

31<sup>st</sup> July 2020

## QUARTERLY ACTIVITIES REPORT

To 30<sup>th</sup> June 2020

**Blue Energy Limited (ASX: "BLU")** is pleased to report on activities during the June 2020 quarter across its exploration acreage in Queensland and the Northern Territory in which the Company's key gas and oil projects are located.

### Key points

- **Bowen gas pipeline – Leaked NCCC final report recommends Federal Government underwrite gas supply contracts and gas pipeline infrastructure.** Blue is working with APA, Arrow Energy, the Federal Govt, the Qld State Govt, Federal and State politicians and the NCCC to ensure the Moranbah-Gladstone/Wallumbilla pipeline gains broad acceptance as critical energy infrastructure vital for the manufacturing sector and the economic recovery and as a key project to facilitate the development of the 15,000 PJ Bowen Basin gas province;
- **Qld Government grants first three Potential Commercial Area's in Blue's 100% ATP814 Bowen Basin, with the remaining PCA grants expected in the near term;**
- **Power generation – Clough pre-feasibility/Business Case report indicates gas fired generation is viable in Nebo area of Central Qld (ATP814);**
- **Cooper Basin permits – Blue has negotiated with an Australian energy company to secure the permits, which will ensure continued activity in the tenures, and both parties are awaiting approval by the Queensland Government;**
- **Cultural Heritage clearance work for seismic acquisition approvals to begin in Blue's Northern Territory permits;**
- **COVID-19 impact – Minimal impact on the business however, Native Title negotiations and on country interactions with community and Traditional Owners in Northern Territory and north Queensland application areas have been restricted;**
- **Total corporate gas resources position across all held acreage = 4,179 PJ+;**
- **Cash position – A\$4.3 million as of 30 June 2020;**
- **The Company maintains nil debt.**

### **Bowen Gas Pipeline**

A leaked copy of the National COVID-19 Construction Commission's final report was quoted by the Sydney Morning Herald on 29<sup>th</sup> July 2020 as stating ***"One of the taskforce's primary recommendations is that the Commonwealth underwrite gas demand so new projects have a guaranteed buyer. Government would group together multiple smaller gas users and if they did not consume all the supply, the government would pay for it"***.

The Sydney Morning Herald piece adds, *"A hand-picked coronavirus manufacturing taskforce is urging the federal government to underwrite a dramatic expansion of gas supply through tax incentives and financial support for new projects"* and that *"a presentation on the final report of the National COVID-19 Co-ordination Commission (NCCC) manufacturing taskforce, seen by The Age and The Sydney Morning Herald, recommends "cutting red and green tape" to help the gas industry rapidly increase gas extraction and create up to 170,000 manufacturing jobs."*

It is also of interest that the National Broadcaster (ABC) reported online on May 21<sup>st</sup> that *"the taskforce says the Government should be "taking a non-operating equity position, minority share, or underwriting position" in gas projects and "provide support, such as low-cost capital, to existing small and mid-cap market participants". The ABC also reported that the taskforce "also wants mechanisms to put a government-guaranteed floor under gas prices, so companies can borrow against that guaranteed price."*

The critical need for more gas supply is further amplified in the recently released AEMO Integrated System Plan 2020 (July 2020) in which it states (page 56) *"...gas supplies are already tightening in Australia, with southern supply from existing and committed gas developments forecast to reduce by more than 35% over the next five years."*

Blue continues to work with the National COVID-19 Construction Commission (NCCC) to prioritise new gas supply for eastern Australia manufacturing and in particular, the 15,000 PJ of gas resource contained in the north Bowen Basin gas province. The need for the connecting pipeline infrastructure from Moranbah to Gladstone/Wallumbilla to unlock this resource is vital, as it will provide a nation building, near-term infrastructure project creating construction jobs, and jobs in developing the Bowen gas fields, plus the gas supply to preserve and grow both local manufacturing and manufacturing jobs up and down the east coast. It is envisaged that there will be announcements forthcoming from the Prime Minister's office that will align both Queensland and Federal Governments and AEMO on this gas infrastructure and gas supply for the east coast, so that reliable long term gas supply is available for manufacturing to give certainty to manufacturers to plan for long overdue plant upgrades.

### **PCA Grant**

The Queensland Department of Natural Resources Mines and Energy (QDNRME) has made great progress in granting the first three PCA's (199, 201 and 213 see Fig 1), of a series of Potential Commercial Areas (PCA's) applied for by Blue Energy in 2017. The remainder of the outstanding PCA's are expected to be decided in the coming weeks. These 3 granted PCA's are located in ATP814P in the Bowen Basin and contain a significant portion of the Company's gas resource. With these grants, Blue can now more confidently market the gas resources and will allow it to now progress these areas toward Production Licences (PL's), to augment the existing Production Licence Applications (PLA's) that are currently on foot with the Qld Government in the Bowen Basin.

