

## Quarterly Activity Report for the Period Ending 30 June 2022

- Flow testing of the Perth Basin Walyering-5 well completed during the June Quarter
- Walyering-6 drilled to 3,551m intersecting gas in the Cadda Sandstone and Cattamarra Coal formations, with flow testing completed mid-July.
- RISC Advisory issues Walyering Gasfield Reserve certification post quarter end.
- Drilling at the Gurvantes XXXV CSG Project continued over the Quarter, with drilling of the Snow Leopard-1 and 2 complete, and Snow Leopard-3 commenced mid-June

Talon Energy Ltd ("Talon" or "Company") is pleased to provide its Quarterly Activity Report for the quarter ending 30 June 2022.

**Talon's Managing Director, Colby Hauser, commented:** "The June Quarter has been a period of exciting exploration and appraisal activities, with work at the Walyering and Gurvantes XXXV Projects continuing during the period. Activities undertaken at Gurvantes XXXV are aimed at proving up Resources by the end of 2022, with the work at Walyering culminating with the Company's Maiden Reserve being booked in late July. The achievement of this milestone at Walyering in such a short period of time has allowed the Company to be in the enviable position of potentially being in production in Q1 2023, a little over 12 months since the first well was drilled at Walyering in December last year."

### PERTH BASIN, WESTERN AUSTRALIA

#### EP447: Walyering Conventional Gas Project (45%), Strike Energy Limited (STX) (55% and Operator)

During the June Quarter field work continued at the Walyering Project located in the on-shore Perth Basin, with flow testing of the Walyering-5 well completed in the April 2022. And the Joint Venture's 2<sup>nd</sup> well, Walyering-6, spudded in late April, and reached a final depth of 3,551m in mid-May, intersecting a number of gas accumulations in the Cadda Formation sandstones, and the deeper Cattamarra Sand.

Work undertaken since the discovery at Walyering-5 in December 2021 has been focused on proving up sufficient Gas Reserves to support development of the Walyering Gasfield.

Flow testing of the four Jurassic aged wet-gas charged reservoirs encountered in the Walyering-5 well yielded positive results for the Project, with the both the peak flow rate of 75MMscf/d, and stabilised co-mingled flow rate of 67MMscf/d exceeding initial expectations (refer below).

Reservoir	Interval Top TVDss (-m)	Average Porosity (%)	Perf interval (m)	Reservoir Pressure (Est. psi)	Peak Rate (MMscfd)	Stabilised Rate (MMscfd)	Choke Setting (")	FWHP (psi)	Length of Test (hrs)	Est. connected resource (PJ) <sup>1</sup>
A Sand	2,969	17.3	16	4,388	59	52	64/64	2557	>24	31
B Sand	3,045	14.5	32	4552	32	28	48/64	2175	>24	24
C Sand	3,154	16.4	10	4,850	32	27	48/64	2083	>24	
D Sand	3,212	13.9	18	4,655	13	10	48/64	813	>24	5
Comingled Flow	-	15.4	76	-	75	67	72/64	2,634	~3	60

1. Estimated connected volume in place have been calculated based on Strike Energy Limited reservoir engineering analysis of well test data and does not constitute a Resource estimate for the purposes of the Petroleum Resources Management System 2018. BCF to PJ energy conversion factor of 1.2x was used based on the sweetness and negligible impurity of the Walyering gas stream. (refer Strike Energy Limited's ASX Announcement dated 16 May 2022 and titled "Walyering appraisal, Discovery & Testing Results")



Based on the success of the Walyering-5 Appraisal well, drilling of the Project's second well, Walyering-6 commenced in April, intersecting 4 sandstone formations in the Cattamarra Coal measures, and 1 in the secondary objective, the Cadda Formation sandstones, with Walyering-6 flow tested in mid-July 2022, achieving a peak flow rate of 35 MMscf/d.<sup>1</sup>

