

Greenvale Energy Limited

Quarterly Activities Report December 2019

ASX Release

22 January 2020

Highlights

Gold Basin

- Maiden Resource for the Gold Basin Project of a combined JORC Compliant Inferred Resource for the Cyclopic and Stealth deposits of 299,800 ounces with an average grade of 1.12 g/t gold based on a cut-off of 0.5 grams of gold per tonne.
- Resource at Cyclopic was based on:
 - shallow (0-50m deep average) drilling;
 - open in all directions (including to depth), with a further potential to grow the current resource with additional drilling.
- Company has issued documentation to the current owner Aurum Exploration Inc (**Aurum**) of the Gold Basin claims so as to finalise its ownership of its interests. The Company is waiting for Aurum's response to the proposed structure and legal documentation and the Board continues to manage this process.
- Planning in progress for the phase has been undertaken.

Alpha Project

- Company has lodged an application to vary its FY 2020 expenditure commitments so as to obtain and analyse the results of laboratory results of work done. No decision has been made by the Queensland Department of Natural Resources, Mines and Energy (**DNRME**). However, the DNRME has granted the Company a two months extension to undertake the 2020 commitments.
- Board to monitor the economic viability of the Alpha Project in light of licence and market conditions.

Corporate

- Placement seeking to raise up to \$300,000 was pursued, but placed on hold pending further clarification on the Company's two projects. The Company received \$90,000 by way of deposit, which is held in trust on behalf of potential investors.
- Capital raising for all shareholders to participate in is to be pursued following completion of a placement.
- Company has minimal amount owing to suppliers and manages its working capital needs.

Greenvale Energy Limited (ASX: GRV or the Company) is pleased to provide the following update on its activities for the 31 December 2019 quarter (the "**Quarter**"):

Gold Basin Project

Background

The Gold Basin Project is located in the state of Arizona, United States of America.

The Company announced on the 18th February 2019 the completion of its 50.01% (New England Metals Pty Ltd owns the other 49.99%) investment in a private company called Greenvale Gold Basin Pty Ltd (**Greenvale Gold Basin**). Greenvale Gold Basin Pty Ltd has now earned its right to a 50.1% shareholding in a new company who is to own 100% of the Gold Basin Project (**New Co**), following confirmation of a maiden JORC Resource, see

REGISTERED OFFICE

T +61 2 8046 2799 | A Suite 6, Level 5, 189 Kent Street, Sydney NSW 2000 | P PO Box 5446, Sydney, NSW, Australia, 2001 | E admin@greenvaleenergy.com.au

below. Full particulars of the acquisition, including terms and structure is set out in the announcement dated 18 February 2019.

Maiden Inferred JORC Resource

During the quarter, the Company announced the completion of its maiden JORC Resource for its Gold. Full details of the JORC Resource is set out in the ASX release dated 22 October 2019 and 25 October 2019 (**Gold Basin Announcements**). The key highlights are:

- based on based on cut-off grades of 0.25, 0.40 and 0.5 grams per tonne for the Gold Basin Project, the Gold Basin Project for the Cyclopic and Stealth deposits in total indicated a total Inferred Resource category Resource of:

| Au Cut-off grade | Au (g/t) | Au (oz) |
|-----------------------------|---------------------|--------------------|
| 0.25 | 0.84 | 360,900 |
| 0.4 | 0.99 | 327,200 |
| 0.5 | 1.12 | 299,800 |

- key points from the Cyclopic Resource model included:
 - area modelled is approximately 1.3km x 1.3km for the Cyclopic and only 50m deep from surface;
 - geological model has defined 7 sub-horizontal, stacked mineralised lodes which are consistent with other similar deposits in the western USA;
 - 50m depth is a function of the drilling data not constrained geologically at this stage.
 - more deeper drilling will clarify this; and
- as set out in Appendix 2 of the 22 October 2019 announcement, under the heading “*Cyclopic Geological Interpretational & modelling*” is “*layers are open in all directions, drilling stopped short of many, and there are many indications of more layers beneath those currently interpreted.*”

It is stressed that the above is a summary only and that readers should review in detail the information contained in the Gold Basin Announcements, including Table 1 results for a more thorough understanding of the results and conclusions reached.

