



ABN 69 009 196 810
(Incorporated in Western Australia)

Level 2, 30 Richardson Street
West Perth, WA 6005
PO Box 1786, West Perth WA 6872
T+61 8 9321 9886 F +61 8 9321 8161

31 July 2023

ASX Limited
Company Announcements
Level 4, 20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

RE: QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDING 30 JUNE 2023

Please find the Quarterly Activities Report for the period ending 30 June 2023 for Prominence Energy Ltd (ASX: PRM).

Yours faithfully
PROMINENCE ENERGY LTD

Sonu Cheema
Company Secretary



QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDING 30 June 2023

HIGHLIGHTS

- Subsequent to the end of the quarter, PRM announced the award of two adjacent exploration blocks in the USA Outer Continental Shelf (OCS), being leases OCS-G-37341 and OCS-G-37342. The project has been named “Big Apple”.
- The Big Apple Leases have an initial five-year exploration term, there is no minimum work program and the Blocks can be held by production for 25 years. The Blocks are located on the Outer Continental Shelf off Texas in approximately 75m (250ft) of water. Together they cover an area of 11,520 acres (~46km²).
- PRM bid on the basis of mapping and AVO analysis of seismic in the Blocks, which identified a high potential and sizeable gas prospect. The AVO analysis shows two sands with Class III AVO anomalies (a strong indication of a gas-filled sand).
- PRM had A\$0.75 million in cash holdings at 30 June 2023.
- PRM conducted an Extraordinary General Meeting (EGM) on 2 June 2023 at which shareholders approved consolidation of the Company’s capital on a ratio of 1 security for every 20 securities on issue, and the issue of introducer shares.

New Ventures

Over the past quarter, Prominence Energy Ltd (PRM or the Company) has screened numerous new venture opportunities. In selecting the potential projects, the Company is seeking to balance entry cost, chance of commercial success, materiality and risk factors. The emphasis has been on finding conventional hydrocarbon projects close to established markets, but alternative energy projects are also being considered.

BIG APPLE PROJECT

PRM Awarded Two USA Outer Continental Shelf Blocks

On 17 July 2023, PRM announced the award of two adjacent exploration blocks in the USA OCS, being leases OCS-G-37341 and OCS-G-37342, bid on in March 2023 following a period of extensive due diligence. PRM bid on the basis of mapping and AVO analysis of seismic in the Blocks, which identified a high potential and sizeable gas prospect. The AVO analysis shows two sands with Class III AVO anomalies (a strong indication of a gas-filled sand).

Bid Details

PRM placed a bid via newly formed wholly-owned subsidiary PRM Energy Texas LLC (PRM Texas). The Bid Bonus offered by PRM was marginally above the minimum acceptable bid and the federal royalty rate is fixed for all blocks in this sale at 18.75%. PRM Texas is now the leaseholder for the Brazos Area, South Addition Blocks A87 & A90, Lease Numbers OCS-G 37341, and OCS-G 37342 respectively. The New Leases commence on 1 July 2023 with an initial 5-year term. There is no minimum work program. The New Leases have annual rent payments of US\$57,600 each, can be dropped at any time and can be held by production for 25 years.



| Area | Block / Lease | Bid Bonus Paid | Working Interest | PRM Net Revenue Interest NRI (%) | Term | Area Acres |
|-----------------------------|-------------------|----------------|------------------|----------------------------------|---------|------------|
| Brazos Area, South Addition | A 87 / OCS-G37341 | US\$145,000 | 100% | 80.25 | 5 Years | 5,760 |
| Brazos Area, South Addition | A 90 / OCS-G37342 | US\$145,000 | 100% | 80.25 | 5 Years | 5,760 |

Table 1: Bid details

Bid Commercial Rationale

The AVO (quantitative seismic analysis) performed by PRM indicates a high probability of a gas-filled sand being present and the areal extent and thickness of the prospect as mapped is sizeable. PRM believes gas will be used as a transition fuel for decades to come. The USA is increasingly investing in liquefaction plants to produce and export LNG and is scheduled to add at least three major facilities that are forecast to be in operation over the next five years. This bodes well for US gas prices in the medium term and makes a substantial gas prospect like Big Apple potentially very valuable if a discovery is made.

Prospectivity

The main prospect in the Blocks has been named Big Apple. PRM has mapped and performed AVO analysis on seismic in the Blocks and identified a sizeable gas prospect with an area of between 4,000 to 7,500 acres. The AVO analysis shows two sands with Class III AVO anomalies (a strong indication of a gas-filled sand). Big Apple is a Middle Miocene Corsair delta sand deposited between two salt diapirs. The sands are bounded by Upper and Lower Miocene shale prone facies which are likely to provide a good seal.