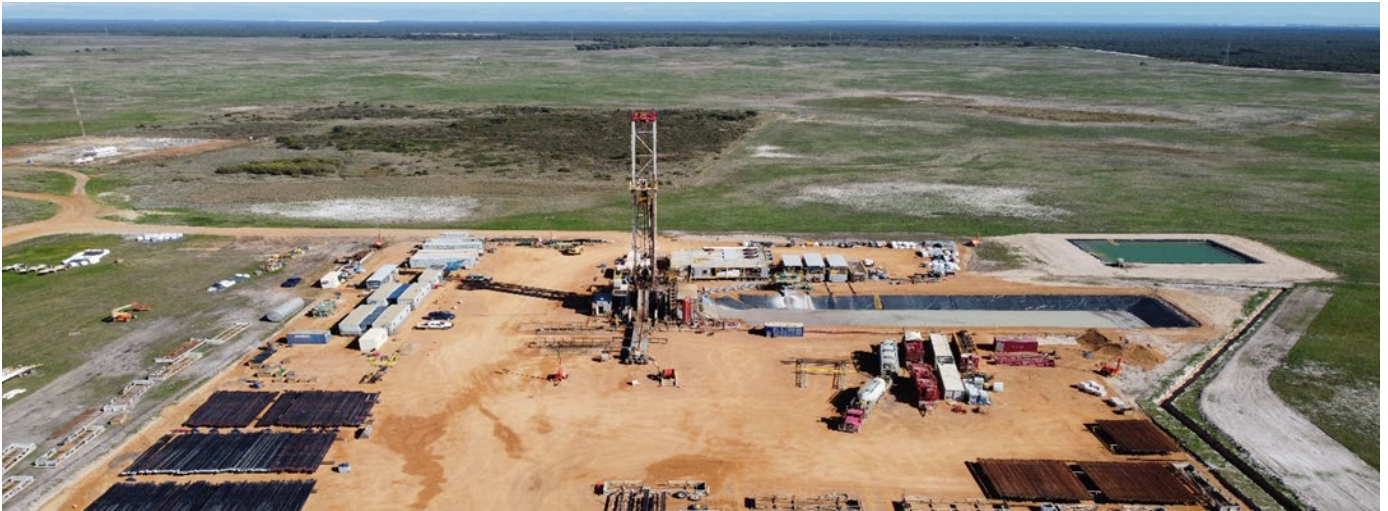


Image 1. Drilling of Walyering-6 (with Parmelia pipeline compressor station top left-hand corner)

The drilling and flow testing operations of the Walyering-5 and 6 wells culminated in the certification of Talon's Maiden Gas and Condensate Reserves at the Walyering conventional gas project in mid-July by independent advisory firm, RISC Advisory. Further information on the Walyering Reserve Estimate can be found in Talon's ASX Announcement on 21 July 2022 titled "*Walyering Gasfield Independent Reserves Certification*".

The certification of the Gas and Condensate Reserves at Walyering has greatly enhanced the potential for the development of the Walyering Gas Project.

### Development Activities

The Walyering Gasfield is located approximately 140km North of Perth Western Australia, and proximate to the Parmelia Gas Pipeline (**PGP**) and the Dampier to Bunbury Natural Gas Pipeline (**DBNGP**), both of which transport gas from the Perth Basin to a number of domestic users within Western Australia. Preliminary gas sample results to date indicate that gas from the intersected reservoirs is well within relevant pipeline specifications and is therefore expected to require minimal processing.

Due to the Walyering Project's onshore location and proximity to the PGP, the Project presents a low CapEx, and fast to market development opportunity for the Joint Venture. With the Joint Venture Operator currently forecasting development costs (**CapEx**) of approximately \$14.4M (including contingency) for the production facilities, pipeline connection and well completion costs for both wells (~\$3.2M). As announced in April 2022 by the Joint Venture Operator, Strike Energy Limited, the front-end engineering and design contract for the facilities at Walyering was awarded to Momentum Engineering, with the proposed facility is expected to process approximately of 30 - 33MMscf/d, and include condensate storage and offloading capacity for up to 1,400bbls.

