



A.C.N. 004 247 214

Lakes Oil N.L.

ASX

**Announcement
and Media**

Release

8 January 2021

Quarterly Activities Report

For the three months ended
31 March 2020



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Stock Exchange

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Auditors

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Melbourne, Victoria 3000

Share Registry

Computershare Investor Services Pty Ltd
Yarra Falls, 452 Johnston Street, Abbotsford Victoria 3067

Lakes Oil NL is a no-liability company incorporated in Australia. Unless otherwise stated references to 'Lakes Oil' or "the company" or "the Group" refer to Lakes Oil NL and its controlled entities as a whole. Lakes Oil operates a web site which Directors encourage you to access for the most recent company information.

CORPORATE ACTIVITIES:

Suspension of Trading

- Trading in the Company's securities remains suspended, following late lodgement of the Company's 2019 Annual Report.

Capital Raising

- On 12 December 2019 the Company announced that it had entered into a Convertible Note placement arrangement to raise up to \$6.03 million (before costs). Proceeds from the placement will be used to fund costs of drilling the Nangwarry-1 well and to meet working capital requirements.
- Key features of the Convertible Note placement arrangement and principal terms of the Notes are:
 - Up to 6,700,000,000 Convertible Notes (Notes) are to be placed with sophisticated investors, professional investors (under the Corporations Act) and other investors who are exempt from disclosure requirements (subject to any necessary regulatory approvals). The Notes will not be listed on the ASX.
 - The Notes will be issued in tranches to meet cash requirements whilst minimising interest costs.
 - The Notes will have an issue price and face value of 0.09 cents per Convertible Note.
 - Interest will be paid half yearly in arrears at a rate of 15% per annum. Interest may be paid at Lakes Oil's election by the issue of further Notes.
 - The maturity date of the Notes, if not earlier converted, will be 31 December 2021.
 - Notes are convertible at any time at the election of the Noteholder into one ordinary share in Lakes Oil subject to usual adjustment mechanisms in certain circumstances.
 - Notes will be secured by a first ranking charge over Lakes Oil's assets.
- The Company retained Bizzell Capital Partners Pty Ltd (BCP) as the lead manager for the Convertible Note issue and it is intended for the balance of the Notes issue to be fully underwritten by BCP. BCP will receive a fee of 6% of capital raised. Samuel Holdings Pty Ltd as trustee for Samuel Discretionary Trust, a related party of Director Nicholas Mather, will provide \$3 million in sub-underwriting once the \$6.03m is fully underwritten and will receive fees from BCP in this regard. The issue of Notes to Samuel Holdings Pty Ltd and any other director related entity participating in the Note issue will be subject to receipt of necessary shareholder approvals.
- A total of four tranches of Convertible Notes have already been issued, as follows:
 - A first tranche of 666,666,668 notes was issued on 12 December 2019, raising \$600,000.
 - A second tranche of 1,044,444,445 notes was issued on 27 December 2019, raising \$940,000.
 - A third tranche of 866,666,666 notes was issued 2 March 2020, raising \$780,000.
 - A fourth tranche of 1,755,555,556 notes was issued on 18 March 2020, raising \$1,580,000.
- Further tranches of Convertible Notes will be issued as necessary.
- On 14 February 2020 the Company received \$515,000 of loan funds from Samuel Holdings Pty Ltd on behalf of Samuel Discretionary Trust, sub-underwriter of the Convertible Note arrangement. Interest is payable on this amount at a rate of 15% per annum. The funds are

being used to meet working capital requirements. Samuel Discretionary Trust has the option (subject to securing shareholder approval) to convert the loan into Convertible Notes.

Rawson Oil & Gas Limited

- Lakes Oil has continued to advance funds to Rawson Oil & Gas Limited as necessary for activities in South Australia, especially drilling of the Nangewarry-1 exploration well, and PNG.

Victorian Onshore Exploration Ban

- The Victorian Government's ban on all onshore petroleum exploration remains in place.

Purported Expiry of PRL3 (Victoria)

- In April 2019 the Victorian Department of Economic Development, Jobs, Transport and Resources (the Department) wrote to the Company expressing the view that Petroleum Retention Licence (PRL) 3 had 'expired'. This was despite the facts that:
 - previous Suspension and Extension (S&E) Applications had been approved, extending the term of the Licence in consideration of the Company being prevented from carrying out work;
 - a further S&E Application, submitted and paid for on 22 February 2019, remained outstanding; and
 - annual Licence fees had already been paid by the Company.
- On 14 May 2019 the Company responded to the Department with a detailed chronology of events relating to PRL 3, showing clearly that all applications had been lodged and fees paid in strict accordance with Licence terms, and pointing out that there have been chronic and systemic delays in the Department's processing of applications.
- On 16 October 2019 the Executive Director wrote to the Company reaffirming his view that the permit had expired and that they would not process the S&E Application despite it being lodged and paid for in time.
- The Company is concerned that the Department's actions are vexatious and unjust, and has reserved its position.

