Quarterly Report

Activities Report for the Quarter ended 31 March 2017

ORPHEUS ENERGY

Alternative asset acquisition strategy update

As announced on 12 April 2017, Orpheus Energy Ltd (**"Orpheus"** or **"OEG"**) has entered into a Share Purchase Agreement with all of the shareholders of SenSen Networks Pty Ltd (**SenSen**) and is currently in the formal due diligence period. Subject to compliance with regulatory requirements and approvals as may be required under Australian law, Orpheus is in the process of acquiring 100% of SenSen by the purchase of all the shares in SenSen from the shareholders of SenSen (**Vendors**), in exchange for the issue of shares in Orpheus.

SenSen (**www.sensennetworks.com**) is one of the world's leading suppliers of Video-IoT data driven business process enhancement solutions. The company's ground breaking, highly accurate technology combines enterprise video and sensor data from IoT devices with patented data fusion, computer vision, machine learning and Artificial Intelligence algorithms into a highly scalable and configurable platform, to help their customers increase revenue and reduce the cost of their operations. The company is well-positioned to exploit global market growth and opportunities, and this proposed ASX backdoor listing through OEG will provide SenSen both the platform and access to capital markets to rapidly further develop the company.

SenSen has a highly experienced management team with strong expertise in technology development and commercialisation, gaming and traffic systems, as well as international product marketing. It was founded in 2007 as a spinout from the University of Technology Sydney, and now has a 30-strong global team of scientists, engineers and marketing executives, with its headquarters & R&D in Melbourne, Australia and application development & support centre in Hyderabad, India.

SenSen has growing list of domestic and international blue chip clients, with strong, recurring revenues in Australia, Canada, Europe, India, Singapore and UAE. SenSen's key customers include:

- Roads and Maritime Services (RMS), New South Wales, Australia
- Land Transport Authority, Singapore
- Growing list of City Councils (Smart Cities)
  Australia: Brisbane City Council, Ipswich, Logan, Vicpark, Subiaco, Maribyrnong, Manly
  Europe: Copenhagen (Denmark), Trondheim (Norway), Frederiksberg (Denmark)
  Canada: Calgary
- Crown Casino, Melbourne, Australia
- National Parks of NSW, Australia

While the company's patented software platform, SenDISA, has multiple other potential applications, including Retail, Manufacturing, Logistics, Defense, and Security, the current focus is on:

Intelligent Transportation: Using a combination of Cameras, GPS, Lidar, Radars, TIme servers, Video-IoT analytics technologies and cloud hosted back office software, SenSen Intelligent Transportation solutions delivers civic compliance, traffic data and law enforcement solutions to city councils, national parks, road authorities and transit agencies across the globe. To globally scale the business in this market, SenSen is pursuing a channel partnership strategy. This helps SenSen reach a world-wide base of customers rapidly and provide appropriate levels of support to its customers.

Over the last four years, SenSen has established strong strategic partners globally, including Cubic Transportation Systems (USA), Panstreet International (Europe), ATT Systems (Singapore). SenSen plans to further invest into expanding its global strategic partner network and provide adequate training and support to help sell and service the company's products.

Casinos: Using Time of Flight cameras and patent pending Artificial Intelligence algorithms, SenSen casino gaming solution revolutionises table game operations in Casinos delivering accurate actionable insights about table occupancy, hands per hour, bet type and value for every bet placed on the gaming floor. Due to its unique attributes and product offerings, SenSen plans to offer the solutions directly to the Casino market for the foreseeable future. The company is targeting Casino properties across the globe with particular focus on Casino properties in Australia and New Zealand, Macau and Las Vegas.

As outlined in the 12 April 2017 ASX announcement, the acquisition of SenSen (**Acquisition**) will constitute a change to the nature and scale of Orpheus's activities. Orpheus will therefore need to:

- re-comply with Chapters 1 and 2 of the ASX Listing Rules; and
- put the Acquisition to Orpheus shareholders for approval at a general meeting (**General Meeting**).

Shareholders will receive a Notice of Meeting setting out the various resolutions relating to the Acquisition. A detailed explanatory statement will accompany the Notice of Meeting and will be distributed to all shareholders prior to the meeting.

The Acquisition is subject to the broad terms and a number of conditions precedent and completion in accordance with the terms of the Share Purchase Agreement. Conditions precedent includes the approval of Orpheus Shareholders at the General Meeting (detailed above) and compliance with a number of regulatory approvals under the ASX Listing Rules and under Australian law.

Please refer to the ASX announcement dated 12 April 2017 for further detail on the:

- Acquisition;
- Consideration for the Acquisition;
- Conditions precedent to the Acquisition;
- Indicative capital structure as a result of the Acquisition;
- Board and management of the combined Orpheus and SenSen Group; and
- Anticipated timetable for the Acquisition.

