

GASFIELDS LIMITED

1 May 2019

QUARTERLY ACTIVITIES REPORT

1 October 2018 – 31 December 2018

Gasfields Limited (the **Company**) is pleased to provide its quarterly activities report for the quarter ending 31 December 2018.

Update on Tulainyo Project and acquisition of Gasfields LLC

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**) (which at the time was a subsidiary of Pancontinental Oil & Gas NL (ASX: PCL)) (**Pancontinental**), 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.

The Company is the now the 100% owner of Gasfields following the acquisition of Gasfields as announced to the marker on 5 July 2018.

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.

Project Overruns

On 3 September 2018 the Company announced that Bombora received a claim from the operator of the Tulainyo Gas Project California Resources Production Corporation (**Operator**), claiming that:

1. Gasfields has failed to provide the required completion funds for costs allegedly incurred by the Operator in the drilling of the Tulainyo 2-7 gas appraisal well;
2. the sum allegedly owed by Gasfields has now increased to US\$1,738,273; and
3. as Bombora has guaranteed the obligations of Gasfields in the original Farmin Agreement between Gasfields, Bombora and Cirque Resources LP of 21 March 2017, the Operator would look to Bombora to make that payment in the event that Gasfields failed to pay it,

(Collectively, the **Claims**).

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Prior to receipt of the claim from the Operator to Bombora above, the Company notes there was only an amount of US\$321,353.00 owed by it relating to costs of the Tulainyo Gas project.

On 2 September 2018, Bombora wrote to the Operator denying any liability for the Claims referred to above and sought further information about them.

On 30 November 2018, the Company announced that as a result of its with the Operator it reached an agreement with the Operator, including to settle the overrun costs (**Agreement**). The Operator and the Company agreed the following:

- Upon completion of the Company's proposed capital raising, the Company will provide payment of US\$1,000,000 (**Cash Consideration**) to the Operator as consideration for the following the assignment of a 6% interest to the Company in the Tulainyo Gas Project and any associated leases.
- The Operator will assign a further 4% interest in the Tulainyo Gas Project to the Company upon the Company paying to the operator the balance of the Overrun Costs after first deducting the Cash Consideration (**Balance Payment**). The Balance Payment will result in full and final settlement of the Claims made by the Operator.

The terms above will be subject to a formal legally binding agreement and will include terms that are customary in agreements of this nature (**Legal Agreement**). The Company will inform the market when the Legal Agreement is formally executed.

For further details refer to the Company's announcement dated 30 November 2018.

Sacramento Basin Projects

On 30 November 2018 the Company also announced that it had entered into a Confidentiality Agreement (**CA**) with the Operator 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.

Termination of 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**).

On 1 November 2018 the Company announced that the Company received a notice of termination from Xstate terminating the Acquisition for not making the settlement payment of approximately US\$410,000 or issue the second tranche of A\$250,000 of shares by the close of business on 31 October 2018 (**Termination**). As a result of the Termination Xstate will retain the non-refundable payments of approximately US\$88,500 paid by the Company and the 138,888,889 shares issued.

Acquisition of Bombora Natural Energy

On 1 November 2018 the Company announced that it had executed a binding share sale and purchase agreement (**SPA**) with Pancontinental to acquire its wholly owned subsidiary, Bombora (**Bombora Acquisition**). As a result of the Bombora Acquisition, Bombora Natural Energy became a wholly owned subsidiary of the Company. Bombora in particular held a 10% working interest in the Dempsey Gas Project and leased interests in associated follow up prospects, including the Anzus Prospect that are located in the Sacramento Basin, California.

Under the SPA the Company agreed to purchase all of the issued capital in Bombora from Pancontinental on the following terms and conditions:

- (a) The Company issue to as consideration for the Bombora Acquisition, 295,000,000 fully paid ordinary shares in the Company (**Shares**) at a deemed issue price of \$0.0018 per Share (**Consideration**). The Consideration will be issued in the following manner:
 - (i) 267,806, 533 Shares within 5 business days of execution of the SPA, being the completion date (**Completion**) from existing share capacity 7.1; and
 - (ii) 27,193,467 fully paid shares in the capital of the Company within sixty (60) days of Completion,

the Consideration will be subject to a 6-month voluntary escrow.

