Prominence Energy NL
ASX:PRM

ABN 69 009 196 810
(Incorporated in Western Australia)

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

13 March 2020

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

Dear Sir/Madam

RE: LODGEMENT OF HALF-YEAR FINANCIAL REPORT AT 31 DECEMBER 2019

Please find attached the Interim Financial Report of Prominence Energy NL for the half-year ended 31 December 2019.

Yours faithfully
PROMINENCE ENERGY NL

Jo-Ann Long
Company Secretary

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

Prominence Energy NL

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

CONTENTS

CORPORATE DIRECTORY

Directors

Mr Ian McCubbing
B.Com (Hons), MBA (Ex), CA, GAICD
Non-Executive Director and Chairman

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

Mr William Bloking
B.Sc. Mechanical Engineering (Summa cum Laude), FAICD
Non-Executive Director

Mr Patrick Glovac
B.Com , Dip Mngt
Non-Executive Director

Company Secretary and CFO

Ms Jo-Ann Long
BComm, FCA, GAICD

Registered Office

Level 2, 30 Richardson Street
West Perth, Western Australia 6005
Telephone: +61 (8) 9321 9886
Facsimile: +61 (8) 9321 8161
Email: admin@ProminenceEnergy.com.au
Website: www.ProminenceEnergy.com.au

Corporate Manager

United States
Vistra San Francisco
100 Bush Street
San Francisco CA 94104
Telephone: +1 415 659 9236

Auditors

HLB Mann Judd (WA) Partnership
Level 4, 30 Stirling street
Perth, Western Australia 6000

Solicitors

Australia
GTP Legal
68 Aberdeen Street,
Northbridge, Western Australia 6003

United States
Mr Faisal A. Shah, PLLC
Attorney at Law
2100 West Loop South.
Suite 1601
Houston, TX 77027

Share Registry

Computershare Investor Services Pty Limited
Level 11,172 St Georges Terrace
Perth, Western Australia 6000
Telephone: (08) 9323 2000
Facsimile: (08) 9323 2033
Website: www.investorcentre.com/contact

Bankers

National Australia Bank Limited
District Commercial Branch
Unit 7, 51 Kewdale Road
Welshpool, Western Australia 6106

Home Exchange

Australian Stock Exchange Limited
Exchange Plaza
2 The Esplanade
Perth, Western Australia 6000
ASX Code: PRM
ABN: 69 009 196 810

The Directors of Prominence Energy NL present their report on the Consolidated Entity consisting of Prominence Energy NL ("Prominence" or "Company") and the entities it controlled ("Consolidated Entity" or "Group") at the end of, or during, the half-year ended 31 December 2019.

DIRECTORS

The names of the Directors of the Company in office at any time during the financial period or since the end of the financial period are:

Mr I J McCubbing	Director – Chairman and Non-Executive (appointed 25th October 2016)
Mr A B Parks	Managing Director – Executive (appointed 2nd November 2017)
Mr W F Bloking	Director – Non-Executive (appointed 25th October 2016)
Mr P Glovac	Director – Non-Executive (appointed 23rd August 2019)

Unless otherwise stated each Director held their office from 1 July 2019 until the date of this report.

PRINCIPAL ACTIVITIES

The principal activity of the Consolidated Entity during the period was oil and gas exploration. No significant change in the nature of this activity occurred during the financial period.

DIVIDENDS

No dividends have been declared, provided for or paid in respect of the half-year to 31 December 2019.

CONSOLIDATED RESULTS

The consolidated net loss for the Consolidated Entity for the period under review was ($714,430) [2018: ($611,552)].

EVENTS OCCURING AFTER REPORTING PERIOD

The following events occurred subsequent to the end of the period:

- The Company received $62,500 by way of an unsecured convertible note from a major shareholder. The note is repayable on 31 March 2020 if not exercised prior and the price of the Conversion will be the lower of 20% discount to VWAP of the 5 trading days immediately preceding the date of issue or at a 20% discount to the share price achieved for an equity-based capital raising conducted during the term of the note. The coupon rate is 10%pa payable at maturity.
- The Company issued 12.5m unlisted options with an exercise price of $0.004 and expiry 31 Dec 2020, on a basis of 1 option for every $0.02 loaned with respect to the convertible note. This issue was approved at a Company General Meeting on 30 January 2020.
- The Company released a Reserves statement for Bowsprit prepared by Netherland Sewell and Associates Inc.
- Farm-out discussions and negotiations for the Bowsprit Project

Other than as disclosed above, no event has occurred since 31 December 2019 that would materially affect the operations of the Consolidated Entity, the results of the Consolidated Entity, or the state of affairs of the Consolidated Entity not otherwise disclosed in the Consolidated Entity's financial statements.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The significant changes in the state of affairs of the Consolidated Entity during the financial period are set out in the review of operations below.