GeoVic Reporting of Well Status

- On two occasions, on or around 27 April 2018 and 8 May 2018, the Victorian Department of Economic Development, Jobs, Transport and Resources (the Department) made changes to its online Earth Resources – GeoVic mapping facility. Specifically, without consulting or advising the Company, the Department changed the published status of the Company's Wombat and Trifon gas wells to either "other" or "plugged and abandoned".
- The actual status of the wells is unchanged from what has been historically reported, that is:
 - Wombat-1: gas well with minor oil shows, cased and perforated, shut-in pending further work.
 - Wombat-2: gas well, cased and perforated, shut-in pending further work.
 - Wombat-3: gas well with minor oil shows, cased and perforated, shut-in pending further work.
 - Wombat-4: gas well with minor oil shows, cased and suspended, shut-in pending further work.
 - Trifon-2: gas well, cased and perforated, shut-in pending further work.
- The Company has also noted that the status of its Petroleum Retention Licence (PRL) 3 was changed to 'expired' on the GeoVic website. This is despite Suspensions and Extensions

(S&E) extending the licence term to 2020, in Lakes' view, having already been granted. There is also a further 12 month S&E application pending, and as described above is yet to be dealt with by the Department..

- The Company continues to seek clarification from the Department regarding these inaccuracies on the GeoVic website, has made a detailed submission regarding the status of PRL3, and has offered to assist the Department with gaining an understanding of technical aspects of the petroleum industry and reporting conventions. The Department has not responded to the Company's offers and refuses to meet to resolve matters.

Research and Development Claim

- All preparatory work has been completed for the Company's appeal to the Administrative Appeals Tribunal for a review of Innovation Science Australia's rejection of the Company's 2013/14 Research and Development tax incentive claim. The review has been scheduled to be heard in late May 2020.
- The Australian Taxation Office (ATO) has alleged that the Company did not take reasonable care when claiming the Research and Development tax incentive and has indicated an intention to apply a 25% penalty (\$255,285) on the amount of the tax incentive that was rejected by Innovation Science Australia.
- The Company has agreed to pay \$20,000 per month to the ATO pending the outcome of the Administrative Appeals process.

Corporate Matters

- On 14 February William Buck Audit (Vic) Pty Ltd was appointed auditor of the Company. The appointment follows the resignation of Pitcher Partners an ASIC's consent to the resignation in accordance with section 329(5) of the Corporations Act 2001. William Buck will hold office until the next Annual General Meeting, at which its appointment is to be confirmed.

EXPLORATION ACTIVITIES:

South Australia

PEL 155 Nangwarry Prospect (Lakes Oil: 50% interest)
PEL 154 (Lakes Oil: 100% interest)

- The Company continues to investigate potential for development of the Nangwarry-1 well and a programme for flow-testing of the Nangwarry-1 well is being formulated.
- Analysis of gas samples taken during drilling of the well indicates that the well has a very high (circa 90% or greater) and pure carbon dioxide content.

Onshore Victoria

PEPs 163, 167 and 175, Otway Basin (Lakes Oil: Operator, 100% interest)
PEP 169, Otway Basin (Lakes Oil: 49% interest)
PRL 2, Gippsland Basin (Lakes Oil: Operator, varying interest across permit - subject to reserved rights)
PRL 3, Gippsland Basin (Lakes Oil: Operator, 100% interest)
PEP 166, Gippsland Basin (Lakes Oil: Operator; 75% interest)

- In view of the Victorian Government's onshore exploration ban there was no new exploration activity within Victoria during the current Quarter.
- Information regarding the Company's proposed future Victorian exploration drilling activity is set out below:
 - Portland Energy Project (Petroleum Exploration Permit 175)

The proposed Greenslopes-2 and Portland Energy-1 gas wells are proof-of-concept wells, designed to confirm the conventional gas production potential of the Eumeralla Formation and the underlying Crayfish Subgroup within a 'Focus Area' on the southwestern corner of Petroleum Exploration Permit 175, as depicted in Figure 2.

To date, 14 wells have been historically drilled without incident in the Focus Area region and, without exception, the Eumeralla Formation was shown to contain gas. Historically, this gas was of no interest since the search at the time was for oil. There was no market for gas, nor was there infrastructure through which it could be delivered.

An indication of the significant potential of the Focus Area can be gleaned from work undertaken by SRK Consulting on behalf of Lakes Oil. In May 2015 SRK used available information (essentially historic well logs and seismic data) to estimate the recoverable resources of gas within the Focus Area. SRK concluded (at a 50% confidence level) that there may be 8.3 Tcf of gas recoverable from the Eumeralla Formation and 3.2 Tcf recoverable from deeper Formations. *(Source of estimate: SRK Consulting (Australasia) Pty Ltd, as reproduced on page 29 of "Independent Specialist Report on the petroleum assets of Navgas Pty Ltd and Lakes Oil NL", SRK Consulting (Australasia) Pty Ltd, made public in December 2016. The Company is not aware of any new information or data that materially affects the information included in the relevant market announcement and confirms that all the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons)*

Figure 2: Location of Focus Area Within PEP 175



o Otway-1 Gas Well (Petroleum Exploration Permit 169)

The Otway-1 gas well is a conventional, vertical well targeting both the Waarre Sandstone and the Eumeralla Formation. The well will be located about 400 metres from the existing Iona gas storage field and associated facilities, as shown in Figure 3. The well was first proposed in 2013, at which time all regulatory and access requirements were fully satisfied (as advised in writing by the Victorian Department of Economic Development, Jobs, Transport and Resources).

