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29 July 2021

ASX Limited
Company Announcements
Level 4, 20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

RE: QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDING 30 June 2021

Please find the Quarterly Activities Report for the period ending 30 June 2021 for Prominence Energy Ltd (ASX: PRM).

Yours faithfully
PROMINENCE ENERGY LTD

Anna Mackintosh
Company Secretary



QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDING 30 JUNE 2021

HIGHLIGHTS

- Rig Contract Signed for Drilling of Bowsprit-1
- Drilling expected to commence on 15th August 2021
- Well anticipated to penetrate main T2 Target and five secondary target sands.
- Successful Capital Raising for \$3.2 million
- Major milestones achieved for Bowsprit-1 with the signing of a Master Services Agreement (“MSA”) with Completion Specialists Inc (CSI) to manage the upcoming drilling program scheduled for August 2021

BOWSPRIT OIL PROJECT (“Bowsprit”) (Lease No. 21754 & 21787) - PRM 100% working interest¹.

The Lease extension documents for the Bowsprit project were fully executed by the State of Louisiana USA, to extend Leases SL21754 and SL21787 by 12 months until 14 March 2022, to facilitate the intended drilling of the Bowsprit Project.

In concurrence with this Lease extension period, Pinnacle Exploration and Prominence Energy Ltd have executed a letter agreement to extend the completion date of the buy-out agreement up to 14 March 2022, with completion of the buy-out to occur prior to drilling. PRM received Shareholder approval to issue shares to Pinnacle in lieu of a cash settlement.

PRM is planning to drill a vertical Bowsprit well to appraise the project upside in August 2021 with the exact timing subject to the rig schedule with other jobs. The well will be drilled to a depth of approximately 8,600ft. The main target is the T2 Middle Miocene Sand (see Figure 1 below) that sits under the proven field and runs up dip approximately 100ft above the known oil to a potential fault closure. If this T2 reservoir is proven to contain oil the 2U/3U Prospective (recoverable) Resources are estimated as 1.8 – 4.1MMbbls². The independent auditor estimates the chance of success at 25%.

After appraising the field to a depth of 8,600 ft, the well will be suspended at a depth of approximately 3,000ft for future re-entry. The intention is to use the data gathered from the vertical well to optimally plan for the drilling of the horizontal production section of the well into the previously produced Upper Miocene T1 reservoir after hurricane season. During the suspension, the data gathered will also be used for selection and permitting of an appropriate pipeline and sizing of wellhead production facilities and/or tie in capacity negotiations. Upon re-entry of the well, the horizontal section will be drilled into the proven previously produced (T1) upper Miocene reservoir part of the field. Based on the current data, the horizontal well is independently estimated to have 2P reserves of 330,000bbls.

Prominence Energy have signed a Master Services Agreement with Completion Specialists, Inc. (CSI) for the management of the Bowsprit-1 well drilling in August 2021.

¹ Subject to completion of buyout

² See details below and ASX release of 5 February 2020 for reserves and resources estimate.

CSI is a Lafayette, Louisiana based company which offers project management services allowing their clients to maximize their capabilities by having a technically astute staff of engineers oversee the project from start to finish. Total project management consists of engineering pre-planning, invoicing / accounts payable, drilling and completion design, and job oversight and supervision. Prominence Energy views the total project management concept as an excellent bridge for companies with limited staff or companies based overseas and will allow PRM to confidently execute the well despite Australian to US travel restrictions.

CSI's core staff of engineers have all been in the industry well over 30 years, with respect to the Breton Sound area, dozens of wells have been drilled and completed, including the adjacent Chandelier Sound area. Other inland barge projects involving multiple wells have been executed in dozens of other inland water fields across all of south Louisiana.