REVIEW OF OPERATIONS

The Prominence Board has been focussed on identifying oil and gas development asset opportunities that deliver near-term oil production with breakeven economics below a US$40 per barrel benchmark price in today's dollars.

Prominence has made a strategic shift to development of oil reserves in a neglected portion of the Gulf of Mexico. The Company's current focus area is the Breton Sound area, Louisiana.

UNITED STATES OF AMERICA

OIL AND GAS EXPLORATION AND DEVELOPMENT

Bowsprit Oil Project ("Bowsprit") (Lease No. 21754 & 21787) - Prominence 50% working interest (100% on completion of buy out of Pinnacle).

The leases are located approximately 70km southeast of New Orleans in approximately 3m of water. There are 16 historical wells, drilled between 1952 and 1982, within the lease and extensive existing 2D and 3D seismic over the lease. The leases are near the boundary of St Bernard and Plaquemines Parishes that covers the transition zone from onshore to the federal waters offshore Louisiana. The two Parishes have produced a combined 1.2 billion barrels of oil and 5.2 trillion scf of gas. The area is a prolific hydrocarbon province with over 1,800 wells drilled in the St Bernard parish alone.

Bowsprit is assessed to contain an undeveloped conventional Miocene aged oil sand at a depth of approximately 7,400ft (2,255m) that is located above a deeper, 9,500ft gas field that was developed in 1960s by Shell and produced through to 1980s. Consequently, the Bowsprit field contains 14 vertical well penetrations and has demonstrated producible oil. The 20 to 50ft thick oil sand was flowed successfully from four wells and produced approximately 75,000 bbls of oil, but was not of commercial significance at the time (~100bopd declining to 40 bopd / well). The deeper gas field was abandoned and the area relinquished by the former owner in the 1980s prior to the advent of horizontal drilling.

Prominence will have 100% working interest and is Operator of the Leases on completion of a buy out of joint venture partner Pinnacle announced in July 2019. In February 2020, PRM and Pinnacle agreed to an extension to complete the buy out until 27 April 2020.

During the half year, PRM secured the permits required for drilling of the Bowsprit-1 Well. The Permits last for 12 months. The only remaining permit required prior to drilling is the lodging of a P&A (Plug and Abandon) deposit with the state of ~US$122,400 no less than two weeks prior to drilling.

REVIEW OF OPERATIONS (CONTINUED)

Reserves Attributed to Bowsprit-1

Following extensive new work performed by the Company, permitting approval granted for the Bowsprit-1 well and anticipated imminent funding and drilling of the well[1], the Bowsprit project has now been reclassified from Contingent Resources to Reserves. A Reserves Report from Netherland, Sewell & Associates, Inc. (NSAI) on the Bowsprit Project was released on 5th February 2020.

The field consists of a proven Upper Miocene Reservoir (T1) at a depth of approximately 7,400ft TDSS overlying a secondary "Prospective" target Middle Miocene Reservoir (T2).

Resource Classification	Confidence Level	Net Reserves	CAPEX for Development	Net Cash Flow (NPV0)	NPV10	NPV10
		Mbbls	US$ million	US$ Million	US$ Million	A$ million[2]
Undeveloped Reserves	1P (90%)	nil	4.865			
	2P (50%)	330.7	4.865	8.0	6.3	9.4
	3P (10%)	643.5	4.865	19.2	14.0	20.9

Table 1 – Bowsprit Field Upper Miocene Reservoir T1 Reserves

Resource Classification	Confidence Level	Prospective Net Resources Mbbls	GCOS%
Prospective Resources	1U Low Case	890	NSAI estimate the Geological chance of finding and producing commercially significant hydrocarbons from the T2 reservoir as 25%. The Principal risk is whether the fault to the north-west of the field is sealing.
	2U Best Case	1,821	
	3U High Case	4,102	

Table 2 – Bowsprit Field Middle Miocene Reservoir (T2) Prospective Resources

Cautionary Statement – Prospective Resources are the estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) related to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

See the ASX Release of 5 February 2020 for full report and cautionary statement.

