



**2021**

Annual Financial Accounts

**PROMINENCE  
ENERGY LTD**

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

# 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 Troy Hayden

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

## COMPANY SECRETARY AND CFO

### Mrs Anna MacKintosh

BComm, CPA

### 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](mailto:admin@prominenceenergy.com.au)  
Website: [www.prominenceenergy.com.au](http://www.prominenceenergy.com.au)

## CORPORATE MANAGER

### United States

#### Vistra

3<sup>rd</sup> Floor, 11-12 St James's Square  
London, SW1Y 4LB  
Telephone: +44 (0) 7703 882 686

## AUDITORS

### HLB Mann Judd (WA Partnership)

Level 4, 130 Stirling Street  
Perth, Western Australia 6000

## SOLICITORS

### Australia

#### GTP Legal

68 Aberdeen Street,  
Northbridge, Western Australia 6000

### 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](http://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**

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# REVIEW OF ACTIVITIES

The Prominence Energy (“Prominence”, “PRM” or the “Company”) Board is 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. The Prominence Board of directors made a strategic shift to the 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.

The Company continues to review new venture opportunities that it believes are commercially viable in the current market and will be value adding. In particular, PRM believes that oil and gas companies need to evolve to be more carbon friendly to continue to be attractive investments for shareholders. PRM will continue to review Helium, Green Energy and particularly Green Hydrogen investment opportunities.

## UNITED STATES OF AMERICA

### OIL AND GAS EXPLORATION AND DEVELOPMENT

**Bowsprit Oil Project (“Bowsprit”)** (Lease No. 21754 & 21787) - Prominence 100% working interest. (50% at 30 June prior to completion of buyout of Pinnacle in August 2021).



The leases are located approximately 70km southeast of New Orleans in approximately 3m of water in the north-west corner of the Breton Sound Area.

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 approximately 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 that reached the depth of the field 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). When a hurricane damaged the production platform in the late 1960’s, the field was never revisited. The deeper gas field was abandoned and the area relinquished by the former owner in the 1980s prior to the advent of horizontal drilling.

The Lease extension documents for the Bowsprit project were fully executed by the State of Louisiana USA, to extend Leases SL21754 and SL21787 by 12 months until 14 March 2022, to facilitate the intended drilling of the Bowsprit Project.

In concurrence with this Lease extension period, Pinnacle Exploration and Prominence Energy Ltd executed a letter agreement to extend the completion date of the buy-out agreement up to 14 March 2022, with completion of the buy-out to occur prior to drilling. Pinnacle received US\$250,000 in Cash/PRM Shares and a 5% Royalty on production from the Leases. PRM received Shareholder approval to issue shares to Pinnacle in lieu of a cash settlement, and completed the transaction in August 2021, moving to 100% in the project.

PRM is planning to drill a vertical Bowsprit well to appraise the project upside in October 2021 with the exact timing subject to the rig schedule with other clients. The well will be drilled to a depth of approximately 8,600ft. The main target is the T2 Middle Miocene Sand (see Figure 1 below) that sits under the proven field and runs up dip approximately 100ft above the known oil to a potential fault closure. If this T2 reservoir is proven to contain oil the 2U/3U Prospective (recoverable) Resources are estimated as 1.8 – 4.1MMbbls . The independent auditor , Netherland, Sewell & Associates Inc (NSA) estimates the chance of success at 25%.

After appraising the field to a depth of 8,600 ft, the well will be suspended at a depth of approximately 3,000ft for future re-entry. The intention is to use the data gathered from the vertical well to optimally plan for the drilling of the horizontal production section of the well into the previously produced Upper Miocene T1 reservoir after the hurricane season. During the suspension, the data gathered will also be used for selection and permitting of an appropriate pipeline and sizing of wellhead production facilities and/or tie in capacity negotiations. Upon re-entry of the well, the horizontal section will be drilled into the proven previously produced (T1) upper Miocene reservoir part of the field. Based on the current data, the horizontal well is independently estimated to have 2P reserves of 330,000bbls.

Prominence Energy have signed a Master Services Agreement with Completion Specialists, Inc. (CSI) for the management of the Bowsprit-1 well.

CSI is a Lafayette, Louisiana based company which offers total project management services allowing their clients to maximize their capabilities by having a technically astute staff of engineers oversee the project from start to finish. Total project management consists of engineering pre-planning, invoicing / accounts payable, drilling and completion design, and job oversight and supervision. Prominence views the total project management concept as an excellent bridge for companies with limited staff or companies based overseas and will allow PRM to confidently execute the well despite Australia to US travel restrictions.

# REVIEW OF ACTIVITIES

CSI's core staff of engineers have all been in the industry well over 30 years, with respect to the Breton Sound area, dozens of wells have been drilled and completed, including the adjacent Chandelier Sound area. Other inland barge projects involving multiple wells have been executed in dozens of other inland water fields across all of south Louisiana.

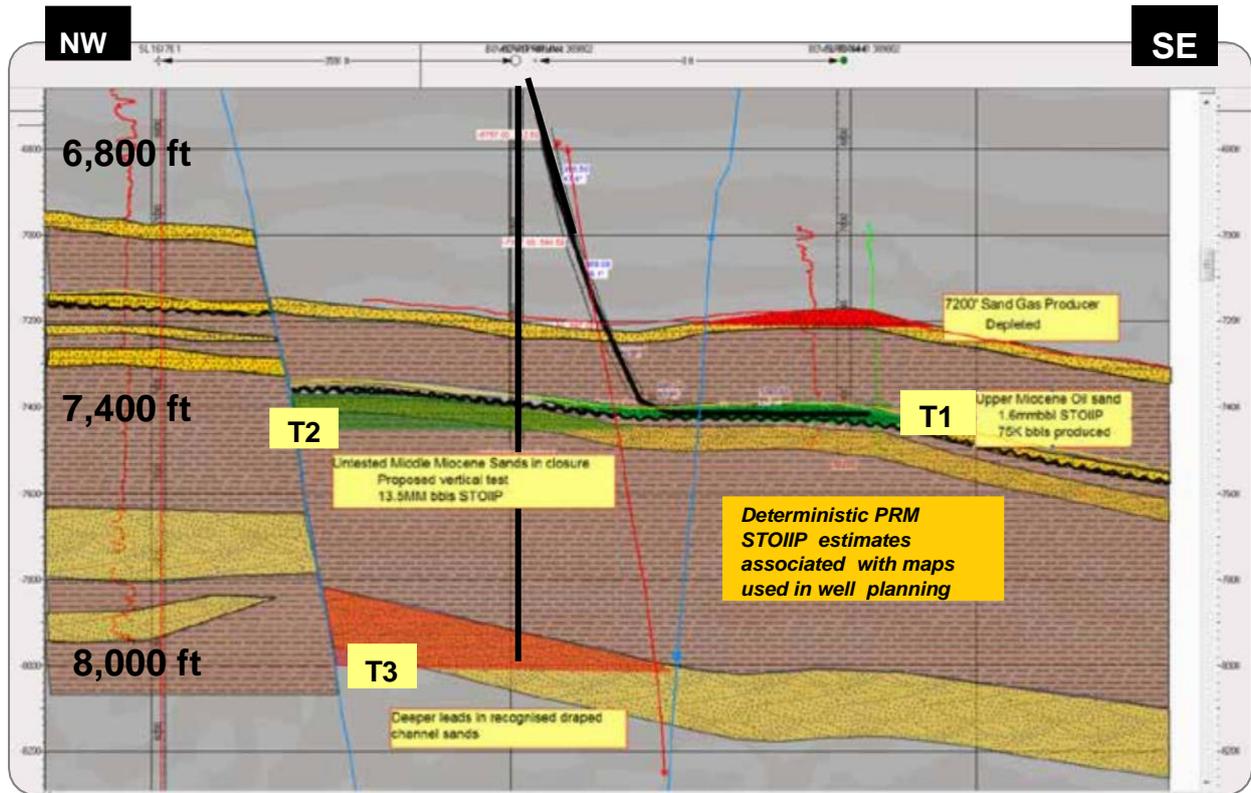


Figure 1 - North West to South East cross section through Bowsprit Field.

## Reserves Attributed to Bowsprit-1

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).

Reserves estimated by Netherland, Sewell & Associates, Inc. (NSAI) on the Bowsprit Project.2

| Resource Classification   | Confidence Level | Net Reserves | CAPEX for Development | Net Cash Flow (NPV0) | NPV10        | NPV10       |
|---------------------------|------------------|--------------|-----------------------|----------------------|--------------|-------------|
|                           |                  | Mbbbls       | US\$ million          | US\$ million         | US\$ million | A\$ million |
| Undeveloped Reserves (T1) | 1P (90%)         | nil          | 4.865                 |                      |              |             |
|                           | 2P (50%)         | 330.7        | 4.865                 | 8.0                  | 6.3          | 8.4         |
|                           | 3P (10%)         | 643.5        | 4.865                 | 19.2                 | 14.0         | 18.6        |

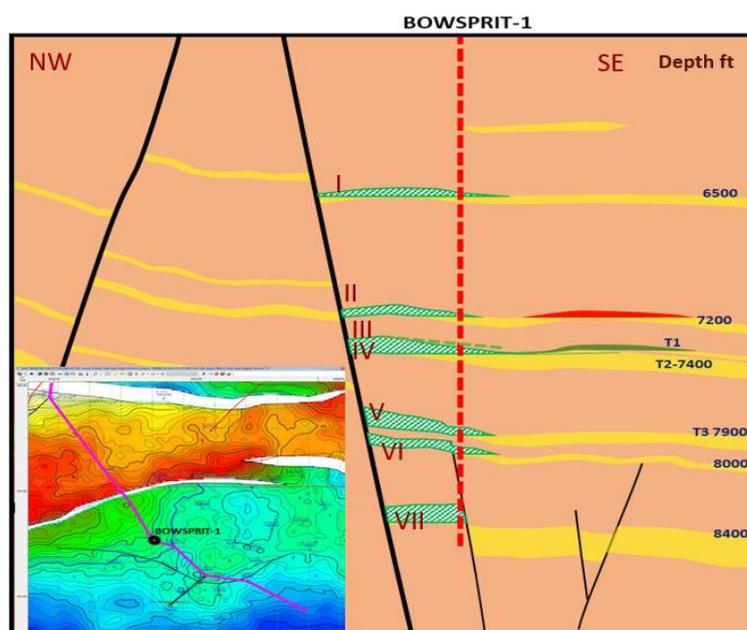
Table 1 – Bowsprit Field Upper Miocene Reservoir T1 Reserves

| Resource Classification    | Confidence Level | Prospective Resources | Net Resources | GCOS%   |
|----------------------------|------------------|-----------------------|---------------|---|
| Prospective Resources (T2) | 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 full Cautionary Statement and full resource definitions in the ASX release on 5 February 2020.*

# REVIEW OF ACTIVITIES



**Figure 2 - Figure 2 - Six, (possibly seven) prospective reservoir sands to be tested by the Bowsprit-1 Well.**

In addition to the T2 Middle Miocene main target there are five secondary target sands (prospective resources) that are anticipated to be penetrated by the Bowsprit-1 well. Any of the six sands are large enough to contain a commercial volume of recoverable oil.

T1 (III)= Proven Oil (probably pinches out before Bowsprit-1 well)

T2 (IV) = Primary target (Sand IV) sits up dip from T1 against the fault closure.

It is quite plausible that T1 and T2 are in communication in geological time and are a single accumulation of oil. Bowsprit-1 is drilling higher on the T2 structure than the known oil depth in T1.

