

Greenvale Energy Limited

Quarterly Activities Report June 2020

ASX Release

24 July 2020

Highlights

- Company completed the 80% acquisition of Knox Resources an owner of an extensive Iron Oxide Copper-Gold project in the Northern Territory.
 - No field work undertaken for the Alpha Projects during the quarter. However, a strategy to progress the Alpha Project has been developed and approved by the DMRE.
 - Company is advanced on its negotiations for the potential sale of its approximately 25% economic interest in the Gold Basin Project to a company listed on the Canadian Securities Exchange.
 - Prospectus lodged to raise approximately \$2.1 million. The raising is fully underwritten.
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Greenvale Energy Limited (ASX: GRV or the Company) provides the following update on its activities for the 30 June 2020 quarter (the “Quarter”):

Alpha Project

Activities

No field work has been undertaken on the Alpha Project during the quarter.

Exploration strategy

SRK Consulting (Australasia) Pty Ltd (**SRK**), an independent consulting firm has formulated a new project development strategy which is based on the production of a diversified suite of value-added products from the Alpha tenement (**MDL 330**).

SRK has recommended a revised exploration work program for the Alpha Project supplementing conventional core drilling with bulk samples from trenches or costeans, with the raw materials to be refined to provide product samples for detailed analysis and study.

This advice was based on the fact that the Alpha deposit, in contrast with typical oil shale deposits, can produce high-value bitumen and active carbon with the potential to deliver high-quality, value-added products through appropriate investment in processing infrastructure.

Preliminary investigation indicated that there will be high demand for all three products that the Alpha Project would produce (refined liquid petroleum products, high-quality bitumen products and active carbon products). In line with this recommendation, Greenvale has requested that SRK develop an exploration work program plan where preliminary bulk samples are to be collected and analysed in 2020.

The work program is planned to be managed and largely undertaken in Queensland as this is likely to minimise issues associated with COVID-19 and travel restrictions.

The work program will initially focus on the extraction and analysis of torbanite and cannel coal bulk samples from one location with a view to producing value-added active carbon products.

Full details of the proposed work program has been outlined in the Company’s market announcements dated 7th May 2020 and 10th June 2020.

The Queensland Department of Natural Resources Mines and Energy (**DNMRE**) has confirmed that the bulk sampling program proposed by SRK is acceptable to them and the Company’s MDL has been confirmed to be in good order.

Gold Basin Project

Activities

No field work has been undertaken on the Gold Basin Project during the quarter.

Ownership issue

The Company continues to work with the various parties involved in the Gold Basin Project to resolve its dispute and the Company has received an offer for the sale of its interests in the Gold Basin Project. As previously advised, a private Canadian company (Centric Minerals Corporation) acquired the shares of Aurum Exploration Inc (**Aurum**).

Subsequent to the end of the quarter, the Company has learnt that Centric Minerals Corporation has entered into "Letters Agreements" with Fiorentina Minerals Inc (FLO), a company listed on the Canadian Securities exchange to acquire approximately 75% of the Gold Basin Project (refer to FLO's announcement dated 18 June 2020). The Company understands that included in the 75% amount is New England Metals Pty Ltd (**NEM**) interest in the Gold Basin Project. The Company notes from FLO's website that Mr Michael Povey (a former director of the Company) and Mr Charles Straw (a director of NEM and as also the person connected with the assignment of the farm-in arrangement between Greenvale Gold Basin Pty Ltd and Aurum) have also been appointed directors of FLO. These individuals have been the key people involved in the discussions leading up to the transaction announced by FLO.

The Company has advanced its discussion of a potential sale of its interests in the Gold Project Project to FLO. However, at the date of this announcement, the negotiations remain incomplete and subject to any regulatory approvals that may be required.

Corporate activities

Acquisition of 80% Knox Resources Limited

On the 22 June 2020, the Company announced the completion of the acquisition of an 80% investment in privately owned exploration company Knox Resources Limited (**Knox**), which owns an extensive package of Iron Oxide Copper-Gold (**IOCG**) exploration licences in the Georgina Basin in the Northern Territory. The package owned by Knox encompasses 4,475km² of Exploration Licences (EL's) located between Tennant Creek and Mount Isa.

Full details of the acquisition can be found in the announcement dated 22 June 2020.

Placement

Concurrently with the acquisition of Knox Resources, the Company also completed a placement of approximately 1 million shares at a price of 1.9 cents per share.

Entitlement Offer

During the quarter, the Company lodged a Prospectus on 29 June 2020 (**Prospectus**) to raise approximately \$2.1 million before expenses (**Entitlement Offer**). The Entitlement Offer is one (1) new share for every one (1) existing share to shareholders who are Australia and New Zealand residents (**Eligible Shareholders**), at a price of 1.9 cents per share. The total number of new shares to be issued to Eligible Shareholders is expected to be 112.8 million. Details of the Entitlement Offer including the use of the funds are set out in the Prospectus. The raising has been fully underwritten by Blue Ocean Equities Pty Ltd.

Board approval

This announcement has been approved by the Board.

Contact details

For further information, please contact:

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Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

GREENVALE ENERGY LIMITED

ABN

54 000 743 555

Quarter ended ("current quarter")

June 2020

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers		
1.2	Payments for		
	(a) exploration & evaluation (if expensed)	(18)	(149)
	(b) development		
	(c) production		
	(d) staff costs	(9)	(36)
	(e) administration and corporate costs	(106)	(269)
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	Government grants and tax incentives		
1.8	Other (provide details if material)		
1.9	Net cash from / (used in) operating activities	(133)	(454)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) exploration & evaluation (if capitalised)		
	(e) investments		
	(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) investments		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (Acquisition of bank account)	13	13
2.6	Net cash from / (used in) investing activities	13	13

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	19	199
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(9)	(26)
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 in advance)		
3.10	Net cash from / (used in) financing activities	10	173

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	200	358
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(133)	(454)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	13	13
4.4	Net cash from / (used in) financing activities (item 3.10 above)	10	173

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	90	90

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	90	200
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)	90	200

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000
9
-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end	-	
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (Item 1.9)	(133)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	-
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(133)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	90
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	(43)
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)	-

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: Yes

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: Yes, the Company is finalising a fully underwritten Entitlement Offer for approximately \$2.1 million. This fund raising will allow the Company to meet its objectives.

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes, refer to Section 8.8 (2) above.

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.

Date: 24 July 2020

Authorised by: By the Board

(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.