Forward Plan

Prominence is in discussions with potential farm-in partners to join in the project and farm-in to earn a portion of the project, by contribution funds to the drilling of Bowsprit-1.

Once a funding partner is secured the Company will move to drilling of Bowsprit-1.

Land Status

At the time of this report and subsequent to the end of the December 2019 Period, Prominence's total net land position in the Breton Sound, Louisiana was approximately 577 net acres of oil and gas leases. The Company has a binding agreement to purchase the other 50%, subject to payment of US$250,000 to Pinnacle by 27th April 2020.

Oil Project Area	**Prominence's Working Interest (%WI)**	**Prominence's Net Royalty 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[1]	50%	39.5%	154	77
TOTAL	**-**	**-**	**1,154**	**577**

(Total acres are approximate, as at 13 March 2019)

[1] Subject to finalisation of a farm out deal / financing
[2] 0.67 USD per AUD

CORPORATE

Annual General Meeting

The Company held the AGM on 29 November 2019, six resolutions were put to shareholders and all were passed.

CASH MANAGEMENT

Prominence held net cash of $197,793 at the end of December 2019.

ENVIRONMENTAL REGULATION

During the financial period, the Consolidated Entity was not aware of any material breach of any particular or significant Australian or US Federal or State regulation in respect to environmental management.

A review of the Consolidated Entity's operations during the half-year, determined that the Consolidated Entity did not exceed the energy consumption or carbon dioxide emission reporting thresholds set by The National Greenhouse and Energy Reporting Act 2007.

LIKELY DEVELOPMENTS

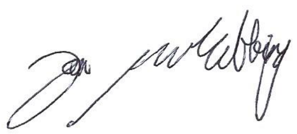
The review of operations of the Consolidated Entity provides an indication, in general terms of the likely developments and the expected results of future operations for the remainder of 2019.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 on page 9 forms part of the Directors' Report for the half-year ended 31 December 2019.

Signed in accordance with a resolution of the Directors made pursuant to section 306(3) (a) of the *Corporations Act 2001*.

ON BEHALF OF THE DIRECTORS



Ian McCubbing

Chairman

Perth, Western Australia

Dated this 13th day of March 2020

DIRECTORS' DECLARATION

In the opinion of the Directors of Prominence Energy NL (the "Company"):

a) the consolidated financial statements and notes that are set out on pages 9 to 22 are in accordance with the Corporations Act 2001, including:

 (i) giving a true and fair view of the Group's financial position as at 31 December 2019 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 half year ended 31 December 2019.

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:

Mr Alexander Parks
Managing Director
Perth, Western Australia
13 March 2020

HLB MANN JUDD
ADVISORY AND ACCOUNTING

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Prominence Energy NL for the half-year ended 31 December 2019, 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 review; and

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

Perth, Western Australia
13 March 2020

B G McVeigh
Partner

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2019

		Consolidated	
	Note	**31 December 2019 $**	**31 December 2018 $**
Other income		3,053	41,604
Administration expense		(238,613)	(194,661)
Depreciation expense		(3,051)	(3,858)
Employee benefits expense		(392,379)	(279,822)
Finance expense		(33,138)	(24,109)
Occupancy expense		(17,489)	(70,843)
Fair value loss on investments	4	-	(76,466)
Share based payment expense	8	(32,813)	(3,397)
Loss before income tax expense		**(714,430)**	**(611,552)**
Income tax expense		-	-
Loss for the year after income tax		**(714,430)**	**(611,552)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign exchange translation reserve movement		(22,609)	(48,873)
Other comprehensive income/ (loss) for the period, net income tax		**(22,609)**	**(48,873)**
Total loss and other comprehensive loss for the period attributable to owners of Prominence Energy NL		**(737,039)**	**(660,425)**
Loss per share attributable to the members of Prominence Energy NL			
Basic loss per share (cents)		(0.06)	(0.079)