Sands I, IV, V, VI and VII all have a realistic chance of success for containing hydrocarbons and a commercial volume. Sand II is interpreted to have a lower probability of containing hydrocarbons, and Sand III is expected to have pinched out and not be present in this location, but either sand II or III could still contain commercial volumes in a success scenario.

## Land Status (net acres of mineral leases)

At the time of this report and subsequent to the end of the June 2021 financial year, 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                                     |
| <b>TOTAL</b>     | -                                 | -                                      | <b>1,154</b>                             | <b>577</b>                             |

(Total acres are approximate, as at 30 June 2021 prior to moving to 100% Working in project, NRI 73% )

## Hydrogen Investment

PRM had signed a term sheet to acquire 20% of Patriot Hydrogen Pty Ltd subject to due diligence. Shareholders approved the 20% acquisition at the Shareholder's Meeting held 2 July 2021.

There were a number of issues that remained unresolved for the Company at the end of PRM's due diligence period. On this basis the PRM Board resolved on 24 July 2021 not to proceed with the investment to acquire 20% of Patriot Hydrogen Pty Ltd

PRM believes that oil and gas companies need to evolve to be more carbon friendly to continue to be attractive investments for shareholders. PRM will continue to review Helium, Green Energy and particularly Green Hydrogen investment opportunities.

# 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 2021.

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:

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

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 Avenir Limited.

### **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. Recently Mr Parks has focused on building a sound knowledge of unconventional oil and gas plays in North America. 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), is a Member Australian Institute of Company Directors (GAICD). In the last 3 years Mr Parks was A Director of Tamaska Oil and Gas Ltd and also a Director of TMK Montney Limited until it was acquired by Calima Energy Ltd (ASX:CE1) in August 2018.

### **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.

### **Mrs Anna MacKintosh (Company Secretary) B.Com, CPA (appointed 23 October 2020)**

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: K LH), 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).

### **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

## Mr William Bloking (Non-Executive Director) B.Sc. Mechanical Engineering (Summa cum Laude), FAICD (Resigned on 10th August 2020)

Mr William Bloking was appointed to the Board as a Non-Executive Director on 25 October 2016. Mr Bloking is a leading energy expert with more than 40 years of experience in the oil and gas industry, mainly with ExxonMobil and BHP Billiton Petroleum. Prior to his retirement in 2007, Bill was President, Australia Asia Gas, for BHP Billiton Petroleum and prior to joining BHP Billiton he served in a number of senior executive roles in the USA, South America, Europe and Asia for ExxonMobil. Mr Bloking is currently Non-Executive Chairman of Torrens Mining Limited. He is a fellow of the Australian Institute of Company Directors. He was formerly a Chairman of Transerv Energy Limited, Cool Energy Limited, Norwest Energy NL, Nido Petroleum Limited and the National Offshore Petroleum Safety Authority Advisory Board, and Cullen Wines Australia Pty Ltd.; Managing Director of Eureka Energy Limited and Gunson Resources Limited; a Non-Executive Director of Challenger Energy Limited, the John Holland Group, Miclyn Express Offshore Limited, the Australian Petroleum Production and Exploration Association (APPEA), the Lions Eye Institute and the West Australian Symphony Orchestra; a Councilor of the West Australian Branch of the Australian Institute of Company Directors; a Governor of the American Chamber of Commerce in Australia; and an Adjunct Professor at Murdoch University. Mr Bloking has a Bachelor's Degree in Mechanical Engineering (Summa cum Laude) from the University of South Carolina in the USA.

## Ms Jo-Ann Long (Company Secretary and Chief Financial Officer) B.Comm, FCA, GAICD (resigned 21 October 2020)

Ms Long was appointed on 8 April 2018. Ms Long has over 30 years of experience building, leading and advising corporations on financial management, restructures, international expansion, acquisitions and risk management. Commencing with Deloitte's and then 18 years in the Oil and Gas industry, with Woodside and Transerv Energy (now Whitebark Energy) Ms Long has specialised expertise in joint venture operations, commercial agreements, tax strategies, risk management and governance. With strong broad commercial and business skills Ms Long brings a strong discipline of financial management and a track record of documented contributions of improved financial performance, heightened productivity and enhanced internal controls. Ms Long is Managing Director of Eco Smart Designs, and holds Non-Executive Directorships with Yijiyangu Corporation Limited and B2 Yaramarri Direct Benefits Trust.

## 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                                   |
|-----------------------------------|------------------------|-----------------|------------------------------|--|
| Mr Ian McCubbing                  | Non-Executive Chairman | 25,062,514      | 3,291,667                    | 5,000,000  |
| Mr Alexander Parks                | Managing Director      | 11,750,000      | 3,354,167                    | 2,250,000 <sup>(1)</sup><br>8,000,000 <sup>(2)</sup> |
| Mr Troy Hayden <sup>(5)</sup>     | Non-Executive Director | -               | -                            | -  |
| Mr Patric Glovac <sup>(3)</sup>   | Non-Executive Director | 10,000,000      | 3,333,333                    | -  |
| Mr William Bloking <sup>(4)</sup> | Non-Executive Director | 3,444,947       | 1,416,666                    | -  |

(1) Performance Rights will vest in two tranches Tranche A 750,000 and Tranche C 1,500,000. Tranche B Performance Rights 750,000 have lapsed. See Note 15.

(2) 50% Class A vest on 10 day VWAP of shares is equal to or greater than \$0.025 and 50% Class B vest on 10 day VWAP of shares is equal to or greater than \$0.035

(3) Holding on resignation 16 July 2021

(4) Holding on resignation 10 August 2020

(5) Subject to shareholder approval, Mr Hayden will be granted 1.5 million Class A and 1.5 million Class B Performance Rights.

### 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 of the consolidated entity for the financial year after income tax was \$1,205,632, [2020: loss of \$1,036,379].

### 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.

# DIRECTORS' 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.

## Non-renounceable Rights Issue

The company conducted a Rights Issue during 2020 which closed in October 2020, and the shortfall was successfully placed. A total of 240,791,173 shares were issued to raise \$1,203,956 before costs. The Rights offer allowed for one free attaching option for every 2 shares allotted, exercisable at \$0.02 each on or before September 2023. The Rights Issue entitlement applications for 158,922,395 shares represented a 66% take up of entitlements, with shareholders applying for the remaining shortfall.

Part of the funds raised were used to repay loans and settle a convertible note with Winform Nominees. PRM was able to clear a majority of its debt.

## Capital Raising

In January 2021, Prominence Energy successfully placed 114,285,714 shares at an issue price of \$0.007 per share to raise \$800,000 before costs. The placement was made to a combination of existing major shareholders and new sophisticated investors using the Company's placement capacity under listing rule 7.1 and 7.1A.

A shareholders meeting was held on 29 March 2021 and all resolutions were passed via a poll. This included the ratification of the Placement shares to replenish the Company's Placement capacity.

During June 2021, PRM successfully placed 320 million shares at a price of 1c per share with 1 PRMOB attaching option for every three shares subscribed for. The Placement was made in two tranches with the second tranche (including Directors Participation for \$200,000) subject to shareholder approval which was obtained at the EGM held 2 July 2021.

The primary use of funds is the drilling of the vertical Bowsprit well which is expected to cost approximately A\$2.75 million on a trouble free basis.

GTT ventures was the lead manager of the capital raising and received a 6% commission on funds raised (excluding funds raised from Board and major shareholder subscriptions). On approval of shareholders, GTT (and/or nominees) was issued 60 million PRMOB options for its role in capital raising.

## Winform Convertible Note

In August 2020, the Company has reached an agreement with Winform Nominees Pty Ltd (ACN 152 706 717) (Winform) in respect of the loan the subject of the Converting Loan Agreement entered into in February 2015 that is repayable on the earlier of 31 March 2021 and the Company entering into a "Transaction" (capital raising of at least \$15 million or takeover). Due to the delay in the Company finalising a farm-out of its interest in the Bowsprit Project due to COVID-19, the debt the subject of the Converting Loan Agreement has been restructured in a deal that is acceptable to both parties. Under this deal, Winform agreed to accept the following consideration of releasing the Company of its obligations under the Converting Loan Agreement and as consideration for the release of the security provided for the loan:

- \$150,000 payable by the Company to Winform from the proceeds of the Rights Issue.
- the issue by the Company of 15 million Options at deemed issue price of \$0.003 for a total value of \$45,000 (exercise price of 2c per option, expiry date of 1 October 2023; and
- a 1% royalty granted by its subsidiary, Sun Louisiana LLC, on the Company's net production of hydrocarbons produced from the Bowsprit Project.
- Settlement of this Converting Loan Agreement occurred in December 2020. A total of \$1,019,872 was recorded as forgiveness of debt.

## Convertible Notes

I McCubbing loaned the Company \$50,000 via a Convertible Note facility agreement in the previous financial year. The agreement was settled on the 29th July 2020 via the issue of 12,717,596 shares at a deemed price of \$0.004 for a total value of \$50,870. This included the interest component of \$870 which was repaid in shares.

# DIRECTORS' REPORT

Patric Glovac via GTT Global Opportunities Pty Ltd loaned the Company \$150,000 via a convertible Note facility agreement in the previous financial year. The agreement was settled in July and October 2020 via the issue of 39,648,222 shares at a deemed price of \$0.004 for a total value of \$158,593. This included the interest component of \$8,593 which was repaid in shares.

## Directors 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 2020/2021 financial year:

- I McCubbing \$67,500 principal repaid October 2020 \$84,114.35 (includes interest \$16,614.35)
- W Bloking \$15,000 principal repaid October 2020 \$22,514.59 (includes interest \$7,514.59)

## Events since the End of the Financial Year

The following material events occurred subsequent to the end of the year:

1. A Shareholders meeting was held on 2 July 2021 where all resolutions were passed via a poll. As a result, the following occurred-

Tranche 2 of the placement was completed (172,485,553 shares at \$0.01) raising \$1,724,856 (before costs)

106,666,667 free attaching listed options (PRMOB) were issued to Placement participants.

The issue of 60 million broker options (PRMOB) in relation to the Placement

Issue of Pinnacle MOU extension shares (1,200,000)

2. On the 19th July the Company announced the appointment of Mr Troy Hayden as an independent non-executive director of the Company to strengthen the oil and gas experience on the Board effective 16 July 2021. Mr Patric Glovac resigned at this time.

3. On 20th July 2021 the company announced that a Rig Contract had been signed with Parker drilling for rig 55B for the planned drilling program at the Bowsprit project. The planned Drilling program was to commence in August 2021, however delays due to Hurricane Ida, has pushed out the start date.

4. On 26 July the Company announced it would not be proceeding with the investment to acquire 20% Patriot Hydrogen.

5. PRM secured a 100% working Interest in Bowsprit Project via the acquisition of Pinnacle Energy International (USA) I LLC executed on 20 August effective 1 August 2021. PRM issued 20,524,114 shares to Pinnacle to complete the buy-out. Pinnacle has been granted a 5% Royalty on future production from the leases.

6. On 26th August, the Company raised \$750,000 by way of an unsecured convertible note. The note is repayable on 31 January 2022 if not exercised prior and the price of the Conversion is a 20% discount to the VWAP of the 10 trading days immediately preceding receipt of notice of conversion. The coupon rate is 10%pa payable at maturity. The Company in addition issued 7.5m listed PRMOB options with an exercise price of \$0.02 and expiry 1 September 2023, on a basis of 10 options for every \$1 loaned via the convertible note.

