

RAVEN ENERGY LIMITED

31 July 2018

QUARTERLY ACTIVITIES REPORT

1 April 2018 – 30 June 2018

Highlights:

- **Progression of investment in Tulainyo Project**
- **Expansion of interests in the Sacramento Basin by securing 100% ownership in Gasfields LLC and option to purchase XGas LLC**
- **Divestment of Botswana Assets**

Raven Energy Limited (**Raven** or the **Company**) is pleased to provide its quarterly activities report for the quarter ending 30 June 2018.

Update on Tulainyo Project

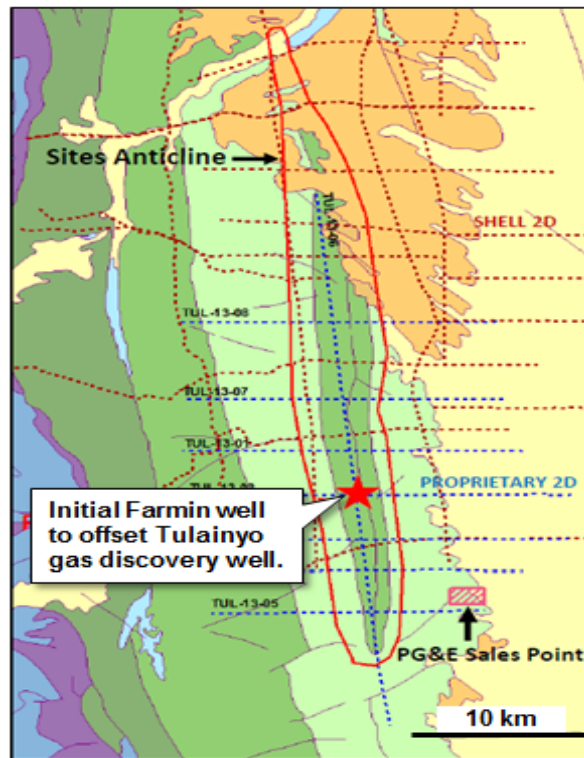
As announced to the market on 5 June 2017, the Company entered an agreement to invest in the Tulainyo Gas Discovery in the Sacramento Basin in California, United States of America. The Company signed an agreement with Gasfields LLC (**Gasfields**), Bombora Natural Energy Pty Ltd (**Bombora**) (a subsidiary of Pancontinental Oil & Gas NL (ASX:PCL)), and United Energy Royalties Pty Ltd, pursuant to which the Company had the opportunity to earn up to a 60% economic interest in Gasfields. Gasfields has the rights to farm-in to the Tulainyo Gas Discovery (**Tulainyo Project**), to earn up to 33.33% of that project. Subsequent to the reporting period and as discussed below in detail the Company has now secured 100% ownership in Gasfields.

The Tulainyo 2-7 well has been recently drilled as planned to a total depth of 5,710 feet (1740 m), within the large, over pressured anticlinal structure following extensive pre-planning. Post well analysis indicated multiple stacked sandstone units, varying as expected in thickness and quality, all gas saturated. For further details refer to the Company's announcement dated 8 January 2018.

As previously announced to the market, a staged testing program of interpreted gas reservoirs in the Tulainyo 2-7 well is nearing completion. A range of potential gas reservoirs were identified in the well based on gas shows, drill and sample data and wireline logs from both the Tulainyo 2-7 and the nearby Tulainyo-1 well.

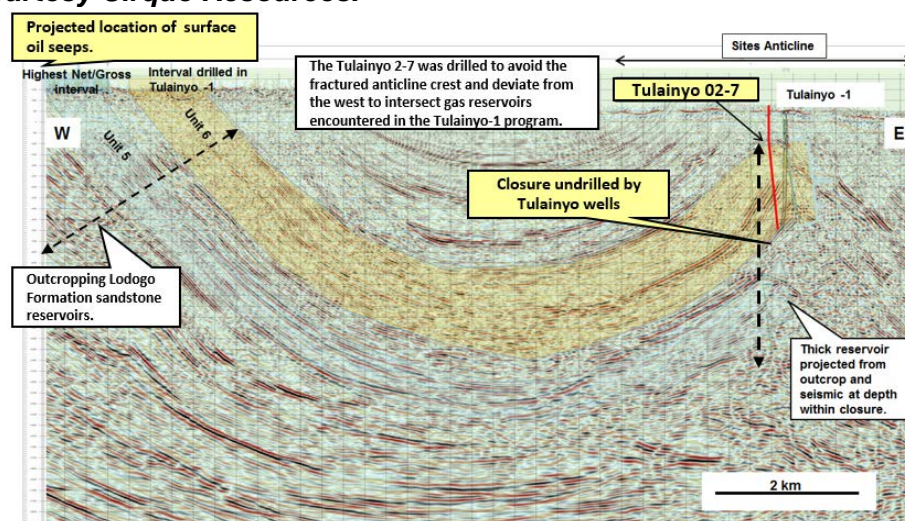
Figure 1: Surface Structure of the Sites Anticline