### **Power Generation Pre-feasibility/Business Case study**

The pursuit of ever-increasing levels of renewable energy in the grid (50% in Qld by 2030) needs fast start gas fired firming electricity to stabilise the electricity grid and prevent it from failing (see SA experience), particularly as existing coal fired generators are shuttered early, due to the continued unfavourable operating economics. Blue commissioned the engineering firm, Clough, to undertake a pre-feasibility/Business Case study for an electricity generation project in the Nebo area, utilising gas from the recently granted PCA 213 (Monslatt Block in ATP814 – see Figure 1). The findings of the study show that low emission gas fired peaking capacity is economically viable under a range of machine sizes (megawatt output), configurations and electricity prices. Given Blue's 100% ownership of the gas and our low-cost operating model, Blue is confident to shortly commence marketing electricity supply to a range of potential off-takers together with technology/equipment partners and constructors.

### **Cooper Basin Permits**

The Cooper Basin area, in particular the Cooper Creek Riverine system, has been subject to sustained environmental restrictions and legislative uncertainty. This uncertainty has meant investment by small cap listed companies has become extremely challenging. In an attempt to facilitate continued activity within the tenures, Blue has entered into an agreement with an Australian energy company, whereby Blue would be reimbursed for its post-grant nominal back costs. The agreement is subject to, and conditional upon approval by the Queensland Government.

### **Northern Territory Cultural Heritage Clearances**

With the lifting of the fracking Moratorium, implementation of Pepper Inquiry recommendations and very good work by the Gunner Government in limiting the impacts of COVID-19 in the Northern Territory, 2021 is looking to be an active drilling season for the oil and gas sector in the Beetaloo and Greater McArthur plays, with both Santos, Origin and Empire flagging active drilling and testing campaigns together with the proposed corporate consolidation play of the small to mid-tier Operators in the NT (Tamboran Resources, Pangaea and Sweetpea).

Notwithstanding the grant of suspensions to work programs in our Northern Territory permits, third party (quasi-Government body) cultural heritage investigations have commenced to allow Cultural Heritage certification for the proposed 2D seismic acquisition contained in work programs for these permits. This work is being undertaken by the Aboriginal Area Protection Authority (AAPA) in the Northern Territory and is a key process to obtain Northern Territory Government approval for the regional 2D seismic acquisition programs which are part of the currently suspended permit work programs. A process of community engagement must also be undertaken, in due course, as part of the Government requirement for a social/community licence.

## **Activity in Proven Basins**

### **Bowen Basin, Queensland**

#### **ATP 814 (Blue Energy 100% and Operator)**

Blue's pre-feasibility/Business Case study on power generation options undertaken by Clough has highlighted that gas fired peaking generation is economic over a range of generating capacities and machine types. Blue is looking at a scalable plant configuration to service the market demand in the region, as more intermittent solar energy is brought into the grid, but is also examining potential for local baseload electricity off-takers, to broaden the potential scope of the project.

This project will be doubly useful given the large renewable energy (solar) project roll outs in Queensland in the next few years and as AEMO has flagged this week, the faster than expected shuttering of coal fired generation on the east coast.

On Tenure related matters, the Queensland Government has granted three of the Potential Commercial Areas applications (PCA's) lodged by Blue Energy in 2017. These have been granted for 7 years allowing Blue time to progress these to Production Licence Applications with the appropriate environmental approvals to be gained and lodged in due course. The existing PL applications in the permit are also on foot with the Government and Blue is undertaking the

necessary environmental studies to be lodged for the respective Environmental Authorities for each Production Licence application.

