary hole completed for an advance of 1545.1m. The holes completed are shown below:

Drill Hole	Hole Depth(m)
ARCMR01	146
ARCMR02	180
ARCMD03	157.6
ARCMD04	189.5
ARCMR05	207
ARCMR06	216
ARCMR07	224
ARCMR08	225
WB 17	92

The only coal intersections during the September quarter were trace amounts of coal noted in holes ARCMR05 to ARCMR08.

Prior to the commencement of drilling the Kimberley Land Council carried out a Heritage Survey of all the proposed drill sites for site clearance proposes. Since the commencement of drilling operations ASFR has employed several Traditional Owners on a casual basis to assist with general exploration duties.

Reprocessing of selected seismic data was completed during the quarter however the results from the processing of the seismic data did not add to our understanding of potential coal seams so no further reprocessing will be carried out.

Drilling is continuing during the December quarter with the program planned to be completed towards the end of the December quarter. During October drill hole ARCMR17 intersected a 1.5m thick coal seam in the south west of the project area. Further drilling in and around this coal intersection is planned during current quarter.

The DMP advised the Company during the quarter that they intended to grant tenure to ASFR for E04/1670 and E04/1774 and these tenements were subsequently granted.