

# **TERRITORY GAS PTY LTD**

ACN: 639 119 734

## **CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

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## **DIRECTORS REPORT**

Your director presents their report, together with the financial statements, on the consolidated entity consisting of Territory Gas Pty Ltd (the "Company") and the entities it controlled at the end of, or during the half-year ended 31 December 2021. 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 half-year ended 31 December 2021 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:

	<b>Number of ordinary shares</b>	<b>Number of options</b>
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 half-year ended 31 December 2021 involved exploration for oil and gas in Australia.

There was no significant change in the nature of the activity of the Group during the half-year 31 December 2021.

### **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 half-year ended 31 December 2021 under review not otherwise disclosed in this report or the financial statements of the Group for the financial year.

### **FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES**

The Group is in the process of finalising an agreement under which it will be acquired by Top End Energy Limited, and the new group will then list on the ASX. This process is ongoing and it is expected that the acquisition will be finalised before the end of the next reporting period.

### **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.

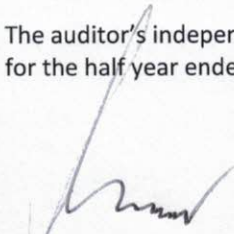
No proceedings have been brought or intervened in on behalf of the Group with leave of the Court under section 237 of the Corporations Act 2001.

**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.

**AUDITOR'S INDEPENDENCE DECLARATION**

The auditor's independence declaration is set out on the following page and forms part of the Directors' Report for the half year ended 31 December 2021.



Paul Williams  
Director  
Brisbane  
Date: 23 March 2022

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

As lead auditor for the review of Territory Gas Pty Ltd for the half-year ended 31 December 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Territory Gas Pty Ltd and the entities it controlled during the period.



Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 23 March 2022

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

For the half-year ended 31 December 2021

	Notes	2021 \$	2020 \$
<b>Other income</b>		-	-
Administration and consultancy expenses	3a	552	546
Legal expenses		-	-
<b>Loss before income tax</b>		<b>(552)</b>	<b>(546)</b>
Income tax expense (benefit)	3b	-	-
<b>Loss for the period</b>		<b>(552)</b>	<b>(546)</b>
Other comprehensive income for the period, net of tax		-	-
<b>Total comprehensive loss for the period</b>		<b>(552)</b>	<b>(546)</b>
<b>Total comprehensive loss for the period is attributable to:</b>			
<b>Owners of Territory Gas Pty Ltd</b>		<b>(552)</b>	<b>(546)</b>

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**

As at 31 December 2021

	Notes	31 December 2021 \$	30 June 2021 \$
<b>Current assets</b>			
Cash and cash equivalents		1,200	1,200
<b>Total current assets</b>		<b>1,200</b>	<b>1,200</b>
<b>Total assets</b>		<b>1,200</b>	<b>1,200</b>
<b>Non-current liabilities</b>			
Borrowings – related party	4	526,451	525,899
<b>Total non-current liabilities</b>		<b>526,451</b>	<b>525,899</b>
<b>Total liabilities</b>		<b>526,451</b>	<b>525,899</b>
<b>Net assets</b>		<b>(525,251)</b>	<b>(524,699)</b>
<b>Equity</b>			
Issued capital	5	100	100
Accumulated losses		(525,351)	(524,799)
<b>Total equity</b>		<b>(525,251)</b>	<b>(524,699)</b>

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the half-year ended 31 December 2021

	Issued Capital	Accumulated Losses	Total
	\$	\$	\$
<b>Balance at 1 July 2020</b>	100	(523,980)	(523,880)
Loss for the period	-	(546)	(546)
<b>Total comprehensive loss for the period</b>	-	(546)	(546)
<b>Transactions with owners in their capacity as owners</b>			
Contributions of equity	-	-	-
<b>Balance at 31 December 2020</b>	<b>100</b>	<b>(524,526)</b>	<b>(524,426)</b>
<b>Balance at 1 July 2021</b>	100	(524,799)	(524,699)
Loss for the period	-	(552)	(552)
<b>Total comprehensive loss for the period</b>	-	(552)	(552)
<b>Transactions with owners in their capacity as owners</b>			
Contributions of equity	-	-	-
<b>Balance at 31 December 2021</b>	<b>100</b>	<b>(525,351)</b>	<b>(525,251)</b>

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



**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the half-year ended 31 December 2021

Notes	2021 \$	2020 \$
<b>Cash flows from operations</b>		
Payments to suppliers and employees	(552)	(546)
<b>Net cash outflows from operating activities</b>	<b>(552)</b>	<b>(546)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	552	546
Repayment of borrowings	-	-
Proceeds from the issue of shares	-	-
<b>Net cash inflows from financing activities</b>	<b>552</b>	<b>564</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>-</b>	<b>-</b>
Cash and cash equivalents at the beginning of the financial period	1,200	1,200
<b>Cash and cash equivalents at end of the period</b>	<b>1,200</b>	<b>1,200</b>

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

## **NOTES TO THE FINANCIAL STATEMENTS**

**For the half-year ended 31 December 2021**

### **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 half-year ended 31 December 2021 were authorised for issue in accordance with a resolution of the Directors on 23 March 2022. 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**

These half year financial statements of the consolidated entity consisting of Territory Gas Pty Ltd and the entities it controlled are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board. It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2021. The accounting policies have been consistently applied by the Company and are consistent with those in the June 2021 financial report. The half-year report does not include full disclosures of the type normally included in an annual financial report.