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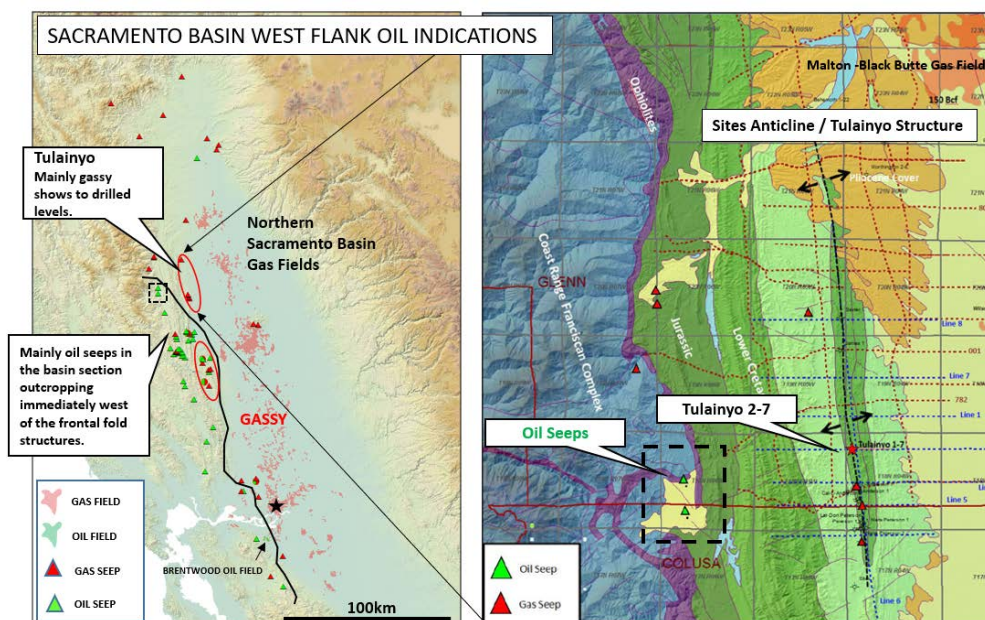
The operations at Tulainyo 2-7 were deliberately designed to evaluate the flow potential of shallow reservoirs observed in the original Tulainyo-1 discovery well and tied to outcrop. To date, the drilling activity has evaluated less than half of the potential stacked reservoir targets within closure, with up to 2,000 m of undrilled vertical closure mapped below the deepest zones encountered in the Tulainyo wells as drilled to date. Correlations to the outcrop in the adjacent range to the west indicate that the thickest reservoir sections are yet to be penetrated and may be present in this deeper, undrilled stratigraphic interval.

Figure 2: Regional seismic line indicating oil seeps, reservoir outcrop and large anticline structure. Courtesy Cirque Resources.



Further analysis will be conducted on the potential for liquid hydrocarbons (oil and condensate) in addition to the deeper gas potential in the deeper part of the structure. This is based on oil seeps in the equivalent age sections outcropping in the ranges just west of the structure and in a similar structure on trend to the south.

Figure 3: Diagram showing position of oil and gas seeps relative to the frontal folds, including Tulainyo, on the western edge of the Sacramento Basin.



For further details about the Tulainyo Project please see the Company's announcements dated 5 June 2017 and 8 June 2018.

Acquisition of Gasfields LLC

Subsequent to the reporting period, on 5 July 2018 the Company announced that it executed a binding share sale and purchase agreement (**SPA**) with Bombora to acquire Bombora's 40% shareholding in Gasfields, 60% of which is currently owned by the Company (**Transaction**). As a result of the Transaction, Gasfields will be a wholly owned subsidiary of the Company.