- (b) Pancontinental agreed to participate in the Company's proposed placement to raise up to \$2,000,000 (**Capital Raising**) and subscribe for 160,000,000 Shares at a deemed issue price of \$0.001.
- (c) Upon Completion of the Bombora Acquisition, the Company's obligations set out below will be owed to its wholly owned subsidiary, Bombora and not to a subsidiary of Pancontinental:
 - (i) The Company's obligation to pay \$325,000.00 cash consideration as contemplated within clause 3.1.1 and 3.1.2 (**Gasfields Cash Consideration**) of the Sale and Purchase Agreement entered into between the Company and Bombora on 28 June 2018 relating to Bombora's sale to the Company of Gasfields LLC (**Gasfields SPA**); and
 - (ii) The Company's obligation to pay up to a total of A\$15,500,000.00 deferred cash consideration in the event of a number of project milestones being achieved as contemplated within clause 3.1.4, 3.1.5 and 3.1.6 of the Gasfields SPA (**Gasfields Deferred Consideration**).

Note: for further details about the acquisition of Gasfields LLC please see the Company's announcement dated 5 July 2018. The Company note that the acquisition of Gasfield LLC has been completed and that Gasfield LLC is a wholly subsidiary of the Company.

Dempsey Divestment

Subsequent to the reporting period, on 21 January 2019 the Company agreed to terms with Saccasco Limited (**SGC**) to divest of its interest in the Dempsey Project, held via its 100% owned subsidiary 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.

Acquisition of Royalty Interest in Walyering Gas Project

Subsequent to the reporting period, 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 90km² 3D seismic survey, which is currently subject to environmental, native title and land holder approvals (**Seismic Survey**).

Under the DAR, the Company has 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**).

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 will not be refundable.

The Company also has a due diligence period of thirty (30) days of which it is entitled to complete legal and technical due diligence on the Wellhead Royalty (**Due Diligence Period**). If the Company discovers an issue during its due diligence investigation it must give Green Power seven (7) days' notice prior to the end of the Due Diligence Period to be able to rectify the issue (**Due Diligence Issues**). The Company must within the Due Diligence Period provide notice to Green Power in writing its intention to progress with the Transaction and can only withdraw if the Due Diligence Issues cannot be remedied by Green Power.

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 Transaction 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 will pay Green Power \$10,000 (**Additional Payment**). The Additional Payment is in addition to the consideration payments contemplated by the Variations.

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

Management Update

Subsequent to the reporting period 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

Subsequent to the reporting period, 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

Subsequent to the reporting period 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

Subsequent to the reporting period 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.

Subsequent to the reporting period, 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 December 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(9)	(14)
(b) development	-	-
(c) production	-	-
(d) staff costs	-	-
(e) administration and corporate costs	(142)	(315)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	4
1.5 Interest and other costs of finance paid	(38)	(64)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (Transaction cost)	-	-
1.9 Net cash from / (used in) operating activities	(189)	(389)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	(9)	(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	-	3
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
2.6 Net cash from / (used in) investing activities	(9)	175

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
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	38	53
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (Money received in advance)	160	160
3.10 Net cash from / (used in) financing activities	198	213

4. Net increase / (decrease) in cash and cash equivalents for the period		
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)	(189)	(389)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(9)	175
4.4 Net cash from / (used in) financing activities (item 3.10 above)	198	213
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of period	1	1

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	1	1
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)	1	1

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
-
-

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
-
-

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <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	500	-
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, unsecured and remains undrawn.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	-
9.2 Development	-
9.3 Production	-
9.4 Staff costs	-
9.5 Administration and corporate costs	100
9.6 Other (repayment of convertible notes)	300
9.7 Total estimated cash outflows	400

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	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	Nil			
10.2 Interests in mining tenements and petroleum tenements acquired or increased	Nil			

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.

Sign here: [SIGNATURE ON FILE] Date: 1 May 2019
.....
(Director/Company secretary)

Print name: KAR CHUA
.....

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.