# TERRITORY GAS PTY LTD

ACN: 639 119 734

## CONSOLIDATED FINANCIAL REPORT

## 30 JUNE 2020 & 30 JUNE 2021

# CONTENTS

# DIRECTORS REPORT

Your director presents their report on the consolidated entity consisting of Territory Gas Pty Ltd and the entities it controlled for the financial period commencing from the date of incorporation being 14 February 2020 to 30 June 2020, and the financial year ended 30 June 2021 (together the 'Financial Period'). Throughout the report, the consolidated entity is referred to as the Group.

### DIRECTORS

Mr Paul Williams was the sole director of Territory Gas Pty Ltd during the whole of the Financial Period and up to the date of this report:

As at the date of this report, the interests of the Directors in the shares and options of Territory Gas Pty Ltd were:

| | Number of ordinary shares | Number of options |
|---|---|---|
| Paul Williams | 10,000 | - |

### CORPORATE STRUCTURE

Territory Gas Pty Ltd is a company limited by shares that is incorporated and domiciled in Australia.

### PRINCIPAL ACTIVITIES

The principal activities of the Group during the Financial Period involved exploration for oil and gas in Australia.

There was no significant change in the nature of the activity of the Group during the Financial Period .

### DIVIDENDS

No dividend was declared or paid.

### SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Director there was no significant changes in the state of affairs of the Group that occurred during the Financial Period under review not otherwise disclosed in this report or the financial statements of the Group for the Financial Period.

### FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

There are no further developments of which the Directors are aware which could be expected to affect the results of the Group's operations and plans, other than information which the Director believes comment on, or disclosure of, would prejudice the interests of the Group.

### ENVIRONMENTAL REGULATIONS AND PERFORMANCE

The Director has put in place strategies and procedures to ensure that the Group manages its compliance with environmental regulations. The Director is not aware of any breaches of any applicable environmental regulations.

### PROCEEDINGS ON BEHALF OF GROUP

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Group with leave of the Court under section 237 of the Corporations Act 2001.

**SIGNIFICANT EVENTS AFTER REPORTING DATE**

The Director is not aware of any other significant changes in the state of affairs of the Group or events after the reporting date that would have a material impact on the consolidated financial statements.

Paul Williams
Director
Brisbane
Date: 25 August 2021

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**DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF TERRITORY GAS PTY LTD**

As lead auditor of Territory Gas Pty Ltd for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

**Phillip Murdoch**

**Director**

**BDO Audit (WA) Pty Ltd**

Perth, 25 August 2021

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | Notes | 2021<br>$ | Period from incorporation to 30 June 2020<br>$ |
|---|---|---|---|
| **Other income** | | - | - |
| | | | |
| Administration and consultancy expenses | 3a | 819 | 75,327 |
| Legal expenses | | - | 15,571 |
| **Loss before income tax** | | **(819)** | **(90,898)** |
| Income tax expense (benefit) | 3b | - | - |
| **Loss for the year/period** | | **(819)** | **(90,898)** |
| Other comprehensive income for the period, net of tax | | - | - |
| **Total comprehensive loss for the period** | | (819) | (90,898) |
| | | | |
| **Total comprehensive loss for the period is attributable to:** | | | |
| **Owners of Territory Gas Pty Ltd** | | **(819)** | **(90,898)** |
| | | | |
| **Earnings / (loss) per share attributable to the owners of Territory Gas Pty Ltd** | | **$ / share** | **$ / share** |
| Basic earnings (loss) per share | 5 | (0.08) | (9.09) |
| Diluted earnings (loss) per share | 5 | (0.08) | (9.09) |

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Notes | 2021<br>$ | 2020<br>$ |
|---|---|---|---|
| **Current assets** | | | |
| Cash and cash equivalents | 6 | 1,200 | 1,200 |
| **Total current assets** | | **1,200** | **1,200** |
| **Total assets** | | **1,200** | **1,200** |
| **Current liabilities** | | | |
| Borrowings – related party | 7 | 525,899 | 525,080 |
| **Total current liabilities** | | **525,899** | **525,080** |
| **Total liabilities** | | **525,899** | **525,080** |
| **Net assets** | | **(524,699)** | **(523,880)** |
| **Equity** | | | |
| Issued capital | 8 | 100 | 100 |
| Accumulated losses | | (524,799) | (523,980) |
| **Total equity** | | **(524,699)** | **(523,880)** |