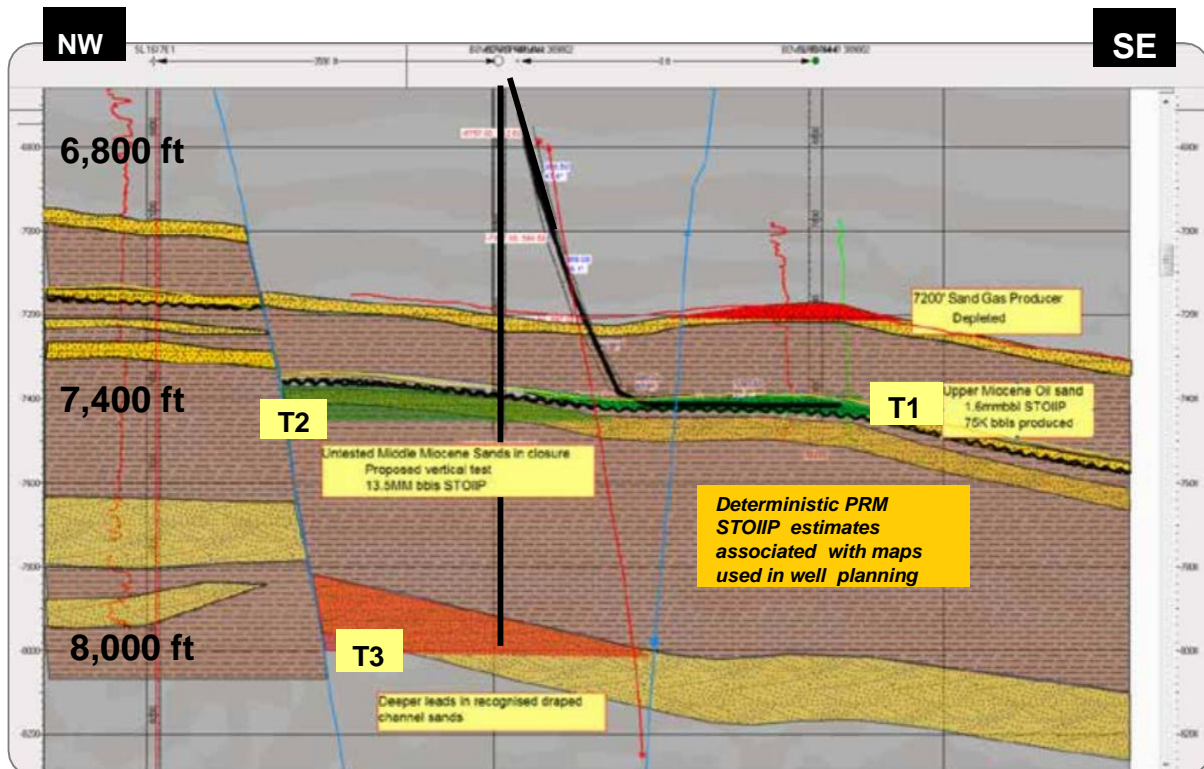


Figure 1 – North West to South East cross section through Bowsprit Field.

Reserves Attributed to Bowsprit-1

The field consists of a proven Upper Miocene Reservoir (T1) at a depth of approximately 7,400ft TDSS overlying a secondary "Prospective" target Middle Miocene Reservoir (T2).

Reserves estimated by Netherland, Sewell & Associates, Inc. (NSAI) on the Bowsprit Project.²

Resource Classification	Confidence Level	Net Reserves	CAPEX for Development	Net Cash Flow (NPV0)	NPV10	NPV10
		Mbbls	US\$ million	US\$ Million	US\$ Million	A\$ million ³
Undeveloped Reserves (T1)	1P (90%)	nil	4.865			
	2P (50%)	330.7	4.865	8.0	6.3	8.4
	3P (10%)	643.5	4.865	19.2	14.0	18.6

Table 1 – Bowsprit Field Upper Miocene Reservoir T1 Reserves

Resource Classification	Confidence Level	Prospective Net Resources Mbbls	GCOS%
Prospective Resources (T2)	1U Low Case	890	NSAI estimate the Geological chance of finding and producing commercially significant hydrocarbons from the T2 reservoir as 25%. The Principal risk is whether the fault to the north-west of the field is sealing.
	2U Best Case	1,821	
	3U High Case	4,102	

Table 2 – Bowsprit Field Middle Miocene Reservoir (T2) Prospective Resources

Cautionary Statement – Prospective Resources are the estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) related 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. See full Cautionary Statement and full resource definitions in the ASX release on 5 February 2020.

