



# Sacgasco Limited

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Announcement to ASX

31 January 2022

## DECEMBER 2021 QUARTERLY ACTIVITY REPORT

### HIGHLIGHTS

- **North America - Producing Properties**
  - Producing properties fully funded exploration activity and G&A for the quarter
  - 35,071 BOE (Net after Royalty); A\$796,000 net revenue (after production costs) to SGC up ~33% on the previous quarter's production revenue of A\$596,000 net
  - 3 Development wells planned to spud in Q1 2022 (subject to permitting)
  - Alberta Lease auction re-values Red Earth area leases up substantially
  - Barry Ashwin appointed Development Manager to monetise Borba and improve cashflows
  
- **Philippines - Exploration and Development**
  - 2 well drilling program being planned – Nandino and Cadlao
  - 2:1 farmout option for Nandino Prospect in place, permitting in March quarter
  - SGC appointed Technical Operator of SC 6B (Cadlao)
  - Cadlao EWT planning underway
  - Marshall Hood appointed Philippines Asset Manager
  
- **Corporate**
  - Sacgasco Shares accepted to trade on OTCQB (Venture) Market in North America. **Ticker: SGCSF**

Sacgasco Limited (ASX: SGC) ("Sacgasco", "SGC" or "the Company") is pleased to provide the Quarterly Activities Report for the calendar quarter ending 31 December 2021. References to SGC or Sacgasco include its wholly owned subsidiaries.

The December quarter and subsequent events referred to in this report represent a continuation of the development of the Company into a significant Exploration & Production (E&P) Company with forward cashflows expected to underpin production and development projects in Canada and California, and maturing development and exploration projects in the Philippines. We now hold a suite of assets with tremendous upside in three stable jurisdictions.