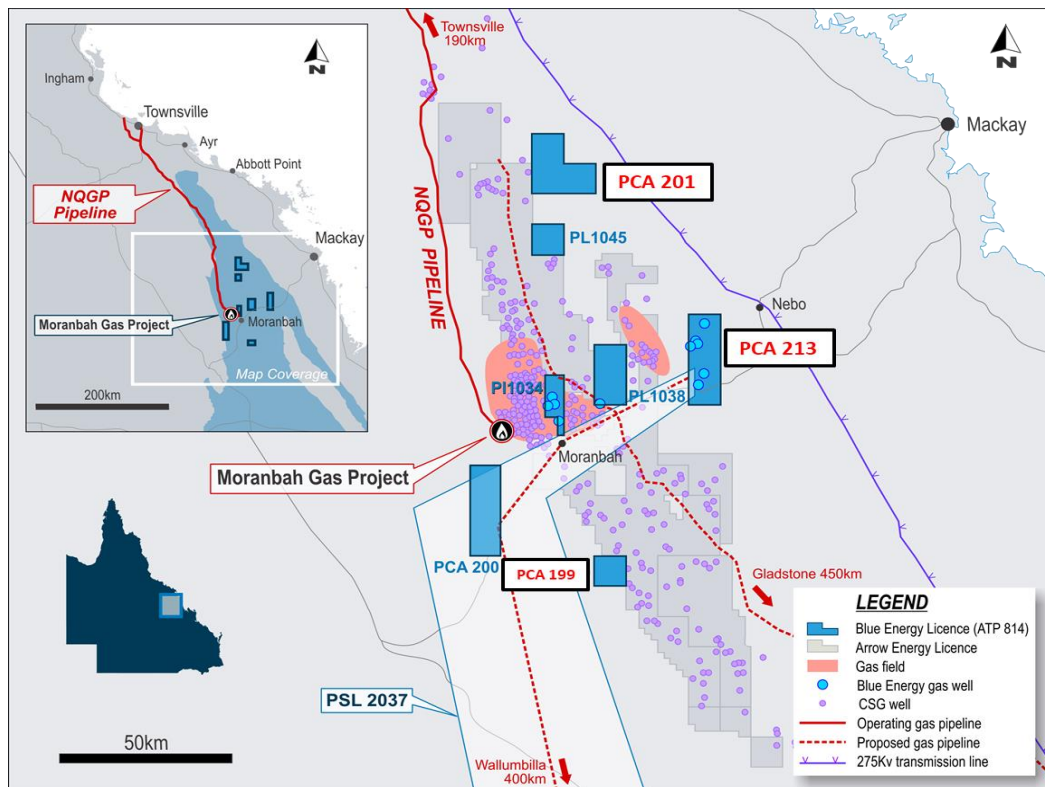


Figure 1: ATP 814 Bowen Basin Queensland showing granted PCA's together with existing PL applications and the NQGP gas pipeline to Townsville and the major High Voltage electricity transmission line between Gladstone and Townsville.

Commercial negotiations with Townsville gas buyers continue and the previously disclosed Memorandum of Understanding (MoU) for gas offtake with Queensland Pacific Metals remains on foot. Discussions with the Moranbah Gas Project Joint Venture (consisting of Arrow Energy and AGL) to utilise their gas processing facilities, has commenced. **This initiative is envisaged to be on a commercial basis and should result in lower prices gas for Townsville gas buyers**, given there would not be a need for Blue to duplicate gas processing infrastructure in the Sapphire Block.

As has been previously advised to the market, ATP 814 currently has 2P reserves of 71 PJ<sup>+</sup> and 3P reserves of 298 PJ<sup>+</sup> (as independently estimated by Netherland, Sewell and Associates (NSAI)). There is also significant upside within the constituent blocks comprising the Permit with a combined 3,248 PJ of Contingent Resources in all Blue's ATP814 PCA's, estimated by NSAI.

The ACCC (February 2020) has independently identified the Bowen Basin as containing 15,520 PJ of 2C Contingent Resources. This represents the largest undeveloped gas resource on the east coast and is consistent with Blue's public statements and commentary. Blue's component of this resource is currently 3,248 PJ<sup>+</sup>. As we have commented previously, the solution to the ongoing long-term East Coast gas supply short fall, as Bass Strait declines, is the delivery of more gas supply to the market. Development of the North Bowen Basin gas resource provides the quickest solution. All that is required to bring this gas to market is a 500 km pipeline connection from Moranbah to Gladstone/Wallumbilla, which we understand has been the subject of consideration by the National COVID 19 Construction Commission.

## Surat Basin, Queensland

### ATP 854 (Blue Energy 100% and Operator)

As previously noted, PSL 2033, the proposed Jemena pipeline corridor from the Galilee Basin is proposed to pass through ATP 854 and connect to Jemena's existing Wallumbilla – Gladstone gas pipeline (see Fig 2). This is therefore strategically located for Blue Energy and could potentially be utilised for gas export from the permit in due course. This proposed pipeline also provides optionality to market Blue's Galilee Basin gas resources in ATP813P (see Figure 2).

