ASX Release

ORPHEUS ENERGY

17 September 2013

ORPHEUS SECURES SIGNIFICANT INFRASTRUCTURE DEAL THROUGH ACQUISITION OF UP TO 3Mtpa SOUTH KALIMANTAN PORT CAPACITY

- **Exclusive 10 year agreement with SKJM Port operators in South Kalimantan, initially for 5 years, with an extension for another 5 years at Orpheus's option**
- **Initially 150,000 tonnes/month increasing to 200,000+ tonnes/month (up to 3Mtpa) after port upgrade; First barge to be loaded immediately**
- **Orpheus to be responsible for allocation of loading slots**
- **First infrastructure deal demonstrating stated vertical integration strategy**
- **Strategic infrastructure platform to increase revenues**
- **Acquisition and development costs to be funded off balance sheet by local infrastructure investor with principal to be repaid by SKJM Port**

Orpheus Energy Limited (ASX: OEG) ('Orpheus' or 'the company') is pleased to announce it has executed a binding agreement with the proprietor of SKJM Port in South Kalimantan to secure exclusive barge loading capacity in excess of 200,000 tonnes per month for a term of 10 years.

Orpheus has executed a commercial-in-confidence, binding agreement with a local Indonesian infrastructure investor to fund the transaction. PT Orpheus Energy ("PTO"), Orpheus's 100% owned Indonesian subsidiary, has already received the first tranche (of two tranches) payment and the funds are to be deployed progressively over the course of the next several months as the SKJM facilities are upgraded. SKJM Port is legally obliged to repay the principal amount to PTO in equal monthly installments, which will be passed through to the funder, together with a commercial rate of interest on the reducing balance. Critically, this means Orpheus has completely mitigated funding risk and quantum to the level of a reducing, monthly interest payment.

Orpheus has been shipping its coal from the SKJM port during 2013, and as previously announced, the company has been in advanced discussions regarding equity participation in, and management of, existing port infrastructure. The agreement means the SKJM Port will continue to be managed by the current port owner, however, Orpheus will be responsible for the allocation of loading slots with barge loading to commence immediately.

As previously reported, Orpheus has been impacted by the limited availability of barge loading slots in 2013 due to fierce competition between producers and traders. The SKJM development enables Orpheus to secure up to 25 million tonnes loading capacity for its coal over the next decade, avoiding any slot competition issues. In addition to securing port loading capacity for its own coal as the company ramps up production from its existing mining projects, the deal also establishes another revenue stream through loading other producers' coal.

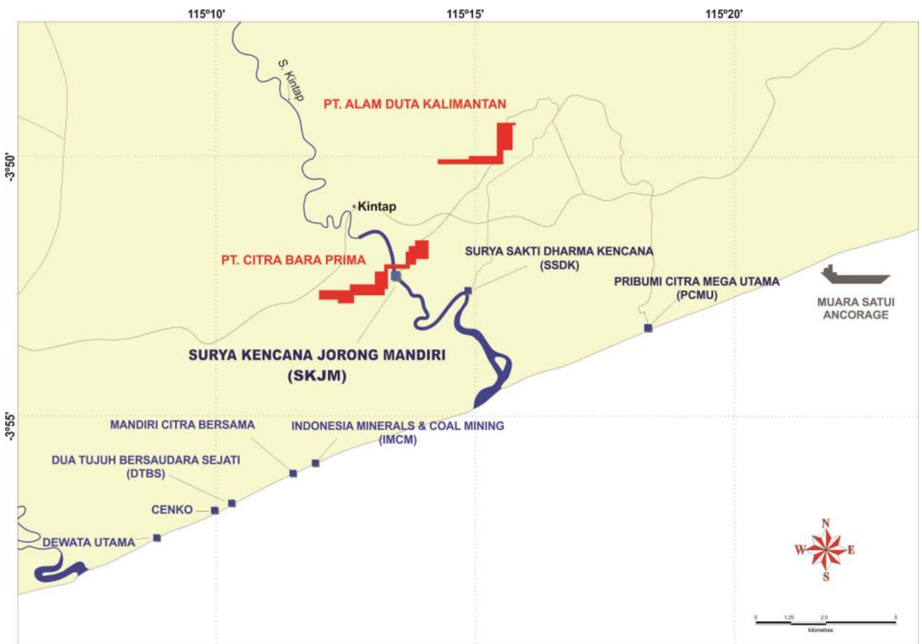
Orpheus Executive Chairman, Wayne Mitchell, commented: "*We are delighted to announce this highly material infrastructure development which will provide robust cash flows for Orpheus. We have been working on this deal for a significant period of time and the execution of the SKJM Port agreement fundamentally changes our company from a modest producer and seller of coal, to a vertically integrated mining company of significant size."*

"Orpheus has continued to progress its strategic objective to manage its entire coal chain from mine mouth to end buyer, and encouragingly, the company now has the capacity to do that. Given challenging market conditions, Orpheus has adapted extremely well to diversify its revenue streams and this agreement, along with our existing mining and trading operations, is another important step in the company working towards its goal of becoming cash flow positive."

"We are particularly pleased we were able to negotiate a very favourable arrangement with a local infrastructure investor to fund the acquisition and development cost and the structure of this deal means we can avoid the dilution of existing shareholders", he concluded.

For further information, please contact:
John Stone, 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



South Kalimantan Ports Location Map: SKJM and OEG's ADK and CBP projects in centre of map

SKJM Port: Crushing Orpheus's ADK Mine coal

SKJM Port: Loading on to trucks from the port stockpile

SKJM Port: Loosing loading onto 5,000 tonne barge

SKJM Port: Barge full and ready for transport to mother vessel