



Indago Energy Limited

30th July 2019

June 2019 Quarterly Activities and Cashflow Report

Summary

- Indago awarded a trial for a major Canadian oil producer in Alberta
- Post Quarter end initial sales of Multi-Flow[®] occurred in Texas, in addition, INK was awarded field trial with major oil producer in India
- Continued efforts to convert successful field trial for CNPC into expanded pilot
- Work underway to advance proposals for field trials after successful laboratory results on oils for projects in the Gulf of Mexico, Canada, Kuwait, Abu Dhabi, Iraq Colombia and Turkmenistan
- Undertook a successful Rights Issue with circa 60% take-up raising \$1.4m followed by a placement of the entire shortfall being a further \$1.0m.

Multi-Flow[®] Sales

During the Quarter Indago received Purchase Orders for a total of approximately \$~A80,000 of HCD Multi-Flow[®] and related products to an independent oil producer in Texas.

HCD Multi-Flow[®] will be used in a 5 well squeeze in highly paraffined wells in Anderson County Texas with an established oil production company. If the treatment meets expectations this may result in annual orders servicing over 20 wells.

The HCD Multi-Flow[®] has been paid upfront and the product has been sent to the field. These wells are located in the East Texas Basin and pull from the Lower Cretaceous Rodessa Formation. The wells carry very high paraffin levels and the customer would like to perform a squeeze with the HCD Tri-Phase Squeeze protocol on each well with a continual low level HCD Multi-Flow[®] feed of 200-300 PPM to the backside of the well to keep the wells free from Paraffin. Should the 5 wells respond as expected HCD anticipates to perform the same on each of the company's other wells in this basin. We will also be performing two TST well clean ups to remove paraffin from two of the more difficult wells prior to the Squeezes. Total sales opportunity would be approximately 140 drums of HCD Multi-Flow[®] annually with addition sales of 20 drums of HCD Salt Reducer and smaller amounts of HCD Bio-Nutrient and HCD MicroPhase bacteria.

ABN: 75 117 387 354

Tel: +61 3 9642 2899 | Fax: +61 3 9642 5177

Level 6, 412 Collins Street, Melbourne VIC 3000 Australia



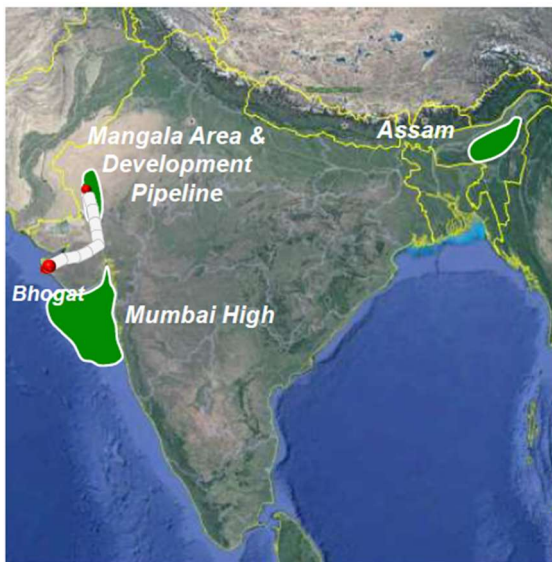
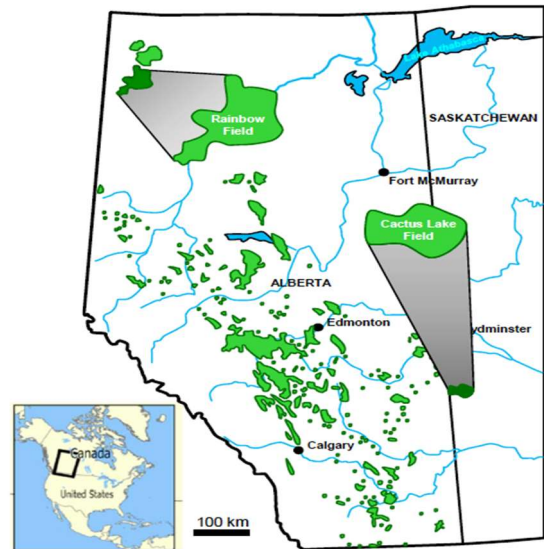
Indago Energy Limited

New Field Trials

During the Quarter and shortly after Indago was awarded two new field trials.

1. Canada. On June 7th Indago announced that it would undertake a trial of its key product, HCD Multi-Flow[®], for a major Canadian oil producer in Alberta. In the trial HCD Multi-Flow[®] will be applied to a single well in a field that produces approximately 12,000 barrels of oil/day from several hundred wells. The objective of the trial will be to enhance production by liquefying asphaltene plugging in the reservoir and to address wax deposition in the production tubulars.

The trial has commenced with initial results expected in August 2019.



