



2nd September 2020

ASX Market Announcements

UPDATE ON SERVICE CONTRACT 44 IN PHILIPPINES

The 2 year extension of Technical Moratorium of Service Contract 44 (“SC 44”) was approved in 2018 by the Department of Energy of Philippines (“DOE”) to end on 2 September 2020 on the conditions, among others, that the Company deepens the well Nuevo Malolos-1 (“NM-1”) and if suitable, carries long term oil production tests.

The Company commenced the drilling and deepening operations at NM-1 in September 2019 but unfortunately the drilling assembly became stuck in cased hole in December 2019. During the March quarter, the Company had sourced equipment from overseas, engaged a specialist service provider and obtained the necessary Government approvals for the movement and storage of string shot (explosives) that are required to conduct recovery operations.

While the Company was ready to re-commence operations, the plan was disrupted by the direct effects of the Covid-19 pandemic. In March 2020, a *State of Calamity Throughout the Philippines Due to the Corona Virus 2019* was declared in the Philippines and restrictions on travel were imposed. It was evident that there would be difficulties in mobilisation of the Company’s drilling crew and of service providers who are based in other parts of Philippines or overseas that will impact on the drilling operations.

With about 5^{1/2} months remaining to the expiry of the granted moratorium for SC 44 and uncertainty in the duration of Government imposed measures, the Company invoke the *Force Majeure* provision of SC 44 and requested for an extension of time to complete the deepening and testing operations. Unfortunately, Manila and Cebu are still under Enhanced Community Quarantine restricting travels to contain the spread of Covid-19 and no field operations have been possible since March 2020.

The Company has been in contact with the DOE and no decision has yet been received on the requested extension. The Company’s lawyers have advised that based on the laws in Philippines the extension request is deemed automatically extended until the DOE issues a decision or resolution on the request.

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