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 31 DECEMBER 2019

	Note	Consolidated 31 December 2019 $	30 June 2019 $
Current assets			
Cash and cash equivalents		197,793	40,136
Other receivables		24,700	49,558
Total current assets		**222,493**	**89,694**
Non-current assets			
Plant and equipment		4,522	6,029
Exploration and evaluation expenditure	3	1,028,049	775,495
Investment in unlisted shares	4	12,762	12,762
Total non-current assets		**1,045,333**	**794,286**
Total assets		**1,267,826**	**883,980**
Current liabilities			
Trade and other payables	5	1,520,930	1,609,505
Borrowings	6	289,547	108,494
Provisions		21,999	3,026
Total current liabilities		**1,832,476**	**1,721,025**
Non-current liabilities			
Borrowings	6	1,190,992	1,166,850
Total non-current liabilities		**1,190,992**	**1,166,850**
Total liabilities		**3,023,468**	**2,887,875**
Net liabilities		**(1,755,642)**	**(2,003,895)**
Equity			
Contributed equity	7	120,575,080	119,786,868
Share-based payment reserve		13,008,245	12,811,165
Foreign exchange translation reserve		17,891,404	17,914,013
Accumulated losses		(153,230,371)	(152,515,941)
Total deficiency		**(1,755,642)**	**(2,003,895)**

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 HALF-YEAR ENDED 31 DECEMBER 2019

	Attributable to equity holders of the Company				
	Share capital	Accumulated losses	Share-based payments reserve	Foreign exchange translation reserve	Total equity
2019	**$**	**$**	**$**	**$**	**$**
Balance at the 1 July 2019	**119,786,868**	**(152,515,941)**	**12,811,165**	**17,914,013**	**(2,003,895)**
Total comprehensive loss for the year					
Loss for the year	-	(714,430)	-	-	(714,430)
Other comprehensive loss:					
Exchange differences on translation of Foreign Entities	-	-	-	(22,609)	(22,609)
Total other comprehensive loss	**-**	**-**	**-**	**(22,609)**	**(22,609)**
Total comprehensive loss for the year	**-**	**(714,430)**	**-**	**(22,609)**	**(737,039)**
Transactions with owners, in their capacity as owners:					
Share-based payment transactions	-	-	197,080	-	197,080
Contributions by and distributions to owners:					
Contributions of equity	827,000	-	-	-	827,000
Equity transaction costs	(38,788)	-	-	-	(38,788)
Total transactions with owners	**788,212**	**-**	**197,080**	**-**	**985,292**
Balance at the 31 December 2019	**120,575,080**	**(153,230,371)**	**13,008,245**	**17,891,404**	**(1,755,642)**

	Attributable to equity holders of the Company				
	Share capital	Accumulated losses	Share-based payments reserve	Foreign exchange translation reserve	Total equity
2018	**$**	**$**	**$**	**$**	**$**
Balance at the 1 July 2018	**119,257,280**	**(151,449,375)**	**12,807,416**	**17,947,512**	**(1,437,167)**
Total comprehensive loss for the year					
Loss for the year	-	(611,552)	-	-	(611,552)
Other comprehensive loss:					
Exchange differences on translation of Foreign Entities	-	-	-	(48,873)	(48,873)
Total other comprehensive loss	**-**	**-**	**-**	**(48,873)**	**(48,873)**
Total comprehensive loss for the year	**-**	**(611,552)**	**-**	**(48,873)**	**(660,425)**
Transactions with owners, in their capacity as owners:					
Share-based payment transactions	-	-	3,397	-	3,397
Contributions by and distributions to owners:					
Contributions of equity	241,500	-	-	-	241,500
Equity transaction costs	(14,461)	-	-	-	(14,461)
Total transactions with owners	**227,039**	**-**	**3,749**	**-**	**227,039**
Balance at the 31 December 2018	**119,484,319**	**(152,060,927)**	**12,810,813**	**17,898,639**	**(1,867,156)**

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 HALF-YEAR ENDED 31 DECEMBER 2019

	Note	Consolidated 31 December 2019 $ Inflows (Outflows)	31 December 2018 $ Inflows (Outflows)
Cash flows from operating activities			
Receipts from rental income		2,936	32,559
Payments to suppliers and employees		(551,805)	(313,944)
Interest received		117	8
Net cash flow (used in) operating activities		**(548,752)**	**(281,377)**
Cash flows from investing activities			
Payments for exploration costs		(252,554)	(78,025)
Capital Expenditure		(1,545)	-
Net cash flow (used in) investing activities		**(254,099)**	**(78,025)**
Cash flows from financing activities			
Proceeds from issue of shares (net of costs)		788,212	177,539
Proceeds from Loans		257,500	112,500
Repayment of Loans		(85,204)	-
Net cash inflow from financing activities		**960,508**	**290,039**
Net increase/ (decrease) in cash and cash equivalents held		**157,657**	**(69,363)**
Cash and cash equivalents at the beginning of the financial year		40,136	81,534
Effects of exchange rate changes on cash and cash equivalents		-	41
Cash and cash equivalents at the end of the financial year		**197,793**	**12,212**

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

1. BASIS OF PREPARATION OF HALF-YEAR FINANCIAL STATEMENTS

The financial report consists of consolidated financial statements for Prominence Energy NL and its subsidiaries ("Group" or "Consolidated Entity").

