2022

Annual Financial Accounts

PROMINENCE ENERGY LTD

West Perth, Western Australia 6005
ASX Code: PRM
ABN: 69 009 196 810

CORPORATE DIRECTORY

DIRECTORS

Dr Jaap Poll
PHD, Geology
Non-Executive Director and Chairman

Mr Alexander Parks
GAICD, MEng
Chief Executive Officer and Managing Director

Mr Troy Hayden
B.Com , MBus (Banking)
Non-Executive Director

COMPANY SECRETARY AND CFO

Mr Sonu Cheema
BComm, CPA

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AUDITORS

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SOLICITORS

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United States
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Attorney at Law
1330 Post Oak Blvd
Suite 700
Houston, TX 77056

SHARE REGISTRY

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BANKERS

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ASX Code: PRM
ABN: 69 009 196 810

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CHAIRMAN'S LETTER

Dear Shareholder,

I am pleased to present the 2022 Annual Report for Prominence Energy Ltd (PRM or Prominence). This is my first report since taking on the role of Prominence's Chairman from Ian McCubbing, who retired from the Board in May of 2022. I am a geologist with a long international career in oil and gas with a passion for the industry and particularly, the role of small energy companies. Prominence has an abundance of opportunities in the current market and I look forward to overseeing the Company in capturing some of those opportunities as Chairman.

Prominence historically is an oil and gas exploration and production company and our primary purpose is to find and produce hydrocarbons, safely, ethically and conscious of the environment. Society nowadays demands that the world becomes decarbonised. In recognition, Prominence will seek to transition from pure oil and gas exploration and production to broader forms of energy and drilling related activities. Congruent with this stated intention, during the year the Company made a modest seed capital investment in Ecostorage Solutions Pty Ltd, a start-up company seeking to develop salt caverns in Australian sedimentary basins. Salt caverns are used world-wide for the storage of gases and liquids that do not dissolve salt, such as hydrocarbons, refined petroleum products, hydrogen, CO2 and other greenhouse gases (GHG). Long term salt cavern storage has significant and commercial potential carbon sequestration implications. We see this as a socially and financially prudent investment, consistent with our expertise and intentions to broaden our business.

Nevertheless, just as the world cannot switch off its dependence on fossil fuels immediately, PRM is not seeking to make sudden changes to our core business. Despite the move to become 'carbon neutral', the world still needs hydrocarbons. There is a role in meeting that need for companies like PRM. Smaller companies provide the benefits of low overheads, nimble strategic decision making and project implementation and often execute on smaller, shorter duration projects, eke out more resources from existing projects and work with others to share infrastructure and resources in ways that may not be practical for majors. The ability to adapt strategy to market conditions converts challenges into opportunities.

The American Author John Augustus Shedd wrote in 1928 "A ship in harbor is safe, but that is not what ships are built for."

This philosophy relates to the type of company Prominence is and seeks to remain in the future. We believe, shareholders predominantly invest in companies like PRM for excitement and potential for significant capital growth and accept higher risk on their investment to gain such exposure. It is PRM's goal to provide shareholders with exposure to technically sound, potentially high reward opportunities, predominantly via the drilling of moderate technical risk, high impact wells.

In this respect, the Company has had a busy year and participated in the drilling two offshore wells, Bowsprit-1 in Louisiana/USA and Sasanof-1 in Australia. Upon success, both wells would have been transformational for Prominence. Shallow water Bowsprit-1 was seeking to prove a potential significant oil field extension. and the Sasanof prospect on the Australian NW Shelf, had a multi-TCF and low CO2 gas potential in an area of massive gas demand. Unfortunately, neither of these wells found commercial hydrocarbons, but each was safely drilled and on budget. Drilling on budget has left the company with adequate funds to assess new projects and make modest investments that may lead to high impact drilling and new venture opportunities across a broad geographical and technical range. One such opportunity is our recent application for a Discovered Resource Opportunity (DRO) made in the Malaysian 2022 bid round. Another is the identification of a potentially sizeable gas prospect in open acreage of the Gulf of Mexico, which PRM intends to apply for when federal bid rounds resume in the USA. Details on these projects and other ventures will be released if they reach fruition.

Finally, I would like to thank my fellow Board members, Alex Parks and Troy Hayden, as well as our Company Secretary and CFO, Sonu Cheema for their continued and valuable contributions. My thanks also go to our Brokers and Advisors GTT, as well as the contractors and support services we utilized with our project partners. Last but not least, we thank you, our shareholders, for your ongoing support and belief in the Company and the journey we are on together.

Yours sincerely,

Dr Jaap Poll
Geologist and Independent Chairman of Prominence Energy Ltd

REVIEW OF ACTIVITIES

The Prominence Energy ("Prominence", "PRM" or the "Company") Board seeks to provide shareholders with exposure to high impact oil and gas projects and energy projects across the hydrogen and helium sector. Since the disappointing result at Sasanof, the Company has been engaged in a review of a number of potential opportunities as well as continuing to work on the Bowsprit project which, in the current energy climate, could provide a free cash flow generating avenue for PRM.

OIL AND GAS EXPLORATION AND DEVELOPMENT

BOWSPRIT OIL PROJECT ("**BOWSPRIT**") (Lease No. 21754) - Prominence 100% working interest.
UNITED STATES OF AMERICA

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 million 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, only when the Leases produce at least US$12 million in gross production revenue. Therefore, if the Leases do not produce $12 million in gross revenue, no royalty is payable to Pinnacle. No provision has been made for this contingent liability, as it cannot be estimated reliably.

In October 2021 the vertical portion of the Bowsprit-1 well was drilled to appraise a potential field extension in the T2 sand to the northwest of the proven oil field 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 and side-tracking. The proven oil in the T1 Upper Miocene Sand was not affected by the vertical well result and remains a viable target for a single well development via a side-tracking of the vertical well and tie back to a nearby platform. During the reporting period Netherland Sewell and Associates, Inc updated the reserves estimate for the field and as announced on 21 July 2022 the Bowsprit field has 1P reserves.

The Bowsprit field remains a valuable asset for the company. The Netherland Sewell & Associates Inc, (NSAI) Reserves reassessment as at 30 June 2022, values the 2P reserves at A$22.25 million assuming US$85.82/bbl. PRM is looking at the best way to fund the drilling and tie back to put the field on production in the most commercial way possible. The Bowsprit T1 reservoir is expected to have a permeability of over 200mD, which in combination with horizontal drilling, modern completion techniques and the light nature of the oil, should result in an initial flow rate of over 1,500bopd. With third party processing costs of less than $5/bbl, operating costs will be low and the Bowsprit project has the potential to produce substantial free cash flow to fund other PRM projects.

PRM is currently finalising the well design, completion design and costing for a side track of the Bowsprit 1 well to target the T1 reservoir and proven reserves, most likely in Q1 2023 following the northern hemisphere winter season.

Figure 1 – Bowsprit Project Location Map (PRM 100% working Interest).

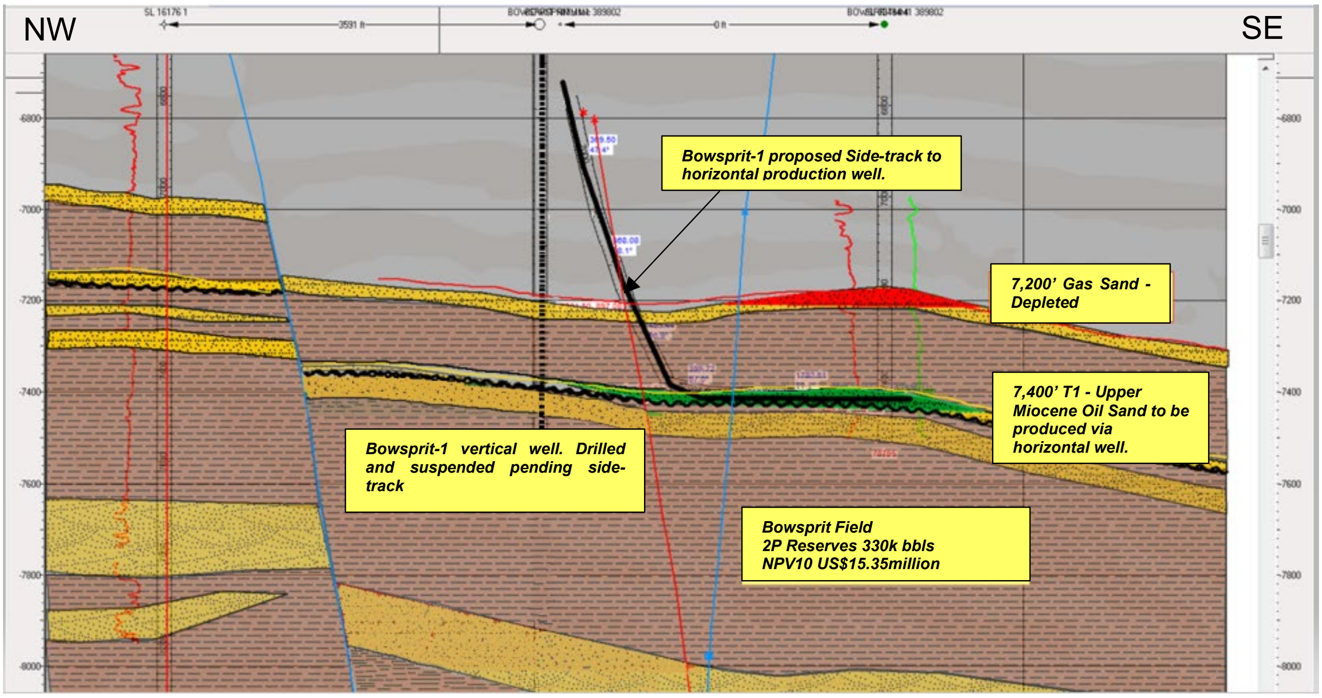

Figure 2 - Bowsprit-1 ST well path Schematic. Cross Section through Bowsprit Field from Northwest to Southeast.

Reserves Attributed to Bowsprit-1

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

Reserves estimated by Netherland, Sewell & Associates, Inc. (NSAI) on the Bowsprit Project.

Resource Classification	Confidence Level	Net Reserves to PRM		Net Cash Flow (NPV0)	NPV10	NPV10
		Oil Mbbls	Gas MMSCF	US$ million	US$ million	A$ million
Undeveloped Reserves (T1)	1P (90%)	106.9	81.3	2.93	2.34	3.39
	2P (50%)	330.7	254.7	18.33	15.35	22.25
	3P (10%)	643.5	502.9	38.57	29.47	42.71

Table 1 – Bowsprit Field Upper Miocene Reservoir T1 Reserves @ $US85.82/bbl (0.69AUD/USD)

Land Status (net acres of oil & gas leases)

At the time of this report and subsequent to the end of the June 2022 financial year, Prominence's total net land position in the Breton Sound, Louisiana was approximately 635 net acres of oil and gas leases. SL21787 and part of SL21754 was dropped due to lack of prospectivity following the drilling in October 2021.

Oil Project Area	Prominence Working Interest (%WI)	Prominence Net Revenue Interest (%NRI)	Project area Gross Acres (1ha = 2.471ac)	Prominence's Net Acres (1ha = 2.471ac)
Bowsprit SL21754	100%	73%	635	635
TOTAL	**-**	**-**	**635**	**635**

(Total acres are approximate, as at 30 June 2022)

WG-519 PTY LTD - WA-519-P PROJECT (PRM 12.5%)
AUSTRALIA

In March 2022, Prominence Energy Ltd ("PRM") finalised the acquisition of a 12.5% interest in the Multi-TCF potential Sasanof Gas Prospect located in exploration Permit WA-519-P on the Northwest Shelf, Australia. PRM acquired a 12.5% shareholding interest in the WA-519-P licence holder, Western Gas (519 P) Pty Ltd (WG519).

The Sasanof-1 well was drilled with the Valaris MS-1 semi-submersible in Q2 2022. Sasanof-1 was a vertical well, drilled to a depth of approximately 2,400m in 1,070m of water. The main target zone was encountered at the expected depth but found to contain no hydrocarbons. The preliminary conclusion, on the reason for failure, was a lack of seal on the western edge of the trap. Above the reservoir a hard zone was encountered (as anticipated), however, the hard streak was harder and thicker than anticipated pre-drill. The contrast in velocities from the "harder hard streak" to the underlying shale and sand produce an effect that looked like gas on the seismic, before being disproved through the drilling result. Drilling costs were estimated to be in the range of US$20-25 million (US$5-6.25 million PRM share) and the well was drilled on budget. The well was completed safely on budget and as scheduled with no reportable HS&E issues.

Remaining potential of WA-519-P

WA-519-P is located offshore Western Australia, on the Exmouth Plateau approximately 200km northwest of Onslow. The area is surrounded by proven gas fields. WA-519-P has one further year to run in its primary term, to September 2023 and subject to application and partial relinquishment, may be extended for a further 5-year term.

Sasanof was the largest and shallowest prospect in the WA-519-P Licence area and was selected as the first prospect to be drilled as the largest and highest impact target. The well was drilled in 2022 but failed to find commercial hydrocarbons.

