



## ASX Market Announcements

Dear Shareholders,

The oil industry has experienced a year of growth with the oil price generally on the rise until the recent price decrease. Tapis crude (similar type of crude oil to Malolos) is trading at about US\$60 (AU\$80). Investment in oil exploration by both junior and major companies and drilling activity has increased resulting in exploration, development and appraisal activities worldwide.

For most of the 2017-2018 financial year we were again restrained in spending funds for exploration, appraisal or development work as the security of tenure of our licences remained uncertain and subject to governments' decision.

We were pleased to announce in October the receipt from the Philippine Department of Energy of formal approval for a two year extension of Service Contract 44 ("SC 44"). The SC 44 extension has been issued under Presidential Decree 87 (as amended) which addresses the need to fast track oil and gas exploration/development in the country. The extension requires a minimum US\$1.175 million be spent on deepening, completing and testing oil from Nuevo Malolos-1.

The SC 44 extension approval provides security of tenure and will provide sufficient time to deepen the Nuevo Malolos-1 well to intersect two known oil bearing sandstones for completion and production testing with the aim of securing a 25 year production term. We plan on starting the drilling operations in the first quarter next year.

We have also been actively assessing new oil and gas ventures leading to farmin negotiations. We plan to use the Company owned rigs to drill new wells as part contribution to the acquisition of equity in new ventures, therefore minimising our cash outlays.

In France, we are persevering with our legal attempts to protect the investment we made in our 100% interest in the St Griede permit, located within the Aquitaine Basin.

We have been in dispute with the French Government in the French Tribunal since November 2015 on their unlawful refusal to renew the permit which expired in May 2013. In November 2016, the Tribunal handed down a judgement directing the French Government to renew of the permit for 5 years subject to a penalty of €3,000 per day of delay that the permit is not granted from 30 days from judgement day. The Government appealed the judgement.

In August we announced that penalties and costs totalling €414,400 (equivalent to approximately A\$662,000) imposed by the Tribunals in France on the French Government that have now been received.

The amounts received relate to the following:

- St Griede - €383,500 penalty and €1,200 costs: Pau Tribunal directed the French Government in July 2018 to pay to the Company in full settlement of penalties, previously imposed by the Tribunal on the Government, for delay in granting the St. Griede permit under the judgement handed down in November 2016.

- Mirande - €29,700: Toulouse Tribunal directed the Government in June 2018 to pay to the Company in full settlement of penalties, previously imposed by the Tribunal on the Government, for failing to provide reasons for not granting the permit within directed time limit.

The French Government had lodged an appeal against the November 2016 Tribunal judgement on 3rd January, 2017. The date of final submissions for the appeal was set at 14<sup>th</sup> September 2018 and the Company now awaits the hearing of the Court of Appeal and its decision.

The Company raised a total of \$500,000 in early 2018 to fund costs associated with new venture acquisition and working capital.

We thank our shareholders for their patience and support as we seek to develop the Malolos oil field, acquire new ventures and get a financial return on our investment in France.

Dennis Morton  
AGM Chairman  
29<sup>th</sup> November, 2018