The Waarre Sandstone is very productive, with gas flow rates up to 50 TJ/d having previously been achieved at other nearby locations. The Waarre Sandstone is the basis of historic gas production at the Iona gas field which is now utilised as a gas storage reservoir.

The Eumeralla Formation is known to contain gas and has previously, at the Skull Creek-1 well location (nearby to Otway-1), flowed gas at a rate of 7.5 TJ/d.

Figure 3: Location of Otway-1 Gas Well



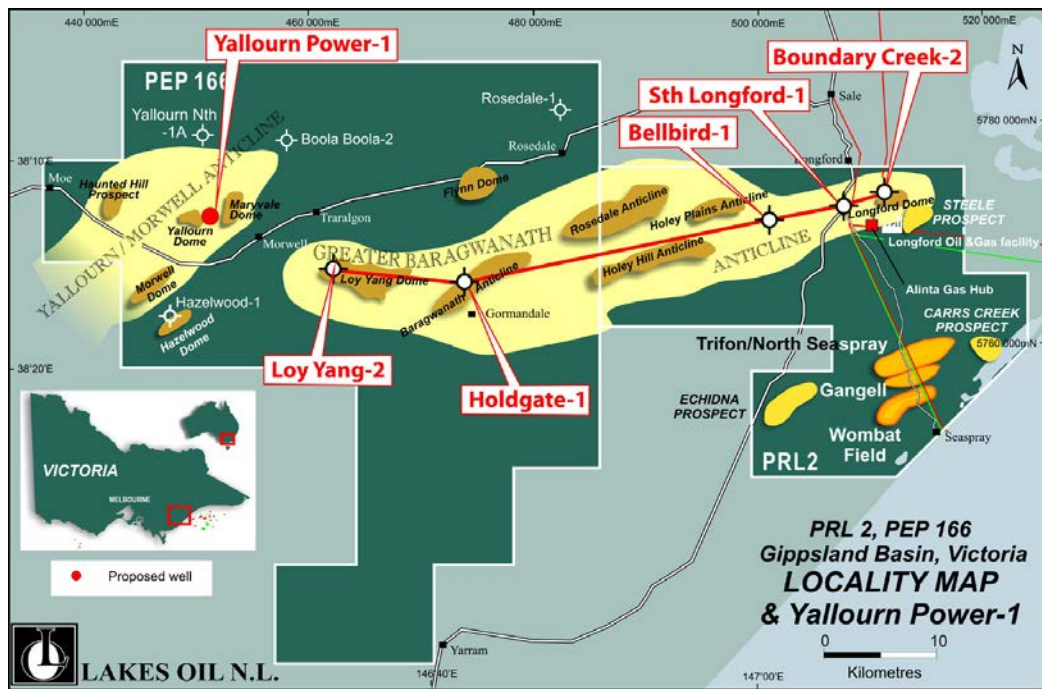
- Wombat-5 Gas Well (Petroleum Retention Lease 2)

The Wombat-5 well is a conventional, lateral well that will target the upper, permeable section of the Strzelecki Formation. The well, which will cost around \$4.5m, has an independently estimated gas production potential of around 10 TJ/d. The well was first proposed in 2012, at which time all regulatory and access requirements were fully satisfied (as advised in writing by the Victorian Department of Economic Development, Jobs, Transport and Resources).

The independently estimated contingent recoverable gas resource of the Wombat and adjoining Trifon-Gangell gas fields is 329 PJ and 390 PJ, respectively, at the 50% probability level. *(Source of estimate: Gafney, Cline and Associates, as reproduced on pages 24-25 of "Independent Specialist Report on the petroleum assets of Navgas Pty Ltd and Lakes Oil NL", SRK Consulting (Australasia) Pty Ltd, made public in December 2016. The Company is not aware of any new information or data that materially affects the information included in the relevant market announcement and confirms that all the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons).*

The Company envisages an integrated approach to development of the Wombat and Trifon-Gangell gas fields. Sales gas production would initially be from the Wombat gas field with the Trifon-Gangell gas field developed to support steady gas sales over a 20-year period. On this basis the estimated conventional sales gas potential of the fields is at least 20 PJ/a.

Figure 4: Location of Wombat and Trifon-Gangell Gas Fields



Near-shore Victoria (Gippsland Basin)

VIC/P43(V) and VIC/P44(V) (Lakes Oil: Operator, 100% interest)

- For cost efficiency reasons it is desirable that work within these permit areas be coordinated with onshore activity.
- In view of the Victorian Government's onshore exploration ban there was no new exploration activity within Victoria during the current Quarter.

