



27 November 2020

ASX Market Announcements

ANNUAL GENERAL MEETING AT 10:00 AM IN SYSDNEY ON 27 NOVEMBER 2020

MANAGING DIRECTOR ADDRESS

Dear Shareholders,

The Company commenced Service Contract 44 (“SC 44”) operations in September, 2019 with maintenance on and mobilisation of Rig-2 located at the Malolos Oil Field, onshore Cebu, Philippines.

Immediately following rig mobilisation, operations focussed on entering the cased Nuevo Malolos-1 well in order to deepen the well to intersect and production test the two target oil bearing sandstones.

In November, 2019 the drill-string became stuck in cased hole whilst pulling the bottom-hole assembly to surface from a total depth of 1,913.7 metres (6,287.5 feet GL).

A metal “pry” bar was accidentally dropped in the hole immediately before pulling the drilling assembly to surface. The pry bar wedged against the drilling assembly whilst pulling out of the hole and with the drill bit at a depth of 837 metres (2,746 feet GL). The drilling assembly became stuck at this depth. It comprises a drill bit, drill collars and 2 7/8” tubing.

Operations were suspended. Necessary Government approvals and retrieval equipment were immediately sought.

In March, 2020 the Philippine Government imposed Covid-19 sanctions and operations have not been able to recommence since that time.

The Company sought an extension of time from the Department of Energy (“DOE”) under Force Majeure, as provided for in the service contract. The DOE has failed to respond to that request despite SC 44 reaching the end of its extension date in early September, 2020.

Since DOE is yet to act on SC 44's extension request, pursuant to Sec. 9 of Republic Act No. 9485 or the Anti-Red Tape Act of 2007, the extension request is deemed automatically extended until DOE issues a decision or resolution on the same.

The Company is working with Manila based legal advisors in order to progress the matter.

In France, the Company has lodged in the French Tribunal (court) in January 2020 a €34.635 million claim against the French Government for compensation. This claim is in respect to the damages caused by the French Government in unlawfully refusing to renew the St Griede conventional hydrocarbon exploration permit in accordance with the prevailing Mining Law.

Covid-19 related Government imposed sanctions in France has resulted in procedural delays with the French Tribunal providing the French Government until the 2nd January, 2021 in which to submit their defence to the claim already lodged in the Tribunal.

Frustration with progress in the Philippines and France combined with the opening of exploration opportunities in Australia has meant the Company is now reviewing Australian oil and gas asset acquisitions, particularly on the eastern seaboard.

The Company is also looking at options to reconstruct its balance sheet which currently has large amounts owing to the Directors for loans advanced and unpaid fees and charges

I would like to thank all shareholders for their patience. Directors, who are also the largest shareholders in the Company, are as frustrated as any shareholder with the slow progress.

Dennis Morton
Managing Director

Authorised for release by Dennis Morton, Managing Director