## 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 2020 to 30 June 2021 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 2020 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 9.5% 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 \$260,000 (including superannuation) per annum.

The Contract has a fixed term of 1 year and the Company may terminate the executive's engagement 'for cause' with immediate effect, with only statutory accrued entitlements or 'without cause' by giving 6 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.
- \$50,000 bonus and 1.5 million Performance Rights vesting on achieving 60 days of commercial production within a 75 day period.

The remuneration recognised for the performance rights at 30 June 2021, 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.

Mr Parks was granted a further 8 million Performance Rights in April 2021 subsequent to shareholder approval. See Remuneration report for further details.

At 30 June 2021 the reconciled value is assessed as \$14,888 to Mr Parks for annual share based remuneration.

## EMOLUMENTS OF DIRECTORS AND OTHER KPMG

| 2021                           | Short-term employee benefits        |   |                                |              | Post-employment benefits | Share base payments   |                | Total          | Performance Related % |
|--------------------------------|-------------------------------------|---|--------------------------------|--------------|--------------------------|-----------------------|----------------|----------------|-----------------------|
|                                | Cash salary                         | Non-monetary Benefits-Shares/Options(2) | Other (Annual leave provision) | Accrued Fees | Superannuation           | Performance Rights(6) |                |                |                       |
| Name                           | Consulting fees and Directors' fees |   |                                |              |                          |                       |                |                |                       |
|                                | \$                                  | \$                                      | \$                             | \$           | \$                       | \$                    | \$             | \$             |                       |
| <b>Executive Director</b>      |                                     |   |                                |              |                          |                       |                |                |                       |
| Mr A Parks <sup>(1)</sup>      | 187,478                             | 16,875                                  | 23,734                         | -            | 17,810                   | 14,888                | 260,785        | 260,785        | 5.71%                 |
| <b>Sub-Total</b>               | <b>187,478</b>                      | <b>16,875</b>                           | <b>23,734</b>                  | <b>-</b>     | <b>17,810</b>            | <b>14,888</b>         | <b>260,785</b> | <b>260,785</b> | <b>5.71%</b>          |
| <b>Non-Executive Directors</b> |                                     |   |                                |              |                          |                       |                |                |                       |
| Mr P Glovac <sup>(3)</sup>     | 27,000                              | -                                       | -                              | -            | 2,565                    | 1,603                 | 31,168         | 31,168         | 5.14%                 |
| Mr I McCubbing <sup>(4)</sup>  | 40,750                              | -                                       | -                              | -            | 3,871                    | 2,672                 | 47,293         | 47,293         | 5.65%                 |
| Mr W Bloking <sup>(5)</sup>    | 6,500                               | -                                       | -                              | -            | 618                      | -                     | 7,118          | 7,118          | -                     |
| <b>Sub-Total</b>               | <b>74,250</b>                       | <b>-</b>                                | <b>-</b>                       | <b>-</b>     | <b>7,054</b>             | <b>4,275</b>          | <b>85,578</b>  | <b>85,578</b>  | <b>4.99%</b>          |
| <b>Executive Officers</b>      |                                     |   |                                |              |                          |                       |                |                |                       |
| Ms J Long                      | 35,322                              | -                                       | -                              | -            | -                        | -                     | 35,322         | 35,322         | -                     |
| <b>Sub-Total</b>               | <b>35,322</b>                       | <b>-</b>                                | <b>-</b>                       | <b>-</b>     | <b>-</b>                 | <b>-</b>              | <b>35,322</b>  | <b>35,322</b>  | <b>-</b>              |
| <b>Total</b>                   | <b>297,050</b>                      | <b>16,875</b>                           | <b>23,734</b>                  | <b>-</b>     | <b>24,854</b>            | <b>19,163</b>         | <b>381,685</b> | <b>381,685</b> | <b>5.02</b>           |

(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.

# DIRECTORS' REPORT

| 2020<br><br>Name               | Short-term employee benefits                             |  |          |                    | Post-employment benefits | Share base payments   | Total          | Performance Related % |
|--------------------------------|--|--|----------|--------------------|--------------------------|-----------------------|----------------|-----------------------|
|                                | Cash salary<br>Consulting fees<br>and Directors'<br>fees | Non-monetary<br>Benefits-<br>Shares/<br>Options(2) | Other    | Accrued<br>Fees(5) | Superannuation           | Performance<br>Rights |                |                       |
|                                | \$   | \$   | \$       | \$                 | \$                       | \$                    | \$             |                       |
| <b>Executive Director</b>      |  |  |          |                    |                          |                       |                |                       |
| Mr A Parks(1)                  | 184,582  | 30,000   | -        | 57,883             | 17,535                   | 32,813                | 322,813        | 10%                   |
| <b>Sub-Total</b>               | <b>184,582</b>   | <b>30,000</b>                                      | <b>-</b> | <b>57,883</b>      | <b>17,535</b>            | <b>32,813</b>         | <b>322,813</b> | <b>10%</b>            |
| <b>Non-Executive Directors</b> |  |  |          |                    |                          |                       |                |                       |
| Mr P Glovac                    | 9,000  | -  | -        | 13,140             | 855                      | -                     | 22,995         | -                     |
| Mr I McCubbing(4)              | 12,500   | 6,000  | -        | 23,812             | 1,188                    | -                     | 43,500         | -                     |
| Mr W Bloking(3)                | 18,750   | 6,000  | -        | 8,488              | 1,757                    | -                     | 34,995         | -                     |
| <b>Sub-Total</b>               | <b>40,250</b>  | <b>12,000</b>                                      | <b>-</b> | <b>45,440</b>      | <b>3,800</b>             | <b>-</b>              | <b>101,490</b> | <b>-</b>              |
| <b>Executive Officers</b>      |  |  |          |                    |                          |                       |                |                       |
| Ms J Long(2)                   | 102,125  | -  | -        | 7,450              | -                        | -                     | 109,575        | -                     |
| <b>Sub-Total</b>               | <b>102,125</b>   | <b>-</b>   | <b>-</b> | <b>7,450</b>       | <b>-</b>                 | <b>-</b>              | <b>109,575</b> | <b>-</b>              |
| <b>Total</b>                   | <b>326,957</b>   | <b>42,000</b>                                      | <b>-</b> | <b>110,773</b>     | <b>21,335</b>            | <b>32,813</b>         | <b>533,878</b> |                       |

(1) Mr Parks has also accrued fees including superannuation for FY20 amounting to \$89,317 not included in the table above (2) Ms Long also has accrued fees for FY20 amounting to \$7,450 not included in the table above. (3) Mr William Bloking also has accrued fees including superannuation for FY20 amounting to \$54,000 not included above (4) Mr Ian McCubbing also has accrued fees including accrued superannuation for FY20 not included above amounting to \$75,000 (5) Other includes accrued salary, Director fees, accrued superannuation and travel allowances related to FY20. (6) As part of a capital raise in August 2019 the directors acquired shares with free attaching options. The accounting standards require the free attaching options to be valued and disclosed in the remuneration report.

## Remuneration consists of the following key elements:

- Fixed remuneration: being base salary, superannuation and other benefits (including non-monetary); and
- 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

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.

### Mr Alexander Parks

Term of agreement: 1 year

Salary: \$260,000 per annum including superannuation

Director fees: Included in salary

Incentives: Share based incentives as determined

Mr Parks was appointed Managing Director and CEO on 2 November 2017.

### 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 16 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

# DIRECTORS' REPORT

Mr Patric Glovac was appointed as Non-Executive Director on 23 August 2019.

## Mr William Bloking (Resigned on 10th August 2020)

Term of agreement: Retires as determined by Director Rotation  
 Director fees: \$36,000 per annum plus Superannuation  
 Incentives: Share based incentives as determined

### D Share-based compensation

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.

The maximum number of Securities that the Company can issue under the Plan ( as approved by Shareholders) is 60,500,000. 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 |

In April 2021 the Directors and Company Secretary were granted a total of 17 million Performance rights. Refer to Note 15 for further detail.

### 2020

During 2020 Tranche B 750,000 Performance Rights lapsed on 31 December 2019. Mr Parks now has 2,250,000 Performance Rights (on a consolidated basis) remaining as a long term performance incentive in connection with his promotion from Non-Executive Director to Managing Director and Chief Executive Officer. The rights will vest subject to conditions as detailed above in Details of Executive Remuneration.

### E Additional information

#### Share-based compensation

17 million Performance Rights were granted to Directors and the company Secretary during the June 2021 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 |
|---------------------------|---|-----------------------|---------------------------------|--|----------------|
| <b>2021 *</b>             |   |                       |                                 |  |                |
| <b>Directors</b>          |   |                       |                                 |  |                |
| Mr I McCubbing            | 4,094,917                                   | 15,967,596            | -                               | 20,062,513   | 2,500,000      |
| Mr W Bloking              | 3,444,947                                   | -                     | -                               | 3,444,947  | -              |
| Mr A Parks                | 3,375,000                                   | 3,375,000             | -                               | 6,750,000  | -              |
| Mr P Glovac               | -   | -                     | -                               | -  | -              |
| <b>Executive Officers</b> |   |                       |                                 |  |                |
| Ms J Long                 | 1,995,000                                   | -                     | -                               | 1,995,000  | 1,995,000      |

\*Figures are shown on a consolidated 1 for 10

# DIRECTORS' REPORT

| 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 |
|---------------------------|---|-----------------------|---------------------------------|---|----------------|
| <b>2020</b>               |   |                       |                                 |   |                |
| <b>Directors</b>          |   |                       |                                 |   |                |
| Mr I McCubbing            | 30,949,177                                  | 10,000,000            | -                               | 40,949,177  | 12,500,000     |
| Mr W Bloking              | 24,449,471                                  | 10,000,000            | -                               | 34,449,471  | -              |
| Mr A Parks                | 8,750,000                                   | 25,000,000            | -                               | 33,750,000  | -              |
| Mr P Glovac               | -   | -                     | -                               | -   | -              |
| <b>Executive Officers</b> |   |                       |                                 |   |                |
| Ms J Long                 | 3,000,000                                   | 16,950,000            | -                               | 19,950,000  | 19,950,000     |

\*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 2021 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 |
|------------------|----------------------------------|-------------|-----------|-------------|---|------------------------|-----------|
| <b>2021</b>      |                                  |             |           |             |   |                        |           |
| <b>Directors</b> |                                  |             |           |             |   |                        |           |
| Mr I McCubbing * | 1,500,000                        | 1,625,000   | -         | (1,500,000) | 1,625,000   | 1,625,000              | -         |
| Mr W Bloking *   | 750,000                          | -           | -         | (750,000)   | -   | -                      | -         |
| Mr A Parks *     | 500,000                          | 1,687,500   | -         | (500,000)   | 1,687,500   | 1,687,500              | -         |
| Mr P Glovac      | -                                | -           | -         | -           | -   | -                      | -         |

| 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 |
|------------------|----------------------------------|-------------|-----------|---------|---|------------------------|-----------|
| <b>2020</b>      |                                  |             |           |         |   |                        |           |
| <b>Directors</b> |                                  |             |           |         |   |                        |           |
| Mr I McCubbing * | 15,000,000                       | -           | -         | -       | 15,000,000  | -                      | -         |
| Mr W Bloking *   | 7,500,000                        | -           | -         | -       | 7,500,000   | -                      | -         |
| Mr A Parks *     | 5,000,000                        | -           | -         | -       | 5,000,000   | -                      | -         |
| Mr P Glovac      | -                                | -           | -         | -       | -   | -                      | -         |

