



# FINDER ENERGY HOLDINGS LIMITED

## INITIAL PUBLIC OFFERING PROSPECTUS

ACN 656 811 719

For the offer of up to 75,000,000 Shares at a price of \$0.20 per Share to raise \$15,000,000 (before costs and expenses).

The Offer comprises:

- an offer open to Institutional Investors in Australia and other eligible foreign jurisdictions (Institutional Offer); and
- an offer open to the general public (Public Offer).

This Prospectus also contains ancillary offers of Performance Rights and Options as set out in Section 5.1.2 of this Prospectus.

### IMPORTANT NOTICE

It is important that you read this Prospectus in its entirety, including the Independent Expert's Report in Annexure J in full, before deciding whether to invest in the Company.

This Prospectus contains an Independent Expert's Report in Annexure J on whether the Performance Rights proposed to be issued by the Company at Listing and sets out the advantages and disadvantages of the issue.

The Independent Expert has concluded that the proposed issue at Listing of: (i) Performance Rights Tranches 1, 2 and 3 are fair and reasonable to non-participating Securityholders; and (ii) Performance Rights Tranche 4 is not fair but reasonable to non-participating Securityholders.

If after reading this Prospectus you have any questions about the Securities being offered under this Prospectus or any other matter, please consult your stockbroker, accountant or other professional adviser.

The Securities offered under this Prospectus should be considered as speculative.

Australian Legal Adviser

CORRS  
CHAMBERS  
WESTGARTH

Joint Lead Managers

EUROZ HARTLEYS



EQUITY  
PARTNERS



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# IMPORTANT NOTICES

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This Prospectus is issued by Finder Energy Holdings Limited (ACN 656 811 719) (**Finder** or the **Company**) for the purpose of Chapter 6D of the *Corporations Act 2001* (Cth) (**Corporations Act**). The Offer contained in this Prospectus comprises: (i) an offer of fully paid ordinary shares in the Company (**Shares**) to Institutional Investors who have been invited to bid for Shares by the Joint Lead Managers (**Institutional Offer**); and (ii) an offer of Shares to the general public (**Public Offer**). This Prospectus also contains a number of Ancillary Offers set out in Section 5.1.2.

This Prospectus contains an Independent Expert's Report in Annexure J on whether the Performance Rights proposed to be issued by the Company at Listing are fair and reasonable to the non-participating Securityholders and sets out the advantages and disadvantages of the issue.

It is important that you read this Prospectus in its entirety, including the Independent Expert's Report in Annexure J in full, before deciding whether to invest in the Company.

The Independent Expert has concluded that the proposed issue at Listing of: (i) Performance Rights Tranches 1, 2 and 3 are fair and reasonable to non-participating Securityholders; and (ii) Performance Rights Tranche 4 is not fair but reasonable to non-participating Securityholders.

## Lodgement and listing

This Prospectus is dated, and was lodged with ASIC on, 25 February 2022 (**Prospectus Date**).

Neither ASIC nor ASX (or their respective officers) takes responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. Application will be made to ASX within seven days of the Prospectus Date for the Company's admission to the Official List (**Admission**) and Official Quotation of the Shares the subject of the Offer.

## Expiry Date

This Prospectus expires on the date which is 13 months after the Prospectus Date (**Expiry Date**). No Shares will be issued on the basis of this Prospectus after the Expiry Date.

## Exposure Period

The Corporations Act prohibits the Company from processing Applications in the seven day period after the Prospectus Date (**Exposure Period**). This Exposure Period may be extended by ASIC by up to a further seven days. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. Potential investors should be aware that this examination may result in the identification of deficiencies in the Prospectus. In those circumstances, any Application that has been received may need to be dealt with in accordance with section 724 of the Corporations Act.

Applications under this Prospectus will not be processed by the Company until after the Exposure Period. No preference will be conferred upon Applications received during the Exposure Period.

## Not investment advice

The information in this Prospectus is not financial product advice and does not take into account your investment objectives, financial situation or particular needs. It is important that you read this Prospectus carefully and in its entirety before deciding whether to invest in the Company.

In particular, you should consider the risk factors that could affect the performance of the Company. You should carefully consider these risks in light of your personal circumstances (including financial and tax issues) and seek professional guidance from your stockbroker, solicitor, accountant or other independent professional adviser before deciding whether to invest in the Company. See Section 6 for the key risk factors relating to an investment in the Company, noting there may be others risks relevant to your personal circumstances.

Except as required by law, and only to the extent so required, none of the Company, the Directors, the Company's management, the Joint Lead Managers or any other person warrants or guarantees the future performance of the Company, or any return on any investment made pursuant to this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, other than as contained in this Prospectus. Any information or representation not contained in this Prospectus should not be relied on as having been made or authorised by the Company, the Directors, the Joint Lead Managers or any other person in connection with this Prospectus.

Euroz Hartleys Limited and JP Equity Holdings Pty Ltd have acted as Joint Lead Managers to the Offer. To the maximum extent permitted by law, the Joint Lead Managers and their affiliates, officers, employees and advisers expressly disclaim all liabilities in respect of, make no representations regarding, and take no responsibility for, any part of this Prospectus other than references to their name and make no representation or warranty as to the currency, accuracy, reliability or completeness of this Prospectus.

The Company, the Share Registry and the Joint Lead Managers disclaim all liability, whether in negligence or otherwise, to persons who trade Shares before receiving their holding statement.

## No cooling-off rights

Cooling-off rights do not apply to an investment in Shares issued under the Prospectus. This means that, in most circumstances, you cannot withdraw your Application once it has been accepted.

## Offer subject to quotation

If the ASX does not admit the Shares to Official Quotation by 1 May 2022, the Company will withdraw the Offer and repay all Application Monies to Applicants (without interest) as soon as practicable in accordance with the Corporations Act.

## Electronic Prospectus and Application Forms

This Prospectus may be viewed online at [www.finderenergy.com](http://www.finderenergy.com). The other information on the Company website does not form part of this Prospectus.

Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be resident in Australia and must only access this Prospectus from within Australia.

The Prospectus is not available to persons in other jurisdictions in which it may not be lawful to make such an invitation or offer to apply for Shares. If you access the electronic version of this Prospectus, you should ensure that you download and read the Prospectus in its entirety.

Persons having received a copy of this Prospectus in its electronic form may obtain an additional paper copy of this Prospectus and the Application Form (free of charge) from the Company (see the Corporate Directory for contact details).

Applications will only be accepted on the Application Form attached to, or accompanying, this Prospectus. The Corporations Act prohibits any person from passing on to another person the Application Form unless it is attached to a paper copy of the Prospectus or the complete and unaltered electronic version of this Prospectus.

Prospective investors wishing to subscribe for Shares under the Offer should complete the Application Form. If you do not provide the information required on the Application Form, the Company may not be able to accept or process your Application.



## Foreign jurisdictions

This document does not constitute an offer of new Shares of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

### Hong Kong

**WARNING:** This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (**SFO**). Accordingly, this document may not be distributed, and the New Shares may not be offered or sold, in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

### New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (**FMC Act**).

The New Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

### Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part 13 of the Securities and Futures Act 2001 of Singapore (**SFA**) or another exemption under the SFA.

This document has been given to you on the basis that you are an "institutional investor" or an "accredited investor" (as such terms are defined in the SFA). If you are not such an investor, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

### United Kingdom

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the New Shares.

The New Shares may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to "qualified investors" (within the meaning of Article 2(e) of the UK Prospectus Regulation) and to fewer than 150 persons who are employees of the Company. This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investment to which this document relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this document.

### Taxation

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

The Company does not propose to give any taxation advice and, to the maximum extent permitted by law, the Company, its Directors, officers and each of their respective advisers accept no responsibility or liability for any taxation consequences of subscribing for Shares under this Prospectus. You should consult your own professional tax advisers in regard to taxation implications of the Offer.

### Privacy statement

Finder collects information about Shareholders when they apply for Shares under the Offer for the purposes of processing their application and, if the application is successful, to administer their security holding in Finder.

By applying for Shares, each Shareholder agrees that Finder may use the information provided for the purposes set out in this privacy disclosure statement and may disclose it for those purposes to the Share Registry, the Joint Lead Managers, Finder's related bodies corporate, agents, contractors and third party service providers (including mailing houses), the ASX, the ASIC and other regulatory authorities.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act*



1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules.

The Corporations Act requires Finder to include information about a Securityholder (including name, address and details of the securities held) in its public register. This information must remain in the register even if that person ceases to be a Securityholder of Finder. Information contained in Finder's registers is also used to facilitate distribution payments and corporate communications (including Finder's financial results, annual reports and other information that Finder may wish to communicate to its Securityholders) and compliance by Finder with legal and regulatory requirements. The Company's agents and service providers may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law.

A person who has provided such information has a right to gain access to the information that Finder holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to Finder's registered offices.

### Past performance

This Prospectus includes information regarding past performance of the Company. Investors should be aware that past performance is not indicative of future performance.

### Forward-looking statements

This Prospectus contains forward-looking statements which are identified by words such as 'believes', 'estimates', 'expects', 'targets', 'intends', 'may', 'will', 'would', 'could', or 'should' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the Prospectus Date, are expected to take place.

The Company does not undertake to, and does not intend to, update or revise any forward looking statements, or publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

Any forward looking statements are subject to various risks that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. Forward looking statements should be read in conjunction with, and are qualified by reference to, the risk factors as set out in Section 7. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the Directors and the Company's management.

The Company, the Directors, the Company's management and the Joint Lead Managers cannot and do not give assurances that the results, performance or achievements expressed or implied in the forward-looking statements contained in this Prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

### Financial information presentation

Historical financial information, including the pro forma financial information, has been prepared and presented in accordance with the recognition and measurement principles prescribed by the Australian Accounting Standards (as adopted by the Australian Accounting Standards Board (AASB)). The historical financial information also complies with the Australian equivalents to the recognition and measurement principles of the International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board.

### Competent person statement

The resource estimates are consistent with the definitions of hydrocarbon reserves and resources as defined in the Listing Rules.

The information in this Prospectus (other than the information the subject matter of the ITSR at Annexure F to the Prospectus) is based on, and fairly and accurately represents, in the form and context in which it appears, information and supporting documentation prepared by, or under the supervision of, Aaron Bond, a member of the American Association of Petroleum Geologists, having sufficient experience which is relevant to the evaluation and estimation of Prospective Resources to qualify as a Qualified Reserves and Resources Evaluator as defined in the Listing Rules. Aaron Bond is employed by the Company as Exploration Manager and has consented to the inclusion in this Prospectus of those matters not covered by the ITSR based on the information he has prepared or supervised in the form and context in which that information appears.

The ITSR has been prepared by independent oil and gas consultancy firm ERCE Australia Pty Ltd (**ERCE**) and has been supervised by Stewart Easton, a Director of ERCE. Stewart Easton has 23 years' experience in the upstream hydrocarbon industry. He is a fellow of the Geological Society and a member of the Society of Petroleum Evaluation Engineers. Stewart Easton holds a Bachelor of Science (Honours), Geology with the University of Edinburgh and a Masters of Science, Geology/Earth Science with the Royal Holloway University of London. Stewart Easton is a Qualified Petroleum Reserves and Resources Evaluator as defined by Listing Rules.

Stewart Easton has given his prior written consent to the inclusion of the ITSR based on his information in the form and context in which it appears in this Prospectus.

### Financial Services Guide

The provider of the Independent Expert's Report, on whether the Performance Rights proposed to be issued by the Company at Listing is fair and reasonable to non-participating Securityholders, is required to provide Australian retail clients with a Financial Services Guide in relation to that report under the Corporations Act. The Independent Expert's Report and accompanying Financial Services Guide is provided in Annexure J.

It is important that you read this Prospectus in its entirety, including the Independent Expert's Report in Annexure J in full, before deciding whether to invest in the Company.

The Independent Expert has concluded that the proposed issue at Listing of: (i) Performance Rights Tranches 1, 2 and 3 are fair and reasonable to non-participating Securityholders; and (ii) Performance Rights Tranche 4 is not fair but reasonable to non-participating Securityholders.

### Company website

Any references to documents included on the Company's website are for convenience only, and none of the documents or other information available on the Company's website is incorporated into this Prospectus by reference.

### Photographs and diagrams

Photographs used in this Prospectus which do not have descriptions are for illustration only and should not be interpreted to mean that any person endorses the Prospectus or its contents or that the assets shown in them are owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale.

### Third party publications

The Company Overview in Section 2 of this Prospectus includes attributed statements from books, journals and comparable publications that are not specific to, and have no connection with the Company. The authors of these books, journals and comparable publications have not provided their consent for these statements to be included in this Prospectus, and the Company is relying upon *ASIC Corporations (Consents to Statements) Instrument 2016/72* for the inclusion of these statements in this Prospectus without such consent having been obtained.

### Intellectual property

This Prospectus may contain trademarks of third parties, which are the property of their respective owners. Third party trademarks



used in this Prospectus belong to the relevant owners and use is not intended to represent sponsorship, approval or association by or with us.

### **Currency**

All financial amounts contained in this Prospectus are expressed in Australian dollars unless otherwise stated. Any discrepancies between totals and sums and components in tables, figures and diagrams contained in this Prospectus are due to rounding. Where an amount is expressed in this Prospectus in US\$ or UK£, the conversion is based on the Indicative Exchange Rates (being UK£1.00 = AU\$1.85; US\$1.00 = AU\$1.41). The amount when expressed in UK£, AU\$ or US\$ may change as a result of fluctuations in the exchange rate between those currencies.

### **Time**

All references to time in this Prospectus are references to AWST, being the time in Perth, Western Australia, unless otherwise stated.

### **Defined terms and interpretation**

Defined terms and abbreviations used in this Prospectus are detailed in the glossary in Section 10. A reference to a Section is a reference to a Section in this Prospectus.

### **Governing law**

The Prospectus and the contracts that arise from the acceptance of the applications and bids under this Prospectus are governed by the law applicable in Western Australia and each Applicant submits to the exclusive jurisdiction of the courts of Western Australia.

### **Questions**

If you have any questions relating to the Offer, contact the Offer Information Line on 1300 288 664 (within Australia) or +61 2 9698 5414 (outside Australia) 8:30am to 5:00pm (Perth time) Monday to Friday during the offer period.



# KEY OFFER INFORMATION

KEY OFFER INFORMATION <sup>1</sup>	
Proposed ASX code	FDR
Offer Price per Share	\$0.20
Shares on issue at completion of the Pre-IPO Restructure <sup>2</sup>	82,500,000
Shares to be issued under the Offer	75,000,000
<b>Total Shares on issue post completion of the Offer<sup>3</sup></b>	<b>157,500,000</b>
Performance Rights on issue post completion of the Offer <sup>4</sup>	16,500,000
Lead Manager Options on issue post completion of the Offer <sup>5</sup>	5,512,500
Alignment Options on issue post completion of the Offer <sup>6</sup>	1,150,000
<b>Gross proceeds of the Offer (before costs and expenses)</b>	<b>\$15,000,000</b>
<b>Indicative market capitalisation at the Offer Price<sup>7</sup></b>	<b>\$31,500,000</b>

It is important that you read this Prospectus in its entirety, including the Independent Expert's Report in Annexure J in full, before deciding whether to invest in the Company.

This Prospectus contains an Independent Expert's Report in Annexure J on whether the Performance Rights proposed to be issued by the Company at Listing are fair and reasonable to the non-participating Securityholders and sets out the advantages and disadvantages of the issue.

The Independent Expert has concluded that the proposed issue at Listing of: (i) Performance Rights Tranches 1, 2 and 3 are fair and reasonable to non-participating Securityholders; and (ii) Performance Rights Tranche 4 is not fair but reasonable to non-participating Securityholders.

<sup>1</sup> See Section 5.5 for further details relating to the Company's proposed capital structure.

<sup>2</sup> See Section 2.3 for information on the Pre-IPO Restructure.

<sup>3</sup> See Annexure A for the terms of the Shares.

<sup>4</sup> See Section 8.2 for the terms and conditions of the Performance Rights to be issued to the Directors and Key Management Personnel. The Independent Expert's Report contained in Annexure J sets out the advantages and disadvantages of the proposed issue of the Performance Rights. The Independent Expert has concluded the proposed issue at Listing of: (i) Performance Rights Tranches 1, 2 and 3 are fair and reasonable to non-participating Securityholders; and (ii) Performance Rights Tranche 4 is not fair but reasonable to non-participating Securityholders. See the Independent Expert's Report in Annexure J.

<sup>5</sup> See Section 8.3 for the terms and conditions of the Options to be issued to the Joint Lead Managers (or their nominees).

<sup>6</sup> See Section 8.4 for the terms and conditions of the Options to be issued to the Independent Non-Executive Chairman and the Independent Non-Executive Director.

<sup>7</sup> The indicative market capitalisation is calculated based on the Offer Price multiplied by the number of Shares on issue post completion of the Offer and does not take into account Performance Rights or Options on issue post completion of the Offer. There is no guarantee that the Shares will trade at the Offer Price upon Admission.



# INDICATIVE TIMETABLE

EVENT	DATE
Lodgement of Prospectus with ASIC	Friday, 25 February 2022
Opening Date of Public Offer	Monday, 7 March 2022
Closing Date of the Offer (5:00pm AWST)	Monday, 14 March 2022
Settlement date of the Offer	Friday, 25 March 2022
Issue of Securities	Monday, 28 March 2022
Expected despatch of holding statements	Tuesday, 29 March 2022
Expected date for Official Quotation	Friday, 8 April 2022

*The dates shown in the table above are indicative only and may vary subject to the Corporations Act, the Listing Rules and other applicable laws. The Company, in consultation with the Joint Lead Managers, reserves the right to vary the dates and times of the Offer (including, to vary the Opening Date and Closing Date, to accept late Applications, either generally or in particular cases, or to cancel or withdraw the Offer before the allocation of Shares) in each case without notifying any recipient of this Prospectus or any Applicants, which may have a consequential effect on other dates. If the Offer is cancelled or withdrawn before the allotment of Shares, then all Application Monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act. Applicants are therefore encouraged to lodge their Application Form and deposit the Application Monies as soon as possible after the Opening Date if they wish to invest in the Company. The Company's Admission and the commencement of Official Quotation of its Shares are subject to confirmation from the ASX.*



# LETTER FROM THE CHAIRMAN

## Dear Investors

*On behalf of my fellow Directors, I am pleased to present this Prospectus and offer you the opportunity to participate in the future growth of Finder Energy Holdings Limited (**Finder** or the **Company**).*

Established in 2004, Finder is a successful explorer and has earned a strong reputation within the industry for its technical excellence and deal making capabilities. Finder has built a portfolio of highly prospective exploration permits in two of the world's premier hydrocarbon basins, the North West Shelf (NWS) of Australia and the UK North Sea.

The Kanga-1 exploration well is scheduled to spud in May this year. Kanga-1 is targeting significant resource potential in the heart of the Northern Carnarvon Basin. If successful, Kanga offers investors exposure to near term upside.

Finder's portfolio contains numerous drill-ready prospects defined on 3D seismic and multiple farmout processes will be run in 2022 to secure partners for the next phase of drilling activity.

The Dorado oil discovery in 2018 opened up an exciting new play that has attracted enormous industry interest and activity in and around the Bedout Sub-basin. Eight of the last nine wells in this play have encountered hydrocarbons. Finder has secured a strategic position along trend from Dorado and has identified multiple large prospects in this play.

Newly acquired 3D over the Gem prospect has high-graded this target as one of the largest undrilled structures in the oil-prone Vulcan Sub-basin. Finder will commence a farmout process in the second quarter of 2022 to secure a partner to drill this prospect.

Finder recently expanded into the UK North Sea targeting significant prospectivity in mature, oil prone areas, proximate to some of the largest oil fields in the North Sea. Finder's Infrastructure-Led Exploration (**ILX**) strategy in the North Sea has already resulted in partnerships with owners of nearby production infrastructure.

With a positive outlook for oil prices, the Company expects to see a recovery in the sector and Finder is well positioned to take advantage of the next wave of investment in oil and gas exploration.

The Company is seeking to raise \$15,000,000 (before costs) through the issue of 75,000,000 Shares at \$0.20 per Share (the **Offer**) to support the Company's planned exploration activities.

This Prospectus includes details of the Offer and the Company, together with an overview of the key risks associated with investing in Finder. I encourage you to read this Prospectus carefully, including the information on key risks, and to seek professional advice to determine whether this investment is appropriate for you.

On behalf of my fellow Directors, I recommend this opportunity to participate in the Offer, and look forward to welcoming new shareholders to the Company.

Yours faithfully



**Bronwyn Barnes**  
**Non-Executive Chairman**



# 1 INVESTMENT OVERVIEW

This Section 1 is a summary only and is not intended to provide full information for investors intending to apply for any Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety. The Shares offered under this Prospectus carry no guarantee in respect of return of capital, return on investment or payment of dividends nor can any guarantee be given about the future value of the Shares.

## 1.1 The Company, its business model and strategy

Topic / Summary	More Information																																							
<b>WHO IS THE ISSUER OF THIS PROSPECTUS?</b> Finder Energy Holdings Limited (ACN 656 811 719) ( <b>Finder</b> or the <b>Company</b> ).	Section 2.1																																							
<b>WHAT IS THE COMPANY AND WHAT DOES IT DO?</b> Established in 2004, Finder is a successful and proven oil and gas explorer. Since then, Finder has built a substantial acreage portfolio on the NWS, the most prolific hydrocarbon region in Australia and, more recently, Finder has expanded into the UK North Sea. Finder has a strong reputation in the industry as a successful explorer with a proven track record in concluding value accretive transactions and finding hydrocarbons.	Section 2.1																																							
<b>WHERE DOES THE COMPANY OPERATE AND WHAT ARE ITS MAIN BUSINESS ACTIVITIES?</b> Finder has a portfolio of prospective exploration permits and licences, located within proven oil and gas play fairways, on the NWS and the UK’s North Sea. See Section 2.2 for a summary of the outlook for the oil industry.	Sections 2.1 and 2.2																																							
<b>WHAT ARE THE COMPANY’S KEY ASSETS AND WHERE ARE THEY LOCATED?</b> Finder’s portfolio comprises interests in 10 permits or licences located in on the NWS and the UK North Sea. The five permits on the NWS are exploration permits for petroleum and cover a total gross area of approximately 14,051 km <sup>2</sup> . The remaining five permits are made up of four Seaward Production (Innovate) licences and one Seaward Production (Promote) licence within the Phase A exploration period and are located on the continental shelf of the Central and Northern North Sea and comprise a total gross area of approximately 1,918 km <sup>2</sup> .  A summary of Finder’s interests in the Permits in Western Australia and Licences in the UK is shown below:	Sections 2.6, 2.7 and 2.8																																							
<table><tr><th>Permit</th><th>Location</th><th>Area (km<sup>2</sup>)</th><th>Participants (*Operator)</th><th>Interest</th></tr><tr><td rowspan="3">WA-412-P</td><td rowspan="3">Dampier Sub-basin, Northern Carnarvon Basin</td><td rowspan="3">323</td><td>SapuraOMV (WA)*</td><td>70%</td></tr><tr><td>Finder</td><td>15%</td></tr><tr><td>Fugro</td><td>15%</td></tr><tr><td>AC/P 61</td><td>Vulcan Sub-basin, Bonaparte Basin</td><td>335</td><td>Finder* Fugro</td><td>50% 50%</td></tr><tr><td>WA-520-P</td><td>Exmouth Sub-basin, Northern Carnarvon Basin</td><td>1,281</td><td>Finder</td><td>100%<sup>1</sup></td></tr><tr><td>WA-547-P</td><td>Beagle Sub-basin, Northern Carnarvon Basin</td><td>7,260</td><td>Finder</td><td>100%</td></tr><tr><td>WA-542-P</td><td>Beagle Sub-basin, Northern Carnarvon Basin</td><td>4,852</td><td>Finder</td><td>100%<sup>2</sup></td></tr><tr><td>P2317</td><td>Outer Moray Firth, Central</td><td>293</td><td>Finder</td><td>100%<sup>3,4</sup></td></tr></table>		Permit	Location	Area (km <sup>2</sup> )	Participants (*Operator)	Interest	WA-412-P	Dampier Sub-basin, Northern Carnarvon Basin	323	SapuraOMV (WA)*	70%	Finder	15%	Fugro	15%	AC/P 61	Vulcan Sub-basin, Bonaparte Basin	335	Finder* Fugro	50% 50%	WA-520-P	Exmouth Sub-basin, Northern Carnarvon Basin	1,281	Finder	100% <sup>1</sup>	WA-547-P	Beagle Sub-basin, Northern Carnarvon Basin	7,260	Finder	100%	WA-542-P	Beagle Sub-basin, Northern Carnarvon Basin	4,852	Finder	100% <sup>2</sup>	P2317	Outer Moray Firth, Central	293	Finder	100% <sup>3,4</sup>
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P2502	East Shetland Basin, Northern North Sea	424	Finder* Dana Petroleum	50% <sup>3</sup> 50%
P2524	South Viking Graben, Central North Sea	171	Finder* Harbour Energy	40% <sup>3</sup> 60%
P2530	North Kittiwake Basin, Central North Sea	454	Finder	100%
P2528	Peterhead Graben, Central North Sea	576	Finder	100% <sup>3</sup>

- 1 50% of Finder's economic benefits in the Permit are held on trust for Fugro in accordance with the terms of the Implementation and Variation Deed and the Separation Agreement. See section 12 of the Australian Solicitor's Report.
- 2 Finder's interest in the Permit will be transferred to Longreach in consideration for a Call Option exercisable by the Permit End Date as part of the Pre-IPO Restructure and in accordance with the terms of the Longreach Separation Agreement (see Sections 2.3 and 7.1).
- 3 Azinor Catalyst Limited (**Azinor**) holds income share and royalty rights (see section 6.6 of the UK Solicitor's Report for a summary of the relevant terms). Finder has received notification that Azinor is in liquidation and the liquidators are looking to sell Azinor's interest in the income share and royalty rights.
- 4 Finder has advised the OGA of its intention to allow the Licence to determine at the end of its Phase A. See section 6.1(a) of the UK Solicitor's Report for further information.