In addition to the T2 Middle Miocene main target there are five secondary target sands (prospective resources) that are anticipated to be penetrated by the Bowsprit-1 well. Any of the six sands are large enough to contain a commercial volume of recoverable oil.

Farm-Out Progress

PRM engaged Energy Advisors (formerly PLS) to assist in the Bowsprit Farmout. Presentations continue to a number of potential partners.

Land Status (net acres of mineral leases)

Below is a table showing PRM's net acres of oil and gas mineral leases in the project area.

² See details below and ASX release of 5 February 2020 for reserves and resources estimate.

³ 0.75 USD per AUD



Oil Project Area	PRM's Working Interest (%WI)	PRM's Net Revenue Interest (%NRI)	Project area Gross Acres (1ha = 2.471ac)	PRM's Net Acres (1ha = 2.471ac)
Bowsprit SL21754	50%	39.5%	1,000	500
Bowsprit SL21787	50%	39.5%	154	77
TOTAL	-	-	1,154	577

(Total acres as at 30 June 2021)

HYDROGEN INVESTMENT

PRM had signed a term sheet to acquire 20% of Patriot Hydrogen Pty Ltd subject to due diligence. Shareholders approved the 20% acquisition at the Shareholder's Meeting held 2 July 2021.

There were a number of issues that remained unresolved for PRM at the end of PRM's due diligence period. On this basis the PRM Board resolved on 24 July not to proceed with the investment to acquire 20% of Patriot.

PRM believes that oil and gas companies need to evolve to be more carbon friendly to continue to be attractive investments for shareholders. PRM will continue to review Helium, Green Energy and particularly Green Hydrogen investment opportunities.

OIL AND GAS PRODUCTION

There was no oil production for the June 2021 Quarter.

CORPORATE

A shareholders meeting was held 30 April 2021 where all resolutions were passed via a poll. On approval of the shareholders at this meeting, the Company adopted an Employee Securities Incentive Plan, granted 16 million Performance Rights to Directors, changed company type and name (to Prominence Energy Ltd from Prominence Energy NL) and adopted a new constitution.

During the June 2021 quarter, PRM successfully placed 320 million shares at a price of 1c per share with 1 PRMOB attaching option for every three shares subscribed for. The Placement was made in two tranches with the second tranche (including Directors Participation for \$200,000) subject to shareholder approval which was obtained at the EGM held 2 July 2021.

The primary use of funds is the drilling of the vertical Bowsprit well which is expected to cost approximately A\$2.75 million on a trouble free basis.

GTT ventures was the lead manager of the capital raising and received a 6% commission on funds raised (excluding funds raised from Board and major shareholder subscriptions). On approval of shareholders, GTT (and/or nominees) was issued 60 million PRMOB options for its role in capital raising.



The shareholders meeting held on 2 July 2021 resulted in all resolutions approved by shareholders via a poll. Refer to NOM released 4 June 2021 for details.

SUBSEQUENT EVENTS

On the 19th July the Company announced the appointment of Mr Troy Hayden as an independent non-executive director of the Company to strengthen the oil and gas experience on the Board effective 16 July 2021. Mr Patric Glovac resigned at this time, and the Company would like to thank Mr Glovac for his efforts during his directorship.

PRM announced on 20th July 2021 that a Rig Contract had been signed with Parker drilling for rig 55B, with Drilling to commence on approximately 15th August 2021.

On 26 July PRM announced the company would not be proceeding with the Patriot investment.