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | Issued Capital<br>$ | Accumulated Losses<br>$ | Total<br>$ |
|---|---|---|---|
| **Balance at 1 July 2019** | **-** | **(433,082)** | **(433,082)** |
| Loss for the period | - | (90,898) | (90,898) |
| **Total comprehensive loss for the period** | **-** | **(90,898)** | **(90,898)** |
| **Transactions with owners in their capacity as owners** | | | |
| Contributions of equity | 100 | - | 100 |
| **Balance at 30 June 2020** | **100** | **(523,980)** | **(523,880)** |
| | | | |
| Loss for the period | - | (819) | (819) |
| **Total comprehensive loss for the period** | **-** | **(819)** | **(819)** |
| **Transactions with owners in their capacity as owners** | | | |
| Contributions of equity | - | - | - |
| **Balance at 30 June 2021** | **100** | **(524,799)** | **(524,699)** |

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

## CONSOLIDATED STATEMENT OF CASH FLOWS

| | Notes | 2021<br>$ | Period from incorporation to 30 June 2020<br>$ |
|---|---|---|---|
| **Cash flows from operations** | | | |
| Payments to suppliers and employees | 15 | (819) | (90,898) |
| **Net cash outflows from operating activities** | | **(819)** | **(90,898)** |
| | | | |
| **Cash flows from financing activities** | | | |
| Proceeds from borrowings | | 819 | 90,798 |
| Repayment of borrowings | | - | (188) |
| Proceeds from the issue of shares | | - | 100 |
| **Net cash inflows from financing activities** | | **819** | **90,710** |
| | | | |
| **Net increase/(decrease) in cash and cash equivalents** | | **-** | **(188)** |
| Cash and cash equivalents at the beginning of the financial period | | 1,200 | 1,388 |
| **Cash and cash equivalents at end of the period** | 6 | **1,200** | **1,200** |

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

## NOTES TO THE FINANCIAL STATEMENTS

### Note 1. Corporate information

The consolidated financial statements of Territory Gas Pty Ltd (the Company or the parent) and its subsidiaries (collectively, the Group) for the financial period commencing from the date of incorporation being 14 February 2020 to 30 June 2020, and the financial year ended 30 June 2021 (together the 'Financial Period') were authorised for issue in accordance with a resolution of the Directors on 25 August 2021. Territory Gas Pty Ltd is a company limited by shares incorporated in Australia.

The Group is principally engaged in the exploration of oil and gas projects in Australia. The Group's principal place of business is 40 Latrobe Street, East Brisbane QLD 4169, Australia.

### Note 2. Significant accounting policies

#### (a) Basis of preparation

The financial report is a general purpose financial report which has 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 (Cth) (the Corporations Act). The consolidated financial statements of the Group complies with International Financial Reporting Standards ("IFRSs") and interpretations adopted by the International Accounting Standards Board ("IASB"). The Group is a for profit entity for the purposes of Australian Accounting Standards.

The financial report covers the Group comprising of the Company and its subsidiaries and is presented in Australian dollars.

*Going concern*
The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business. The Company has not generated revenues from operations. In common with many exploration companies, the Company raises finance for its exploration and appraisal activities in discrete tranches.

For the year ended 30 June 2021, the Group generated a consolidated loss of $819 (2020: $90,898) and incurred operating cash outflows of $819 (2020: $90,898). As at 30 June 2021 the Group had cash and cash equivalents of $1,200 (2020: $1,200) and net current liabilities of $524,699 (2020: $523,880).

These conditions give rise to material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern and therefore whether it will be able to pay its debts as and when they fall due and realise its assets and extinguish its liabilities in the normal course of business. The Director believes that the going concern basis of preparation is appropriate as the Director has committed to fund the business until it can raise sufficient further capital to funds its ongoing activities. Furthermore, the Group's major shareholder, has given written assurance that they will not call for the payment of the outstanding amounts owing until such time as the Group is in a position to pay same. This party may also consider the conversion of all or part of the outstanding amounts as part of any such capital raising, dependent on the circumstances.

Should the Company be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial report. This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Company be unable to continue as a going concern. *Reporting basis and conventions*
The financial report has been prepared on an accruals basis and is based on historical costs except for financial assets at fair value through other comprehensive income.