Queensland, Eromanga Basin

ATPs 642P and 662P (Lakes Oil: Operator, 100% interest)

- Lakes Oil is seeking a joint venture partner for pursuit of its western Queensland opportunities.

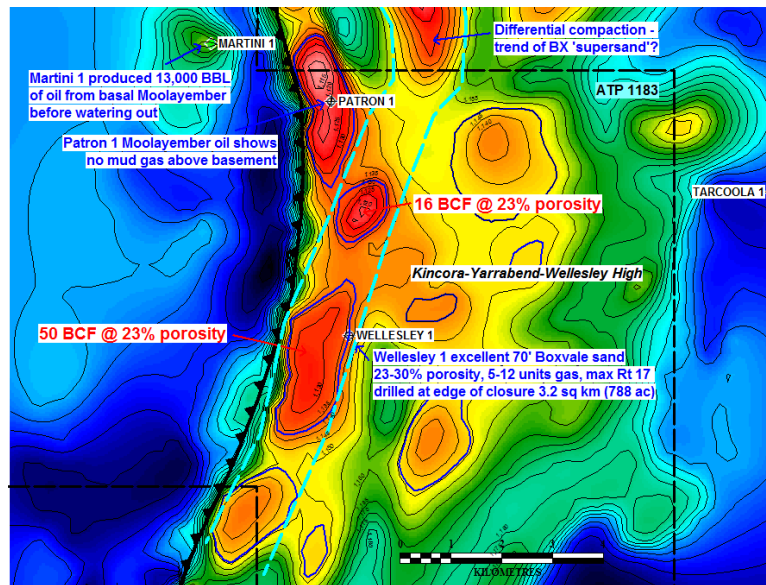
Queensland, Roma Shelf Project

ATP 1183 (Lakes Oil: Operator, 100% interest)

- ATP 1183 is highly prospective for oil, gas and condensate discoveries, and is within close proximity of established production facilities and infrastructure. The tenement area itself surrounds the Riverslea Oil Field and Major Gas/Condensate Field.
- Since acquiring ATP 1183 the Company has undertaken extensive review of exploration prospects within the permit area. A number of compelling opportunities have been assessed in detail and the Company is now progressing planning and approvals for an exploration well drilling campaign. Given the proximity of ATP 1183 to existing oil and gas production infrastructure, any discoveries within the permit area can be brought online quickly to provide cashflow to support ongoing Company operations.
- The key exploration prospects that the Company proposes to drill are:
 - Wellesley Dome

The Wellesley Dome is a fault bound, three way dip closure approximately 4.4km² in area, lying on the Kincora-Yarrabend-Wellesley High to the south of the productive Kincora Gas Field.

Figure 5: Wellesley Dome



A well (Wellesley-1) drilled by BHP in 1979 intersected in excess of 20 metres of thick clean Boxvale Sand. Although the well had fair gas shows and good porosity (average 28%) it was at the time not considered to be of commercial interest. Apart from the Wellesley-1 well, the extensive Wellesley Dome prospect is underexplored. With modern production techniques and at prevailing gas prices, the Company considers the Wellesley Dome to be a compelling exploration opportunity.

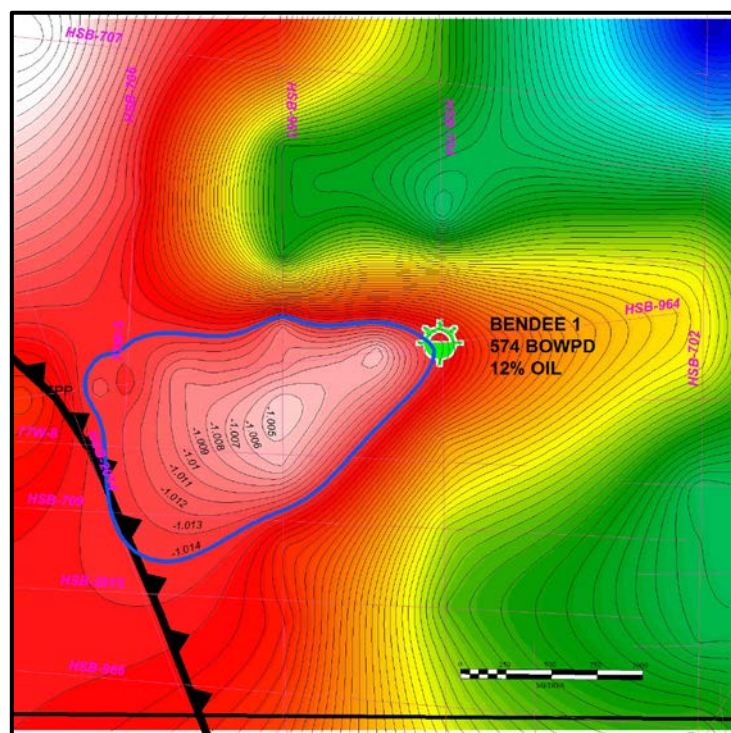
The Company proposes to drill an exploration well approximately 880 metres southwest of Wellesley-1 to a depth of around 1,650 metres, with preparatory work (notably, development of land access arrangements) presently under way.