FORWARD PLAN

Whilst seeking to progress the farm-out and drilling of Bowsprit, the Company is also actively reviewing potential new projects to add to the portfolio in particular in the green hydrogen sector.

NOTES PERTAINING TO THE CASHFLOW REPORT

Item 2.1(d) Capitalised Exploration and evaluation costs were \$58,553 for the quarter all relating to the Bowsprit project.

Section 5 Note: The balance of Placement funds of \$1.154 million were received post 30 June 2021 (5 July 2021) giving the Company A\$3.7million in available funds.

Item 6.1: The aggregate amount of payments to related parties and their associates during the June 2021 quarter was \$62,390 in salaries. In addition, there was a payment to GTT Ventures Pty Ltd for Placement fees of \$80,859 (GST inclusive). P Glovac is a Director and shareholder of GTT.

BY ORDER OF THE BOARD

Anna Mackintosh,
Company Secretary

Telephone: +61 (08) 9321 9886

Email: admin@ProminenceEnergy.com.au

This report is lodged on the Company's website, www.ProminenceEnergy.com.au.



Forward-looking Statements

This document may contain certain statements that may be deemed forward-looking statements. Forward-looking statements reflect Prominence's views and assumptions with respect to future events as at the date of the Announcement and are subject to a variety of unpredictable risks, uncertainties, and other unknowns that could cause actual events or results to differ materially from those anticipated in the forward-looking statements. Actual and future results and trends could differ materially from those set forth due to various factors that could cause results to differ materially include but are not limited to: industry conditions, including fluctuations in commodity prices; governmental regulation of the oil and gas industry, including environmental regulation; economic conditions in the US and globally; geological technical and drilling results; predicted production and reserves estimates; operational delays or an unanticipated operating event; physical, environmental and political risks; liabilities inherent in oil and gas exploration, development and production operations; fiscal and regulatory developments; stock market volatility; industry competition; and availability of capital at favourable terms. Given these uncertainties, no one should place undue reliance on these forward-looking statements attributable to Prominence, or any of its affiliates or persons acting on its behalf. Although every effort has been made to ensure this Announcement sets forth a fair and accurate view, we do not undertake any obligation to update or revise any forward looking statements, whether as a result of new information, future events or otherwise.

Appendix 5B

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

Name of entity

PROMINENCE ENERGY LTD

ABN

69 009 196 810

Quarter ended ("current quarter")

30 JUNE 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation		
(b) development		
(c) production		
(d) staff costs	(62)	(363)
(e) administration and corporate costs	(99)	(525)
1.3 Dividends received (see note 3)		
1.4 Interest received		
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) Recoveries	-	50
1.9 Net cash from / (used in) operating activities	(161)	(838)
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) tenements		
(c) property, plant and equipment		
(d) exploration & evaluation	(59)	(320)
(e) investments		
(f) other non-current assets		

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) investments		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	(59)	(320)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,045	4,197
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options	-	1
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings	-	(257)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (issue costs)	(80)	(175)
3.10	Net cash from / (used in) financing activities	1,965	3,766

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	922	59
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(161)	(838)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(59)	(320)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,965	3,766

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	4	4
4.6	Cash and cash equivalents at end of period	2,671	2,671

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 (i)	2,671	922
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)	2,671	922

(i) Note: The balance of Placement funds of \$1.154 million were received post 30 June 2021 (5 July 2021).

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	143
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

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

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities		
7.2 Credit standby arrangements	60	4
7.3 Other (please specify)		
7.4 Total financing facilities	60	4
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.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(161)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(59)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(220)
8.4 Cash and cash equivalents at quarter end (item 4.6)	2,671
8.5 Unused finance facilities available at quarter end (item 7.5)	56
8.6 Total available funding (item 8.4 + item 8.5)	2,727
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	12.4
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer:	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer:	

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

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:

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: 29 July 2021

Authorised by: 
 Alexander Parks – Chief Executive Officer and managing Director

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.