Ownership

As noted above, Greenvale Gold Basin has earned its 50.01% interest in the Greenvale Gold Basin Project. The Company has served to Aurum Exploration Inc (**Aurum**), the current 100% owner of the claims in Greenvale Gold Based Project the documentation and corporate structure of the documentation to achieve the proposed ownership of the Project. Details of the proposed corporate structure has been outlined in Appendix 3 (page 40) of the 22 October 2019 announcement. Aurum are to become a 49.99% shareholder with Greenvale Gold Basin Project upon transfer of the claims to NewCo.

The structure was formulated following legal advice undertaken by the Company. Aurum have advised that they are seeking advice on the structure and the shareholders agreement. The Company is waiting for receipt of Aurum’s response. The Company has been actively involved in this process.

Next steps

The Company and its adviser, Centric Minerals Management are in the process of reviewing the proposed activities to be undertaken following the North American summer. This activity would also include the upgrading of the JORC Inferred Resource to a JORC Indicated category. Further details will be made available once the plans have been finalised.

Alpha Project

During the quarter, no activity was undertaken by the Company in relation to its 99.9% owned Alpha Resources project.

As outlined in the Company's 30 September 2019 quarterly announcement (**Quarterly**), the Company made application on to the Queensland Department of Natural Resources, Mines and Energy (**DNRME**) to vary/defer for the 2020 financial its expenditure commitments. The deferral would not change the remaining total commitment.

The basis of the variation is pending the receipt of its laboratory tests to assess its next phase of work on its tenements currently being undertaken by Australian Laboratory Services Pty Ltd (**ALS Laboratories**), Brisbane and these results/ analysis are important to determine Greenvale's next phase of work to be undertaken on the Alpha Resources Project. The application was supported by the Company's technical consultant SRK Consulting (Australasia) Pty Ltd (**SRK**) work program. Ultimately, the Board wants to ensure that the amount spent on the Alpha Project creates value for shareholders.

The DNRME initial response noting that the involves the use of in situ extraction as a processing option for the oil shale at the Alpha oil shale deposit and as such has declined the Company's request. SRK has responded that the proposed work program does not include underground gasification which would be a breach of the Company's licence. SRK has confirmed that the proposed work program is to be limited to improving the geological model and developing the oil shale resource estimate in light of current market conditions.

The DNRME has subsequently granted the Company an extension of two months to meet its expenditure commitment. However, no decision has been made in relation to the variation of the current year commitment.

The Board will monitor the required level of spend required under the MDL 330 licence and whether or not such spend will create value to shareholders, particularly given the limitations imposed on the licence and the uncertainties associated with the processing of oil shale under a mining type operation and current and likely future oil prices.

Funding

As previously advised, the Company has been seeking to raise capital so as to meet with its financial objectives. During the quarter the following occurred:

- *Placement* – following the release of the JORC Resource for the Gold Basin project, the Company approach a number of parties, including shareholders seeking to raise up to \$300,000 for the purposes of raising a sufficient amount of funds to allow the Company to continue with its objectives. The Company received expressions of interest from a number of parties and an amount of \$90,000 was raised. However, due to the decline in the Company's share price, the offer was withdraw. The parties who have deposited the funds have agreed for those funds to be held in trust pending further clarification on the Company's two projects. The investors may request these funded to be returned to them.
- *Capital Raising* - The Company will proceed with a capital raising for all shareholders to participate in. This will undertaken following the completion of the placement.

The Board is conscious of its current cash balance and required level of expenditure for the next 12 months. The Board is trying to move as quickly s possible to secure the necessary funds that it needs in the short term via placement and the medium term via capital raising. The Company has a minimal level of amounts owing to external suppliers as at 31 December 2019. To the extent possible, the Company has been managing its activities such that it keeps its spend to a minimum. The Board will look to alternative arrangements, should this become necessary.