# DIRECTORS' REPORT

The number of **unlisted options** over ordinary shares in the Company held during the 2021 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 (i) | Acquisition | Exercised | Expired     | Balance at the end of the year or on retirement/ resignation | Vested and exercisable | Un-vested |
|---------------------------|--------------------------------------|-------------|-----------|-------------|--|------------------------|-----------|
| <b>2021</b>               |                                      |             |           |             |  |                        |           |
| <b>Directors</b>          |                                      |             |           |             |  |                        |           |
| Mr I McCubbing *          | 1,666,666                            | -           | -         | (1,666,666) | -  | -                      | -         |
| Mr W Bloking *            | 666,666                              | -           | -         | (666,666)   | -  | -                      | -         |
| Mr A Parks *              | 666,666                              | -           | -         | (666,666)   | -  | -                      | -         |
| Mr P Glovac               | -                                    | -           | -         | -           | -  | -                      | -         |
| <b>Executive Officers</b> |                                      |             |           |             |  |                        |           |
| Ms Jo Long                | 1,030,833                            | -           | -         | (1,030,833) | -  | -                      | -         |

\*Consolidated basis (1 for 10)

| 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 |
|---------------------------|----------------------------------|-------------|-----------|---------|--|------------------------|-----------|
| <b>2020</b>               |                                  |             |           |         |  |                        |           |
| <b>Directors</b>          |                                  |             |           |         |  |                        |           |
| Mr I McCubbing *          | -                                | 16,666,666  | -         | -       | 16,666,666   | 16,666,666             | -         |
| Mr W Bloking *            | -                                | 6,666,667   | -         | -       | 6,666,667  | 6,666,667              | -         |
| Mr A Parks *              | -                                | 6,666,667   | -         | -       | 6,666,667  | 6,666,667              | -         |
| Mr P Glovac               | -                                | -           | -         | -       | -  | -                      | -         |
| <b>Executive Officers</b> |                                  |             |           |         |  |                        |           |
| Ms Jo Long                | -                                | 10,308,333  | -         | -       | 10,308,333   | 10,308,333             | -         |

(1) Free attaching options as part of participation in capital raising.

## Performance Rights

The number of **Performance Rights** in the Company held during the 2021 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  |
|------------------|----------------------------------|-----------|-----------|--------|--|------------------------|------------|
| <b>2021</b>      |                                  |           |           |        |  |                        |            |
| <b>Directors</b> |                                  |           |           |        |  |                        |            |
| Mr I McCubbing   | -                                | 5,000,000 | -         | -      | 5,000,000  | -                      | 5,000,000  |
| Mr W Bloking     | -                                | -         | -         | -      | -  | -                      | -          |
| Mr P Glovac      | -                                | 3,000,000 | -         | -      | 3,000,000  | -                      | 3,000,000  |
| Mr A Parks       | 2,250,000*                       | 8,000,000 | -         | -      | 10,250,000   | -                      | 10,250,000 |

\*Consolidated basis 1 for 10

# DIRECTORS' REPORT

| 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 |
|------------------|----------------------------------|--------|-----------|--------|---|------------------------|-----------|
| <b>2020</b>      |                                  |        |           |        |   |                        |           |
| <b>Directors</b> |                                  |        |           |        |   |                        |           |
| Mr I McCubbing   | -                                | -      | -         | -      | -   | -                      | -         |
| Mr W Bloking     | -                                | -      | -         | -      | -   | -                      | -         |
| Mr P Glovac      | -                                | -      | -         | -      | -   | -                      | -         |
| Mr A Parks *     | 2,250,000                        | -      | -         | -      | 2,250,000   | -                      | 2,250,000 |

\*On a consolidated basis 1 for 10

## Loans from Directors and Executives

The Directors loans from previous periods were repaid during the year ended 30 June 2021:

1. I McCubbing \$67,500 principal loan repaid in October 2020 with interest of \$16,614.35.
2. W Bloking \$15,000 principal loan repaid in October 2020 with interest of \$7,514.59

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

There are no further loans outstanding.

## Convertible Notes Directors

I McCubbing loaned the Company \$50,000 via a Convertible Note facility agreement in the previous financial year. The agreement was settled on the 29th July 2020 via the issue of 12,717,596 shares at a deemed price of \$0.004 for a total value of \$50,870. This included the interest component of \$870 which was repaid in shares.

Patric Glovac via GTT Global Opportunities Pty Ltd loaned the Company \$150,000 via a convertible Note facility agreement in the previous financial year. The agreement was settled in July and October 2020 via the issue of 39,648,222 shares at a deemed price of \$0.004 for a total value of \$158,593. This included the interest component of \$8,593 which was repaid in shares.

## Company Performance

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

|  | 2021<br>\$  | 2020<br>\$  | 2019<br>\$  | 2018<br>\$  | 2017<br>\$  |
|--|-------------|-------------|-------------|-------------|-------------|
| Profit/(Loss) attribute to Shareholders of the parent entity | 1,205,632   | (1,081,462) | (1,100,065) | (850,430)   | (3,457,734) |
| Dividends paid   | -           | -           | -           | -           | -           |
| Contributed equity   | 124,076,671 | 120,483,368 | 119,786,868 | 119,257,280 | 118,130,277 |
| Return on contributed equity                                 | 0.97%       | (0.90%)     | (0.92%)     | (0.71%)     | (2.92%)     |

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 2021. 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 2021 and the numbers of meetings attended by each Director were:

|                    | Full meetings<br>of Directors |    | Meetings of committees |   |              |   |
|--------------------|-------------------------------|----|------------------------|---|--------------|---|
|                    | A                             | B  | Audit & Risk           |   | Remuneration |   |
|                    |                               |    | A                      | B | A            | B |
| Mr Ian McCubbing   | 12                            | 12 | 2                      | 2 | 1            | 1 |
| Mr William Bloking | 2                             | 2  | 0                      | 0 | 0            | 0 |
| Mr Alexander Parks | 12                            | 12 | 2                      | 2 | 0            | 0 |
| Mr Patric Glovac   | 11                            | 12 | 2                      | 2 | 1            | 1 |

A. Number of meeting 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:

### Non-Audit Services

Taxation compliance services

### Total remuneration for

### Non-audit services

| Consolidated |      |
|--------------|------|
| 2021         | 2020 |
| \$           | \$   |
| -            | -    |
| -            | -    |

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

# DIRECTORS' REPORT

- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

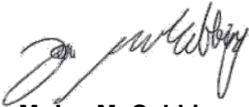
## **Auditor's independence declaration**

The auditor's independence declaration as required under section 307c of the Corporations Act 2001 on page 18 forms part of the Directors' Report for the financial year ended 30 June 2021.

## **Board of Directors' declaration for year ended 30 June 2021**

The Board of Directors' Declaration for year ended 30 June 2021 on page 49 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.



**Mr Ian McCubbing**  
Chairman  
Perth, Western Australia  
24 September 2021

**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 2021, 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**  
**24 September 2021**

**B G McVeigh**  
**Partner**

**[hlb.com.au](http://hlb.com.au)**

**HLB Mann Judd (WA Partnership) ABN 22 193 232 714**

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

**T:** +61 (0)8 9227 7500 **E:** [mailbox@hlbwa.com.au](mailto:mailbox@hlbwa.com.au)

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# FINANCIAL REPORT 2021

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## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

|  | Note | Consolidated     |                    |
|--|------|------------------|--------------------|
|  |      | 2021<br>\$       | 2020<br>\$         |
| Other income   | 3a   | 41,967           | 35,860             |
| Extinguishment of creditors/liabilities  | 3a   | 1,877,926        |                    |
| Administration expense   |      | (319,135)        | (412,031)          |
| Depreciation expense   | 3b   | -                | (6,282)            |
| Employee benefits expense  |      | (333,805)        | (456,728)          |
| Finance expense  | 3c   | 21,267           | (123,400)          |
| Occupancy expense  | 3d   | (19,074)         | (28,058)           |
| Fair value loss on investments   | 3e   | -                | (12,927)           |
| Share based payment expense  | 12   | (35,197)         | (32,813)           |
| Exploration & evaluation impairment  |      | (28,317)         | -                  |
| <b>Profit/(Loss) before income tax expense</b>   |      | <b>1,205,632</b> | <b>(1,036,379)</b> |
| Income tax expense   | 4    | -                | -                  |
| <b>Profit/(Loss) for the year after income tax</b>   |      | <b>1,205,632</b> | <b>(1,036,379)</b> |
| <b>Other comprehensive income</b>  |      |                  |                    |
| <i>Items that may be reclassified subsequently to profit or loss</i>   |      |                  |                    |
| Foreign exchange translation reserve movement  | 13   | 96,164           | (45,083)           |
| <b>Other comprehensive income/(loss) for the year, net income tax</b>  |      | <b>96,164</b>    | <b>(45,083)</b>    |
| <b>Total Profit/(loss) and other comprehensive loss for the year attributable to owners of Prominence Energy Ltd</b> |      | <b>1,301,796</b> | <b>(1,081,462)</b> |
| <b>Profit/(Loss) per share attributable to the members of Prominence Energy Ltd</b>                                  |      |                  |                    |
| Basic profit/(loss) per share (cents)  | 23   | 0.25             | (0.08)             |
| Diluted profit/(loss) per share (cents)  | 23   | 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 2021**

|  | Note | Consolidated     |                    |
|--|------|------------------|--------------------|
|  |      | 2021<br>\$       | 2020<br>\$         |
| <b>Current assets</b>                  |      |                  |                    |
| Cash and cash equivalents              | 5    | 2,671,488        | 58,501             |
| Other receivables                      |      | -                | 27,599             |
| <b>Total current assets</b>            |      | <b>2,671,488</b> | <b>86,100</b>      |
| <b>Non-current assets</b>              |      |                  |                    |
| Plant and equipment                    |      | -                | -                  |
| Exploration and evaluation expenditure | 6    | 1,474,200        | 1,150,351          |
| Investment in unlisted shares          | 7    | -                | -                  |
| <b>Total non-current assets</b>        |      | <b>1,474,200</b> | <b>1,150,351</b>   |
| <b>Total assets</b>                    |      | <b>4,145,688</b> | <b>1,236,451</b>   |
| <b>Current liabilities</b>             |      |                  |                    |
| Trade and other payables               | 9    | 524,407          | 1,706,111          |
| Unissued Shares/Options                | 8    | 688,243          | -                  |
| Borrowings                             | 10   | 4,332            | 1,705,164          |
| Provisions                             |      | 53,460           | 29,726             |
| <b>Total current liabilities</b>       |      | <b>1,270,442</b> | <b>3,441,001</b>   |
| <b>Total liabilities</b>               |      | <b>1,270,442</b> | <b>3,441,001</b>   |
| <b>Net assets/(liabilities)</b>        |      | <b>2,875,246</b> | <b>(2,204,550)</b> |
| <b>Equity</b>                          |      |                  |                    |
| Contributed equity                     | 11   | 124,076,671      | 120,483,368        |
| Share-based payment reserve            | 12   | 13,180,169       | 12,995,472         |
| Foreign exchange translation reserve   | 13   | 17,965,094       | 17,868,930         |
| Accumulated losses                     |      | (152,384,688)    | (153,552,320)      |
| <b>Total equity/(deficiency)</b>       |      | <b>2,875,246</b> | <b>(2,204,550)</b> |