A summary of the unrisked Prospective Resources on Finder's five key prospects on the NWS, as independently assessed by ERCE, is shown below:

Permit	Prospect	Unrisked Prospective Oil Resources (MMstb)						Geological Chance of Success (COS) (%)
		Gross			Net			
		1U	2U	3U	1U	2U	3U	
WA-412-P	Kanga	63.5	170.1	372.5	9.5	25.5	55.9	36 %
AC/P 61	Gem	46.1	136.8	319.9	23.0	68.4	160.0	32 %
WA-547-P	Favre	69.3	213.2	556.2	69.3	213.2	556.2	20 %
	Brady	25.1	86.1	234.0	25.1	86.1	234.0	13 %
	Brees- Barret Brees-	54.2	147.8	326.7	54.2	147.8	326.7	30 %
	Caley	16.1	60.7	193.6	16.1	60.7	193.6	15 %

- 1 The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation may be required to determine the existence of a significant quantity of potentially moveable hydrocarbons. These estimates should be considered in the context of the ERCE ITSR at Annexure F to the Prospectus.

See the Australian and UK Solicitor's Reports at Annexures G and H respectively for more information on these Permits and Licences as well as the ITSR at Annexure F for information on their related prospects and details of the relevant work commitments.

## WHAT IS THE COMPANY'S BUSINESS MODEL, GROWTH STRATEGY AND OBJECTIVES?

Finder's business model is to create value in the exploration stage of the oil and gas asset lifecycle. Key aspects of Finder's business model are:

- **Seismic data and geoscience technological capabilities** – Finder's access to a large seismic and well database in both the NWS and the North Sea through partnerships with leading technology companies in the oil and gas industry;

**Sections 2.4  
and 2.5**



- **Acreage capture** – using its extensive regional seismic and well database and technical expertise to identify and capture new opportunities in the NWS and UK North Sea regions; and
- **Farmout transactions** - farming out acreage to leading industry partners in order to introduce an experienced operator to projects, reduce operating and drilling costs, the development risk associated with those projects and create an immediate return on exploration acreage.
- **Discovery** – to maximise the value of any discovery through commercialisation of the discovery or monetisation.

Finder intends to continue progressing exploration activity within its existing NWS and North Sea assets as well as capturing new opportunities.

Finder is actively seeking new farmin partners in relation to a number of its permits. Finder is continually evaluating new opportunities to grow and rationalise its portfolio to ensure continuous activity through the exploration cycle.

#### **HOW DOES THE COMPANY PROPOSE TO ACHIEVE ITS KEY OBJECTIVES?**

**Section 2.5**

The Company intends to progress its exploration activities by undertaking economic and technical assessments in relation to its NWS and North Sea assets. The Company will participate in the drilling of the high impact Kanga-1 well in May 2022 and will continue to mature its portfolio of drilling opportunities and look to secure industry partners to fund drilling. With a positive outlook for oil prices, Finder is well positioned to continue to successfully execute its strategy and secure industry investment in oil and gas exploration.

#### **WHAT ARE THE KEY DEPENDENCIES OF THE COMPANY?**

**Section 2.9**

The key dependencies of the Company are:

- ongoing access to capital for project exploration and development;
- maintaining title to its permits by meeting work programs;
- ongoing access to seismic data through its data access partnerships;
- maintaining existing and securing additional consents and approvals required to carry out exploration activities; and
- retaining competent operational management and prudent financial administration, including availability and reliability of appropriately skilled and experienced employees, contractors and consultants.

#### **WILL THE COMPANY REQUIRE MORE FUNDING?**

**Section 2.10**

The Company's planned exploration activities and business strategy generally as set out in Sections 2.4 and 2.5 will initially be funded by the Offer. However, the Directors anticipate the Company will in future require additional capital to further its exploration and development activities. The amount and nature of any such additional funding will be determined on market conditions and the needs of the business at the relevant time.

## **1.2 Key risks**

Prospective investors should be aware that subscribing for Shares in the Company involves a number of risks and uncertainties. The risk factors set out in Section 6, and other general risks applicable to all investments in listed securities, may affect the value of the Shares in the future. An investment in the Shares should be considered speculative. Investors may lose some or all of their investment.

A non-exhaustive list summarising the key risk factors affecting the Company is set out below. Investors should see Section 6 for a more detailed summary of risks. The occurrence of any one of the risks below could adversely impact the Company's operating or financial performance.



## Key Risks

### OFFER RISK

If the ASX does not admit the Shares to Official Quotation by 1 May 2022, the Company will not allot or issue any Shares and will repay all Application Monies for the Shares within the time prescribed under the Corporations Act, without interest.

If the ASX does not admit the Shares to Official Quotation before the expiration of three months after the Prospectus Date, or such period as varied by the ASIC, the Company will not allot or issue any Shares and will repay all Application Monies for the Shares within the time prescribed under the Corporations Act, without interest.

### PERMITS AND LICENCES RISK

The Company is required to comply with a range of laws to retain its Permits and Licences and periodically renew them. Each Permit and Licence also has its own specific exploration and expenditure requirements that the Company must satisfy. Even if specific requirements are met, there is no certainty that an application for grant or renewal of a permit or licence will be granted at all, or on satisfactory terms or within expected timeframes.

The laws relating to permits and licences are complex. Non-compliance with them, or changes in the interpretation of such laws could lead to the revocation of the Company's Permits and Licences and the Company cannot guarantee current Permits and Licences will be renewed or future permits will be granted.

### KEY PERSONNEL RISK

The future success of the Company depends, to a significant extent, upon the continued services of the management team of the Company. The loss of services from any of the key personnel may have a material adverse effect on the Company's business and operations. There can be no assurance that the Company will be able to retain or hire all appropriate personnel necessary for the development and operation of its business.

### EXPLORATION RISK

Key to Finder's financial performance is to have success in exploring for and ultimately discovering commercial volumes of hydrocarbons. Exploration is subject to technical risks and uncertainty of outcome. Finder may not find any or sufficient hydrocarbon reserves and resources to commercialise and develop. The cost of drilling, completing, equipping and operating wells is typically uncertain until after completion of all operations needed under the drilling program.

### DEVELOPMENT RISK

In the event that Finder is successful in locating commercial quantities of hydrocarbon through exploration, or acquisition of a development project, then that development could be delayed or unsuccessful for a number of reasons including extreme weather, unanticipated operational occurrences, failure to obtain necessary approvals, insufficient funds, a drop in commodity price, supply chain failure, unavailability of appropriate labour, or an increase in costs. If one or more of these occurrences has a material impact, then Finder's operational and financial performance may be negatively affected.

### OPERATIONAL RISK AND INSURANCE

Adverse weather conditions, unforeseen increases in establishment costs, accidents, industrial disputes, technical issues or encountering unusual geological formations or other unforeseen events could increase operational costs and significantly disrupt the Company's operations, possibly restricting the Company's ability to advance its exploration programs. The Company will mitigate this risk by, among other things, taking out appropriate insurance in line with industry practice.

### COUNTERPARTY EXPOSURE AND JOINT VENTURES

The Company's business model is dependent on identifying and introducing joint venture partners to fund high impact activities, drilling in particular, and recover sunk costs. Whilst Finder hedges counterparty risk by dealing with well-funded, established and credentialed operating counterparties, the financial performance of the Company is subject to those counterparties or joint venture partners continuing to perform their respective obligations under various contracts. Finder's key counterparties are SapuraOMV



## Key Risks

(WA) (which has committed to fund the Kanga-1 well drilling activities in 2022) and Fugro (for which Longreach holds 50% of Finder's interest in WA-520-P on bare trust).

### FUNDING RISK

Exploration and development of hydrocarbon reserves and resources require significant capital and operational expenditure. Finder may require funding for future commitments. There can be no assurance that the Company will be able to obtain funding as and when required on commercially acceptable terms, or at all. If access to funding is not available, Finder may not be able to take advantage of opportunities. Failure to obtain funding on a timely basis and on reasonably acceptable terms may also cause Finder to relinquish or forfeit rights in relation to the Company's assets or delay or cancel projects, adversely impacting its operational and financial performance.

Longreach will have a relevant interest in 52.38% of the Shares (on an undiluted basis) and 45.67% of Shares (on a fully diluted basis) (assuming all Options are issued and exercised, all Performance Rights are issued and converted and that no other Shares are issued). If Longreach's interest in Shares dilutes below 50.1%, Finder may as a result of such negative change of control, be liable for MLA licence fees in respect of the PGS (UK) MLA and Spectrum MLA. Finder will continue to proactively monitor and manage this risk.

### SIGNIFICANT SHAREHOLDINGS AND RELEASE FROM ESCROW

The absence of any sale of Escrowed Shares by Longreach during the mandatory escrow period (being 24 months from the date of listing) may contribute to limited liquidity in the market for the Shares. This could affect the prevailing market price at which Shareholders are able to sell their Shares and Shareholders may receive a market price for their Shares that is less than the price they paid. Following the end of the applicable escrow periods, a significant sale of Shares by Longreach or the perception that such sales might occur, could reduce the market price for the Shares.

### EXCHANGE RATE RISK

Finder's operations are located in Australia and the United Kingdom. However, essential services and equipment are typically sourced in the global market at rates quoted in US dollars. The Company is therefore exposed to fluctuation and volatility of the exchange rate between the Australian dollar, the pound sterling and the US dollar.

### OIL AND GAS PRICE RISK

Finder is not currently producing any oil or gas, however the price at which Finder can sell any produced oil and gas will have a material influence on its financial performance and value of its Permits. It is impossible to predict future commodity prices with confidence and the factors which impact it include, but are not limited to, global political situations, military conflicts, technological changes, output controls and global energy consumption which are all outside the Company's control. A material and extended fall in realised oil and gas prices for Finder may, among other things, result in delays to transactions and exploration programs or reduced booked reserves.

### RESERVES AND RESOURCES RISK

The Company's Permits are the subject of Prospective Resources but not Contingent Resources or Petroleum Reserves. There can be no guarantee that Finder will successfully convert its Prospective Resources into Contingent Resources or Petroleum Reserves. Estimates may alter significantly or become more uncertain when new information becomes available due to, for example, additional drilling or production tests over the life of field. As estimates change, development and production plans may also vary. Downward revision of reserves and resources estimates may adversely affect Finder's operational or financial performance.

Further, there is no guarantee that recovered resources or reserves will be commercially viable for development. Oil and gas prices can also significantly impact decisions on commercial viability.

### CLIMATE CHANGE RISK

As an oil and gas exploration company, Finder is exposed to both transition risks and physical risks associated with climate change. This includes the emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy (including, for example, the UK OGA's range of new net zero obligations on the oil and gas industry). The Company may be impacted by changes to local or



## Key Risks

international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage. These examples sit among an array of possible restraints on industry that may further impact the Company and make it challenging for FINDER to commercialise any resources it discovers. FINDER's business model will need to be responsive to these pressures. While the Company will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Company will not be impacted by these occurrences. Climate change may also cause certain physical and environmental risks that cannot be predicted by the Company, including events such as increased severity of weather patterns and incidence of extreme weather events and longer-term physical risks such as shifting climate patterns. The transition and physical risks associated with climate changes (including also regulatory responses to such issues and associated costs) may significantly change the industry in which the Company operates and FINDER's operating and financial performance.

### ENVIRONMENTAL RISK

FINDER is subject to several laws and regulations to minimise the environmental impact of its operations and rehabilitation of any areas affected by its operations. Changes to environmental laws may result in revocation of permits or licences, cessation or reduction of FINDER's operations, or materially increase exploration, development or production costs. Penalties for failure to adhere to requirements or, in the event of environmental damage, remediation costs can be substantive.

### REGULATORY RISK

FINDER's operations are subject to Australian and UK regulatory requirements. Changes to these requirements (including, for example, new requirements relating to climate change, environmental protection and energy policy) may restrict or affect FINDER's right to conduct its exploration and development activities.

### INFECTIOUS DISEASES

Outbreaks of pandemics or diseases, including, for example, the outbreak of the coronavirus disease (**COVID-19**), may have a material adverse effect on FINDER's business. The global economic outlook remains uncertain due to the COVID-19 pandemic, which has had and may continue to have a significant impact on capital markets and share price. The Company's share price may be adversely affected by the economic uncertainty caused by COVID-19. Further measures to limit the transmission of the virus implemented by governments around the world (such as lockdowns, travel bans and quarantining) may adversely impact the Company's operations (including, without limitation, the Company's exploration activities). Examples of possible implications include delays to regulatory approvals, drilling and operational delays, increases in transport and logistics costs and delays, travel restrictions, access restrictions, limited or no access to funding on commercially acceptable terms, delayed payments or counterparty insolvency and loss of revenue.

## 1.3 Directors, key managers, interests, benefits and related party transactions

Topic / Summary	More Information
<b>WHO ARE THE COMPANY'S DIRECTORS?</b>	<b>Section 4.1</b>
The Directors of FINDER are and on Admission will be:	
<ul style="list-style-type: none"><li>▪ Bronwyn Barnes, Independent Non-Executive Chairman;</li><li>▪ Damon Neaves, Managing Director;</li><li>▪ Shane Westlake, Technical Director; and</li><li>▪ Fred Wehr, Independent Non-Executive Director.</li></ul>	



## WHO ARE THE COMPANY'S KEY MANAGEMENT PERSONNEL?

## Section 4.2

The Key Management Personnel of Finder are:

- Damon Neaves, Chief Executive Officer;
- Shane Westlake, Technical Director;
- Anthony Benino, Chief Financial Officer and Company Secretary; and
- Aaron Bond, Exploration Manager.

## WHAT INTERESTS DO THE DIRECTORS AND KEY MANAGEMENT PERSONNEL HAVE IN THE SECURITIES OF THE COMPANY AT THE PROSPECTUS DATE AND ON ADMISSION?

## Section 4.4

As at the Prospectus Date:

- none of the Directors and Key Management Personnel or their related entities have relevant interests in the Shares; and
- Jan Ostby (co-founder and former Director of Finder) and Odd Larsen (Finder's other co-founder) each have a relevant interest in 100% of the Shares by virtue of their joint controlling interest in Longreach (of which Finder is a wholly owned subsidiary as at the Prospectus Date).

Longreach is 50% owned by Ostby Pty Ltd, a related entity of Jan Ostby, and 50% owned by Larsen Pty Ltd, a related entity of Odd Larsen.

Based on the intentions of the Directors and Key Management Personnel as at the Prospectus Date, the Directors and key management personnel and their related entities will have the following interests in Securities at Admission:

Director / KMP	Shares <sup>1</sup>	Voting % (undiluted)	Performance Rights <sup>2</sup>	Alignment Options <sup>3</sup>
Bronwyn Barnes	Nil	Nil	Nil	800,000
Damon Neaves	250,000	0.16%	6,000,000	Nil
Shane Westlake	250,000	0.16%	4,000,000	Nil
Fred Wehr	Nil	Nil	Nil	350,000
Aaron Bond	125,000	0.08%	4,000,000	Nil
Anthony Benino	125,000	0.08%	2,000,000	Nil

<sup>1</sup> This reflects the number of Shares that Damon Neaves, Shane Westlake, Aaron Bond and Anthony Benino (or their related entities) intend to apply for under the Public Offer.

<sup>2</sup> See Section 8.2 and Annexure B for the terms and conditions of the Performance Rights. The Independent Expert's Report contained in Annexure J sets out the advantages and disadvantages of the proposed issue of the Performance Rights. The Independent Expert has concluded the proposed issue at Listing of: (i) Performance Rights Tranches 1, 2 and 3 are fair and reasonable to non-participating Securityholders; and (ii) Performance Rights Tranche 4 is not fair but reasonable to non-participating Securityholders. See the Independent Expert's Report in Annexure J.

<sup>3</sup> See Section 8.4 and Annexure D for the terms and conditions of the Alignment Options.

On Admission, Jan Ostby's and Odd Larsen's relevant interest in the Shares, by virtue of their joint controlling interest in Longreach, is expected to be 82,500,000 Shares or 52.38% on an undiluted basis.



## WHAT ARE THE REMUNERATION ARRANGEMENTS OF THE DIRECTORS AND KEY MANAGEMENT PERSONNEL?

### Section 4.5

The Directors' and Key Management Personnel will receive the following remuneration on an annual basis from Admission:

Director / KMP	Remuneration (excluding superannuation)
Bronwyn Barnes	\$65,000
Damon Neaves	\$320,000
Shane Westlake	\$200,000
Aaron Bond	\$320,000
Anthony Benino	\$160,000
Fred Wehr	\$40,000

On Admission, each of Damon Neaves, Shane Westlake, Aaron Bond and Anthony Benino will receive Performance Rights as set out in Section 8.2. On Admission, each of Bronwyn Barnes and Fred Wehr will receive Alignment Options as set out in Section 8.4.

See also Sections 7.3, 7.4, 7.5 and 7.6 for summaries of the executive services agreements or appointment terms (as applicable). Shane Westlake and Anthony Benino will be engaged by Finder on a 0.50 FTE basis.

The Directors and Key Management Personnel may participate in the Company's Employee Incentive Plan, subject to the receipt of any required Shareholder approvals.

## WHAT IMPORTANT CONTRACTS AND/OR ARRANGEMENTS WITH RELATED PARTIES IS THE COMPANY A PARTY TO?

### Section 4.6

The Company has entered into the following related party arrangements on arms' length terms:

- executive services agreements with Damon Neaves and Shane Westlake (see Sections 7.3 and 7.4);
- letters of appointment with its Directors on standard terms (see Sections 7.5 and 7.6);
- deeds of indemnity, insurance and access with its Directors the Company Secretary on standard terms (see Section 7.7); and
- the Pre-IPO Restructure Agreements between Finder and Longreach (among others) to position Finder to operate as an independent company from Admission (see Section 7.1). These cover matters such as the Pre-IPO Structure, taxation, transfer of employees and access to data by the Finder Group. There are also ongoing commercial arrangements for the provision of seismic data by members of the Longreach Group to Finder in section 7.8.2.

## WHO WILL BE THE SUBSTANTIAL HOLDERS OF THE COMPANY?

### Section 8.7

Finder is presently a wholly-owned subsidiary of Longreach and therefore Longreach holds 100% of the issued capital of Finder.

On Admission, the following persons are expected to have an interest in 5% or more of the Shares on issue:

Shareholder	Shares	% of Shares
Longreach <sup>1</sup>	82,500,000	52.38% <sup>2</sup>

<sup>1</sup> Jan Ostby (co-founder and former Director of Finder) and Odd Larsen (Finder's other co-founder) each have a relevant interest in 100% of the Shares by virtue of their joint controlling interest in Longreach (of which Finder is a wholly owned subsidiary as at the Prospectus Date).

<sup>2</sup> Based on Shares on issue at Admission (on a Minimum Subscription basis).



## WHAT ARE THE JOINT LEAD MANAGERS' INTERESTS IN THE SECURITIES OF THE COMPANY AT THE PROSPECTUS DATE AND ON ADMISSION?

Section 5.6

As at the Prospectus Date, neither the Joint Lead Managers nor their associates have any relevant interest in the Shares.

On Admission, the Joint Lead Managers and their associates are expected to have an interest in 5,512,500 Lead Manager Options.

## 1.4 Financial Information

### Topic / Summary

### More Information

#### WHAT IS THE COMPANY'S KEY HISTORICAL FINANCIAL INFORMATION?

Section 3 and Annexure E

The Company was incorporated on 25 January 2022 and will acquire Finder Operations as part of a Pre-IPO Restructure. The historical financial information relevant to Finder is therefore solely that of what will be its wholly-owned subsidiary at Listing, Finder Operations. Summary financial information of Finder Operations is contained in Section 3 and includes the following:

- summary statutory and pro forma historical statements of Profit and Loss and Cash Flows for FY19, FY20 and FY21; and
- summary statutory and pro forma statements of financial position as at 30 June 2021.

Investors should note the basis of preparation and presentation set out in Section 3.2 where this is explained in more detail. Financial information below in this Investment Overview is summary only and should be read in conjunction with the more detailed disclosures and discussion on the Financial Information in Section 3, the Independent Accountant's Report at Annexure E and the risk factors set out in Section 4.

#### WHAT IS THE COMPANY'S HISTORICAL FINANCIAL PERFORMANCE?

Section 3.3

Investors are cautioned that the Company has been loss making in each of the last three financial years:

\$'000	Pro forma FY19	Statutory FY20	Statutory FY21
Revenue	-	-	-
Other income	4,135	1,690	1,560
Exploration and evaluation expenditure	(1,408)	(3,514)	(4,134)
Other costs	(2,828)	(1)	(106)
EBIT	(101)	(1,825)	(2,680)

#### WHAT IS THE COMPANY'S FINANCIAL POSITION?

Section 3.5

Based on the 30 June 2021 position, the company has pro forma net assets of \$3.96 million after adjusting for the Pre-IPO Restructure and the net proceeds of the Offer and other pro forma adjustments explained in Section 3.5.2.

#### ARE THERE ANY FORECASTS OF FUTURE EARNINGS?

Section 2.11

The Directors have considered whether a reasonable basis exists for the provision of forecast financial information in relation to Finder in this Prospectus.

Due to the inherently speculative nature of Finder's activities as an oil and gas exploration company and the Permits Finder has an interest in are only delineated on a Prospective Resource basis, the Directors are of the view that no such reasonable basis exists.