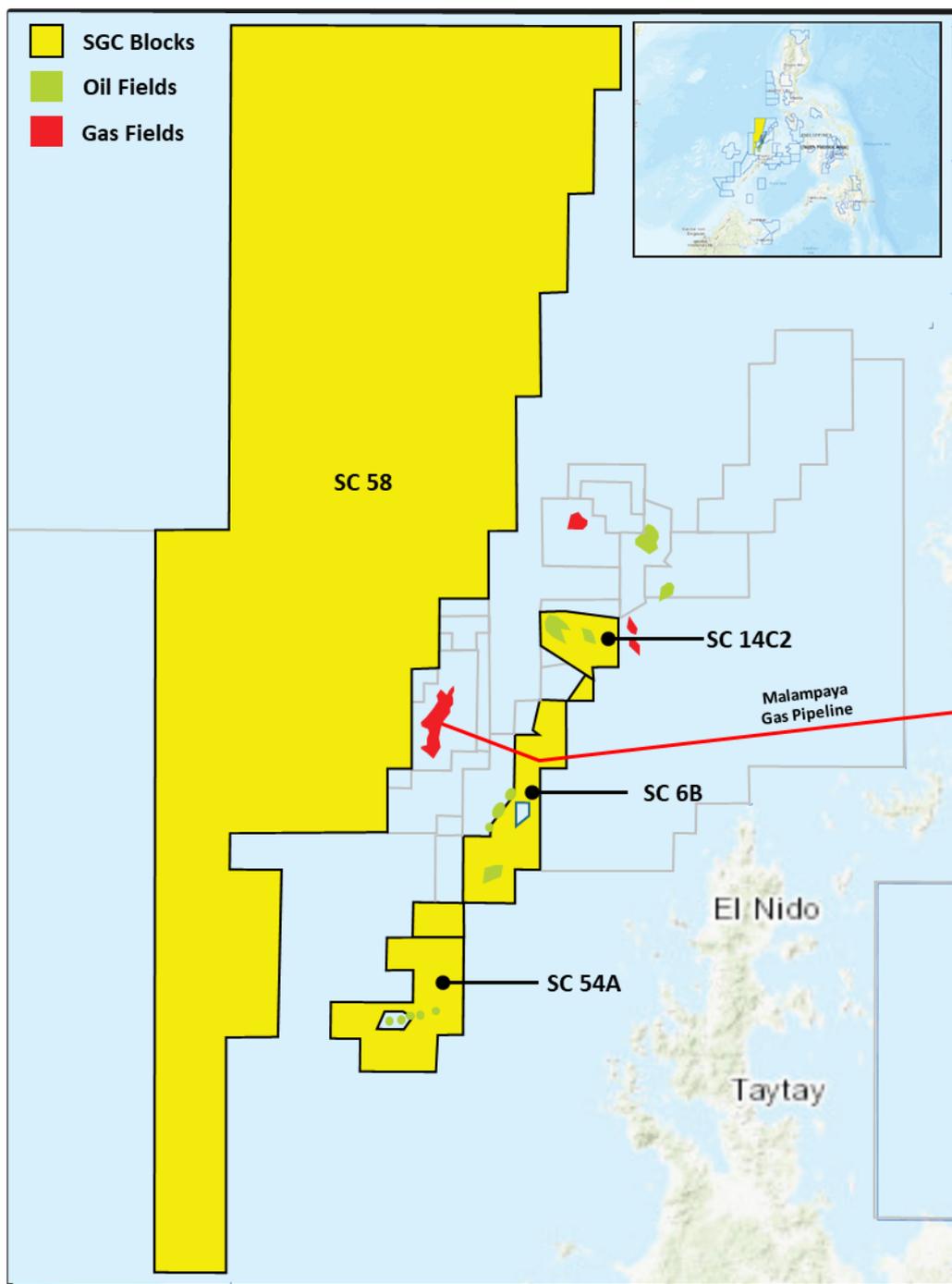
## EXPLORATION AND PRODUCTION ACTIVITIES

### OFFSHORE PHILIPPINES

Sacgasco is planning a 2 well drilling program including an exploration well, (Nandino) in SC54 and an extended well test (EWT) at the Cadlao oil field in SC6B.

In October 2021, the company contracted Marshall Hood as Asset Manager in the Philippines. Marshall will play an increasingly pivotal role in monetizing the valuable suite of Sacgasco's Philippines Assets.

Marshall's most recent role was Chief Operating Officer for NIDO Petroleum Limited based in Bangkok, Thailand. NIDO Petroleum Limited is now a subsidiary of Sacgasco and with Marshall's previous role in the NIDO asset management this provides continuity for the advancement of Sacgasco's assets in the Philippines.



Sacgasco's Acreage in the Northwest Palawan Basin, Philippines

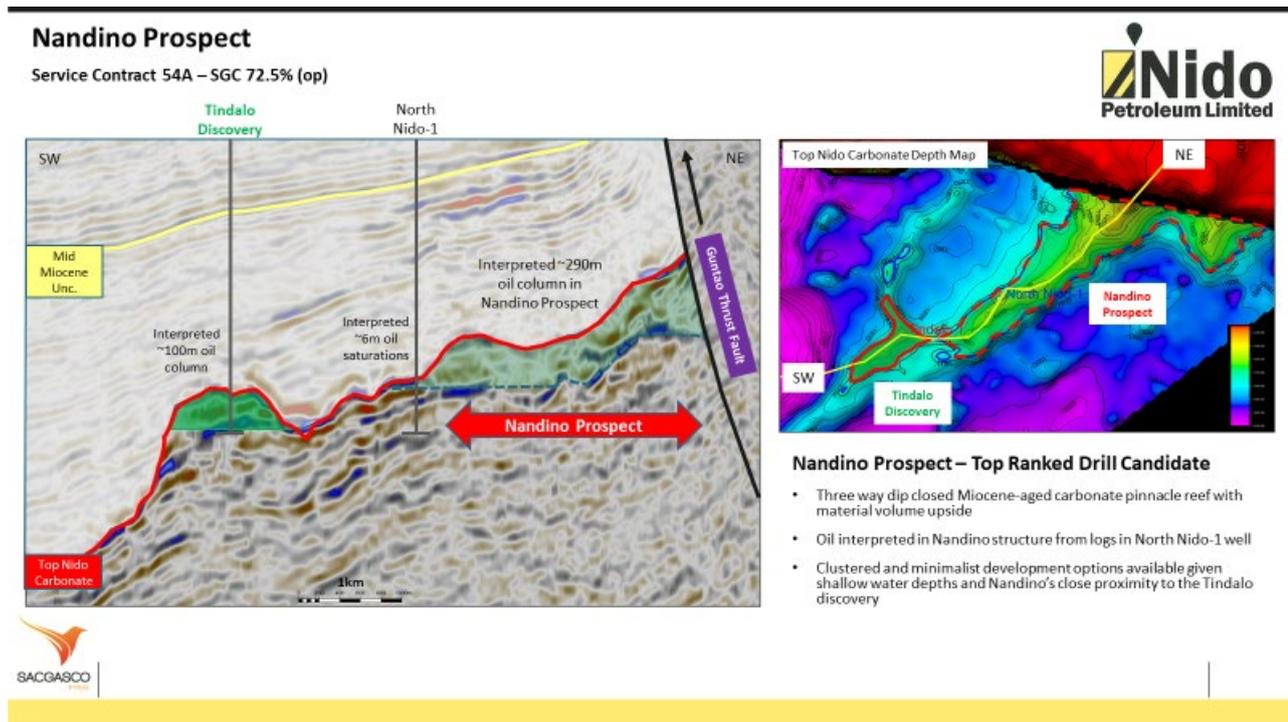
## SC54A (SGC 72.5%, Operator)

SGC plans to submit a preliminary drilling proposal for the Nandino Prospect for review and approval by the Philippines Department of Energy (DOE) in the March quarter.