2. India. On July 15th Indago announced that it had received approval to undertake its first field trial in India for one of India's pre-eminent producers, Oil India, using INK's key product, HCD Multi-Flow[®].

Indago has received a Purchase Order to treat a well in the Baghewala oil field in northern India using HCD Multi-Flow[®]. The Baghewala field currently has 7 wells in production with a further 15 development wells planned. The existing wells currently produce approximately 40 barrels of oil/day each having encountered significant declines over several years. The

objective of the trial will be to reliquefy paraffinic and asphaltenic deposits in the formation and salt scales in order to improve production rates, over a six month period.

The trial will require approximately A\$50,000 of HCD Multi-Flow[®] and companion products which will be paid subject to meeting certain production criteria.

ABN: 75 117 387 354

Tel: +61 3 9642 2899 | Fax: +61 3 9642 5177

Level 6, 412 Collins Street, Melbourne VIC 3000 Australia



Indago Energy Limited

China Update

INK and its distributor in China have continued efforts to build on the very successful results of the diluent reduction trial undertaken in CNPC's giant heavy oilfield. Discussions are continuing for a substantial paid pilot-scale field trial. Currently diluent (in this case light oil) is shipped in from a different field and used to assist production and transportation of the oil in this large heavy oilfield. The diluent reduction trial utilising Multi-Flow® resulted in a 21% increase in crude oil production, a 65% reduction in crude oil viscosity and an estimated 40% reduction in the amount of diluent required. The Multi-Flow® also reduced the pour point of the waxy diluent to 20°C offering CNPC additional cost savings associated with heat.

Delivery of diluent to each of the nearly 1,000 wells in CNPC's giant heavy oil field is by way of ~80-well clusters surrounding large diluent tanks. The field produces approximately 38,000 barrels of heavy oil/day.

Middle East Update

Indago and its Middle East distributor, Gulf Green Crude Dynamics (GGCD) have continued to work on converting successful laboratory tests to field trials and tank cleans with oil producers in the UAE, Kuwait, Iraq and Oman.



As noted in the INK AGM presentation, ADOC is pursuing tank cleaning requirements and a preventative maintenance program to avoid future sludge build-up in tank storage facilities and pipeline infrastructure. In earlier tests Multi-Flow® liquefied and kept liquid the paraffins in the sludge converting nearly all the sludge to saleable oil. The demonstrated capability of Multi-Flow® to liquefy all the paraffin in the sludge also indicates that the preventative maintenance programme aimed at eliminating future paraffin deposition from the crude oil in tank storage facilities and pipeline infrastructure should be successful with a continuous low dosage Multi-Flow® treatment.

ABN: 75 117 387 354

Tel: +61 3 9642 2899 | Fax: +61 3 9642 5177

Level 6, 412 Collins Street, Melbourne VIC 3000 Australia



Indago Energy Limited

In ADNOC's case sludge was immediately liquefied with the addition of Multi-Flow® plus ADNOC oil acting as a carrier fluid. As a next step GGCD reported a successful technical meeting with ADNOC's oil storage tanks main maintenance contractor on 2nd May 2019. GGCD have had continued operational meetings during July to analyse the sludge and assess the requirements for a specific tank at their tank farm, with the aim of securing a Tank Clean order in September.

Following successful results of laboratory work on Multi-Flow® treated Kuwaiti Crude the Kuwait Oil Company ("KOC") has conducted a tender specifically for the use of HCD Multi-Flow®. If awarded this is expected to be an initial 20 drum order and HCD expects further requirements should this first application be successful. The positive laboratory results on the Kuwait crude and sludge, particularly the viscosity reduction, enhances and complements the potential for success of the well stimulation pilot sought by HCD utilising Multi-Flow® in the Abduliyah Oilfield (adjacent to the Greater Burgan field). The objective of the Abduliyah trial is to increase the production flow rate by reducing crude oil viscosity in an oilfield that produces from mixed carbonate-siliciclastic reservoir rocks in thousands of producing wells. Drums of Multi-Flow® for the trial have already been purchased and currently reside in Kuwait.

As reported last quarter, GGCD has submitted two pilot proposals to Basrah Oil Company (BOC) in Iraq, one for a tank clean and the other a small-scale pipeline clean-up across a length redirected from a high volume trunk line. GGCD visited Basrah in July and performed a successful test for BOC with formal results to be granted to HCD soon.