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



**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2021**

|   | Note | Consolidated                        |                                     |
|---|------|-------------------------------------|-------------------------------------|
|   |      | 2021<br>\$<br>Inflows<br>(Outflows) | 2020<br>\$<br>Inflows<br>(Outflows) |
| <b>Cash flows from operating activities</b>                       |      |                                     |                                     |
| Receipts from rental and other income                             |      | 49,708                              | 35,733                              |
| Payments to suppliers and employees                               |      | (887,512)                           | (760,258)                           |
| Interest received   |      | -                                   | 127                                 |
| <b>Net cash flow (used in) operating activities</b>               | 5a   | <b>(837,804)</b>                    | <b>(724,398)</b>                    |
| <b>Cash flows from investing activities</b>                       |      |                                     |                                     |
| Payments for exploration costs                                    |      | (319,738)                           | (320,304)                           |
| Payment for Purchase of Assets                                    |      | -                                   | (1,545)                             |
| <b>Net cash flow (used in) investing activities</b>               |      | <b>(319,738)</b>                    | <b>(321,849)</b>                    |
| <b>Cash flows from financing activities</b>                       |      |                                     |                                     |
| Proceeds from issue of shares                                     |      | 4,197,793                           | 757,000                             |
| Share issue costs   |      | (174,833)                           | (38,788)                            |
| Proceeds from Borrowings  |      | -                                   | 421,400                             |
| Repayment of Borrowings   | 10   | (256,629)                           | (75,000)                            |
| <b>Net cash flow provided by financing activities</b>             |      | <b>3,766,331</b>                    | <b>1,064,612</b>                    |
| <b>Net increase/ (decrease) in cash and cash equivalents held</b> |      | <b>2,608,789</b>                    | <b>18,365</b>                       |
| Cash and cash equivalents at the beginning of the financial year  |      | 58,501                              | 40,136                              |
| Effects of exchange rate changes on cash and cash equivalents     |      | 4,198                               | -                                   |
| <b>Cash and cash equivalents at the end of the financial year</b> | 5    | <b>2,671,488</b>                    | <b>58,501</b>                       |

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 24th September 2021.

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 2021*

In the year ended 30 June 2021, 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 2021. 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 2021, the carrying value of exploration and evaluation assets is \$1,474,200 (2020: \$1,150,351).

#### 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.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## Going Concern

The Group recorded a net profit after tax of \$1,205,632 (2020: loss of \$1,036,379) and recorded operating cash outflows of \$837,804 (2020: \$724,498) for the year ended 30 June 2021. As at 30 June 2021 the Group has net assets of \$2,875,246 (2020: net liabilities of (\$2,204,550)) that includes a cash balance of \$2,671,488.

Subsequent to year end, 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. In addition, the Company has committed USD2.6 million to drilling of the Company's Bowsprit Project.

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 NL ('company' or 'parent entity') as at 30 June 2021 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

## NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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.

Revenue received from the sale of products, material or services during the exploration and evaluation phase of operations is offset against expenditure in respect of the area of interest or hydrocarbon resource concerned.

#### *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 or 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 the 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

## NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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 NL 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.

## **NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

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.

### **S COVID-19**

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the consolidated entity up to 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

## 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 2021.

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

| 30 June 2020                          | Australia<br>\$ | USA<br>\$ | Unallocated<br>\$ | Consolidated<br>\$ |
|---------------------------------------|-----------------|-----------|-------------------|--------------------|
| Revenue - oil and gas sales           | -               | -         | -                 | -                  |
| Other income                          | 35,860          | -         | -                 | 35,860             |
| <b>Total segment revenue</b>          | <b>35,860</b>   | -         | -                 | <b>35,860</b>      |
| Segment result after income tax       | (1,081,462)     | 45,083    | -                 | (1,036,379)        |
| Total segment assets                  | 1,204,419       | 32,032    | -                 | 1,236,451          |
| Segment liabilities                   | 2,307,921       | 1,133,080 | -                 | 3,441,001          |
| Segment amortisation and depreciation | 6,282           | -         | -                 | 6,282              |

#### 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     |               |
|--|------------------|---------------|
|  | 2021<br>\$       | 2020<br>\$    |
| <b>a Other Income</b>                        |                  |               |
| Rental and other income                      | (4,311)          | 3,603         |
| Government assistance                        | 46,278           | 32,130        |
| Loan/creditor extinguishment                 | 1,877,926        | -             |
| Interest income from non-related parties     | -                | 127           |
|  | <b>1,919,893</b> | <b>35,860</b> |
| <b>b Depreciation Expense</b>                |                  |               |
| Depreciation - property, plant and equipment | -                | 6,282         |
| <b>c Finance Expense</b>                     |                  |               |
| Interest expense                             | (21,267)         | 123,400       |
| <b>d Miscellaneous Expenses</b>              |                  |               |
| Rental expense - operating lease             | 19,074           | 28,058        |
| <b>e Investment</b>                          |                  |               |
| Fair value movement of investment            | -                | 12,927        |

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## 4. Income Tax

|   | Consolidated |             |
|---|--------------|-------------|
|   | 2021<br>\$   | 2020<br>\$  |
| <b>a Income Tax Expense</b>   |              |             |
| Current tax   | -            | -           |
| Deferred tax  | -            | -           |
| <b>b Reconciliation of income tax expense to prima facie tax payable:</b> |              |             |
| Profit/(loss) before income tax   | 1,205,632    | (1,036,379) |
| Prima facie income tax at 30% (2020: 30%)                                 |              |             |
| - Group   | 361,690      | (310,914)   |
| Tax rate differential   | (57,308)     |             |
| Tax effect of amounts not deductible in calculating taxable income:       |              |             |
| Other permanent differences   | 123,219      | 220,814     |
| Deferred tax asset on current year losses not recognised                  | -            | 90,100      |
| Deferred Tax asset temporary differences not brought to account           | (32,818)     | -           |
| Recoupment of prior -year tax losses not previously brought to account    | (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) | (806) |
| Difference in overseas tax rates                   | -        | -     |
| Off-set of deferred tax assets                     | 15,786   | 806   |
| Net deferred tax liabilities recognised            | 15,786   | 806   |

### d Unrecognised deferred tax assets arising on timing differences

|  |                   |                   |
|--|-------------------|-------------------|
| Tax losses – Australia                         | 4,510,468         | 5,143,764         |
| Tax losses – USA                               | 18,060,137        | 19,936,779        |
| Temporary differences – Australia              | 39,697            | 35,183            |
| Temporary differences – USA                    | -                 | -                 |
|  | <b>22,610,303</b> | <b>25,115,726</b> |
| Difference in overseas tax rate                | (15,786)          | (806)             |
| Off-set of deferred tax liabilities            | (15,786)          | (806)             |
| Net deferred tax assets not brought to account | <b>22,594,517</b> | <b>25,114,920</b> |

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## 5. Cash and Cash Equivalentents

|                                    | Consolidated     |               |
|------------------------------------|------------------|---------------|
|                                    | 2021<br>\$       | 2020<br>\$    |
| Cash at bank and on-hand (Note 17) | 2,671,488        | 58,501        |
| Term Deposits                      | -                | -             |
|                                    | <b>2,671,488</b> | <b>58,501</b> |

Cash at bank bears floating interest rates between 0% and 0.2% (2020: 0% and 0.2%).

### Non-cash financing and investing activities

#### 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.

#### 2020

As at 30 June 2020 the Directors had converted a total of \$70,000 of loan funds and accrued salary to ordinary shares in the Company.

|   | Consolidated     |                  |
|---|------------------|------------------|
|   | 2021<br>\$       | 2020<br>\$       |
| <b>a Reconciliation of (loss) after income tax with Cash Flow from Operations</b> |                  |                  |
| Profit/(Loss) after income tax  | 1,205,632        | (1,036,379)      |
| Non-cash flows in profit/(loss)   |                  |                  |
| - Depreciation  | -                | 6,282            |
| - Fair Value Movement of Investment   | -                | 12,927           |
| -Exploration impairment   | 28,317           | -                |
| - Share Based Payments  | 35,197           | 32,813           |
| - Other including accrued Interest  | 10,477           | 99,558           |
| -Creditor forgiveness (Directors fees)  | (173,622)        | -                |
| -Winform loan forgiveness   | (1,019,872)      | -                |
| -US creditor extinguishment   | (665,070)        | -                |
| -Net finance costs  | (25,618)         | -                |
| Changes in assets and liabilities   |                  |                  |
| - (Increase)/decrease in trade and other receivables                              | 27,598           | 21,959           |
| - Increase/(decrease) in trade and other payables                                 | (260,843)        | 138,442          |
| -Cash flow used in operations   | <b>(837,804)</b> | <b>(724,398)</b> |

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## 6. Exploration and Evaluation Expenditure

|   | Consolidated     |                  |
|---|------------------|------------------|
|   | 2021<br>\$       | 2020<br>\$       |
| Carried forward                                   | 1,150,351        | 775,495          |
| Net expenses incurred in the year and capitalized | 352,166          | 374,856          |
| Expenditure impairment                            | (28,317)         | -                |
| Net carrying value                                | <b>1,474,200</b> | <b>1,150,351</b> |

### 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

#### 2021

\$28,317 exploration was impaired relating subsidiary Sun Delta (USA) (2020: \$Nil).

## 7. Investments

|                                   | Consolidated |            |
|-----------------------------------|--------------|------------|
|                                   | 2021<br>\$   | 2020<br>\$ |
| Carrying value - opening          | -            | 12,762     |
| Acquisition of shares in Pinnacle | -            | -          |
| Write down to fair value          | -            | (12,762)   |
| Foreign Exchange movement         | -            | -          |
| Net carrying value - closing      | -            | -          |

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 25<sup>th</sup> 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 this agreement was extended by mutual agreement to 14 March 2022. Management has assessed the current value of the Pinnacle investment to be A\$Nil. As such the fair value of the investment has been reduced by \$12,762 in 2020. This is a judgement applied by management to assess the fair value of the investment at 30 June 2020 and 30 June 2021. Refer to Note 18 for fair value measurement disclosure.

## 8. Unissued Shares/Options

The Company conducted a Capital Raising in May/June 2021. Tranche 2 of this was finalised subsequent to 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.

## NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 9. Trade and Other Payables – Current

|                                | Consolidated |            |
|--------------------------------|--------------|------------|
|                                | 2021<br>\$   | 2020<br>\$ |
| Trade and Other Payables (i)   | 281,805      | 711,811    |
| Richland Bankruptcy (ii)       | 242,602      | 265,756    |
| Weatherford Dispute (iii)      | -            | 728,544    |
| Total Trade and Other Payables | 524,407      | 1,706,111  |

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 \$524,407 is held in the US subsidiaries of Prominence Energy Ltd. Sun Delta Inc, in particular, holds \$242,602 of the total trade payables as disclosed in Note 8 (ii)

The following are also recorded as other payables at 30 June 2021:

#### (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.

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.

#### (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 (2019: US\$500,000) liability as part of trade and other payables.

