



ACN 119 749 647

Quarterly Activities Report Quarter ended 30 September 2009

Bullseye Prospect (15% before casing point working interest, prior to back in rights of vendor; 9% after casing point working interest)

The Bullseye prospect is located in the Iberville Parish, Louisiana, USA

As reported by the Operator, Golden Gate Petroleum Ltd:

Highlights

- Production continues Jumonville #2.
- Reprocessing 3D Seismic to evaluate “mottled expansion” which could add up to 50% more too potential resource in the Miogyp.
- Production facilities in place and future drilling planned with well development costs coming down.
- Marg Vag and Camerina interval upside – both with oil and gas indications.

Bullseye Prospect Reserve Study

It was previously reported that it was anticipated that the prospect reserve study would be completed during the September quarter. Golden Gate Petroleum has commissioned a Reserve Study to quantify the proven and probable reserves of the Miogyp discovery at the Bullseye prospect. It is anticipated that the study results will be available and announced in December 2009.

Dunn McCampbell 11A

Dunn McCampbell 11A continued to produce with 65742 mcf during the quarter.

Corporate

During the quarter, the company:

- (A) issued 10,000,000 ordinary fully paid shares at an issue price of 7 cents each, raising gross proceeds of \$700,000;
- (B) issued 2,277,151 ordinary fully paid shares on the conversion of unsecured convertible notes with a face value of \$105,000;
- (C) signed a non-binding agreement with Crosby Asset Management (Hong Kong) Limited (in its capacity as the Investment Manager of Crosby Active Opportunities Master Fund Limited) and Crosby Special Situations Fund Limited to acquire a 14.17% interest in privately held ESK Limited (“ESK”), which owns production, development, and exploration assets in California.

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ESK's indirect wholly owned subsidiary, Orchard Petroleum, Inc. ("Orchard"), has a portfolio of low risk, high quality production, development, appraisal and exploration projects in the prolific San Joaquin Basin in California. Orchard has a 100% working interest in and operates its two main projects, South Belridge and Southeast Lost Hills, which cover approximately 4,100 leased acres. As of 31 December 2008, Orchard had estimated proved and probable reserves of 24 million barrels of oil equivalent and in May 2009 achieved an average production rate of over 1,200 barrels of oil equivalent per day. Current daily production is estimated to be approximately 1,500 barrels of oil equivalent per day.

Orchard Highlights

- Proved and probable reserves (2P) of 24 million barrels of oil equivalent as of 31 December 2008 of which 9 million barrels of oil equivalent are in the proved reserves (1P) category based on a reserve study of Orchard's assets by Netherland, Sewell & Associates, Inc.;
- In May 2009, Orchard achieved an average production rate of over 1,200 barrels of oil equivalent per day (gross) and obtained positive results from a new well stimulation method which could result in a substantial increase in production rates and lower completion costs;
- Ongoing appraisal program targeting proven reservoirs; and
- Experienced senior management team with a strong track record of developing assets and managing operations in California.

Acquisition Terms

The non-binding agreement contemplates the Company acquiring a 14.17% interest in ESK Limited for 24,400,000 million fully paid new ordinary shares of the Company at an issue price A\$0.15 per share. Additionally, the parties have agreed on a deferred consideration equivalent to a value of US\$11.5 million, less the value at the completion date of the shares initially issued, payable in cash or new shares of the Company by December 2010, at Modena's election.

Modena will also seek to acquire up to an additional 5.83% shareholding in ESK on the same terms and conditions as above, potentially taking Modena's total shareholding to 20.00% in ESK. This acquisition is from other shareholders of ESK and is currently under negotiation.

The acquisition will be subject to, among other conditions, satisfactory completion of confirmatory due diligence by Modena on ESK and its assets, formal documentation, exercise or waiver of pre-emption rights of other ESK shareholders, and Modena shareholder approval.

Corporate

Modena is currently in the process of conducting due diligence. If the due diligence review is satisfactory, Modena will proceed to negotiate formal documentation with Orchard and post to its shareholders a notice convening a shareholders' meeting, setting out full details of the proposed acquisition and seeking the necessary approvals to complete the acquisition.

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Subject to the completion of the acquisition, Mr Ajay Kejriwal will join the Board of the Company

As announced, the company has reached agreement with Crosby Asset Management (Hong Kong) Limited to a transaction exclusivity term to 31 December 2009 to allow for completion of all conditions precedent to the transaction.

Craig Willis
Director
Modena Resources Limited

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