The main sand is at a depth of approximately 2,600m (8,500ft) interpreted to be up to 46m thick, and as mapped the gas column in the steeply dipping sand could be up to 850m from crest to structural closure. A secondary sand with a similar Class III AVO anomaly above the main sand is interpreted to be 15-20m thick. The AVO response implies a porosity of 17-25%. Located in approximately 250ft water depth, the prospect can be drilled using a jack-up rig.

Forward Plan

PRM intends to purchase the remaining speculative seismic over the prospect and perform detailed mapping work, and then have the Prospective Resources assessment independently reviewed by a Reserves Auditor.

PRM will consider seeking a farm-in partner to participate in the project on a promoted basis and move to drilling of the project. The NAPE Conference for oil and gas deal-making is held in February each year. PRM will work up the technical credentials of the Big Apple to promote for a partner at the NAPE conference in Q1 2024.

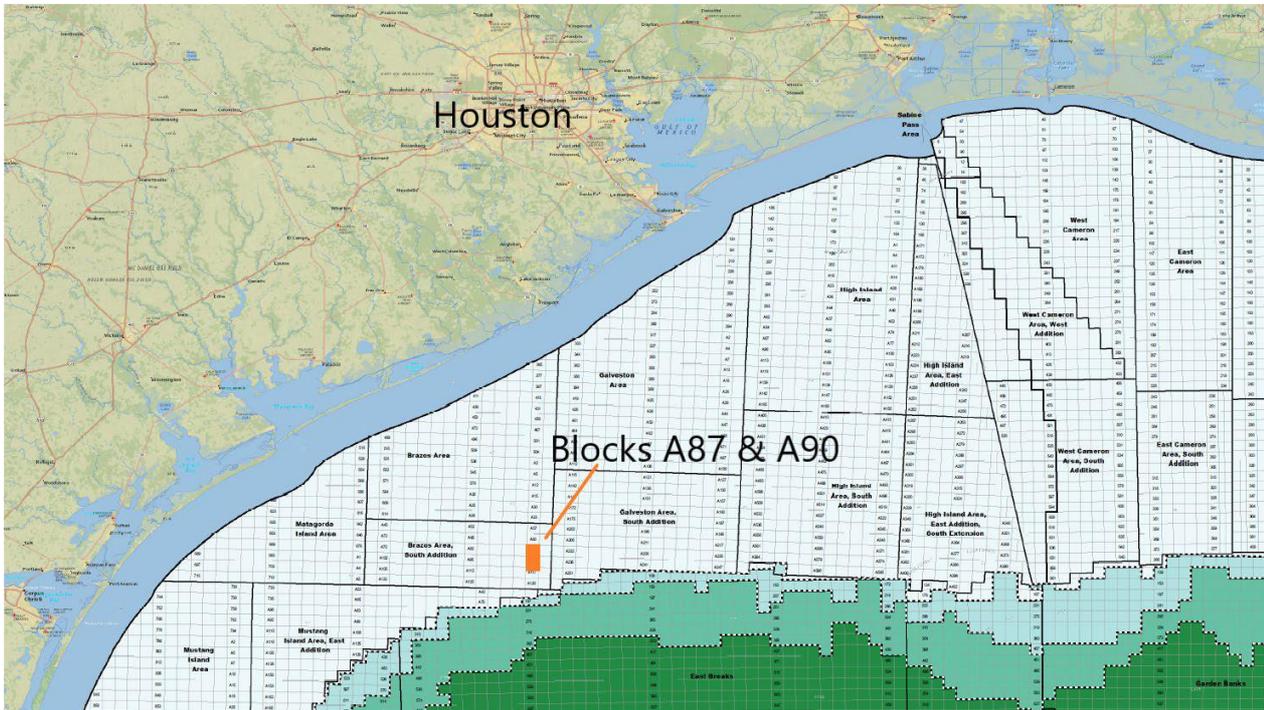


Figure 1: Big Apple Location Map – Brazos Area, South Addition Blocks A87 and A90 approximately 200km South of Houston

Summary of Participation Agreement

PRM was brought the prospect by a retired geologist who had worked the Gulf of Mexico (GoM) for an extensive part of his career with major oil companies. PRM agreed the geologist will be paid the following compensation as a finder fee on certain milestones as approved by shareholders at EGM held on 2 June 2023:

| Tranche | Milestone | Consideration |
|-----------|---|---|
| Tranche 1 | Upon the granting of either lease A87 or A90. | \$50,000 worth of Shares at an issue price equal to the VWAP of Shares trading on the ASX over the 10 days prior to and including the date the milestone is reached (Introducer Shares). |
| Tranche 2 | Upon the Company deciding to drill a well or wells within the Project and such drilling resulting in a discovery. | \$100,000 worth of Shares at an issue price equal to the VWAP of Shares trading on the ASX over the 10 days prior to and including the date that the milestone is reached. |

In addition to the above fees, the Company has agreed to grant Mr Wilson a 1% Over Riding Royalty Interest on the lease blocks comprising the Project.