The relatively low CapEx for the Project is possible due to the following factors:

1. Proximity to the PGP which connects the Perth Basin to WA's industrial gas market
2. Location of gasfield on cleared freehold farming land
3. Gas composition within pipeline specification (gas samples indicate very low impurities (H<sub>2</sub>S, Nitrogen & CO<sub>2</sub>))
4. Offsite module fabrication of portion of the proposed processing facility
5. No requirement for field compression at start-up

The Joint Venture Partners are currently reviewing the economics of the Walyering Project and expect to be in position to make a decision on its development imminently.

### Condor (option to acquire 100%)

The Condor Structure (**Condor**) is located within EP494, a petroleum exploration permit currently held by Macallum Group Limited (**Macallum**), and situated on shore in the Perth Basin, Western Australia. In March 2021 Talon entered into an agreement with Macallum giving Talon an option to acquire blocks 7977, 8049 and 8121 located within EP494 and SP 34 AO (previously SP-0081) (**Condor Tenure**), subject to a number of conditions precedent.

The success of the recent drilling at the Walyering Gas Project on nearby EP447, which resulted in the independent certification of Talon's Maiden Perth Basin Gas Reserve in July 2022, is expected to have positive implications for Condor, with both plays targeting conventional Jurassic age reservoirs. In Talon's view, the success at the nearby

1. Refer Strike Energy Ltd (ASX:STX) ASX announcement dated 16 May 2022, titled "Walyering Appraisal, Discovery & Testing Results"



Walysing Project has resulted in a material upgrade to the Resource potential of Condor, with reservoirs at Condor expected to be significantly shallower than those encountered at Walysing, which has the potential to result in improved reservoir quality, and reduced drilling and completion costs for any future discovery. Condor's moderate well costs, expected low CO<sub>2</sub> levels and proximity to key transport and pipeline infrastructure, mean that it is ideally placed for commercial development in the event of exploration success.

Based on the exploration success seen at Talon's 45% owned Walysing Gasfield, the Company has given notice to Macallum that it wishes to be assigned the Condor Tenure, with both parties currently working towards the satisfaction of the outstanding conditions precedent required to facilitate the eventual transfer of ownership of the Condor Tenure to Talon.

Condor has been mapped by Talon as the Perth Basin's largest, untested wet gas structure within conventional Jurassic reservoirs, which currently has a Prospective Resource per the table 1 below.

**Table 1: Condor Structure Resource estimate**

Condor Structure Un-risked Prospective Resource Talon – 100%						
	Low (P90)		Best (P50)		High(P10)	
	Condensate (MMbbl)	Gas (Bcf)	Condensate (MMbbl)	Gas (Bcf)	Condensate (MMbbl)	Gas (Bcf)
EP494	9.5	202	20.2	408	39	710

**Cautionary Statement:** The estimated quantities of petroleum that may potentially be recovered by the application of future development projects relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons. For more information on the above Prospective Resources, refer to ASX announcement dated 17 March 2021. Talon confirms that it is not aware of any new information or data, other than the recently independently certified Reserves and Resources at the Walysing Gasfield, that materially effects the information contained in that Announcement, and that all material assumptions and technical parameters underpinning the estimates contained in that Announcement have not materially changed.

#### EP 495 - Ocean Hill (Limited First Right of Refusal)

As previously reported, under the terms of the Farm-in Agreement between Talon and Strike Energy, with respect to EP477 (Walysing), Talon was granted a first right of refusal should Strike wish to seek farm-in partners for its EP495 petroleum permit (containing the Ocean Hill conventional Jurassic gas discovery). During the reporting period, the parties continued their discussions regarding an opportunity for Talon to farm-in to an interest in EP495, however those discussions have ceased as the parties were unable to agree on commercial terms.

As a result, Strike continues to retain its interest in EP495, and Talon retains a first right of refusal should Strike seek to conclude a farm-in transaction with a third party on terms more favourable than those recently discussed with Talon.