These interim financial statements for the half-year reporting period ended 31 December 2019 have been prepared in accordance with Australian Accounting Standard 134 "Interim Financial Reporting" and the Corporations Act 2001. The half-year financial statements do not include all of the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2019 and any public announcements made by Prominence during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The same accounting policies and methods of computation have generally been followed in these half-year financial statements as compared to the most recent financial statements except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Adoption of new and revised Accounting Standards

Standards and Interpretations applicable to 31 December 2019
In the half-year ended 31 December 2019 the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group's operations and effective for annual reporting periods beginning on or after 1 July 2019.

AASB 16 Leases
AASB Leases supersedes AASB 117 Leases. The Group has adopted AASB 16 from 1 July 2019 which has resulted in changes in the classification, measurement and recognition of leases. The changes result in almost all leases where the Group is the lessee being recognised in the Statement of Financial Position and removes the former distinction between 'operating' and 'finance' leases. The new standard requires recognition of a right-of-use asset (the leased item) and a financial liability (to pay rentals). The exceptions are short-term leases and leases of low value assets.

The Group has adopted AASB 16 using the modified retrospective approach under which the reclassifications and the adjustments arising from the new leasing rules are recognised in the opening Condensed Statement of Financial Position on 1 July 2019. Under this approach, there is no initial impact on retained earnings, and comparatives have not been restated.

Impact on adoption of AASB 16
All Group leases have a term of less than 12 months or relate to low value assets and the Group has applied the optional exemptions to not capitalise these leases and instead account for the lease expense on a straight-line basis over the lease term.

Therefore, the adoption of AASB 16 resulted in the recognition of right-of-use assets of $nil and lease liabilities of $nil in respect of all operating leases.

The net impact on retained earnings on 1 July 2019 was $nil.

Standards and Interpretations in issue not yet adopted
The Directors have also reviewed all new Standards and Interpretations in issue not yet adopted for the half-year ended 31 December 2019. As a result of this the Directors have determined that there is no impact, material or otherwise, of the standards and interpretations in issue not yet adopted on the Group's business and, therefore, no change is necessary to the Group's accounting policies.

Going Concern

The Group recorded a net loss after tax of $714,430 [2018: loss of $611,552] and recorded operating cash outflows of $548,752 (2018: $281,377) for the half-year ended 31 December 2019. At 31 December 2019 the Group has net liabilities of ($1,755,642) [June 2019: net liabilities of ($2,003,895)] and a net current liability position of $1,609,983 (June 2019: net current liabilities of $1,631,331) and no contractual commitments in 2019 (June 2019: $Nil). A significant portion of the total trade and other payables balance of $1,520,930 is held in the US Subsidiaries of Prominence Energy NL and are ring fenced to the Subsidiaries in which they are recorded. (Note 5). The ability of the Group to continue as going concern is dependent on securing additional funding through farming out a percentage of the Bowsprit Oil Project and capital raisings as and when required to continue to meet its operating activities in the next 12 months. These conditions indicate a material uncertainty that may cast a significant doubt about the Group's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharged its liabilities in the normal course of business.

Notwithstanding the above, the Directors of the Group have prepared the annual financial statements on a going concern basis. Capital has been raised on an as needs basis until the company farms out an interest in the Bowsprit Permit. The Company is planning to farm out a percentage of the Bowsprit Oil Project together with a Capital Raising to fund the appraisal drilling program planned for the Project and the Directors have assessed and considered the progress of the current farm out discussions. To support the Company prior to completing the proposed capital raising the Directors and key management of Prominence have agreed to defer payment of fees and short-term working capital loans to an aggregate amount of A$394,284.

In addition to the above, to enable the Group to continue its activities, the Group will seek to raise additional funds through equity and/or debt. During the half-year ended 31 December 2019, the Group raised capital of $827,500. Over the course of the next 12 months, the Directors consider that there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable and that the going concern basis of preparation remains appropriate when preparing the half year financial report.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Group not continue as a going concern.

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 half-year ended 31 December 2019.