Under the SPA, the Company has agreed to purchase all of Bombora's shares in Gasfields on the following terms and conditions:

- (a) The Company will pay to Bombora (or its nominee):
 - (i) A\$25,000 payable within fifteen (15) business days of the execution of the SPA;
 - (ii) A\$275,000 payable within seven (7) days of Raven raising by debt or equity at least \$1,000,000 (**Cash Consideration Condition**); and

- (iii) 555,555,555 ordinary fully paid shares in the Company at an issue price of A\$0.0018 per share (**Share Consideration**). The Share Consideration will be payable within fourteen (14) days of Raven obtaining any required ASX or regulatory approval, including from its shareholders (if necessary) to issue the shares to Bombora or its nominee (**Share Consideration Condition**). In the event, there is no requirement to satisfy the Share Consideration Condition, the Share Consideration must be issued to Bombora or its nominee with fourteen days of completion. Bombora and the Company have agreed that the Share Consideration will be restricted securities and will be voluntary escrowed for a period of twelve (12) months from the date of issue,

(Collectively, **Consideration**).

(b) The Company will also pay to Bombora:

- (i) A\$500,000 if within 3 years of completion, the Tulainyo Joint Venture determines that the flow of gas to the surface as part of the Tulainyo Project, is economic to connect into a gas trunkline. The SPA does not define economic, but if the Joint Venture elects to connect to a trunkline it would mean that a sufficient quantity of gas is present to do so;
- (ii) A\$5,000,000 if within 3 years of completion and based on the SPE PRMS standard it is determined by a suitably qualified expert (**Expert**) that the Tulainyo Project contains a reserve of at least 500 billion cubic feet of gas gross to the Tulainyo Project; and
- (iii) A\$10,000,000 if within 3 years of completion and based on the SPE PRMS standard it is determined by an Expert that the Tulainyo Project contains reserve of at least 1 trillion cubic feet of gas gross to the Tulainyo Project. If any payments have been made under b(ii) above, those payments will be deducted from the A\$10,000,000 payable,

(Collectively, **Deferred Consideration**).

Note 1. Suitably qualified expert is not defined in the SPA, but “suitably qualified” would mean someone with appropriate oil and gas experience and capability. Any determination of such a person, as stated in the SPA, has to be to SPE PRMS standard.

- (c) The Company must use its best to satisfy as soon as possible the Cash Consideration Condition and Share Consideration Condition (if applicable). If the Cash Consideration is not satisfied within six (6) months of completion or such longer period as Bombora allows, payment referred to in (a)(ii) must be made within twelve (12) months of completion and interest at a rate of ten percent (10%) per annum shall be payable on that sum.
- (d) If the Share Consideration is not satisfied within six (6) months of completion or such longer period as Bombora allows, the Company must pay Bombora the sum of \$1,000,000 in lieu of Share Consideration, upon written demand of Bombora.
- (e) The parties acknowledge and agree that if Raven is in default of any obligations under the agreement, Bombora’s sole remedy for that default is in a claim for money and not any claim for the return of the Bombora Shares.

Completion of the Transaction occurred concurrently with signing of the SPA on 28 June 2018 (**Completion**). However, the Company and Bombora have agreed pursuant to the SPA, that any obligation and in particular the Consideration and Deferred Consideration obligations that have not already been performed will remain in full force after Completion. At this stage no components of the Consideration have been paid.

For further details about the Transaction see the Company's announcement dated 5 July 2018.

Acquisition of XGas LLC

As announced to the market on 7 May 2018, the Company entered into a binding Letter of Intent (**LOI**) with Xstate Resources Limited (**Xstate**) an ASX listed company. Pursuant to the LOI, the Company has the option to acquire Xstate's wholly owned subsidiary XGas (**Acquisition**). XGas holds a 10% working interest in the Dempsey 1-15 well and related production and infrastructure in the Dempsey gas project in the Sacramento Basin, California (**Dempsey Project**).

The well has already spudded and reached total depth in September 2017. The well has the potential for near-term, natural gas production because it is located below existing Sacgasco production facilities and the surface location of the well is adjacent to the Gas meter station that provides access to California's extensive pipeline system and markets. On 23 May 2018, Sacgasco announced that the Dempsey 1-15 well would produce into the sales gas pipeline at an anticipated rate of 1,200 mcf per day.

The Dempsey Project structure is a large 3-way dip, fault- bound structure continuing from shallow levels down to economic basement rocks and defined by 3D seismic. It is located in the central Northern Sacramento Gas Basin within a multi-field, gas producing area.

