

ASX RELEASE

Quarterly Update – December 2020

SYDNEY, 28 January 2021, Fargo Enterprises Limited ("Fargo" or "the Company") (ASX: FGO), is pleased to provide the following Quarterly update and lodgement of its Appendix 4C.

Sale of Flamingo business unit

As announced on 26 August, 2020, the Company entered into a binding share purchase agreement ("SPA") with BDNM Investments Pty Ltd ("Purchaser") for the sale of the Company's subsidiaries Flamingo Customer Experience Inc and Flamingo Ventures Pty Ltd (the "Transaction").

The remaining condition to the completion of the Transaction is receipt of approval by FIRB (Foreign Review Investment Board). The Purchaser has advised it continues to engage with FIRB in relation to the approval with further discussions to be undertaken in February 2021.

There is a risk the Transaction may not proceed if FIRB approval is not received. In the event the Transaction does not proceed, the Company will continue to explore all options in respect of the Flamingo AI business operations.

Fargo continues to operate the business with the assistance of the Purchaser, providing services to existing customers such as HSBC Bank Australia.

In addition, the Purchaser has continued to develop the Flamingo AI Smart Hub product in line with existing customer requirements and it will promote the Smart Hub product to prospective clients in both Australia and the US.

The Company estimates it will have approximately \$1.3m in cash at completion of the Transaction.

Future Plans

The Company has commenced a process to look for additional assets to acquire. Shareholders should note that in accordance with ASX Guidance Note 12, ASX will generally continue quotation of the Company's securities for a six-month period to allow the Company to complete the Transaction and identify and announce a suitable new business. Depending on the timing and size of transaction, the Company may need to re-comply with Chapters 1 and 2 of the Listing Rules.

Related Party Transactions

The aggregate amount of payments of \$117,000 to directors and their associates during the quarter ended 31 December 2020 is related to non-executive director fees, and fees paid to director related entities for legal, transaction advisory and company secretary services.

Cash on Hand

The Company held \$947,000 cash as at 31 December 2020.