31 December 2019	Australia $	USA $	Unallocated $	Consolidated $
Revenue - oil and gas sales	-	-	-	-
Other income	3,053	-	-	3,053
Total segment revenue	**3,053**	**-**	**-**	**3,053**
Segment result after income tax	(714,430)	-	-	(714,430)
Total segment assets	238,784	1,029,042	-	1,267,826
Segment liabilities	1,913,515	1,109,953	-	3,023,468
Segment amortisation and depreciation	3,051	-	-	3,051

31 December 2018	Australia $	USA $	Unallocated $	Consolidated $
Revenue - oil and gas sales	-	-	-	-
Other income	41,604	-	-	41,604
Total segment revenue	**41,604**	**-**	**-**	**41,604**
Segment result after income tax	(611,552)	-	-	(611,552)
Total segment assets	135,782	742,047	-	877,829
Segment liabilities	1,643,210	1,101,775	-	2,744,985
Segment amortisation and depreciation	3,858	-	-	3,858

3. Exploration and Evaluation Expenditure

	Consolidated	
	31 December 2019 $	30 June 2019 $
Carried forward	775,495	663,040
Net expenses incurred in the year and capitalised	252,554	103,994
Foreign exchange movement	-	8,461
Net carrying value	**1,028,049**	**775,495**

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.

4. Investments

	Consolidated	
	31 December 2019 $	30 June 2019 $
Carrying value - opening	12,762	148,736
Write down to fair value	-	(136,677)
Foreign Exchange movement	-	703
Net carrying value - closing	**12,762**	**12,762**

The Company acquired 500,000 shares in Pinnacle Exploration Pte Ltd ("Pinnacle") for $48,204 on the 14 July 2017. Prominence acquired an additional 1,500,000 shares in Pinnacle for $144,274 on the 4 January 2018. The acquisition of the shares in Pinnacle was linked to the acquisition of the Bowsprit Oil Project Lease SL 21754. On 25th July 2019 the Company signed a binding MOU to acquire the Subsidiary of Pinnacle that owns the 50% share of the Bowsprit Lease for USD250,000. Based on this value management assessed the value of the Pinnacle investment to be A$12,762 at 30 June 2019. Management assess no change in the fair value of the investment at 31 December 2019.

5. Trade and Other Payables – Current

	Consolidated	
	31 December 2019 $	30 June 2019 $
Trade and Other Payables	538,827	651,285
Richland Bankruptcy	251,793	245,258
Weatherford Dispute	730,310	712,962
Total Trade and Other Payables	**1,520,930**	**1,609,505**

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

A significant portion of the total trade and other payables balance, $1,109,953, (30th June 2019: $1,086,687), is held in the US subsidiaries of Prominence Energy NL and are ring fenced to the Subsidiaries in which they are recorded. Sun Delta Inc, in particular, holds $974,005 of the total trade payables as detailed below.

(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 balance includes $384,463 of accrued key management personnel fees, salary and super for 2019 (30 June 2019: $361,348). All Directors and key management have agreed to defer repayment of accrued salary, fees and loans until the company has completed a capital raising in excess of $1,000,000. 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 Sun Resources 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 (30 June 2019: US$172,000) liability as part of trade and other payables.

(iii) Weatherford Dispute – Sun Delta Inc

In May 2015, Sun Delta Inc. assigned to Amerril Energy LLC ("Amerril"), then Operator of the Seale Production unit, its claims against Weatherford Inc. ("Weatherford") for related damages concerning the Seale #1H well, with Amerril to keep all awarded damages, if any. If Weatherford obtained damages or other compensation against an Amerril Entity of less than one million US dollars, Sun Delta agreed to pay 50% of such amount. If any compensation amount due to Weatherford from an Amerril Entity was in excess of one million dollars, Sun Delta agreed to pay Amerril US$500,000 with Amerril retaining the rights to seek additional damages and compensation from Sun Delta. Any such claim by Amerril would, however require a lawsuit by Amerril against Sun Delta and Sun Delta would have all of its rights and defences in such a lawsuit. The Group has recognised a US$500,000 (2018: US$500,000) liability as part of trade and other payables.

On 18 April 2017, Sun Delta Inc received a Notice of Demand from Amerril. This Notice informed Sun Delta Inc of a judgement obtained by Weatherford Inc. against Amerril for more than US$1,000,000 in January 2017. The Notice demanded that Sun Delta Inc. pay Amerril US$500,000 within 15 days, in accordance with terms of a Settlement Agreement executed between Sun Delta Inc. and Amerril on the 8 May 2015. In terms of the Notice Amerril also reserved its rights to possibly take further legal action. Sun Delta Inc. has no operating assets, cash or leases and has no capacity to make any payment. Any potential liability to the Sun Group is limited to the subsidiary Sun Delta Inc. Therefore, there is a potential claim by Amerril against Sun Delta Inc. for an amount in excess of the $500,000 already provided.