ATP 854 contains 103 PJ<sup>+</sup> of Contingent Resources. Blue has lodged Potential Commercial Area Applications (PCA's) over the Permit with the Queensland Government, and which upon grant, will allow work to be undertaken to grow gas reserves and resources in parallel with the continued marketing of the gas resources to potential buyers.

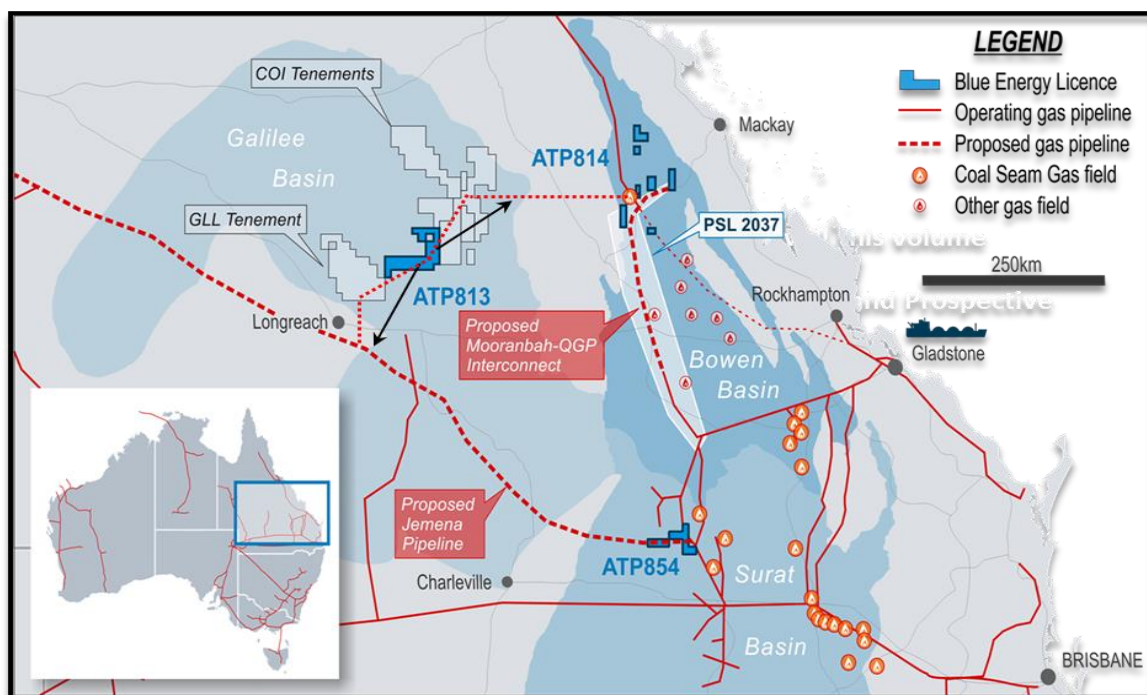


Figure 2: Pipeline routes impacting ATP 854, ATP 813 and ATP 814

## Activity in Emerging Basins

### Greater McArthur Basin (Northern Territory)

#### (Various permits and equities levels - Blue Energy Operator)

Industry activity is ramping up for 2021 with Santos, Origin and Empire all flagging drilling and testing programs next year. Corporate activity is also heightening with potential consolidation of the small to mid-tier NT Operators Tamboran, Pangaea and Sweetpea

Notwithstanding the current granted suspensions to the work programs in Blue's Northern Territory permits, as the travel restrictions are eased in the Northern Territory and access to remote areas and communities is becoming more possible, Blue has initiated preparatory cultural heritage certification work for the approval by the NT Government of 2D seismic acquisition and



which is being undertaken by the Aboriginal Area Protection Authority (AAPA). This is a mandatory process which is just one step in the new approval process for petroleum activity, implemented as a recommendation of the Pepper Inquiry.

Blue has also re-commenced re-engagement with the Aboriginal Land Councils, land owners, government departments and other community stakeholders to commence the process to establish a community licence, also required the new approval process

The COVID-19 restrictions applied in the Northern Territory (together with the NT border closure) put in place to protect the vulnerable remote communities, has had the effect of delaying all on-ground activity including community meetings and on ground meetings with Traditional Owners. We hope this process will now be able to restart so engagement can re-commence.