In May 2021 our general counsel in the US advised that the statute of limitations in connection with the contingent liability historically described as the "Weatherford Dispute" has expired. As a result the previously recognised liability of USD 500,000 has been written off. The amount has been recognised as liability extinguishment and is reflected as part of revenue (AUD 665,071) in the consolidated statement of profit or loss and other comprehensive Income for the year ended 30 June 2021.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## 10. Borrowings

Changes in Liabilities arising from financing liabilities

| 2021   | 1 July 2020      | Cash Flows |                  |                  | Non-cash changes   |                      | 30 June 2021 |
|--|------------------|------------|------------------|------------------|--------------------|----------------------|--------------|
|  |                  | Drawdown   | Repayment        | Interest Accrual | Fair Value Changes | Conversion to shares |              |
| 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)           | -                    | -            |
| <b>Total Liabilities from financing Activities</b> | <b>1,688,766</b> | <b>-</b>   | <b>(256,629)</b> | <b>23,988</b>    | <b>(1,069,872)</b> | <b>(386,253)</b>     | <b>-</b>     |

| 2020   | 1 July 2019      | Cash Flows     |                 |                  | Non-cash changes   |                      | 30 June 2020     |
|--|------------------|----------------|-----------------|------------------|--------------------|----------------------|------------------|
|  |                  | Drawdown       | Repayment       | Interest Accrual | Fair Value Changes | Conversion to shares |                  |
| Director Loans                                     | 108,494          | 80,000         | (75,000)        | 10,259           | -                  | (20,204)             | 103,549          |
| Convertible Notes                                  | 1,166,850        | 325,000        | -               | 111,147          | (50,000)           | (17,780)             | 1,535,217        |
| Derivative Liability                               | -                | -              | -               | -                | 50,000             | -                    | 50,000           |
| <b>Total Liabilities from financing Activities</b> | <b>1,275,344</b> | <b>405,000</b> | <b>(75,000)</b> | <b>121,406</b>   | <b>-</b>           | <b>(37,984)</b>      | <b>1,688,766</b> |

### Short-term borrowings

|                               |
|-------------------------------|
| Convertible Notes a)          |
| Derivative liability b)       |
| Loans from related Parties c) |
| Short-term loan facility      |
| Current liability             |

| Consolidated |                  |
|--------------|------------------|
| 2021         | 2020             |
| \$           | \$               |
| -            | 1,535,217        |
| -            | 50,000           |
| -            | 103,549          |
| 4,332        | 16,398           |
| <b>4,332</b> | <b>1,705,164</b> |

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## a) Convertible Notes

### Reconciliation of movement in convertible notes

|  | Consolidated |            |
|--|--------------|------------|
|  | 2021<br>\$   | 2020<br>\$ |
| <b>Movement in convertible notes on issue</b>          |              |            |
| Balance at the beginning of the year                   | 1,535,217    | 957,806    |
| Issued during the year                                 | -            | 275,000    |
| Capitalised borrowing costs                            | 17,781       | (17,780)   |
| Accreted interest                                      | -            | 50,000     |
| Forgiven Amount (Winform loan)                         | (1,019,872)  | -          |
| Converted amount (29 July 2020 and 12 October 2020)    | (341,253)    | -          |
| Converted amount – other settlement (cash and options) | (195,000)    | -          |
| Interest on convertible notes                          | 3,127        | 270,191    |
| Closing Balance Convertible Notes                      | -            | 1,535,217  |

### Winform Convertible Loan Facility

In August 2020, the Company has reached an agreement with Winform Nominees Pty Ltd (ACN 152 706 717) (**Winform**) in respect of the loan the subject of the Converting Loan Agreement entered into in February 2015 that is repayable on the earlier of 31 March 2021 and the Company entering into a "Transaction" (capital raising of at least \$15 million or takeover). Due to the delay in the Company finalising a farm-out of its interest in the Bowsprit Project due to COVID-19, the debt the subject of the Converting Loan Agreement has been restructured in a deal that is acceptable to both parties. Under this deal, Winform agreed to accept the following consideration of releasing the Company of its obligations under the Converting Loan Agreement and as consideration for the release of the security provided for the loan:

- \$150,000 payable by the Company to Winform from the proceeds of the Rights Issue.
- the issue by the Company of 15 million Options at deemed issue price of \$0.003 for a total value of \$45,000 (exercise price of 2c per option, expiry date of 1 October 2023; and
- a 1% royalty granted by its subsidiary, Sun Louisiana LLC, on the Company's net production of hydrocarbons produced from the Bowsprit Project.

Settlement of this Converting Loan Agreement occurred in December 2020. A total of \$1,019,872 was recorded as a gain on forgiveness of debt.

### Convertible Loan Agreements with Related Parties

Ian McCubbing loaned the Company \$50,000 via a Convertible Note facility agreement in the previous financial year. The agreement was settled on the 29<sup>th</sup> July 2020 via the issue of 12,717,596 shares at a deemed price of \$0.004 for a total value of \$50,870. This included the interest component of \$870 which was repaid in shares.

Patric Glovac via GTT Global Opportunities Pty Ltd loaned the Company \$150,000 via a convertible Note facility agreement in the previous financial year. The agreement was settled in July and October 2020 via the issue of 39,648,222 shares at a deemed price of \$0.004 for a total value of \$158,593. This included the interest component of \$8,593 which was repaid in shares.

All Convertible Notes on issue were settled during the 30 June 2021 financial year, on the same terms and conditions as detailed above.

### Convertible Loan Agreements with Shareholders

In December 2019 the Company entered into a convertible loan facility agreement, (Con Note Agreement) with major Shareholders, Bellarine Gold Pty Ltd and Fast Lane Australia Pty Ltd under which the shareholders would loan A\$125,000 to the Company.

On 10<sup>th</sup> July 2020 \$125,000 in Convertible Notes were converted to 32,947,398 shares at a price of 0.4 cents per share in accordance with the terms of the Convertible Note Agreements. This includes an interest component of \$6,790.

## NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### b) Derivative Liability

At 30 June 2020, the Group recognised a derivative liability of \$50,000 in respect to its convertible notes. The movement in the derivative liability for the year ended 30 June 2021, was as follows:

|  | Consolidated |               |
|--|--------------|---------------|
|  | 2020<br>\$   | 2020<br>\$    |
| <b>Opening Balance</b>   | 50,000       | -             |
| Embedded derivative at inception of notes issued during the year | -            | 50,000        |
| Fair value through profit or loss                                | (50,000)     | -             |
| Effect of foreign currency translation at period end             | -            | -             |
| Closing balance  | -            | <b>50,000</b> |

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 2021 financial year:

- Ian McCubbing \$67,500 principal repaid October 2020 \$84,114 (includes interest \$16,614)
- William Bloking \$15,000 principal repaid October 2020 \$22,514 (includes interest \$7,514)

## 11. Issued Capital

|   | Consolidated       |                    |
|---|--------------------|--------------------|
|   | 2021<br>\$         | 2020<br>\$         |
| <b>Contributed Capital</b>                                      |                    |                    |
| 753,572,233 fully paid ordinary shares (2020 : 131,955,682) (i) | 130,884,439        | 126,879,386        |
| Cumulative issue costs of share capital                         | (6,807,768)        | (6,396,018)        |
|   | <b>124,076,671</b> | <b>120,483,368</b> |

(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.

## NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

| Movements in shares on issue   | Date                | Number of<br>Shares | Capital<br>\$      |
|--------------------------------|---------------------|---------------------|--------------------|
| <b>2021</b>                    |                     |                     |                    |
| <b>Ordinary shares</b>         |                     |                     |                    |
| 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                |                     | <b>753,572,233</b>  | <b>124,076,671</b> |

(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 shares on issue | Date           | Number of<br>Shares  | Capital<br>\$      |
|------------------------------|----------------|----------------------|--------------------|
| <b>2020</b>                  |                |                      |                    |
| <b>Ordinary shares</b>       |                |                      |                    |
| Opening balance              | 1 July 2019    | 881,057,588          | 119,786,868        |
| Share Placement              | 18 July 2019   | 60,000,000           | 70,000             |
| Share Placement              | 31 July 2019   | 15,000,000           | 30,000             |
| Share Placement              | 26 August 2019 | 363,500,000          | 727,000            |
| Issue costs of share capital | -              | -                    | (130,500)          |
| Closing balance              |                | <b>1,319,557,588</b> | <b>120,483,368</b> |

## NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### Movements in options Listed (PRMOA)

2021

|                      | Date         | Number of<br>Options |
|----------------------|--------------|----------------------|
| Opening balance      | 1 July 2020  | 393,842,846          |
| Option consolidation | 23 July 2021 | (354,458,605)        |
| Option conversion    | 14 Sep 2020  | (12,000)             |
| Option expiry        | 19 Oct 2020  | (39,372,241)         |
| Closing balance      |              | -                    |

### Movements in options Unlisted

2021

|                      | Date         | Number of<br>Shares |
|----------------------|--------------|---------------------|
| Opening balance      | 1 July 2020  | 303,583,333         |
| Option consolidation | 23 July 2021 | (273,225,004)       |
| Option expiry        | 31 Dec 2020  | (30,358,329)        |
| Closing balance      |              | -                   |

### Movements in Listed options (PRMOB)

2021

|                     | Date        | Number of<br>Options |
|---------------------|-------------|----------------------|
| Opening Balance     | 1 July 2020 | -                    |
| Rights Issue        | Oct 2020    | 120,395,580          |
| Winform Options     | 22 Dec 2020 | 15,000,000           |
| Placement options   | 23 Dec 2020 | 15,000,000           |
| GTT advisor options | 23 Dec 2020 | 50,000,000           |
| Placement Options   | 22 Jan 2021 | 5,000,000            |
| Closing Balance     |             | 205,395,580          |

## NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 12. Share Based Payments Reserve

In the current year the cumulative reserve was \$13,180,169 (2020: \$12,995,772).

|                           | Consolidated      |                   |
|---------------------------|-------------------|-------------------|
|                           | 2021<br>\$        | 2020<br>\$        |
| Opening Balance           | 12,995,772        | 12,811,165        |
| Placement options reserve | 165,000           | 151,794           |
| Performance Rights Issue  | 19,397            | 32,813            |
| Closing balance           | <b>13,180,169</b> | <b>12,995,772</b> |

#### *Share-based payments*

The share-based payments reserve is used to recognise:

- 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 \$17,965,094 (2020: \$17,868,930)

|                              | Consolidated      |                   |
|------------------------------|-------------------|-------------------|
|                              | 2021<br>\$        | 2020<br>\$        |
| Opening Balance              | 17,868,930        | 17,914,013        |
| Foreign currency translation | 96,164            | (45,083)          |
| Closing balance              | <b>17,965,094</b> | <b>17,868,930</b> |

#### *Foreign currency translation*

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income as described in Note 1(E) 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 2021 with respect to the Annual lease.

|  | Consolidated |                |
|--|--------------|----------------|
|  | 2021<br>\$   | 2020<br>\$     |
| Within one year (ii)                               | -            | 146,525        |
| Later than one year, but not later than five years | -            | -              |
|  | <b>-</b>     | <b>146,525</b> |

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## Oil Projects Lease Renewal

The Company held the following net lease acres at the 30 June 2020:

|  | Net Acres<br>30 June 2021 | Net Acres<br>30 June 2020 |
|--|---------------------------|---------------------------|
| 50% Bowsprit Oil Project SL21754 & SL21787 (i) | 577                       | 577                       |

(i) Refer to Note 23 subsequent event . Interest is now 100%

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

## 15. Share-based Payments

### (a) Performance Rights issued in the prior year

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 | : 2,250,000        |
| 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 \$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 – Probable 31 December 2021 |
| Tranche B – Lapsed                    |
| Tranche C – Probable 31 December 2021 |

As a result the Company has recognised share based payments of \$10,314 during the period:

|                                      |
|--------------------------------------|
| Tranche A – \$1,554 (2020: \$32,813) |
| Tranche C – \$8,760                  |

The probability is reassessed at each reporting date.

