

2 July 2019

The Manager  
NSX Market Announcements

### Investment Update – Quarterly Report to 30 June 2019

The Board provides the following unaudited investment update.

Company	Value	% Of Portfolio
Horizon Oil Ltd (HZN)	\$1,050,000	37.27%
NGE Capital Ltd (NGE)	\$522,000	18.53%
Karoon Energy Ltd (KAR)	\$286,500	10.17%
Jameson Resources Ltd (JAL)	\$208,202	7.39%
Spirit Telecom Ltd (ST1)	\$117,500	4.17%
Other Securities	\$82,896	2.94%
Cash	\$550,000	19.52%
Total	\$2,817,098	100%

**APR** – APN Regional Property Fund. As discussed in the interim report, we tendered our units into the liquidity event. On 15 April we received proceeds of \$475,656. The bulk of the holding was acquired as part of the October “Dawney/Mercantile” recapitalisation with a few parcels bought on market. DWY’s cost was \$395,640. We received distributions of \$21,776. The total return on investment during the 7-month period was 25.73%.

**HZN** – Horizon Oil, our largest holding, continues to weigh on NTA per share. Positively though, HZN announced on 1 July 2019 that they exceeded oil sales and revenue guidance and that net debt has been reduced to US\$30m (moving toward net cash mid 2020). Santos announced on 16 May 2019 they had entered into a binding letter of intent to acquire a 14.3% interest in PRL 3 (equal to 0.62 tcf of gas) for US\$187m. This gives us a rough, third party guide for PNG gas values. Applying the same US30.16c per thousand cubic feet to HZN’s PNG interest we get a valuation of US\$149.9m. Repsol is currently marketing their operating interest for sale, which will give us a project specific like-for-like. As mentioned in the last quarterly, the price we paid on a diluted enterprise value basis is a low multiple of free cash flow generated by the oil business in our view providing a “free ride” on the PNG.

**GOW** – We sold GOW at a small loss. We were uncomfortable holding the stock given the number of retail centres coming onto the market, risk of cap rate expansion and the lack of communication from the company about its reorganisation plans.

**NGE** – The fall in NGE’s share price (-24.68%) during the quarter had the biggest impact on NTA.

**KAR** – Karoon Energy is a new position. We bought at a small discount to net cash and are attracted to the contingent payments associated with the Poseidon sale.

Unaudited Pre-tax NTA per share:	14.86c
Unaudited Post-tax NTA per share:	14.86c

Mitch Dawney  
Managing Director  
E: mdd@dawneyco.com.au