

ASX RELEASE
28 October 2021

QUARTERLY ACTIVITIES REPORT – SEPTEMBER 2021

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

Fargo to Acquire Odessa Minerals – WA Diamond Explorer

As announced 23 August 2021, the Company entered into a binding Terms Sheet to acquire Odessa Minerals Limited. Odessa has agreed to acquire a 90% interest in the Aries Project, Calwynyardah Project and Aries Extension Project, as well as 11 applications for exploration licences, which are located in the Kimberley region of Western Australia and are highly prospective for diamonds. These applications are held over the Ellendale Diamond Field, the Calwynyardah Diamond Field and the Noonkanbah Diamond Field.

Odessa will hold 2,000 square kilometres of tenure, including granted licenses and applications, the transaction positions Fargo as one of Australia’s only diamond explorers. The Aries Kimberlite field has had previous exploration indicating multiple diamond bearing pipes, with multiple alluvial diamond occurrences.

Applications in the Ellendale diamond field include known pipes, with multiple diamond occurrences bordering Burgundy Diamond Mines’(BDM.ASX) Ellendale operation, which “previously produced 50% of the worlds fancy yellow diamonds” – BDM presentation 26 July 2021. Calwynyardah and Noonkanbah diamond field contain multiple diamond bearing pipes and alluvial potential.

As part of the transaction process, the Company intends to consolidate the current shares on issue on a 5 to 1 basis, subject to shareholder approval. Acquisition consideration consists of ~196m Ordinary Fargo shares and ~98m unquoted options with an exercise price of \$0.04 and a 4-year expiry date.

The Company will issue a Prospectus to raise a minimum of \$4 million at \$0.02 per share.

The Company will appoint Dr Darren Holden and Ms Lisa Wells as Non-Executive Directors, with Dr Catriona Wallace and Phillip Coulson resigning as Directors, and Mr Zane Lewis remaining as a Director.

The transaction is subject to conditions, including shareholder approval and re-compliance with Chapters 1 and 2 of the Listing Rules. Post re-listing, the Company intends to change its name to “Odessa Minerals Limited”.

Indicative Timetable

Description	Indicative timing
Despatch of Notice of Meeting	28 October 2021
Lodgement of Prospectus with ASIC	10 November 2021
Opening of the Public Offer	18 November 2021
Annual General Meeting held to approve the Transaction	26 November 2021
Closing of Public Offer	9 December 2021
Issue of securities under the Public Offer	14 December 2021
Reinstatement of securities to trading on ASX	15 December 2021

This timetable is a proposed indicative timetable only and the Board reserves the right to vary the dates in accordance with the Listing Rules.

Share Purchase Agreement with BDNM Investments Pty Ltd

The Company is a party to a binding share purchase agreement with BDNM Investments Pty Ltd (**BDNM**) dated 26 August 2020 (**SPA**) for the sale to BDNM of all of the issued capital in Flamingo Customer Experience Inc (a company incorporated under the laws of Delaware, USA, (**Flamingo Customer Experience**)).

The Company and BDNM have agreed to amended terms whereby conditions precedent relating to FIRB have been waived. In addition BDNM has agreed to pay the purchase price to the Company under the SPA in tranches as follows:

- \$175,000 on or before 1 November 2021;
- \$100,000 on or before 15 January 2022.
- \$150,000 on or before 30 March 2022;
- \$75,000 on or before 1 July 2022; and
- \$200,000 on or before 31 December 2022,

Flamingo Customer Experience holds 100% of the issued share capital of Flamingo Ventures Pty Ltd. The sale of Flamingo Customer Experience Inc. is expected to complete shortly and represents a sale of the Company's main undertaking to BDNM.

Corporate

The aggregate amount of payments of \$55,000 to directors and their associates during the quarter ended 30 September 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 \$512,000 cash as of 30 September 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)
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ABN

99 000 031 292

Quarter ended ("current quarter")

30 September 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 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	(39)	(39)
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) staff costs	-	-
(f) administration and corporate costs	(116)	(116)
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	(155)	(155)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
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	664	664
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(155)	(155)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
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	512	512

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	512	664
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)	512	664

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	55
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>		

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

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<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>		
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)	(155)
8.2 Cash and cash equivalents at quarter end (item 4.6)	512
8.3 Unused finance facilities available at quarter end (item 7.5)	-
8.4 Total available funding (item 8.2 + item 8.3)	512
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	3.3
<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: 28 October 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.