### (b) Performance rights issued in the current year

The Company issued a total of 18 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  |
|---------------------------------|--|--|
| Ian McCubbing<br>(or Nominee)   | Chairman since 2017                          | 5 million Plan Performance Rights comprising: <ul style="list-style-type: none"> <li>• 2.5 million Class A Plan Performance Rights</li> <li>• 2.5 million Class B Plan Performance Rights</li> </ul> |
| Alexander Parks<br>(or Nominee) | Managing Director Since 2017                 | 8 million Plan Performance Rights comprising: <ul style="list-style-type: none"> <li>• 4 million Class A Plan Performance Rights</li> <li>• 4 million Class B Plan Performance Rights</li> </ul>     |
| Patric Glovac<br>(or Nominee)   | Non-executive Board Member since August 2019 | 3 million Plan Performance Rights comprising: <ul style="list-style-type: none"> <li>• 1.5 million Class A Plan Performance Rights</li> <li>• 1.5 million Class B Plan Performance Rights</li> </ul> |
| Anna MacKintosh<br>(or nominee) | Company Secretary since October 2020         | 1 million Plan Performance Rights comprising: <ul style="list-style-type: none"> <li>• 0.5 million Class A Plan Performance Rights</li> <li>• 0.5 million Class B Plan Performance Rights</li> </ul> |

## NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Plan Performance Rights were 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 |

The Company at the time of issue, engaged an expert to determine a value for the Performance Rights using the *Barrier*1 valuation model developed by Hoadley Trading & Investment Tools, which uses a trinomial lattice calculation. Inputs to determine the valuation are as follows:

| Item                       | Class A    | Class B    |
|----------------------------|------------|------------|
| Valuation date             | 23/03/2021 | 23/03/2021 |
| Spot price                 | \$0.012    | \$0.012    |
| Exercise price             | Nil        | Nil        |
| Barrier Price              | \$0.025    | \$0.035    |
| Expiry date                | 23/03/2024 | 23/03/2024 |
| Expected future volatility | 100%       | 100%       |
| Risk free rate             | 0.08%      | 0.08%      |
| Dividend yield             | Nil        | Nil        |

The company has recognised share based payments of \$9,083 during the period:

|         |         |
|---------|---------|
| Class A | \$4,778 |
| Class B | \$4,305 |
| Total   | \$9,083 |

### 16. 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.

#### c Director and other key Management personnel compensation

Short-term employee benefits - paid

Short-term employee benefits – accrued and unpaid

|   | Consolidated |         |
|---|--------------|---------|
|   | 2021         | 2020    |
|   | \$           | \$      |
| Short-term employee benefits - paid               | 297,049      | 326,957 |
| Short-term employee benefits – accrued and unpaid | 23,734       | 110,773 |

## NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

|                          |                |                |
|--------------------------|----------------|----------------|
| Post-employment benefits | 24,864         | 21,335         |
| Share-based payments     | 36,038         | 74,813         |
|                          | <b>381,685</b> | <b>533,878</b> |

### Loans from subsidiaries and loans from Directors and Executives

During the period the following related party transaction occurred:

#### Directors 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 December 2020 half year:

I McCubbing \$67,500 principal repaid October 2020 \$84,114.35 (includes interest \$16,614.35)

W Bloking \$15,000 principal repaid October 2020 \$22,514.59 (includes interest \$7,514.59)

#### Convertible Notes

I McCubbing loaned the Company \$50,000 via a Convertible Note facility agreement in the previous financial year. The agreement was settled on the 29th July 2020 via the issue of 12,717,596 shares at a deemed price of \$0.004 for a total value of \$50,870. This included the interest component of \$870 which was repaid in shares.

Patric Glovac via GTT Global Opportunities Pty Ltd loaned the Company \$150,000 via a convertible Note facility agreement in the previous financial year. The agreement was settled in July and October 2020 via the issue of 39,648,222 shares at a deemed price of \$0.004 for a total value of \$158,593. This included the interest component of \$8,593 which was repaid in shares.

All Convertible Notes on issue were settled during the year ended 30 June 2021, on the same terms and conditions as detailed above.

## 17. Financing Arrangements

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

|                        | Consolidated |            |
|------------------------|--------------|------------|
|                        | 2021<br>\$   | 2020<br>\$ |
| Amounts unused:        |              |            |
| Credit card facilities | 43,600       | 43,600     |
| Amounts used:          |              |            |
| Credit card facilities | 4,332        | 16,400     |

## 18. 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.

## NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Group holds the following financial instruments:

|                              | Consolidated     |                  |
|------------------------------|------------------|------------------|
|                              | 2021<br>\$       | 2020<br>\$       |
| <b>Financial Assets</b>      |                  |                  |
| Cash and cash equivalents    | 2,671,488        | 58,501           |
| Other receivables            | -                | 27,599           |
|                              | <b>2,671,488</b> | <b>86,100</b>    |
| <b>Financial Liabilities</b> |                  |                  |
| Payables                     | 524,407          | 1,706,111        |
| Borrowings                   | 4,332            | 1,705,164        |
| Provisions                   | 53,460           | -                |
| Unissued share/options       | 688,243          | -                |
| Total Payables               | <b>1,270,442</b> | <b>3,411,275</b> |

### 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.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## c Liquidity risk

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

### Maturities of financial assets and liabilities

#### 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 (i) |      |
|--|------|---------------------------------------|--------------------------------|---|---------------------------------|----------------------------------|------------------|------------------------------------|---------------------------|------|
|  |      | \$                                    | \$                             | \$                                      | \$                              | \$                               | \$               | \$                                 | %                         | %    |
| <b>Financial assets</b>                    |      |                                       |                                |   |                                 |                                  |                  |                                    |                           |      |
| Cash assets                                | 5    | 2,671,488                             | -                              | -                                       | -                               | -                                | 2,671,488        | 2,671,488                          | 0.75%                     | -    |
| Other receivables                          | 5    | -                                     | -                              | -                                       | -                               | -                                | -                | -                                  | -                         | -    |
|  |      | <b>2,671,488</b>                      | -                              | -                                       | -                               | -                                | <b>2,671,488</b> | <b>2,671,488</b>                   | -                         | -    |
| <b>Financial liabilities</b>               |      |                                       |                                |   |                                 |                                  |                  |                                    |                           |      |
| Payables                                   | 9    | -                                     | -                              | -                                       | 524,407                         | -                                | 524,407          | 524,407                            | -                         | -    |
| Borrowings                                 | 10   | -                                     | 4,332                          | -                                       | -                               | -                                | 4,332            | 4,332                              | -                         | 7.5% |
|  |      | -                                     | <b>4,332</b>                   | -                                       | <b>524,407</b>                  | -                                | <b>528,739</b>   | <b>528,739</b>                     |                           |      |
| <b>Net financial assets/ (liabilities)</b> |      | <b>2,671,488</b>                      | <b>(4,332)</b>                 | -                                       | <b>(524,407)</b>                | -                                | <b>2,142,749</b> | <b>2,142,749</b>                   |                           |      |

#### 2020 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 2020 | Average interest rate (i) |      |
|--|------|---------------------------------------|--------------------------------|---|---------------------------------|----------------------------------|--------------------|------------------------------------|---------------------------|------|
|  |      | \$                                    | \$                             | \$                                      | \$                              | \$                               | \$                 | \$                                 | %                         | %    |
| <b>Financial assets</b>                    |      |                                       |                                |   |                                 |                                  |                    |                                    |                           |      |
| Cash assets                                | 5    | 58,501                                | -                              | -                                       | -                               | -                                | 58,501             | 58,501                             | 0.75%                     | -    |
| Other receivables                          | 5    | -                                     | -                              | -                                       | -                               | 27,599                           | 27,599             | 27,599                             | -                         | -    |
|  |      | <b>58,501</b>                         | -                              | -                                       | -                               | <b>27,599</b>                    | <b>86,100</b>      | <b>86,100</b>                      | -                         | -    |
| <b>Financial liabilities</b>               |      |                                       |                                |   |                                 |                                  |                    |                                    |                           |      |
| Payables                                   | 9    | -                                     | -                              | -                                       | 1,706,111                       | -                                | 1,706,111          | 1,706,111                          | -                         | -    |
| Borrowings                                 | 10   | -                                     | 1,705,164                      | -                                       | -                               | -                                | 1,705,164          | 1,705,164                          | -                         | 7.5% |
|  |      | -                                     | <b>1,705,164</b>               | -                                       | <b>1,706,111</b>                | -                                | <b>3,411,275</b>   | <b>3,411,275</b>                   |                           |      |
| <b>Net financial assets/ (liabilities)</b> |      | <b>58,501</b>                         | <b>(1,705,164)</b>             | -                                       | <b>(1,706,111)</b>              | <b>27,599</b>                    | <b>(3,325,175)</b> | <b>(3,325,175)</b>                 |                           |      |

## 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.

## NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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 2021, 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 |            |
|--|--------------|------------|
|  | 2021<br>\$   | 2020<br>\$ |
| Derivative liability of the convertible loan (Level 2) now settled | -            | 50,000     |
| Investment in Pinnacle (Level 2)                                   | -            | -          |

## 19. Contingencies

Other than the potential claims as described in Note 8, there are no other contingent liabilities or assets as at 30 June 2021. Subsequent to year end a storm contingent liability amounting to USD 247,500 relating to the Bowsprit drilling is in place.

## 20. Parent Entity Information

The following details information related to the parent entity, Prominence Energy Ltd at 30 June 2021. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

|  | Parent           |                    |
|--|------------------|--------------------|
|  | 2021<br>\$       | 2020<br>\$         |
| Current assets                                 | 2,671,488        | 85,086             |
| Non-current assets                             | -                | 18,282             |
| <b>Total assets</b>                            | <b>2,671,488</b> | <b>103,368</b>     |
| Current liabilities                            | 901,151          | 2,307,920          |
| Non-current liabilities                        | -                | -                  |
| <b>Total liabilities</b>                       | <b>901,151</b>   | <b>2,307,920</b>   |
| Contributed equity                             | 124,076,671      | 120,483,368        |
| Accumulated losses                             | (135,113,618)    | (135,683,402)      |
| Share based payment reserve                    | 13,180,178       | 12,995,482         |
| <b>Total equity/ (deficiency)</b>              | <b>2,143,231</b> | <b>(2,204,552)</b> |
| Profit/(Loss) for the year                     | 569,805          | (1,081,462)        |
| Other comprehensive income/(loss) for the year | -                | -                  |
| <b>Total comprehensive income for the year</b> | <b>569,805</b>   | <b>(1,081,462)</b> |

## NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 21. Investment in Controlled Subsidiaries

| Prominence Energy Ltd and its subsidiaries:                  |   | Country of Incorporation | 2021<br>Equity Holding<br>% | 2020<br>Equity Holding<br>% |
|--|---|--------------------------|-----------------------------|-----------------------------|
| Prominence Energy Ltd (parent entity)                        | a | Perth, AU                | 100                         | 100                         |
| Prominence Investments Pty Ltd<br>(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,<br>USA        | 100                         | 100                         |

- 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.

### 22. 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        |               |
|--|---------------|---------------|
|  | 2021<br>\$    | 2020<br>\$    |
| <b>a Audit services</b>                          |               |               |
| Audit and review of financial reports            | 38,918        | 27,000        |
| <b>Total remuneration for audit services</b>     | <b>38,918</b> | <b>27,000</b> |
| <b>b Non-audit services</b>                      |               |               |
| Compliance services                              | -             | -             |
| <b>Total remuneration for non-audit services</b> | <b>-</b>      | <b>-</b>      |

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.