There are a number of other sizable leads and prospects that are being matured, with Triassic, Jurassic and Cretaceous prospects and leads remaining undrilled. The two most sizeable are Maraboa and Kingsburgh.

Maraboa is a Lower Barrow Group, Cretaceous prospect with an area of up to 101km^2 analogues for this play type include Pinhoe, Bravo, Nimblefoot and Lightfinger discoveries.

Kingsburgh is a Jurassic syn-rift play with an area of up to 80km^2. Kingsburgh lies under the Maraboa structure and both leads may potentially be drilled with a single well. In addition, there are further leads in the deeper Triassic Mungaroo

The leads are not yet fully mapped or drill ready, however, this will be the focus of the work in the final year of the current Licence term.

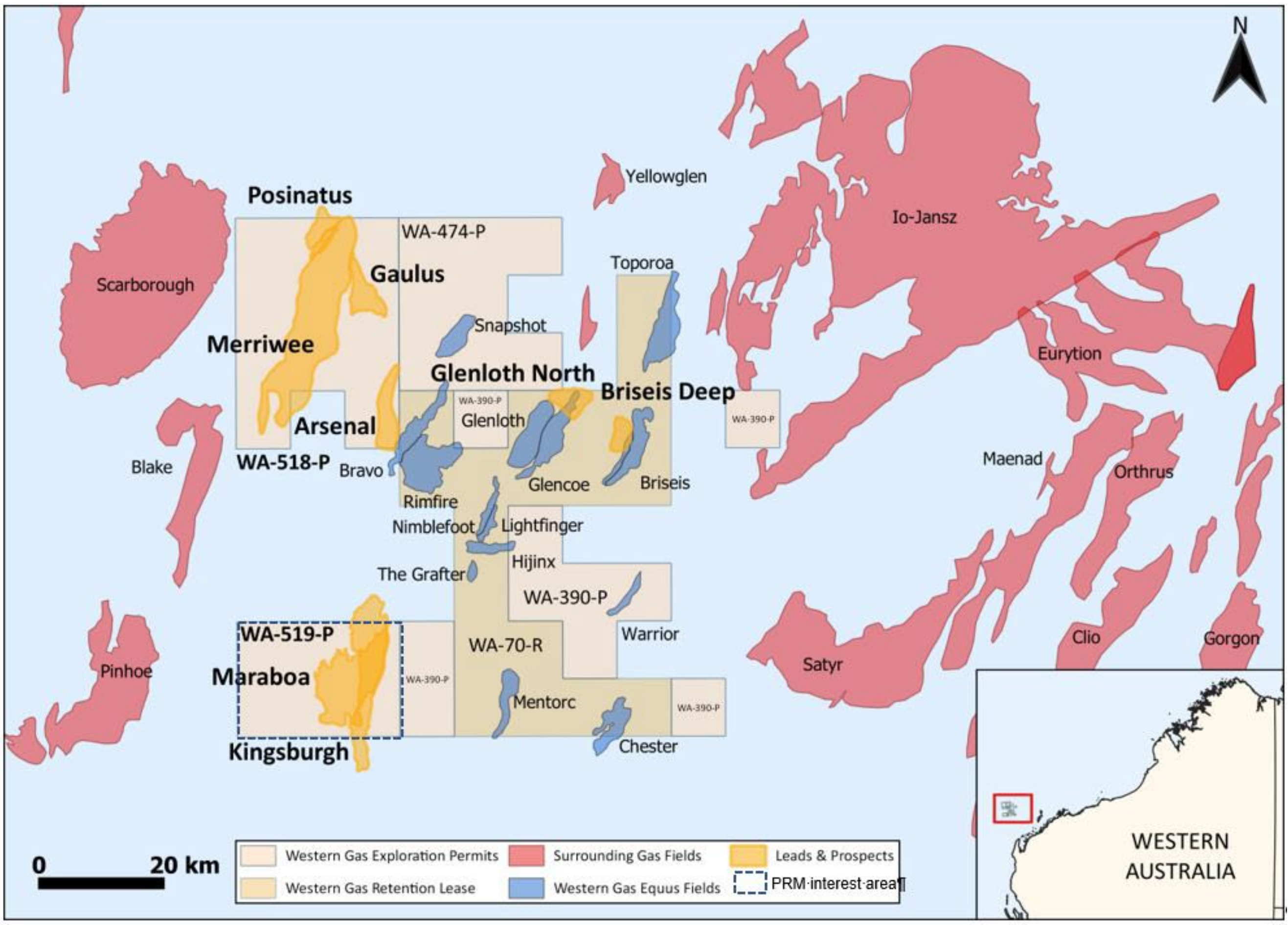

Figure 3 - Location of WA-519-P (PRM 12.5% beneficial interest).

REVIEW OF ACTIVITIES

ECOSSAUS SALT CAVERN DEVELOPMENT FOR POTENTIAL FUTURE GHG SEQUESTRATION (PRM 10.9%) AUSTRALIA

The Company has made a modest investment in Ecostorage Solutions Pty Ltd (ECOSSAUS) (10.9%). ECOSSAUS landholding comprises 7 tenement applications for 3,322km^2 located in Northern Territory, South Australia and Queensland . These areas are believed to be prospective for solution mining of salt and potential subsequent use of resultant salt caverns for storage purposes.

Salt caverns are used in other parts of the World for storage of non-aqueous gases or liquids that do not dissolve salt, such as hydrocarbons and petroleum products. They have recently proven to be effective for the storage of hydrogen, which can be challenging to store in large volumes via typical storage methods (ie, tanks and vessels). There is also potential for CO2, methane and other greenhouse gases (GHG) to be stored in salt caverns for long term as a form of carbon sequestration.

PRM's initial investment of A$100,000 was part of a $415,000 capital raise to fund ECOSSAUS in the grant of tenements and initial data gathering and technical studies. PRM has an option to maintain it's current holding level by participating in future raises.

NEW VENTURES

The company is reviewing a steady stream of new venture opportunities, sourced from our own network and also via GTT Ventures to find and secure the right principal project for the Company. At present, the Company is seeking projects with:

1. a high probability of success, focused on appraisal and development projects as opposed to pure high-risk exploration;
2. early entry opportunity such as acreage applications where drilling can be substantially funded via farm-out;
3. opportunities in Helium, Hydrogen or other 'green' energy projects; and
4. near term cash flow generation projects

The Company is adequately funded in the near term with A$2.8m cash (as at 30 June 2022) to fund the selection and evaluation of prospective projects. Future drilling or major acquisitions will require funding via farm-out or capital raising.

MALAYSIAN BID ROUND

The Company submitted a joint 50/50 bid for one of the Petronas DRO Projects in the 2022 bid round. PETRONAS is offering six clusters of Discovered Resource Opportunities (DRO) and one cluster of Late Life Assets (LLA) in its Malaysia Bid Round 2022 (MBR 2022).

The DRO's are offered through a competitive bidding process based on the merit of the applicant's conceptual development plan submitted. There is no certainty that the Company will be awarded a project, but the Company believes the innovative conceptual development plan submitted may be attractive. Further details will be announced if a project is awarded to the Company. Petronas undertakes a bid review and clarification process from July to September. Award of the projects to the successful bidders is anticipated to be in Q4 2022.

DIRECTORS' REPORT

The Directors of Prominence Energy Ltd ("Prominence" or "the Company") present their report on the consolidated entity consisting of the Company and the entities it controlled at the end of, or during, the year ended 30 June 2022.

In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows.

1. DIRECTORS AND OFFICERS

The names of the Directors of the Company in office during the year and at the date of this report are as follows:

Dr Jaap Poll (Non- Executive Director and Chairman) PHD, Geology (appointed 16 May 2022)

Jaap Poll is an experienced geologist and company Director and Chairman. Jaap's initial career was with Shell, Woodside and he also served as CEO of Oil search in Port Moresby in the 1990's. Since the mid 90's Jaap has focussed on smaller companies both public and private, establishing Ottoman Energy (now Otto Energy), Petroz and others. Jaap has worked many basins, and projects in Australia and internationally and is a proven oil and gas finder. Jaap is an accredited Arbitrator and Mediator, a Distinguished Life Member of the Petroleum Exploration Society of Australia and recognised as an industry "Legend" at the Excellence in Energy Conference.

Mr Alexander Parks (Chief Executive Officer and Managing Director) GAICD, MEng

Mr Alexander Parks was appointed to the Board as Chief Executive Officer and Managing Director on 2 November 2017. Mr Parks previously served as a Non-Executive Director from 18 February 2016. Mr Parks is an energy expert with over 20 years' of experience in the oil and gas industry, commencing as a petroleum engineer with RPS Energy Australia (formerly Troy-Ikoda, UK & Australia) in 1997. Mr Parks has managed companies and company projects in Australia, SE Asia, North America, New Zealand, Europe, FSU and North Africa. Projects have included onshore and offshore exploration, development, production and significant new ventures and transactions. Mr Parks was formerly Managing Director of Tamaska Oil & Gas Ltd (ASX:TMK), he has previously held the positions of Chief Commercial Officer at Cue Energy Resources Ltd, CEO of Mosaic Oil NL, CEO of Otto Energy Ltd and Technical Director at RPS Energy. Mr Parks has a Petroleum Engineering degree from Imperial College, London, is a member of the Society of Petroleum Engineers (SPE) and is a Member Australian Institute of Company Directors (GAICD).

Mr Troy Hayden (Non-Executive Director) (appointed 16 July 2021) B.Comm, MBus (Banking)

Mr Hayden has more than 27 years' experience in the upstream oil and gas industry. He was the CEO/Managing Director at ASX listed, Tap Oil for 6 years and worked at Woodside Petroleum Limited for 12 years, where he held several positions, including Treasurer, Acting CFO, Vice President of the USA Business Unit based in Louisiana, and Vice President of the Pluto Business Unit. Mr Hayden spent two and a half years living in Louisiana whilst working for Woodside (USA), where he worked on Woodside's Gulf of Mexico operating assets and exploration portfolio. Troy has worked on numerous oil and gas asset acquisitions, divestments and M&A transactions. Troy is currently a non-executive director of ASX listed Global Oil and Gas Limited and is the part time Business Development Manager at Transborder Energy, a small-scale Floating LNG company.

Mr Sonu Cheema (Company Secretary) B.Comm, CPA (appointed 6 May 2022)

Sonu Cheema has over 10 years' experience working with public and private companies in Australia and abroad. He currently serves as a Company Secretary for several ASX listed companies within the mineral exploration and technology sectors

Mr Ian McCubbing (Non-Executive Chairman) B.Com (Hons), MBA (Ex), CA, GAICD (resigned 16 May 2022)

Mr Ian McCubbing was appointed to the Board as a Non-Executive Director and Chairman on 25 October 2016. Mr McCubbing is a Chartered Accountant with more than 30 years' corporate experience, including five years investment banking, principally in the areas of corporate finance and mergers and acquisitions. Mr McCubbing has spent more than 15 years' working with ASX 200 and other listed companies in senior finance roles, including positions as Finance Director and Chief Financial Officer in mining and industrial companies. Mr McCubbing holds a Bachelor of Commerce (Honours) from UWA and an Executive MBA from the AGSM. Mr McCubbing is a Chartered Accountant and a Graduate of the Australian Institute of Company Directors. Current directorships are Swick Mining Services Limited and Rimfire Pacific Mining NL. In the last three years, Mr McCubbing has also held a directorship in, Symbol Mining Limited and Avenira Limited.

Mr Patric Glovac (Non-Executive Director) B.Comm (resigned 16 July 2021)

Mr Patric Glovac was appointed to the Board as a Non-Executive Director on 23 August 2019. Mr Glovac holds a Bachelor of Commerce, majoring in Finance, Banking, Management, and also holds a Diploma of Management. In 2013 Mr Glovac co-founded GTT Ventures Pty Ltd. GTT has funded numerous listed and private companies since its inception across multiple markets including Australia, USA and the United Kingdom. Previously he worked as an investment advisor for Bell Potter Securities Limited, focusing on high net-worth clients and corporate advisory services. Over the past 5 years Mr Glovac has held numerous Director positions with ASX listed companies across the Resources and Oil & Gas sector. He is currently Executive Director of Global Oil & Gas Limited (ASX: GLV).

DIRECTORS' REPORT

Mrs Anna MacKintosh (Company Secretary) B.Com, CPA (Resigned 29 July 2022)

Anna MacKintosh has over 30 years' commercial experience including 11 years with BHP, 10 years with AFSL holder Kirke Securities Ltd as Compliance Manager, Finance Manager and Responsible Executive. Since then Mrs MacKintosh has been the Company Secretary/CFO for listed entity Kalia Limited (formerly GB Energy Ltd) (ASX: KLH), Financial Controller for Force Commodities (ASX: 4CE) and previously XTV Networks Ltd (ASX: XTV), Applabs Technologies Ltd (ASX:ALA) and TAO Commodities Ltd (ASX:TAO). She is also currently Company Secretary of Global Oil and Gas Ltd (ASX:GLV) and Marquee Resources Ltd (ASX:MQR).

