ABN 63 123 821 929

Quarterly Activities Report
Quarter Ended 30 September 2008

Bullseye Prospect (15% before casing point working Interest, prior to back-in rights of vendor; 9% after casing point working interest)

The Bullseye Prospect is located in Iberville Parish, Louisiana, USA.

As reported by the operator, Golden Gate Petroleum Ltd:

The Jumonville #1 well commenced drilling on 28 April 2008 and was completed as a producer on 25 September 2008 in the Miogyp Sand.

On 20 October it was announced that production had increased to 700 barrels of oil per day and was being placed into the newly installed production facilities. Cumulative production to date is in excess of 12,000 barrels and is being sold at a price of WTI plus US$2.55 per barrel.

The current flowing pressure of 7,100 psi is only 3% below the well head shut-in pressure prior to increasing the choke size. The well has production upside and further increases in production rate will be considered once the gas sales line is completed in the next few weeks and gas flaring is no longer required.

In addition, construction has begun on an oil sales pipeline and tank farm to handle further near term increases in production and development wells, and allow access to a more efficient distribution point on a main highway about 3 kilometres away. The new faicilities are permitted for up to 30,000 barrels of storage capacity. This is expected to be sufficient to allow initial field development from 3,000 to 5,000 barrels per day. The gas flow line will have a design capacity of 16 mmcf/d.

Manzano Prospect (12.5% working interest)

An undivided 12.5% leasehold and working interest in and to a defined oil and gas lease, covering certain lands and leases located in Kleberg County, Texas, USA known as the “Manzano Prospect”.

ST Tract 991#1)

No further update during the quarter.

Dunn McCampbell 11A

No further update during the quarter.

Armstrong Farm Lease (25% working interest)

An undivided 25% leasehold and working interest in and to a defined oil and gas lease, covering certain lands and lease located in Kenedy County Texas USA. The lease covers an area of approximately 1,477 acres. The lease block has the potential for a number of prospective targets.

Drilling of the Tobin Armstrong #2 well to its target depth of 10 500’ was completed in mid February 2008. The Tobin Armstrong #2 well was logged and based on initial analysis by the operator, BNP Petroleum Corporation (“BNP”), logs show in excess of 100 feet of productive sands. BNP proceeded to casing and completion of a program to test and bring this well on production. However, a problem was encountered with the casing pipe requiring the piping to be replaced. This has been completed and a workover rig remains on site testing zone 4 between 9,790’ – 9,800’ and 9,830’ – 9,846’.

Jackson Shallow Gas Prospects (52.5% working interest)

Three shallow gas prospects located in the Jackson County of Texas, USA. The three prospects are named the “Sandy Prospect”, “Slazenger Prospect” and “Wagner Prospect”.

The contract depths are for shallow wells between 3300 feet and 4400 feet. For the Sandy Prospect 3300 feet to test the Miocene Catahoula formation. The Slazenger prospect will test the Frio Miocene formation seismic amplitude anomaly and the Wagner prospect will target 4400 feet to test the Frio formation seismic amplitude anomaly.

Drilling on the Wagner prospect commenced in late September 2008**.** The company is currently assessing it its ongoing involvement in the Jackson Shallow Gas Prospects.

Wilson Prospect (10% working interest)

The Wilson Prospect is located in Pardre Island, Texas, USA on the Gulf of Mexico.

The first well, Kindee ST 949#1 spudded on the 7 February 2007 and production commenced on the 10th September 2007

The Wilson well (ST 949#1) was shut-in and was awaiting a workover to assess a possible mechanical problem associated with the tubing/packer seal within the well. Prior to the shut-in water production from the well had increased significantly along with a corresponding decrease in production volumes. At the time of this report the workover had not been completed.

South Lost Hills Properties (10% working interest)

Modena holds a 10% working interest in two lease blocks each with an area of approximately 640 acres in Kern Country, California, USA. This acreage is situated just south and adjacent to the southern limit of a major oil and gas producing area known as the South Lost Hills field. No work was carried out on these properties during the quarter.

Corporate

Option Issue

As foreshadowed in the Initial Public Offer Prospectus, on 4 June 2008 the Company lodged a prospectus for a non-renounceable entitlement offer of options to shareholders on the basis of one (1) option for every one (1) share held, at an issue price of one (1) cent per option (“the Offer”). The options have an exercise price of twenty (20) cents each and will expire on 30 June 2010.

The Offer raised $664,910 through the issue of 66,491,056 options.

Note Conversion

During the quarter, unsecured convertible notes with a face value of $829,341 were converted to 4,828,565 ordinary fully paid shares.

Capital Raising

Following the announcement during the quarter of a proposed placement of ordinary fully paid shares and unsecured convertible notes, the company has:

- Received applications for 3,883,333 ordinary fully paid shares (together with one free attaching option for every two shares applied for and allotted) at an issue price of 27 cents each, raising $1,048,500. At the date of this report 2,583,333 shares have been issued, with the balance subject to shareholder approval at the upcoming AGM.

- Commenced the placement of up to $2,400,000 by way of unsecured convertible notes on the terms and conditions as announced on 17 October 2008.

Craig Willis
Director
Modena Resources Limited