BOWSPRIT OIL PROJECT (Bowsprit) (Lease No. 21754) – PRM 100% working interest

The Company continued work to progress the Bowsprit project, update plans and seek a partner to fund the well. The Lease has been extended to March 2024. The plan of development is ready to share with prospective partners. Subject to farm-out / funding of the well, the project is ready to proceed. The Company appointed a new farm-out agent based in London to promote the project to a different market.

History

PRM drilled the vertical, exploration Bowsprit-1 well in October 2021 to test an undrilled part of the field. Unfortunately, the potential field extension did not contain oil. The vertical well was suspended at a depth of 3,000ft deep for future re-entry and side-tracking. The proven oil in the T1 Upper Miocene Sand was not affected by the vertical well result and remains a viable target for a single well development via a side-tracking of the vertical well and tie back to a nearby platform.

As announced on 21 July 2022 the Bowsprit field has 1P reserves¹.

| Resource Classification | Confidence Level | Net Reserves to PRM | | Net Cash Flow (NPV0) | NPV10 | NPV10 |
|-------------------------|------------------|---------------------|-----------|----------------------|--------------|-------------|
| | | Oil Mbbbls | Gas MMSCF | US\$ Million | US\$ Million | A\$ Million |
| Undeveloped Reserves T1 | 1P (90%) | 106.9 | 81.3 | 2.93 | 2.34 | 3.39 |
| | 2P (50%) | 330.7 | 254.7 | 18.33 | 15.35 | 22.25 |
| | 3P (10%) | 643.5 | 502.9 | 38.57 | 29.47 | 42.71 |

Table 2: Bowsprit Field Upper Miocene Reservoir T1 Reserves @US\$85.82/bbl (0.69AUD/USD)

Land Status (net acres of mineral leases)

Below is a table showing PRM's net acres of oil and gas mineral leases in the project area.

| Project Area | PRM's Working Interest (%WI) | PRM's Net Revenue Interest (%NRI) | Project area Gross Acres (1ha = 2.471ac) | PRM's Net Acres (1ha = 2.471ac) |
|--|------------------------------|-----------------------------------|--|---------------------------------|
| Bowsprit SL21754 | 100% | 73% | 635 | 635 |
| Brazos Area, South Addition OCS-G37341* | 100% | 80.25% | 5,760 | 5,760 |
| Brazos Area, South Addition OCS-G37342 ^{2*} | 100% | 80.25% | 5,760 | 5,760 |
| TOTAL | - | - | 12,155 | 12,155 |

(Total acres as at 1 July 2023)

Indirect Interests

PRM owns 12.5% of Western Gas 519 Pty Ltd which holds 100% of WA-519-P located offshore Western Australia. The Company has a modest investment in Ecostorage Solutions Pty Ltd (ECOSSAUS) (10.9%). ECOSSAUS landholding comprises 8 tenement applications/holding for 7,940 km² located in Northern Territory, South Australia and Queensland believed to be prospective for the solution mining of salt and the potential subsequent use of resultant salt caverns for storage purposes.

OIL AND GAS PRODUCTION

There was no oil production for the June 2023 Quarter.

¹ ASX announcement 21/07/2022 'Bowsprit Reserves Update'

² * OCS-G37341 & OCS-G37342 were awarded with an effective commencement date of 1 July 2023.



CORPORATE

The Company established a new subsidiary company in the USA under Texas jurisdiction “PRM Energy Texas LLC”, for the purpose of successful bidding for Blocks A87 and A90 in the Federal bid round. PRM Energy Texas LLC was prequalified as an eligible bidder prior to the sale date of 29 March 2023 and awarded the exploration Blocks as announced on 17 July 2023.

PRM conducted an EGM on 2 June 2023 at which shareholder approval was obtained for the issue of introducer shares and the consolidation of capital. The consolidation of capital was finalised on 15 June 2023. The Company’s capital was consolidated on a ratio of 1 security for every 20 securities on issue.

NOTES PERTAINING TO THE CASHFLOW REPORT

Item 6.1: The aggregate amount of payments to related parties and their associates during the June 2023 quarter was \$74k in salaries.

BY ORDER OF THE BOARD

Sonu Cheema

Company Secretary

Telephone: +61 (08) 9321 9886

Email: Corporate@ProminenceEnergy.com.au

This report is lodged on the Company’s website, www.ProminenceEnergy.com.au.