2. DIRECTOR'S INTERESTS

As at the date of this report, the Director's interests in the securities of the Company are as follows:

		Ordinary Shares	Options over Ordinary Shares	Performance Rights
Dr Jaap Poll[(1)]	Non-Executive Director and Chairman	1,300,000	-	-
Mr Alexander Parks	Managing Director	12,500,000	13,354,167	9,500,000
Mr Troy Hayden [(2)]	Non-Executive Director	2,500,000	10,833,333	3,000,000

(1) Appointed 16 May 2022
(2) Appointed 16 July 2021

Principal Activities of the Consolidated Entity

The principal activities of the consolidated entity during the financial year were oil and gas exploration and investment. There were no significant changes in these activities during the year. The consolidated entity's exploration and production activities are summarised in the "Review of Activities" preceding this report.

Operation Results

The net profit/loss of the consolidated entity for the financial year after income tax was $10,715,128 (2021: profit of $1,205,632).

Dividends

No dividends were paid or declared during the financial year or subsequent to the year end.

Review of Operations

A review of the oil and gas operations of the Company and the consolidated entity is set out in the "Review of Activities" section of the Annual Report.

Likely Developments and Expected Results of Operations

The consolidated entity intends to continue the present range of activities during the forthcoming year. In accordance with its objectives, the consolidated entity may participate in exploration and appraisal wells and new projects and may grow its exploration effort and production base by farm-in or new lease acquisitions. Certain information concerning the future activity is set out in the "Review of Activities" section of the Annual Report. Other information on the likely developments and the expected results has been included where they can be reasonably anticipated.

Changes in the State of Affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Company that occurred during the financial year under review.

Capital Raising

PRM placed 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 the 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. Tranche 1 was completed through the issue of 250 million shares on 15 December 2021, raising $2.5 million before costs. Tranche 2 was completed through the issue of 950 million shares on 16 March 2022, raising $9.5 million before costs.

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 ("GTT").

DIRECTORS' REPORT

Directors Loans and Convertible Notes

The Directors in the previous financial year entered into loans to support the Company with short term working capital. The following loan amounts were in place and repaid during the financial year:

Patric Glovac, a previous Director via GTT Global Opportunities Pty Ltd, loaned the Company $100,000 via a convertible Note facility agreement. The agreement was settled in October 2021 via the issue of 9,530,057 at a deemed price of $0.01063 for a total value of $101,324. This included the interest component of $1,324 which was repaid in shares.

Events since the End of the Financial Year

No material events occurred subsequent to the end of the year.

Environmental and Occupational Health and Safety Regulations

The Company's environmental and occupational health and safety ("OHS") obligations are regulated under both State and Federal Law or in the case of the Company's overseas interests, by the governing laws of that country. All environmental and OHS performance obligations are monitored by the Board and subjected from time to time to Government agency audits and site inspections. The Company has a policy of complying, and in most cases exceeding its performance obligations. The Company ensures that it complies with all necessary conditions while exploring its permits, which is governed by the terms of respective joint operating agreements. The consolidated entity did not operate any of its exploration or producing assets. The Company has established environmental and OHS Board policies under which all exploration is carried out. Both policies ensure all employees, contractors and other service providers are fully acquainted with the Company's environment and OHS programs. The Company's primary goal in the environmental management of exploration activities is to prevent unnecessary environmental impact and reinstate sites where disturbance cannot be avoided, whilst its goal in OHS is to provide and foster a culture of carrying out exploration activities in a safe working environment at best exploration practice. The Directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007, which requires entities to report annual greenhouse gas emissions and energy use. For the measurement period 1 July 2021 to 30 June 2022 the Directors have assessed that there are no current reporting requirements, but may be required to do so in the future.

Voting and comments made at the Company's 2021 Annual General Meeting

Prominence received in excess of 75% of 'yes' votes on its remuneration report for the 2021 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices. This report details the nature and amount of remuneration for each Director of Prominence and specified Executives (Executive officers) involved in the management of the Company who were not Directors.

DIRECTORS' REPORT

Remuneration Report

The audited remuneration report is set out under the following main headings:

A. Principles used to determine the nature and amount of remuneration
B. Details of remuneration
C. Service agreements
D. Share-based compensation
E. Additional information

A Principles used to determine the nature and amount of remuneration

The performance of the Company depends upon the quality of its Directors, Executives and staff. To achieve its financial and operating activities, the Company must attract, motivate and retain highly skilled Directors and Executives. The Company embodies the following principles in its remuneration framework:

- Provide competitive awards to attract high caliber Executives;
- Structure remuneration at a level and mix commensurate with their position and responsibilities within the Company so as to reward Executives for the Company and individual performance; and
- Align executive incentive rewards with the creation of value for Shareholders.

Executive remuneration policy

The policy is for Executives to be remunerated on terms that are competitive with those offered by entities of a similar size within the same industry. Packages are reviewed annually by the remuneration committee with any recommendation of this committee reviewed and approved by the Board.

Remuneration consultants are not used by the Company

As predominately an exploration entity, performance outcomes are uncertain, notwithstanding endeavour. As such, remuneration packages are not linked to profit performance. Present policy is to reward successful performance via incentive options that are priced on market conditions at the time of issue. The number of options granted is at the full discretion of the Board.

The Options are not issued in relation to past performance, but are considered to promote continuity of employment and provide additional incentive to Executive Officers to increase Shareholder wealth.

The Company's security trading policy provides acceptable transactions in dealing with the Company's securities, including shares and options. The full policy can be read on the Company's website.

The Executive Directors receive a superannuation guarantee contribution required by the government, which is 10%.
All remuneration paid to Directors and Executives is valued at the cost to the Company and expensed.

Shares given to Directors and Executives are valued as the difference between the market price of those shares and the amount paid by the Director or Executive. Options are valued using the Black-Scholes model.

Non-Executive remuneration policy

The Board policy is to remunerate Non-Executive Directors at market rates for time, commitment and responsibilities. The remuneration committee determines payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. Fees for Non-Executive Directors are not linked to the performance of the consolidated entity. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company. The maximum aggregate amount of fees (inclusive of the 10% superannuation guarantee contribution required by government) that can be paid to Directors is currently AU$400,000.

Executive Officers

The Board's policy for determining the nature and amount of compensation of Executive Officers for the Group is as follows:

The compensation structure for Executive Officers is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the Company. The contracts for service between the Company and Executive Officers are on a fixed term basis.

Upon retirement, Executive Officers are paid employee benefit entitlements accrued to the date of retirement. The remuneration committee recommends the proportion of fixed and variable compensation (if applicable) for each Executive Officer which is approved by the Board.

DIRECTORS' REPORT

B Details of Executive Remuneration

The Executive Officers included the Directors who had the responsibility for planning, directing and controlling the activities of the entity during the financial year.

Mr Alexander Parks - Managing Director and CEO

Mr Parks has an Executive Services Agreement ("the agreement") which specifies the duties and obligations to fulfilled in his role. Mr Parks' remuneration is both salary and performance based, designed to minimise cash cost to the Company, and to align objectives that should benefit the shareholders. The near-term incentives are based on achieving key development milestones of the Bowsprit project. Mr Parks receives a fixed remuneration component of $252,000 (plus superannuation) per annum.

A short-term incentive cash bonus of $50,000 was awarded as remuneration to Alex on 30 May 2022 for completion of drilling and spudding of the Sasanof-1 exploration well.

The Contract has a fixed term of 2 years to 1 April 2024 and the Company may terminate the executive's engagement with immediate effect, with only statutory accrued entitlements or 4 months' notice, or salary in lieu with associated benefits.

Mr Parks has been issued 2,250,000 Performance Rights (on a consolidated basis) as a long term performance incentive in 2017. The Performance Rights will vest subject to completion of the following vesting conditions:

- 0.75 million Performance Rights vesting on successful farming out (or full funding) of Prominence's share of the first Bowsprit well. These Performance Rights had vested during the year ended 30 June 2022.
- $50,000 bonus and 1.5 million Performance Rights vesting on achieving 60 days of commercial production within a 75 day period. These Performance Rights were determined to be unlikely to vest as at 30 June 2022.

The remuneration recognised for the performance rights at 30 June 2022, is assessed on the probability of achieving each milestone within the performance time constraint or during the five-year duration of the Performance Rights if no date is specified. The probability is reassessed at each reporting date. The value of the Performance Rights at the grant date was assessed at $90,000.

At 30 June 2022 the reconciled value is assessed as $27,986 to Mr Parks for annual share based remuneration.

EMOLUMENTS OF DIRECTORS AND OTHER KPMG

2022	Short-term employee benefits				Post-employment benefits	Share base payments		
Name	Cash salary Consulting fees and Directors' fees	Non-monetary Benefits-Shares/ Options	Other (Annual leave provision)	Bonus	Superannuation	Performance Rights	Total	Performance Related %
	$	$	$	$	$	$	$	
Executive Director								
Mr A Parks[1]	246,000	-	21,156	50,000	29,600	27,986[1]	374,742	20.22%
Sub-Total	**246,000**	**-**	**21,156**	**50,000**	**29,600**	**27,986**	**374,742**	**20.22%**
Non-Executive Directors								
Mr P Glovac	1,500	-	-	-	150	-	1,650	-
Mr T Hayden	34,500	-	-	-	3,450	5,518	43,468	12.7%
Mr I McCubbing	43,750	-	-	-	4,375	-	48,125	-
Dr J Poll	6,439	-	-	-	644	-	7,083	-
Sub-Total	**86,189**	**-**	**-**	**-**	**8,619**	**5,518**	**100,326**	**12.7%**
Total	**332,189**	**-**	**21,156**	**50,000**	**38,219**	**33,504**	**475,068**	**17%**

(1) Upon reassessment of Tranche C probability, it was determined that the performance condition would not be met by expiry. Accordingly, a reversal of the vesting expense has been made in the current year, totalling $45,000. Refer to Note 15 for more information.

DIRECTORS' REPORT

2021	Short-term employee benefits				Post-employment benefits	Share base payments		
Name	Cash salary Consulting fees and Directors' fees	Non-monetary Benefits-Shares/ Options(2)	Other (Annual leave provision)	Accrued Fees	Superannuation	Performance Rights(6)	Total	Performance Related %
	$	$	$	$	$	$	$	
Executive Director								
Mr A Parks(1)	187,478	16,875	23,734	-	17,810	14,888	260,785	5.71%
Sub-Total	**187,478**	**16,875**	**23,734**	**-**	**17,810**	**14,888**	**260,785**	**5.71%**
Non-Executive Directors								
Mr P Glovac (3)	27,000	-	-	-	2,565	1,603	31,168	5.14%
Mr I McCubbing(4)	40,750	-	-	-	3,871	2,672	47,293	5.65%
Mr W Bloking(5)	6,500	-	-	-	618	-	7,118	-
Sub-Total	**74,250**	**-**	**-**	**-**	**7,054**	**4,275**	**85,579**	**4.99%**
Executive Officers								
Ms J Long	35,322	-	-	-	-	-	35,322	-
Sub-Total	**35,322**	**-**	**-**	**-**	**-**	**-**	**35,322**	**-**
Total	**297,050**	**16,875**	**23,734**	**-**	**24,854**	**19,163**	**381,685**	**5.02%**

(1) Mr Parks Fees and Superannuation amounts in the above table excludes amounts paid relating to previous periods $66,733. (2) Represents shares issued to Mr Parks in lieu of fees owed. (3) Mr Glovac's Fees and Superannuation in the above table excludes amounts paid relating to a previous period $5,256 (4) Mr Ian McCubbing's Fees and Superannuation amounts in the above table excludes amount relating to previous periods $38,101. (5) Mr Bloking's Fees and Superannuation in the above table excludes amounts paid relating to previous periods $22,148. All Directors agreed to forgive 60% of fees and superannuation owing as at 30 September 2020. No further amounts are owed. (6) Directors were granted 16 million Performance Rights in April 2021. Details can be found at Note 15. (7) Directors fees for the 2020/2021 year were lower than anticipated as Directors fees were either reduced, or not paid or accrued in the first quarter of the financial year.

Remuneration consists of the following key elements:

a) Fixed remuneration: being base salary, superannuation and other benefits (including non-monetary); and
b) Share based incentives as determined.

Fixed remuneration

Fixed remuneration is reviewed annually by the remuneration committee. The process consists of a review of group and individual performance, relevant comparative remuneration information for a variety of sources including industry associations, and where considered appropriate, external advice on policies and practices.

C Service Agreements

Mr Ian McCubbing (Resigned 16th May 2022)
Term of agreement: Retires as determined by Director Rotation
Chairman fees: $50,000 per annum plus Superannuation
Incentives: Share based incentives as determined
Mr Ian McCubbing was appointed as Non-Executive Director and Chairman on 25 October 2016.

Dr Jaap Poll
Term of agreement: Retires as determined by Director Rotation
Director fees: $50,000 per annum plus Superannuation
Incentives: Share based incentives as determined
Dr Jaap Poll was appointed as Non-Executive Director and Chairman on 16 May 2022.

Mr Alexander Parks
Term of agreement: 2 years to 1 April 2024
Salary: $252,000 per annum plus superannuation
Director fees: Included in salary
Incentives: Share based incentives as determined
Mr Parks was appointed Managing Director and CEO on 2 November 2017.

DIRECTORS' REPORT

Mr Troy Hayden
Term of agreement: Retires as determined by Director Rotation
Director fees: $36,000 per annum plus Superannuation
Incentives: Share based incentives as determined
Mr Troy Hayden was appointed as Non-Executive Director on 16 July 2021.