Financial effect of the Acquisition

Orpheus will provide detail on the likely financial effect of the Acquisition on Orpheus including the consolidated total assets, annual revenue, EBITDA and annual profit before tax as soon as the SenSen audit is complete. This is anticipated to be provided to the ASX within the next few weeks.

Debt Recovery Update

Nugroho Suksmanto is still to pay any of the outstanding funds owed to Orpheus and he remains in breach of the Settlement Agreement.

As previously announced, as part of the Settlement Agreement Orpheus was provided with additional security in the form of a pledge over 10.5% of the shares in a real estate company, PT Abadi Guna Papan (**AGP**), in which Suksmanto is the controlling shareholder.

Orpheus is in advanced negotiations with a potential acquirer of the 10.5% of the pledged shares in AGP.

A formal offer by a potential acquirer of the AGP shares has been agreed to by the Board, subject to cash funds actually being received.

As part of the legal documentary process to complete the proposed transaction, and AGP's Constitution, all shareholders of AGP are required to formally approve any new, incoming shareholder. Orpheus is advised that negotiations continue with Suksmanto, and two minor AGP shareholders who are yet to provide their formal agreement.

+Rule 5.5

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

ORPHEUS ENERGY LIMITED

ABN	Quarter ended ("current quarter")
67 121 257 412	March 2017

Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	-	-
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	-	-
	(e) administration and corporate costs	(42)	(230)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	2
1.5	Interest and other costs of finance paid	-	(1)
1.6	Income taxes paid	-	-
1.7	Research and development refunds	-	-
1.8	Other (ATO PAYG/GST refunds)	15	222
1.9	**Net cash from / (used in) operating activities**	**(27)**	**(7)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 months) $A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	-	-

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	10	10
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	-	-

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	24	4
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(27)	(7)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	10	10
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 months) $A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**7**	**7**

Note

*Nugroho Suksmanto is still to pay any of the outstanding funds owed to Orpheus and he remains in breach of the Settlement Agreement. As previously announced, as part of the Settlement Agreement Orpheus was provided with additional security in the form of a pledge over 10.5% of the shares in a real estate company, PT Abadi Guna Papan (**AGP**), in which Suksmanto is the controlling shareholder.*

Orpheus is in advanced negotiations with a potential acquirer of the 10.5% of the pledged shares in AGP. A formal offer by a potential acquirer of the AGP shares has been agreed to by the Board, subject to cash funds actually being received.

As part of the legal documentary process to complete the proposed transaction, and AGP's Constitution, all shareholders of AGP are required to formally approve any new, incoming shareholder. Orpheus is advised that negotiations continue with Suksmanto, and two minor AGP shareholders who are yet to provide their formal agreement.

As announced, Orpheus has entered into a Share Purchase Agreement to acquire 100% of the issued capital of SenSen. The agreement provides for the raising of up to $1.5 million under a SPP and a further $5 million under a General Offer Prospectors. The plan also provides for the raising of up to $500,000 by OEG by way of a convertible note issue if at least $500,000 is not received by OEG on part repayment of the Indonesian debt.

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	7	24
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	7	24

6.	**Payments to directors of the entity and their associates**	Current quarter $A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	-
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

7.	**Payments to related entities of the entity and their associates**	**Current quarter $A'000**
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

8.	**Financing facilities available** *Add notes as necessary for an understanding of the position*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
8.1	Loan facilities	666	666
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

Existing Unsecured loans Directors loans from David Smith and associate $268.650, Wayne Mitchell $330,138 and Wes Harder $67,000, totalling $665,788 not including interest accrued and not paid of $30,781 at the rate charged by Westpac Banking Corporation on business overdrafts exceeding $100,000 on less 0.5%.

Under the SenSen SPA it is proposed that at the General Meeting of Orpheus shareholders to approve the transaction that shareholder approval is also obtained to convert 50% of the above loans including interest to shares in OEG.

9.	**Estimated cash outflows for next quarter**	**$A'000**
9.1	Exploration and evaluation	-
9.2	Development	-
9.3	Production	-
9.4	Staff costs	-
9.5	Administration and corporate costs	47
9.6	Other (provide details if material)	-
9.7	**Total estimated cash outflows**	**47**

10.	**Changes in tenements (items 2.1(b) and 2.2(b) above)**	**Tenement reference and location**	**Nature of interest**	**Interest at beginning of quarter**	**Interest at end of quarter**
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	-	-	-	-
10.2	Interests in mining tenements and petroleum tenements acquired or increased	-	-	-	-

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

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

Sign here: .... Date: 28 April 2017
(Company Secretary)

Print name: David Smith

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.

2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.