**Note 2. Significant accounting policies (continued)**

**(b) Basis of consolidation**

The consolidated financial statements comprise the financial statements of Territory Gas Pty Ltd and its subsidiaries as at and for the period ended 30 June each year (the Group).

Subsidiaries
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 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.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

**(c) Operating segments**

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This may include start-up operations which are yet to earn revenues.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

Information about other operating segments that are below the quantitative criteria are combined and disclosed in a separate category for "all other segments".

**NOTES TO THE FINANCIAL STATEMENTS**

**Note 2. Significant accounting policies (continued)**

**(d) Cash and cash equivalents**

Cash and cash equivalents in the statement of financial position comprises cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

**(e) Trade and other receivables**

Receivables generally have 30-60 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for impairment.

The Group has not recognised any expense in profit or loss in respect of the expected credit losses for the year ended 30 June 2021 (2020: nil). Based on the historical recovery and forward-looking information of receivables, the Group considers that any adjustment for expected credit losses is immaterial.

**(f) Exploration and evaluation assets**

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. Such expenditures comprise net direct costs and an appropriate portion of related overhead expenditure but do not include overheads or administration expenditure not having a specific nexus with a particular area of interest. 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 and active or significant operations in relation to the area are continuing.

A regular review has been undertaken on each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Costs are written off where they do not meet the above criteria.

A provision is raised against exploration and evaluation expenditure where the Directors are of the opinion that the carried forward net cost may not be recoverable or the right of tenure in the area lapses. The increase in the provision is charged against the results for the year. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

Costs of site restoration are provided over the life of the area from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structure, waste removal, and rehabilitation of the site in accordance with clauses of mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that restoration will be completed within one year of abandoning the site.

## NOTES TO THE FINANCIAL STATEMENTS

### Note 2. Significant accounting policies (continued)

**(g) Impairment of non-financial assets**

At each reporting date, the Group reviews the carrying values of its assets 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 it recoverable amount is expensed to the profit or loss.

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.

**(h) Trade and other payables**

Trade and other payables are carried at amortised cost and due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30-60 days of recognition.

**(i) Borrowings**

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

**(j) Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the profit or loss net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

**NOTES TO THE FINANCIAL STATEMENTS**

**Note 2. Significant accounting policies (continued)**

**(k) Share capital**

Ordinary shares are classified as equity at the time that they are issued. Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit.

**(l) Income tax**

The income tax expense for the period is the tax payable on the current period's taxable income rate for each jurisdiction adjusted by changes in deferred tax assets liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

The charge for current income tax expense is based on the profit 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 reporting date.

Deferred tax is recognised 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 expected to apply to the period when the asset is realised or liability is settled. Deferred tax is recognised in the statement of profit or loss and other comprehensive income except where it relates to items that may be recognised directly in 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 and tax losses 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 taxation legislation and the anticipation that the group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

**(m) GST**

Revenues, expenses and assets are recognised net of GST except where GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

**NOTES TO THE FINANCIAL STATEMENTS**

**Note 2. Significant accounting policies (continued)**

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

**(n) Earnings per share**

Basic earnings per share is calculated as net profit / (loss) attributable to members of the parent, adjusted to exclude any costs of servicing equity other than ordinary shares, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account:

- The after-tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

**(o) New standards and interpretations**

A number of new standards are effective for annual periods beginning after 1 July 2021 and earlier application is permitted. However, the Company has not early adopted the new or amended standards in preparing these consolidated financial statements and they are not expected to have a material effect on the Company's consolidated financial statements.

**(o) Critical Accounting Estimates and Judgments**

The Directors evaluate estimates and judgments incorporated into the financial report 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.

*Coronavirus (COVID-19) pandemic*
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. There does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

*Income tax*
The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

## NOTES TO THE FINANCIAL STATEMENTS

### Note 3. Other income and expenses

***Note 3(a) Administration and consultancy expenses***

| | 2021<br>$ | 2020<br>$ |
|---|---|---|
| Consultancy fees | - | 74,793 |
| Filing fees | 819 | 534 |
| **Total administration and consultancy expenses** | **819** | **75,327** |

***Note 3(b) Income tax expense***

| | | |
|---|---|---|
| ***The prima facie tax on loss before income tax is reconciled to the income tax expense as follows:*** | | |
| Prima facie tax on loss before tax at 26% (2020: 27.5%) | (213) | (24,997) |
| Deferred tax assets not brought to account | 213 | 24,997 |
| **Income tax expense** | - | - |

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The unused tax losses incurred by the Group are not recognised as there is uncertainty on when the Group is likely to generate taxable income in the foreseeable future. They can be carried forward indefinitely. As a consequence, there is no income tax expense.