<p><b>WILL THE COMPANY HAVE SUFFICIENT FUNDS FOR ITS STATED OBJECTIVES?</b></p> <p>The Directors believe the Company will have sufficient working capital at the time of Admission to carry out its stated objectives.</p>	Section 5.4
<p><b>WHAT IS THE COMPANY'S DIVIDEND POLICY?</b></p> <p>The Directors have no current intention to pay dividends on Shares, as it is their intention to reinvest all cash flow into the business in order to maximise its growth. Accordingly, no dividends are expected to be paid in the near term following the Listing. The Directors do not provide any assurance in respect of the future level of dividends paid by the Company (nor the level of franking of, or conduit foreign income attaching to, any future dividends paid by the Company).</p>	Section 3.9

## 1.5 Summary of the Offer

Item	More Information
<p><b>WHAT IS THE OFFER?</b></p> <p>The Offer is an initial public offering of 75,000,000 Shares at the Offer Price of \$0.20 per Share to raise \$15,000,000 (before costs).</p> <p>The Offer comprises:</p> <ul style="list-style-type: none"> <li>the <b>Institutional Offer</b> – which is made to Institutional Investors in Australia and other eligible foreign jurisdictions; and</li> <li>the <b>Public Offer</b> - which is made to the general public.</li> </ul>	Section 5.1.1
<p><b>WHAT ARE THE ANCILLARY OFFERS?</b></p> <p>This Prospectus also contains the following Ancillary Offers:</p> <ul style="list-style-type: none"> <li>the offer of 16,500,000 Performance Rights to the persons noted in Section 8.2;</li> <li>the offer of 5,512,500 Lead Manger Options to the Joint Lead Managers (or their nominees); and</li> <li>the offer of 1,150,000 Alignment Options to the persons noted in Section 8.4,</li> </ul> <p>The Ancillary Offers are being made to:</p> <ul style="list-style-type: none"> <li>remove any secondary sale restrictions and facilitate further secondary trading of Shares to be issued by the Company after the close of the Offer but prior to Listing, in accordance with section 708A(11)(b) of the Corporations Act. This includes the Shares to be issued on conversion of the Performance Rights or exercise of Options, which are issued to sophisticated and professional investors upon receipt of conditional approval to the Company's Admission; and</li> <li>ensure the on-sale of Securities as detailed in Section 5.1.2 does not require a disclosure document under the Corporations Act.</li> </ul>	Section 5.1.2
<p><b>IS THERE A MINIMUM SUBSCRIPTION?</b></p> <p>Yes, the minimum subscription is \$15,000,000 (before costs) (being the issue of a minimum of 75,000,000 Shares) (<b>Minimum Subscription</b>).</p> <p>If the Minimum Subscription is not raised within four months of the Prospectus Date, or such longer period as varied by the ASIC, the Company will withdraw the Offer and repay all Application Monies to Applicants (without interest) as soon as practicable in accordance with the Corporations Act.</p>	Section 5.3



## WHY IS THE OFFER BEING CONDUCTED AND WHAT IS THE PROPOSED USE OF FUNDS?

### Section 5.4

The purpose of the Offer and proposed use of funds raised by the Offer is to:

- primarily support the Company's planned exploration activities described in Section 2.5,
- assist the Company to meet the requirements of ASX and satisfy Chapters 1 and 2 of the Listing Rules, as part of the Company's application for Admission;
- provide the Company with access to capital markets to improve financial flexibility;
- provide Finder with the benefits of an increased profile that arises from being a listed entity;
- pay the costs of the Offer; and
- provide working capital.

The Company's source of funds and intended use of funds, assuming completion of the Offer, is set out in Section 5.4 and information on its work programs and commitments is set out in sections 3 and 4 of the ITSR at Annexure F of this Prospectus. The allocation of funds may change depending on several factors, including market conditions, the development of new opportunities and materialisation of any risks described in Section 6, and actual expenditure may differ significantly from the above estimates.

## WHAT IS THE EFFECT OF THE OFFER ON THE CAPITAL STRUCTURE OF THE COMPANY?

### Section 5.5

As at the Prospectus Date, the Company is a wholly-owned subsidiary of Longreach.

From Admission, the capital structure of Finder is expected to be as follows:

Capital Structure	Number of Securities
Shares on issue as at the Pre-IPO Restructure <sup>1</sup>	82,500,000
Shares to be issued under the Offer	75,000,000
<b>Total Shares on issue post completion of the Offer<sup>2</sup></b>	<b>157,500,000</b>
Total Performance Rights on issue post completion of the Offer <sup>3</sup>	16,500,000
Lead Manager Options on issue post completion of the Offer <sup>4</sup>	5,512,500
Alignment Options on issue post completion of the Offer <sup>5</sup>	1,150,000
<b>Total Securities on issue post completion of the Offer</b>	<b>180,662,500</b>

1 As at the Prospectus Date the Company has 10 Shares on issue. See Section 2.3 for information on the Pre-IPO Restructure.

2 See Annexure A for the terms of the Shares.

3 See Section 8.2 and Annexure B for the terms and conditions of the Performance Rights. The Independent Expert's Report contained in Annexure J sets out the advantages and disadvantages of the proposed issue of the Performance Rights. The Independent Expert has concluded the proposed issue at Listing of: (i) Performance Rights Tranches 1, 2 and 3 are fair and reasonable to non-participating Securityholders; and (ii) Performance Rights Tranche 4 is not fair but reasonable to non-participating Securityholders. See the Independent Expert's Report in Annexure J.

4 See Section 8.3 for the terms and conditions of the Lead Manager Options to be issued to the Joint Lead Managers (or their nominees).

5 See Section 8.4 for the terms and conditions of the Alignment Options to be issued to the Independent Non-Executive Chairman and the Independent Non-Executive Director.

The Company's free float at the time of Admission will not be less than 20% with 45.67% held by unrelated IPO investors and 52.38% held by Longreach. Longreach's Shares will be subject to 24 months mandatory escrow.



<p><b>WHO IS ELIGIBLE TO PARTICIPATE IN THE OFFER?</b></p> <p>The Institutional Offer is only open to Institutional Investors invited by the Joint Lead Managers to participate in the Offer.</p> <p>The Public Offer is open to all investors with a registered address in Australia and certain investors in New Zealand, Hong Kong, Singapore and the United Kingdom as set out in Section 5.16.</p> <p>No action has been taken to register or qualify the Securities the subject of the Prospectus, or the Public Offer, or otherwise to permit the public offering of the Securities in any jurisdiction outside Australia.</p>	<p><b>Section 5.1.1 and 5.16</b></p>
<p><b>HOW DO I APPLY FOR SHARES UNDER THE OFFER?</b></p> <ul style="list-style-type: none"> <li>▪ Institutional Offer Applicants</li> </ul> <p>The Joint Lead Managers separately advised Institutional Investors of the Application procedure under the Institutional Offer.</p> <p>To the extent permitted by law, an Application received under the Offer is irrevocable.</p> <ul style="list-style-type: none"> <li>▪ Public Offer</li> </ul> <p>Applicants can apply for Shares under the Offer online on the offer website at <a href="https://investor.automic.com.au/#/ipo/FinderEnergy">https://investor.automic.com.au/#/ipo/FinderEnergy</a> and pay directly via BPAY® or EFT (for Applicants with an eligible Australian bank account). The Share Registry can be contacted via the Offer Information Line if an Applicant is unable to pay via BPAY® or EFT or a personalised Application Form is required. Applicants should take into account BPAY® processing times or mail times.</p>	<p><b>Sections 5.7 and 5.8</b></p>
<p><b>WHEN WILL I KNOW IF MY APPLICATION WAS SUCCESSFUL?</b></p> <p>It is expected that holding statements will be sent to successful Applicants on or about 29 March 2022 (subject to any extension of the Offer).</p>	<p><b>Section 5.13</b></p>
<p><b>WHAT ARE THE TERMS OF THE SHARES BEING OFFERED?</b></p> <p>All Shares issued under the Offer will rank equally with the existing Shares on issue. The rights and liabilities attaching to the Shares are described in Annexure A.</p>	<p><b>Annexure A</b></p>
<p><b>IS THERE A COOLING OFF PERIOD?</b></p> <p>No.</p>	<p><b>N/A</b></p>
<p><b>CAN THE OFFER BE WITHDRAWN BY THE COMPANY?</b></p> <p>Yes. The Company may withdraw the Offer at any time before the issue of Shares to successful Applicants under the Offer.</p> <p>If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded (without interest).</p>	<p><b>Section 5.12</b></p>
<p><b>WHO ARE THE JOINT LEAD MANAGERS TO THE OFFER?</b></p> <p>The Joint Lead Managers are Euroz Hartleys Limited and JP Equity Holdings Pty Ltd.</p>	<p><b>Section 5.6</b></p>
<p><b>IS THE OFFER UNDERWRITTEN?</b></p> <p>No.</p>	<p><b>Section 5.6</b></p>



<p><b>WILL THE SHARES BE QUOTED?</b></p> <p>Within seven days after the Prospectus Date, the Company will apply to ASX for Admission and Official Quotation of its Shares.</p> <p>If ASX does not admit the Shares to Official Quotation by 1 May 2022, the Company will withdraw the Offer and repay all Application Monies to Applicants (without interest) as soon as practicable in accordance with the Corporations Act.</p>	<p><b>Section 5.11</b></p>
<p><b>ARE THERE ANY ESCROW ARRANGEMENTS?</b></p> <p>Yes, there are compulsory escrow arrangements under the Listing Rules.</p> <p>None of the Shares issued pursuant to the Offer are expected to be Restricted Securities.</p> <p>The Company anticipates that upon Admission approximately 82,500,000 Shares will be classified as Restricted Securities by ASX, which based on the Minimum Subscription, comprises approximately 52.38% of the Shares on issue at Admission on an undiluted basis, and approximately 45.67% on a fully diluted basis (assuming all Options are issued and exercised, all Performance Rights are issued and converted and that no other Shares are issued).</p> <p>The Lead Manager Options as well as the Alignment Options and certain Performance Rights will be classified as Restricted Securities by ASX.</p>	<p><b>Section 5.17</b></p>
<p><b>IS THERE ANY BROKERAGE, COMMISSION OR STAMP DUTY PAYABLE BY APPLICANTS?</b></p> <p>No brokerage, commission or stamp duty should be payable by Applicants on acquisition of Shares under the Public Offer.</p>	<p><b>Section 5.8</b></p>
<p><b>HOW CAN I FIND OUT MORE INFORMATION ABOUT THE OFFER?</b></p> <p>Questions relating to the Offer or completion of the Application Form can be directed to the Offer Information Line on 1300 288 664 (within Australia) or +61 2 9698 5414 (outside Australia) 8:30am to 5:00pm (Perth time) Monday to Friday during the Offer period.</p>	<p><b>Section 5.21</b></p>



# 2 COMPANY OVERVIEW, STRATEGY AND ASSETS

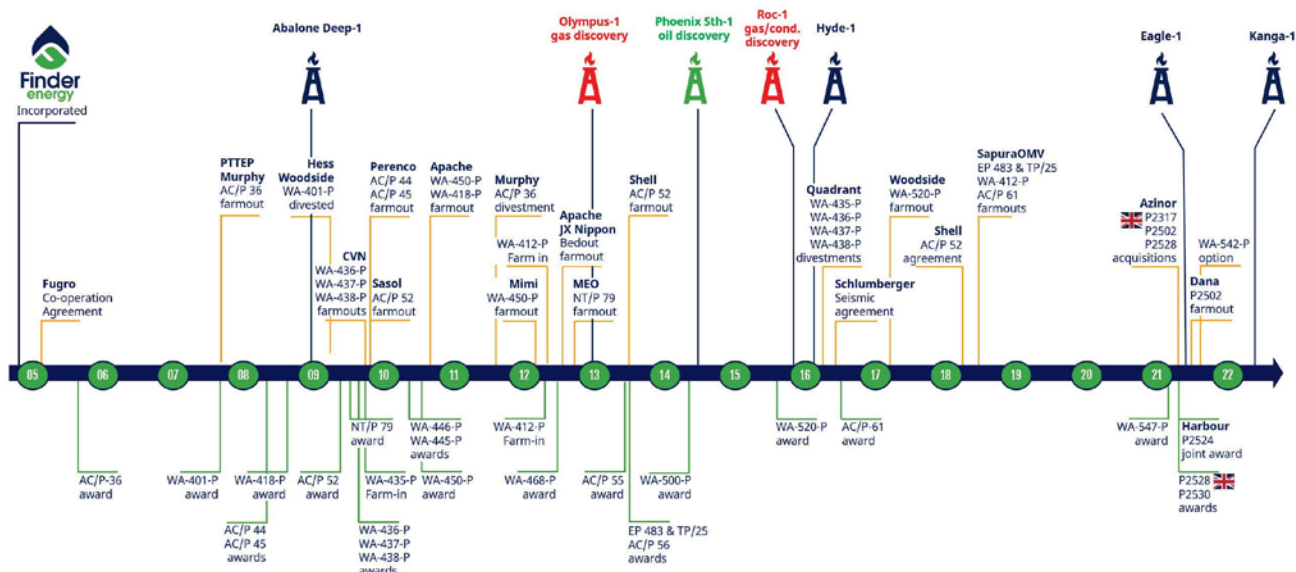
## 2.1 Background to the Company

Finder was established in 2004 as an oil and gas exploration company based in Perth, Western Australia. Since then, the Company has built a substantial acreage portfolio on the NWS, the most prolific hydrocarbon region in Australia and, more recently, Finder has expanded into the UK North Sea.

Finder has a strong reputation in the industry as a successful explorer with a proven track record in concluding value accretive transactions and finding hydrocarbons. Finder's active history in successfully acquiring acreage through government bid rounds, farmouts to industry partners and drilling for and discovering hydrocarbons in the region as shown in Figure 1 below. To date, Finder has completed 32 farmouts and divestments to industry partners. Historically, these deals have been able to recover costs as cash payments and also limit forward expenditure through disproportional funding of future work commitments (including drilling). This model allows the Company to effectively manage the high cost and risk of offshore exploration by minimising its costs while retaining upside through drilling.

Finder's sustainable business model provides access to funding from industry partners through the stages of exploration, minimising overheads and dilution of capital.

**Figure 1 – Timeline of Finder's History**



As a private company, Finder has had limited access to capital to participate in commercialisation of discoveries. As a consequence, Finder has divested post-discovery. Through this IPO, Finder is looking to expand its access to capital through public markets, opening up the pathway to progress through the commercialisation of discoveries and to maximise the value of any discovery in its upcoming drilling campaigns.

The Company will participate in the drilling of the high impact Kanga-1 well in May 2022 and will continue to mature its portfolio of drilling opportunities. With a positive outlook for oil prices, Finder is well positioned to continue to successfully execute its strategy and secure industry investment in oil and gas exploration.

### Who are the Company's Partners

*SapuraOMV Upstream (Western Australia) Pty Ltd (SapuraOMV (WA))*

SapuraOMV (WA) is a subsidiary of SapuraOMV Upstream (Holding) Sdn. Bhd. (**SapuraOMV**), an exploration and production company based in Kuala Lumpur, with over 30 kboe/d of production. SapuraOMV was formed in 2018 as a strategic partnership between the Austrian oil major OMV Exploration & Production



GmbH and Sapura Energy Berhad. Finder farmed out to SapuraOMV (WA) in December 2018 for a promoted carry in the drilling of Kanga-1. SapuraOMV (WA) are a proven drilling operator on the NWS.

#### *Fugro Exploration Pty Ltd (**Fugro**)*

Fugro is a subsidiary of Fugro N.V., a large multinational company and the world's leading Geo-data specialist with strong positions in the energy and infrastructure markets around the globe with a market capitalisation of €753 million (at 18 February 2022).

#### *Chrysaor Limited (**Chrysaor**), now Harbour Energy*

Chrysaor, a partner with us in P2524. During 2021 Chrysaor merged with Premier Oil plc to create Harbour Energy plc, the UK's largest listed independent oil and gas company with approximately 200 kboe/d.

#### *Dana Petroleum (E&P) Limited (**Dana E&P**)*

Dana E&P, a subsidiary of Dana Petroleum Limited (**Dana**), farmed into Finder's P2502 licence in the UK. With headquarters in Aberdeen and operations in the UK, Netherlands and Egypt, Dana had an average daily production of 57 kboe/d in 2019.

### **Kanga-1**

The Diamond Offshore Ocean Apex semi-submersible drilling rig (Figure 2) has been contracted by permit operator SapuraOMV to drill the high impact Kanga-1 well in May 2022. Finder has retained a 15% interest in Kanga with SapuraOMV paying a promoted share of the cost of the well. The Kanga Prospect is located in permit WA-412-P of the Northern Carnarvon Basin and ERCE have estimated the gross Best Case Prospective Resources to be 170 MMbbl gross, 25.5 MMbbl net to Finder (see Appendix 1 of the ITSR at Annexure F). Kanga is a robust trap mapped on high quality 3D seismic data and with excellent quality Legendre Formation sands as the objective reservoir. ERCE have estimated Kanga to have a Geological Chance of Success (**COS**) of 36%.

**Figure 2 – The Diamond Offshore Ocean Apex, the rig contracted to drill Kanga-1 in May 2022. (Source: Diamond Offshore)**





## **WA-547-P “the Dorado play” extension**

In 2008 Finder’s regional technical work recognised the potential for oil charge in the Bedout Sub-basin which led to the Company’s 2009 bid on four blocks including WA-437-P (WA-437-P now contains the Roc and Dorado discoveries). After acquiring the first 3D seismic survey in the Bedout Sub-basin, Finder farmed out to Apache Energy Corporation (later Quadrant Energy) in 2012 which led to the Phoenix South-1 (2014) and Roc-1 (2015) discoveries and ultimately the discovery of the Dorado Field, the largest oil discovery made on the NWS in the past 30 years. After the Phoenix South and Roc discoveries, the scale of success in the permits and the corresponding rapid capital expenditure requirements was too great for Finder, as a privately owned company, to continue to participate in the joint venture operations and Finder divested its interest to Quadrant. Santos (previously Quadrant) is working towards final investment decision (**FID**) on Dorado in mid-2022.

The success in the Bedout Sub-basin with eight of the last nine wells encountering hydrocarbons has attracted a lot of attention in the industry, and has resulted in the highest exploration bid levels during the last two Commonwealth gazettal rounds. Given its historical success in the area, Finder has reinvested along trend from the Dorado discovery and was awarded 100% of WA-547-P, the most competitively bid block in the 2019 Petroleum Offshore Acreage Release round.

Finder has strategically positioned itself along the Dorado play trend with technical work identifying multiple prospects within WA-547-P with significant resource potential (see Section 2.7.3 for an overview of these prospects). With the industry actively chasing the Dorado trend, this area is, and will be, the most actively explored area on the NWS with several wells and new seismic acquisitions planned in 2022 and beyond. Finder is planning to acquire new 3D seismic data to mature the prospects. Finder anticipates significant industry interest and will progress commercial negotiations in 2022 with a view to securing funding for forward activities.

## **UK – Infrastructure-Led-Exploration (ILX)**

The recent 32nd UK Offshore Licencing Round was the most significant acreage release in the UK North Sea in recent history. The UK North Sea is one of the most prolific hydrocarbon basins in the world with over 45 billion barrels of oil equivalent produced to date. Discoveries are able to be tied back quickly and cost-effectively to the extensive network of infrastructure in the North Sea.

Finder conducted a detailed evaluation of the 32nd round blocks on offer with a core ILX strategy targeting prolific hydrocarbon basins close to existing infrastructure. There was unprecedented industry interest in the 32nd round, with 65 companies being offered 113 licences. Finder successfully bid for and was awarded two licences in the Central North Sea. In addition, Finder acquired interests in a further three licences and established a permanent office in London with a highly experienced technical team.

Finder has established early partnerships with nearby infrastructure hosts on two of its licences and is progressing technical work to mature prospectivity across its North Sea portfolio.

## **SW Heather Oil Discovery**

Finder is currently evaluating data over the SW Heather oil discovery (1979) in its P2502 licence in the East Shetland Basin, UK. The discovery comprises Triassic and Middle/Upper Jurassic reservoirs that were tested by the discovery well 2/5-10 at combined flowrate of 6,018 bopd over three distinct reservoir intervals (2/5-10 WCR, 1979). Ambiguous results due to drilling difficulties of the 1983 appraisal well 2/5-16ST has led to complexities in determining the field’s resource potential and commerciality. Through the first half of 2022, Finder is undertaking a detailed review of seismic data and drilling results with a view to resolving these complexities and determining the contingent resources and commerciality of the SW Heather oil discovery. Finder is engaging with operators of proximate infrastructure to explore the potential to tie-back the SW Heather oil discovery to these facilities.

## **Farmout campaigns**

During 2022, Finder will be running farmout campaigns on several blocks within its portfolio, including key prospects such as Gem (AC/P 61), prospects on the Dorado trend including Favre, Brady and Brees (WA-547-P) and in the second half will commence farmout activities on a number of its Licences where the Company is pursuing an ILX strategy and is high grading a number of 3D defined prospects close to existing infrastructure. Farmout transactions from these campaigns have potential to add significant value for Finder in the near term.



## 2.2 Oil industry outlook

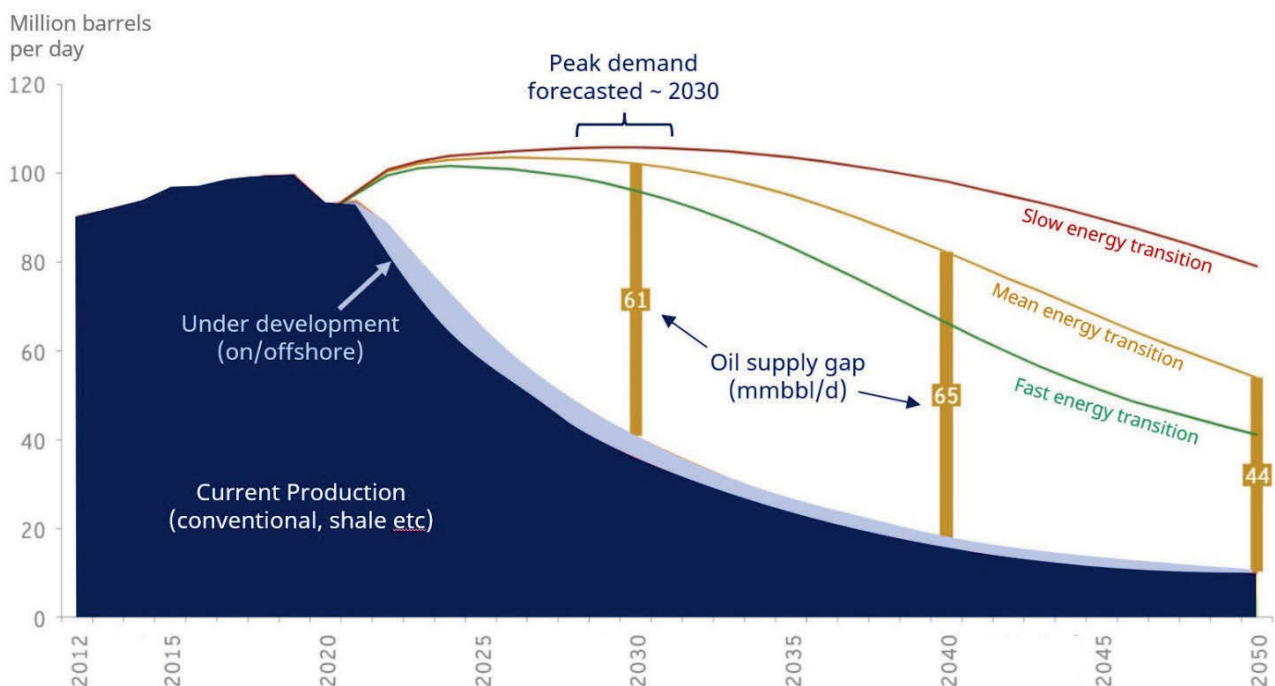
Demand for oil has recovered to pre-COVID levels and is forecast to return to continue to grow in line with recent historical trends. Oil demand is underpinned by population and GDP growth, driven by the growing middle class in India and China. Investment in renewable energy has so far not materially displaced demand for oil.

The decline rate on oil production is steep and this presents a challenge to the industry to maintain investment to sustain supply levels. Since the 2014 downturn, there has been significant underinvestment in oil exploration.

Currently investment in exploration is at 40% of 2014 levels. Reserves replacement ratios of oil majors are down to 45% on average (Rystad Energy).<sup>1</sup> This underinvestment combined with the steep natural decline in production from producing fields presents a major challenge for global oil supply.

If new reserves are not found, a significant gap is forecast to quickly emerge where supply is unable to meet demand. Rystad Energy forecast that even in a fast energy transition scenario, investment in development of new oil reserves is essential to meet projected oil demand. If investment in oil development is halted, a supply gap emerges from a few million barrels of oil per day in 2022 to over 60 million barrels of oil per day by 2030 (Rystad Energy).<sup>2</sup>

**Figure 3 – Forecasted oil supply gap (Rystad Energy)**



*"How will the energy transition affect global oil and gas demand?, Rystad Energy, October 2021"*  
reformatted by Finder for presentation purposes only

Finder believes an influx in investment in exploration is required to meet world demand in all reasonable and credible scenarios. Finder's strategy is designed to capture this investment and given Finder's extensive and high-quality portfolio, it is well placed to benefit from these scenarios.

