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20 October 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 SEPTEMBER 2021

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

Yours faithfully
PROMINENCE ENERGY LTD

Anna Mackintosh
Company Secretary



QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDING 30 SEPTEMBER 2021

HIGHLIGHTS

- PRM secured a 100% working Interest in Bowsprit Project via the acquisition of Pinnacle Energy International (USA) I LLC executed on 20 August effective 1 August 2021
- Capital raise completed in July raising a total of \$3.2 million
- Rig Contract Signed for Drilling of Bowsprit-1
- Bowsprit drilling operations commenced 12 October 2021, post the September 2021 quarter

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

Prominence Energy Ltd (“**Company**” or “**PRM**”) secured a 100% working Interest in the Bowsprit Project via the acquisition of Pinnacle Energy International (USA) I LLC (“**Pinnacle**”) executed on 20 August effective 1 August 2021. The Company issued 20.5 million PRM shares to Pinnacle to complete the buy-out. Pinnacle is entitled to a Royalty of 5% (five percent) of gross production revenue (net revenue received after Tariffs and direct sale costs as per the calculation of State Royalty) (“**Royalty**”). PRM is entitled to collect the first US\$12 million¹ in gross revenue before any Royalty payment is made to Pinnacle. The 5% Royalty remains payable on the first US\$12million of revenue and is accrued and payable, subject to the Leases producing at least US\$12 million in gross production revenue. Therefore, if the Leases do not produce \$12million in gross revenue, no royalty is payable to Pinnacle.

The Bowsprit leases are located approximately 70km southeast of New Orleans in approximately 3m of water. Bowsprit is assessed to contain an undeveloped conventional Miocene aged oil sand at a depth of approximately 7,400ft (2,255m) that is located above a deeper, 9,500ft gas field that was developed in 1960s by Shell. Consequently, the Bowsprit field contains 14 vertical well penetrations and has demonstrated producible oil from an upper Miocene sand (T1). The 30ft thick oil sand was flowed successfully in 1960s from four wells and produced approximately 75,000 bbls of oil, which is only a few percent of the oil in place. Full field development was not practical with the well technology of the time.

PRM is currently drilling a vertical well to a depth of approximately 8,600ft to evaluate a total of six or seven prospective reservoirs. 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 – 4.1MMbbls net to PRM. The independent auditor estimates the chance of success in T2 reservoir at 25%.

After appraising the field to a depth of 8,600ft, the well will be suspended at the cased hole 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, a horizontal well drilled into the T1 reservoir is independently estimated to have 2P reserves of 330,000bbls.

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

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.

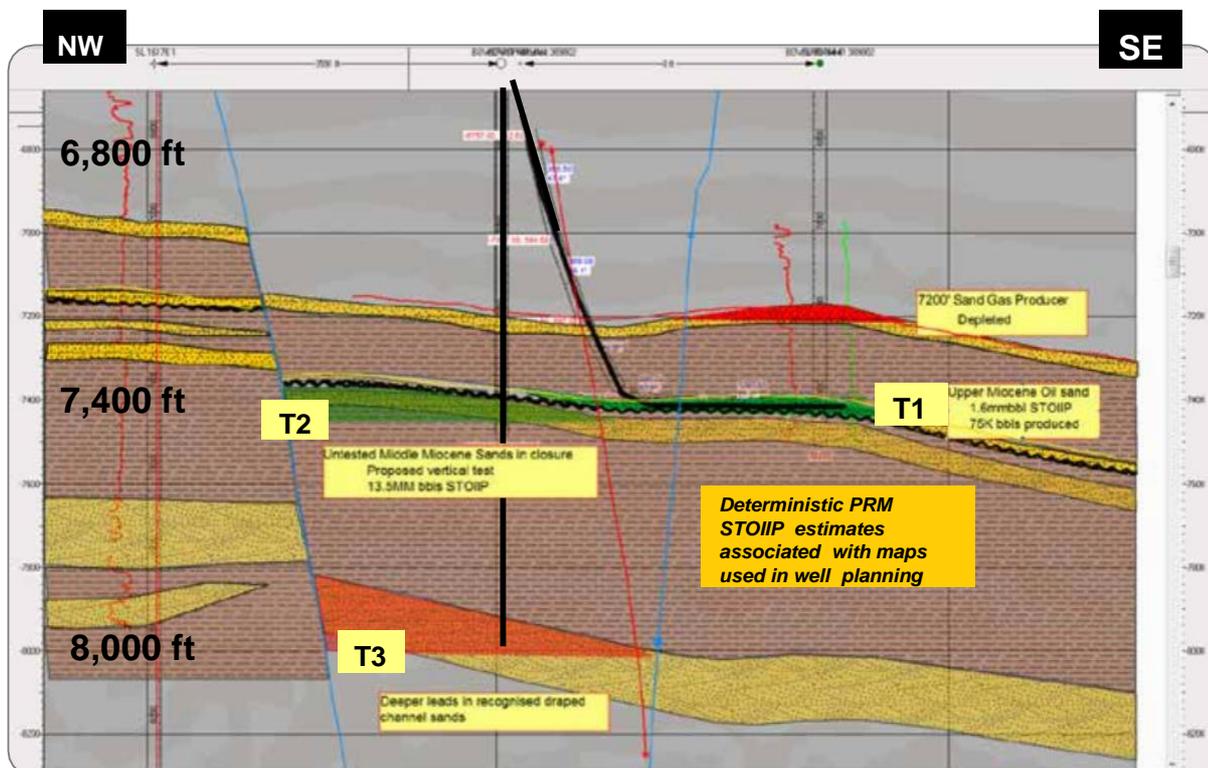


Figure 1 – North West to South East cross section through Bowsprit Field.