6. Borrowings

Current	Consolidated	
	31 December 2019 $	30 June 2019 $
Director Loans[(1)]	102,047	108,494
Principal value of convertible loans [(2)]	187,500	-
Current liability	**289,547**	**108,494**

(1) As at 30 June 2019 The Directors, Mr I McCubbing, Mr W Bloking and Mr A Parks had loans totaling $108,494 to the Company as short term loans and interest for working capital. During the period $70,000 was further contributed, $65,204 was repaid, $20,000 was converted to shares during the period. $102,047, being principal and interest, remains owing to the Directors at 31 December 2019. The loans have the following terms:

- Interest 10% per annum (payable on repayment of loan)
- Total Principal Loan Amount $82,500
- Repayment Date – 30 June 2020 or after receipt of funds from any equity capital raising in excess of $1,000,000 by the Company
- Maximum Gross Borrowing $112,500

(2) The Company had received $187,500 as at 31 December 2019, by way of an unsecured convertible note from major shareholders. The note is repayable on 31 March 2020 if not exercised prior and the price of the Conversion will be the lower of 20% discount to VWAP of the 5 trading days immediately preceding the date of issue or at a 20% discount to the share price achieved for an equity-based capital raising conducted during the term of the note. The coupon rate is 10% per annum payable at maturity The Convertible Note securities were the subject of an EGM, held on 30 January 2020. All resolutions were passed, and the Company has secured approval for all of the associated securities to be issued if the loan is not repaid.

Non-Current

a) Convertible loans

	Consolidated	
	31 December 2019 $	30 June 2019 $
Principal value of convertible loan [(1)]	957,806	957,806
Interest expense accrued in prior periods	209,044	161,154
Interest expense accrued	24,142	47,890
Non-current liability	**1,190,992**	**1,116,850**

(1) On 18 February 2015 the Company entered into a convertible loan facility agreement, (Loan Agreement) with Winform Nominees Pty Ltd (Winform), a subsidiary of Hancock Prospecting Pty Ltd under which Winform would loan A$957,806 to the Company.

6. Borrowings (continued)

The Winform Nominees Pty Ltd (Winform) convertible loan is classified as a non-current liability due to a significant restructuring of the terms of the loan in September 2017, where it was agreed to:

- extend the date for repayment of the Loan to 31 March 2021; and
- allow Prominence to raise up to A$10 million in new funds for working capital for the appraisal and development of the Bowsprit Oil Project before repayment became due.

The Company accrues interest of 5% per annum.

Subject to the Company obtaining prior shareholder approval, Winform may elect to receive repayment of the loan through the issue of fully paid ordinary shares in the capital of Prominence, instead of cash, to be calculated on the date of conversion by dividing the outstanding sum by the lesser of:

- the price per share under a Qualifying Capital Raising; or
- a price per share equal to the VWAP of the shares for the five ASX trading days prior to the repayment date noted above.

The Company had previously entered into a Security Pledge Deed under which the Company had granted Winform security over the shares in the subsidiary, Sun Eagle Ford LLC which used to hold the expired leases in the Badger Oil Project.

7. Contributed Equity

	Consolidated	
	31 December 2019 $	**30 June 2019 $**
a) Contributed Capital		
1,319,557,588 fully paid ordinary shares (June 2019: 881,057,588)	120,575,080	119,786,868

7. Contributed Equity (continued)

b) Movements in shares on issue	Date	Number of Shares	Capital $
31 December 2019			
Ordinary shares			
Opening balance	1 July 2019	881,057,588	119,786,868
Share Placement	1 July 2019	60,000,000	120,000
Share Placement	14 July 2019	15,000,000	10,000
Share Issue	9 August 2019	56,000,000	92,000
Share Placement	19 August 2019	307,500,000	605,000
Issue costs of share capital			-38,788
Closing balance		**1,319,557,588**	**120,575,080**

	Date	Number of Shares	Capital $
30 June 2019			
Ordinary shares			
Opening balance	1 July 2018	756,432,588	119,257,280
Share Placement	5 November 2018	49,125,000	196,500
Loan Conversion	2 January 2019	25,000,000	100,000
Share Placement	2 January 2019	31,750,000	127,000
Share Placement	15 May 2019	18,750,000	75,000
Issue costs of share capital			(18,912)
Shares to be Issued (Note 1)			50,000
Closing balance		**881,057,588**	**119,786,868**

(1) The company received $50,000 in cash direct to its bank account with respect to the capital raising post 30 June 2019. The shares were issued in July 2019.