The SC54A Joint Venture is utilising carbonate facies modelling to identify reservoir sweet spots and confirm the proposed drilling location for the Nandino Prospect.

The facies modelling study will also evaluate sweet spots within the discovered fields and other prospects within the block for future assessment.

An independent prospective resource review has been commissioned for Nandino.



In November 2021, Saccgasco executed an agreement with TG World Energy Corp (“TEC”) to acquire its wholly owned subsidiary TG World (including intercompany receivables owing from TG World to TEC) for consideration of A\$1 (one dollar) and up to a maximum net royalty of circa US\$530,000 paid after commercial production is achieved. The royalty will be paid at the rate of 12.5% of the contractor share of Net Proceeds from SC54A production until the maximum is reached. Net Proceeds are calculated after cost recovery for current and historical expenditures on the block.

On 20 December 2021, Saccgasco sold 12.5% working interest in Service Contract 54A (**SC54A**) and granted a farmin option to Blue Sky International Holding Inc. (**Blue Sky**) for a consideration of C\$200,000 (approximately A\$220,000).

Furthermore, Blue Sky will pay Saccgasco’s 72.5% working interest share of the well cost up to and including wireline logging on a 2 for 1 basis to earn a further 36.25% if the farmin option is exercised within 30 days after the well is proposed by the Saccgasco.

## SC 6B Cadlao (SGC 9.09%, Technical Operator)

The Cadlao Field previously produced 11.1 million barrels of oil between 1981 and 1991 and at the time production ceased the field was still producing 950 bopd (5,900 blpd) from 2 subsea wells. Initial production from the discovery well, Cadlao-1A, was over 6,000bopd.

A proposal for an Extended Well Test (“EWT”) to maximize reservoir knowledge and reduce risks associated with redevelopment of the field as well as provide early cashflow is being prepared for submission to Joint Venture partners and the DOE.

A Plan of Development (POD) is also being prepared subject to the EWT confirming the commerciality.

In recognition of Saccasco's expertise and in-country history and reputation, the Joint Venture has agreed to appoint its wholly owned subsidiary, Nido, as the technical operator for SC 6B to design, manage and execute the EWT and subsequent POD.

## Service Contract 6B – NW Palawan Basin, Offshore Philippines

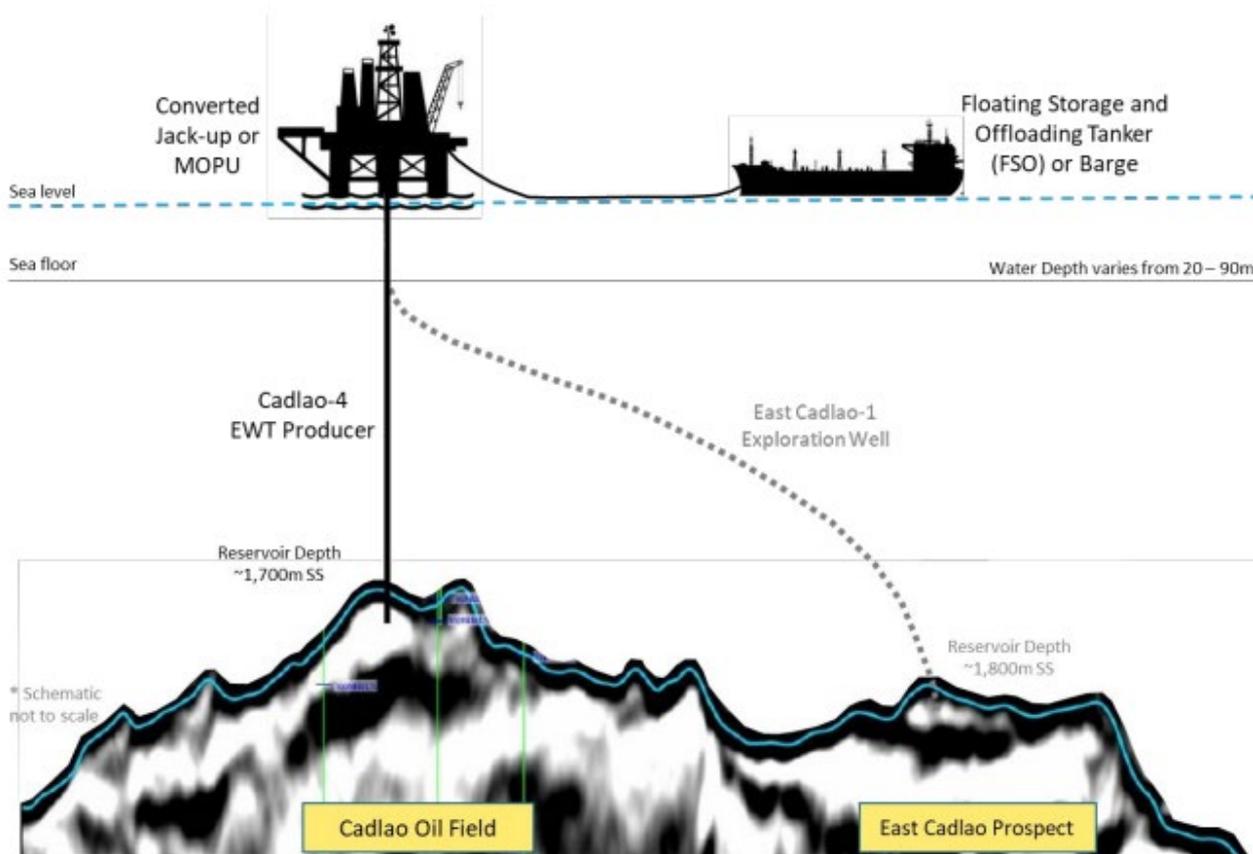
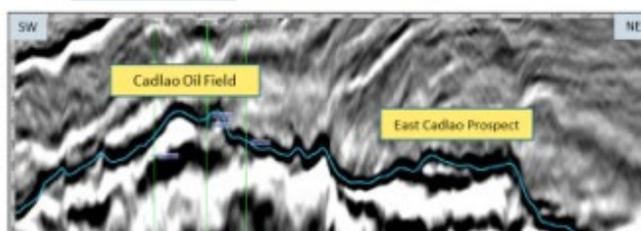
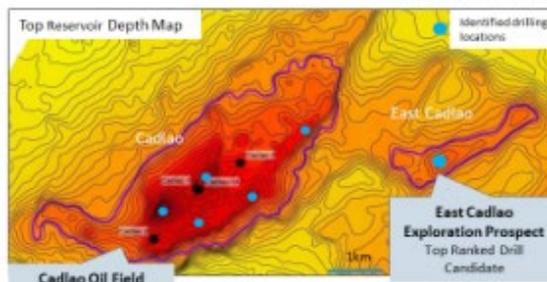