#### GURVANTES XXXV CSG PROJECT – MONGOLIA (Farming In to a 33% interest)

Talon is party to a Farm-in Agreement with Telmen Resource LLC (**Telmen**) (a wholly owned subsidiary of ASX listed TMK Energy Limited (**TMK**)) to acquire a 33% Participating Interest in the Gurvantes XXXV Production Sharing Agreement (**PSA**). The Gurvantes XXXV exploration licence covers a significant area of 8,400km<sup>2</sup> and is situated in what is considered one of the most prospective coal seam gas basins globally. Gurvantes XXXV is situated less than 20km from the Chinese-Mongolian border and close to the extensive Northern China gas transmission and distribution network. It is also proximate to several large-scale mining operations with high energy needs. Gurvantes is therefore ideally placed for future gas sales to satisfy both local Mongolian, as well as Chinese, energy requirements.



Figure 2: Gurvantes XXXV proposed drill hold locations



During the June Quarter drilling of the first two core holes at the Gurvantes XXXV Project, Snow Leopard-1 and 2, was completed. Snow Leopard-1 and Snow Leopard-2 form part of Talon's Stage 1, four-hole farm in obligations under the Gurvantes Farm-In Agreement.

Drilling of Snow Leopard-1 commenced on the 15<sup>th</sup> of March and was completed in early May, intersecting 60 metres of gassy coal, with preliminary desorption analysis indicating gas content in the range of 7.5m<sup>3</sup>/t – 12.5m<sup>3</sup>/t on an as received basis, high Methane levels averaging ~96%, and low CO<sub>2</sub> (averaging ~3%)<sup>2</sup>.

The second core hole, Snow Leopard-2 commenced drilling in mid-May, and intersected 2 coal seams, with the first 70 metres of gassy coal intercepted at a depth of 167 metres down hole, and a further coal seam measuring 21 metres, intersected at 457 metres down hole<sup>3</sup>.

Downhole geophysical surveys and permeability testing were undertaken on both holes, which included Drill Stem Testing and Injection Fall off Testing.

Talon is currently awaiting confirmation from TMK that its initial farm in funding obligation of US\$1.5M has been spent on the Stage 1 Work Program at Gurvantes XXXV, which will activate a contractual right for Talon to request that Telmen assign it a 33% interest in the Gurvantes XXXV Production Sharing Agreement, as well as commit Talon to a further sole funding obligation for ~US\$3.15M of exploration expenditure at Gurvantes XXXV.

#### **Gurvantes XXXV Coal Seam Gas Project Gross (100%) Prospective Gas Resources (TCF)**

Region	Un-risked Prospective Resource (TCF)			Risked Prospective Resource (TCF)		
	1U (Low)	2U (Best)	3U (High)	1U (Low)	2U (Best)	3U (High)
Prospect Area	1.30	2.02	3.38	1.17	<b>1.82</b>	3.04
Lead Area	6.89	17.94	38.24	1.95	<b>4.14</b>	8.21
<b>Total</b>	<b>8.19</b>	<b>19.96</b>	<b>41.62</b>	<b>3.12</b>	<b>5.96</b>	<b>11.25</b>

Gas volumes are expressed in the table above are in trillion cubic feet (TCF) at standard temperature and pressure basis.

#### **Talon's net (33%) Prospective Gas Resources (TCF) interest\***

Region	Un-risked Prospective Resource (TCF)			Risked Prospective Resource (TCF)		
	1U (Low)	2U (Best)	3U (High)	1U (Low)	2U (Best)	3U (High)
Prospect Area	0.43	0.66	1.12	0.39	<b>0.60</b>	1.00
Lead Area	2.28	5.92	12.62	0.64	<b>1.37</b>	2.71
<b>Total</b>	<b>2.71</b>	<b>6.58</b>	<b>13.74</b>	<b>1.03</b>	<b>1.97</b>	<b>3.71</b>

Gas volumes are expressed in the table above are in trillion cubic feet (TCF) at standard temperature and pressure basis.