### Note 4. Dividends and franking credits

There were no dividends paid or recommended during the Financial Period or since the end of the year. There are no franking credits available to shareholders of the Group.

### Note 5. Earnings per share (EPS)

| | 2021<br>$ | 2020<br>$ |
|---|---|---|
| **(a) Earnings** | | |
| Earnings used to calculate basic and diluted EPS | (819) | (90,898) |
| **(b) Weighted average number of shares** | | |
| Weighted average number of ordinary shares outstanding during the year/period, used in calculating basic and diluted earnings per share | 10,000 | 10,000 |

| | 2021<br>$ | 2020<br>$ |
|---|---|---|
| **Note 6. Cash and cash equivalents** | | |
| Cash on hand | 1,200 | 1,200 |
| | **1,200** | **1,200** |

Cash at banks earn interest at floating rates based on daily bank deposit rates.

| | 2021<br>$ | 2020<br>$ |
|---|---|---|
| **Note 7. Borrowings** | | |
| Unsecured loan – McKam Pty Ltd [a] | 525,899 | 525,080 |
| | **525,899** | **525,080** |
| | | |
| ***Movements in carrying value*** | | |
| Opening balance | 525,080 | 434,470 |
| Additions | 819 | 90,798 |
| Repayments during the year/period | - | (188) |
| Closing balance | **525,899** | **525,080** |

(a) During the year ended 30 June 2021, McKam Pty Ltd, an entity related to director Mr Paul Williams, provided unsecured interest free loans of $819 on commercial terms to the Group. The total balance outstanding at 30 June 2021 was $525,899 (2020: $525,080). McKam Pty Ltd have agreed the loan will not be called until such time as the Company has the ability to repay the loan

**Note 8. Issued capital**

| | 2021<br>$ | 2020<br>$ |
|---|---|---|
| **(a) Issued and paid up capital** | | |
| 10,000 (2020: 10,000) ordinary shares fully paid | 100 | 100 |
| Share issue costs | - | - |
| | **100** | **100** |

Ordinary shares participate in dividends and the proceeds on winding up the Group in proportion to the number of shares held. At shareholder meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on show of hands.

| | Number of shares | $ |
|---|---|---|
| ***(b) Reconciliation of issued and paid-up capital*** | | |
| **At 30 June 2020** | **10,000** | **100** |
| - Issued during the year | - | - |
| **At 30 June 2021** | **10,000** | **100** |

**Note 9. Controlled entities**

| Controlled entity | Country of incorporation | Principle Activity | Principle place of business | Equity Interest | |
|---|---|---|---|---|---|
| | | | | 2021 | 2020 |
| NT Gas Aust Pty Ltd | Australia | Mineral exploration | Australia | 100% | 100% |
| Territory Gas Aust Pty Ltd | Australia | Mineral exploration | Australia | 100% | 100% |

**Note 10. Financial instruments and risk exposures**

**(a) Financial risk management objectives**

The Group does not enter into or trade financial instruments, for speculative purposes. As at 30 June 2021 the Group has no exposure to exchange rate risk and has no derivative exposures to commodity prices.

**(b) Interest rate risk exposure**

The Group has exposure to future interest rates on investments in fixed and variable-rate deposits. As at 30 June 2021 the Group had $1,200 invested in such deposits (2020: $1,200). The Group does not use derivatives to mitigate these exposures.

*Sensitivity Analysis*

The Group does not account for any financial assets and liabilities at fair value through profit and loss and does not use interest rate derivatives. For the year ending 30 June 2021, a 1 percent increase in the effective interest rate would have resulted in an increase in profit of $12 (2020: $12).

**(c) Credit risk exposures**

The Group has no significant concentrations of credit risk. As at 30 June 2021 the Group had no receivables (2020: $nil).

The Group does not have significant credit exposure to outstanding receivables or investments due to the present nature of its operations. There have been no historical impairment losses.

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less.