### Service Contract 6B Summary

- 533km<sup>2</sup> area in water depths between 20 – 90m
- SC 6B contains the Cadlao and Bonita Discoveries and >20 prospects and leads identified on recently reprocessed 3D seismic within a proven charge system
  - The East Cadlao prospect is considered the top ranked drilling candidate of the portfolio
- The Joint Venture plans to submit a Plan of Development (POD) for the redevelopment of the Cadlao field in Q1 2022

### Cadlao History and Redevelopment Opportunity

- Discovered in 1977 – defined by 2D seismic, limestone pinnacle reef reservoir
- Produced 11.1MMstb of oil from 1981 to 1991 from two production wells; Cadlao-1A & Cadlao-3
- At the time production ceased, Cadlao-1A was producing 5,900bpd (950bbls/day of oil) on natural flow
- 3D seismic pre-stack time migrated processing has led to the interpretation of a significant unswept attic volume on the Cadlao Field
- Historical production de-risks future reservoir deliverability for a redevelopment and shallow water depths allow for low CAPEX development concepts



Given its close proximity to Cadlao, there is also the opportunity to drill the East Cadlao Prospect from a Cadlao EWT location, subject to further maturing of the prospect to drill ready status.

An independent reserves review has been commissioned for Cadlao.

On 15 December 2021, Sargasco secured a Sale and Purchase Agreement in relation to Service Contract Block 6B (“**SC 6B**”) designed to accelerate the anticipated redevelopment of the Cadlao Oilfield and exploration of nearby East Cadlao oil prospect.

Under the Agreement, SGC paid A\$250,000 to the previous operator of SC 6B (Manta Oil Company Limited, “**MOCL**”) upon their withdrawal from SC 6B in return for their proprietary database. The database will enhance and accelerate the planned development activities on SC 6B. This consideration is intended to be cost recovered out of future SC 6B production revenues.

Farmin discussions between Nido and the remaining Joint Venture parties are progressing well.

### **SC58 (SGC 50%, Operator)**

In November 2021, Sargasco secured an extension of Service Contract 58 (“SC58”) and Service Contract 54, Block A (“SC54A”) from the Department of Energy of the Philippines primarily for reasons related to COVID-19.

Service Contract 58 is Nido operated with a 50% participating interest. Nido is currently paying 100% of the minimal ongoing extension costs under the Service Contract and until Sub-Phase 3 has been completed.

The current Sub-Phase 3 of SC58 (which includes a commitment well) will be restarted at either the 16 October 2022 or the lifting of the state of public health emergency in the Philippines, whichever comes later.

Sargasco will undertake development concept and screening studies to assess the potential economic value of a notional gas discovery in SC58, including the opportunity to access the Philippine energy market via the Malampaya pipeline to Luzon. The 2022 Firm Budget for SC58 totals US\$70,000 net to Sargasco.