\*Subject to completion of Farmout and transfer of 33% participating interest in Gurvantes XXXV to Talon

**Cautionary Statement:** The estimated quantities of petroleum that may potentially be recovered by the application of future development projects relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons. For more information on the above Prospective Resources, refer to ASX announcement dated 18 August 2021. Talon confirms that it is not aware of any new information or data that materially effects the information contained in that Announcement and that all material assumptions and technical parameters underpinning the estimates contained in that Announcement have not materially changed.

## **UK North Sea Portfolio**

In April, Talon executed a Sale and Purchase Agreement with Finder Energy UK Limited (**Finder**) for the sale, subject to required regulatory approvals, of a 100% interest in Licence P2527, which contains the White Bear Prospect. Under the terms of the transaction with Finder, Talon will be entitled to receive 12.5% of gross income received by Finder in relation to P2527 (for example, any cash received for farmout or divestment) which converts to a royalty of 3% of Finder's net share of produced petroleum during the production phase.

At the end of the June Quarter the transfer of P2527 had not been completed with the transfer awaiting approval by the UK regulator, which is expected shortly. Talon has no holding costs or obligations in respect of P2527.

## **Corporate**

Cash and cash equivalents at the end of the June 2022 quarter were \$10.1M.

During the June quarter the Company successfully completed an \$11.0M Placement (before costs) and a undertook a \$2.529M Share Purchase Plan (before costs) to help fund the Company's ongoing exploration activities.

In May, the Company held its Annual General Meeting. All Resolutions put to the meeting were carried with the overwhelming support of shareholders. This included a Resolution to consolidate Talon's securities on issue, including its listed fully paid ordinary shares, with the securities consolidation due to be completed on 29 July 2022.

2. Refer TMK Energy Ltd (ASX:TMK) Announcement dated 10 May 2022, "Drilling and Testing Completed Snow Leopard-1"

3. Refer TMK Energy Ltd Announcement dated 8 June 2022, "91 Metres of Gassy Coal in Snow Leopard-2"



On 30 June 2022, Mr Matt Worner, a director of the Company transitioned from his role as an Executive Director to a Non-executive Director role.

## Tenement Holdings

In accordance with Listing Rule 5.4.3 Talon provides the following information in relation to its oil and gas tenements:

### Oil and Gas tenements held at the end of the quarter:

Project	Location	Tenement/ Blocks	Status	Beneficial Interest
Walpyering	Perth Basin	EP447	Granted	45%
Bluestring/White Bear	North Sea	20/2a	Granted	100% <sup>1</sup>
<b>Subject to earn-in conditions</b>				
Gurvantes XXXV	Mongolia		Farming-In	0% <sup>2</sup>
Condor	Perth Basin	Blocks 7977, 8049 and 8121(within EP494)/SPA-0081	Acquisition subject to satisfaction of various conditions precedent	0% <sup>3</sup>
Ocean Hill	Perth Basin	EP495	Granted	FROR <sup>4</sup>

1. Talon entered into an agreement with Finder whereby Talon will sell to Finder a 100% interest in 20/2a, with the transfer subject to regulatory approval.
2. Talon executed a binding agreement dated 30 January 2021 with Telmen to earn a 33% interest in the Gurvantes XXXV Production Sharing Agreement. At the end of the reporting quarter no interest, other than the contractual earn-in right, had been earned by Talon.
3. In January 2021 Talon entered into a non-binding agreement for the option to acquire 100% of blocks 7977, 8049 and 8121 located within EP494, and SPA-0081 from Macallum Group Limited. This transaction is subject to a number of Conditions Precedent, which had not been satisfied at the end of the Quarter.
4. As part of the Walpyering farm-in agreement executed with Strike Energy Limited, Talon also has a limited right of refusal right over EP495.

No tenements were acquired or sold during the June 2022 quarter.