Mr Patric Glovac (Resigned 16th July 2021)
Term of agreement: Retires as determined by Director Rotation
Director fees: $36,000 per annum plus Superannuation
Incentives: Share based incentives as determined
Mr Patric Glovac was appointed as Non-Executive Director on 23 August 2019.

D Share-based compensation

2022

The Company established a securities incentive plan pursuant to which the Company can issue Securities to eligible Directors, employees and consultants in order to attract, motivate and retain such persons and to provide them with an incentive to deliver growth and value to all Shareholders.

Pursuant to the Listing Rules, Shareholders must re-approve the Plan and all unissued Securities issuable pursuant thereto every three years.

The Plan Performance Rights will be granted in two classes (Class A and Class B) with the vesting conditions and expiry dates set out in the table below.

Tranche	Vesting condition	Expiry date
Class A	10-day VWAP of Shares is equal to or greater than $0.025	3 years from date of grant
Class B	10-day VWAP of Shares is equal to or greater than $0.035	3 years from date of grant

E Additional information

Share-based compensation

3 million Performance Rights were granted to Directors during the June 2022 financial year. Refer also Note 15.

Ordinary shares

Name	Balance at start of the year or appointment	Placement Acquisition	Other changes during the period	Balance at the end of the year or on retirement/ resignation	Nominally held
2022 *					
Directors					
Mr I McCubbing	20,062,513	7,500,000	-	27,562,513	2,500,000
Dr J Poll	-	-	1,300,000	1,300,000	-
Mr A Parks	6,750,000	5,000,000	750,000	12,500,000	-
Mr P Glovac	-	10,000,000	-	10,000,000	-
Mr T Hayden	-	2,500,000	-	2,500,000	-

**Figures are shown on a consolidated 1 for 10*

Option holdings

The number of **listed options** over ordinary shares in the Company held during the 2022 financial year by each Director of the Company and other Executive Officers of the Group, including their personally related parties, are set out below:

DIRECTORS' REPORT

Name	Balance at the start of the year	Acquisition	Exercised	Expired	Balance at the end of the year or on retirement/ resignation	Vested and exercisable	Un-vested
2022							
Directors							
Mr I McCubbing	1,625,000	12,500,000	-	-	14,125,000	14,125,000	-
Dr J Poll	-	-	-	-	-	-	-
Mr A Parks	1,687,500	11,666,667	-	-	13,354,167	13,354,167	-
Mr P Glovac	-	23,333,333	-	-	23,333,333	23,333,333	-
Mr T Hayden	-	10,833,333	-	-	10,833,333	10,833,333	-

The number of **unlisted options** over ordinary shares in the Company held during the 2022 financial year by each Director of the Company and other Executive Officers of the Group, including their personally related parties, are set out below:

Name	Balance at the start of the year	Acquisition	Exercised	Expired	Balance at the end of the year or on retirement/ resignation	Vested and exercisable	Un-vested
2022							
Directors							
Mr I McCubbing	-	-	-	-	-	-	-
Dr J Poll	-	-	-	-	-	-	-
Mr A Parks	-	-	-	-	-	-	-
Mr P Glovac	-	-	-	-	-	-	-
Mr T Hayden	-	-	-	-	-	-	-

Performance Rights

The number of **Performance Rights** in the Company held during the 2022 financial year by each Director of the Company and other Executive Officers of the Group, including their personally related parties, are set out below:

Name	Balance at the start of the year	Issued	Exercised	Lapsed	Balance at the end of the year or on retirement/ resignation	Vested and exercisable	Un-vested
2022							
Directors							
Mr I McCubbing	5,000,000	-	-	(5,000,000)	-	-	-
Dr J Poll	-	-	-	-	-	-	-
Mr P Glovac	3,000,000	-	-	(3,000,000)	-	-	-
Mr A Parks	10,250,000	-	(750,000)	-	9,500,000	-	9,500,000
Mr T Hayden	-	3,000,000	-	-	3,000,000	-	3,000,000

Loans from Directors and Executives

See Note 10c for details on loans to the company by Directors.

Company Performance

An analysis of the Company's performance over the past five years is as follows:

	2022 $	2021 $	2020 $	2019 $	2018 $
Profit/(Loss) attribute to Shareholders of the parent entity	(10,715,128)	1,205,632	(1,081,462)	(1,100,065)	(850,430)
Dividends paid	-	-	-	-	-
Contributed equity	139,510,834	124,076,671	120,483,368	119,786,868	119,257,280
Return on contributed equity	(7.69%)	0.97%	(0.90%)	(0.92%)	(0.71%)

The Company has adjusted any oil and gas assets where there has been an impairment of the asset with the resulting write downs reflected in the loss attributable to Shareholders.

This is the end of the audited remuneration report.

DIRECTORS' REPORT

Indemnification of Officers

Insurance and indemnity arrangements established in the previous year concerning Officers of the Company were retained during the year ended 30 June 2022. The Company has paid insurance premiums in respect of Directors' and Officers' liability and legal expenses' insurance contracts, for current and former Directors and Officers, including Executive Officers, Directors and secretaries of the Company. The terms of the insurance policy contract do not allow disclosure of the premium. The insurance premiums relate to:

i. costs and expenses incurred by the relevant Officers in defending proceedings, whether civil or criminal and whatever their outcome; and
ii. other liabilities that may arise from their position, with the exception of conduct involving a willful breach of duty or improper use of information or position to gain a personal advantage.

Meetings of the Company's Directors

The number of meetings of the Company's Board of Directors and each Board committee held during the year ended 30 June 2022 and the numbers of meetings attended by each Director were:

	Full meetings of Directors		Meetings of committees Audit & Risk		Remuneration	
	A	B	A	B	A	B
Dr Jaap Poll	1	1	-	-	-	-
Mr Alexander Parks	11	11	2	2	-	1
Mr Troy Hayden	11	11	2	2	1	1
Mr I McCubbing	10	10	2	2	1	1
Mr P Glovac	-	-	-	-	-	-

A. Number of meetings attended
B. Number of meetings held during the time the Director held office or was a member of the committee during the year.

Any items with respect to the Audit and Risk and Remuneration Committee were addressed in Board meetings.

Retirement, election and continuation in office of Directors

The Directors retire by rotation in terms of the Constitution of the Company.

Proceedings on behalf of Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of these proceedings. No proceedings have been brought or intervened in on behalf of the Company with leave of Court under section 237 of the Corporations Act.

Non-audit services

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Consolidated	
	2022 $	**2021 $**
Non-Audit Services		
Taxation compliance services	-	-
Total remuneration for Non-audit services	-	-

DIRECTORS' REPORT

The Board of Directors has considered the position and, in accordance with advice received from the audit committee, is satisfied that the provision of the non- audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor, as set out above, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the Board to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

Auditor's independence declaration

The auditor's independence declaration as required under section 307c of the Corporations Act 2001 on page 17 forms part of the Directors' Report for the financial year ended 30 June 2022.

Board of Directors' declaration for year ended 30 June 2022

The Board of Directors' Declaration for year ended 30 June 2022 on page 47 forms part of the above Directors' Report. This relates to the integrity of the financial statements, risk management and internal compliance and control systems of the Company for the financial year as set out in this Annual Financial Report.

For and on behalf of the Board in accordance with a resolution of Directors.

Dr Jaap Poll
Chairman
Perth, Western Australia
30 September 2022

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Prominence Energy Ltd for the year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) any applicable code of professional conduct in relation to the audit.

Perth, Western Australia	**B G McVeigh**
30 September 2022	**Partner**

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FINANCIAL REPORT 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2022

	Note	Consolidated 2022 $	2021 $
Other income	3a	220,499	41,967
Extinguishment of creditors/liabilities	3a	-	1,877,926
Administration and other expense		(112,029)	(319,135)
Employee benefits expense		(441,708)	(333,805)
Finance expense	3c	(161,933)	21,267
Occupancy expense	3d	(19,694)	(19,074)
Fair value gain on derivative	3e / 10a	150,000	-
Share based payment expense	12	(402,403)	(35,197)
Exploration & evaluation impairment	6	(8,771,621)	(28,317)
Doubtful Debt Expense	3b	(1,176,239)	-
Profit/(Loss) before income tax expense		**(10,715,128)**	**1,205,632**
Income tax expense	4	-	-
Profit/(Loss) for the year after income tax		**(10,715,128)**	**1,205,632**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign exchange translation reserve movement	13	(35,920)	96,164
Other comprehensive income/(loss) for the year, net income tax		**(35,920)**	**96,164**
Total Profit/(loss) and other comprehensive loss for the year attributable to owners of Prominence Energy Ltd		**(10,751,048)**	**1,301,796**
Profit/(Loss) per share attributable to the members of Prominence Energy Ltd			
Basic profit/(loss) per share (cents)	23	(0.73)	0.25
Diluted profit/(loss) per share (cents)	23	(0.73)	0.25

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	Consolidated 2022 $	Consolidated 2021 $
Current assets			
Cash and cash equivalents	5	2,813,064	2,671,488
Other receivables		222,546	-
Other current assets		28,598	-
Total current assets		**3,064,208**	**2,671,488**
Non-current assets			
Plant and equipment		-	-
Exploration and evaluation expenditure	6	6,168,138	1,474,200
Financial assets	7	100,000	-
Total non-current assets		**6,268,138**	**1,474,200**
Total assets		**9,332,346**	**4,145,688**
Current liabilities			
Trade and other payables	9	681,802	524,407
Unissued Shares/Options	8	-	688,243
Borrowings	10	-	4,332
Provisions		161,716	53,460
Total current liabilities		**843,518**	**1,270,442**
Total liabilities		**843,518**	**1,270,442**
Net assets/(liabilities)		**8,488,828**	**2,875,246**
Equity			
Contributed equity	11	139,510,834	124,076,671
Share-based payment reserve	12	14,110,636	13,180,169
Foreign exchange translation reserve	13	17,929,174	17,965,094
Accumulated losses		(163,061,816)	(152,346,688)
Total equity/(deficiency)		**8,488,828**	**2,875,246**

The above Consolidated Statement of Financial Position should be read in conjunction with the notes to the Consolidated Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2022

	Attributable to equity holders of the Company				
	Share capital	**Accumulated losses**	**Share-based payments reserve**	**Foreign exchange translation reserve**	**Total equity**
2022	**$**	**$**	**$**	**$**	**$**
Balance at 1 July 2021	**124,076,671**	**(152,346,688)**	**13,180,169**	**17,965,094**	**2,875,246**
Total comprehensive loss for the year					
Loss for the year	-	(10,715,128)	-	-	(10,715,128)
Other comprehensive loss:					
Exchange differences on translation of Foreign Entities	-	-	-	(35,920)	(35,920)
Total other comprehensive loss	**-**	**-**	**-**	**(35,920)**	**(35,920)**
Total comprehensive loss for year	**-**	**(10,715,128)**	**-**	**(35,920)**	**(10,751,048)**
Transactions with owners, in their capacity as owners:					
Share-based payment transactions	-	-	483,000	-	483,000
Contributions by and distributions to owners:					
Contributions of equity	17,009,052	-	-	-	17,009,052
Equity transaction costs	(1,574,889)	-	447,467	-	(1,127,422)
Total transactions with owners	**15,434,163**	**-**	**930,467**	**-**	**16,364,630**
Balance at 30 June 2022	**139,510,834**	**(163,061,816)**	**14,110,636**	**17,929,174**	**8,488,828**

	Attributable to equity holders of the Company				
	Share capital	**Accumulated losses**	**Share-based payments reserve**	**Foreign exchange translation reserve**	**Total equity**
2021	**$**	**$**	**$**	**$**	**$**
Balance at 1 July 2020	**120,483,368**	**(153,552,320)**	**12,995,472**	**17,868,930**	**(2,204,550)**
Total comprehensive loss for the year					
Profit for the year	-	1,205,632	-	-	1,205,632
Other comprehensive loss:					
Exchange differences on translation of Foreign Entities	-	-	-	96,164	96,164
Total other comprehensive income	**-**	-	**-**	96,164	96,164
Total comprehensive income for year	**-**	**1,205,632**	**-**	**96,164**	**1,301,796**
Transactions with owners, in their capacity as owners:					
Share-based payment transactions	-	-	184,697	-	184,697
Contributions by and distributions to owners:					
Contributions of equity	4,005,053	-	-	-	4,005,053
Equity transaction costs	(411,750)	-	-	-	(411,750)
Total transactions with owners	**3,593,303**	**-**	**184,697**	**-**	**3,778,000**
Balance at the 30 June 2021	**124,076,671**	**(152,346,688)**	**13,180,169**	**17,965,094**	**2,875,246**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the notes to the Consolidated Financial Statements

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

	Note	Consolidated 2022 $ Inflows (Outflows)	Consolidated 2021 $ Inflows (Outflows)
Cash flows from operating activities			
Receipts from rental and other income		-	49,708
Payments to suppliers and employees		(894,869)	(887,512)
Interest received		239	-
Net cash flow (used in) operating activities	5a	**(894,630)**	**(837,804)**
Cash flows from investing activities			
Payments for exploration costs		(11,344,672)	(319,738)
Payment for recoverable exploration cost		(1,176,239)	-
Payment for Investments		(100,000)	-
Net cash flow (used in) investing activities		**(12,620,911)**	**(319,738)**
Cash flows from financing activities			
Proceeds from issue of shares		13,205,000	4,197,793
Share issue costs		(628,000)	(174,833)
Proceeds from Borrowings	10	750,000	-
Repayment of Borrowings	10	-	(256,629)
Net cash flow provided by financing activities		**13,327,000**	**3,766,331**
Net increase/ (decrease) in cash and cash equivalents held		**(188,541)**	**2,608,789**
Cash and cash equivalents at the beginning of the financial year		2,671,488	58,501
Effects of exchange rate changes on cash and cash equivalents		330,117	4,198
Cash and cash equivalents at the end of the financial year	5	**2,813,064**	**2,671,488**

The above Consolidated Statement of Cash Flows should be read in conjunction with the notes to the Consolidated Financial Statements.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial statements cover the consolidated entity (the Group) of Prominence Energy Ltd and its controlled subsidiaries. Prominence Energy is a listed public Company, incorporated and domiciled in Australia (ASX Code: PRM) and is a for- profit entity for the purpose of preparing the financial statements. These financial statements have been approved for issue by the Board of Directors on 30 September 2022.