### **SC14C2 West Linapacan (SGC 22.28%, Non-Operator)**

The West Linapacan Field previously produced 8.5 mmstb and was shut in in 1996 due to facility constraints and a corresponding low oil price environment. Sargasco is considering development and funding options for the redevelopment of the West Linapacan Field.

### **SARGASCO PHILIPPINES TENEMENT TABLE (as at 31 December, 2021)**

<b>Service Contract</b>	<b>Fields / Discoveries</b>	<b>% Working Interest</b>	<b>Operator</b>
SC 54A	Tindalo, Yakal, Nido 1X1, Nandino Prospect	72.5%	NIDO (SGC)
SC 14C2	West Linapacan A Field; West Linapacan B	22.28%	Philodrill
SC 58	Palawan Basin big hit Exploration	50%	NIDO (SGC)
SC 6B	Cadlao, near field Exploration	9.09%	Philodrill. NIDO (SGC) Technical Operator
SC-14A, SC-14B, SC-14D	Filed for relinquishment (awaiting DOE approval)	22.28% before relinquishment; Nil after	Philodrill

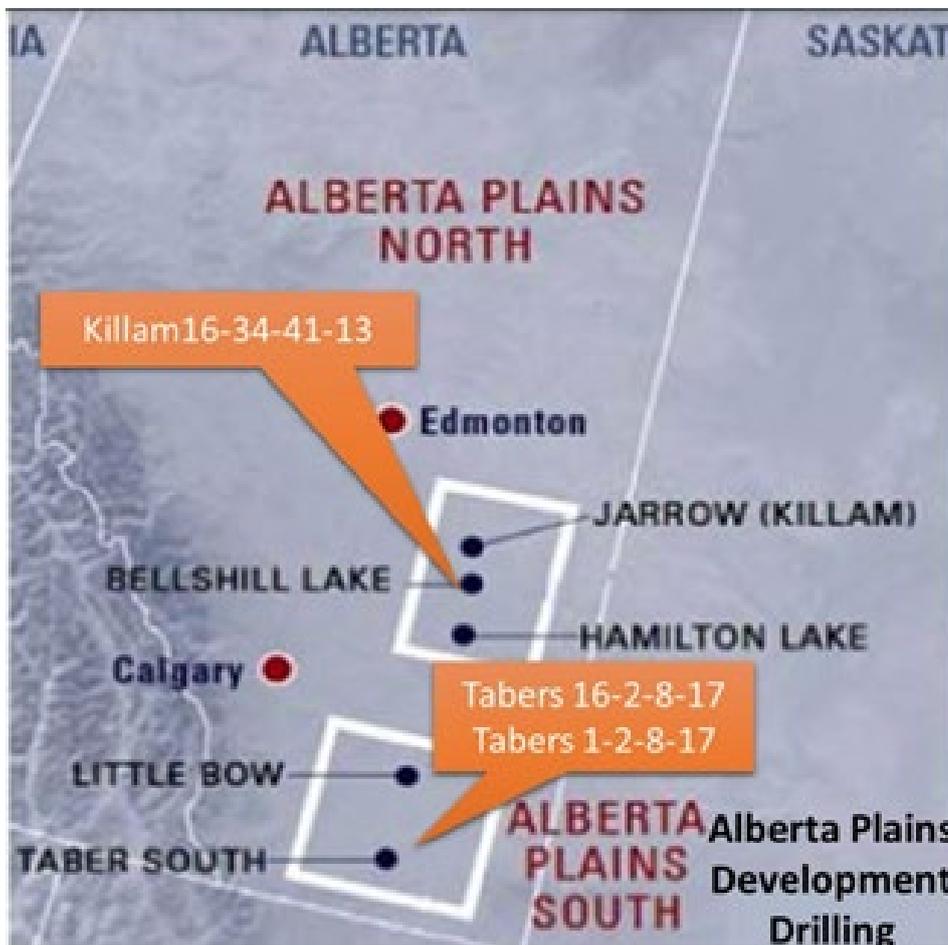
Service Contracts in the Philippines are granted by the government for defined periods of times that vary from contract to contract.

## ONSHORE CANADA

Sacgasco will participate in a three-well program to drill three oil development wells in the Alberta Plains, Canada, where the Company has a 20% working interest. Sacgasco plans to fully fund its share of the drilling program from the Company's net operating cashflow.

The total cost of the three well development program is estimated at A\$2.7 million (gross), which will be A\$540,000 net to Sacgasco. The Company anticipates a production increase of 200 BOEPD (gross) which equates to 40 BOEPD (primarily oil) net to SGC. Given the current reference oil price exceeding US\$85/bbl, production from these wells is projected to pay back the capital and operating expenditure in less than 12 months.