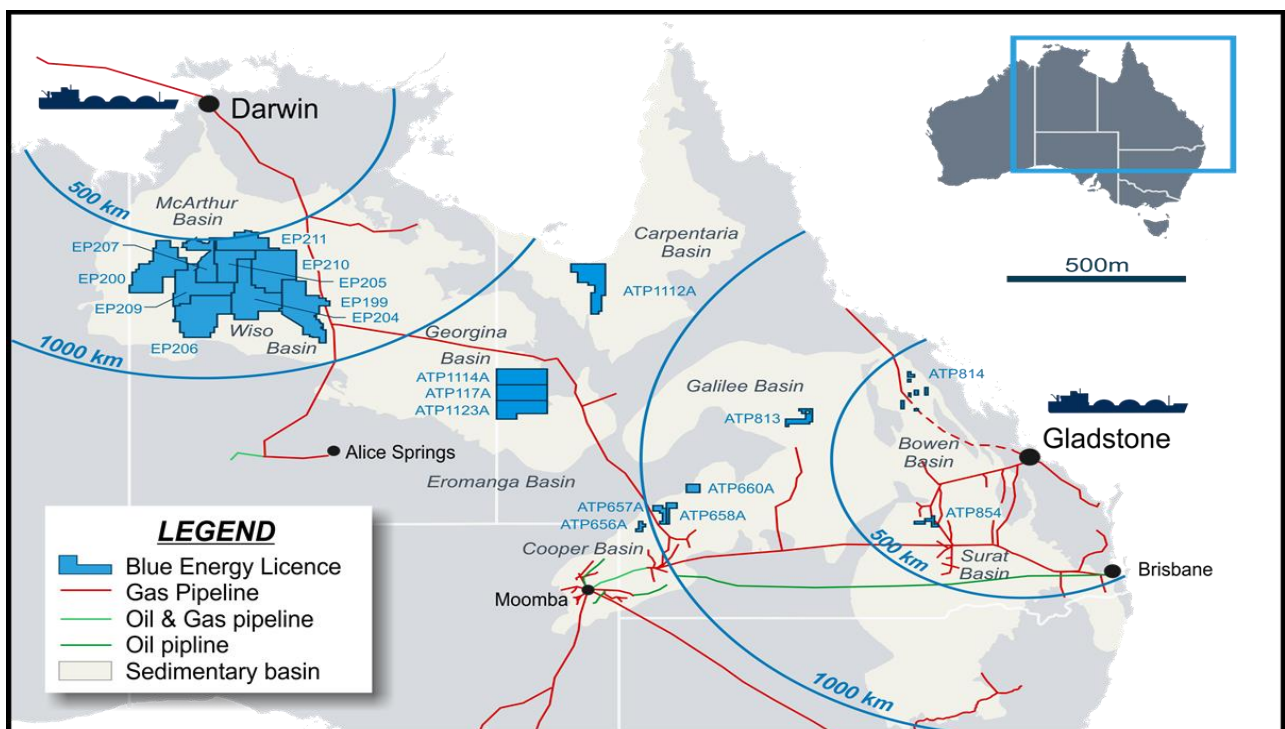


Figure 3: Blue Energy's acreage portfolio highlighting the large McArthur Basin position in the NT

## Galilee Basin (Queensland)

### ATP 813 (Blue Energy 100% and Operator)

Applications for PCAs were lodged with the Qld Government in 2017, together with an application to renew the Permit. These applications remain on foot with the Qld Government. The on-ground activity conducted by Blue Energy to date has resulted in the delineation of 838 PJ<sup>+</sup> (net to Blue Energy) of Contingent gas Resources within the Betts Creek CSG play in ATP 813 (as assessed by Netherland Sewell and Associates Inc).

In adjacent activity to Blue's ATP 813, Galilee Energy continues to operate the Glenaras Coal Seam Gas production test pilot (in ATP 2019) with reports of continued minor gas flow and decreasing water rate from the test wells. Success will provide proof-of-concept for the Galilee Basin CSG play and give confidence for Blue to conduct appraisal activities on its gas discoveries (838 PJ)<sup>+</sup> already recorded in ATP 813, once the PCA's are granted by the Queensland Government.

## Corporate

### Cash Position

Cash on hand at 30 June 2020 was A\$4.3 million.

The Company has nil debt.

Blue Energy's accompanying Appendix 5B (Quarterly Cashflow Report) includes an amount in item 6.1 which constitutes non-executive director's fees for the quarter. The aggregate amount of payments to related parties and their associates for the June quarter (shown in items 6.1 & 6.2 of the attached Quarterly Cashflow Report) relates to cash fees paid to Directors (including the Chairman and Managing Director).