In addition, Finder supports the Australian government's commitment to the Paris Agreement and its vision of a prosperous Australia recognised as a global low emission technology leader. To this end, Finder intends to explore opportunities to use its subsurface knowledge, data and capabilities to evaluate the potential for large scale carbon capture which may reduce the cost per tonne of carbon storage and assist global decarbonisation.

<sup>1</sup> Rystad Energy, 'Big Oil faces major reserves challenge as new discoveries fail to replace production', 5 May 2021 Press Release: [www.rystadenergy.com/newsevents/news/press-releases/big-oil-faces-major-reserves-challenge-as-new-discoveries-fail-to-replace-production/](https://www.rystadenergy.com/newsevents/news/press-releases/big-oil-faces-major-reserves-challenge-as-new-discoveries-fail-to-replace-production/). Note the author has not provided consent for this statement to be included in this Prospectus.

<sup>2</sup> Rystad Energy, 'How will the energy transition affect global oil and gas demand?', October 2021, published in NAPE – The Magazine for Dealmakers Vol 3, No. 1, pages 44 – 49. Note the author has not provided consent for this statement to be included in this Prospectus.



## 2.3 Corporate structure and Board

The Company was incorporated on 22 January 2022 as the proposed holding company of Finder Operations in relation to the IPO.

Finder Operations was incorporated in Australia on 15 December 2004, to pursue onshore and offshore oil and gas exploration opportunities identified by management based on their knowledge of the area and technical expertise. As new permits and licences have been acquired, Finder Operations has incorporated new wholly-owned subsidiaries to hold each permit, other than its UK licences which are all held in a single entity. At the Prospectus Date, Finder has 12 wholly-owned subsidiaries, of which six hold Permits or Licences (as the case may be) and six hold no assets.

As at the Prospectus Date, both the Company and Finder Operations are wholly-owned subsidiaries of Longreach.

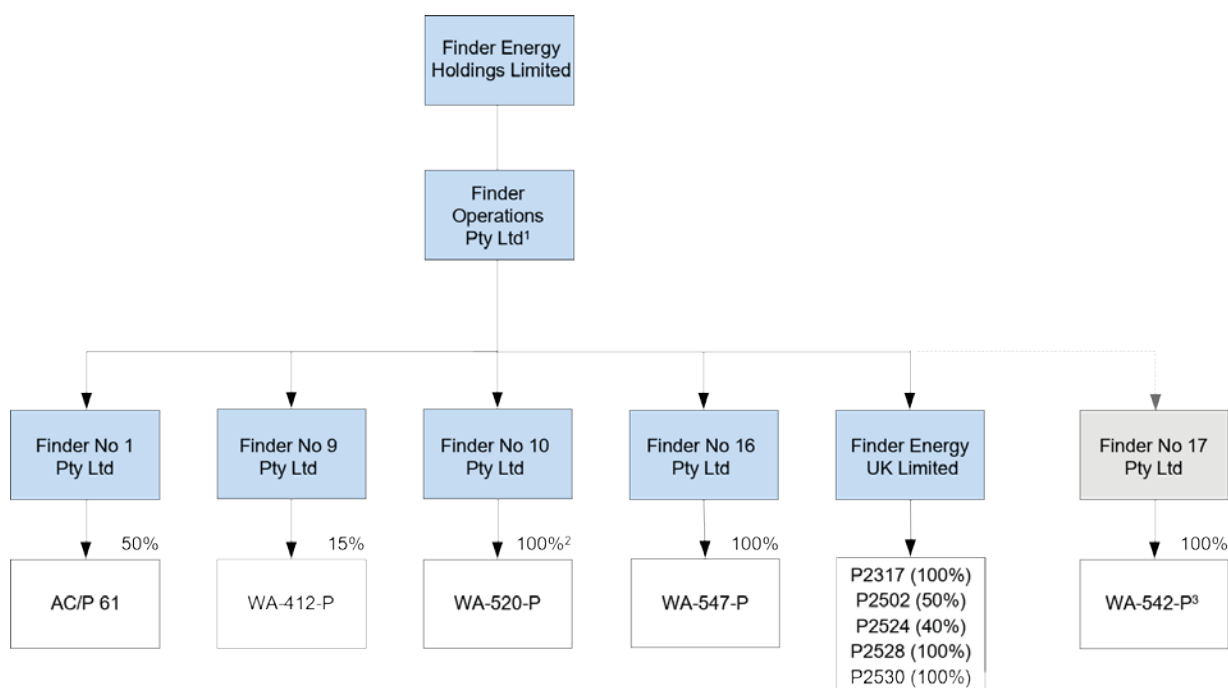
Subject to satisfaction of the Listing Condition but prior to Admission, the Finder Group will undertake an intra-group restructure (**Pre-IPO Restructure**) as follows:

- the Company will acquire Finder Operations and its subsidiaries in consideration for 82,499,990 Shares in Finder;
- Finder Operations will transfer all of its shares in Finder 17 and its interest in WA-542-P to Longreach; and
- Longreach will grant Finder a call option over the shares in Finder 17 (**Call Option**) to be exercised prior to the expiry of WA-542-P, as may be extended (**Permit End Date**), the consideration for the Call Option being Finder will undertake the technical work on the Permit during the Call Option period for and on behalf of Longreach; and
- Finder will grant Longreach a 3% royalty interest in the net sale proceeds of petroleum produced from the area the subject of WA-412 P, AC/P61 and WA-547-P.

See Section 7.1 for more information on the Pre-IPO Restructure Agreements and a summary of the material agreements affecting the Permits in the Australian Solicitor's Report in Annexure G.

On Admission, the Company's structure chart will be as follows:

**Figure 4 – Finder Corporate Structure on Admission**





- 1 Chart shows holding companies which currently hold permits or licences. Finder Operations also holds the following wholly owned subsidiaries which do not currently hold any assets: Finder No. 3 Pty Ltd, Finder No.4 Pty Ltd, Finder No. 7 Pty Ltd, Finder No. 11 Pty Ltd, Finder No. 13 Pty Ltd and Finder No. 14 Pty Ltd.
- 2 50% of Finder's economic benefits in the Permit are held on trust for Fugro in accordance with the terms of the Implementation and Variation Deed and the Separation Agreement. See section 12 of the Australian Solicitor's Report.
- 3 Finder has an option to acquire all of the issued capital of Finder No. 17 which holds a 100% interest in WA-542-P. See Section 7.1 for more information.

As at the Prospectus Date and on Admission, the Board will comprise:

- Bronwyn Barnes (Independent Non-Executive Chairman);
- Damon Neaves (Managing Director);
- Shane Westlake (Technical Director); and
- Fred Wehr (Independent Non-Executive Director).

See Sections 4.1 and 4.2 for the biographies of the Directors and Key Management Personnel.

## 2.4 Business model

Finder's business model is to create value in the exploration stage of the oil and gas asset lifecycle. Key aspects of Finder's business model are:

- **Seismic data and geoscience technological capabilities** – Finder has access to a large seismic and well database in both the NWS and the North Sea through partnerships with leading technology companies in the oil and gas industry, including for 3D seismic data, 2D seismic data and private seismic data. Finder's exploration philosophy is "exploring regionally, drilling locally" such that prospects and leads are analysed in their regional context by an experienced geoscience team.
- **Acreage capture** – Finder extensive regional seismic and well database and technical expertise gives it a competitive advantage for identifying and capturing new opportunities in the NWS and North Sea regions. Finder typically acquires acreage through competitive acreage release bidding rounds by the Australian and UK Governments. Finder has a successful track record competing against other oil and gas companies for the best acreage that becomes available. Finder currently has 10 permits in its exploration portfolio.
- **Farmout transactions** - Finder has a proven track record in farming out acreage to leading industry partners. Farming down provides Finder an opportunity to introduce an experienced operator to the project, reduce operating and drilling costs, the development risk associated with that project and create an immediate return on exploration acreage. Finder is currently running farmout campaigns on several blocks within its portfolio, including key prospects such as Gem (AC/P 61), prospects on the Dorado trend including Favre, Brady and Brees (WA-547-P) and is preparing to commence farmout activities on its UK licences where the company is pursuing an Infrastructure-Led-Exploration (ILX) strategy and is high grading a number of 3D defined prospects close to existing infrastructure.
- **Discovery** – to maximise the value of any discovery through commercialisation of the discovery or monetisation.

## 2.5 Growth strategy and key objectives

The Company intends to progress its exploration activities by undertaking economic and technical assessments in relation to its NWS and North Sea assets.

Finder intends to continue progressing exploration activity within its existing NWS and North Sea assets as well as capturing new opportunities.

In particular, Finder intends to generate growth by:

- acquiring, processing and analysing 3D seismic data to mature drilling prospects;
- reinvesting in the business model by acquiring permits and licences with new acreage to add to its portfolios; and
- entering into farmout agreements to fund further activity, including drilling.



With drilling success (ie, the Kanga-1 well), Finder will either progress with the commercialisation of the discovery or look to monetise that discovery with a view to maximising the value for shareholders.

Finder is actively seeking new farmin partners in relation to a number of its permits. Finder is continually evaluating new opportunities to grow and rationalise its portfolio to ensure continuous activity through the exploration cycle.

## 2.6 Overview of NWS and UK North Sea portfolios

Finder's portfolio comprises interests in 10 permits located in the world class hydrocarbon provinces of the NWS, Australia and the North Sea, UK. The five permits on the NWS are exploration permits for petroleum and cover a total gross area of approximately 14,051 km<sup>2</sup>. The remaining five permits made up of four Seaward Production (Innovate) licences and one Seaward Production (Promote) licence within the Phase A exploration period and are located on the continental shelf of the Central and Northern North Sea and comprise a total gross area of approximately 1,918 km<sup>2</sup>.

A summary of Finder's interests the Permits in Western Australia and Licences in the UK is shown below:

Permit/Licence	Location	Gross Area (km <sup>2</sup> )	Interest	Ownership
WA-412-P	Dampier Sub-basin, Northern Carnarvon Basin	323	SapuraOMV (WA)* Finder Fugro	70% 15% 15%
AC/P 61	Vulcan Sub-basin, Bonaparte Basin	335	Finder* Fugro	50% 50%
WA-520-P	Exmouth Sub-basin, Northern Carnarvon Basin	1,281	Finder	100% <sup>1</sup>
WA-547-P	Beagle Sub-basin, Northern Carnarvon Basin	7,260	Finder	100%
WA-542-P	Beagle Sub-basin, Northern Carnarvon Basin	4,852	Finder	100% <sup>2</sup>
P2317	Outer Moray Firth, Central North Sea	293	Finder	100% <sup>3,4</sup>
P2502	East Shetland Basin, Northern North Sea	424	Finder* Dana Petroleum	50% <sup>3</sup> 50%
P2524	South Viking Graben, Central North Sea	171	Finder* Harbour Energy	40% <sup>3</sup> 60%
P2530	North Kittiwake Basin, Central North Sea	454	Finder	100%
P2528	Peterhead Graben, Central North Sea	576	Finder	100% <sup>3</sup>

<sup>1</sup> 50% of Finder's economic benefits in the Permit are held on trust for Fugro in accordance with the terms of the Implementation and Variation Deed and the Separation Agreement. See section 12 of the Australian Solicitor's Report.

<sup>2</sup> Finder's interest in the Permit will be transferred to Longreach in consideration for a Call Option exercisable by the Permit End Date as part of the Pre-IPO Restructure and in accordance with the terms of the Longreach Separation Agreement (see Sections 2.3 and 7.1).

<sup>3</sup> Azinor holds income share and royalty rights (see section 6.6 of the UK Solicitor's Report for a summary of the relevant terms). Finder has received notification that Azinor is in liquidation and the liquidators are looking to sell Azinor's interest in the income share and royalty rights.

<sup>4</sup> Finder has advised the OGA of its intention to allow the Licence to determine at the end of its Phase A. See section 6.1(a) of the UK Solicitor's Report for further information.

See the Australian and UK Solicitor's Reports at Annexures G and H respectively for more information on these Permits and Licences as well as the ITSR at Annexure F for information on their related prospects.



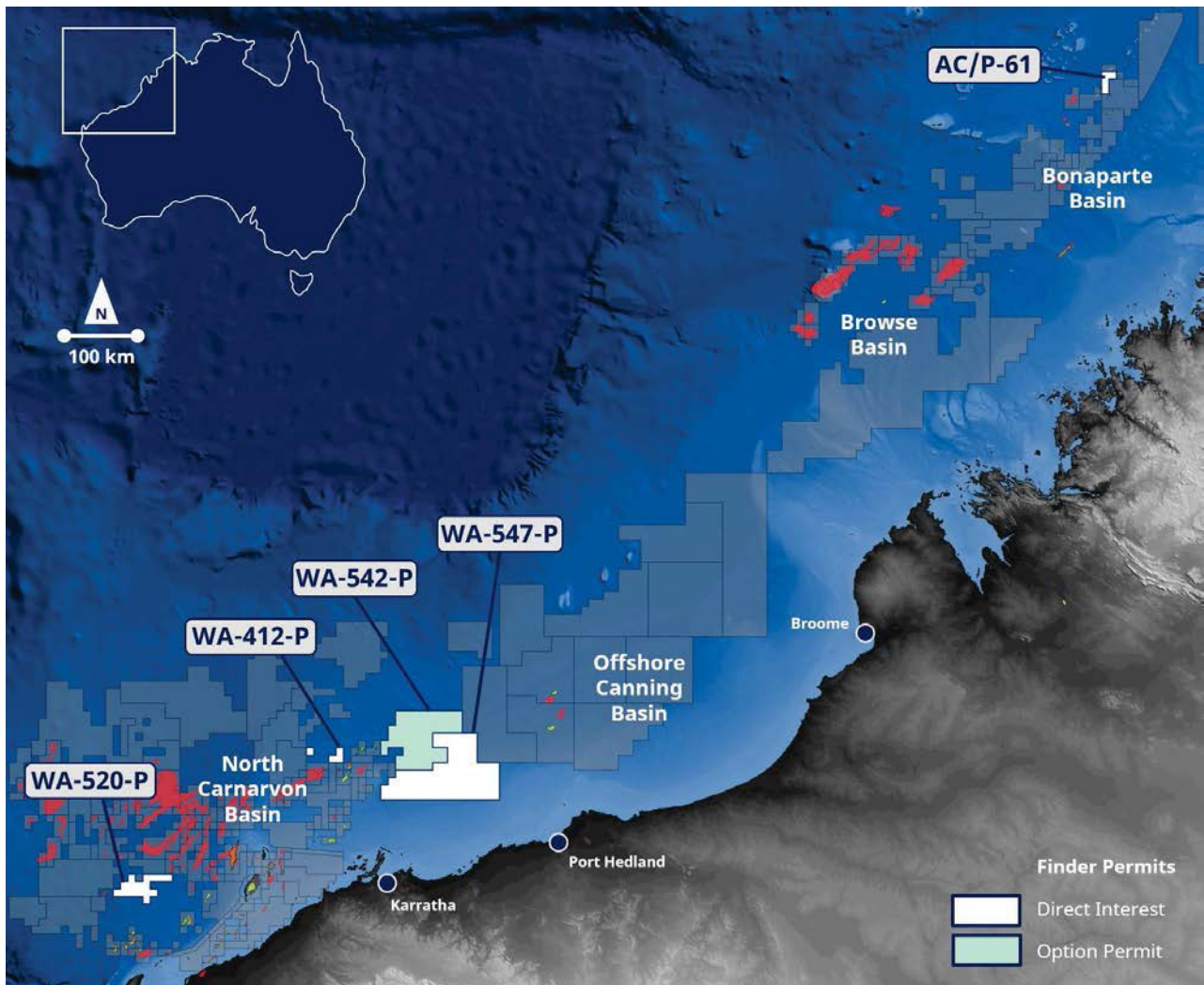
## 2.7 NWS Portfolio, Western Australia

The offshore NWS is a world class hydrocarbon province and extends for approximately 2,400 km along the northwest margin of the Australian continent. To date it has produced over 10 billion barrels of oil equivalent, with approximately a 1/3 oil to 2/3 gas split.

It includes the continental shelf, marginal platforms and plateau's out to about the 2,000 metres isobath. Four major sedimentary basins, with up to 17 km of sedimentary sequences are located within the NWS. From south to north, these include the Carnarvon, Offshore Canning, Browse and Bonaparte basins.

Finder has a significant NWS portfolio with an interest in five exploration permits covering over 14,000 km<sup>2</sup>. Finder is strategically positioned in the most prospective areas of the NWS with permits located in the Dampier and Beagle sub-basins and the Vulcan Sub-basin of the Bonaparte Basin.

**Figure 5 – Location Map of North West Shelf Portfolio**



ERCE as part of the ITSR has evaluated the Prospective Resources for Finder's five key prospects within the NWS portfolio. A summary is provided below with further detail in the ITSR at Annexure F.



**Table 1 – Unrisked Prospective Resources for Finder's five key NWS prospects<sup>1</sup>**

Permit	Prospect	Unrisked Prospective Oil Resources (MMstb)						Geological Chance of Success (COS) (%)
		1U	2U	3U	1U	2U	3U	
<b>WA-412-P</b>	Kanga	63.5	170.1	372.5	9.5	25.5	55.9	36 %
<b>AC/P61</b>	Gem	46.1	136.8	319.9	23.0	68.4	160.0	32 %
<b>WA-547-P</b>	Favre	69.3	213.2	556.2	69.3	213.2	556.2	20 %
	Brady	25.1	86.1	234.0	25.1	86.1	234.0	13 %
	Brees-Barret	54.2	147.8	326.7	54.2	147.8	326.7	30 %
	Brees-Caley	16.1	60.7	193.6	16.1	60.7	193.6	15 %

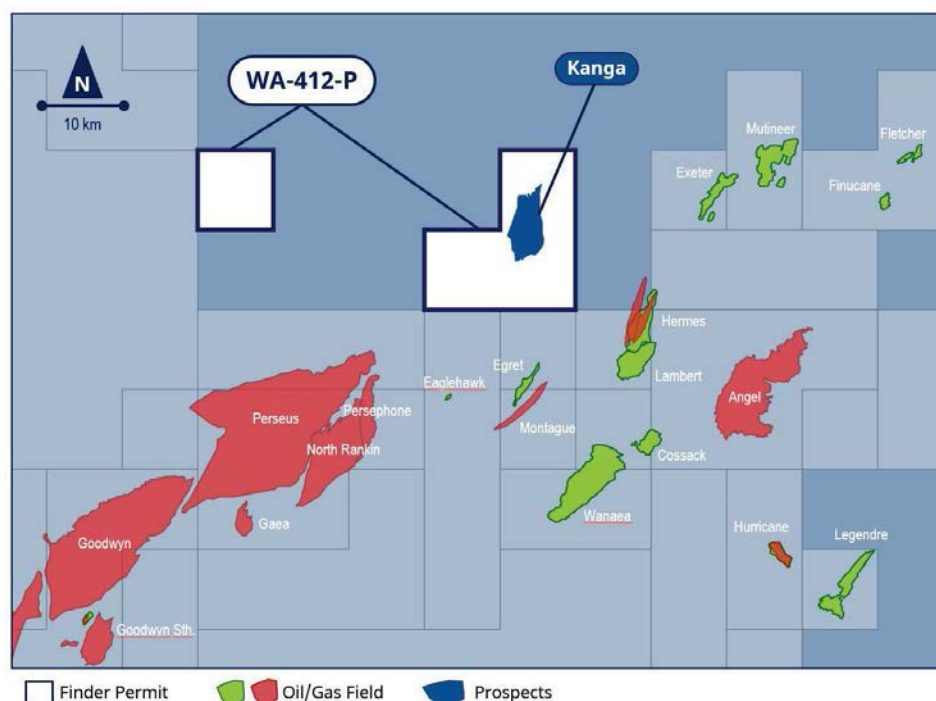
<sup>1</sup> The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation may be required to determine the existence of a significant quantity of potentially moveable hydrocarbons. These estimates should be considered in the context of the ERCE ITSR at Annexure F to the Prospectus.

## 2.7.1 WA-412-P

### Highlights:

- Finder farmed out to SapuraOMV (WA) in December 2018 for a promoted carry in the drilling of Kanga-1
- Kanga-1 is scheduled to spud early May 2022 with the Diamond Offshore Ocean Apex semi-submersible drilling rig
- The Kanga prospect has been independently reviewed by ERCE with gross estimated Best Case Prospective Resources of 170 MMbbl (25.5 MMbbl net to Finder) and a Geological Chance of Success (COS) of 36%
- In the event Kanga-1 finds a commercial volume of hydrocarbons, rapid development is possible through a floating production storage and offloading vessel (FPSO) tied back to sub-sea wells

**Figure 6 – WA-412-P Location Map**





The WA-412-P exploration permit is located in the Dampier Sub-basin approximately 20 km east of the Mutineer/Exeter and Fletcher/Finucane oil fields. Finder completed depth reprocessing of the Judo 3D seismic survey and mapped the Kanga Prospect in the permit. In December 2018, Finder and Fugro farmed out a 70% interest and operatorship to SapuraOMV (WA). In consideration, SapuraOMV (WA) will disproportionately fund drilling of the Kanga-1 exploration well and other permit expenditure. Finder currently holds a 15% interest in WA-412-P.

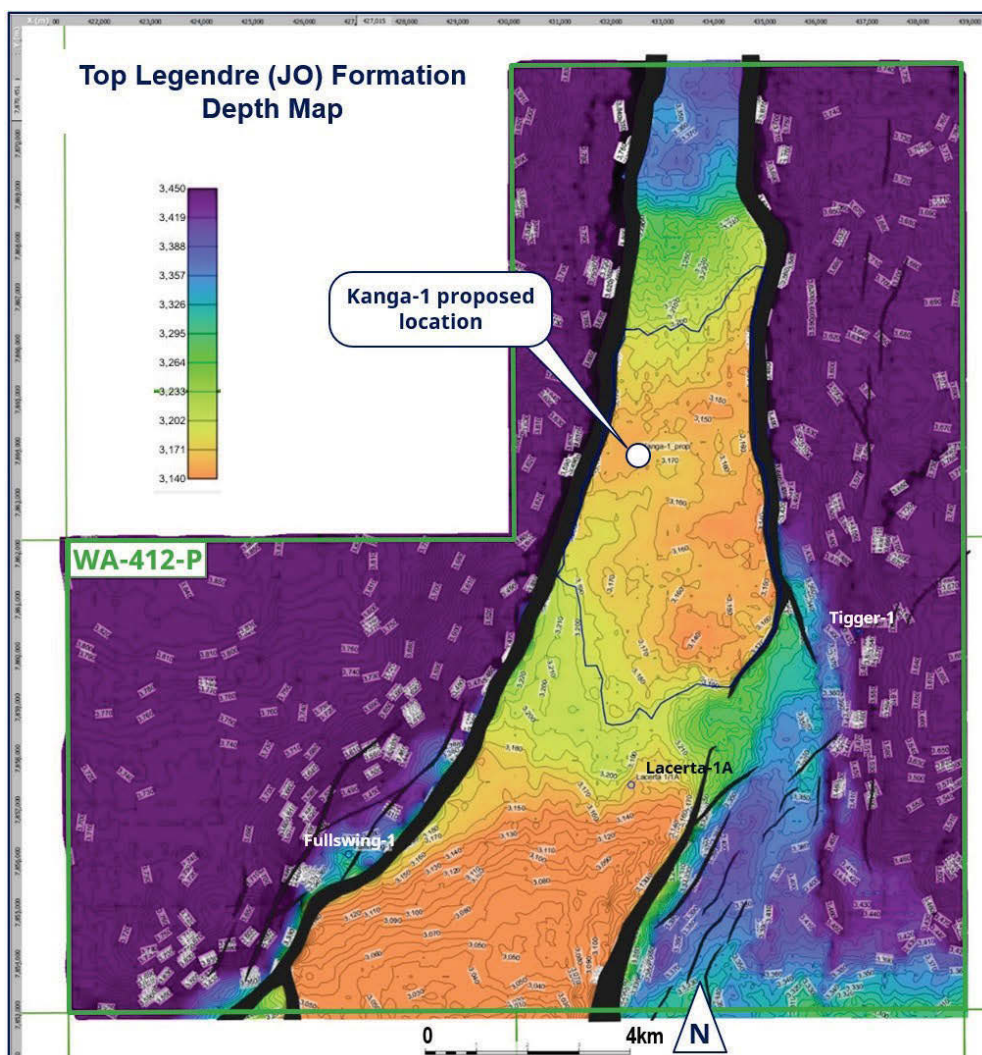
The Kanga Prospect is a robust low relief horst structure on a prominent north-south structural nose. The reservoir objective are the Jurassic Legendre Formation sandstones sealed by proven Muderong and Forestier claystone. The key risk identified is hydrocarbon charge, however Lacerta-1 drilled in 1998 to test a stratigraphic trap up-dip from the Kanga Prospect is interpreted to have live oil shows (fluorescence) beneath the regional seal providing support for charge into the Kanga horst block.