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation of the annual report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

Application of new and revised Accounting Standards

Standards and Interpretations applicable 30 June 2022
In the year ended 30 June 2022, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current annual reporting period. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group and therefore, no material change is necessary to Group accounting policies.

Standards and interpretations in issue not yet effective
The Directors have also reviewed all Standards and Interpretations in issue not yet effective for the period 30 June 2022. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Group.

Statement of Compliance

The annual report complies with Australian Accounting Standards, and complies with International Financial Reporting Standards (IFRS).

Reporting Basis and Conventions

The financial statements have been prepared on an accruals basis and are based on the historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Critical Accounting Estimates and Judgements

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.
The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the annual reporting period are:

a) Recoverability of exploration and evaluation assets
The recoverability of exploration and evaluation assets is determined by the future discovery of economic oil and gas reserves of sufficient quantity and quality in the relevant area of interest to offset costs to date.

As at 30 June 2022, the carrying value of exploration and evaluation assets is $6,168,138 (2021: $1,474,200).

b) Convertible Notes carried at fair value through profit or loss
The Company recognises the derivative liability portion of the convertible loans at fair value through profit or loss. These are calculated based on present value of estimated cash flows taking into account credit risk profile of the Company and share price of the Company. See details in Note 9.

c) Share-based payment transactions
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using a Black and Scholes model. For equity instruments with market based vesting conditions, a Barrier 1 Valuation model is used.
The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the consolidated entity's estimate of equity instruments that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of

the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Going Concern

The Group recorded a net loss after tax of $10,715,128 (2021: profit of $1,205,632) and recorded operating cash outflows of $894,630 (2021: $837,804) for the year ended 30 June 2022. As at 30 June 2022 the Group has net assets of $8,488,828 (2021: net assets of ($2,875,246)) that includes a cash balance of $2,813,064.

During the year ended 30 June 2022, the Company received the remaining tranche 2 placement funds of $1,154,625. A further Capital Raise was conducted late in August 2021 raising $750,000 to adequately fund the company going forward.

The Board believe that the measures it has taken, enables the Company to prepare the financial reports on a going concern basis.

A Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Prominence Energy Ltd (‘company’ or ‘parent entity’) as at 30 June 2022 and the results of all subsidiaries for the year then ended. The Company and its subsidiaries together are referred to in these financial statements as the ‘consolidated entity’. Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

All inter-company balances and transactions between subsidiaries in the Group, including any unrealised profits or losses have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity. Where controlled subsidiaries have entered or left the consolidated entity during the year, their operating results have been included from the date control was obtained or until the date control ceased.

B Revenue Recognition

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Revenue from USA producing operations is recognised when received from the Operator and is two months in arrears due to lag between sales and when received. Dividend revenue is recognised when the right to receive a dividend has been established.
All revenue is stated net of the amount of goods and services tax (GST).

C Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where that amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flow on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

D Income Tax

The charge for current income tax expense is based on the profit or loss for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the year end date.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred tax is credited to the Statement of Profit or Loss and Other Comprehensive Income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised. The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the economic subsidiary will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Prominence Energy and its wholly owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. Prominence Energy is responsible for recognising the current and deferred tax assets and liabilities for the tax consolidation group. The tax consolidated group has not entered into a tax funding agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group. The parent will therefore have liability for all tax as the other companies in the group will not be liable. All contributions and distributions have been accounted for.

E Foreign Currency Transactions and Balances

Functional and Presentation Currency

The functional currency of each of the Group's subsidiaries is measured using the currency of the primary economic environment in which that subsidiary operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency. The functional currency of the subsidiaries in the United States is US Dollar.

Transactions and Balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the Statement of Profit or Loss and other Comprehensive Income.

Group Companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- contributed equity and accumulated losses are translated at the exchange rates prevailing at the date of the transaction.

All resultant exchange differences have been recognised in the Statement of Profit or Loss and other Comprehensive Income.

F Oil and Gas Properties

i) Exploration Costs Carried Forward

Exploration, evaluation and relevant acquisition expenditure incurred is accumulated in respect of each identifiable area of interest. Areas of interest are recognised at the field level. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves. Economically recoverable reserves are defined as the estimated quantity of product in an area of interest, which can be expected to be profitably extracted, processed and sold under current and foreseeable economic conditions.

Exploration and evaluation expenditure, which does not satisfy these criteria, is written-off in full against profit in the year in which a decision to abandon the area is made.

Bi-annual reviews are undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

ii) Development Costs

Once an area of interest is identified as having commercial potential, exploration costs are transferred to development and further well development costs are capitalised.

iii) Producing Projects

When production commences on an area of interest an exploration and evaluating cost relating to the area of interest is transferred to producing projects within the oil and gas properties.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Transferred development, exploration and evaluation costs are amortised on the relevant UOP basis for each area of interest. The reserves used in these calculations are updated at least annually. Economic and technical developments are reviewed periodically in determining any rates.

G Trade and other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. They are recognised initially at fair value and subsequently at amortised cost.

H Financial Instruments

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

I Cash and Cash Equivalents

Cash and cash equivalents include cash on-hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months of less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the Statement of Financial Position.

J Plant and Equipment

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment are measured on cost basis.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit or Loss and other Comprehensive Income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a diminishing value basis over their useful lives to the Group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Depreciation Rate	
Plant and equipment	25% - 40%
Furniture and fittings	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the year end.

K Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible asset's finite life to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit or Loss and other Comprehensive Income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

L Provisions and Contingent Liabilities

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured. Contingent liabilities are only disclosed when the probability for payment is not remote.

M Earnings per Share

i) Basic earnings per share is determined by dividing net profit after income tax attributable to members of the Company, excluding any costs of servicing the entity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

ii) Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

N Segment Reporting

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis using a “Management Approach”. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, plant and equipment and other assets, net of related provisions. Segment liabilities consist primarily of other creditors and provisions.

O Share-based Payments

In order to apply the requirements of AASB 2 “Share-based Payments” estimates were made to determine the “fair value” of equity instruments issued to Directors and incorporated into a Black-Scholes Valuation Model for options.

The fair value at grant date is determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and the expected volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted is recognised as an employee benefit expense with a corresponding increase in equity over any applicable vesting period or where options are issued as consideration for an acquisition directly to the asset acquired.

The fair value of performance options is only recognised where it is probable that the relevant milestone will be attained. The fair value of all shares issued as consideration for an acquisition is valued at the market value of Prominence Energy Ltd shares at the date of allotment.

P Contributed Equity

Ordinary shares are classified as equity.
Incremental costs directly attributed to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

Q Employee Benefits

Provision is made for the Group’s liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

The Group contributes to its employees’ superannuation plans in accordance with the requirements of the Superannuation Guarantee (Administration) Act. Contributions by the Group represent a defined percentage of each employee’s salary. Employee contributions are voluntary.

R Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

At inception, the fair value of the host liability portion of convertible notes is determined as being the difference between the proceeds and the fair value of any identifiable derivative liabilities contained within the note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the notes. Refer to Note 12 for details surrounding the valuation of embedded derivative liabilities contained in convertible notes issued during the year.

Derivative liabilities are carried at fair value through profit or loss (“FVTPL”). A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.
Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

2. Segment Information

a Description of segments

The business is analysed in two geographical segments namely, Australia and the United States of America (USA). The principal activity in these locations is the exploration, development and production of oil and gas projects.

b Segment information provided to the Board

The following tables present, revenue, expenditure and certain asset information regarding geographical segments for the year ended 30 June 2022.

30 June 2022	Australia $	USA $	Unallocated $	Consolidated $
Revenue - oil and gas sales	-	-	-	-
Loan/creditor extinguishment	-	-	-	-
Other income	3,323	217,176	-	220,499
Total segment revenue	**3,323**	**217,176**	**-**	**220,499**
Segment result after income tax	(10,932,304)	217,176	-	(10,715,128)
Total segment assets	**9,115,170**	**217,176**	**-**	**9,332,346**
Total assets includes net additions:				
Exploration and evaluation	*4,693,938*	-	-	4,693,938
Segment liabilities	**440,508**	**403,010**	**-**	**843,518**
Segment amortisation and depreciation	-	-	-	-

30 June 2021	Australia $	USA $	Unallocated $	Consolidated $
Revenue - oil and gas sales	-	-	-	-
Loan/creditor extinguishment	1,212,856	665,070		1,877,926
Other income	41,967	-	-	41,967
Total segment revenue	**1,254,823**	**665,070**	**-**	**1,919,893**
Segment result after income tax	569,805	635,827	-	1,205,632
Total segment assets	**4,145,688**	**-**	**-**	**4,145,688**
Total assets includes net additions:				
Exploration and evaluation	*355,881*	*(32,032)*	-	
Segment liabilities	**901,151**	**369,291**	**-**	**1,270,442**
Segment amortisation and depreciation	-	-	-	-

c. Other segment information

The economic entity is domiciled in Australia with segment revenue from external customers based on the country in which the customer is located.

3. Revenues and Expenses

	Consolidated	
	2022 $	**2021 $**
a Other Income		
Rental and other income	217,176	(4,311)
Government assistance	-	46,278
Loan/creditor extinguishment	-	1,877,926
Interest income from non-related parties	3,323	-
	220,499	**1,919,893**
b Doubtful Debt Expense		
Doubtful Debt Expense on Loan Receivable (i)	(1,176,239)	-
	(1,176,239)	
c Finance Expense		
Interest expense	(11,933)	(21,267)
Finance Costs of Convertible Notes	(150,000)	-
	(161,933)	**(21,267)**
d Miscellaneous Expenses		
Rental expense - operating lease	(19,694)	19,074

	(19,694)	**19,074**
e Investment		
Fair value movement of investment	150,000	-
	150,000	**-**

Note (i): The treatment of the loan receivable from Western Gas is doubtful, following the assessment of recoverability. This loan is capital contributions made by Prominence with respect to the recoverable capital contributions made by PRM to Western Gas.

4. Income Tax

	Consolidated	
	2022 **$**	**2021** **$**
a Income Tax Expense		
Current tax	-	-
Deferred tax	-	-
b Reconciliation of income tax expense to prima facie tax payable:		
Profit/(loss) before income tax	(10,715,128)	1,205,632
Prima facie income tax at 30% (2021: 30%)		
- Group	(3,214,538)	361,690
Tax rate differential	(19,546)	(57,308)
Tax effect of amounts not deductible in calculating taxable income:		
Other permanent differences	239,331	123,219
Deferred tax asset on current year losses not recognised	2,670,979	-
Deferred Tax asset temporary differences not brought to account	369,381	(32,818)
Recoupment of prior -year tax losses not previously brought to account	(45,607)	(394,783)
Income tax expense/(benefit)	-	-

The Group made an election in order that the Australian companies will form a tax-consolidated group from 1 July 2003. As a consequence, transactions between member equities will be ignored

No deferred tax assets have been recognised as it is not probable that future tax profits will be available to offset these balances.

c Deferred Tax Liabilities		
Exploration and evaluation expenditure - Australia	-	-
Exploration and evaluation expenditure - USA	-	-
Temporary differences – Australia	-	-
Temporary differences – USA	-	-
Tax effect of other	-	(15,786)
Difference in overseas tax rates	-	-
Off-set of deferred tax assets	-	15,786
Net deferred tax liabilities recognised	-	15,786
d Unrecognised deferred tax assets arising on timing differences		
Tax losses – Australia	6,562,805	4,510,468
Tax losses – USA	19,709,118	18,060,137
Temporary differences – Australia	362,201	39,697
Temporary differences – USA	-	-
	26,634,124	**22,610,303**
Difference in overseas tax rate		
Off-set of deferred tax liabilities	-	(15,786)
Net deferred tax assets not brought to account	**26,634,124**	**22,594,517**

5. Cash and Cash Equivalents

	Consolidated	
	2022 **$**	**2021** **$**
Cash at bank and on-hand (Note 17)	2,813,064	2,671,488
Term Deposits	-	-
	2,813,064	**2,671,488**

Cash at bank bears floating interest rates between 0% and 0.2% (2021: 0% and 0.2%).

