

# ***GASFIELDS LIMITED***

9 May 2019

## **QUARTERLY ACTIVITIES REPORT**

**1 January 2019 – 31 March 2019**

Gasfields Limited (the **Company**) is pleased to provide its quarterly activities report for the quarter ending 31 March 2019.

### **Sacramento Basin Projects**

On 30 November 2018 the Company announced that it had entered into a Confidentiality Agreement (**CA**) with California Resources Production Corporation to provide access to proprietary data and interpretations and evaluate investment in various projects in Northern Sacramento Basin (**Sacramento Basin Projects**).

The Company will provide a further update prior to formally entering into any agreement covering the Sacramento Basin Projects.

### **Dempsey Divestment**

On 21 January 2019 the Company agreed to terms with ASX listed Sacgasco Limited (ASX:SGC) (**SGC**) to divest of its interest in the Dempsey Project, held via its 100% owned subsidiary Bombora Natural Energy Pty Ltd (**Bombora**).

The key commercial terms of the divestment are as follows:

- Outstanding JV expenditure of A\$79,000 has been paid by Bombora to SGC. Such funds were paid out of the Company's existing loan facilities.
- SGC to issue 2,000,000 ordinary fully paid shares to the Company, which will be subject to a 12-month voluntary escrow.
- SGC to waive any and all of Bombora's rehabilitation or environmental obligation or liabilities relating to the Dempsey Gas Project.

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## **Acquisition of Royalty Interest in Walyering Gas Project**

On 19 March 2019 the Company announced that it had executed a binding Deed of Assignment of Royalty (**DAR**) with ASX listed Green Power Energy Limited (ASX:GPP) (**Green Power**) to acquire Green Power's 1.5% wellhead royalty over 50% of any production from EP447 (**Tenement**), being the proportionate share of the Tenement held by GCC Methane Pty Ltd (a wholly owned subsidiary of ASX listed Strike Energy Limited (ASX:STX), via its ownership of United Energy Limited) (**GCC Methane**) (**Royalty Acquisition**).

EP447 located in the Perth Basin western Australia makes up the Walyering Project is one of a number of early gas discoveries by West Australian Petroleum Pty Ltd in the early 1970's and has only been partly produced (**Walyering Project**).

The Walyering Project is currently subject to a Joint Venture between ASX Listed Pancontinental and UIL Energy Limited (**UIL**) (a wholly owned subsidiary of ASX listed Strike Energy Limited (ASX:STX)). Pancontinental is currently processing an application to conduct a 90km<sup>2</sup> 3D seismic survey, which is currently subject to environmental, native title and land holder approvals (**Seismic Survey**).

Under the DAR, the Company agreed to purchase the wellhead royalty free of encumbrances from Green Power for the following consideration:

- (a) cash consideration of \$250,000 payable to Green Power within five (5) days of the Company providing notice to Green Power that it wants to progress the transaction following its due diligence enquiries (**Tranche 1**);
- (b) cash consideration of \$125,000 payable to Green Power:
  - (i) within five (5) days of completion and release of the results of the Seismic Survey; or
  - (ii) Within one hundred and twenty (120) days of execution of the DAR,whichever is earlier (**Tranche 2**); and
- (c) cash consideration of \$125,000 payable to Green Power within 30 days of commercial production being achieved (**Tranche 3**).

Title, ownership and risk in the Wellhead Royalty will pass to the Company upon the Company completing payment of Tranche 2 (**Ownership**).

Subsequent to the reporting period, on 23 April 2019 the Company provided an update in relation to the Royalty Acquisition. The Company and Green Power agreed to amend the DAR as follows:

- (a) The Tranche 1 cash consideration element has been amended whereby the Company must pay Green Power:
  - (i) \$125,000.00 on Monday 13 May 2019; and
  - (ii) \$125,000.00 on Monday 3 June 2019;

- (b) The Tranche 2 cash consideration element has been amended where provided the Company does not choose to withdraw from the Royalty Acquisition it must pay Green Power \$125,000.00 by Thursday 11 July 2019; and
- (c) The Tranche 3 cash consideration element has been amended whereby the Company must pay Green Power \$125,000 on Friday 22 October 2019,

(Collectively, the **Variations**).

As consideration for Green Power agreeing to the Variations, the Company agreed to pay Green Power \$10,000 (**Additional Payment**). The Additional Payment is in addition to the consideration payments contemplated by the Variations.

Upon completion of the Seismic Survey or 120 days from execution of the DAR, whichever is earlier, the Company will have the option to make the Tranche 2 payment or withdraw from the Royalty Acquisition, subsequently relinquishing any Ownership in the Wellhead Royalty (**Withdrawal**). In the event that the Company proceeds with the Withdrawal, the Tranche 1 payment and Additional Payment will not be refundable.