**(d) Capital management**

The Board seeks to maintain a strong capital base sufficient to maintain the future development of the Group's business. The Board closely monitors the Group's level of capital so as to ensure it is appropriate for the Group's planned level of activities. There were no changes to the Group's approach to capital management during the year. Neither the Company nor its wholly owned subsidiaries are exposed to any externally imposed capital requirements.

**(e) Liquidity Risk Management**

The Group manages liquidity risk by maintaining adequate cash reserves and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

## Note 10. Financial instruments and risk exposures (continued)

### (f) Net fair values of financial assets and liabilities

Net fair values of financial assets and liabilities not readily traded in an organised financial market are determined by valuing them at the present value of contractual future cash flows on amounts due from customers (reduced for expected credit losses) or due to suppliers. Cash flows are discounted using standard valuation techniques at the applicable market yield having regard to the timing of the cash flows.

The financial assets and financial liabilities included in assets and liabilities approximate their net fair values.

Cash assets are readily traded on organised markets in a standardised form. All other financial assets and liabilities are not readily traded on organised markets in a standardised form

## Note 11. Segment reporting

The Group operates in one business segment, mineral exploration and one geographical segment, Australia.

## Note 12. Contingent assets and liabilities

There are no contingent assets or liabilities at 30 June 2021 (2020: nil).

## Note 13. Related party transactions

Related party transactions (draft wording is as follows "The related party transaction, referred to in Note 7 Borrowings are an advance from a shareholder to facilitate the Company's exploration activities.

**NOTES TO THE FINANCIAL STATEMENTS**

**Note 14. Parent entity disclosures**

As at and throughout the Financial Period, the parent company of the Group was Territory Gas Pty Ltd.

| | 2021<br>$ | 2020<br>$ |
|---|---|---|
| **Results of the parent entity** | | |
| Loss of the parent entity | (273) | - |
| Other comprehensive income | - | - |
| **Total comprehensive loss** | **(273)** | **-** |
| | | |
| **Financial position of the parent entity** | | |
| Non current assets | 100 | 100 |
| Total assets | 100 | 100 |
| | | |
| Non current liabilities | 273 | - |
| Total liabilities | 273 | - |
| **Net assets (liabilities)** | **(173)** | **100** |
| | | |
| **Equity of the parent** | | |
| Issued capital | 100 | 100 |
| Accumulated losses | (273) | - |
| **Total equity** | **(173)** | **100** |

The parent does not have any guarantees in relation to the debts of its subsidiaries, contingent liabilities or contractual obligations to purchase property, plant and equipment at 30 June 2021 (2020: nil).

**Note 15. Cash flow reconciliation**

| | 2021<br>$ | 2020<br>$ |
|---|---|---|
| Loss after tax | (819) | (90,898) |
| Non-cash operating items | - | - |
| **Cash flow from operations** | **(819)** | **(90,898)** |

**Note 16. Subsequent Events After the Reporting Date**

The Director is not aware of any other significant changes in the state of affairs of the Group or events after the reporting date that would have a material impact on the consolidated financial statements.

## DIRECTOR'S DECLARATION

1. The Director of the Group declares that:

   (a) The financial statements and notes of Territory Gas Pty Ltd for the financial period commencing from the date of incorporation being 14 February 2020 to 30 June 2020, and the financial periods ended 30 June 2020 and 30 June 2021 (together the 'Financial Period') are in accordance with the Corporations Act 2001 (Cth), including:

      i. Giving a true and fair view of its financial position as at 30 June 2020 & 30 June 2021 and its performance for the Financial Periods ended on those date;
      ii. Complying with the Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001 (Cth);

   (b) The financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1; and

   (c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, as disclosed in Note 1.

Paul Williams
Director
Brisbane
Date: 25 August 2021

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**INDEPENDENT AUDITOR'S REPORT**

To the members of Territory Gas Pty Ltd

## Report on the Audit of the Financial Report

### Opinion

We have audited the financial report of Territory Gas Pty Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020 and 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 periods then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of Territory Gas Pty Ltd, is 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 2020 and 30 June 2021 and of its financial performance for the periods ended on those dates; and

(ii) 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 *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

**Material uncertainty related to going concern**

We draw attention to Note 2(a) in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

**Other information**

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Directors' report, 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 on the other information obtained prior to the date of this auditor's report, 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 Group's ability 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 has 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 the 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

**BDO Audit (WA) Pty Ltd**

BDO

**Phillip Murdoch**

**Director**

Perth, 25 August 2021