Non-cash financing and investing activities

2022

All Convertible Note facilities agreements were settled and converted to shares.

2021

During the financial year the Winform loan was repaid partially in options and the remainder was forgiven.

All Convertible Note facilities agreements were settled and converted to shares.

	Consolidated	
	2022 **$**	**2021** **$**
a Reconciliation of (loss) after income tax with Cash Flow from Operations		
Profit/(Loss) after income tax		
Non-cash flows in profit/(loss)	(10,715,128)	1,205,632
- Depreciation	-	-
- Fair Value Movement of Investment	(150,000)	-
- Exploration impairment	8,771,621	28,317
- Share Based Payments	402,403	35,197
- Other including foreign currency	(420,484)	10,477
- Doubtful Debts	1,176,239	-
-Creditor forgiveness (Directors fees)	-	(173,622)
-Winform loan forgiveness	-	(1,019,872)
-US creditor extinguishment	-	(665,070)
-Net finance costs	161,933	(25,618)
Changes in assets and liabilities		
- (Increase)/decrease in trade and other receivables	(222,546)	27,598
- Increase/(decrease) in trade and other payables	101,332	(260,483)
-Cash flow used in operations	**(894,630)**	**(837,804)**

6. Exploration and Evaluation Expenditure

	Consolidated	
	2022 $	2021 $
Carried forward	1,474,200	1,150,351
Net expenses incurred in the year and capitalized	11,529,793	352,166
Asset Acquisition Sasanof Prospect [d]	1,710,000	
Pinnacle Energy International (USA) LLC [c]	225,766	-
Expenditure impairment [b]	(8,771,621)	(28,317)
Net carrying value	**6,168,138**	**1,474,200**

a) Carrying value of capitalised expenditure

The carrying value of the Group's project was reviewed, and impairment recognised where the facts and circumstances identified the carrying amount to be greater than the recoverable amount. Exploration expenditure is carried forward in accordance with the accounting policy and comprises expenditure incurred on the acquisition and exploration of tenement interests for oil and gas.

Recoverability of the carrying amount of exploration assets is dependent on the successful exploration and sale of oil and gas or alternatively sale of the respective area of interest.

b) Impairment

2022

During the 2022 financial year, exploration and evaluation expenditure totalling $8,771,621 was impaired (2021: $28,317) due to a lack of geological results produced by the WA-519-P (PRM 12.5%) project. The Directors assessed the carrying value of the remaining projects and deemed that no impairment indicators were present and further impairment was not necessary.

c) Asset Acquisition - Pinnacle

The Company secured a further 50%, totalling 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 not considered a business under AASB 3 Business combination; the acquisition is accounted for as an acquisition of exploration assets. Pinnacle Energy is a single purpose company with no other assets or liabilities. The value of this acquisition has been included in Exploration and Evaluation capitalised expenditure. 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 million 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, only when 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. No provision has been made for this contingent liability as it cannot be estimated reliably. Consideration Paid 20,524,144 PRM shares valued at $225,766.

d) Asset Acquisition – Sasanof Prospect (WG-519)

PRM and Western Gas Corporation Pty Ltd had executed the formal agreements for PRM to acquire a 12.5% interest in the Multi-TCF potential Sasanof Gas Prospect located in exploration Permit WA-519-P on the Northwest Shelf, Australia via a 12.5% shareholding in Western Gas (519 P) Pty Ltd, the company which is the permit holder of WA-519-P containing the Sasanof Prospect. PRM had been issued the shares in Western Gas (519P) Pty Ltd and as approved by shareholders at PRM's EGM on 19 January 2022, Western Gas had been issued 90 million PRM shares and 30 million PRMOB options as part of the consideration.

7. Financial Assets

	Consolidated	
	2022 $	2021 $
Carrying value - opening	-	-
Acquisition of shares in Ecostorage Solutions Pty Ltd (ECOSSAUS)	100,000	
Net carrying value - closing	**100,000**	**-**

Prominence Energy invested in alternative energy and carbon friendly projects, PRM has acquired a 10.9% stake in Ecostorage Solutions Pty Ltd (ECOSSAUS) via participation in a seed capital raising by the company. PRM's initial investment of A$100,000 was part of a $415,000 capital raise to fund ECOSSAUS in the grant of tenements and initial data gathering and technical studies on the tenements.

8. Unissued Shares/Options

The Company conducted a Capital Raising in May/June 2021. Tranche 2 of this was finalised during the 30 June 2022 year end upon shareholder approval. As such, some funds in relation to tranche 2 shares were received by the Company and held in the company trust account. This amount $570,231 represents unissued shares as at 30 June 2021. In addition, a proportion of the value of broker options that were to be issued in relation to this Capital raising was applied to the accounts amounting to $118,012. As at 30 June 2022, no remaining unissued shares/options exist.

9. Trade and Other Payables – Current

	Consolidated	
	2022 $	2021 $
Trade and Other Payables (i)	417,050	281,805
Richland Bankruptcy (ii)	264,752	242,602
Total Trade and Other Payables	**681,802**	**524,407**

Trade and other payables are normally settled within 30 days from receipt of invoice unless otherwise agreed.

A portion of the total trade and other payables balance of $403,010 is held in the US subsidiaries of Prominence Energy Ltd. Sun Delta Inc, in particular, holds $264,753 of the total trade payables as disclosed in Note 9 (ii)

The following are also recorded as other payables at 30 June 2022:

(i) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year which remain unpaid. The amounts are unsecured and are usually paid within 30 days of recognition unless agreed otherwise.

(ii) Richland Bankruptcy – Sun Delta Inc

Sun Delta Inc, a wholly owned subsidiary Company of Prominence Energy NL, was previously involved in a dispute with the operator of the Beeler Oil Project, Richland Resources Corp. In 2013, Sun Delta Inc announced that Richland Resources Corp, a company operating in the United States of America was removed as operator by the non-operating working interest owners in the Beeler Oil Project. Richland Resources Corp. had failed to pay certain vendors and these vendors then filed liens against the entire Beeler Oil Project, including Sun Delta Inc's 16.67% non-operating working interest. Richland Resources Corp. subsequently filed for Bankruptcy. The Trustee obtained judgement against Sun Delta and Sun Delta Inc.'s liability to the Bankruptcy Trustee is US$172,000 with no specified due date of payment. The Trustee has not taken action to recover the amount due. The Group has recognised a US$172,000 (2019: US$172,000) liability as part of trade and other payables. It should be noted that the Group is a potential beneficiary of the Richland bankruptcy settlement, which may offset or exceed this liability. Subsequent to 30 June 2022, in accordance with the payout, Sun Delta expects to receive recovery of $149,612.78 USD ($217,176.34 AUD equivalent) for the partial settlement of the bankruptcy.

Sun Delta Inc. has no operating assets, cash or leases and has no capacity to make any payment. Any potential liability to the Prominence Group is limited to the subsidiary Sun Delta Inc.

10. Borrowings

Changes in Liabilities arising from financing liabilities

2022	1 July 2021	Cash Flows Drawdown	Cash Flows Repayment	Non-cash changes Interest Accrual	Non-cash changes Fair Value Changes	Non-cash changes Conversion to shares	30 June 2022
Director Loans	-	-	-	-	-	-	-
Convertible Notes	-	750,000	-	11,378	-	(761,378)	-
Derivative Liability	-	-	-	-	-	-	-
Total Liabilities from financing Activities	-	750,000	-	11,378	-	(761,378)	-

2021	1 July 2020	Cash Flows Drawdown	Cash Flows Repayment	Non-cash changes Interest Accrual	Non-cash changes Fair Value Changes	Non-cash changes Conversion to shares	30 June 2021
Director Loans	103,549	-	(106,629)	3,080	-	-	-
Convertible Notes	1,535,217	-	(150,000)	20,908	(1,019,872)	(386,253)	-
Derivative Liability	50,000	-	-	-	(50,000)	-	-
Total Liabilities from financing Activities	1,688,766	-	(256,629)	23,988	(1,069,872)	(386,253)	-

	Consolidated	
Short-term borrowings	**2022 $**	**2021 $**
Convertible Notes a)	-	-
Derivative liability b)	-	-
Loans from related Parties c)	-	-
Short-term loan facility	-	4,332
Current liability	-	**4,332**

a) Convertible Notes

Reconciliation of movement in convertible notes	Consolidated	
Movement in convertible notes on issue	**2022 $**	**2021 $**
Balance at the beginning of the year	-	1,535,217
Issued during the year	750,000	-
Capitalised borrowing costs	-	17,781
Effective interest	150,000	-
Fair value movement through profit or loss derivative	(150,000)	-
Forgiven Amount	-	(1,019,872)
Converted amount (8 October and 17 November 2021)	(761,378)	(341,253)
Converted amount – other settlement (cash and options)	-	(195,000)
Interest on convertible notes	11,378	3,127
Closing Balance Convertible Notes	-	-

Convertible Notes

Patric Glovac a previous Director via GTT Global Opportunities Pty Ltd loaned the Company $100,000 via a convertible Note facility agreement. The agreement was settled in October 2021 via the issue of 9,530,057 at a deemed price of $0.01063 for a total value of $101,324. This included the interest component of $1,324 which was repaid in shares.

b) Derivative Liability

At 30 June 2022, the Group recognised a derivative liability of nil in respect to its convertible notes. The movement in the derivative liability for the year ended 30 June 2022, was as follows:

	Consolidated	
	2022 $	**2021 $**
Opening Balance	-	50,000
Embedded derivative at inception of notes issued during the year	150,000	-
Fair value through profit or loss	(150,000)	(50,000)
Effect of foreign currency translation at period end		-
Closing balance	-	-

The Group classifies its derivative liabilities at fair value through profit or loss (FVTPL) on initial recognition. The derivatives are re-measured to fair value at each balance date and any movement in that fair value is taken directly to the income statement.

c) Director Loans

The Directors in the previous financial year entered into loans to support the Company with short term working capital. The following loan amounts were in place and repaid during the 30 June 2022 financial year:

Patric Glovac a previous Director via GTT Global Opportunities Pty Ltd loaned the Company $100,000 via a convertible Note facility agreement. The agreement was settled in October 2021 via the issue of 9,530,057 at a deemed price of $0.01063 for a total value of $101,324. This included the interest component of $1,324 which was repaid in shares.

11. Issued Capital

	Consolidated	
	2022	2021
Contributed Capital	$	$
2,424,608,819 fully paid ordinary shares (2021 : 753,572,233) (i)	147,893,491	130,884,439
Cumulative issue costs of share capital	(8,382,657)	(6,807,768)
	139,510,834	**124,076,671**

(i) Issued capital was consolidated on a 1 for 10 basis in July 2020. The 2020 issued capital number has been adjusted accordingly and on the same basis for comparison purposes.

Movements in shares on issue	Date	Number of Shares	Capital $
2022			
Ordinary shares			
Opening balance	1 July 2021	753,572,233	124,076,671
Tranche 2 Placement	7 July 2021	172,485,553	1,724,856
Pinnacle settlement	26 August 2021	20,524,144	225,766
Convertible Note conversion (i)	8 October 2021	47,603,331	506,119
Convertible Note conversion (i)	18 November 2021	39,673,558	255,259
Tranche 1 Placement	15 December 2021	250,000,000	2,500,000
Conversion Performance Rights (ii)	15 December 2021	750,000	-
Directors' Placement	18-Feb-22	5,000,000	50,000
Consideration Facilitation Services	16-Mar-22	30,000,000	360,000
Brokers managing the Placement	16-Mar-22	30,000,000	360,000
Tranche 2 - Placement	16-Mar-22	950,000,000	9,500,052
Lead Manager Securities	16-Mar-22	21,500,000	258,000
Western Gas Vendor Shares	30-Mar-22	90,000,000	1,080,000
Shares for contract services	11-Apr-22	13,500,000	189,000
Issue costs of share capital		-	(1,574,889)
Closing balance		**2,424,608,819**	**139,510,834**

(i) Conversion of Con Note Refer Note 10a
(ii) Conversion of Performance rights, refer Note 15.

Movements in shares on issue	Date	Number of Shares	Capital $
2021			
Ordinary shares			
Opening balance	1 July 2020	1,319,557,588	120,483,368
Consolidation 1 for 10 (i)	23 July 2020	(1,187,601,906)	-
Con Note conversion (ii)	29 July 2020	78,823,491	315,294
Share Placement	11 Aug 2020	30,000,000	150,000
Option Conversion	14 Sept 2020	12,000	1,200
Rights Issue/shortfall	9 Oct 2020	240,791,173	1,203,956
Con Note Conversion (ii)	12 Oct 2021	6,489,726	25,959
Fee for Services (iii)	12 Oct /22 Dec 2020	2,500,000	15,500
Share Placement	22 Jan 2021	114,285,714	800,000
Pinnacle extension shares (iv)	4 June 2021	1,200,000	18,000
Tranche 1 Placement	4 June 2021	147,514,447	1,475,144
Issue costs of share capital		-	(411,750)
Closing balance		**753,572,233**	**124,076,671**

(i) Consolidation of shares approved by shareholders on 10 July 2020

	No. of shares
Issued share as at 1 July 2020	1,319,557,588
Consolidation 23 July 2020	(1,187,601,906)
Issued share post consolidation	131,955,682

(ii) Conversion of Con Note Refer Note 10a
(iii) Issue of share in lieu of fees for service
(iv) issue of shares to Pinnacle Energy Pte Ltd in consideration of extension of MOU

Movements in options Listed (PRMOB)	Issue Date	Number of Options
2022		
Opening balance	1 July 2021	205,395,580
Option issue	7 July 2022	166,666,667
Option issue	1 September 2021	7,500,000
Option issue	24 January 2022	83,333,333
Option issue	18 February 2022	35,166,666
Option issue	16 March 2022	376,666,667
Option issue	16 March 2022	7,166,666
Option issue	30 March 2022	30,000,000
Option expiry	-	-
Closing balance		**911,895,579**

12. Share Based Payments Reserve

In the current year the cumulative reserve was $14,110,636 (2021: $13,180,169).