In accordance with Sections 1.2, 6.1 & 6.2 of the June 2022 Quarter Appendix 5B, Talon provides the following information:

Section	Description	\$A'000
1.2	Expenditure for exploration & evaluation, production, staff and administrative corporate costs	5,245
6.1 & 6.2	Payments made to related parties and their associates including Directors fees and corporate costs.	135

--Ends--

**This Announcement has been authorised for release by the board of directors.**

For further information, please contact:

**Talon Energy Ltd**  
Colby Hauser  
Managing Director and CEO  
+61 8 6319 1900  
info@talonenergy.com.au

**Talon Energy Ltd**  
David Lim  
Company Secretary  
+61 6319 1900  
info@talonenergy.com.au



**Competent Persons Statement (Perth Basin)** The information in this report that relates to Prospective Resources as set out in this document related to the Condor Prospect is based on information compiled by Mr John Lamberto and Mr John Begg who are geoscientists each with over 30 years of industry experience and both consultants to the Company. This information was subsequently reviewed by Mr David Casey BSc (Hons), who has consented to the inclusion of such information in this report in the form and context in which it appears. Mr Casey is a director of the Company, with approximately 30 years relevant experience in the petroleum industry and is a member of The Society of Petroleum Engineers (SPE), the Australian Institute of Mining and Metallurgy (AusIMM) and the Petroleum Exploration Society of Australia. The Resources included in this Report have been prepared using definitions and guidelines consistent with the 2007 Society of Petroleum Engineers (SPE)/World Petroleum Council (WPC)/American Association of Petroleum Geologists (AAPG) / Society of Petroleum Evaluation Engineers (SPEE) Petroleum Resources Management System (PRMS). The Resource information included in this Report is based on, and fairly represents, information and supporting documentation reviewed by Mr Casey. Mr Casey is qualified in accordance with the requirements of ASX Listing Rule 5.41 and consents to the inclusion of the information in this report of the matters based on this information in the form and context in which it appears.

**Competent Persons Statement (Gurvantex XXXV):** The information in this report that relates to Prospective Resource information for the **Gurvantex XXXV Project** is based on information compiled by Mr. John Hattner, an employee of Netherland, Sewell & Associates Inc, and who is a Qualified Petroleum Reserves and Resources Evaluator (QPRRE). This information was subsequently reviewed by Mr David Casey BSc (Hons), who has consented to the inclusion of such information in this report in the form and context in which it appears. Mr Casey is a director of the Company, with approximately 30 years relevant experience in the petroleum industry and is a member of The Society of Petroleum Engineers (SPE), the Australian Institute of Mining and Metallurgy (AusIMM) and the Petroleum Exploration Society of Australia. The resources included in this report have been prepared using definitions and guidelines consistent with the 2007 Society of Petroleum Engineers/World Petroleum Council/American Association of Petroleum Geologists (AAPG)/Society of Petroleum Evaluation Engineers Petroleum Resources Management System (PRMS). The resources information included in this report are based on, and fairly represents, information and supporting documentation reviewed by Mr Casey. Mr Casey is qualified in accordance with the requirements of ASX Listing Rule 5.41 and consents to the inclusion of the information in this report of the matters based on this information in the form and context in which it appears.

**Forward Looking Statements:** This Announcement may contain certain “forward-looking statements” with respect to the financial condition, results of operations and business of the Company and certain plans and objectives of the management of the Company. Forward looking statements can generally be identified by words such as ‘may’, ‘could’, ‘believes’, ‘plan’, ‘will’, ‘likely’, ‘estimates’, ‘targets’, ‘expects’, or ‘intends’ and other similar words that involve risks and uncertainties, which may include, but are not limited to, the outcome and effects of the subject matter of this presentation. Indications of, and guidance on, future exchange rates, capital expenditure, earnings and financial position and performance are also forward-looking statements.