Drilling licences have been applied for with the Alberta Energy Regulator (AER). Once they are received, the Operator, Blue Sky Resources, will mobilise to drill the wells as soon as practicable. Sacgasco anticipates that the program will start in Q1 2022. The wells are considered to be independent of each other and may be drilled using separate rigs depending on availability.



*Alberta Plains development wells*

A multi-spectral satellite imagery study over Sacgasco's Canadian assets has identified a number of significantly above-background hydrocarbon, hydrogen and helium anomalies. The results of the study is being integrated with the extensive subsurface well control and other geophysical data including seismic to define potential exploration targets within the areas of operations.

Subsequent to the quarter end, an auction of oil and gas leases in the Red Earth Area has surprised market participants with third-party winning bids materializing at around 10 times the value of the JV's expectations. This is interpreted to reflect changing perceptions of oil and gas lease values in the Red Earth Area and more broadly in the Alberta Province of Canada.

Canada Oil and Gas Production (BOE) <sup>1</sup>	December 2021 Quarter	September 2021 Quarter
<b>SGC Production</b>	34,555	35,537
<b>SGC Production after Royalty</b>	30,114	30,970
<b>Note 1: Gas converted to BOE using 6:1 ratio</b>		

A reserves update for Red Earth and Alberta assets is underway for completion in Q1 2022 to reflect current operations and oil and gas pricing.

#### **SACGASCO CANADA TENEMENT TABLE (as at 31 December, 2021)**

PROJECT NAMES	LEASES; RELATED GAS FIELD (HBP LEASES); OR KEY WELL	PROJECT TYPE	WORKING INTEREST (WI)*
<b>Red Earth Assets (Canada)</b>	Oil and gas Mineral Leases and wells and associated Infrastructure	Production	30%
<b>Alberta Plains Assets (Canada)</b>	Oil and gas Mineral Leases and wells and associated Infrastructure	Production	20%

#### **ONSHORE CALIFORNIA**

As advised on 25 November 2021, Development Manager, Barry Ashwin was appointed initially focussing on monetising Borba natural gas and the hydrogen feasibility study along with other production and cashflow improvement opportunities in the California asset base.

Successful wellwork on a gas well in the Rio Vista Field delivered almost 500% increase in production from that well.

The Company continued to maintain leases in the Sacramento Basin during the quarter. Sacgasco has a working interest (WI) of between 10% and 100% in oil and gas leases which cover natural gas prospects ranging in size from 5-20 Bcf to Tcf recoverable prospective resources of Natural Gas.

California has an unsatiated average 7 Bcf per day gas market. California imports over 90% of this natural gas from other US States and Canada.

Reference Natural Gas prices for Sacgasco Gas Sales in the Sacramento Basin for the December Quarter were around US\$6.30 /mcf (AUD\$8.75 /mcf) significantly above the US Henry Hub benchmark gas price.

California Gas Production (mcf) <sup>1</sup>	December 2021 Quarter	September 2021 Quarter
<b>Gross Production</b>	47,212	31,443
<b>SGC Production after Royalty</b>	29,740	16,471
<b>Note 1: mcf = Thousand Cubic feet gas</b>		

## SACGASCO CALIFORNIA TENEMENT TABLE (as at 31 December, 2021)

PROJECT NAMES	LEASES; RELATED GAS FIELD (HBP LEASES); OR KEY WELL	PROJECT TYPE	WORKING INTEREST (WI)*
<i>Dempsey Area Project</i>	Rancho Capay, Rice Creek, East Gas Fields - HBP Leases; Oil and Gas Mineral Leases	Exploration, Appraisal and Rework	40-60%
<i>Borba Project</i>	Oil and Gas Mineral Leases	Exploration	66.67%
<i>Los Medanos Project</i>	Los Medanos Gas Field HBP Leases	Appraisal and Rework	90%
<i>Malton Project</i>	Malton Gas Field HBP Leases and Oil and Gas Mineral Leases	Exploration, Appraisal and Rework	45-70%
<i>Dutch Slough Gas Project</i>	Dutch Slough Gas Field HBP Leases	Exploration, Appraisal and Rework	70%
<i>Rio Vista Gas Project</i>	Rio Vista Field Wells HBP Leases	Gas flow, development and Rework	100%
<i>Willows Gas Field (Non-operated)</i>	Willows Gas Fields HBP Leases	Gas flow and Rework	10%
<i>Alvares Project</i>	Oil and Gas Mineral Leases; Alvares 1 well (P&A Re-entry)	Exploration and Appraisal	50%

\* Approximate WI across the referenced Project

Sacgasco is the Operator of all but one of its WI wells and related tenements in California.

One well was plugged and abandoned and related project leases released during the quarter as it no longer considered to have future potential.