The Kanga-1 exploration well is scheduled to spud early May 2022. Environmental approvals have been granted, and final well operational approvals are scheduled to be completed in the first quarter 2022. The Diamond Offshore Ocean Apex semi-submersible drilling rig has been contracted to drill the well.

In the event of discovering a commercial volume of hydrocarbons at Kanga-1, an appraisal well and flow test would likely be required in prior to FID to develop the field. As proven by nearby oil fields, rapid development utilising a central FPSO tied to sub-sea development wells would be the most likely method for producing the oil.

For more information on the WA-412 P and the Kanga Prospect, see section 9 of the Australian Solicitor's Report and section 3.3 of the ITSR at Annexure F.

**Figure 7 – Top Legendre Formation depth map with Kanga-1 proposed well location**

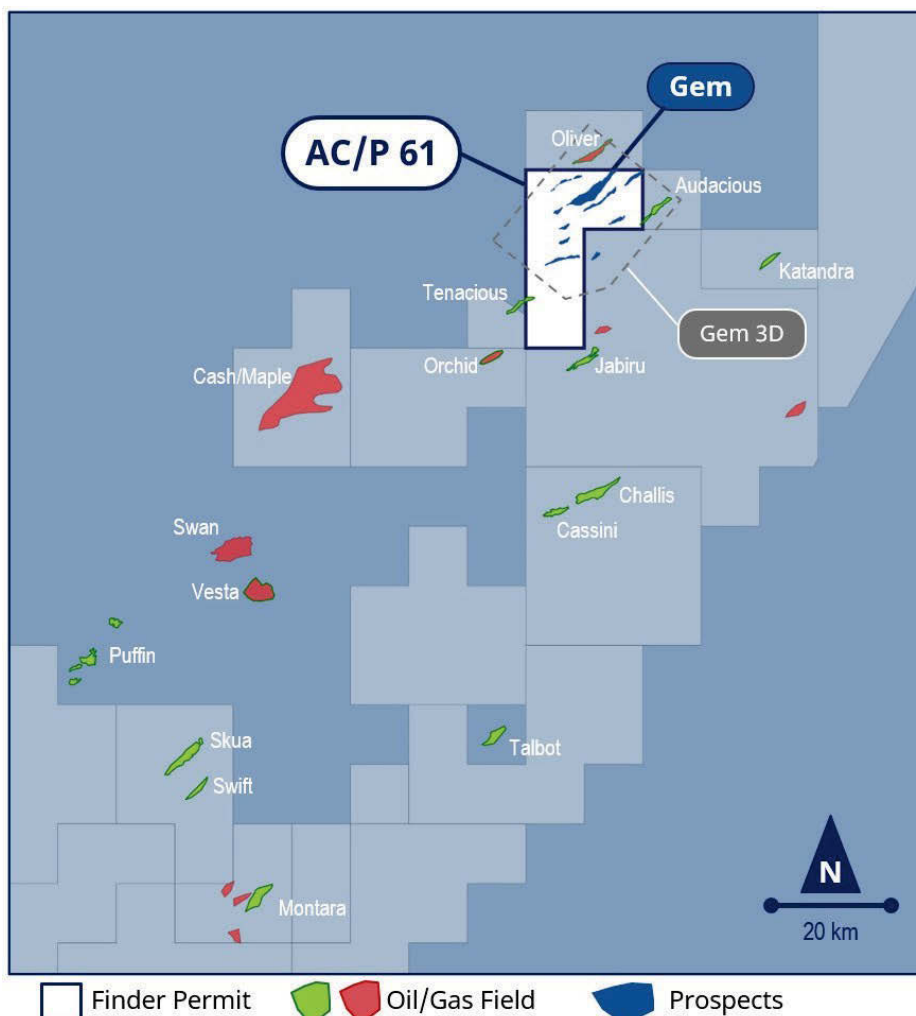




### Highlights:

- Gem Prospect high graded with new 3D seismic acquisition in 2020 and depth processed using high-end full waveform inversion (FWI) and depth processing (PSDM) technologies
- Located in a proven hydrocarbon province surrounded by full-to-spill oil and gas discoveries
- Independently reviewed by ERCE to have estimated gross Best Case Prospective Resources of 137 MMbbl with a COS of 32%
- During 2022, Finder will look to farmout equity in the permit to drill the Gem-1 exploration well

**Figure 8 – AC/P 61 Location Map**



The AC/P 61 exploration permit is located in the proven Vulcan Sub-basin and is surrounded by a number of light oil discoveries including the depleted Jabiru and Challis Oil Field (~180 MMbbl oil recovered) to the south, and the Tenacious, Audacious and Oliver oil and gas discoveries to the west, east and north of the permit respectively. Finder's regional interpretation suggests that most hydrocarbon discoveries surrounding the AC/P 61 permit are full to spill/leak. The Permit was released as part of the 2015 offshore petroleum acreage release and Finder was successfully awarded the Permit in June 2016.

Existing vintage 3D seismic data over AC/P 61 was poor-moderate in data quality and in early 2020 the joint venture acquired the Gem 3D seismic survey and processed the data with a high-end workflow including full waveform inversion (FWI) and depth processing (PSDM). The processing was completed in April 2021, with the new Gem 3D seismic data showing significant improvements in data quality compared to the existing vintage 3D seismic data which was acquired in the late 1990s.

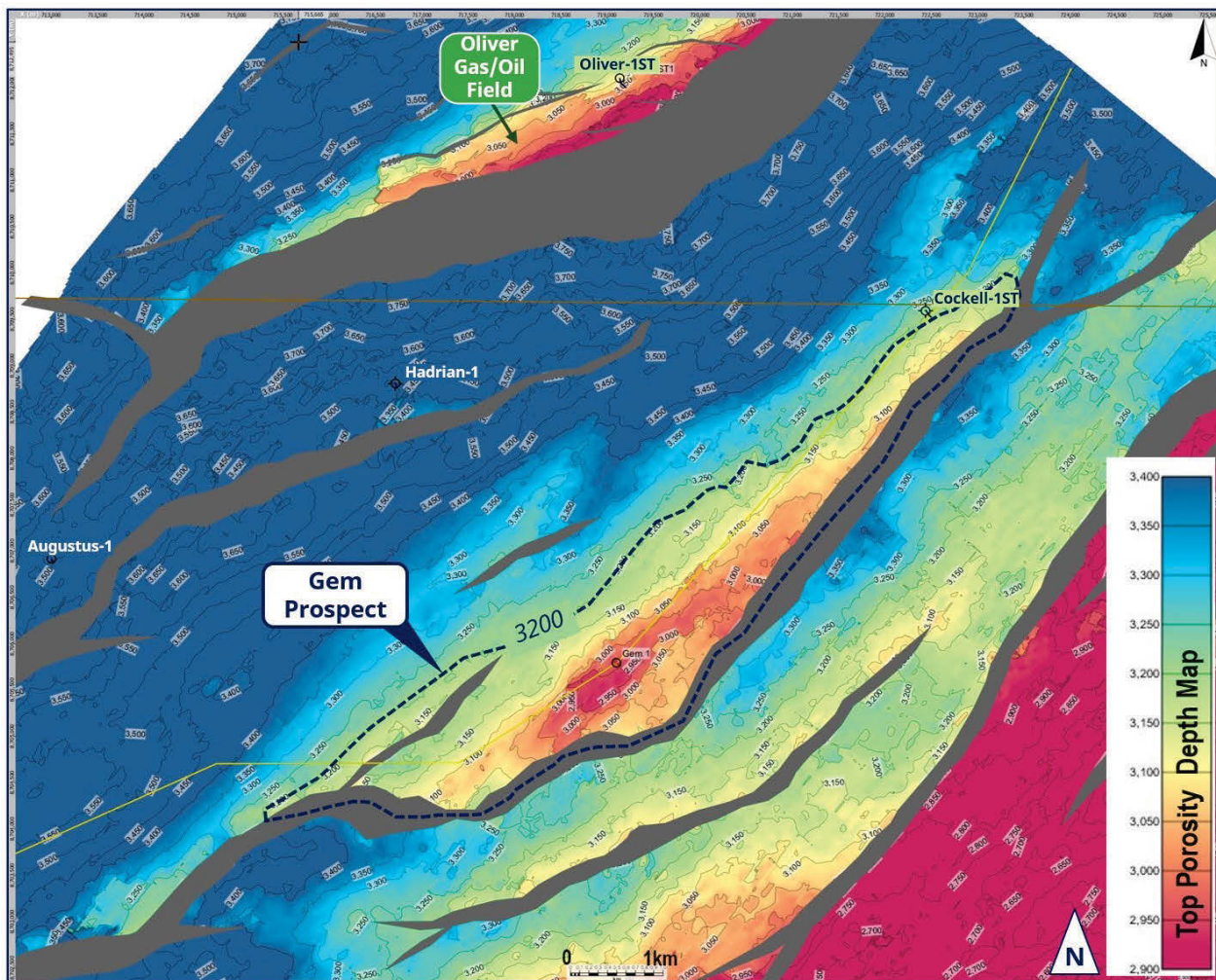
Seismic interpretation has shown the Gem Prospect to be a robust structure surrounded by a number of



smaller satellite prospects. The Gem Prospect has a high-quality Jurassic Plover reservoir objective sitting on a tilted fault block with direct hydrocarbon charge access to the proven source kitchen of the Vulcan Sub-basin. Thick lower Vulcan Formation shales seal the Plover Formation sandstone reservoir objective. The Gem Prospect has a best case mapped depth closure of 10.3 km<sup>2</sup> with 250 metres of vertical relief. ERCE has completed an independent technical review and for the Gem prospect and estimates gross Best Case Prospective Resources to be 136.8 MMbbl (68.4 MMbbl Net to Finder).

For more information on the AC/P 61 and the Gem Prospect, see section 10 of the Australian Solicitor's Report and section 3.4 of the ITSR respectively.

**Figure 9 – Gem Prospect top reservoir depth map from Gem 3D**



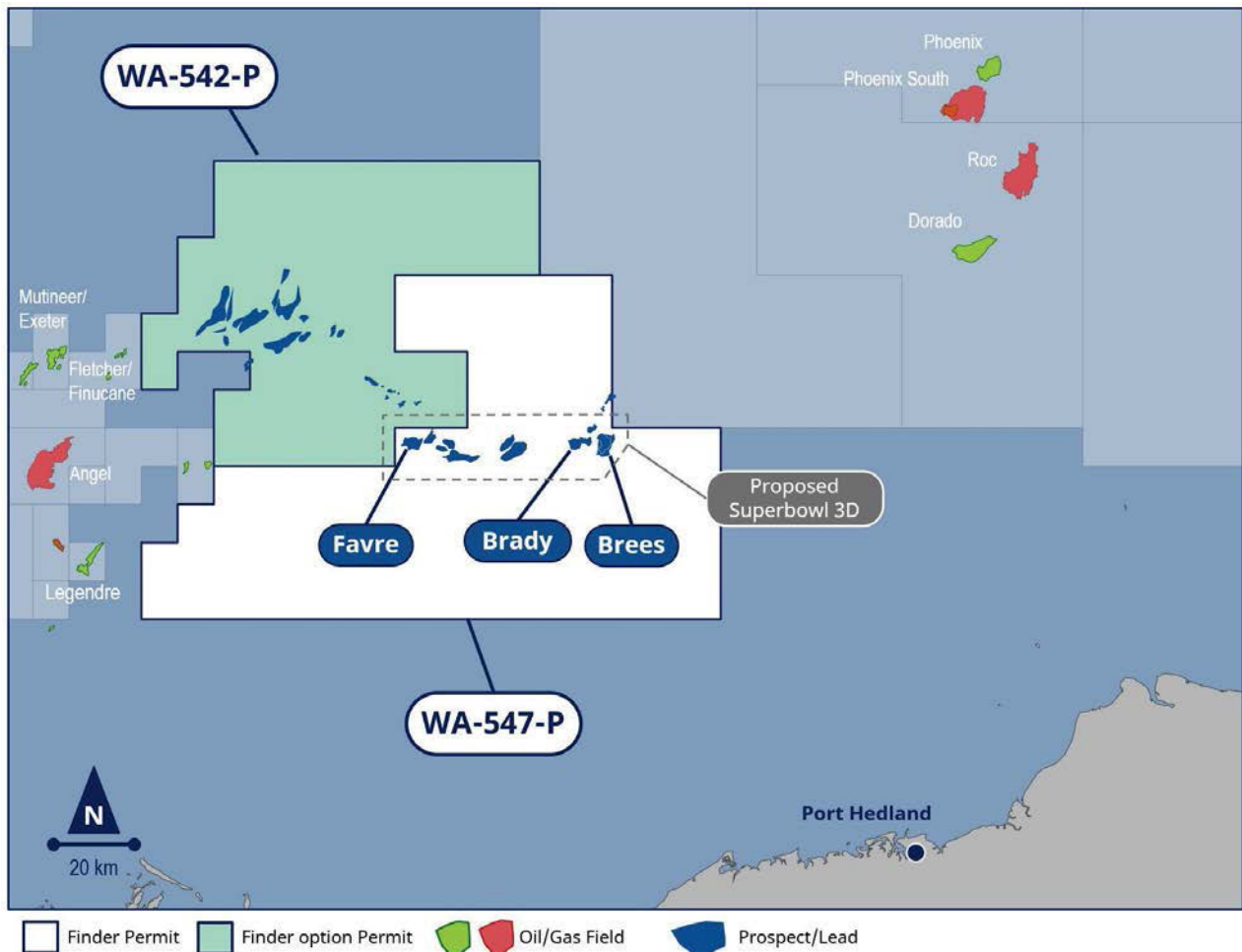
### 2.7.3 WA-547-P

#### Highlights:

- Finder awarded highly sought-after WA-547-P against multiple competing bids
- Strategic reinvestment in the basin secures material position along trend from Dorado oil discovery
- Characteristic features of the Dorado play such as channel incisions, bright amplitude-versus-offset (AVO) responses and hydrocarbon chimneys are all observed on Polly 3D over WA-547-P
- ERCE has estimated gross Best Case Prospective Resources of 213 MMbbl at Favre, 86 MMbbl at Brady and 148 MMbbl and 61 MMbbl at two reservoir levels in Brees
- Work program sees new modern 3D seismic data to be acquired in late 2022, prior to the drilling of an exploration well
- Finder will progress commercial negotiations in 2022 with a view to securing funding for forward activities



**Figure 10 – WA-547-P Location Map**

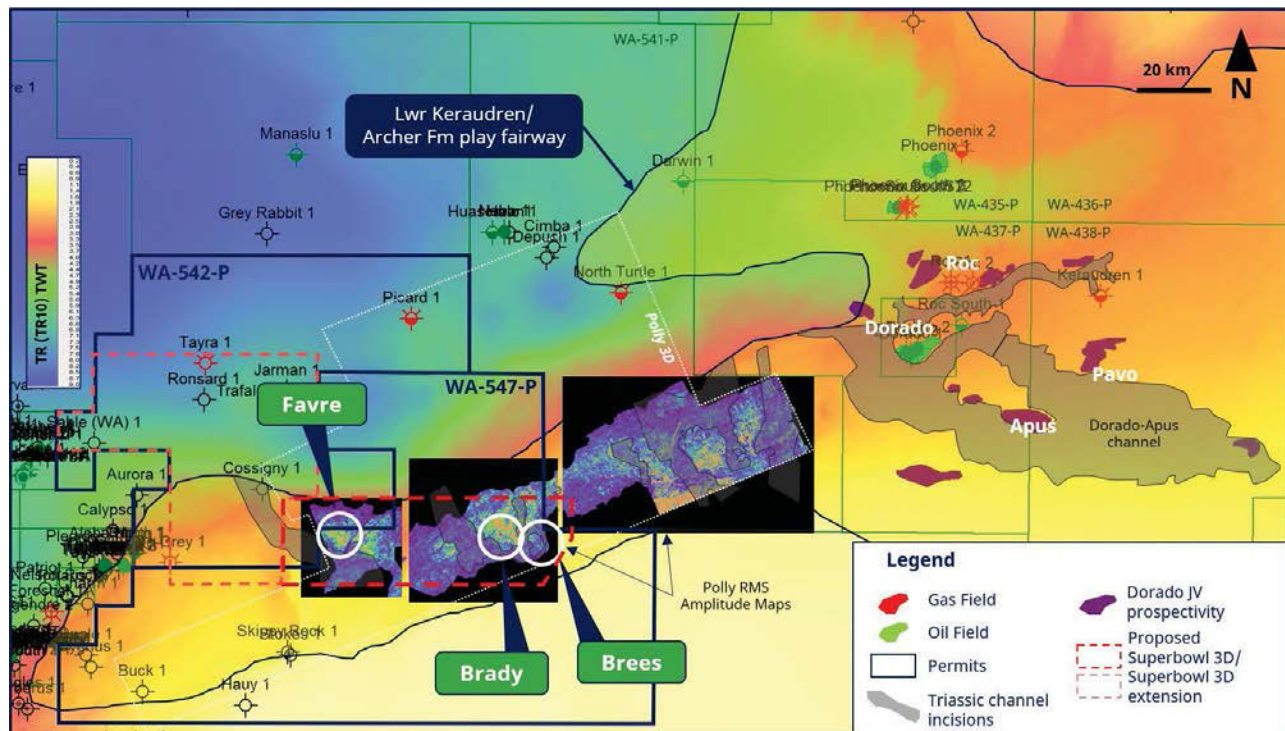


WA-547-P was released during the 2019 Offshore Petroleum Acreage Release and was the most competitively bid block for the round. Finder was awarded the permit on 5 January 2021. The permit is located offshore Western Australia, approximately 100 km west of Port Hedland and approximately 90 km north from Dampier and covers an area of approximately 7,260 km<sup>2</sup>.

Within the permit, Finder has identified material prospectivity within the same Early to Middle Triassic play trend as the Dorado and Roc discoveries in the adjacent Bedout Sub-basin acreage, located 120 km east of the permit. The Dorado oil discovery is the largest NWS oil discovery (344 MMboe) on the NWS in the past 30 years and is expected to reach FID mid-2022. Since the discovery, a hive of exploration activity has occurred with increased bid levels during acreage release rounds, and multiple new seismic surveys being acquired or planned to help unlock this exciting new and underexplored play.



**Figure 11 – WA-547-P Dorado Trend prospectivity**

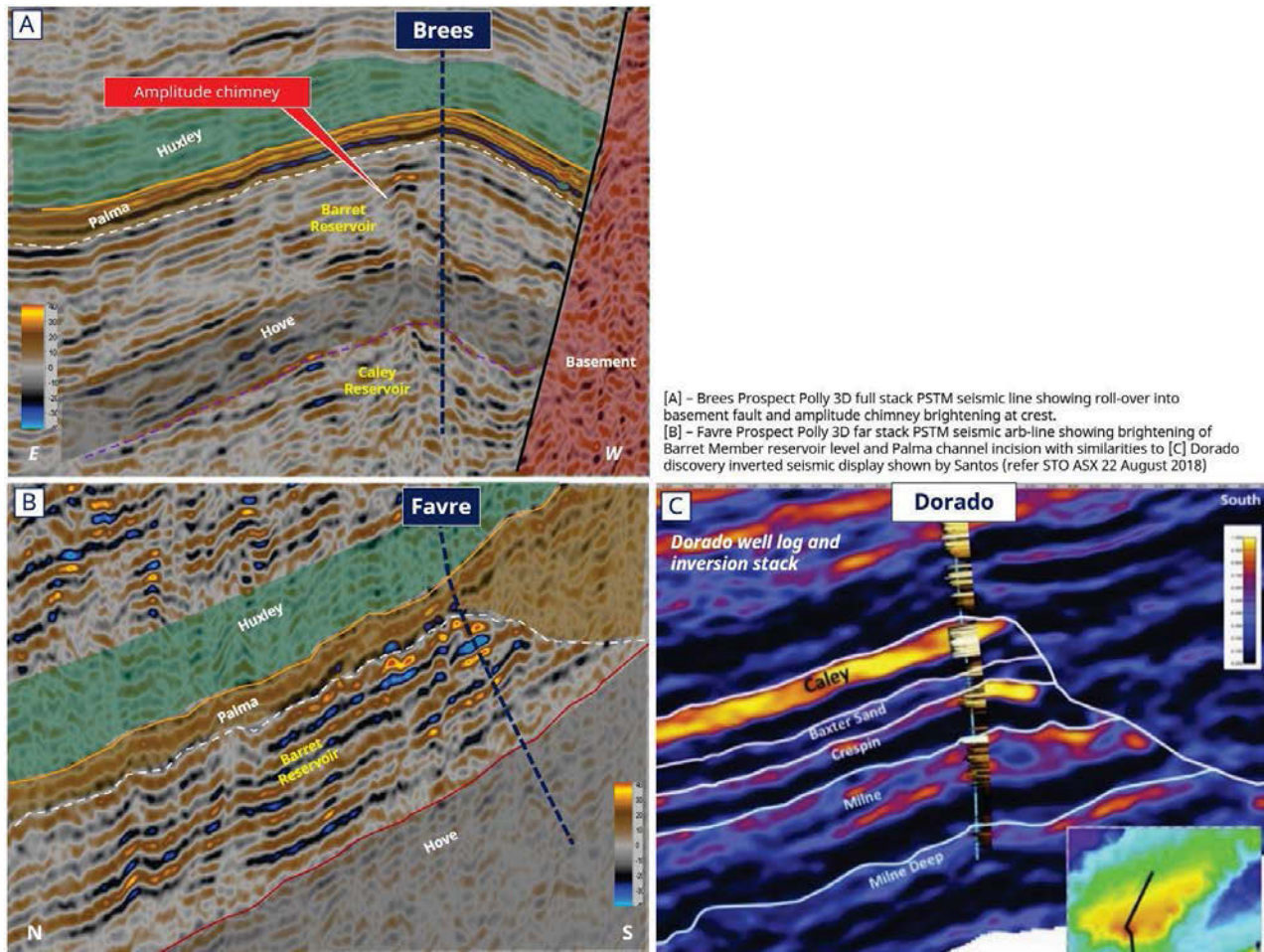


Finder has identified three material prospects (Brees, Favre and Brady) and a number of satellite leads on the vintage 3D seismic data (Polly 3D) which partially covers the Permit. Highlights of the three prospects are:

- **Brees Prospect** – a shallow dual-target prospect with targets in the Barret Member (Phoenix discoveries) and Caley Member (Dorado and Roc discoveries). The trap style is a crestal 4-way closure with large 3-way rollover into basement. The Brees Prospect shows a crestal amplitude chimney which is similar to other Bedout Sub-basin discoveries.
- **Favre Prospect** – a structural-stratigraphic style trap with stacked Barret reservoir primary targets. The complex trap has an up-dip channel incision observed on seismic, similar in style to the Dorado discovery and a lateral fault seal upside. A promising AVO response is interpreted to indicate the presence and distribution of good quality Barret Member reservoir sandstones.
- **Brady Prospect** – a stratigraphic trap with shale-filled channel incisions providing seal potential. Seismic amplitudes indicate the potential for stacked sand-shale pairs within the Caley Member.



**Figure 12 – WA-547-P Brees and Favre Prospects**



All three prospects, including the adjacent leads are ideally located to be charged from multiple different sources. Finder is currently planning the Superbowl 3D seismic survey to cover all key prospects and leads within the permit. Due to the shallow nature of the leads the new seismic data may be effective. It is anticipated that the new data may be utilised in AVO analysis to help define the traps, reservoir and hydrocarbon fluid presence.

For more information on WA-547-P and the Favre, Brady and Brees Prospects, see section 13 of the Australian Solicitor's Report and section 3.5 of the ITSr respectively.