	Consolidated	
	2022 **$**	**2021** **$**
Opening Balance	13,180,169	12,995,772
Placement options reserve	914,967	165,000
Performance Rights Issue	15,500	19,397
Closing balance	**14,110,636**	**13,180,169**

Share-based payments

The share-based payments reserve is used to recognise (refer Note 15):

- the grant date fair value of options issued to employees and others but not exercised.
- the grant date fair value of shares issued to employees and others.
- the grant date fair value of performance rights issued to Directors and employees.

13. Foreign Exchange Translation Reserve

In the current year the cumulative reserve was $17,929,174 (2021: $17,965,094)

	Consolidated	
	2022 **$**	**2021** **$**
Opening Balance	17,965,094	17,868,930
Foreign currency translation	(35,920)	96,164
Closing balance	**17,929,174**	**17,965,094**

Foreign currency translation

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income as described in Note 1I and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investments is disposed of.

14. Capital and Leasing Commitments

Exploration expenditure commitments

The Company has statutory expenditure commitments on its areas of interest as at 30 June 2022 with respect to the Annual lease.

	Consolidated	
	2022 **$**	**2021** **$**
Within one year (ii)	-	-
Later than one year, but not later than five years	-	-
	-	**-**

Oil Projects Lease Renewal
The Company held the following net lease acres at the 30 June 2022:

	Net Acres 30 June 2022	Net Acres 30 June 2021
100% Bowsprit Oil Project SL21754 & SL21787 (i)	635	577

(i)Refer to Note 6.
(ii) There is no commitments on the Bowsprit Leases due to the current Drilling Program.

15. Share-based Payments

(a) Performance Rights issued in 2017

The Company issued 2,250,000 (consolidated 1 for 10 basis) performance rights to Mr Alexander Parks on the following terms:

Number of rights issued	: nil
Number of rights expired	: nil
Number of rights exercised	:750,000
Grant Date	: 30 November 2017
Expiry date	: 30 November 2022
Exercise date	: 15 December 2021
Exercise price	: Nil
Rights life	: 5 years
Value at grant date	: $0.003

One performance right can be converted into one ordinary share.

The total fair value of the performance rights was calculated to be $90,000 at grant date ($0.003 per right) which is the spot share price at grant date. This share based expense will be apportioned over the estimated period to achieve the various milestones.

The performance rights will vest on achieving the following milestones in the Bowsprit Oil Project:

Tranche A – successful farming out of the first well
Tranche B – spudding of first well by 31 December 2018
Tranche C – achieving 60 days of commercial production within 75 days

The Company has assessed the probability of achieving these milestones by the exercise date and the date when they will be achieved as follows:

Tranche A – Exercised
Tranche B – Lapsed
Tranche C – Lapsed

As a result the Company has recognised share based payments in relation to these performance rights of $36,721 during the period:

Tranche A – $2,760 (2021: $1,554)
Tranche C – ($39,481) (2021: $8,760)

Upon reassessment of 1.5 million Tranche C performance right probability, it was determined that the performance condition would not be met by expiry. Accordingly, a reversal of the vesting expense has been made in the current year, totalling $45,000.

(b) Performance rights issued during 2021

The Company issued a total of 17 million Performance rights to the Directors of the company, Mr Ian McCubbing, Mr Alexander Parks and Patric Glovac and the Company Secretary Anna MacKintosh:

Recipient	Position	Total Plan Performance Rights	Issue Date
Alexander Parks (or Nominee)	Managing Director Since 2017	8 million Plan Performance Rights comprising: • 4 million Class A Plan Performance Rights • 4 million Class B Plan Performance Rights	30 April 2021
Ian McCubbing (or nominee)	Former Chairman (resigned 16 May 2022)	5 million Plan Performance Rights comprising: • 2.5 million Class A Plan Performance Rights • 2.5 million Class B Plan Performance Rights	30 April 2021

Anna MacKintosh (or nominee)	Former Corporate Secretary (resigned 29 July 2022)	1 million Plan Performance Rights comprising: • 0.5 million Class A Plan Performance Rights • 0.5 million Class B Plan Performance Rights	30 April 2021
Patric Glovac (or nominee)	Former Non-Executive Director (resigned 16 July 2021)	3 million Plan Performance Rights comprising: • 1.5 million Class A Plan Performance Rights • 1.5 million Class B Plan Performance Rights	30 April 2021

(c) Performance rights issued during 2022

The Company issued a total of 3 million Performance rights to Director Troy Hayden:

Recipient	Position	Total Plan Performance Rights	Issue Date
Troy Hayden (or Nominee)	Non-executive Board Member since July 2021	3 million Plan Performance Rights comprising: • 1.5 million Class A Plan Performance Rights • 1.5 million Class B Plan Performance Rights	26 November 2021

(d) Vesting Conditions

The Plan Performance Rights are all granted in two classes (Class A and Class B) with the vesting conditions and expiry dates set out in the table below. Each Plan Performance Right that vests will convert into one fully paid ordinary Share. Any of the Plan Performance Rights that have not vested three years after date of issue will lapse.

Tranche	Vesting Condition	Expiry Date
Class A	10-day VWAP of Shares is equal to or greater than $0.025	3 years from date of grant
Class B	10-day VWAP of Shares is equal to or greater than $0.035	3 years from date of grant

Inputs to determine the valuation of performance rights issued in 2022 are as follows:

Item	Class A	Class B
Valuation date	26/11/2021	26/11/2021
Spot price	$0.012	$0.012
Exercise price	Nil	Nil
Barrier Price	$0.025	$0.035
Expiry date	26/11/2024	26/11/2024
Expected future volatility	100%	100%
Risk free rate	0.08%	0.08%
Dividend yield	Nil	Nil

The company has recognised share based payments in relation to these performance rights of $30,744 during the period:

Class A	$16,173
Class B	$14,571
Total	$30,744

(i) Related Party Transactions

a Parent entity

Transaction between related parties are on normal commercial terms and conditions, no more favourable than those available to other parties unless otherwise stated.

b Subsidiaries

Interests in subsidiaries are set out in Note 21.

	Consolidated	
c Director and other key Management personnel compensation	**2022 $**	**2021 $**
Short-term employee benefits - paid	382,189	297,049
Short-term employee benefits – accrued and unpaid	21,156	23,734
Post-employment benefits	38,219	24,864
Share-based payments	30,744	36,038
	472,308	**381,685**

Loans from subsidiaries and loans from Directors and Executives
During the period the following related party transaction occurred:

Convertible Notes

Patric Glovac a previous Director via GTT Global Opportunities Pty Ltd loaned the Company $100,000 via a convertible Note facility agreement. The agreement was settled in October 2021 via the issue of 9,530,057 at a deemed price of $0.01063 for a total value of $101,324. This included the interest component of $1,324 which was repaid in shares.

All Convertible Notes on issue were settled during the year ended 30 June 2022, on the same terms and conditions as detailed above.

(ii) Financing Arrangements

The Group and parent entity had access to the following undrawn borrowing facilities at the reporting date:

	Consolidated	
	2022 $	**2021 $**
Amounts unused:		
Credit card facilities	43,600	43,600
Amounts used:		
Credit card facilities	1,186	4,332

(iii) Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the performance of the Group. The Group does not use derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain risk exposures; preferring instead to hold money in bank accounts in the country and currency where significant expenditure is expected to be incurred. Projected capital expenditure on exploration and production will be funded by cash and capital raising (if required).

Risk management is carried out by the Executives of the Group and approved by the board of Directors.

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, loans to and from subsidiaries, leases and shares.

The Group holds the following financial instruments:

	Consolidated	
Financial Assets	**2022 $**	**2021 $**
Cash and cash equivalents	2,813,064	2,671,488
Financial assets	100,000	-
	2,913,064	**2,671,488**
Financial Liabilities		
Payables	681,802	524,407
Borrowings	-	4,332
Total Payables	**681,802**	**528,739**

a Market risk

Foreign exchange risk
The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Management have established a policy requiring Group companies to manage their foreign exchange risk against their functional currency and hold money in bank accounts in the country and currency where significant expenditure is expected to be incurred.

Cash flow and fair value interest rate risk

Group

To ensure that the Group has adequate liquidity, detailed cash flow analysis is completed on a monthly basis. The risk is immaterial because cash and borrowings subject to variable interest rates are immaterial.

b Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, and deposits with banks and institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently related parties with a minimum rating of "A" are accepted. Customers are reviewed taking into account their financial position, past experience and other factors for compliance with credit limits. Historically, the Group has not had any issues with credit quality and late payment.

c Liquidity risk

The Group manages liquidity risk by continuously monitoring forecast and actual cash flows.

Maturities of financial assets and liabilities
2022 Consolidated

	Note	Floating interest rate (i) 0-6 Months	Fixed interest rate 0-6 months	Fixed interest rate more than 12 months	Non-interest bearing 0-6 months	Non-interest bearing 7-12 months	Total	Carrying amount as at 30 June 2022	Average interest rate Floating (i)	Average interest rate Fixed
		$	$	$	$	$	$	$	%	%
Financial assets										
Cash assets	5	2,813,064	-	-	-	-	2,813,064	2,813,064	0.75%	-
		2,813,064	**-**	**-**	**-**	**-**	**2,813,064**	**2,813,064**	**-**	**-**
Financial liabilities										
Payables	9	-	-	-	681,802	-	681,802	681,802	-	-
Borrowings	10	-	-	-	-	-	-	-	-	-
		-	**-**	**-**	**681,802**	**-**	**681,802**	**681,802**	-	-
Net financial assets/ (liabilities)		**2,813,064**	**-**	**-**	**(681,802)**	**-**	**2,131,262**	**2,131,262**	**-**	**-**

2021 Consolidated

	Note	Floating interest rate (i) 0-6 Months	Fixed interest rate 0-6 months	Fixed interest rate more than 12 months	Non-interest bearing 0-6 months	Non-interest bearing 7-12 months	Total	Carrying amount as at 30 June 2021	Average interest rate Floating (i)	Average interest rate Fixed
		$	$	$	$	$	$	$	%	%
Financial assets										
Cash assets	5	2,671,488	-	-	-	-	2,671,488	2,671,488	0.75%	-
		2,671,488	**-**	**-**	**-**	**-**	**2,671,488**	**2,671,488**	**-**	**-**
Financial liabilities										
Payables	9	-	-	-	524,407	-	524,407	524,407	-	-
Borrowings	10	-	4,332	-	-	-	4,332	4,332	-	7.5%
		-	**4,332**	**-**	**524,407**	**-**	**528,739**	**528,739**		
Net financial assets/ (liabilities)		**2,671,488**	**(4,332)**	**-**	**(524,407)**	**-**	**2,142,749**	**2,142,749**		

d Fair value measurement of financial instruments

i Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price.

The carrying value less impairment provision for trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The carrying value of the borrowings is equal to the fair value cash flows at the reporting date.

ii Fair value hierarchy

During the year ended 30 June 2022, there were no transfers between levels 1 and 2 for recurring fair value measurements during the year. There were also no transfers into or out of level 3 during the year.

- Level 1: the fair value of financial instruments traded in active markets is based on quoted market prices at the end of the market period.
- Level 2: the fair value of financial instruments not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates.
- Level 3: if one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The convertible loan with Winform and the investment in Pinnacle was determined as level 3. A significant input is not based on observable market data. The Winform loan has been settled please refer to Note 9 .Refer to note 7 with respect to the Pinnacle investment. Management has assessed the current value of the Pinnacle investment remains as Nil.

Iii Recognised fair value measurements

The following financial instruments are subject to recurring value measurements:

	Consolidated	
	2022 $	**2021 $**
Derivative liability of the convertible loan (Level 2) now settled	-	-
Investment in Pinnacle (Level 2)	-	-
Investment in Ecostorage Solutions (Level 2)	100,000	-

(iv) Contingencies

There are no other contingent liabilities or assets as at 30 June 2022.

