

## ASX Announcement

20 April 2011

31 March 2011 - Quarterly Report



## Highlights

- Completion of 4 for 1 non-renounceable rights issue raising an additional \$542,000
- Production from Galveston 307 asset increasing to over 9,000 MCFPD

## Operations

### ***Galveston 307 Project (Snipe, Egret and Sandpiper), Texas State Waters (WI 5.625% NRI 4.5%)***

During the quarter ending 31 March 2011, the project produced approximately 591,814 MCF gas and 2,337 Barrels of condensate (approximately 25,275 MCF and 100 BC net to Kilgore). Revenues for both Kilgore and its joint venture partner, Odin Energy Ltd, are paid directly to Kilgore's US subsidiary, KEI. Odin's share of the net revenue is then remitted periodically.

The project continued to experience a number of automatic shut-ins as a result of cooler than usual conditions. However, at the end of the period, the three wells were consistently producing in excess of 9,000 MCFPD.

## Corporate

### ***Completion of Renounceable Rights Issue***

On 16 November the Company announced a 4 for 1 renounceable rights issue at 0.1 cents per new share, together with a placement of 78 million shares at the same price. On 31 December 2010, the Company issued of 1,630,344,344 entitlement shares raising \$1,630,344 before costs. In February 2011, the Company issued the remaining 542,060,680 shares at 0.1 cents per share resulting in the receipt of a further \$542,000.

The Board continues to review other investment opportunities to increase shareholder value.

*The technical information regarding US projects in this report has been provided by Brian Ayers, B.Geophs, MBA. Mr. Ayers has more than 30 years relevant experience in the US oil and gas industry as a geophysicist and exploration geologist.,Mr. Ayers consents to the inclusion in this announcement of the information in the form and context in which it appears.*

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# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

Kilgore Oil & Gas Ltd

ABN

66 127 735 442

Quarter ended ("current quarter")

31 March 2011

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (9 months) \$A'000
1.1 Receipts from product sales and related debtors	101	216
1.2 Payments for (a) exploration & evaluation	-	-
(b) development	-	(228)
(c) production	(92)	(92)
(d) administration	(483)	(695)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	4	4
1.5 Interest and other costs of finance paid	(7)	(65)
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
<b>Net Operating Cash Flows</b>	<b>(477)</b>	<b>(860)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>-</b>	<b>-</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(477)</b>	<b>(860)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(477)	(860)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	592	2,222
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	365
1.17	Repayment of borrowings	(166)	(1,184)
1.18	Dividends paid	-	-
1.19	Other (over subs & capital raising expenses)	(19)	(19)
	<b>Net financing cash flows</b>	<b>407</b>	<b>1,384</b>
	<b>Net increase (decrease) in cash held</b>	<b>(70)</b>	<b>524</b>
1.20	Cash at beginning of quarter/year to date	626	31
1.21	Exchange rate adjustments to item 1.20	1	4
1.22	<b>Cash at end of quarter</b>	<b>559</b>	<b>559</b>

**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 \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	146
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 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

None

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

+ See chapter 19 for defined terms.

### Financing facilities available

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	1,500	132
3.2 Credit standby arrangements	-	-

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	-
4.2 Development	-
4.3 Production	100
4.4 Administration	125
<b>Total</b>	<b>225</b>

### 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 \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	559	399
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)-held on trust		227
<b>Total: cash at end of quarter (item 1.22)</b>	<b>559</b>	<b>626</b>

### Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**


*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	<b>Preference securities</b> <i>(description)</i>	14,000	Unquoted Class D		
7.2	Changes during quarter (a) Increases through issues (b) Decreases-capital returns, buy-backs or redemptions				
7.3	<b>+Ordinary securities</b>	2,696,006,280	2,696,006,280		Fully paid
7.4	Changes during quarter (a) Increases-through issues (b) Decreases-capital returns or buy-backs	542,060,680	542,060,680		
7.5	<b>+Convertible debt securities</b> <i>(description)</i>				
7.6	Changes during quarter (a) Increases through issues (b) Decreases-maturing or conversion of securities				
7.7	<b>Options</b> <i>(description and conversion factor)</i>	481,398,748	481,398,748	<i>Exercise price</i> 5cents	<i>Expiry date</i> 30 June 2012
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	<b>Debentures</b> <i>(totals only)</i>				
7.12	<b>Unsecured notes</b> <i>(totals only)</i>				

+ See chapter 19 for defined terms.

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does /does not\* (*delete one*) give a true and fair view of the matters disclosed.



Sign here: ..... Date: ..20 April 2011.....  
(Director/Company secretary)

Print name: David Ballantyne

## 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 "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **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.

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