



1 March 2013

ORPHEUS MAKES GREENFIELDS COAL DISCOVERY IN PAPUA, INDONESIA

- **Initial discovery of one metre thick coal seam believed to extend a significant distance**
- **Preliminary coal sample laboratory analysis demonstrates coal characteristics similar to that of South Kalimantan coal**
- **Exploration work continues as a result of these positive indications**
- **Orpheus well-funded for ongoing drilling and exploration activities**

Orpheus Energy Limited (ASX: OEG) is delighted to announce the discovery of the first coal seam at its greenfields Papua Project, Indonesia.

As announced in the company's recent Quarterly Report, a preliminary greenfield exploration program, under the direction of leading Indonesian Geologist, Dr Maran Gulton, commenced in late January. The team was exploring on only one of Orpheus' four Papua tenements, its 49,340 hectare concession Pt Daya Mega Pelita in the Waropen district, Papua (see attached map).

Previous investigations had identified coal outcrops near the concession boundaries. The exploration team was focused on the north-eastern section of the large concession, generally following the Watoa river and drainage system.

The initial discovery is a seam almost 1 metre thick and is believed to extend for a significant distance into the bush area. Preliminary lab analysis of the coal sample, undertaken by Pt Geoservices' Laboratory in Banjarbaru in South Kalimantan, demonstrated the following coal characteristics:

TM	Ash	VM	FC	S	CV	kcal/kg
%adb	%adb	%adb	%adb	%adb	adb	daf
28.21	10.26	41.93	36.22	1.99	5149	6589

In this area of Papua, the landscape is very much undeveloped, with limited infrastructure and services, while being less than 30km from the Papuan coastline. The exploration team utilised a combination of inter island ferry, local coastal speed boats, 4WD truck, and foot

transportation to undertake the traverse, which involved several weeks of walking along the banks of the main Watoa River in the area and prospecting the river banks looking for coal outcrops (see attached photograph series).

This particular area will be followed up for more detailed exploration in due course. The exploration team will shortly commence on another river traverse, targeting another river system within the large concession area.

Executive Chairman Wayne Mitchell commented, *“While it is early days, we are very excited by this coal discovery in just one of our four tenements in Papua. The coal characteristics are similar to that of South Kalimantan coal and if we continue to have exploration success, we will drill the target area to establish a potential resource before assessing potential development opportunities.*

“Papua has the potential to be a new coal province, in many ways similar to South Kalimantan twenty years ago, and Orpheus is at the forefront of that potential development.

“Following the recent sale of our B26 Project and the ongoing ramp up of our production activities, Orpheus has a strong working capital position to carry out all drilling and exploration activities.

“We look forward to updating shareholders on our progress.”

For further information, please contact:

David Smith, Executive Director / Company Secretary

Email: info@orpheusenergy.com.au;

Phone +61 2 8281 8200

Released through:

Sam Sloane

Six Degrees Investor Relations

+61 2 9230 0661 or +61 412 845 920

Cautionary Note:

This release may contain forward-looking statements that are based upon management's expectations and beliefs in regards to future events. These statements are subjected to risk and uncertainties that might be out of control of Orpheus Energy Limited and may cause actual results to differ from the release. Orpheus Energy Limited takes no responsibility to make changes to these statements to reflect change of events or circumstances after the release.

Information in this announcement that relates to exploration results is based on, and accurately reflects information compiled by Wes Harder, who is a Member of the Australasian Institute of Mining and Metallurgy. Wes Harder is a Director of Orpheus Energy Limited and is a Geologist who has sufficient experience which is relevant to the style of coal mineralisation and type of deposit under discussion and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Wes Harder consents to the inclusion in the report of the material, based on his information, in the form and context in which it appears.

Papuan Exploration Program Travelog



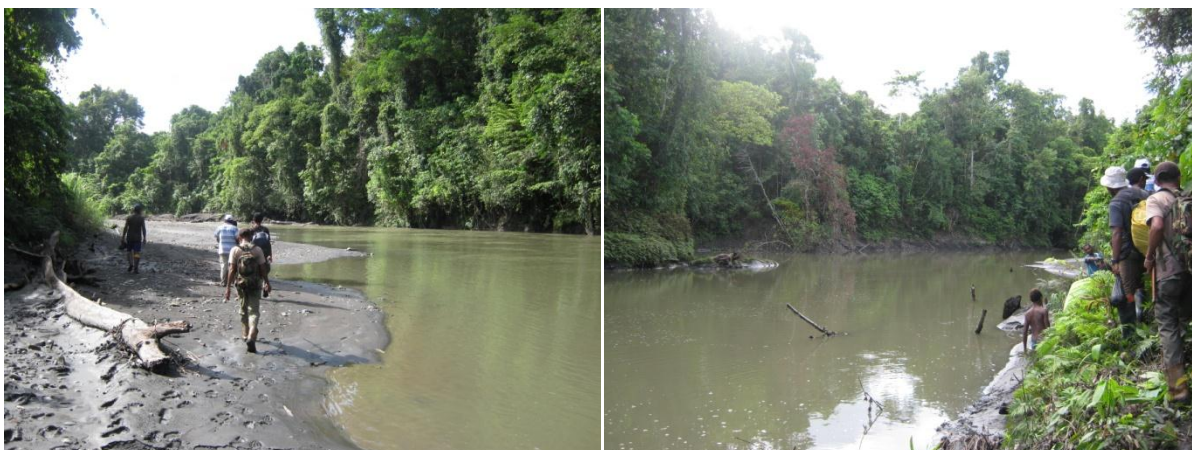
Inter-Island Ferry from main town (Satui), Yapen Isld to Warren on Papua



Coastal small ferry to drop off point for truck transport up river road



Time to start walking along the river bank and build camp sites



Walking up the Watoa River luckily not in flood, deep pools to be avoided



Much wading is unavoidable and the “powder” has to be kept dry



Eureka: the Coal seam on other side of the river and the young swimmer who retrieved a coal sample for lab analysis