### Blue Energy Gas Reserves and Resources

Permit	Block	Assessment Date	Announcement Date	Methodology	Certifier	1P (PJ)	1C (PJ)	2P (PJ)	2C (PJ)	3P (PJ)	3C (PJ)
ATP854P		30/06/2012	19/03/2013	SPE/PRMS	NSAI	0	22	0	47	0	101
ATP813P		29/10/2014	30/10/2014	SPE/PRMS	NSAI	0	0	0	61	0	830
ATP814P	Sapphire	5/12/2015	8/12/2015	SPE/PRMS	NSAI	0	66	59	108	216	186
ATP814P	Central	5/12/2015	8/12/2015	SPE/PRMS	NSAI	0	50	12	99	75	306
ATP814P	Monslatt	5/12/2015	8/12/2015	SPE/PRMS	NSAI	0	0	0	619	0	2,054
ATP814P	Lancewood	5/12/2015	8/12/2015	SPE/PRMS	NSAI	0	5	0	23	1	435
ATP814P	Hillalong	6/02/2019	7/02/2019	SPE/PRMS	NSAI	0	0	0	182	0	237
ATP814P	South	30/06/2013	29/07/2013	SPE/PRMS	NSAI	0	15	0	27	6	30
<b>Total (PJ)</b>						<b>0</b>	<b>158</b>	<b>71</b>	<b>1,166</b>	<b>298</b>	<b>4,179</b>
<b>Total</b>						<b>0</b>	<b>27</b>	<b>12</b>	<b>199</b>	<b>51</b>	<b>714</b>

Table 1: Blue Energy net Reserves and Resources

### \*Listing Rule 5.42 Disclosure

The estimates of reserves and contingent resources noted throughout this Quarterly Activities report have been provided by Mr John Hattner of Netherland, Sewell and Associates Inc (NSAI) and were originally reported in the Company's market announcements 25 January 2012, 26 February 2013, 19 March 2013, 8 December 2015 and 28 February 2019. NSAI independently regularly reviews the Company's Reserves and Contingent Resources. Mr Hattner is a full time employee of NSAI, has over 30 years' of industry experience and 20 years' of experience in reserve estimation, is a licensed geologist and a member of the Society of Petroleum Engineers (SPE), and has consented to the use of the information presented herein. The estimates in the reports by Mr Hattner have been prepared in accordance with the definitions and guidelines set forth in the 2007 Petroleum and Resource Management System (PRMS) approved by the SPE, utilizing a deterministic methodology. Blue Energy confirms that it is not aware of any new information or data that materially affects the information included in any of the announcements relating to ATP 813, 814 or 854 referred to in this report and that all of the material assumptions and technical parameters underpinning the estimates in the announcements continue to apply and have not materially changed.

## Petroleum Tenements Held

Permit	Location	Interest Held Previous Quarter	Interest Held Current Quarter
ATP656	Cooper Basin (Qld)	100%	100%
ATP657	Cooper Basin (Qld)	100%	100%
ATP658	Cooper Basin (Qld)	100%	100%
ATP660	Cooper Basin (Qld)	100%	100%
ATP813	Galilee Basin (Qld)	100%	100%
ATP814	Bowen Basin (Qld)	100%	100%
ATP854	Surat Basin (Qld)	100%	100%
ATP1112A	Carpentaria Basin (Qld)	100%	100%
ATP1114A	Georgina Basin (Qld)	100%	100%
ATP1117A	Georgina Basin (Qld)	100%	100%
ATP1123A	Georgina Basin (Qld)	100%	100%

Table 2

Table 3

*Permit	Location	Interest Held Previous Quarter	Interest Held Current Quarter	Comment
EP199A*	Wiso Basin (NT)	10%	10%	See Note 1
EP200*	Wiso Basin (NT)	10%	10%	See Note 1
EP205*	Wiso Basin (NT)	10%	10%	See Note 1
EP206A*	Wiso Basin (NT)	10%	10%	See Note 1
EP207*	Wiso Basin (NT)	10%	10%	See Note 1
EP208A*	Wiso Basin (NT)	10%	10%	See Note 1
EP209A*	Wiso Basin (NT)	10%	10%	See Note 1
EP210A*	Wiso Basin (NT)	10%	10%	See Note 1
EP211A*	Wiso Basin (NT)	10%	10%	See Note 1

\*Exploration blocks Blue is farming into

Note 1: Subject to Farm in Agreement which upon completion of the seismic work program will result in Blue Interest becoming a 50% equity participant



## **Global Energy Outlook**

The coronavirus pandemic has served to lower demand for energy globally. Opinion on the timing of recovery in demand varies with each analyst. The obvious flow-on effect in lowering oil price (over and above the geopolitical price issues with OPEC+ members) has been to significantly lower LNG spot prices together with the revenue derived from the long term LNG contracts with built in price linkage to benchmark oil price. Another significant issue for future supply is the massive CAPEX cuts, totaling more than US\$85 billion globally, that have been initiated globally by the oil and gas majors in response to lower demand from COVID 19. These cuts have also manifested in Australian E&P expenditure by the majors which will impact on drilling programs for additional future production.