Forward-looking Statements

This document may contain certain statements that may be deemed forward-looking statements. Forward-looking statements reflect Prominence’s views and assumptions with respect to future events as at the date of the Announcement and are subject to a variety of unpredictable risks, uncertainties, and other unknowns that could cause actual events or results to differ materially from those anticipated in the forward-looking statements. Actual and future results and trends could differ materially from those set forth due to various factors that could cause results to differ materially include but are not limited to: industry conditions, including fluctuations in commodity prices; governmental regulation of the oil and gas industry, including environmental regulation; economic conditions in the US and globally; geological technical and drilling results; predicted production and reserves estimates; operational delays or an unanticipated operating event; physical, environmental and political risks; liabilities inherent in oil and gas exploration, development and production operations; fiscal and regulatory developments; stock market volatility; industry competition; and availability of capital at favourable terms. Given these uncertainties, no one should place undue reliance on these forward-looking statements attributable to Prominence, or any of its affiliates or persons acting on its behalf. Although every effort has been made to ensure this Announcement sets forth a fair and accurate view, we do not undertake any obligation to update or revise any forward looking statements, whether as a result of new information, future events or otherwise.

Appendix 5B

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

Name of entity

PROMINENCE ENERGY LTD

ABN

69 009 196 810

Quarter ended ("current quarter")

30 June 2023

| 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) exploration & evaluation | (53) | (169) |
| (b) development | - | - |
| (c) production | - | - |
| (d) staff costs | (74) | (292) |
| (e) administration and corporate costs | (99) | (427) |
| 1.3 Dividends received (see note 3) | - | - |
| 1.4 Interest received | 6 | 15 |
| 1.5 Interest and other costs of finance paid | - | (3) |
| 1.6 Income taxes paid | - | - |
| 1.7 Government grants and tax incentives | - | - |
| 1.8 Other (provide details if material) | (17) | (74) |
| 1.9 Net cash from / (used in) operating activities | (237) | (950) |

| | | |
|--|-------|---------|
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire or for: | | |
| (a) entities | - | - |
| (b) tenements | - | - |
| (c) property, plant and equipment | - | - |
| (d) exploration & evaluation | (672) | (1,333) |
| (e) investments | - | - |
| (f) other non-current assets | - | - |

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

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|--------------------------------------|---|----------------------------|--|
| 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) | - | 204 |
| 2.6 | Net cash from / (used in) investing activities | (672) | (1,129) |

| | | | |
|-------------|---|----------|----------|
| 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 (issue costs) | - | - |
| 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 | 1,657 | 2,811 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (237) | (950) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (672) | (1,129) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | - | - |

Appendix 5B

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

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (12 months) \$A'000 |
|---|---|------------------------------------|---|
| 4.5 | Effect of movement in exchange rates on cash held | - | 16 |
| 4.6 | Cash and cash equivalents at end of period | 748 | 748 |

| 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 | 748 | 748 |
| 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) | 748 | 748 |

| 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 | 74 |
| 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> | | |

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

| 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 | 60 | 2 |
| 7.3 Other (please specify) | - | - |
| 7.4 Total financing facilities | 60 | 2 |
| 7.5 Unused financing facilities available at quarter end | | 58 |
| 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. | |
| | Company Credit Card via NAB | |

| 8. Estimated cash available for future operating activities | \$A'000 |
|---|----------------|
| 8.1 Net cash from / (used in) operating activities (item 1.9) | (237) |
| 8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d)) | (672) |
| 8.3 Total relevant outgoings (item 8.1 + item 8.2) | (909) |
| 8.4 Cash and cash equivalents at quarter end (item 4.6) | 748 |
| 8.5 Unused finance facilities available at quarter end (item 7.5) | 58 |
| 8.6 Total available funding (item 8.4 + item 8.5) | 806 |
| 8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3) | 0.89 |
| <i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i> | |
| 8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions: | |
| 8.8.1 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: - The Big Apple Leasing Costs in 8.2 are one-off payments not repeated each quarter. The company has over 3 quarters of normal operating activities expenditure (>3 times 8.1) | |
| 8.8.2 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: - The Company has broker support to raise additional funds if and when required. The Big Apple Project is currently being worked up, no significant operational expenditure is required until mapping and prospective resource reporting and farm-out are further advanced. | |

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

8.8.3 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, the company has adequate working capital in the near term, but can/will raise additional funds as required to advance Big Apple and other projects.

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

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: 31 July 2023



Authorised by:
(Alexander Parks – Chief Executive Officer and Managing Director)

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.