The Wellesley Dome has a prospective gas resource of 41 BCF (*This is a best estimate prepared on a deterministic basis. It is sourced from page 17 of "Independent Specialist Report on the petroleum assets of Navgas Pty Ltd and Lakes Oil NL", SRK Consulting (Australasia) Pty Ltd, made public in December 2016. The Company is not aware of any new information or data that materially affects the information included in the relevant market announcement and confirms that all the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.*)

Company has identified that the Bendee-1 well was drilled on the edge of closure, at the level of oil-water contact. Considerable up-dip potential exists.

The Bendee Prospect covers an area of approximately 2 square kilometres and could contain approximately 1 million barrels of oil. *(This is a best estimate prepared on a deterministic basis. It is sourced from page 17 of "Independent Specialist Report on the petroleum assets of Navgas Pty Ltd and Lakes Oil NL", SRK Consulting (Australasia) Pty Ltd, made public in December 2016. The Company is not aware of any new information or data that materially affects the information included in the relevant market announcement and confirms that all the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons)*

Figure 7: Bendee Prospect

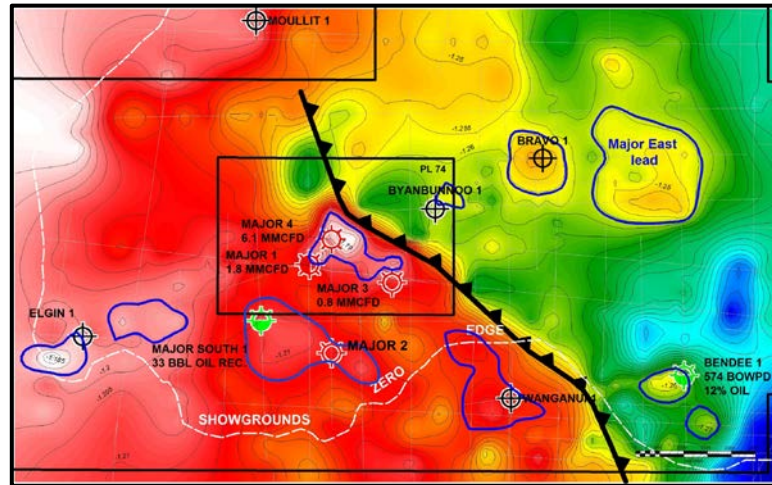


- Major East Lead

The Major East Lead is four way dip closure approximately 5km² in area, located to the east of the producing Major Gas Field.

The Major East Lead has a prospective gas resource of 13.8 BCF *(This is a best estimate, determined by Mr Peter Bubendorfer, Exploration Adviser to Navgas Pty Ltd, who is an AAPG member, qualified in accordance with the requirements of ASX Listing Rule 5.42, and who has consented to the use of the estimate in the form and context in which it appears in this report. The estimate was finalised on 3 February 2015 and was published on the ASX Announcements Platform by the Navgas Pty Ltd then owner Dark Horse Resources Limited (known at that time as Navaho Gold Limited). The Company is not aware of any new information or data that materially affects the information included in the relevant market announcement and confirms that all the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons).*