Terms of the Acquisition

Under the LOI, the Company has the option to purchase all of the issued capital in XGas and its working interests in the Dempsey Project from its sole shareholder, Xstate, on the following terms and conditions:

- (a) The Company provide to Xstate, US\$500,000 cash consideration payable as follows:
 - (i) a non-refundable deposit of US\$35,000, payable within five business days of execution of the LOI; and
 - (ii) US\$465,000 payable on completion of the Acquisition (**Completion**), (Collectively, **Cash Consideration**).
- (b) The Company at its sole discretion provide to Xstate, within 90 days of Completion a final payment of A\$500,000 either in cash or Raven fully paid ordinary shares at A\$0.0018 per share and subject to a 12 month voluntary escrow period (**Share Consideration**).

The Acquisition is subject to due diligence and certain conditions precedent which must be satisfied prior to completion.

Completion of the Acquisition must occur on or by 15 July 2018 unless extended by written agreement between the parties (**End Date**). However, in the event that the Acquisition does not complete by the End Date, the Company has the option to extend the End Date by 45 days (**Extension Option**) for an additional non-refundable deposit of US\$35,000 (**Extension Deposit**). The Extension Deposit will reduce the final payment of Cash Consideration payable by the Company on Completion by \$US35,000.

Subsequent to the reporting period on 17 July 2018 Raven announced that it had elected to exercise its option to extend the End Date by 45 days and subsequently paid the Extension Deposit to Xstate.

In the event that Raven agrees to exercise its option to purchase XGas and subsequently complete the Acquisition, the balance of US\$430,000 (total US\$500,000) will be due and payable on Completion which must occur before the End Date. Additionally, as per the terms of the LOI, the Company at its sole discretion will provide to Xstate, within 90 days of Completion a final payment of A\$500,000 either in cash or Raven fully paid ordinary shares at A\$0.0018 per share and subject to a 12 month voluntary escrow period.

For further information about the Acquisition see the Company's announcement dated 7 May 2018.

Divestment of Botswana Assets

As previously announced to the market on 3 January 2018, the Company agreed to sell a number of its Botswana assets to Strata-X Australia Pty Ltd (**SXA Australia**) and its subsidiary, Sharpay Enterprises Pty Ltd (**Sharpay**), as announced on 3 January 2018. SXA Australia is a subsidiary of ASX listed company Strata-X Energy Limited (ASX:SXA).

As previously announced, the Company has agreed to sell its 25% effective interest in prospecting licenses 352/2008 and 353/2008 (**Serowe Region Licenses**) for the following consideration:

- 1) A deposit of A\$25,000;
- 2) A\$125,000 in cash payable on completion of the share sale agreement (**Completion**);
- 3) A\$200,000, payable within 60 days of Completion; and
- 4) A\$200,000, payable within 135 days of Completion.

Additionally, the Company will be granted a 3.5% overriding royalty interest over the Serowe Region Licences net to the Company's 25% interest.

Subsequent to the reporting period on 19 July 2018, the Company announced that SXA Australia had paid the final A\$200,000 payment to the Company. The payments in items 1, 2 and 3 have already been previously received by the Company.

Further opportunities

As announced to the market on 20 April 2018, the Company announced that it is coordinating the formation of an additional US Subsidiary company, Raven Oil & Gas USA Holdings to complement the existing US subsidiary company that holds the Company's interest in the Tulainyo Project. This will transform the Company as an active US natural gas player with the ability to effectively manage the Company's interests in the Sacramento Basin and to identify and selectively acquire US energy interests.

Company Update

The Company will remain in voluntary suspension pending an announcement in respect of the corporate activities relating to divestments in Botswana and finalisation of its ongoing negotiations with respect to a potentially significant and strategic US domiciled energy acquisition. The Company anticipates finalising these discussions in the September quarter. The lifting of the voluntary suspension is conditional upon the Company providing to the satisfaction of ASX an independent legal review of the consulting arrangement between REL and Ochre Group Holdings Limited; demonstration of compliance with Listing Rule 12.2; and confirmation of receipt of convertible note subscription funds from its Chairman. The convertible note will be subject to shareholder approval.

Yours faithfully,



Nathan Featherby
Executive Chairman

About Raven Energy Limited

Raven Energy Limited is an Australian-based energy and gas resources exploration and development company, working to develop gas exploration and production projects. The Company is currently focused on its Tulainyo Gas Project in the Sacramento Basin California. The Company's goal is to create exceptional value for shareholders through expanding and developing its energy and gas interests both in Australia and internationally.