### 23. Loss per Share

|  | Parent      |             |
|--|-------------|-------------|
|  | 2021<br>\$  | 2020<br>\$  |
| Profit/(Loss) used to calculate basic loss per share   | 1,205,632   | (1,036,379) |
| Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS (i) | 472,395,558 | 127,188,956 |

(i) Weighted average number of shares has been adjusted retrospectively for the 1 for 10 share consolidation that took place 23 July 2020

## NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 24. Events after the Reporting Date

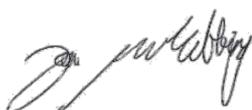
The following material events occurred subsequent to the end of the year:

1. A Shareholders meeting was held on 2 July 2021 where all resolutions were passed via a poll. As a result, the following occurred-  
Tranche 2 of the placement was completed (172,485,553 shares at \$0.01) raising \$1,724,856 (before costs)  
106,666,667 free attaching listed options (PRMOB) were issued to Placement participants.  
The issue of 60 million broker options (PRMOB) in relation to the Placement  
Issue of Pinnacle MOU extension shares (1,200,000)
2. On the 19th July the Company announced the appointment of Mr Troy Hayden as an independent non-executive director of the Company to strengthen the oil and gas experience on the Board effective 16 July 2021. Mr Patric Glovac resigned at this time.
3. On 20th July 2021 the company announced that a Rig Contract had been signed with Parker drilling for rig 55B for the planned drilling program at the Bowsprit project. The planned Drilling program was to commence in August 2021, however delays due to Hurricane Ida, has pushed out the start date.
4. On 26 July the Company announced it would not be proceeding with the investment to acquire 20% Patriot Hydrogen.
5. PRM secured a 100% working Interest in Bowsprit Project via the acquisition of Pinnacle Energy International (USA) I LLC executed on 20 August effective 1 August 2021. PRM issued 20,524,114 shares to Pinnacle to complete the buy-out. Pinnacle has been granted a 5% Royalty on future production from the leases.
6. On 26th August, the Company raised \$750,000 by way of an unsecured convertible note. The note is repayable on 31 January 2022 if not exercised prior and the price of the Conversion is a 20% discount to the VWAP of the 10 trading days immediately preceding receipt of notice of conversion. The coupon rate is 10%pa payable at maturity. The Company in addition issued 7.5m listed PRMOB options with an exercise price of \$0.02 and expiry 1 September 2023, on a basis of 10 options for every \$1 loaned via the convertible note.

## 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 20 to 48 and the Remuneration report on pages 9 to 15 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 2021 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 2021.
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 Ian McCubbing**  
**Chairman**  
Perth, Western Australia  
24 September 2021

## **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 2021, 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 2021 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.

#### **hlb.com.au**

#### **HLB Mann Judd (WA Partnership) ABN 22 193 232 714**

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

**T:** +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au

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| <b>Key Audit Matter</b> | <b>How our audit addressed the key audit matter</b> |
|-------------------------|---|
|-------------------------|---|

|   |  |
|---|--|
| <b>Carrying amount of deferred exploration and evaluation expenditure</b> |  |
|---|--|

Refer to 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 2022 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.

|  |  |
|--|--|
| <b>Accounting for share based payments</b> |  |
|--|--|

Refer to Note 12

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 financial report for the year ended 30 June 2021, 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 2021.

In our opinion, the Remuneration Report of Prominence Energy Ltd for the year ended 30 June 2021 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**  
**Chartered Accountants**

**Perth, Western Australia**  
**24 September 2021**



**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](http://www.prominenceenergy.com.au)

## ADDITIONAL SHAREHOLDER INFORMATION

The issued capital of the Company as at 3 September 2021 is 946,581,930 ordinary fully paid shares and 379,562,247 listed options at 2 cents each expiring 1 September 2023

### Distribution of Shareholding as at 3 September 2021

|   | <b>Fully Paid<br/>Ordinary Shares</b> |
|---|---------------------------------------|
| Number of Shareholders                                      | 1,242                                 |
| Percentage of holdings by twenty largest holders            | 52.19 %                               |
| Holders of less than a marketable parcel                    | 379                                   |
| Number of holders in the following distribution categories: |                                       |
| 0 - 1,000   | 43,002                                |
| 1,001 - 5,000   | 147,454                               |
| 5,001 - 10,000  | 186,269                               |
| 10,001 - 100,000  | 24,795,978                            |
| 100,001 and over  | 921,409,227                           |
|   | <hr/> <b>946,581,930</b>              |

### On-market buy-back

There is no current on-market buy-back.

### Distribution of Option-holding as at 3 September 2021

#### Listed Options at 2 cent options expiring 1 September 2023

|   | <b>Listed Options</b>    |
|---|--------------------------|
| Number of holders in the following distribution categories: |                          |
| 0 - 1,000   | 3,371                    |
| 1,001 - 5,000   | 27,646                   |
| 5,001 - 10,000  | 31,580                   |
| 10,001 - 100,000  | 3,063,859                |
| 100,001 and over  | 376,435,791              |
|   | <hr/> <b>379,562,247</b> |

Number of Option-holders 305

## 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 3 September 2021:

|    |   | No. of<br>Shares   | Percentage   |
|----|---|--------------------|--------------|
| 1  | MR DAVID NEATE  | 160,000,000        | 16.90        |
| 2  | BELLARINE GOLD PTY LTD  | 54,596,245         | 5.77         |
| 3  | GTT GLOBAL OPPORTUNITIES PTY LTD                                    | 54,148,222         | 5.72         |
| 4  | MR JAMES IAN MCCUBBING  | 25,062,514         | 2.65         |
| 5  | HIX CORP PTY LTD <HIX CORPA/C>                                      | 23,675,000         | 2.50         |
| 6  | PINNACLE EXPLORATION PTE LTD  | 21,724,144         | 2.30         |
| 7  | MR YUEJIN LI + MR DAVID SHUO LI <GOLDENCONCEPT FUND A/C>            | 18,000,000         | 1.90         |
| 8  | MR PHILLIP CHARLES HONEYMAN + MRS MOLLY IRENE ROHAN <MIAMI FUND     | 15,000,000         | 1.58         |
| 9  | MR BORIS PATKIN   | 15,000,000         | 1.58         |
| 10 | BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAIL CLIENT DRP>         | 11,663,708         | 1.23         |
| 11 | MR JACK YUEJIN LI   | 11,000,000         | 1.16         |
| 12 | MR CARL JOSHUA THOMAS   | 10,871,684         | 1.15         |
| 13 | SUBURBAN HOLDINGS PTY LIMITED <THE SUBURBAN SUPER FUND A/C>         | 10,000,001         | 1.06         |
| 14 | HARBIG NOMINEES PTY LTD   | 10,000,000         | 1.06         |
| 15 | MR GARY WAYNE BRADY + MRS VIKASHNI LATA BRADY                       | 10,000,000         | 1.06         |
| 16 | MURDOCH CAPITAL PTY LTD <GLOVAC SUPER FUND>                         | 10,000,000         | 1.06         |
| 17 | MR ALEXANDER BEVAN PARKS  | 8,750,000          | 0.92         |
| 18 | MOUNTS BAY INVESTMENTS PTY LTD <CT SUPER FUND A/C>                  | 8,500,000          | 0.90         |
| 19 | CM SUPER FUND PTY LTD <CAROL MCCOLL SUPER FUND A/C>                 | 8,000,000          | 0.85         |
| 20 | GOTHA STREET CAPITAL PTY LTD <BLUE SKY NO.2 A/C>                    | 8,000,000          | 0.85         |
|    | <b>Totals: Top 20 Holders Of Ordinary Fully Paid Shares (Total)</b> | <b>493,991,516</b> | <b>52.19</b> |
|    | <b>Total Remaining Holders Balance</b>                              | <b>452,590,414</b> | <b>47.81</b> |

## 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 3 September 2021: |   | No. of Listed Options | Percentage   |
|--|---|-----------------------|--------------|
| 1  | MR DAVID NEATE  | 32,758,593            | 8.63         |
| 2  | MOUNTS BAY INVESTMENTS PTY LTD <CT SUPER FUND A/C>      | 20,005,000            | 5.27         |
| 3  | MURDOCH CAPITAL PTY LTD <GLOVAC SUPERFUND A/C>          | 17,833,333            | 4.70         |
| 4  | GTT GLOBAL OPPORTUNITIES PTY LTD                        | 15,000,000            | 3.95         |
| 5  | WINFORM NOMINEES PTY LTD                                | 15,000,000            | 3.95         |
| 6  | SMILOVIC FAMILY SUPERFUND PTY LTD <SMILOVIC FAM SF A/C> | 11,036,667            | 2.91         |
| 7  | MS BARBARA SIE-HWA HENG                                 | 10,000,000            | 2.63         |
| 8  | SYRACUSE CAPITAL PTY LTD <THE TENACITY A/C>             | 10,000,000            | 2.63         |
| 9  | BELLARINE GOLD PTY LTD                                  | 8,327,633             | 2.19         |
| 10   | JL AND RA ROBERTS PTY LTD                               | 8,000,000             | 2.11         |
| 11   | MOUNTS BAY INVETSMENTS PTY LTD <CT SUPER FUND A/C>      | 7,666,667             | 2.02         |
| 12   | MR DANIEL AARON HYLTON TUCKETT                          | 7,536,403             | 1.99         |
| 13   | MR BORIS PATKIN   | 6,500,000             | 1.71         |
| 14   | MR REECE ANDREW O'CONNELL                               | 6,000,000             | 1.58         |
| 15   | ROCELLE PTY LTD <ROCELLE SUPER A/C>                     | 5,000,000             | 1.32         |
| 16   | AHM NSW PTY LTD   | 4,135,458             | 1.09         |
| 17   | MR BENJAMIN COLE HUNT                                   | 4,000,000             | 1.05         |
| 18   | MR MICHAEL ZOLLO  | 4,000,000             | 1.05         |
| 19   | KG VENTURE HOLDINGS PTY LTD <KG VENTURE HOLDINGS A/C>   | 3,666,667             | 0.97         |
| 20   | KODIP PTY LTD <KODIP SUPER FUND A/C>                    | 3,500,000             | 0.92         |
| <b>Totals: Top 20 Holders of Listed Options at 1 cent expiring 19 October</b>    |   | <b>199,966,421</b>    | <b>52.68</b> |
| <b>Total Remaining Holders Balance</b>   |   | <b>179,595,826</b>    | <b>47.32</b> |

### Shareholding

#### Substantial Shareholders

Names of the substantial Shareholders listed on the Company's register at 3 September 2021 in accordance with the section 671B of the Corporations Act 2001 are:

| Name                             | No. of Shares | Percentage |
|----------------------------------|---------------|------------|
| Mr David Neate                   | 160,000,000   | 16.90%     |
| Bellarine Gold Pty Ltd           | 54,596,245    | 5.77%      |
| GTT Global Opportunities Pty Ltd | 54,148,222    | 5.72%      |

#### Unquoted Securities

The Company has the following Performance Rights on its Register

Class A 7,000,000

Class B 7,000,000

## ADDITIONAL SHAREHOLDER INFORMATION

### Company Secretary

The name of the Company Secretary is Mrs Anna MacKintosh

### 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 2020 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.

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

*(Total acres are approximate, as at 30 June 2020 prior to moving to 100% Working in project, NRI 73% )*