For further details about the Royalty Acquisition refer to the Company's announcement dated 19 March 2019 and 23 April 2019.

### **Management Update**

On 18 January 2019, the Company announced that it appointed Mr Charles Straw to the Board as a non-executive director. The Company also announced that non-executive director Mr Nicholas Halliday resigned from the board to focus on other endeavours.

### **Change of Name**

Following approval at the Company's 2018 Annual General Meeting on 22 February 2019, the Company changed its name from Raven Energy Limited, to Gasfields Limited.

### **Unmarketable Parcel Buy Back**

On 12 March 2019, the Company announced that it is proposing proposing to conduct an unmarketable parcels buy-back (**Unmarketable Buy-Back**).

Eligible shareholders will have the opportunity to sell their small shareholdings of Gasfields shares at no cost to the Gasfields shareholder.

Shares purchased by the Company under the Unmarketable Buy-Back will be cancelled in accordance with the requirements of the Corporations Act 2001 (Cth).

The Company noted that it would provide full details of the Unmarketable Buy-Back in accordance with its constitution once it decides to formally progress with the Unmarketable Buy-Back.

### **Convertible Notes**

On 12 March 2019, the Company announced that it had sought and subsequently received approval from its shareholders to vary the face value of the Convertible Notes to \$0.001 per Convertible Note and vary the conversion price to \$0.001 per share (**Shareholder Approval**).

On 4 March 2019, 325,000,000 Convertible Notes were converted into shares in the Company after a number of noteholders elected to convert their Convertible Notes. This results in the issue of 328,750,000 shares in the Company at an issue price of \$0.001 per share and included accrued interest.

The Company still holds 582,386,363 Convertible Notes on issue with a face value of \$0.00176 per note and convertible at \$0.00176 per share. As a result of the Shareholder Approval, these noteholders have the opportunity to vary their Convertible Notes to a face value of \$0.001 per note and a conversion price of \$0.001 per share. The Company has engaged with the remaining noteholders with respect to the redemption and or conversion of all the remaining Convertible Notes on issue.

On 28 March 2019, the Company announced it had facilitated a cash repayment of interest coupons and principal value of Convertible Notes, totalling \$80,000. On 12 April 2019 the Company announced it facilitated further cash payments of interest and principal values of the Convertible Notes, totalling \$195,000.

Yours faithfully,



Nathan Featherby  
Executive Chairman

### **About Gasfields Limited**

Gasfields 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.

## Appendix 5B

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

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

**Name of entity**

GASFIELDS LIMITED

**ABN**

96 107 708 305

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

31 March 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(15)	(29)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(111)	(426)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	4
1.5 Interest and other costs of finance paid	(52)	(116)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (Transaction cost)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(178)</b>	<b>(567)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	(73)
(d) other non-current assets	-	-

Consolidated statement of cash flows	Current quarter \$A'000	Year to date \$A'000
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	200
(c) investments	-	45
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	16	19
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>16</b>	<b>191</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	160	160
3.2 Proceeds/ (repayment) from issue of convertible notes	(40)	(40)
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	-	-
3.5 Proceeds from borrowings	261	314
3.6 Repayment of borrowings	(53)	(53)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (Money received in advance)	(160)	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>168</b>	<b>381</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	1	2
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(178)	(567)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	16	191
4.4 Net cash from / (used in) financing activities (item 3.10 above)	168	381
4.5 Effect of movement in exchange rates on cash held	-	-
<b>4.6 Cash and cash equivalents at end of period</b>	<b>7</b>	<b>7</b>

5. <b>Reconciliation of cash and cash equivalents</b> 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	7	1
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>7</b>	<b>1</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter  
\$A'000**

63

-

Consulting fees to Ochre Group Holdings Ltd

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter  
\$A'000**

-

-

8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities:		
- Loan from director	1,000	250
- Loan from external party	11	11
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

Loan from director is interest free and unsecured  
Loan from external party of \$11,000 with interest rate at 2% per month

9. <b>Estimated cash outflows for next quarter</b>	\$A'000
9.1 Exploration and evaluation	-
9.2 Development	-
9.3 Production	-
9.4 Staff costs	-
9.5 Administration and corporate costs	200
9.6 Other (repayment of convertible note)	300
<b>9.7 Total estimated cash outflows</b>	<b>500</b>

10. <b>Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	PL 352/2008 PL 353/2008	Sales of Interest in prospecting licences to Strata-X (in Sep-18)	100%	0%
10.2 Interests in mining tenements and petroleum tenements acquired or increased	Nil			