Figure 8: Major East Lead

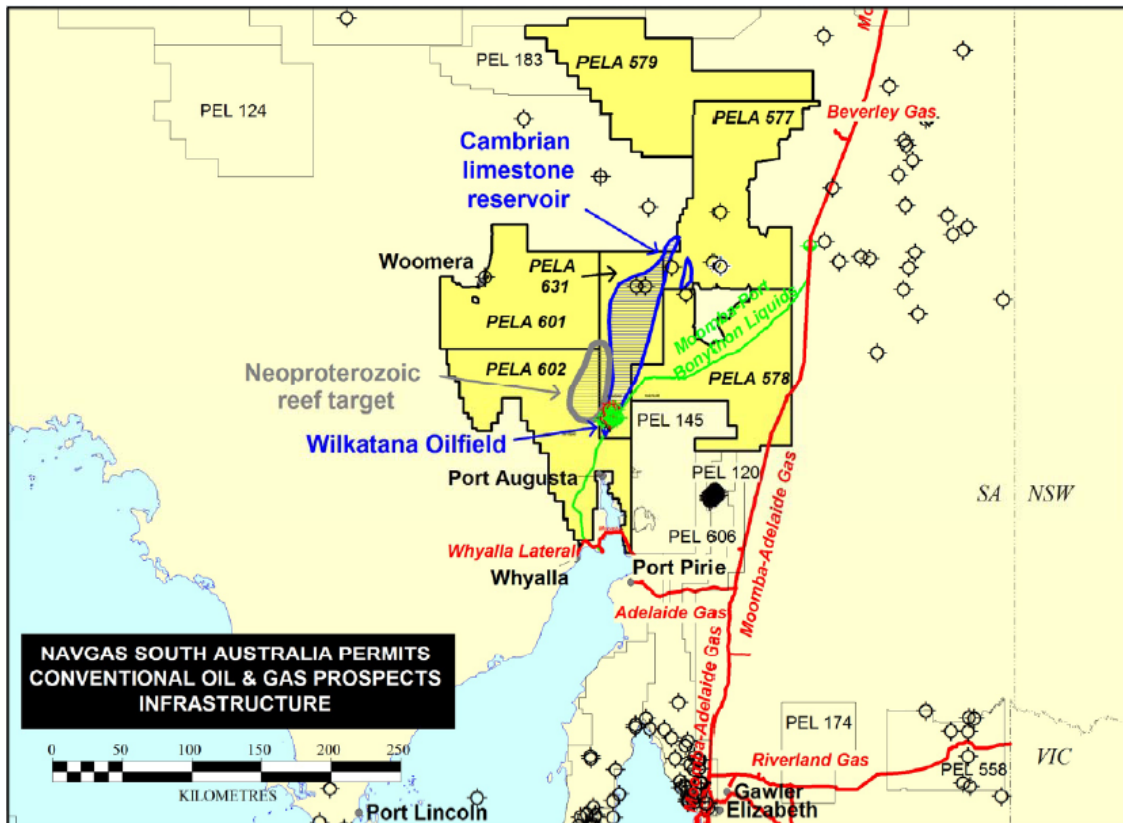


South Australia, Pirie Torrens Oil & Gas Project

PELAs (Lakes Oil: Operator, 100% interest)

- The Pirie Torrens Oil and Gas Project incorporates six Petroleum Exploration Licence Applications (PELAs) located in South Australia and covering approximately 53,000km² as outlined in Figure 9. Petroleum exploration activities in the general area first commenced in 1956, when Santos was established to drill for oil at Wilkatana. This work, and subsequent drilling by other companies, historically confirmed the presence of oil and gas across the area of interest.
- Lakes Oil proposes to review and reprocess historic data, including more recent seismic information gathered by Geoscience Australia, and to investigate potential for drilling of a stratigraphic core hole to further geological knowledge of the basin.
- Of particular near-term interest to the Company are:
 - the potential for oil production to the north of Wilkatana (in an area of closure, associated with the Torrens Hinge Zone, that can be identified on modern seismic data but which has not yet been drilled); and
 - the potential for production of gas from the Tindelpina Shale, which has been demonstrated to contain gas but has not been explored using modern techniques.

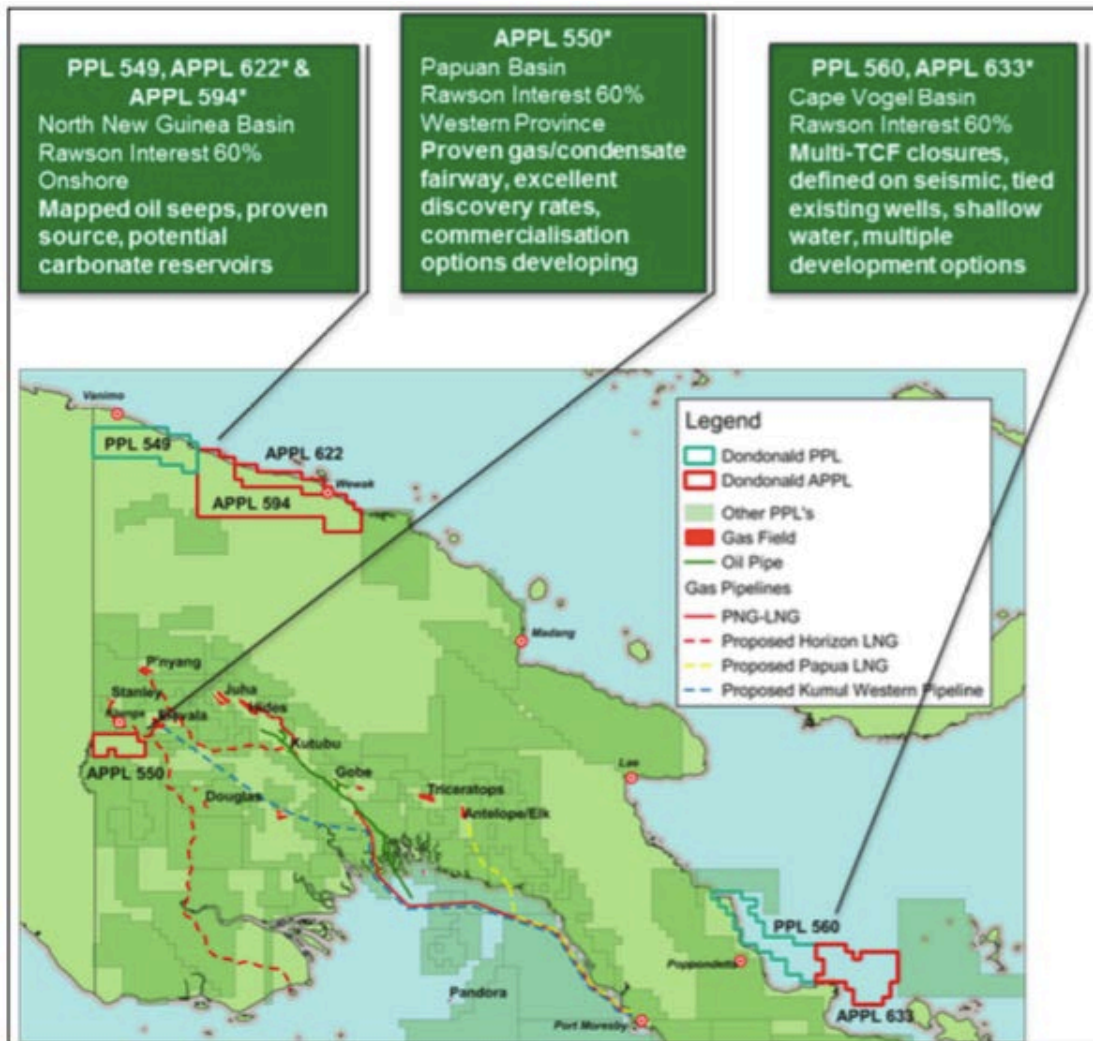
Figure 9: South Australian Licence Application Areas