Distributor and Agent Update

As reported in the previous Quarterly Report, the heavy crude oils of Colombia consistently respond well to treatment with HCD Multi-Flow® in laboratory tests with uplifts in API gravity in the range from ~130 API to 150API and reductions in viscosity on the order of 50%. Negotiations currently underway with two companies for field trials have progressed to selecting candidate wells for down-hole treatments, but a third company that operates a major heavy oilfield is now being sold, and negotiations are on hold until the new owner is established. Indago's Colombian agent is well connected with each of the companies bidding for ownership of the third company and is confident that negotiations for a field trial will be re-established once the company sale is concluded. As stated in the last quarterly report, if the same viscosity reductions observed in the laboratory tests are achieved in the field trials then the Colombian crudes would be pipeline compliant without the need for any addition of expensive diluents. The National Oil Company currently transports up to 400,000 barrels of oil per day and spends approximately \$US1 Billion per annum on diluents to enable this transport, representing an exciting opportunity for Multi-Flow®.

ABN: 75 117 387 354

Tel: +61 3 9642 2899 | Fax: +61 3 9642 5177

Level 6, 412 Collins Street, Melbourne VIC 3000 Australia



Indago Energy Limited

Kentucky Project Update – Indago Owned (100% WI 81.25%NRI)

Work is currently focussed on designing the most effective completion techniques to promote sustained oil production using HCD Multi-Flow® and any necessary enhancements such as carrier fluids, bacterial injections, chemical floods, horizontal well completions or stimulation techniques.

Utah Project Update - Indago Owned (100% WI 81.25%NRI)

The necessary cultural surveys and Permit applications required by the State of Utah for bulk sample collection have been submitted during the quarter and Indago has been notified that the permit is imminent. Indago is now in the advanced stages of planning for a 36 auger hole work programme designed to further delineate the outcrop of oil sands on a 160 acre portion of Indago's acreage position. The sampled sands from this exploration programme will also be sent for testing to help determine oil characteristics, the ability of HCD Multi-Flow® to liberate the oil and to assist in early design of processes needed to extract oil at the pilot stage.

Oklahoma Newkirk Project – Indago Owned (100% WI 81.25%NRI)

No work was conducted during the quarter. INK currently holds 1,473 acres with no change in the June Quarter.

Financial

The Company received strong support from shareholders for its recently completed 1 for 3 Rights Issue receiving a take-up of circa 60% raising \$1.4m in June (majority of funds received in July). At 30 July 2019, Indago Energy had cash resources of approximately \$2.65m after receiving a further \$1m from the shortfall in the recent Rights Issue.

In addition, the Company received revenues of \$4,700 for sale of products for the Quarter.

ABN: 75 117 387 354

Tel: +61 3 9642 2899 | Fax: +61 3 9642 5177

Level 6, 412 Collins Street, Melbourne VIC 3000 Australia



Indago Energy Limited

Oil and Gas Tenements as at 30 June 2019

Project	Location	Interest acquired or disposed of during the quarter net to Indago	Total acres owned net to Indago	Working Interest held as at 30 June 2019
Newkirk	Kay and Noble Counties,	-	1,473	100%
Kentucky	Butler and Warren Counties, Kentucky	-	1,843	100%
Utah	Uintah, County	-	3,459	100%

For further information please contact:

Stephen Mitchell
Chairman
Indago Energy Limited

Julie Edwards
Company Secretary
Indago Energy Limited

Telephone: +61 3 9642 2899
Website: www.indagoenergy.com

ASX Code: INK

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

Indago Energy Limited

ABN

75 117 387 354

Quarter ended ("current quarter")

30 June 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
144 Receipts from customers	5	5
1.2 Payments for		
(a) exploration & evaluation	(175)	(407)
(b) development	-	-
(c) production	-	-
(d) staff costs (including marketing)	(266)	(633)
(e) administration and corporate costs	(151)	(352)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	10
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	(146)	(146)
1.7 Research and development refunds	-	-
1.8 Other - Royalties	(69)	(159)
1.9 Net cash from / (used in) operating activities	(800)	(1,682)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets (Patent)	(5)	(5)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (cash purchased on acquisition)	-	-
2.6	Net cash from / (used in) investing activities	(5)	(5)
3. Cash flows from financing activities			
3.1	Proceeds from issues of shares	160	160
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	160	160
4. Net increase / (decrease) in cash and cash equivalents for the period			
4.1	Cash and cash equivalents at beginning of period	1,324	2,206
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(800)	(1,682)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(5)	(5)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	160	160
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	679*	679*

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	377	724
5.2 Call deposits	302	600
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)	679*	1,324

***Balance of proceeds from share issue on 28th June 2019 of \$1.288m were received into the bank account on 3 July 2019 and are not included in this report.**

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

(232)

Directors fees, Consultancy and Royalties

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

-

-

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

--


9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	175
9.2 Development	-
9.3 Production	
9.4 Staff costs (including marketing)	330
9.5 Administration and corporate costs	190
9.6 Other - Royalties	65
Other - Tax	-
9.7 Total estimated cash outflows	765

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

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.

Sign here:


.....
Company secretary

Date: 30 July 2019

Print name: Julie Edwards

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.