

ASX RELEASE
30 July 2021

QUARTERLY ACTIVITIES REPORT – JUNE 2021

Fargo Enterprises Limited (**ASX: FGO**) (**Fargo** or the **Company**) provides the following quarterly activities report for the quarter ended 30 June 2021.

Sale of Flamingo Business Unit

As announced 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 (**Transaction**).

The remaining condition to the completion of the Transaction is receipt of approval by the Foreign Review Investment Board (**FIRB**). 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 Australia. In addition, the Purchaser intends to continue development of the Flamingo AI Smart Hub 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 \$1.2m in cash at completion of the Transaction.

Subsequent to quarter end the Company requested a voluntary suspension of the Company's securities pending release of an announcement ("Announcement") in relation to a material acquisition to which Listing Rule 11.1.3 will apply.

In accordance with ASX Guidance Note 12, following the Announcement the Company's securities will remain suspended until it recompiles with Chapters 1 and 2 of the Listing Rules.

The Company is presently engaging with ASX in respect of obtaining in-principle advice for the proposed material acquisition. Further details (including a proposed timetable) will be released following the completion of that process and entry into binding agreements for the material acquisition.

Small Shareholding Sale Facility

On 28 April, Fargo Enterprises Limited provided an update on the sale of shares under the Sale Facility announced on 10 February 2021 has been completed at an average sale price of \$0.00575 per share.

A total of 1,200 shareholders collectively holding 41,903,875 fully paid ordinary shares participated in the Sale Facility.

This reduction will in turn reduce the Company's administrative costs, including printing and mailing costs and share registry expenses.

Shareholders who participated in the Sale Facility received proceeds from the sale using the payment method recorded for each shareholder and will receive transaction confirmation statements in accordance with nominated communication preference.

Corporate

The aggregate amount of payments of \$91,000 to directors and their associates during the quarter ended 30 June 2021 is related to non-executive director fees, and fees paid to director related entities for legal, transaction advisory and company secretary services.

The Company held \$665,000 cash as of 30 June 2021.

[ENDS]

This announcement has been approved by the board of Fargo Enterprises Limited.

For further information, investor or media enquiries, please contact info@fargoenterprises.com.au

Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity

Fargo Limited (Formerly Flamingo Ai Limited)

ABN

99 000 031 292

Quarter ended ("current quarter")

30 June 2021

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) research and development	-	-	-
(b) product manufacturing and operating costs	(81)	(290)	
(c) advertising and marketing	-	-	-
(d) leased assets	-	-	-
(e) staff costs	-	-	-
(f) administration and corporate costs	(167)	(345)	
1.3 Dividends received (see note 3)	-	-	-
1.4 Interest received	-	2	
1.5 Interest and other costs of finance paid	-	-	-
1.6 Income taxes paid	-	-	-
1.7 Government grants and tax incentives	-	74	
1.8 Other (provide details if material)			
Staff termination and leave payments	-	(340)	
Payroll tax	-	(78)	
Other	(11)	89	
1.9 Net cash from / (used in) operating activities	(259)	(888)	
2. Cash flows from investing activities			
2.1 Payments to acquire or for:			
(a) entities	-	-	-
(b) businesses	-	-	-
(c) property, plant and equipment	-	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) 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 equity securities (excluding convertible debt securities)	-	-
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	-	-
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 (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	-
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	926	1,549
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(259)	(888)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
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)	-	-
4.5	Effect of movement in exchange rates on cash held	(3)	3
4.6	Cash and cash equivalents at end of period	664	664

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	664	926
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)	664	926

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(91)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<i>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.</i>		

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>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)	(259)
8.2	Cash and cash equivalents at quarter end (item 4.6)	664
8.3	Unused finance facilities available at quarter end (item 7.5)	-
8.4	Total available funding (item 8.2 + item 8.3)	664
8.5	Estimated quarters of funding available (item 8.4 divided by item 8.1)	2.56
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>		
8.6	If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1	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: N/A	
8.6.2	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: N/A	
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?	
	Answer: N/A	
<i>Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.</i>		

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: 30 July 2021

Authorised by:Board of Directors.....
(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 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 standard applies 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.