Papua New Guinea

- The Company has control of a portfolio of highly prospective exploration acreage in Papua New Guinea. One key tenement is Petroleum Prospecting Licence (PPL) 560, which contains the multi-trillion cubic feet Buna prospect.
- The Company is working on plans for expedited exploration and development of the PNG tenements, especially the Buna prospect, and has recommenced discussions with potential farminees to help fund the drilling of the Buna Prospect.

Figure 10: PNG Interests



Eagle Prospect, Onshore California, USA

(Lakes Oil: 17.97% interest. Operator: Strata -X Inc.)

- The Eagle Prospect contains the Mary Bellochi-1 well, which was drilled in 1986 by Lakes and its joint venture partners, and flowed oil to surface for several weeks before withering out. Indications at the time were that failure of the well was the result of a mechanical problem, rather than oil ceasing to be present.
- The Company is seeking to dispose of its Eagle Prospect interest.

This announcement is authorised for release to the market by the Board of Directors of Lakes Oil NL.

For further details please contact:

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Lakes Oil NL Tenement holding summary

Below is a listing of the tenements held by Lakes Oil NL as at 31 March 2020:

| Joint operation or Permit name | Location (basin name) | Interest owned % | Interest acquired/farmin during the quarter | Interest disposed/farmout during the quarter |
|--------------------------------|-----------------------|------------------|---|--|
| PEP 163 | Otway | 100 | - | - |
| PEP 167 | Otway | 100 | - | - |
| PEP 169 | Otway | 49 | - | - |
| PEP 175 | Otway | 100 | - | - |
| PRL 2-Overall Permit | Gippsland | 100 | - | - |
| PRL 2 - Trifon Field | Gippsland | 57.50 | - | - |
| PRL 3 | Gippsland | 100 | - | - |
| PEP 166 | Gippsland | 75 | - | - |
| VIC/P43(V) | Gippsland | 100 | - | - |
| VIC/P44(V) | Gippsland | 100 | - | - |
| ATP 642P | Eromanga/Cooper E | 100 | - | - |
| ATP 662P | Eromanga/Cooper E | 100 | - | - |
| ATP 1183 | Surat/Bowen | 100 | - | - |
| Eagle Prospect | California USA | 17.97 | - | - |
| PELA 577* | Pirie Torrens, SA | 100 | - | - |
| PELA 578* | Pirie Torrens, SA | 100 | - | - |
| PELA 579* | Pirie Torrens, SA | 100 | - | - |
| PELA 601* | Pirie Torrens, SA | 100 | - | - |
| PELA 602* | Pirie Torrens, SA | 100 | - | - |
| PELA 631* | Pirie Torrens, SA | 100 | - | - |
| EL 5694 | Pirie Torrens, SA | 100 | - | - |
| PEL 154 | Otway | 100 | - | - |
| PEL 155 | Otway | 50 | - | - |
| PPL 549 | PNG | 100 | - | - |
| PPL 560 | PNG | 100 | - | - |
| APPL 550* | PNG | 100 | - | - |
| APPL594 * | PNG | 100 | - | - |
| APPL 622 * | PNG | 100 | - | - |
| APPL 633 * | PNG | 100 | - | - |

*Tenements in application phase only, remain subject to government approvals.

Cautionary statement

The Company is not aware of any new information or data that materially affects the information included in the relevant market announcement and confirms that all the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons).