#### 2.7.4 WA-542-P

##### Highlights:

- Located along trend from proven Dampier Sub-basin Jurassic petroleum system to the West and Bedout Sub-basin Triassic petroleum systems of Dorado and Roc to the East
- Finder is currently evaluating the prospectivity within the Permit
- Finder will have an option to acquire 100% of the Permit at no cost to Finder (other than assuming the work program commitments) and is currently evaluating synergies with WA-547-P ahead of exercising the option

As noted in Section 2.3, as part of the Pre-IPO Restructure, Finder's interest in this Permit will be transferred to Longreach in consideration for Finder acquiring an option to acquire 100% of Exploration Permit WA-542-P at no cost (other than assuming the work program commitments).

The Permit is located in the Northern Carnarvon Basin, approximately 135 km north of Dampier and 155 km northwest of Port Hedland and covers an area approximately 4,852 km<sup>2</sup>. It straddles the southern Beagle Sub-basin and the northern edge of the Lambert Shelf in water depths ranging from 80 to 350m.



The permit has moderate coverage of 2D seismic data and minor partial coverage of 3D seismic data. Finder's technical work to date has identified three key play levels:

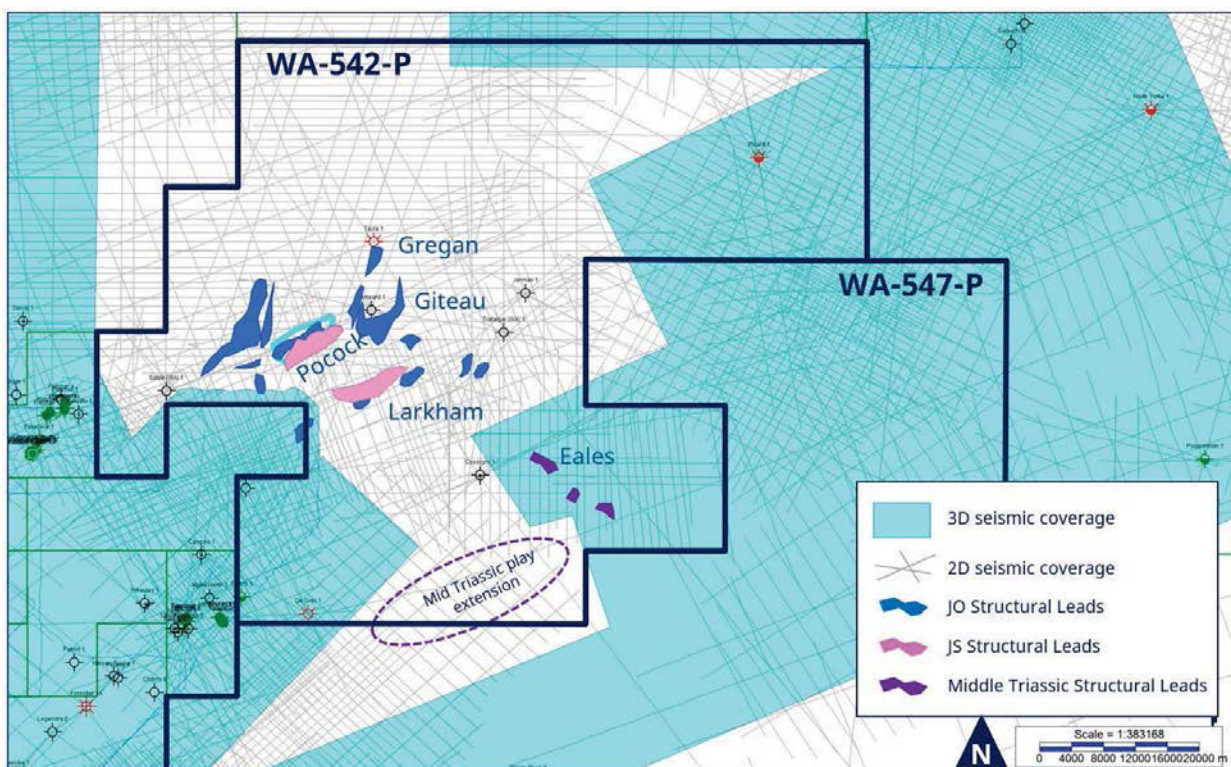
- Upper Jurassic, Angel and Eliassen Formation sandstones (nearby analogues include Mutineer, Exeter and Hurricane discoveries);
- Lower to Middle Jurassic, North Rankin and Legendre Formation sandstones (Fletcher and Seraph discoveries); and
- Middle Triassic Keraudren Formation (nearby discoveries include Phoenix South, Roc and Dorado).

Leads mapped on the current seismic dataset have a range in trapping styles including, tilted fault blocks, low-side three-way closed traps, intra-graben tilted fault traps and minor four-way dip closed traps. Ongoing technical work will identify the most prospective location for the acquisition of a new 3D seismic survey to mature one or more leads to a drill ready prospect.

Finder is looking at potential synergies with its planned activities in its adjacent WA-547-P permit as well as 3D surveys being planned by other operators in the area in order to find a commercially attractive solution to meet the work program commitment on WA-542-P. Once suitable terms are secured, Finder proposes to exercise its option to acquire 100% of the permit.

For more information on WA-542-P, see section 12 of the Australian Solicitor's Report and section 3.6 of the ITSR respectively.

**Figure 13 – WA-542-P leads and data coverage map**



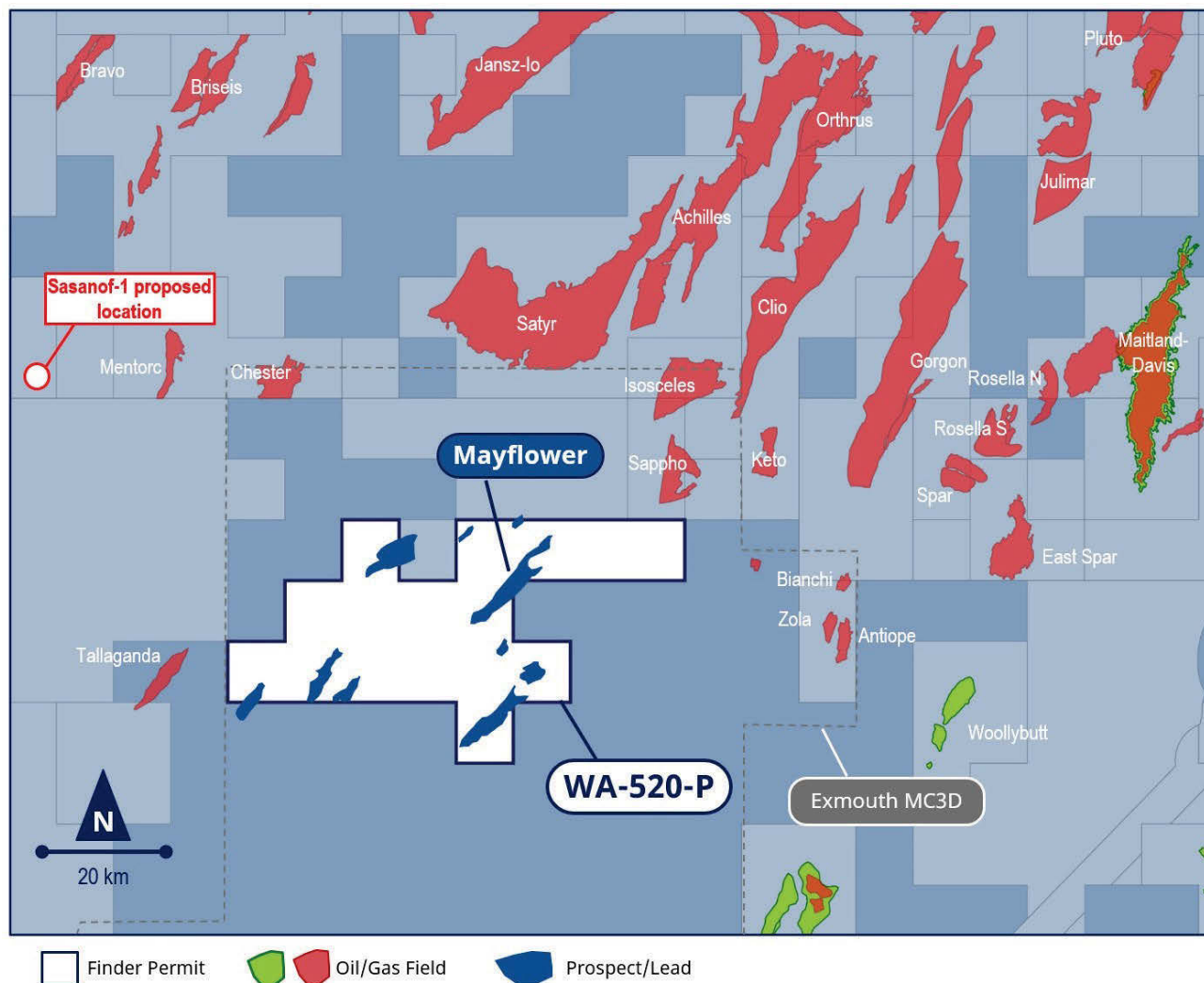


## 2.7.5 WA-520-P

### Highlights:

- Strategically located in Triassic Mungaroo gas play with nearby discoveries
- Mayflower Prospect covered by 1,280 km<sup>2</sup> of new 3D seismic data acquired and depth processed in 2018
- WA-520-P is considered non-core by Finder with the leading Mayflower prospect being best suited to tie-back to an LNG development. Accordingly, Finder is considering divestment options ahead of a 'drill-or-drop' decision in September 2022

Figure 14 – WA-520-P Location Map



The Permit is located on the northern margin of the Exmouth Sub-basin along trend from the proven Triassic Mungaroo Formation gas play. Commercialisation of the main prospect, Mayflower, would be dependent on a tie-back to nearby LNG infrastructure. Mayflower is located approximately 120 km north-east from the onshore domestic gas and LNG facilities south of Onslow, or approximately 80 km west of the offshore facilities around East Spar and Gorgon. Drilling of the Sasanof-1, 75 km to the north by Western Gas is scheduled to occur in 2022.

Finder is considering divestment options ahead of a 'drill-or-drop' decision in September 2022.

For more information on WA-520-P, see section 11 of the Australian Solicitor's Report and section 3.7 of the ITSR respectively.



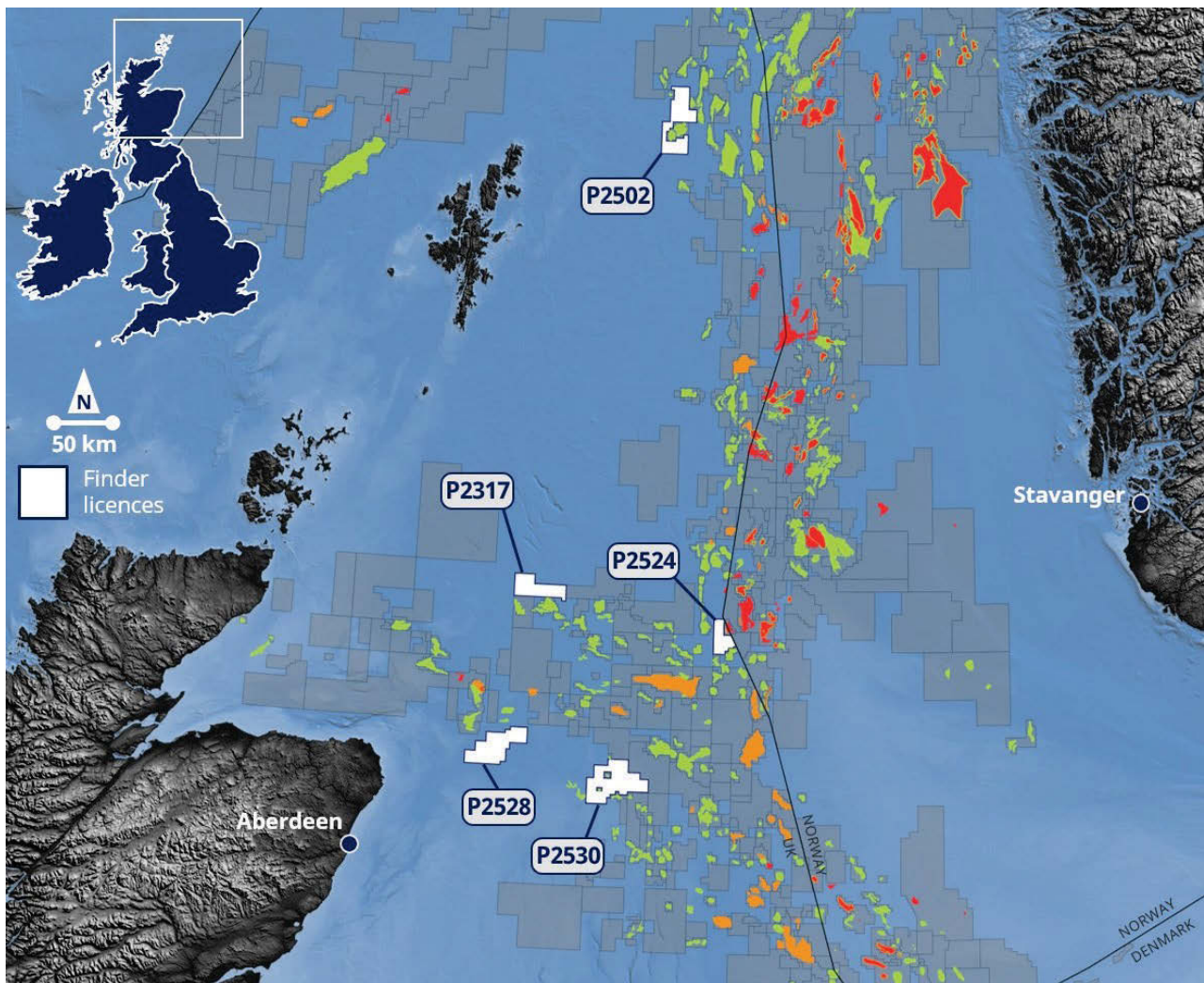
## 2.8 North Sea Portfolio, United Kingdom

The North Sea is one of the most prolific hydrocarbon provinces in the world. Total production to date from the UK Continental Shelf is over 45 billion barrels of oil equivalent.

The UK North Sea is generally divided into three main areas, the Northern North Sea, Central North Sea and Southern North Sea. Finder currently holds five seaward production licences, four in the Central North Sea (P2317, P2524, P2528 and P2530) and one in the Northern North Sea (P2502). Figure 15 shows the location of Finder's licences.

Each of these Licences and their associated prospects is summarised below. See the UK Solicitor's Report and ITSR in Annexures H and F respectively for more information.

**Figure 15 – Location Map of North Sea Portfolio**



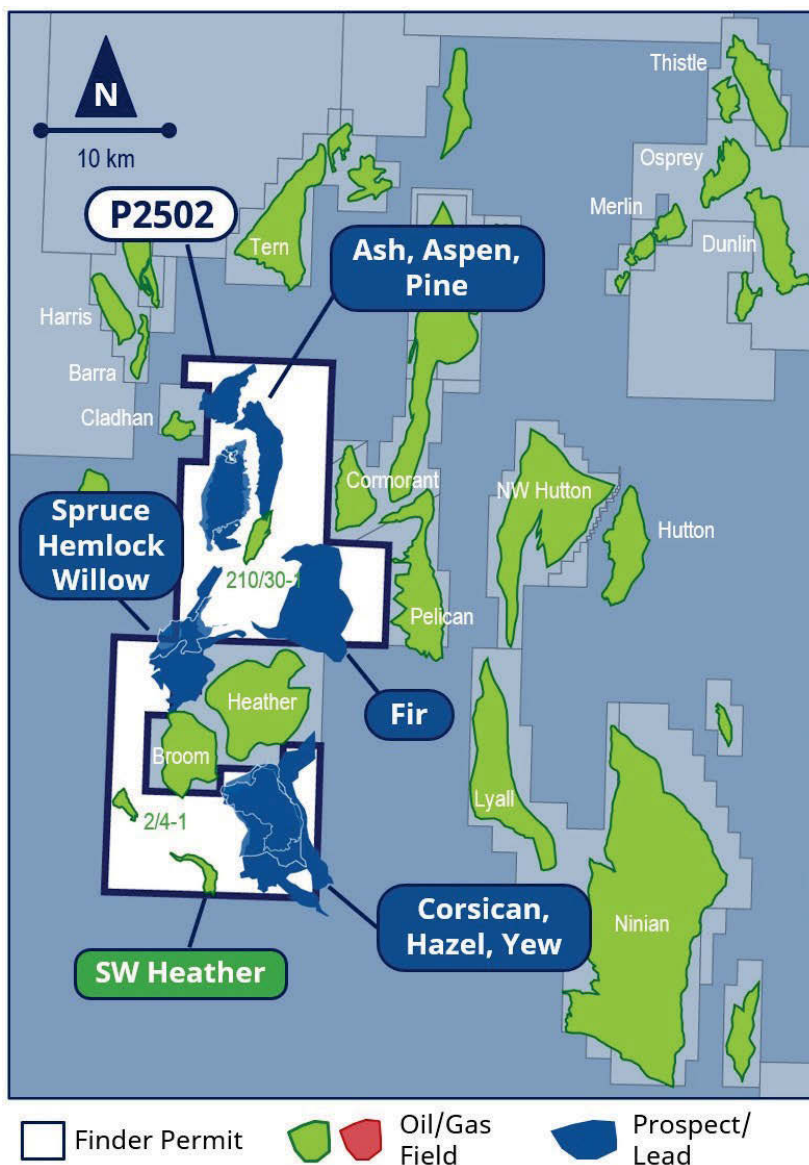


### 2.8.1 P2502

#### Highlights:

- Located in the western part of the East Shetland Basin, with a proven play and petroleum system as demonstrated by the nearby Cladhan, Magnus and Penguin Fields
- Significant hydrocarbon potential within the under-explored Upper Jurassic syn-rift play
- Re-evaluation of SW Heather discovery and tie-back development potential
- Prospect rich licence spanning three sub-basins and covered by 3D seismic data
- Finder farmed out 50% to Dana Petroleum, operator of the nearby Western Isles infrastructure

Figure 16 – Location Map of P2502



Finder acquired licence P2502 from Azinor in June 2021. The licence was awarded on 1 December 2020 in the 32<sup>nd</sup> Offshore Licencing Round, with an initial term of 5 years. Finder immediately farmed out 50% working interest to Dana Petroleum, the operator of the local Western Isles field and associated FPSO infrastructure. Finder is Licence Administrator.

The Licence is located in the western part of the East Shetland Basin, immediately east of the East Shetland High, a regionally significant provenance area for deep-water sands throughout the Upper Jurassic. Hydrocarbons are sourced from the Kimmeridge Clay Formation that encases the reservoir. The four sub



basins at the western edge of the wider East Shetland Basin are identified as potential sweet spots for the Upper Jurassic play. At least eleven leads are currently identified in the Licence.

All leads on the licence are located in the Upper Jurassic turbidite sandstone play, with Yew, Hazel and Corsican leads forming the primary leads currently being reviewed. Southwest of these leads, within the licence is the 1979 SW Heather oil discovery. The field comprises Triassic and Middle/Upper Jurassic reservoirs that were tested by the discovery well 2/5-10 at combined flowrate of 6,018 bopd over three distinct reservoir intervals (2/5-10 WCR, 1979). Ambiguous results due to drilling difficulties of the 1983 appraisal well 2/5-16ST has led to complexities in determining the fields resource potential and commerciality. Through the first half of 2022, Finder is undertaking a detailed review of seismic data and drilling results with a view to resolving these complexities and determine the Contingent Resources and commerciality of the SW Heather field.

For more information on P2502, see section 6.2 of the UK Solicitor's Report and section 4.3 of the ITSR respectively.

## 2.8.2 P2524

### Highlights:

- Ideally located in the prolific South Viking Graben, adjacent to producing fields
- Latest PSDM Geostreamer 3D data acquisition high grades the Barracuda Prospect
- Proven play and petroleum system - down-dip from full-to-spill HC discoveries to the south-west
- Direct access to mature source kitchens
- Numerous tie-back opportunities with surrounding infrastructure hosts, including joint venture partner, Harbour Energy, operator of the Britannia and Armada infrastructure hubs

Finder acquired licence P2524 from Azinor in May 2021. The licence was awarded on 1 December 2020 in the 32<sup>nd</sup> Offshore Licencing Round, with an initial term of 5 years. Finder has a 40% interest in the licence and is Licence Administrator. Harbour Energy holds the remaining 60% and operates adjacent Britannia and Armada infrastructure hubs.

The licence is located in the north-south trending South Viking Graben and contains three prospects (Barracuda, Amberjack and Trevally) and two leads (Conger and Bass). The licence also contains the Wrasse Discovery, which found gas condensate in the Middle Jurassic Hugin Formation, and an additional oil discovery in the shallower Paleocene Heimdal sands known as the Kidd Discovery. The licence is covered by vintage 3D seismic data and in June 2021 Finder purchased a licence to the PGS 2016 geostreamer multi-client 3D data over the block and wider area.

The Barracuda Prospect has been high-graded and is the main focus on the ongoing technical work programme. Barracuda lies in the southeast of the South Viking Graben where Upper Jurassic basin floor fans sourced from the west onlap against the Kinnoull High. A series of stacked, mass-flow sandstones channels are the primary reservoir target Brae Sandstones at a depth of around 3,700 mSS. Oil discoveries are present in age-equivalent reservoirs down-dip of the prospect in wells 16/22-2 and 16/22-5 and oil shows were encountered in a thick 492 m Brae sandstone section in well 16/18-2, affirming the presence of source and charge. A small risk is associated with the trap mechanism, which is dependent on a combination of stratigraphic pinch out of the sands to the south and fault seal in the east against the overlying Upper-Middle Jurassic shales and underlying basement rocks in the Kinnoull High where reservoir sands are mapped as being juxtaposed against sealing Kimmeridge Clay and Heather Formation shales in the footwall to the northwest-southeast trending bounding fault.

For more information on P2524, see section 6.3 of the UK Solicitor's Report and section 4.2 of the ITSR respectively.