### **CORPORATE**

Sacgasco Managing Director Gary Jeffery presented to SEAPEX Philippines Forum for **Nido Petroleum Philippines Pty Ltd (“Nido”)**, its wholly owned subsidiary. The forum provided the opportunity to present the company’s Philippines Asset base, detailing the 4th Exploration and Production Phase in the offshore Palawan Basin.

During the period there was a change of Registry address for Sacgasco Limited. Automic Group relocated to Level 5, 191 St Georges Terrace, Perth with effect from Monday, 20 December 2021.

### **OTCQB Market listing in North America**

Subsequent to the end of the subject quarter, SGC’s application to join the OTCQB Market in the United States was accepted, and the Company’s shares are now listed for trading under the code **SGCSF**.

The Company's primary listing will continue to be the Australian Securities Exchange (ASX). The OTCQB Market has robust financial reporting and corporate governance requirements. All these requirements are effectively satisfied by Sacgasco through its ongoing compliance with ASX Listing Rules.

Sacgasco sought OTCQB quotation to provide North American investors with enhanced accessibility and liquidity in trading of the Company’s shares. The quotation delivers Sacgasco access to one of the largest investment markets in the world at relatively nominal cost (compared to traditional major exchanges) and with practically no additional compliance requirements.

No new shares in the Company are being issued in connection with commencement of trading on the OTCQB Market. Existing ordinary shares of Sacgasco may now also be traded on the OTCQB Market and investors can find real-time quotes and market information on the OTC Markets website ([www.otcmarkets.com/stock/SGCSF/overview](http://www.otcmarkets.com/stock/SGCSF/overview)).

## **MARCH QUARTER OBJECTIVES**

Progress and facilitate strategic plans for exploration and development of the Philippines Service Contracts including optimizing working interests, accelerating cash flow from existing oil discoveries, and pursuing significant exploration prospects.

Increasing production, revenues and cashflow from oil and gas producing properties in North America including the monetization of the natural gas from the Borba 1-7 well.

Ongoing review of potential conventional oil and natural gas projects including Hydrogen and Helium that have a strategic fit with Sacgasco's current assets and strategy.

## **SACGASCO CAPITAL STRUCTURE**

<b>ISSUED CAPITAL at 31 December 2021</b>	
Ordinary Shares (ASX: SGC) *	481,181,964
Unlisted Options exercisable @ 6 cents by 31 December 2022	18,000,000
131,899,719 SCGOA listed options expired on 31 December 2021, along with 16,000,000 Unlisted options with same 4 cent option price.	
* Includes 16,750 shares issued as a result of option conversion in December 2021, 833,333 shares issued in October 2021 as approved by shareholders as part payment of Director's fees, and a further 2,958,713 shares issued as part payment of Director's fees issued on 19 January 2022.	

## **CASHFLOW SUMMARY AND APPENDIX 5B DISCLOSURES**

<b>4Q 2021 Cashflows</b>	<b>A\$</b>	<b>Comment</b>
<b>Opening cash</b>	<b>\$1,146,000</b>	
Production (net)	\$767,000	Net revenue (after production costs) from California and Canada
Exploration & Evaluation	-\$458,000	Exploration expenses in Philippines and California
Corporate, Admin and Staff*	-\$356,000	Corporate and Admin costs in line with expectation
JV Cash Call Receipts	\$199,000	Cash calls from SGC's Californian JV partner
<b>Net cash from operating activities</b>	<b>\$152,000</b>	
Investing and Financing Activities	-\$10,000	Includes FX movements
<b>Closing cash</b>	<b>\$1,288,000</b>	

\* Includes payments to related parties totalling \$43k in respect of director's salaries and office lease paid to a director related entity.

**For and on behalf of the Board of Sacgasco Limited.**

**Gary Jeffery**  
**Managing Director**  
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**Ben Jarvis**  
**Six Degrees Investor Relations**  
**+61 (0) 413 150 448**

## **About Sacgasco Limited (ASX: SGC)**

*Sacgasco Limited (ASX: SGC) is an Australian-based energy company focused on under-explored, recently over-looked, world class oil and gas opportunities near under-supplied markets. Sacgasco's Natural Gas activities include Hydrogen and Helium.*

*The Company is currently focused on conventional oil and gas exploration and production in the Sacramento Basin, onshore California, Alberta Canada and offshore Philippines.*

*Sacgasco has an extensive portfolio of natural gas and oil producing wells and discoverable and prospects at various exploration and appraisal stages. The Company is targeting supply to the local Californian and Canadian oil and gas markets and burgeoning Asian market.*

*Sacgasco is in the process of acquiring additional undervalued oil and gas producing and exploration assets.*

[www.sacgasco.com](http://www.sacgasco.com)

Twitter: @SacGasCo

### **Leases:**

US and Canadian exploration is conducted on leases granted by Mineral Right owners, including the respective Governments and private individuals or groups. Leases can vary in size from very small parcels (part of an acre) to large landholdings (covering a few square miles). Leases generally are for 5 years and rentals are paid annually. There are no firm work commitments associated with the leases. Some leases are 'Held By Production' (HBP) and royalties are paid to mineral right owners in lieu of rentals. SGC has not listed all its leases as it is impractical and not meaningful for potential project value assessment in a conventional natural gas play. A detailed listing of leases may also lead to a loss of competitive advantage and consequent reduced value to SGC shareholders.

