



Modena Resources Limited
ABN 63 123 821 929

Quarterly Activities Report
Quarter Ended 31st December 2007

Corporate

Modena Resources Limited (Modena) lodged a Prospectus dated 24 September 2007 for the issue of 30 000,000 shares at 20 cents per share.

Modena closed the Prospectus fully subscribed having raised \$6,000,000 and was listed on ASX on 21 November 2007.

Modena raised the funds to meet the company's proportionate share of drilling programs on the Modena's Properties (as described in the Prospectus), to pursue other oil and gas opportunities and for working capital.

Farmin – Bullseye Prospect (15% working interest)

During the quarter, Modena entered into a farm-in arrangement over an oil and natural gas exploration venture in the Iberia Parish, South Louisiana, USA named the Bullseye prospect. The Bullseye prospect leases cover 1,700 net acres.

The Bullseye prospect is testing deeper untested fault blocks on the crest of the Laurel Ridge field. Laurel Ridge Field is a "Turtle" feature or an (inverted basin) feature discovered in 1944 by Humble Oil (ExxonMobil).

At Bullseye the intention is to test two deeper geopressured targets with one vertical well. These have combined gross best estimate potential reserves (previously described as "P50 potential reserves") of 12.5 million barrels ("mmbbo") of liquids and 33 billion cubic feet ("bcf") of natural gas.

The Bullseye Prospect is a deeper pool prospect that targets Miogyp and Cib Haz sandstones between 12,400 ft and 13,500ft on the crest of the Laurel Ridge anticline. Existing shallow normal pressured sands (10,100ft to 10,600ft) have produced 146 BCF and 4 MMBO and are now depleted.

The initial location is offset to a previously drilled well in which electric logs indicated 50ft of pay in the Miogyp, that well was lost due to mechanical difficulties and did not reach the Cib Haz. Mud log data from this well indicate gas and condensate shows across the Miogyp section. 3D seismic acquisition was completed in 2005 and clearly identifies independent stratigraphic traps in each zone. The high impedance sands are identified as high amplitude positive reflections within a much thicker shale section. The initial well will test both the Miogyp and Cib Haz objectives. Both the Miogyp and Cib Haz sands are high quality reservoirs with porosity ranging from 24-

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30% and permeability of 300-1000mD. This results in observed producing well rates from surrounding analog fields, of 500-1000 barrels per day and 4-10 million cubic feet of gas per day. These high rate wells provide an excellent economic return.

The drilling location on the Bullseye prospect has been approved and the drill pad has been constructed. Due to rig availability, it is anticipated that drilling will commence in May 2008. The operator on the Bullseye prospect is Golden Gate Petroleum Ltd.

Wilson Prospect (10% working interest)

As a condition precedent to listing, following the successful capital raising pursuant to the Prospectus, Modena farmed into the Wilson Prospect.

The Wilson Prospect located in Padre Island, Texas, USA, on the Gulf of Mexico coastline lies within a proven hydrocarbon producing area.

The first well to be drilled on the Wilson Prospect, Kindee ST949#1 was spudded on 7 February 2007 and production commenced on 10 September 2007 at an initial rate of 2.5 million cubic feet a day. During the period to 30 September 2007 the well produced 60.5 million cubic feet of gas.

Total production for the December quarter was 194.160 million cubic feet of gas and 350 barrels of oil.

The Wilson Prospect comprises the following leases:

Lessor	Lessee	Lease Date	Description	Vol.	Page
Texas General Land Office	BNP Oil & Gas Properties Ltd	07/10/2001	All of Tract 945-S, Gulf of Mexico, Kleberg County, Texas, save and except the East 640 acres thereof, said land covering 445 acres, more or less, as shown on the Official Map of the Gulf of Mexico now on file in the Texas General Land Office, Austin, Texas.	222	179 KL
Texas General Land Office	BNP Oil & Gas Properties Ltd	07/10/2001	All of Tract 949-S, Gulf of Mexico, Kleberg County, Texas, containing approximately 705 acres as shown on the Official Map of the Gulf of Mexico now on file in the Texas General Land Office, Austin, Texas.	222	186 KL

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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 County, 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.

The project area comprises leases covering all of the following described lands:

Block A Acreage: Section 1: North Half (N/2) and the Southeast Quarter (SE/4);
Section 2: Northeast Quarter (NE/4) – all Township 28 South,
Range 21 East, M.D.B. & M; and Section 27, Township 27
South, Range 21 East, M.D.B. & M.

Block B Acreage: Section 7: Township 28 South, Range 22 East, M.D.B. & M.

No work was carried out on these properties during the quarter. A technical evaluation of the Citrus # 7 well drilled on the Block A Acreage is being undertaken to determine a course of action on Block B.

Armstrong Farm Lease (25% working interest)

Subsequent to the end of the quarter, Modena announced that it had entered into a Participation Agreement with BNP Petroleum Corporation of Houston, Texas, to acquire 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").

Pursuant to the Participation Agreement Modena has agreed to participation in the drilling of a test well within the Lease area, Tobin Armstrong #2 well.

The Lease covers an area of approximately 1,477 acres on the southwest flank of the Candelaria field structure. The targets are a thick section of numerous Frio sands that are deposited in wedges on the downthrown block of a large growth fault west of the field. The Candelaria Field itself is a faulted four way structure that has produced over 100 BCFe since discovery by Humble in 1953.

Frio sands in this area are the result of complex delta and bar deposition, complicated by the presence of an active system of growth faults during deposition. Sands are difficult to correlate from well to well and apparently do not connect over long distances. In the prospect area they trap by wedge out updip onto the Candelaria structure and may also trap where they are truncated by later shale filled channels cut into them.

Statistically the area is very attractive. Out of 147 wells completed in four fields nearby (Candelaria, Rita, Don Tomas and Barreta), 107 wells had two or more pays, with one well at Rita having 13.

The Lease block has the potential for a number of prospective targets.

Drilling of the Tobin Armstrong #2 well has commenced and will drill to a target depth of 10,500'.

Principle Terms

The principle terms of the Participation Agreement are:

- (i) the payment of the sum of US\$351,000 as acquisition cost for the interest in the Lease;
- (ii) payment of an undivided 50% of all of the well costs attributable or allocable to the leasehold and working interest in the Tobin Armstrong #2 well, including those well costs incurred prior to completion under the Participation Agreement. Modena's share of drilling and testing the first well to casing point will be approximately US\$675,000; and
- (iii) other than with regard to the Tobin Armstrong #2 well, any other operations on the Lease and any other wells drilled on the Lease, Modena is not obligated to bear more than its 25% proportionate ownership (working interest) share of the costs relating thereto.

Yours Faithfully

Craig Willis
Director
Modena Resources Limited

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