Figure 17 – Location Map of P2524

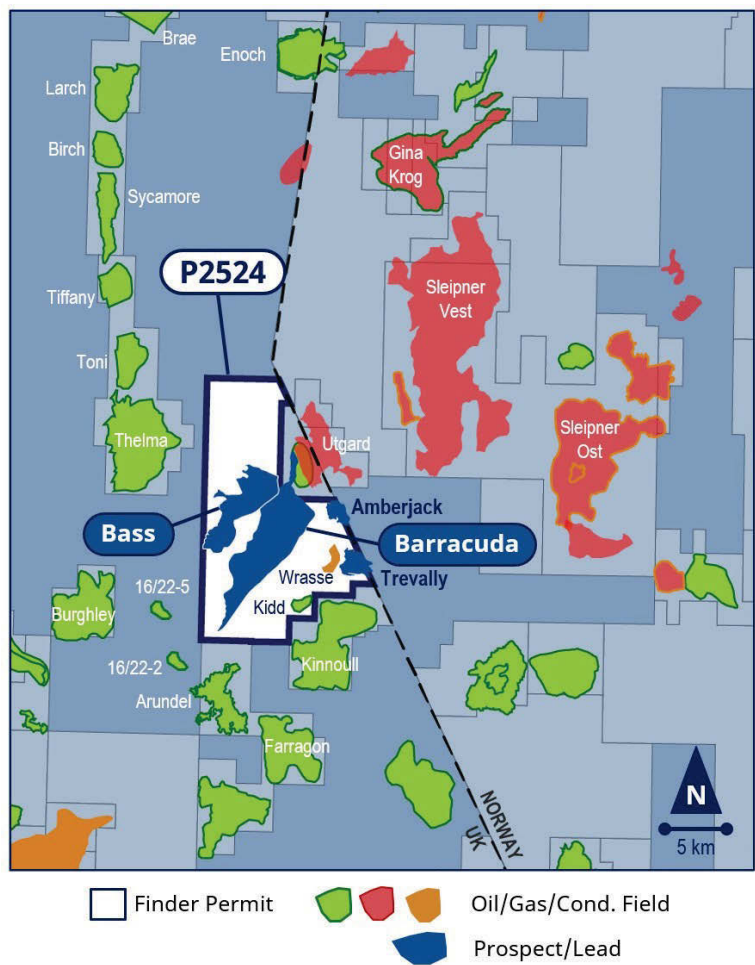
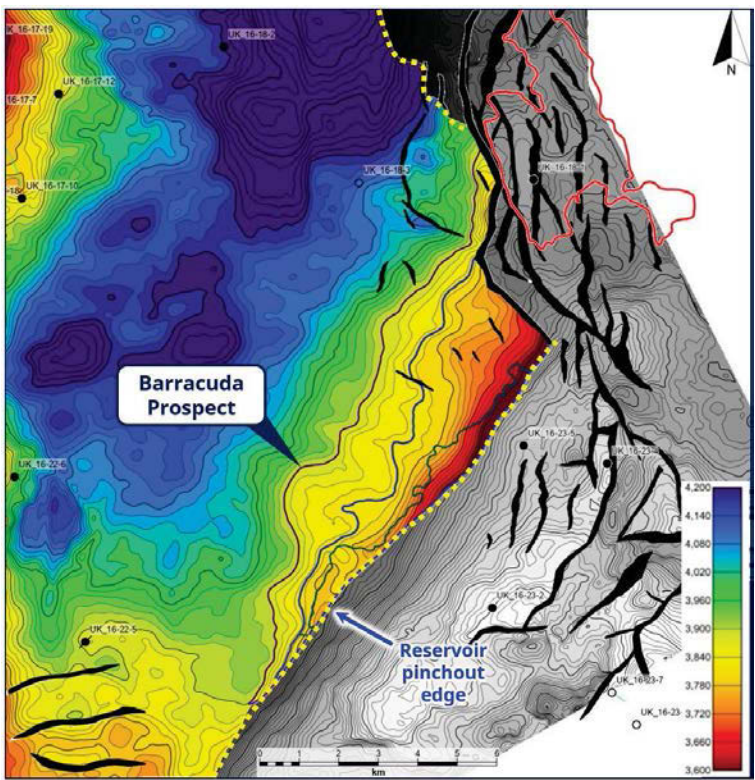


Figure 18 – Top Barracuda reservoir depth map



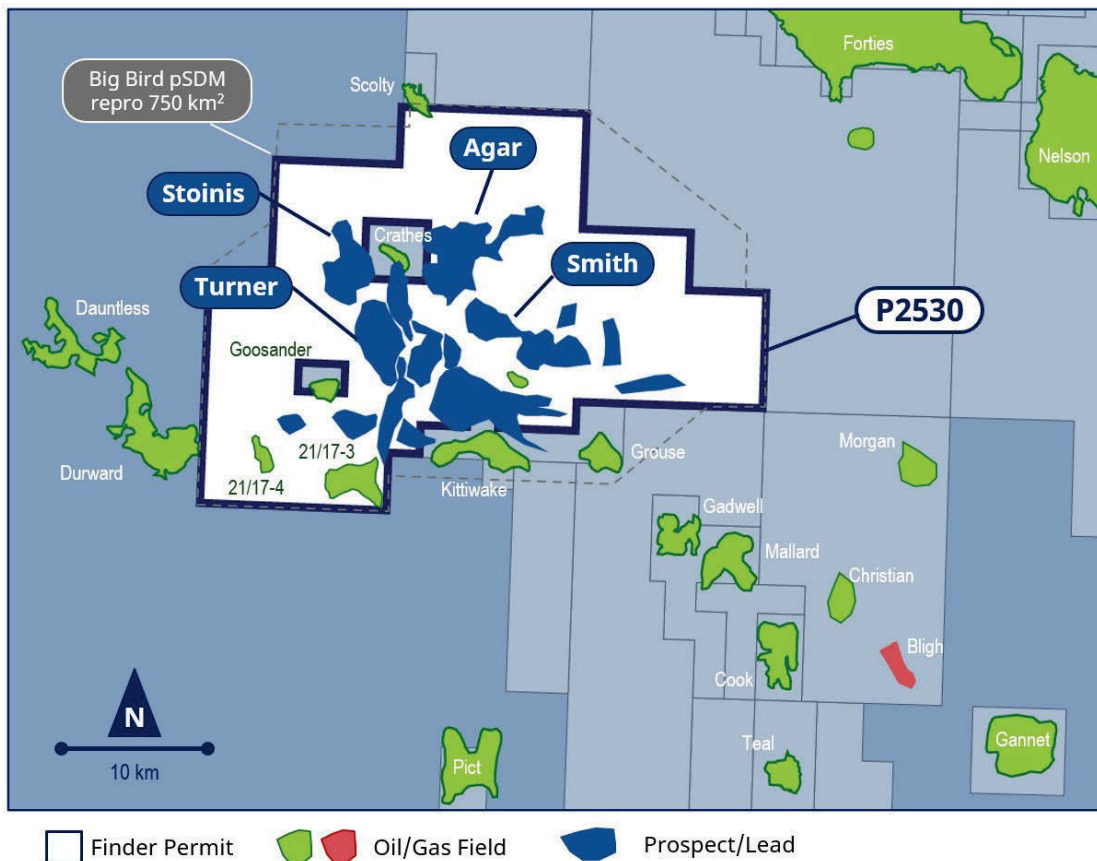


### 2.8.3 P2530

#### Highlights:

- Finder is currently reprocessing 3D seismic data to derisk the significant Fulmar Formation prospectivity and unlock the Lower Cretaceous play within the licence
- Multiple host tie-back options as well as stand-alone development potential

**Figure 19 – Location Map of P2530**



Finder was awarded the P2530 licence on 1 December 2020 in the 32<sup>nd</sup> Offshore Licencing Round, with an initial term of 6 years. Finder holds 100% equity in the licence with prospectivity to be matured through seismic reprocessing and conventional geotechnical studies.

The licence lies in the North Kittiwake Basin, which sits at the transition between the West Central Shelf and West Central Graben of the North Sea. The key plays identified in P2530 are the Lower Cretaceous Valanginian Sandstone and the Upper Jurassic Fulmar Sandstones. Deposition of the Upper Jurassic Fulmar sands in the West Central Graben is often associated with Triassic thickening and the hanging wall areas of tilted fault blocks. At the shelf, Fulmar sands are often associated with salt highs, as the reservoirs were influenced by the dissolution of the Zechstein salts. As such, the Fulmar sands could be deposited in parallel bands nearer to the West Central Shelf, in a pod-interpod model which has been observed in the adjacent Durward, Goosander and Kittiwake fields.

The Big Bird high end depth reprocessing of vintage seismic data covering the block is scheduled for completion in May 2022 and will be used to interpret and derisk the identified leads across both play levels.

For more information on P2530, see section 6.5 of the UK Solicitor's Report and section 4.5 of the ITSR respectively.

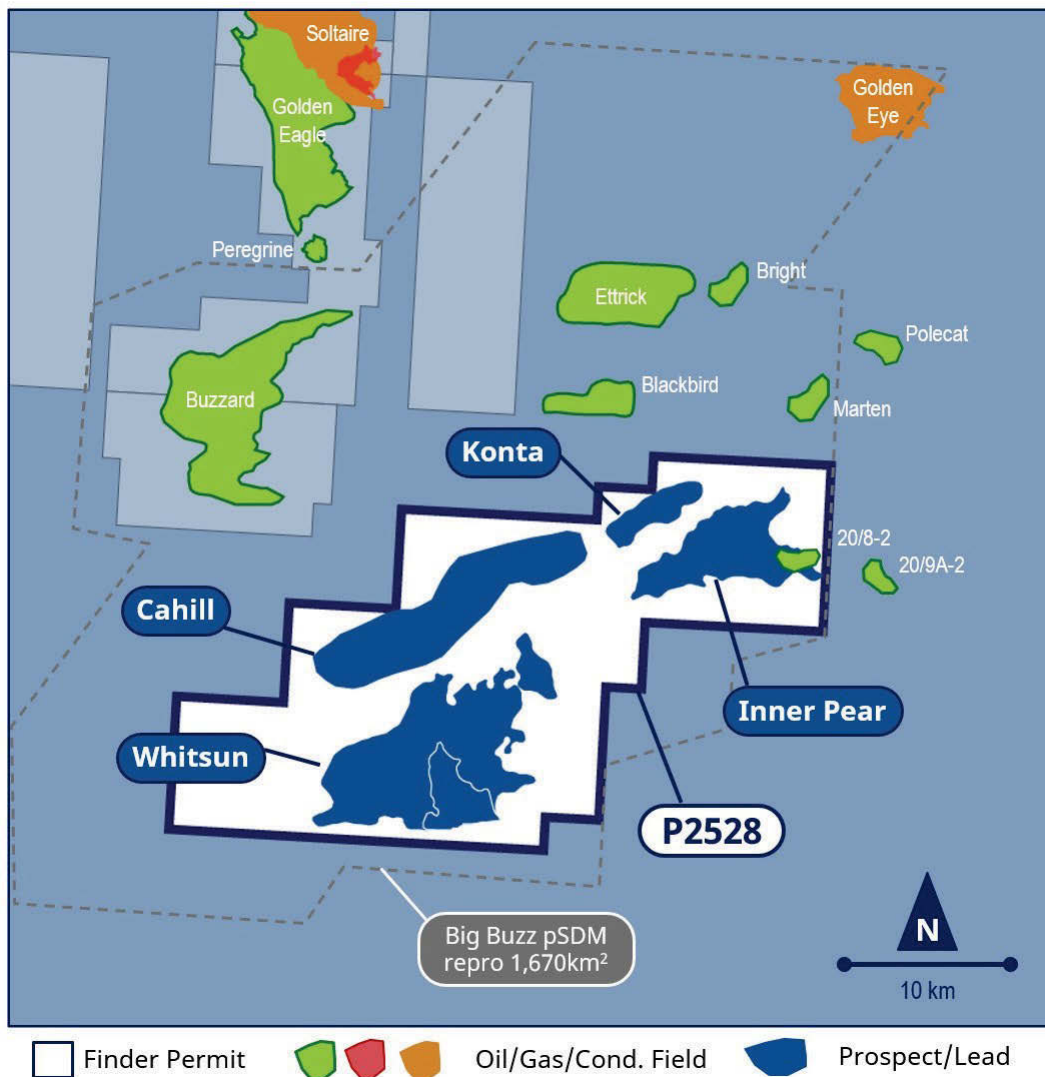


## 2.8.4 P2528

### Highlights:

- The Whitsun Prospect is a large Upper Jurassic stratigraphic trap on trend with the giant Buzzard Field
- Finder is currently reprocessing 3D seismic data covering the Peterhead Graben and Buzzard fairway
- Potential to tie back discoveries to the Buzzard facilities

**Figure 20 – Location Map of P2528**



Finder was awarded the P2528 licence on 1 December 2020 in the 32<sup>nd</sup> Offshore Licensing Round, with an initial term of 6 years. Finder holds 100% equity in the licence with prospectivity to be matured through seismic reprocessing and conventional G&G work programmes.

Licence P2528 is located at the western end of the Peterhead Graben, with the fault-bounded Peterhead Ridge to the south. The Ettrick Sub-basin lies along the northern flank and the Grampian Spur to the west.

The principal plays that are identified on the licence include the Upper Jurassic J71-J74 (Burns), J64-J72 (Ettrick) and J56-J64 (Buzzard) turbidite sandstones. Both the Ettrick and Buzzard sands form the productive reservoirs in the nearby Buzzard Field in blocks 20/6 and 20/1. The Buzzard Field was discovered by Nexen in 2001 by well 20/6-3 and intersected a 121m oil column and an oil-down-to (ODT) in the Upper Jurassic deepwater Buzzard and Ettrick Sands. The subsequent appraisal program for Buzzard proved up a minimum 427m oil column with 32°API oil tested. Production commenced in 2007 and the field is estimated to have total recoverable reserves of over 1 billion barrels.



Four Upper Jurassic prospects and two leads have been identified to date on the licence. Whitsun, a structural/stratigraphic trap is analogous to the giant Buzzard Field 20 km to the north.

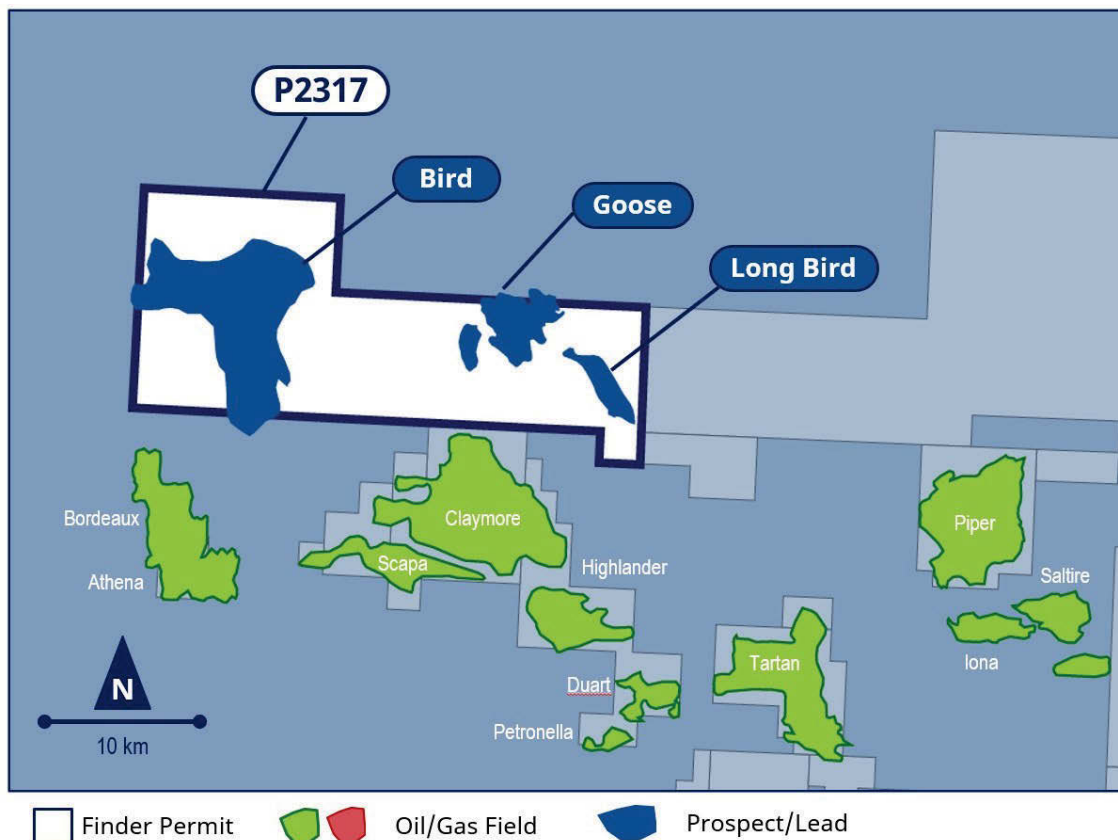
For more information on P2528, see section 6.4 of the UK Solicitor's Report and section 4.4 of the ITSR respectively.

### 2.8.5 P2317

#### Highlights:

- Located in the Outer Moray Firth, NW Witch Ground Graben
- Multiple Lower Cretaceous oil prospects adjacent to infrastructure
- Recent good quality Geostreamer 3D data allows for the clear visualization and simple correlation to nearby analogous Claymore and Scapa fields
- Finder currently looking for farmout partner prior to May 2022 drill-or-drop decision

**Figure 21 – Location Map of P2317**



Finder acquired the P2317 licence in June 2021. A 'drill or drop' decision is required in May 2022.

The Goose Prospect is the subject of an ongoing farmout process in which Finder is looking for an incoming partner to take equity in the licence for the drilling of the well.

It is located in the NW part of the Witch Ground Graben, a prolific hydrocarbon basin in the Outer Moray Firth. The licence is located to the north of the Athena, Scapa and Claymore fields. The Halibut Horst and Platform are to the south, the Caithness Ridge and East Orkney Basin north west and the Piper Shelf forms the north and north-east region of the licence. Lower Cretaceous Scapa sands are the primary reservoir target and form part of a Lower Cretaceous turbidite system with feeder channels from the west and north-west depositing sediment down the axis of the Witch Ground Graben. Charge and migration at Goose and Long Bird prospects appears to be similar to North Claymore and Scapa, with source from the organic rich Kimmeridge Clay. The three prospects are analogues of the Scapa Field, with reservoir sands climbing the edge of the Witch Ground Graben and pinching out towards the Halibut Shelf or Claymore Ridge.



For more information on P2317, see section 6.1 of the UK Solicitor's Report and section 4.6 of the ITSR respectively.

## **2.9 Key business model dependencies**

The key dependencies for the Company to meet its objectives are:

- ongoing access to capital for project exploration and development;
- maintaining title to its permits by meeting work programs;
- ongoing access to seismic data through its data access partnerships;
- maintaining existing and securing additional consents and approvals required to carry out exploration activities; and
- retaining competent operational management and prudent financial administration, including availability and reliability of appropriately skilled and experienced employees, contractors and consultants.

## **2.10 Financing of the Company**

To date, the Company has funded its operations through contributions from Longreach and industry partners. The Company believes that the Offer proceeds will be sufficient to fund its near-term capital commitments in relation to the Permits. The Company may need to raise additional funding to meet its commitments to progress the work plan through to development and production.

The Company may consider use of additional funding initiatives, including the raising of equity or debt, where appropriate to meet its commitments to progress the work plan through to production. The Company may also raise equity or debt to further accelerate growth or fund a specific project, transaction or expansion (including the acquisition of other resource assets).

## **2.11 Financial forecasts**

The Directors have considered whether a reasonable basis exists for the provision of forecast financial information in relation to Finder in this Prospectus.

Due to the inherently speculative nature of Finder's activities as an oil and gas exploration company and the Permits Finder has an interest in are only delineated on a Prospective Resource basis, the Directors are of the view that no such reasonable basis exists.



# 3 FINANCIAL INFORMATION

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## 3.1 Introduction

### 3.1.1 Overview

The financial information section sets out historical financial information relevant to the Company. The Company was incorporated on 25 January 2022 and will acquire Finder Operations as part of the Pre-IPO Restructure (see Section 2.3 for more information).

The historical financial information relevant to Finder is therefore solely the statutory historical and pro forma historical financial information of its only subsidiary Finder Operations whose information contained in this Prospectus has been derived from its historical consolidated financial reports.

The pro forma historical financial information of Finder Operations in this Prospectus reflects the pro forma adjustments made to the statutory historical financial information of Finder Operations described in Section 3.2.5.

### 3.1.2 Financial Information

The financial information of Finder contained in this Section 3 includes the statutory historical and pro forma historical financial information for the financial years ended 30 June 2019 (**FY19**), 30 June 2020 (**FY20**) and 30 June 2021 (**FY21**) as follows:

- the statutory historical financial information of Finder Operations comprising:
  - the statutory historical consolidated statements of profit or loss for FY19, FY20 and FY21 (**Statutory Historical Statements of Profit or Loss**);
  - the statutory historical consolidated statements of cash flows for FY19, FY20 and FY21 (**Statutory Historical Statements of Cash Flows**); and
  - the statutory historical consolidated statement of financial position as at 30 June 2021 (**Statutory Historical Statement of Financial Position**),(collectively, the **Statutory Historical Financial Information**); and
- the pro forma historical financial information of Finder Operations comprising:
  - the pro forma historical consolidated statements of profit or loss for FY19 (**Pro Forma Historical Statements of Profit or Loss**);
  - the pro forma historical consolidated statements of cash flows for FY19 (**Pro Forma Historical Statements of Cash Flows**); and
  - the pro forma historical consolidated statement of financial position as at 30 June 2021 (**Pro Forma Historical Statement of Financial Position**),(collectively, the **Pro Forma Historical Financial Information**);

(collectively, the **Financial Information**).

### 3.1.3 Additional information

Also summarised in this Section 3 are:

- the basis of preparation of the Financial Information (see Section 3.2);
- information regarding certain non-IFRS financial measures (see Section 3.2);
- management's discussion and analysis of the Financial Information (see Section 3.6); and
- the Company's proposed dividend policy (see Section 3.9).

All amounts disclosed in the tables in this Section 3 are presented in Australian dollars and, unless otherwise noted, are rounded to the nearest \$1,000. Some numerical figures included in this Prospectus have been subject to rounding adjustments. Any discrepancies between totals and sum of components in figures contained in this Prospectus are due to rounding.

The information in this Section 3 should also be read in conjunction with the other information contained in this Prospectus including:



- the risk factors set out in Section 6;
- Finder's significant accounting policies set out in Annexure I;
- the description of the use of proceeds of the Offer described in Section 5.4;
- the indicative capital structure described in Section 2.3; and
- the Investigating Accountant's Report set out in Annexure E.

Investors should note that past performance is not an indication of future performance.

## 3.2 Basis of Preparation and Presentation of the Financial Information

### 3.2.1 Overview

The Directors are responsible for the preparation and presentation of the Financial Information.

The Financial Information included in this Prospectus is intended to present potential investors with information to assist them in understanding the historical financial performance, cash flow and financial position of Finder.

The Financial Information has been prepared and presented in accordance with the recognition and measurement principles prescribed in the Australian Accounting Standards (**AAS**) (including the Australian Accounting Interpretations) issued by the Australian Accounting Standards Board (**AASB**), which are consistent with the International Financial Reporting Standards (**IFRS**) and interpretations issued by the International Accounting Standards Board. The Financial Information is presented in an abbreviated form and does not contain all of the disclosure provided in an annual financial report prepared in accordance with the Australian Accounting Standards and the Corporations Act.

Certain significant accounting policies relevant to the Financial Information are disclosed in Annexure I.

The Prospectus does not contain prospective financial information. Upon considering the requirements of ASIC Regulatory Guide 170, the Directors determined that they do not have a reasonable basis to forecast future earnings.

### 3.2.2 Pre-IPO Restructure

#### *Acquisition of Finder Operations by the Company*

As noted previously, the Company will acquire Finder Operations as part of the Pre-IPO Restructure. This acquisition has been evaluated in accordance with AASB 3 Business Combinations and Finder has determined that it is a common control transaction whereby the Company accounted for the acquisition of Finder Operations at book value. The Directors consider that the continuation of the existing accounting values most appropriately reflects the substance of the acquisition.

#### *Disposal of Finder 17*

Subject to satisfaction of the Listing Condition and prior to Admission, Finder Operations intends to transfer one of its subsidiaries, Finder 17 which holds permit WA-542-P, to Longreach. Finder 17 was essentially dormant until 30 June 2021 with no material profit and loss, cash flow or balance sheet amounts recorded.

However, post FY21 year end a share purchase agreement to acquire WA-542-P from Equinor, as referred to in section 12.1 of the Australian Solicitor's Report was entered into on 1 June 2021 for which conditions precedent were completed in July 2021. Upon completion, this resulted in the transfer of Equinor's interest in WA-542-P to Finder 17 and payment of base consideration of \$9.2 million to Finder 17.

Although Finder 17 is to be transferred to Longreach, under an option deed dated 16 February 2022 between Longreach, Finder Operations and Finder 17, Finder Operations has an option to purchase 100% interest of the shares in Finder 17 (**Call Option**) which may be exercised prior to the expiry date of WA-542-P (currently 9 October 2023), as may be extended (**Permit End Date**). In consideration for the grant of the Call Option, Finder Operations will undertake and will fund the geotechnical and geophysical studies up to a capped amount of \$80,325. During the Call Option period, Longreach will be solely responsible for all other work commitments on the Permit prior to the Permit End Date to maintain the Permit in good standing. If Finder Operations exercises the Call Option before the Permit End Date, Finder Operations will assume the responsibility for implementing and funding the activities and operations on the Permit, and will indemnify



Longreach against any costs or liabilities that they may incur in relation to such matters on and from the date on which Finder acquires the shares in Finder 17.

Due to the grant of the Call Option, the Finder Group will effectively continue to control Finder 17 post IPO from an accounting point of view and will not therefore de-recognise Finder 17. As a result of the above the acquisition of WA-542-P is presented as a pro forma adjustment reflecting the cash received and the recognition of a non-current provision in the Pro Forma Historical Statement of Financial Position with reference to the Fair Value of the consideration received for permit WA-542-P, being \$9.2 million (see section 3.5.1). The cash received was subsequently remitted to Longreach and the resulting intercompany loan forgiven as part of the IPO restructure.

Should the Call Option lapse before being exercised by Finder Operations then amounts relating to Finder 17, including the non-current liability, would be derecognised from the Company's consolidated financial statements.

