



ABN 69 009 196 810
(Incorporated in Western Australia)

Level 2, 30 Richardson Street
West Perth, WA 6005
PO Box 1786, West Perth WA 6872
T+61 8 9321 9886 F +61 8 9321 8161

27 January 2022

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

Dear Sir/Madam

RE: QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDING 31 DECEMBER 2021

Please find the Quarterly Activities Report for the period ending 31 December 2021 for Prominence Energy Ltd (ASX: PRM).

Yours faithfully
PROMINENCE ENERGY LTD

Anna Mackintosh
Company Secretary

QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDING 31 DECEMBER 2021

HIGHLIGHTS

- Prominence Energy Ltd to acquire 12.5% interest in multi-TCF Sasanof Prospect with drilling to commence in Q2 2022, by paying 25% of the Sasanof-1 well cost.
- PRM secured firm commitments to raise \$12 million before costs in a two tranche placement. Tranche 1 shares were issued in December 2021 raising \$2.5 million before costs.
- Bowsprit drilling operations commenced 12 October 2021 with final results announced 28 October 2021. Bowsprit-1 vertical well was testing a potential field extension, unfortunately despite oil and gas shows, no commercial hydrocarbons were found in the area, the well has been suspended for potential future reentry and sidetrack to proven field area.

SASANOF PROJECT

Prominence Energy Ltd (“**PRM**”) announced in December 2021 that it had signed a binding term sheet to acquire a 12.5% interest in the Multi-TCF Sasanof Gas Prospect located in exploration Permit WA-519-P on the Northwest Shelf, Australia. To acquire the interest PRM will pay for 25% of the Sasanof-1 well cost and issue 90 million PRM shares and 30 million PRMOB options to Western Gas. PRM’s participation is conditional on Western Gas securing funding for the full well cost.

The Sasanof prospect is located in exploration permit WA-519-P, in Commonwealth waters approximately 207km northwest of Onslow Western Australia. (Figure-1). The Sasanof Prospect is located up dip from the liquids rich, low CO₂ Mentor Gas and Condensate field and near to the giant gas fields of Scarborough and Io-Janž in the Carnarvon Basin. The Sasanof Prospect covers an area of up to 400 km² across three exploration permits and one retention lease, three of which, WA-519-P, WA-390-P & WA-70-R, are operated and owned by Western Gas.

ERC Equipoise Ltd (“**ERCE**”) independently determined that Sasanof is an estimated 2U Prospective Resource of 7.2 Tcf of gas and 176 million bbls of condensate (P50 recoverable) and a 32% Chance of Success (CoS). The High Case 3U Prospective Resource estimate is 17.8TCF and 449 million bbls of condensate (P10 recoverable). (See PRM ASX Release 7 December 2021 for full details).

Resources Net to WG519 Pty Ltd and PRM are shown in the table below.

Net PRM entitlement assuming PRM completes under terms disclosed and earns 12.5% interest								
Sasanof	Recoverable Gas (Bcf)				Recoverable Condensate (MMstb)			
	1U	2U	3U	Mean	1U	2U	3U	Mean
Net to WG519	600.5	4131.1	9253.1	5177	13.8	100.4	233.7	128.8
Net to PRM (12.5%)	75.1	516.4	1156.6	647.1	1.7	12.6	29.2	16.1

Estimated Chance of Success 32%

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.

PRM is acquiring a 12.5% shareholding interest in the WA-519-P licence holder, Western Gas (519 P) Pty Ltd (**WG519**). Western Gas Pty Ltd (**Western Gas**) is the major shareholder of WG519 and the Operator of the WA-519-P permit and announced on 25 November 2021 that a rig contract had been signed with Valaris for the MS-1 semi-submersible rig to drill the well Q2 2022. Global Oil and Gas Limited (**ASX:GLV**) is committed to funding 50% of the well for a 25% shareholding interest in WG519. GLV and PRM together are funding 75% of the total well cost of the Sasanof well. Western Gas are in discussions to fund the remaining 25% of the well cost. PRM's participation is conditional on Western Gas securing funding for the full well cost. Sasanof-1 will be a vertical well drilled to a depth of approximately 2,500m in 1,070m of water. Drilling costs are estimated to be in the range of US\$20-25 million (US\$5-6.25 million PRM share).

DRILLING PREPARATIONS

Western Gas has secured the Valaris MS-1 semi-submersible drill rig secured with drilling scheduled for Q2 2022 at an estimated cost of US\$20-25 million (US\$5-6.25 million PRM share).

Western Gas has secured Environmental Plan acceptance from NOPSEMA for the drilling and related activities of the Sasanof-1 exploration well.