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 ²
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.

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. Assumed US\$55/bbl and 0.75/\$ exchange rate at the time.

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	100%	73%	1,000	1000
Bowsprit SL21787	100%	73%	154	154
TOTAL	-	-	1,154	1,154

(Total acres as at 30 September 2021)

OIL AND GAS PRODUCTION

There was no oil production for the September 2021 Quarter.

CORPORATE

A shareholders meeting was held 2 July 2021 where all resolutions were passed via a poll. Refer to NOM released 4 June 2021 for further details.

Resolutions included:

1. Ratification of prior issue of Tranche 1 Placement Shares under Listing Rule 7.1 capacity.
2. Ratification of prior issue of Tranche 1 Placement Shares under Listing Rule 7.1A capacity
3. Approval to issue tranche 2 Placement Shares
4. Approval to grant Placement Options
5. Approval for Mr Alexander to participate in the Placement
6. Approval for Mr Ian McCubbing to participate in the Placement
7. Approval for Mr Patric Glovac to participate in the Placement
8. Approval to grant Broker options to GTT Ventures
9. Approval to issue shares to Pinnacle
10. Approval of acquisition of 20% interest in Patriot
11. Approval to grant Adviser Options and Adviser shares to GTT Ventures
12. Ratification of prior issue of shares to Pinnacle under Listing Rule 7.1 capacity

All shares and options approved at the meeting were subsequently issued. The total funds raised over the tranche 1 and 2 Placement was \$3.2 million before costs. The primary use of funds is the drilling of the vertical Bowsprit well which is expected to cost approximately A\$3 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.



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

The Company raised \$750,000 in August 2021 by way of an unsecured convertible note. The note is repayable on 31 January 2022 if not exercised prior and the price of the Conversion will be a 20% discount to the VWAP of the 10 trading days immediately preceding receipt of notice of conversion. The coupon rate is 10%pa payable at maturity. The Company in addition issued 7.5m listed PRMOB options with an exercise price of \$0.02 and expiry 1 September 2023 in lieu of an establishment fee, on a basis of 10 options for every \$1 loaned via the convertible note.

The Convertible Note were taken up by existing PRM shareholders Fastlane Australia Pty Ltd (\$250,000 and via the Company's corporate advisor GTT Ventures (\$500,000 with five existing shareholders who are unrelated parties). Refer to subsequent events also.

The Annual Report for Prominence Energy Limited was released 24th September 2021.

SUBSEQUENT EVENTS

On October 8, 2021, \$500,000 (plus \$6,119 in interest) in Convertible Notes were converted to shares at a price that was a 20% discount to the 10 day VWAP price (\$0.010632). A total of 47,603,331 shares were issued. \$250,000 Convertible Note remains outstanding at this time.

Bowsprit operation commenced on 12 October 2021 as detailed above.

FORWARD PLAN

Whilst the Company is progressing the 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 \$3,438,230 for the quarter all relating to the Bowsprit project. The majority of these funds are held in trust in the US by Completion Specialist LLC, the Group engaged by PRM to manage the Bowsprit drilling program. As at 30 September 2021 the balance of these funds amounts to USD 2,004,358 which is approximately 2.7 million AUD assuming a rate of 0.7403.

Item 6.1: The aggregate amount of payments to related parties and their associates during the September 2021 quarter was \$89,650 in salaries.



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 SEP 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 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	(90)	(90)
(e) administration and corporate costs	(83)	(83)
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		
1.9 Net cash from / (used in) operating activities	(173)	(173)
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	(3,438)	(3,438)
(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 (3 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	(3,438)	(3,438)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,155	1,155
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings	750	750
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (issue costs)	(94)	(94)
3.10	Net cash from / (used in) financing activities	1,801	1,801

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,671	2,671
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(173)	(173)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3,438)	(3,438)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,810	1,810

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 (3 months) \$A'000
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	870	870

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)	870	2,671
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)	870	2,671

(i) Note: Of the payment in 2.1 (d) a balance of USD 2,004,358 (approximately AUD 2.7 million) is held in the US in trust on behalf of the Company yet to be spent for the Bowsprit project and includes some contingency funds. This is in addition to the \$870,000 held in Australian bank accounts.

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	89
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 <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities		
7.2 Credit standby arrangements	60	1
7.3 Other (please specify)		
7.4 Total financing facilities	60	1
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)	(173)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(3,438)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(3,611)
8.4 Cash and cash equivalents at quarter end (item 4.6)	870
8.5 Unused finance facilities available at quarter end (item 7.5)	59
8.6 Total available funding (item 8.4 + item 8.5)	929
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	<1
<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: No. a total amount of USD 2,004,358 is held in the US to cover the Bowsprit drilling program currently taking place. Drilling (8.2) is a one-off expenditure. The company has sufficient funds for four quarters of normal operating outflows. (8.4 vs 8.1)	
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: The Company will wait until the current Bowsprit well has been drilled before assessing future funding requirements and what funding mechanisms are in the best interest of shareholders.	

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: Yes, The company has sufficient funds for four quarters of normal operating outflows. (See 8.4 vs 8.1)

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: 20 October 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.