Contact details

For further information, please contact:

Vince Fayad

Director and Company Secretary

Ph: 0414 752 804

E: vince.fayad@vfassociates.com.au

Competent Person – Gold Basin

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by **Robin Rankin**, a Competent Person who is a Member (#110551) of the Australasian Institute of Mining and Metallurgy (MAusIMM) and accredited since 2000 as a Chartered Professional (CP) by the AusIMM in the Geology discipline. Robin Rankin provided this information to his Client **Centric Minerals Management Pty Ltd** has paid consulting work in his capacity as Principal Consulting Geologist and operator of independent geological consultancy GeoRes. He and GeoRes are professionally and financially independent in the general sense and specifically of their Client and of the Client's project. This consulting was provided on a paid basis, governed by a (in this case very generalised) scope of work and a fee and expenses schedule, and the results or conclusions reported were not contingent on payments. Robin Rankin has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person (CP) as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code). Robin Rankin consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Mineral Reserves, Mineral Resources and Exploration Results is based on information compiled by Mr Charles Straw, Director of Centric Minerals Management Pty Ltd. Mr Straw is a Member of The Australasian Institute of Mining and Metallurgy. Mr Straw has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Straw consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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

GREENVALE ENERGY LIMITED

ABN

54 000 743 555

Quarter ended ("current quarter")

December 2019

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|---|----------------------------|------------------------------------|
| 1. Cash flows from operating activities | | |
| 1.1 Receipts from customers | | |
| 1.2 Payments for | | |
| (a) exploration & evaluation | (1) | (109) |
| (b) development | | |
| (c) production | | |
| (d) staff costs | (9) | (18) |
| (e) administration and corporate costs | (10) | (122) |
| 1.3 Dividends received (see note 3) | | |
| 1.4 Interest received | | |
| 1.5 Interest and other costs of finance paid | | |
| 1.6 Income taxes paid | | |
| 1.7 Research and development refunds | | |
| 1.8 Other (provide details if material) | | |
| 1.9 Net cash from / (used in) operating activities | (20) | (249) |

| | | |
|--|--|--|
| 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 (6 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) | (15) |
| 3.5 | Proceeds from borrowings | | |
| 3.6 | Repayment of borrowings | | |
| 3.7 | Transaction costs related to loans and borrowings | | |
| 3.8 | Dividends paid | | |
| 3.9 | Other (Deposits received in advance) | 90 | 90 |
| 3.10 | Net cash from / (used in) financing activities | 87 | 75 |

| | | | |
|------------|--|------------|------------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 117 | 358 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (20) | (249) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | - | - |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 87 | 75 |
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| 4.6 | Cash and cash equivalents at end of period | 184 | 184 |

| Consolidated statement of cash flows | Current quarter \$A'000 | Year to date (6 months) \$A'000 |
|---|------------------------------------|--|
| | | |

| 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 | 184 | 117 |
| 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) | 184 | 117 |

6. Payments to directors of the entity and their associates

- 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

| Current quarter \$A'000 |
|------------------------------------|
| 9 |
| - |

7. Payments to related entities of the entity and their associates

- 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

| Current quarter \$A'000 |
|------------------------------------|
| - |
| - |

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available

Add notes as necessary for an understanding of the position

8.1 Loan facilities

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.

N/A

| Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|--|---|
| - | - |
| - | - |
| - | - |

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

9.6 Other (Investment in the Gold Basin project)

9.7 Total estimated cash outflows

20

-

-

-

50

-

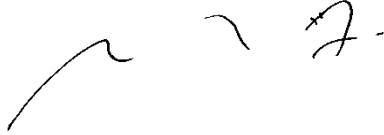
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| 10. | Changes in tenements (items 2.1(b) and 2.2(b) above) | Tenement reference and location | Nature of interest | Interest at beginning of quarter | Interest at end of quarter |
|------|---|---------------------------------------|--------------------|--|----------------------------------|
| 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: 22 January 2020

Print name: Vince Fayad (Director and Company Secretary)

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.