Appendix 5B

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

Name of entity

LAKES OIL NL

ABN

62 004 247 214

Quarter ended ("current quarter")

31 March 2020

| Consolidated statement of cash flows | | Current quarter \$A'000 | Year to date (9 months) \$A'000 |
|--------------------------------------|---|----------------------------|---------------------------------------|
| 1. | Cash flows from operating activities | | |
| 1.1 | Receipts from customers | - | 6 |
| 1.2 | Payments for | | |
| | (a) exploration & evaluation (if expensed) * | - | - |
| | (b) development | - | - |
| | (c) production | - | - |
| | (d) staff costs | (18) | (140) |
| | (e) administration and corporate costs | (291) | (643) |
| 1.3 | Dividends received (see note 3) | - | - |
| 1.4 | Interest received | 2 | 5 |
| 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) | - | - |
| 1.9 | Net cash from / (used in) operating activities | (307) | (772) |

**Part of the exploration expenses are capitalised as exploration assets but presented as exploration expenses in the previous quarterly reports. These capitalised exploration expenses are now reclassified and presented under investing activities 2.1(d) below.*

| | | | |
|-----------|--|---------|---------|
| 2. | Cash flows from investing activities | | |
| 2.1 | Payments to acquire: | | |
| | (a) entities | - | - |
| | (b) tenements | - | - |
| | (c) property, plant and equipment | - | - |
| | (d) exploration & evaluation (if capitalised) * | (3,437) | (6,387) |
| | (e) investments | - | - |

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 (9 months) \$A'000 |
|--------------------------------------|---|----------------------------|---------------------------------------|
| | (f) other non-current assets | - | - |
| 2.2 | Proceeds from the disposal of: | | |
| | (a) entities | - | - |
| | (b) tenements | - | - |
| | (c) property, plant and equipment | 10 | 375 |
| | (d) investments | 21 | 21 |
| | (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) | - | - |
| 2.6 | Net cash from / (used in) investing activities | (3,406) | (5,991) |

| | | | |
|-----------|---|--------------|--------------|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of equity securities (excluding convertible debt securities) | - | - |
| 3.2 | Proceeds from issue of convertible debt securities | 2,439 | 3,979 |
| 3.3 | Proceeds from exercise of options | - | - |
| 3.4 | Transaction costs related to issues of equity securities or convertible debt securities | - | - |
| 3.5 | Proceeds from borrowings | 515 | 515 |
| 3.6 | Repayment of borrowings | - | - |
| 3.7 | Transaction costs related to loans and borrowings | - | - |
| 3.8 | Dividends paid | - | - |
| 3.9 | Other (Funds held for securities yet to be issued) | (515) | - |
| 3.10 | Net cash from / (used in) financing activities | 2,439 | 4,494 |

| | | | |
|-----------|--|---------|---------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 1,474 | 2,469 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (307) | (772) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (3,406) | (5,991) |

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 (9 months) \$A'000 |
|--------------------------------------|--|----------------------------|------------------------------------|
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 2,439 | 4,494 |
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| 4.6 | Cash and cash equivalents at end of period | 200 | 200 |

| 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 | 22 | 57 |
| 5.2 | Call deposits | 71 | 71 |
| 5.3 | Bank overdrafts | - | - |
| 5.4 | Other (restricted JV funds)* | 107 | 1,346 |
| 5.5 | Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 200 | 1,474 |

*Included within the above is cash which represents 50% of the interest in the Joint Operation with Vintage Energy Limited. This amount is restricted to be used only in the Joint Operation and not available to be used for other uses within the Company.

6. Payments to related parties of the entity and their associates

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

Current quarter \$A'000

-

-

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

N/A

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

7. Financing facilities

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.

| | Total facility amount at quarter end \$A'000 | Amount drawn at quarter end \$A'000 |
|---------------------------------------|---|--|
| 7.1 Loan facilities | - | - |
| 7.2 Credit standby arrangements | - | - |
| 7.3 Other (loan from related party) | 515 | 515 |
| 7.4 Total financing facilities | 515 | 515 |

7.5 Unused financing facilities available at quarter end

-

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.

On 14 February 2020, the Company received \$515,000 of loan funds from Samuel Holdings Pty Ltd on behalf of Samuel Discretionary Trust (a related party of Director Nicholas Mather), sub-underwriter of the Convertible Note arrangement. Interest is payable on this amount at a rate of 15% per annum. The funds are being used to meet working capital requirements.

Samuel Discretionary Trust has the option (subject to securing shareholder approval) to convert the loan into Convertible Notes.

| 8. Estimated cash available for future operating activities | \$A'000 |
|---|----------------|
| 8.1 Net cash from / (used in) operating activities (Item 1.9) | (307) |
| 8.2 Capitalised exploration & evaluation (Item 2.1(d)) | (3,437) |
| 8.3 Total relevant outgoings (Item 8.1 + Item 8.2) | (3,744) |
| 8.4 Cash and cash equivalents at quarter end (Item 4.6) | 200 |
| 8.5 Unused finance facilities available at quarter end (Item 7.5) | - |
| 8.6 Total available funding (Item 8.4 + Item 8.5) | 200 |
| 8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3) | 0.05 |

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

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:

No – the drilling program has completed for Nangwarry-1 exploration well. The company expects operating cash outflows to significantly decrease in the next quarter.

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:

Yes – the company has successfully raised funds via convertible notes.

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:

Yes – as noted in point 8.8.3 above, the company has successfully raised funds via convertible notes to meet its business objectives.

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: 8 January 2021.....

Authorised by: By the Board

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.