The accounting policies and methods of computation adopted are consistent with those of the previous financial year, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

#### *New, revised or amending Accounting Standards and Interpretations adopted*

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

#### *Going concern*

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Group incurred a net loss a net loss after tax for the period ended 31 December 2021 of \$552 (31 December 2020: \$546) and had net cash outflows from operating activities of \$552 (31 December 2020: \$546). As at 31 December 2021, the Group held total cash reserves of \$1,200 and had total liabilities of \$526,451. The ability of the Group to continue as a going concern is therefore dependent on the ability to raise additional funding through debt or equity. These conditions indicate a material uncertainty that may cast a significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the half-year ended 31 December 2021**

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

Management believes that as at the date of this report there are reasonable grounds to believe that the Group will continue as a going concern for the following reasons:

- the Director has committed to fund the business until it can raise sufficient further capital to fund its ongoing activities;
- 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 settle its debts and liabilities in the ordinary course of business; and
- the Group is in the process of being acquired by Top End Energy Limited, which upon approval by the Australian Securities Exchange (ASX), will see Top End Energy Limited acquire the Group and complete its Initial Public Offering to raise \$6,400,000 (before costs) under its Replacement Prospectus dated 24 November 2021.

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

*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.

**(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 half-year ended 31 December each year (the Group).

*Subsidiaries*

Subsidiaries are all those entities over which the Company has control. The Company controls an entity when the Company 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 Company. 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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the half-year ended 31 December 2021**

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

**(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 Group'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".

**Note 3. Other income and expenses**

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

	31 December 2021 \$	31 December 2020 \$
Filing fees	552	546
<b>Total administration and consultancy expenses</b>	<b>552</b>	<b>546</b>

**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 25% (2020: 26%)	(138)	(142)
Deferred tax assets not brought to account	138	142
<b>Income tax expense</b>	<b>-</b>	<b>-</b>

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.

NOTES TO THE FINANCIAL STATEMENTS  
For the half-year ended 31 December 2021

**Note 4. Borrowings**

Unsecured loan – McKam Pty Ltd <sup>(a)</sup>

31 December 2021 \$	30 June 2021 \$
526,451	525,899
<b>526,451</b>	<b>525,899</b>

**Movements in carrying value**

Opening balance	525,899	525,080
Additions	552	819
Repayments during the period	-	-
<b>Closing balance</b>	<b>526,451</b>	<b>525,899</b>

- (a) During the half-year ended 31 December 2021, McKam Pty Ltd, an entity related to director Mr Paul Williams, provided unsecured interest free loans of \$552 on commercial terms to the Group. The total balance outstanding at 31 December 2021 was \$526,451 (30 June 2021: \$525,899). 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 5. Issued capital**

**(a) Issued and paid up capital**

10,000 (30 June 2021: 10,000) ordinary shares fully paid  
Share issue costs

31 December 2021 \$	30 June 2021 \$
100	100
-	-
<b>100</b>	<b>100</b>

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.

**(b) Reconciliation of issued and paid-up capital**

At 1 July 2021

- Issued during the period

At 31 December 2021

Number of shares	\$
10,000	100
-	-
<b>10,000</b>	<b>100</b>

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the half-year ended 31 December 2021**

**Note 6. 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 7. Segment reporting**

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

**Note 8. Contingent assets and liabilities**

There has been no changes to contingent liabilities, contingent assets from the prior reporting period.

**Note 9. Related party transactions**

The related party transaction, referred to in Note 4 Borrowings are an advance from a shareholder to facilitate the Company's exploration activities.

**Note 10. Subsequent Events After the Reporting Date**

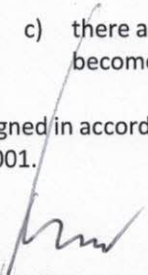
The Director is not aware of any other significant changes in the state of affairs of the Group or events after the reporting date that would have a material impact on the consolidated financial statements.

## **DIRECTOR'S DECLARATION**

In the director's opinion:

- a) the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- b) the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the financial half-year ended on that date; and
- c) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.



Paul Williams  
Director

Brisbane

Date: 23 March 2022

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Territory Gas Pty Ltd

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of Territory Gas Pty Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 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 half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the half-year ended on that date (and comparative period ended 31 December 2020); and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review 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 (including Independence Standards)* (the Code) that are relevant to the audit of the annual 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 the same terms if given to the directors as at the time of this auditor's review report.

#### Material uncertainty relating 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 conclusion is not modified in respect of this matter.



#### Responsibility of the directors for the financial report

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

#### Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

BDO Audit (WA) Pty Ltd



Phillip Murdoch

Director

Perth, 23 March 2022