(v) Parent Entity Information

The following details information related to the parent entity, Prominence Energy Ltd at 30 June 2022. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

	Parent	
	2022 $	**2021 $**
Current assets	2,847,032	2,671,488
Non-current assets	4,060,080	-
Total assets	**6,907,112**	**2,671,488**
Current liabilities	440,508	901,151
Non-current liabilities	-	-
Total liabilities	**440,508**	**901,151**
Contributed equity	139,510,834	124,076,671
Accumulated losses	(147,154,867)	(135,113,618)
Share based payment reserve	14,110,636	13,180,178
Total equity/ (deficiency)	**6,466,603**	**2,143,231**
Profit/(Loss) for the year	(10,932,304)	569,805
Other comprehensive income/(loss) for the year	-	-
Total comprehensive income for the year	**(10,932,304)**	**569,805**

(vi) Investment in Controlled Subsidiaries

Prominence Energy Ltd and its subsidiaries:		**Country of Incorporation**	**2022 Equity Holding %**	**2021 Equity Holding %**
Prominence Energy Ltd (parent entity)	a	Perth, AU	100	100
Prominence Investments Pty Ltd (previously Sun Resources)	b	Perth, AU	100	100
Sun Shale Ventures Inc.	c	Texas, USA	100	100
Sun Delta Inc.		Colorado, USA	100	100
Sun Beta LLC		Colorado, USA	100	100
Sun Woodbine Inc.		Texas, USA	100	100
Sun Eagle Ford LLC		Texas, USA	100	100
Sun Operating LLC		Texas, USA	100	100
Sun Southern Woodbine LLC		Texas, USA	100	100
Sun Louisiana LLC	d	Louisiana, USA	100	100
Pinnacle Energy International I LLC		Texas, USA Louisiana, USA	100	50

a) The ultimate parent entity is Prominence Energy Ltd.
b) Prominence Investments Pty Ltd (previously Sun Resources) carries out general investment activities.
c) Sun Shale Ventures Inc. is the US parent entity.
d) Sun Louisiana LLC holds rights to leases for Bowsprit Oil Project.

All of the above subsidiaries are economically dependent on Prominence Energy Ltd.

(vii) Remuneration of Auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Parent	
	2022 $	**2021 $**
a Audit services		
Audit and review of financial reports	**31,578**	38,918
Total remuneration for audit services	**31,578**	**38,918**
b Non-audit services		
Compliance services	-	-
Total remuneration for non-audit services	-	-

The Group's policy does not employ HLB Mann Judd on assignments additional to their statutory audit duties unless it is where HLB expertise and experience to the Group are important. It is the Group's policy to seek competitive tenders for tax compliance and all major consulting projects.

(viii) Loss per Share

	Parent	
	2022 $	**2021 $**
Profit/(Loss) used to calculate basic loss per share	**(10,715,128)**	1,205,632
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS (i)	**1,445,711,060**	472,395,558

(ix) Events after the Reporting Date

No matters or circumstances have arisen since the end of the 2022 financial year which significantly affected or could significantly affect the operations of the Company, the results of these operations, or the state of affairs of the Company in future financial years.

DIRECTOR'S DECLARATION

1. In the opinion of the Directors of Prominence Energy Ltd (the "Company"):

   a) the consolidated financial statements and notes that are set out on pages 23 to 46 and the Remuneration report on pages 9 to 14 in the Directors' report, are in accordance with the Corporations Act 2001, including:

      (i) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and

      (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

   b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2022.

3. The Directors draw attention to Note 1 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

   Signed in accordance with the resolution of the Directors:

Dr Jaap Poll
Chairman
Perth, Western Australia
30 September 2022

INDEPENDENT AUDITOR'S REPORT
To the Members of Prominence Energy Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Prominence Energy Ltd ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

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Key Audit Matter	How our audit addressed the key audit matter
Carrying amount of deferred exploration and evaluation expenditure Note 6	
In accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources*, the Group capitalises all exploration and evaluation expenditure, including acquisition costs and subsequently applies the cost model after recognition. Our audit focussed on the Group's assessment of the carrying amount of the capitalised deferred exploration and evaluation asset, as this is the most significant asset of the Group. We planned our work to address the audit risk that the capitalised expenditure might no longer meet the recognition criteria of the standard. In addition, we considered it necessary to assess whether facts and circumstances existed to suggest that the carrying amount of the deferred exploration and evaluation asset may exceed its recoverable amount.	Our procedures included but were not limited to the following: • We obtained an understanding of the key processes associated with management's review of the carrying values of each area of interest; • We considered the Directors' assessment of potential indicators of impairment; • We obtained evidence that the Group has current rights to tenure of its areas of interest; • We examined the exploration budget for the year ending 30 June 2023 and discussed with management the nature of planned ongoing activities; • We enquired with management, reviewed ASX announcements and reviewed minutes of Directors' meetings to ensure that the Group had not resolved to discontinue exploration and evaluation at any of its areas of interest; and • We examined the disclosures made in the financial report.
Accounting for share-based payments Note 15	
The Group has entered into various share-based payment arrangements with both key management personnel and external parties. We have considered this to be a key audit matter as we consider it a significant risk under auditing standards and it requires significant management judgement as well as the engagement of external experts in performing the valuation.	Our procedures included but were not limited to the following: • Considering the treatment of the share-based payment arrangements entered into by the Group to ensure these are consistent with the requirements of AASB 2 'Share-based payment'; • Reviewing work performed by management's expert; • Assessing key estimation uncertainty included around volatilities and risk free rates; and • Reviewing the treatment of vesting conditions in relation to the amounts recorded for share-based payments during the period.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

– Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
– Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
– Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
– Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.

If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

– Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Prominence Energy Ltd for the year ended 30 June 2022 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
30 September 2022

B McVeigh

B G McVeigh
Partner

CORPORATE GOVERNANCE STATEMENT

The Company's Corporate Governance disclosure is available on the Company's website at:

www.prominenceenergy.com.au

ADDITIONAL SHAREHOLDER INFORMATION

The issued capital of the Company as at 30 September 2022 is 2,424,608,819 ordinary fully paid shares and 911,896,579 listed options at 2 cents each expiring 1 September 2023

Distribution of Shareholding

	Fully Paid Ordinary Shares
Number of Shareholders	2,786
Percentage of holdings by twenty largest holders	32.4%
Holders of less than a marketable parcel	1,508
Number of holders in the following distribution categories:	
0 - 1,000	42,394
1,001 - 5,000	145,273
5,001 - 10,000	170,671
10,001 - 100,000	53,350,066
100,001 and over	2,370,900,415
	2,424,608,819

On-market buy-back

There is no current on-market buy-back.

Distribution of Option-holding

Listed Options at 2 cent options expiring 1 September 2023	Listed Options
Number of holders in the following distribution categories:	
0 - 1,000	3,371
1,001 - 5,000	26,246
5,001 - 10,000	31,580
10,001 - 100,000	3,970,557
100,001 and over	907,863,825
	911,895,579
Number of Option-holders	688

Voting Rights

Ordinary Shares

On a show of hands every member present in person or by proxy or attorney or being a corporation by its authorised representative who is present in person or by proxy, shall have one vote for every fully paid ordinary share of which he is a holder.

Listed Options

Listed options have no voting rights until such options are exercised as fully paid shares.

Unlisted Options

Unlisted options have no voting rights until such options are exercised as fully paid shares.

ADDITIONAL SHAREHOLDER INFORMATION

Twenty Largest Shareholders

The names of the twenty largest Shareholders as at 30 September 2022:		No. of Shares	Percentage
1	MR DAVID NEATE	137,672,812	5.68
2	MURDOCH CAPITAL PTY LTD <GLOVAC SUPERFUND A/C>	80,000,000	3.30
3	SYRACUSE CAPITAL PTY LTD <THE TENACITY A/C>	53,500,000	2.21
4	ANDREW DUNCAN MURDOCH	51,270,000	2.11
5	ALISSA BELLA PTY LTD <THE C&A TASSONE SF NO 2 A/C>	50,166,292	2.07
6	MOUNTS BAY INVESTMENTS PTY LTD <CT SUPER FUND A/C>	41,833,333	1.73
7	CADCO NOMINEES PTY LTD <CADCO A/C>	39,673,558	1.64
8	MR PHILIP CHARLES HONEYMAN + MS MOLLY IRENE ROHAN <MIAMI FUND	36,000,000	1.48
9	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	33,937,584	1.40
10	S3 CONSORTIUM PTY LTD	33,291,667	1.37
11	MR IAN JAMES MCCUBBING	30,062,514	1.24
12	SYRACUSE CAPITAL PTY LTD <THE ROCCO TASSONE S/F A/C>	30,000,000	1.24
13	BELLARINE GOLD PTY LTD	27,721,927	1.14
14	MR YUEJIN LI + MR DAVID SHUO LI <GOLDENCONCEPT FUND A/C>	24,000,000	0.99
15	HIX CORP PTY LTD <HIX CORP A/C>	23,675,000	0.98
16	CM SUPER FUND PTY LTD <CAROL MCCOLL SUPER FUND A/C>	23,000,000	0.95
17	BOND STREET CUSTODIANS LIMITED <TRYLAN - D83486 A/C>	20,000,000	0.82
18	MRS NOREEN ELSIE MCCOLL <MCCOLL FAMILY A/C>	18,000,000	0.74
19	PINNACLE EXPLORATION PTE LTD	16,724,144	0.69
20	MR BORIS PATKIN	16,000,000	0.66
	Totals: Top 20 Holders Of Ordinary Fully Paid Shares (Total)	**786,528,831**	**32.44**
	Total Remaining Holders Balance	**1,638,079,988**	**67.56%**

ADDITIONAL SHAREHOLDER INFORMATION

Twenty Largest Listed Option-holders (2c expiring 1/09/2023)

The names of the twenty largest Listed 2c Option-holders as at 30 September 2022:		No. of Listed Options	Percentage
1	MR DAVID NEATE	32,758,593	3.59
2	WESTERN GAS CORPORATION PTY LTD	22,500,000	2.47
3	WINFORM NOMINEES PTY LTD	15,000,000	1.64
4	ALITIME NOMINEES PTY LTD <HONEYHAM FAMILY A/C>	14,125,000	1.55
5	SMILOVIC FAMILY SUPERFUND PTY LTD <SMILOVIC FAM SF A/C>	13,622,051	1.49
6	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	13,000,000	1.43
7	MR ALEXANDER BEVAN PARKS	12,354,167	1.35
8	ALISSA BELLA PTY LTD <THE C&A TASSONE SF NO 2 A/C>	12,206,720	1.34
9	MR STUART JAMES MILLEN	11,000,000	1.21
10	MR TROY JOHN HAYDEN	10,833,333	1.19
11	TITAN AND TITEX AUSTRALIA PTY LTD	10,500,000	1.15
12	MR BENJAMIN COLE HUNT	10,000,000	1.10
13	NAUTICAL HOLDINGS WA PTY LTD <ABANDON SHIP S/F A/C>	10,000,000	1.10
14	MS CHUNYAN NIU	10,000,000	1.10
15	PEPAANNE PTY LTD <THE CHAPMAN FAMILY A/C>	10,000,000	1.10
16	DRAGAN INV PTY LTD <DN SUPER FUND A/C>	9,800,000	1.07
17	OSCHIE CAPITAL PTY LTD	9,250,000	1.01
18	MR RYAN ROSS MINCHIN	9,083,108	1.00
19	MR PHILIP HUI	8,744,156	0.96
20	MOUNTS BAY INVESTMENTS PTY LTD <CALVER CAPITAL A/C>	8,388,888	0.92
		253,166,016	**27.76**
	Total Remaining Holders Balance	**658,729,563**	**72.24%**

Shareholding

Substantial Shareholders

Names of the substantial Shareholders listed on the Company's register at 30 September 2022 in accordance with the section 671B of the Corporations Act 2001 are:

Name	No. of Shares	Percentage
MR DAVID NEATE	137,672,812	5.68%

Unquoted Securities

The Company has the following Performance Rights on its Register
Class A 5,500,000
Class B 5,500,000

ADDITIONAL SHAREHOLDER INFORMATION

Company Secretary

The name of the Company Secretary is Mr Sonu Cheema.

Registered Office

The address and telephone details of the registered and administrative office:
Level 2, 30 Richardson Street
West Perth, Western Australia, 6005

Telephone: + (61) 8 9321 9886
Facsimile: + (61) 8 9321 8161

Securities Register

The address and telephone number of the office at which a registry of securities is kept:
Computershare Investor Services Pty Ltd
Level 11,172 St Georges Terrace
Perth, Western Australia 6000

Telephone: +61 (8) 9323 2000
Free line: 1300 850 505
Facsimile: +61 (8) 9323 2033

Securities Exchange

The Company's listed equity securities are quoted on the Australian Securities Exchange.

Restricted Securities

The Company has no restricted securities at the current date.

Tenement Schedule Texas (net acres of mineral leases)

At the time of this report and subsequent to the end of the June 2022 Period, Prominence's total net land position in the Breton Sound, Louisiana was approximately 1,154 net acres of oil and gas leases following completion of the buy-out Agreement with Pinnacle.

Oil Project Area	Prominence Working Interest (%WI)	Prominence Net Revenue Interest (%NRI)	Project area Gross Acres (1ha = 2.471ac)	Prominence's Net Acres (1ha = 2.471ac)
Bowsprit SL21754	50%	39.5%	1,000	500
Bowsprit SL21787	50%	39.5%	154	77
TOTAL	**-**	**-**	**1,154**	**577**

(Total acres are approximate, as at 30 June 2022 prior to moving to 100% Working in project, NRI 73%)