The resulting lower manufacturing levels and global oversupply of LNG has led many LNG buyers either to not take some cargoes or to divert them into other markets. On the East Coast of Australia, this has had the effect of more gas being diverted from the Curtis Island LNG plants into the domestic gas market. Consequently, gas is currently flowing westward from Qld into the southern states, counter to the usual seasonal observations. Total gas flow into Curtis island is also much lower than capacity, most notably with the GLNG pipeline flowing at less than 50% capacity at the time of writing, as the Operator sensibly prepares for a month-long shut down of one train, for maintenance.

This diversion of LNG feed gas supply also comes at a time when Bass Strait production has declined by a further 18% year on year and continues to reinforce the waning capacity of the legacy Gippsland Basin gas fields to supply the needs of south eastern Australia.

Of additional concern, and as a direct result of the global oil price crash (from reduced demand and tardy OPEC+ production cuts) are the massive CAPEX reductions being announced and implemented by the major international oil and gas producers both globally and in Australia (in aggregate currently US\$85 billion). Whilst this is not of immediate concern for production capacity in the conventional oil and gas fields in Australia, it is of concern for the coal seam gas fields in Queensland, which require continual addition of new production wells (ie need to spend capital to drill new wells) to maintain gas supply rates. Whilst this may be opportune with the reduced demand for LNG globally, it means however that once demand picks up and Curtis island can open up to full nameplate production again, the gas supply may not be available from the dedicated CSG fields due to the underinvestment in new production wells in this period. The implication of this is that AEMO's forecast gas shortfall in Victoria in 2023 will be exacerbated by a reduced ability to access Qld supply from the upstream LNG operators as they maximise gas flow into their LNG plants for export.

## **Global Oil Price**

Global oil prices have rebounded over the past 3 months, with WTI stabilizing at around US\$40/bbl, and Brent at around US\$43/bbl. There has not been the repeat of the negative WTI price of this year's May contract and there has been a recommitment from the OPEC+ members to the production cuts, which seems to be ameliorating the over-supply issue. In conjunction, US oil production has dropped from a peak of 13.1 million barrels/day in March 2020 to around 11 million barrels/day in mid-July. Significantly, the US rig count is the lowest on record at 253 operating rigs. At the height of activity in 2014/15 for comparison, the rig count was nearly 1,920 rigs in total. The result of this curtailed drilling will be felt as shale oil well production rates (barrels/day) decline (up to 50% decline rate per annum in production wells) and which will not

be supplemented with new wells. Therefore, expect to see more dramatic oil production decline from onshore US over the coming months. In addition to this production decline, 23 US E&P companies have filed for insolvency (Chapter 11) so far in 2020, including the once mighty Chesapeake Energy. The Chapter 11 filing tally since early 2015 stands at 231 oil and gas producers totaling US\$152 billion in aggregated debt. More will undoubtedly follow.

The US's Energy Information Administration (EIA) has updated its Supply/Demand curve (Figure 4) for July, and now forecasts demand to return to near pre-COVID 19 levels by Q4 2021. Obviously there are still many caveats that need to be applied to any such forecast, given many nations are still in the grip of the viral epidemic, and it is unknown when air travel will return to anything like normal levels