You are cautioned not to place undue reliance on forward looking statements as actual outcomes may differ materially from forward looking statements. Any forward-looking statements, opinions and estimates provided in this Announcement necessarily involve uncertainties, assumptions, contingencies and other factors, and unknown risks may arise, many of which are outside the control of the Company. Such statements may cause the actual results or performance of the Company to be materially different from any future results or performance expressed or implied by such forward looking statements. Forward-looking statements including, without limitation, guidance on future plans, are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Such forward looking statements speak only as of the date of this presentation.

The information in this Announcement is current as at the date of upload to the ASX's Market Announcements Platform and remains subject to change. Where required by the Company's continuous disclosure obligations Talon will release any price sensitive updates through the ASX's Market Announcements Platform immediately it become available, in accordance with the ASX's Listing Rules.



## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly cash flow report

**Name of entity**

TALON ENERGY LTD (ASX CODE: TPD)

**ABN**

88 153 229 086

**Quarter ended ("current quarter")**

30 JUNE 2022

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	3	3
1.2	Payments for		
	(a) exploration & evaluation (expensed)	(4,723)	(6,399)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(199)	(327)
	(e) administration and corporate costs	(323)	(498)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	2
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)	-	-
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(5,241)</b>	<b>(7,219)</b>

<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	(1)	(1)



## Mining exploration entity and oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(d) exploration & evaluation (inc. farm-in)	(767)	(2,861)
	(e) investments	-	-
	(f) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) 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	<b>Net cash from / (used in) investing activities</b>	<b>(768)</b>	<b>(2,862)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of options	13,446	14,376
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(907)	(912)
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 (refund of unmarketable parcel share)	-	-
3.10	<b>Net cash from / (used in) financing activities</b>	<b>12,539</b>	<b>13,464</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	3,574	6,715
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(5,241)	(7,219)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(768)	(2,862)



## Mining exploration entity and oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	12,539	13,464
4.5	Effect of movement in exchange rates on cash held	10	16
4.6	<b>Cash and cash equivalents at end of period</b>	<b>10,114</b>	<b>10,114</b>

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	5,604	3,564
5.2	Call deposits	4,510	10
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>10,114</b>	<b>3,574</b>

6.	Payments to directors 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	135
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
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		



## Mining exploration entity and oil and gas exploration entity quarterly cash flow report

7.	Financing facilities available <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 financial facilities		
7.5	Unused financial 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.		
NIL			

8.	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (Item 1.9)	(5,241)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	(767)
8.3	Total relevant outgoings (Item 8.1 + Item 8.2)	(6,008)
8.4	Cash and cash equivalents at quarter end (Item 4.6)	10,114
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	Total available funding (Item 8.4 + Item 8.5)	10,114
8.7	<b>Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>	<b>1.68</b>

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

- 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: The current quarter included significant cash outflows relating to ongoing activities at Walyering with the completion of drilling and commencement of flow-testing at Walyering-6, along with the continued drill campaign at the Gervantes XXXV Project, Mongolia.

Results thus far have been positive on all fronts, with the Company recently announcing the maiden Perth Basin Gas Reserve report relating to its 45% interest in the Walyering Gas Project (EP447) operated by Strike Energy Limited (STX).

Commensurate with a Final Investment Decision (FID) the group will need to sign off on the FY22/23 Working Budget Program (WPB) for the project, which carries various capital commitments and relevant outgoing expected in Q3.

The Group is actively working with various lenders to arrange future funding requirements which it expects to be in place for Q4.

- 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?



## Mining exploration entity and oil and gas exploration entity quarterly cash flow report

Answer: Yes, the company undertook a capital raising at the end of April as well as SPP in early May. The raisings added a further \$12.5m (net of transaction costs). The company is actively working with various lenders regarding future funding and expects facilities to be secured for Q4.

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: Yes, based on its current cash balances coupled with answers in 1 and 2 above.

### 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 July 2022

Authorised by: .....  
(By the Managing Director/CEO, Colby Hauser)

### 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 6: Exploration for and Evaluation of Mineral Resources* and *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 standards apply 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.