8. Share-based Payments

(a) Performance Rights issued in the prior year

The Company has on issue 22,500,000 performance rights to Mr. Alexander Parks on the following terms:

Number of rights issued	: 22,500,000
Grant Date	: 30 November 2017
Expiry/Exercise date	: 30 November 2022
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 $67,750 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 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 – Probable – 30 June 2020
Tranche C – Probable – 31 December 2020

As a result the Company has recognised share based payments of $32,813 during the period:

Tranche A – $2,387
Tranche C – $30,426

The probability is reassessed at each reporting date.

(b) Unlisted Options issued to Key Personnel

During the period to 31 December 2019 the Company issued 40,308,333 unlisted options to Directors and key management personnel issue on the following terms:

Number of unlisted options issued	: 40,308,333
Vesting Date	: 20 August 2019 and 29 November 2019
Expiry/Exercise date	: 31 December 2020
Exercise price	: $0.004
Volatility Rate	: 200%
Risk Free Rate	: 0.73%

One unlisted options can be converted into one ordinary share. The total fair value of the unlisted options is calculated to be $72,555

(b) Unlisted Options issued in lieu of services

During the period to 31 December 2019 the Company issued 50,000,000 unlisted options to GTT Ventures in lieu of services. The unlisted options were issued on the following terms:

Number of unlisted options issued	: 50,000,000
Vesting Date	: 20 August 2019
Expiry/Exercise date	: 31 December 2020
Exercise price	: $0.004
Volatility Rate	: 200%
Risk Free Rate	: 0.73%

One unlisted options can be converted into one ordinary share. The total fair value of the unlisted options is calculated to be $91,712.

9. Contingencies

Other than the potential claim from Amerril for an amount in excess of $500,000 as described in Note 5, there are no other contingent liabilities or assets as at 31 December 2019.

10. Capital and Leasing Commitments

There have been no changes to capital and leasing commitments since the last annual reporting date.

11. Related Parties Transactions

During the period the following related party transaction occurred:

- The Directors entered into loans to support the Company with short term working capital to an aggregate amount of A$70,000 on commercial terms bearing interest at 10% per annum (detailed in Note 6). The loan principal and interest were partially settled in the period to 31 December 2019.
- The Company issued unlisted options during the period. (Refer to Note. 8) The unlisted options were issued as part of a capital placement announced in August 2019 and approved at a Annual General Meeting held on 29th November 2019 whereby they were issued as free attaching options on a one for two shares subscribed. The options have an exercise price of $0.004 per share and an expiry date of 31 December 2020.

12. Events Subsequent to Reporting Date

The following events occurred subsequent to the end of the period:

- The Company received $62,500 by way of an unsecured convertible note from a major shareholder. The note is repayable on 31 March 2020 if not exercised prior and the price of the Conversion will be the lower of 20% discount to VWAP of the 5 trading days immediately preceding the date of issue or at a 20% discount to the share price achieved for an equity-based capital raising conducted during the term of the note. The coupon rate is 10%pa payable at maturity.
- The Company issued 12.5m unlisted options with an exercise price of $0.004 and expiry 31 Dec 2020, on a basis of 1 option for every $0.02 loaned with respect to the convertible note. This issue was approved at a Company General Meeting on 30 January 2020.
- The Company release a Reserves statement for Bowsprit prepared by Netherland Sewell and Associates Inc.
- Farm-out Discussions and negotiations for the Bowsprit Project

Other than as disclosed above, no event has occurred since 31 December 2019 that would materially affect the operations of the Consolidated Entity, the results of the Consolidated Entity, or the state of affairs of the Consolidated Entity not otherwise disclosed in the Consolidated Entity's financial statements.

INDEPENDENT AUDITOR'S REVIEW REPORT
To the members of Prominence Energy NL

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Prominence Energy NL ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2019, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Prominence Energy NL is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of matter - material uncertainty related to going concern

We draw attention to Note 1 in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

B G McVeigh
Partner

Perth, Western Australia
13 March 2020