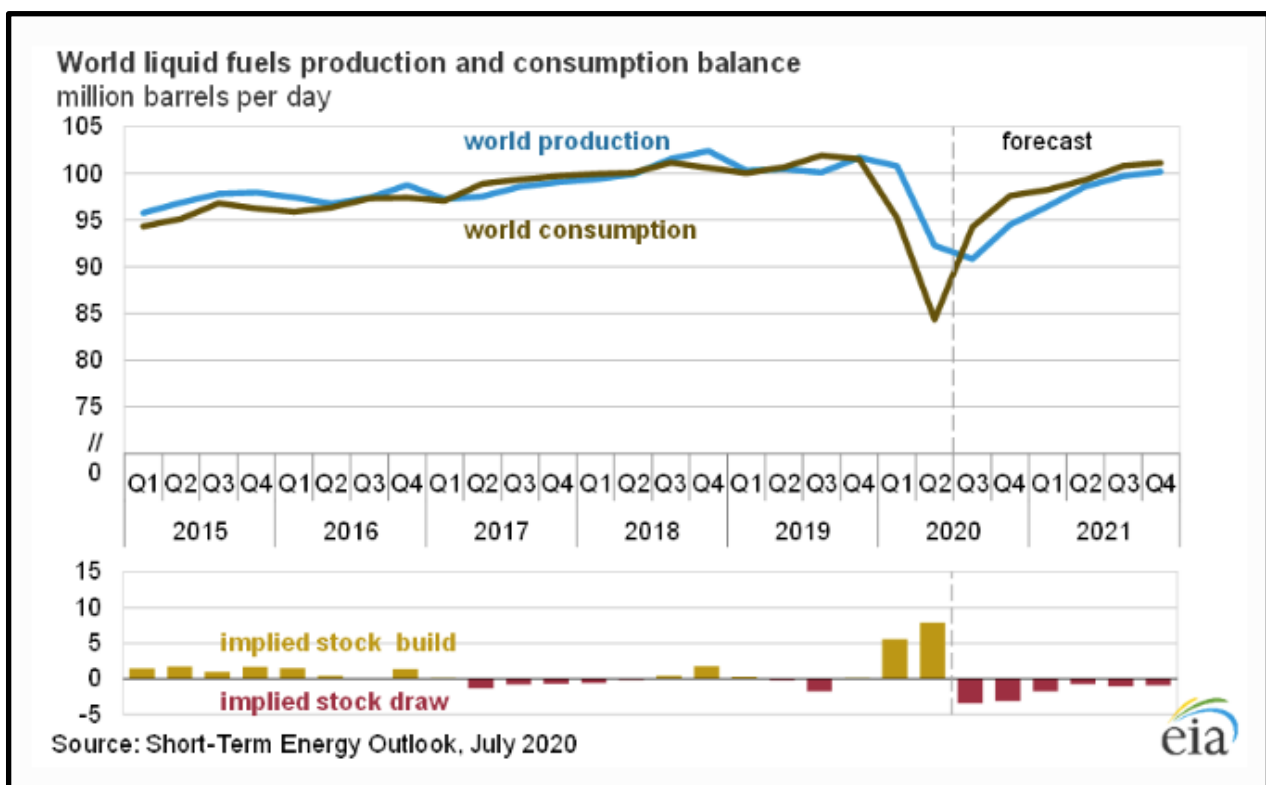


Figure 4: EIA Supply and Demand forecast as at July 2020

By Authority of the Board per:  
John Phillips  
Managing Director  
Blue Energy Limited

## Appendix 5B

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

Name of entity

Blue Energy Limited

ABN

14 054 800 378

Quarter ended ("current quarter")

30<sup>th</sup> June 2020

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1.</b>	<b>Cash flows from operating activities</b>		
1.1	Receipts from customers	-	-
1.2	Payments for		
	(a) exploration & evaluation	(5)	(36)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(69)	(281)
	(e) administration and corporate costs	(68)	(803)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	17	83
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)	50	50
<b>1.9</b>	<b>Net cash from / (used in) operating activities</b>	<b>(75)</b>	<b>(987)</b>
<b>2.</b>	<b>Cash flows from investing activities</b>		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation	(255)	(1,105)
	(e) investments	-	-
	(f) other non-current assets	-	-

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
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)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(255)</b>	<b>(1,105)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	1,420
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	(8)	(23)
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)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(8)</b>	<b>1,397</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	4,644	5,001
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(75)	(987)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(255)	(1,105)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(8)	1,397

## 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	-	-
4.6	<b>Cash and cash equivalents at end of period</b>	<b>4,306</b>	<b>4,306</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	3,701	4,300
5.2	Call deposits	605	344
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>4,306</b>	<b>4,644</b>

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: <i>(Executive Wages and Directors' fees (incl. super) paid to Key Management Personnel, Directors or companies related to Directors net of labour recovery)</i>	(70)
6.2	Aggregate amount of payments to related parties and their associates included in item 2: <i>(Executive salary and wages capitalised to exploration &amp; evaluation activity, i.e labour recovery)</i>	(117)
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 or oil and gas exploration entity quarterly cash flow report

7.	<b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	-	-
7.5	<b>Unused financing facilities available at quarter end</b>		-
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.	<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)	(75)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(255)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(330)
8.4	Cash and cash equivalents at quarter end (item 4.6)	4,306
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	4,306
8.7	<b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	13
<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:		
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:		
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:		
<i>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.</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: 30<sup>th</sup> June 2020

Authorised by: John Phillips Managing Director and authorised by the Board

(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 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.