Philippine leases are issued by the Government of Philippines as Service Contracts with defined conditions that may be varied from time to time.

### **Competent Persons**

This document contains forward looking statements that are subject to risk factors associated with the oil and gas industry. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by many variables which could cause actual results or trends to differ materially. The technical information provided has been reviewed by Mr Gary Jeffery, Managing Director of Sacgasco Limited. He is a qualified geophysicist with almost 50 years technical, commercial and management experience in exploration for, appraisal and development, and transportation of oil and gas. He is a member of The American Association of Petroleum Geologists. Mr Jeffery consents to the inclusion of the information in the form and context in which it appears.

The timing of future events is subject to the normal industry vagaries of operational matters and equipment availability which are outside the control of Sacgasco and its suppliers. Facilities depicted in images on the Sacgasco website are not necessarily assets of Sacgasco. Some of the images used represent aspects of the oil and gas industry in which Sacgasco is involved or images of equipment owned by companies providing services to Sacgasco.

Before investing it is recommended that investors conduct their own due diligence and consult financial and technical advisors and form their own opinions on future events and implications.

## Appendix 5B

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

Name of entity

Sacgasco Limited

ABN

83 114 061 433

Quarter ended ("current quarter")

31 December 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	1,211	2,265
1.2 Payments for		
(a) exploration & evaluation	(458)	(5,957)
(b) development	-	-
(c) production	(444)	(1,396)
(d) staff costs	(40)	(1,693)
(e) administration and corporate costs	(316) *	(787)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(1)	(11)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (JV receipts)	199	1,938
<b>1.9 Net cash from / (used in) operating activities</b>	<b>152</b>	<b>(5,641)</b>

\* Noted that \$117k has been paid in the December 2021 quarter for audit and tax consultancy services of the Filipino entities for the year ended 31 December 2020.

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	-	(190)
(d) exploration & evaluation	-	-
(e) investments	-	-
(f) other non-current assets	(250)	(1,464)

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

<b>Consolidated statement of cash flows</b>		<b>Current quarter</b>	<b>Year to date (12 months)</b>
		<b>\$A'000</b>	<b>\$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 (cash held on acquisition)	-	1,312
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(250)</b>	<b>(342)</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	5,003
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	1	303
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(1)	(383)
3.5	Proceeds from borrowings	250	870
3.6	Repayment of borrowings	-	(340)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (repayment of JV partner loan)	-	67
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>250</b>	<b>5,520</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	1,146	1,730
4.2	Net cash from / (used in) operating activities (item 1.9 above)	152	(5,641)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(250)	(342)

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

<b>Consolidated statement of cash flows</b>		<b>Current quarter</b>	<b>Year to date (12 months)</b>
		<b>\$A'000</b>	<b>\$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	250	5,520
4.5	Effect of movement in exchange rates on cash held	(10)	21
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>1,288</b>	<b>1,288</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b>	<b>Current quarter</b>	<b>Previous quarter</b>
	at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>\$A'000</b>	<b>\$A'000</b>
5.1	Bank balances	1,288	1,146
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>1,288</b>	<b>1,146</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter</b>
		<b>\$A'000</b>
6.1	Aggregate amounts of payments to related parties and their associates included in item 1	43
6.2	Aggregate amounts 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

<b>7. Financing facilities</b>		<b>Total facility amounts at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<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	800	800
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	800	800
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.		
	<p>Three unsecured loan facilities earning interest at 10% pa, repayable within six months unless extended by mutual agreement:</p> <ul style="list-style-type: none"> <li>- Unsecured facility with Dungay Resources Pty Ltd, a company associated with Gary Jeffery, dated 1 November 2021 for \$250,000, repayable within six months unless extended by mutual agreement,</li> <li>- Unsecured facility with Dungay Resources Pty Ltd, dated 4 May 2021 for \$300,000, extended until 4 May 2022, and</li> <li>- Unsecured facility with Dungay Resources Pty Ltd, dated 17 May 2021 for \$250,000, extended until 17 May 2022.</li> </ul>		

<b>8. Estimated cash available for future operating activities</b>		<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	152
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3	Total relevant outgoings (item 8.1 + item 8.2)	152
8.4	Cash and cash equivalents at quarter end (item 4.6)	1,288
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	1,288
8.7	<b>Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>	N/A
	<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>	

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

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:

N/A

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:

N/A

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:

N/A

*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 January 2022

Authorised by: Gary Jeffery – Managing Director  
(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.