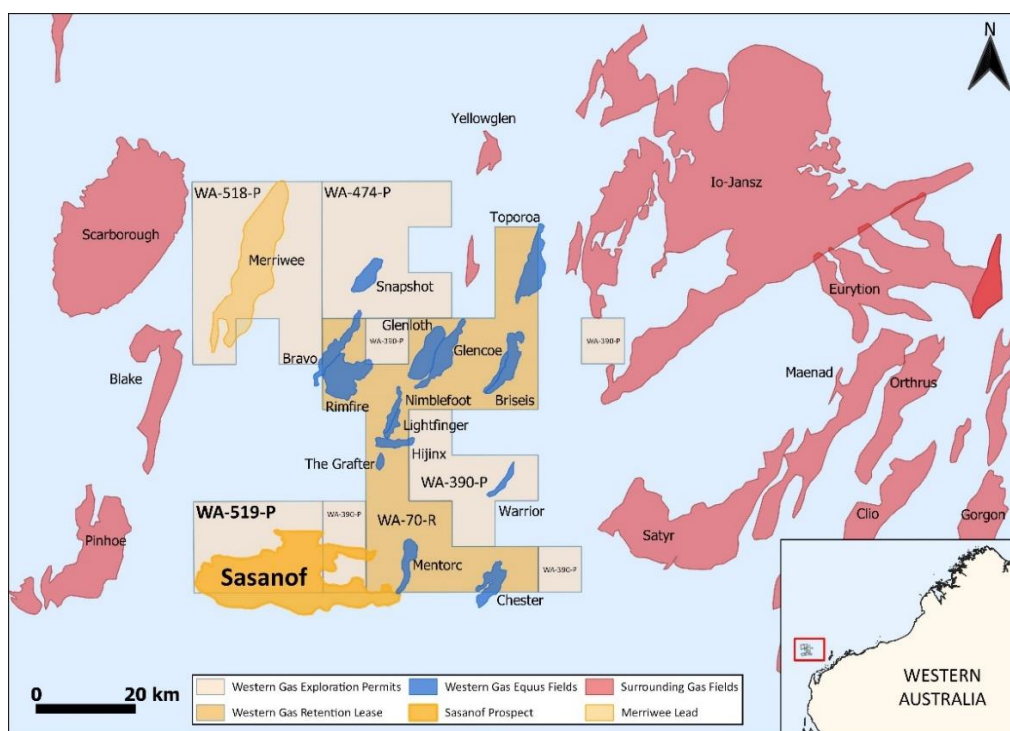


Figure 1 Regional location of Sasanof Prospect and surrounding gas fields.

DEAL TERMS

PRM will acquire a total of 12.5% of the shares in WG519 via an acquisition of shares from Western Gas and subscription for new shares in WG519 and consequentially a 12.5% beneficial interest in the WA-519-P licence.

In addition PRM, via contractual arrangements with Western Gas and its other subsidiaries which hold the adjacent permits, will also have an economic interest in 12.5% of the Sasanof Prospect that sit outside of WA-519-P, but within other Western Gas exploration permits.

Following completion, WA519 will have 4 Board members (2 from Western Gas, 1 from GLV, 1 from PRM). In the event Western Gas obtains funding for the final 25% of the well cost, the Board will be 5 including 1 from the other funding party. The Board will operate like a typical Oil and Gas Joint Venture voting on the basis of ownership %. In the event of a discovery at Sasanof-1, the parties may choose to take a direct working interest in the permit(s) and operate as an unincorporated Joint Venture based on a standard international AIPN¹ Joint Operating Agreement.

CONSIDERATION

On Western Gas securing full funding of the well, PRM shareholder approval of the Capital Raise and associated resolutions, and the execution of a shareholders agreement and other agreements as required between the parties.

- PRM will issue Western Gas 30 million PRMOB options
- PRM will issue Western Gas 90 million PRM shares
- PRM will subscribe for US\$5.0 million in shares in WG519 (such amount being equal to 25% of the anticipated well cost of US\$20 million) and also loan to WG519 25% of any over runs up to \$5 million when cash called. Thereafter, PRM will be required to contribute on a heads-up basis (12.5%).

Issue of the Options and Shares to Western Gas will be subject to PRM shareholder approval at an EGM held 19 January 2022. (Refer subsequent events).

PRM will issue 30 million PRM shares to GTT Ventures Pty Ltd (or nominee) as deal facilitator.

PRM CAPITAL RAISING

PRM has firm commitments to place 1.2 billion shares at a price of 1c per share with 1 PRMOB attaching option for every three shares subscribed for. The Placement will be made in two tranches with the second tranche (plus Directors Participation for \$50,000) subject to shareholder approval at an EGM and Western Gas having secured commitments for 100% of the funding to cover the costs of the Sasanof-1 well to PRM's reasonable satisfaction. Shareholder approval was obtained at the meeting held 19 January 2022. (Refer subsequent events). Tranche 1 was completed and 250 million shares were issued 15 December 2021, raising \$2.5 million before costs.

The primary use of funds is the drilling of the Sasanof-1 well with PRM's share of these costs expected to be approximately A\$6.5-8 million. The balance of the funds will be used for advancing the company's Bowsprit project toward development drilling, business development relating to new projects and working capital.

	No. of PRM shares	\$ before costs	No. of Options (PRMOB)
Tranche 1	250,000,000	\$2,500,000	83,333,333
Tranche 2	950,000,000	\$9,500,000	316,666,667
Directors	5,000,000	50,000	1,666,667
Total	1,205,000,000	\$12,050,000	401,666,667

Capital Raising Fees –6% in capital raising fees, and the issue of total 30 million shares and 60 million PRMOB options to the brokers raising the funds for PRM. The raise is being executed through two brokers, Inyati Capital Pty Ltd (ABN 83 642 351 193) (“**Inyati**”) and GTT Ventures Pty Ltd (ABN 36 601 029 636) (“**GTT**”).

On completion of the transaction the PRM capital structure will be:

	\$ before costs	PRMOB options /unlisted options	% of post-Placement undiluted cap structure
Shares on issue pre-Placement	1,033,858,818	379,562,247	43.28%
Placement	1,200,000,000	400,000,000	50.23%
Sasanof deal PRM equity consideration	90,000,000	30,000,000	3.77%
Facilitator shares	30,000,000		1.26%
Broker Fees/options for Placement	30,000,000	60,000,000	1.26%
Director Participation in Placement	5,000,000	1,666,667	0.21%
Shares on issue post Completion	2,388,858,818	871,228,914	100.00%

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

Prominence Energy Ltd (PRM) announced in October 2021 that the Bowsprit-1 did not find any commercial volumes of hydrocarbons in the vertical section. The shows encountered were assessed as residual hydrocarbons once logged. The well was suspended with the intent to re-enter the well and to drill a horizontal section into the proven oil bearing T1 formation after the northern hemisphere winter.

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.

The vertical portion of the Bowsprit-1 well was drilled to appraise a potential field extension to the north west of the proven oil field in the T2 sand as prospective upside for the project. Numerous oil and gas shows were encountered in the well, that were ultimately deemed to be residual hydrocarbons. The fault to the north-west of the well does not provide the seal hoped for, so no commercially producible hydrocarbons were found in the field extension area. The Bowsprit-1 well was suspended at the cased hole depth of approximately 3,000ft for potential future re-entry. The intention is to use the data gathered from the vertical well to plan for the intended drilling of the horizontal production section of the well into the previously produced Upper Miocene T1 reservoir to the south-east, after winter. During the suspension period, the data gathered will also be used for selection and permitting of an appropriate pipeline and tie-in negotiations. Based on the current data, a horizontal well drilled into the T1 reservoir is independently estimated to have 2P reserves of 330,000bbls which at current oil prices is commercially viable.

RESERVES ATTRIBUTED TO BOWSPRIT-1

The field consists of a proven Upper Miocene Reservoir (T1) at a depth of approximately 7,400ft. 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

See full Cautionary Statement and full resource definitions in the ASX release on 5 February 2020.

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.

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 31 December 2021)

OIL AND GAS PRODUCTION

There was no oil production for the December 2021 Quarter.

CORPORATE

The Annual General Meeting was held 26 November 2021 where all resolutions were passed via a poll. Refer to NOM released 25 October 2021 for further details.

Shareholders at the AGM, approved the grant of 3 million Performance Rights to Director Troy Hayden (appointed 16 July 2021).

Alexander Parks, Managing Director, was issued 750,000 PRM shares on 15 December 2021. These share arose from the vesting and conversion of Performance Rights held by Mr Parks.

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.

SUBSEQUENT EVENT

A Shareholders Meeting was held 19 January 2022 and all resolutions were by passed via a poll. Refer NOM dated 20 December 2021. As a result, Tranche 1 Placement options were issued on 24 January 2022. While shareholder approval was obtained for Tranche 2 shares and options, as well as the acquisition of the Sasanof prospect and the securities pertaining to the acquisition (including Broker securities), there remains the condition that Western Gas secures commitments for 100% of the funding to cover the costs of the Sasanof-1 well, to PRM's reasonable satisfaction. Once this condition is met all remaining securities will be issued.

GROWTH OPPORTUNITIES

The Company continues to actively review potential new projects to add to the portfolio, in particular in the green hydrogen sector.

NOTES PERTAINING TO THE CASHFLOW REPORT

Item 6.1: The aggregate amount of payments to related parties and their associates during the December 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")

31 Dec 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 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)	(180)
(e) administration and corporate costs	(81)	(164)
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	(171)	(344)
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	(474)	(3,913)
(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 (6 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	(474)	(3,913)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	2,664	3,819
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
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (issue costs)	(167)	(261)
3.10	Net cash from / (used in) financing activities	2,497	4,308
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	870	2,671
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(171)	(344)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(474)	(3,913)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	2,497	4,308

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 (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	2,722	2,722

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	2,722	870
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)	2,722	870

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.

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	2
7.3	Other (please specify)		
7.4	Total financing facilities	60	2
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.		

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

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(171)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(474)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(645)
8.4 Cash and cash equivalents at quarter end (item 4.6)	2,722
8.5 Unused finance facilities available at quarter end (item 7.5)	58
8.6 Total available funding (item 8.4 + item 8.5)	2,780
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	4.3
<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:	
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:	
<i>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.</i>	

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: 27 January 2022

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*

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

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.