### 3.2.3 Statutory Historical Financial Information

The Statutory Historical Financial Information has been extracted from the audited historical financial reports of Finder Operations for FY19, FY20 and FY21. In presenting the Statutory Historical Financial Information in this Prospectus, certain line items have been grouped differently when compared to Finder Operations' audited financial reports. Groupings for presentation purposes are included with the notes to each section below.

The financial statements of Finder Operations for FY19, FY20 and FY21 were audited by the Company's auditors, KPMG, in accordance with Australian Auditing Standards. In all cases the auditor issued an unqualified opinion.

To date, the Company has funded its operations through shareholder loans from its parent, Longreach, and other related party arrangements. Following the IPO, beyond the initial use of funds set out in Section 5.4 and any cash generated from operations, the company will seek alternative future funding. As a result the historical investing and financing expenses and cash flows should not be considered to be representative of the future financing requirements of the Company and the company may seek alternative future funding (see Section 6.1.10 for information on the risks relating to the Company's future funding requirements). It should also be noted that past performance is not a guide to future performance.

### 3.2.4 Pro Forma Historical Financial Information

The Pro Forma Historical Financial Information has been derived from the Statutory Historical Financial Information and shows the impact of certain pro forma adjustments identified by the Directors to reflect the effects of certain transactions and events on the Statutory Historical Statement of Financial Position had they occurred on 30 June 2021, and on the Statutory Historical Statements of Profit or Loss and Statutory Historical Statements of Cash Flows on 1 July 2018. The pro forma adjustments are described at Section 3.2.5 below (the **Pro Forma Adjustments**).

The Pro Forma Historical Financial Information has been reviewed in accordance with the Australian Standard on Assurance Engagements ASAE 3450 Assurance Engagements involving Fundraising and/or Prospective Financial Information by KPMG Financial Advisory Services (Australia) Pty Ltd of which KPMG Transaction Services is a division (**KPMG Transaction Services**). The Investigating Accountant's Report can be found in Annexure E. Investors should note the scope and limitations of the Investigating Accountant's Report.

The Pro Forma Historical Financial Information is provided for illustrative purposes and is not represented as being necessarily indicative of Finder's view of its financial performance or financial position upon Completion of the Offer or at a future date. See Section 5.4 for more information on the source and use of funds of the Offer.



### 3.2.5 Summary of the Pro Forma Adjustments

In summary the Pro Forma Adjustments are to illustrate:

#### *Statement of Financial Position*

- the impact of the Offer (net of directly attributable Offer costs) including the raising of capital and issue of shares in connection with the Listing;
- repatriation of working capital and other assets and liabilities to Longreach, and forgiveness of various intercompany loans between members of the Longreach Group, as part of the Restructure prior to Listing;
- the transfer of applicable employee liabilities and related entitlements to Finder to reflect the continuation of employment of certain Longreach employees with Finder following the Restructure;
- the effect of the Finder Group continuing to control Finder 17 and therefore consolidating Finder 17; and
- The recognition of vested Lead Manager Options and Alignment Options to be issued in relation to the Offer.

#### *Statements of Profit or Loss and Statements of Cash Flows*

- the exclusion of income and expenditure relating to Onshore Subsidiaries which were transferred to Longreach in early FY19.

A deferred tax asset has not been recognised in relation to the capitalised Offer costs due to the uncertainty surrounding the flow of economic benefits that will flow in future periods.

Reconciliations of the Pro Forma Historical Financial Information to the Statutory Historical Financial Information from which it is derived are set out in Section 3.3.

### 3.2.6 Explanation of certain non-IFRS financial information

The Company uses certain measures to manage and report on its business that are not recognised under IFRS (nor AAS). These measures are collectively referred in this Section 3 and under ASIC Regulatory Guide 230 Disclosing Non-IFRS Financial Information published by ASIC as “non-IFRS financial measures”. The principle non-IFRS financial measures that are referred to in this Prospectus are as follows

- EBITDA is earnings or losses before interest, taxation, depreciation and amortisation
- EBIT is earnings or losses before interest and taxation

## 3.3 Historical Statements of Profit and Loss

### 3.3.1 Summary Pro Forma and Statutory Historical Statements of Profit or Loss

Summary Pro Forma and Statutory Historical Statements of Profit or Loss			
\$'000	Pro Forma FY19	Statutory FY20	Statutory FY21
Revenue	-	-	-
<b>Gross profit</b>	-	-	-
Other income <sup>(1)</sup>	4,135	1,690	1,560
Exploration and evaluation expenditure	(1,408)	(3,514)	(4,134)
Other expenses <sup>(2)</sup>	(2,907)	(3)	(0)
Foreign currency gain / (loss)	78	2	(107)
<b>EBITDA</b>	<b>(101)</b>	<b>(1,825)</b>	<b>(2,680)</b>
Depreciation <sup>(3)</sup>	-	-	-
<b>EBIT</b>	<b>(101)</b>	<b>(1,825)</b>	<b>(2,680)</b>
Interest	9	-	1
Income tax (expense) / benefit <sup>(4)</sup>	(106)	489	672
<b>Net Profit after Tax</b>	<b>(198)</b>	<b>(1,336)</b>	<b>(2,007)</b>

*Note 1: Includes receipts of \$1.2 million from Fugro in relation to costs of an IPO that did not proceed.*



*Note 2: Includes payment of the \$1.2 million in IPO costs references at Note 1. Certain expenditures in FY19 were recategorized in FY20 and FY21.*

*Note 3: The Company has no plant and equipment and therefore incurs no depreciation charge.*

*Note 4: Any deferred tax assets and liabilities associated with these amounts will remain with Longreach as a result of the exit from the tax consolidated group.*

The company estimates that it will incur additional corporate costs of approximately \$0.3 million p.a. in relation to the requirements of being a listed entity and newly appointed board members.

See Section 3.6 for the Management Discussions and Analysis of the Historical Statements of Profit or Loss.

### 3.3.2 Reconciliation of Pro Forma to Statutory Historical Statement of Profit and Loss

Reconciliation of Statutory to Pro Forma Statements of Profit or Loss			
\$'000	FY19		
	Stat.	Adj.	PF
Revenue	-	-	-
<b>Gross profit</b>	-	-	-
Other income	4,731	(596)	4,135
Exploration and evaluation expenditure	(1,997)	588	(1,408)
Other expenses	(2,907)	-	(2,907)
Foreign currency gains / (losses)	78	-	78
<b>EBITDA</b>	<b>(94)</b>	<b>(8)</b>	<b>(101)</b>
Depreciation	-	-	-
<b>EBIT</b>	<b>(94)</b>	<b>(8)</b>	<b>(101)</b>
Interest	9	-	9
Tax	(106)	-	(106)
<b>Net Profit after Tax</b>	<b>(191)</b>	<b>(8)</b>	<b>(198)</b>

### 3.3.3 Description of the Pro Forma Adjustments to the Statutory Historical Statements of Profit or Loss.

Adjustments have been made to reflect the exclusion of other income (\$0.6 million) net of expenditure (\$0.6 million) relating to Onshore Subsidiaries which were transferred to Longreach in early FY19.



### 3.4 Historical Statements of Cash Flows

#### 3.4.1 Summary Pro Forma and Statutory Historical Statements of Cash Flows

Summary Pro Forma and Statutory Historical Statements of Cash Flows			
\$'000	Pro Forma FY19	Statutory FY20	Statutory FY21
<b>EBITDA</b>	<b>(101)</b>	<b>(1,825)</b>	<b>(2,680)</b>
Non-cash expenses	1,369	2,137	2,869
Non-cash income	(1,828)	(240)	(122)
Other non-cash expenses	-	-	-
Other non-cash income	-	(89)	(62)
<b>Working capital movements:</b>			
Changes in trade and other receivables	514	271	(133)
Changes in trade and other payables	(1,768)	(484)	339
Change in prepayments	-	24	31
Change in provisions	-	(171)	10
<b>Cash flows available from operations</b>	<b>(1,814)</b>	<b>(377)</b>	<b>252</b>
<b>Investing cash flows:</b>			
Disposal of subsidiaries, net of cash disposed of	(2)	-	-
Interest received	11	1	1
Acquisition of investments <sup>(2)</sup>	-	-	(577)
Loans receivable to related entities <sup>(1)</sup>	(2,197)	-	-
Proceeds from disposal of investments	137	-	-
<b>Cash flows available from investing</b>	<b>(2,051)</b>	<b>1</b>	<b>(576)</b>
<b>Financing cash flows:</b>			
Proceeds from loans and borrowings <sup>(1)</sup>	1,350	1,507	1,459
Repayment of loans and borrowings <sup>(1)</sup>	(777)	(287)	(540)
Interest paid	-	(1)	-
<b>Cash flows available from financing</b>	<b>573</b>	<b>1,219</b>	<b>919</b>
<b>Net Cash Flows</b>	<b>(3,293)</b>	<b>844</b>	<b>595</b>
Cash at the beginning of the period	3,978	684	1,527
<b>Cash at the end of the period</b>	<b>686</b>	<b>1,528</b>	<b>2,123</b>

*Note 1: Financing cash flows relate solely to intercompany funding with Longreach which will not continue post IPO. To the extent required beyond the initial use of funds set out in Section 5.4 and cash generated from operations the company will seek alternative future funding. See also Section 6.1.10 for information on the risks relating to the Company's future funding requirements.*

*Note 2: Investing cash flows relate to the exercise of a call option to acquire shares in Okea, a Norwegian based exploration company. This transaction was entered into as part of the arrangements to take over UK permit interests from Azinor.*

See Section 3.6 for the Management Discussions and Analysis of the Historical Statements of Profit or Loss.



### 3.4.2 Reconciliation of Pro Forma to Statutory Historical Statement of Cash Flows

Reconciliation of Statutory to Pro Forma Statements of Cash Flows			
\$'000	FY19		
	Stat.	Adj.	PF
<b>EBITDA</b>	<b>(94)</b>	<b>(8)</b>	<b>(101)</b>
Non-cash expenses	1,369	-	1,369
Non-cash income	(1,827)	-	(1,827)
Other non-cash expenses	-	-	-
Other non-cash income	-	-	-
<b>Working capital movements:</b>	-	-	-
Changes in trade and other receivables	(82)	596	514
Changes in trade and other payables	(1,180)	(588)	(1,768)
Change in prepayments	-	-	-
Change in provisions	-	-	-
<b>Cash flows available from operations</b>	<b>(1,814)</b>	<b>-</b>	<b>(1,814)</b>
<b>Investing cash flows:</b>			
Disposal of subsidiaries, net of cash disposed of	(2)	-	(2)
Interest received	11	-	11
Acquisition of investments	-	-	-
Loans receivable to related entities <sup>(1)</sup>	(2,197)	-	(2,197)
Proceeds from disposal of investments	137	-	137
<b>Cash flows available from investing</b>	<b>(2,051)</b>	<b>-</b>	<b>(2,051)</b>
<b>Financing cash flows:</b>			
Proceeds from loans and borrowings <sup>(1)</sup>	1,350	-	1,350
Repayment of loans and borrowings <sup>(1)</sup>	(777)	-	(777)
Interest paid	-	-	-
<b>Cash flows available from financing</b>	<b>573</b>	<b>-</b>	<b>573</b>
<b>Net Cash Flows</b>	<b>(3,293)</b>	<b>-</b>	<b>(3,293)</b>
Cash at the beginning of the period	3,978	-	3,978
<b>Cash at the end of the period</b>	<b>686</b>	<b>-</b>	<b>686</b>

*Note 1: Financing cash flows relate solely to intercompany funding with Longreach which will not continue post IPO. To the extent required beyond the initial use of funds set out in Section 5.4 and cash generated from operations the company will seek alternative future funding. See also Section 6.1.10 for information on the risks relating to the Company's future funding requirements.*

The net impact of the Pro Forma adjustments to the Statutory Historical Statements of Cash Flows is nil.

Adjustments reflect the net EBITDA adjustment of excluding other income and exploration expenditure (previously explained) and the removal of the associated working capital impacts on intercompany debtors and creditors.



### 3.5 Historical Statement of Financial Position

#### 3.5.1 Statutory and Pro Forma Historical Statement of Financial Position

Statutory and Pro Forma Historical Statement of Financial Position				
	Statutory	Pro Forma Adj. 1, 2, 3	Pro Forma Adj. 4, 5	Pro Forma
\$'000	30-Jun-21	Pre-IPO	Offer	30-Jun-21
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	2,123	(2,123)	13,353	13,353
Investments	634	(634)	-	-
Other receivables	4,293	(4,293)	-	-
<b>Total current assets</b>	<b>7,050</b>	<b>(7,050)</b>	<b>13,353</b>	<b>13,353</b>
<b>Non-current assets</b>				
Property, plant and equipment	-	-	-	-
Deferred tax asset	255	(255)	-	-
<b>Total non-current assets</b>	<b>255</b>	<b>(255)</b>	<b>-</b>	<b>-</b>
<b>Total assets</b>	<b>7,305</b>	<b>(7,305)</b>	<b>13,353</b>	<b>13,353</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables	(418)	418	-	-
Provisions (current)	-	(145)	-	(145)
Loans and borrowings	(4,199)	4,199	-	-
<b>Total current liabilities</b>	<b>(4,617)</b>	<b>4,392</b>	<b>-</b>	<b>(145)</b>
<b>Non-current liabilities</b>				
Provisions (non-current)	-	(9,248)	-	(9,248)
<b>Total non-current liabilities</b>	<b>-</b>	<b>(9,248)</b>	<b>-</b>	<b>(9,248)</b>
<b>Total liabilities</b>	<b>(4,617)</b>	<b>(4,776)</b>	<b>-</b>	<b>(9,393)</b>
<b>Net assets</b>	<b>2,689</b>	<b>(12,082)</b>	<b>13,353</b>	<b>3,960</b>
<b>Equity</b>				
Share capital	250	-	13,076	13,326
Share based payments reserve	-	-	839	839
Foreign exchange reserve	4	(4)	-	-
Retained earnings / (accumulated losses) <sup>(1)</sup>	2,434	(12,077)	(562)	(10,206)
<b>Total equity</b>	<b>2,689</b>	<b>(12,082)</b>	<b>13,353</b>	<b>3,960</b>

Note 1: includes retained earnings / (accumulates losses) for the Finder Group and Finder 17.

#### 3.5.2 Pro Forma Adjustments to the Historical Statement of Financial Position

Description of pro forma adjustments to the Statutory Statement of Financial Position

**Adjustment 1:** As set out in section 3.2.2, in July 2021 Finder 17 acquired the WA-542-P permit and received based consideration of \$9.2 million for taking on the exploration commitments of the permit. As part of the Pre-IPO Restructure Finder 17 will transfer to Longreach and Finder will be granted a Call Option over the shares of Finder 17 in exchange for carrying out certain technical studies on the WA-542-P permit (capped at \$80,325). It has been determined that the Call Option results in the Finder Group effectively continuing to control Finder 17 and the Finder Group will be required to continue to consolidate Finder 17. As a result, a non-current provision has been recognised on a pro forma basis for future



exploration obligations relating to WA-542-P with reference to the Fair Value of the consideration received for permit WA-542-P, being \$9.2 million.

**Adjustment 2:** Transfer of residual net working capital and cash within Finder to Longreach and cancellation of the intercompany balance owing from and to Longreach through retained earnings.

**Adjustment 3:** The transfer of certain employee liabilities and related entitlements including annual leave and long service leave to Finder, totalling \$145,000. Prior to the Restructure, employees were employed through Longreach and contracted to the respective Finder subsidiaries. As part of the Restructure, Longreach employees that have been allocated to Finder have entered into new employment transfer agreements with Finder which recognise prior service. The Longreach Separation Agreement is summarised in Section 7.2.

**Adjustment 4:** Issue of 75,000,000 shares in relation to the Offer at \$0.20 each for a total capital raise of \$15 million, less costs of the Offer and other indirectly related costs (such as audit, insurance and investor relations fees) of \$1.6 million (inclusive of GST). Costs directly attributable to the issue of new Shares of \$1.2 million have been offset against share capital with indirect costs of \$0.4 million expensed through accumulate losses. All Shares issued pursuant to the Offer will be issued as fully paid. No Offer costs have been accrued and or were unpaid as at the date of Listing. \$0.6 million of Offer costs will be settled by Longreach with the Company reimbursing Longreach for this amount.

**Adjustment 5** The issue of 5,512,500 Lead Manager Options and 1,150,000 Alignment Options on completion of the Offer. Both the Lead Manager and Alignment options have a term of 4 years and an exercise price of \$0.30. The Lead Manager Options have been valued at \$0.126 per Option using the Black Scholes option pricing model and have been offset against share capital as a cost of the Offer. The Alignment options have been valued at \$0.126 per Option using the Black Scholes option pricing model and have been expensed to retained earnings. The terms and conditions for the Lead Manger options are at Annexure C, the terms and conditions of the Alignment Options at Annexure D.

16,500,000 Performance Rights will also be issued to Directors and Key Management Personnel on completion of the Offer. The terms and conditions of the Performance rights, which are set out in at Annexure B, contain vesting hurdles and their value will be expensed over the vesting period thus for the Performance Rights no pro forma adjustment has been made. The valuation of the Performance Rights is included at Section 3.5.8. The Performance Rights have been valued a hybrid option pricing model based on a series of Monte Carlo simulations. The Performance Rights with non-market conditions are valued using the Black Scholes option pricing model. An Independent Expert Report relating to the Performance Rights is included in Annexure J.

### 3.5.3 Cash and cash equivalents

The following table reconciles statutory to pro forma cash and cash equivalents.

Cash and Cash Equivalents		
\$'000	PF Adj	30-Jun-21
<b>Statutory cash and cash equivalents</b>		<b>2,123</b>
<i>Pro Forma Adjustments:</i>		
Consideration received for WA-542-P	1	9,248
Transfer of cash to Longreach	2	(11,371)
Offer proceeds	4	15,000
Offer costs	4	(1,647)
<b>Pro Forma cash and cash equivalents</b>		<b>13,353</b>



### 3.5.4 Provisions (current)

The following table reconciles statutory to pro forma provisions (current).

Provisions (current)		
\$'000	PF Adj	30-Jun-21
<b>Statutory Provisions (current)</b>		-
<i>Pro Forma Adjustments:</i>		
Employee entitlements	3	(145)
<b>Pro Forma Provisions (current)</b>		<b>(145)</b>

### 3.5.5 Provisions (non-current)

The following table reconciles statutory to pro forma provisions (non-current):

Provisions (non-current)		
\$'000	PF Adj	30-Jun-21
<b>Statutory Provisions (non-current)</b>		-
<i>Pro Forma Adjustments:</i>		
WA-542-P provision	1	(9,248)
<b>Pro Forma Provisions (non-current)</b>		<b>(9,248)</b>

### 3.5.6 Share capital

The following table reconciles statutory to pro forma share capital:

Share Capital		
\$'000	PF Adj	30-Jun-21
<b>Statutory Share Capital</b>		<b>250</b>
<i>Pro Forma Adjustments:</i>		
Offer proceeds	4	15,000
Offer costs (directly attributable to the issue of new shares)	4	(1,229)
Lead Manager Options	5	(695)
<b>Pro Forma Share Capital</b>		<b>13,326</b>

### 3.5.7 Retained earnings

The following table reconciles statutory to pro forma retained earnings:

Retained Earnings		
\$'000	PF Adj	30-Jun-21
<b>Statutory Retained Earnings</b>		<b>2,434</b>
<i>Pro Forma Adjustments:</i>		
Cancellation of intercompany loans receivable and payable	2	(11,932)
Transfer of employee leave liabilities	3	(145)
Offer costs (indirectly attributable to the issue of new shares)	4	(418)
Alignment Options	5	(145)
<b>Pro Forma Retained Earnings</b>		<b>(10,206)</b>



### 3.5.8 Share Based Payments Reserve

The following table reconciles statutory to pro forma Share Based Payments Reserve:

Share Based Payments Reserve		
\$'000	PF Adj	30-Jun-21
<b>Statutory Share Based Payments Reserve</b>		-
<i>Pro Forma Adjustments:</i>		
Lead Manager Options	5	695
Alignment Options	5	145
<b>Pro Forma Share Based Payments Reserve</b>		<b>839</b>

Set out below are the key inputs and terms used in the valuation of the options that are proposed to be issued as part of the Offer.

Options		
Item	Lead Manager Options	Alignment Options
Number of Options	5,512,500	1,150,000
Underlying security spot price (\$)	0.20	0.20
Exercise price (\$)	0.30	0.30
Life of the Options (years)	4.00	4.00
Volatility	100%	100%
Risk-free rate	1.8%	1.8%
Dividend yield	Nil	Nil
Valuation per Option (\$)	0.13	0.13
<b>Valuation per Tranche (\$)</b>	<b>695,000</b>	<b>145,000</b>

Set out below are the key inputs and terms used in the valuation of the performance rights proposed to be issued as part of the Offer. The recognition of their value will be dependent on Finder's performance against the vesting hurdles in future periods.

Performance Rights				
Item	Tranche 1	Tranche 2	Tranche 3	Tranche 4
Number of Rights	2,750,000	2,750,000	2,750,000	8,250,000
Underlying security spot price (\$)	0.20	0.20	0.20	0.20
Exercise price	Nil	Nil	Nil	Nil
Performance period (years)	3.0	3.0	3.0	3.0
Life of the Rights (years)	3.0	3.0	3.0	3.0
Volatility	100%	100%	100%	100%
Risk-free rate	1.47%	1.47%	1.47%	1.47%
Dividend yield	Nil	Nil	Nil	Nil
Valuation per Right (\$)	0.17	0.16	0.16	0.20
<b>Valuation per Tranche (\$)</b>	<b>470,250</b>	<b>451,000</b>	<b>440,000</b>	<b>1,650,000</b>

## 3.6 Management Discussion of Financial Information

### General factors

Below is a discussion of the main factors which affected the Finder Group's operations and relative financial performance and cash flows in each financial year.

### Statutory FY20 compared to Pro Forma FY19

A greater EBITDA loss of \$(1.8) million was incurred in FY20 (FY19: EBITDA loss \$(0.1) million) primarily as a result of:

- costs associated with the corporate activities and preparation for IPO of \$2.5 million incurred in FY19 were not repeated in FY20;



- A reduction in income due to:
  - net decrease in funding from Fugro of \$0.8 million (FY19 included \$1.2 million funding of Finder's IPO costs and \$0.4 million additional funding of Fugro approved projects in FY20);
  - a \$1.7 million decrease in revenue from the farmout of permits;
- an increase in exploration expenditure of \$2.1 million; and
- a decrease in other costs of \$0.3 million.

Cash flows from operations before financing and tax increased to \$(0.4) million in FY20 from \$(1.8) million in FY19, an increase of \$1.4 million. This increase in net cash flows is primarily a result of:

- decrease of \$1.7 million in EBITDA (refer above for explanation in movement);
- decrease of \$1.3 million in the paydown of trade and other payables in FY20 compared to FY19;
- decrease of \$0.2 million in receipts from debtors outstanding at the respective reporting dates;
- increase in non-cash expenses of \$0.8 million. Non-cash expenses are labour and administration costs incurred which are charged through from Finder's parent entity Longreach who is the employer of all Finder staff; and
- decrease in non-cash income of \$1.6 million. Non-cash income represents the funding of labour costs, noted above as non-cash expenses, which are funded by Fugro and paid directly to Finder's parent entity Longreach.

#### Statutory FY21 compared to FY20

A \$0.9 million increased EBITDA loss in FY21 of \$(2.7) million (FY20; EBITDA loss \$(1.8) million) was primarily as a result of:

- increase in exploration expenditure of \$0.6 million:
  - Finder's share of costs associated with the drilling of the Eagle prospect (EP 483 & TP 25) of \$1.5 million;
  - A\$0.9 million reduction in other exploration expenditure;
- \$0.2 million reduction in revenue;
- \$0.1 million increase in other expenses; and
- \$0.1m increase in income from technical work performed for Longreach and associated entities.

Cash flows from operations before financing and tax increased to \$0.3 million in FY21 from \$(0.4) million in FY20, an increase of \$0.6 million. This increase in net cash flows is primarily a result of:

- decrease of \$0.9 million in EBITDA (refer above for explanation in movement);
- increase in non-cash expenses of \$0.7 million. This relates to the \$1.5 million funding of the Eagle well commitment by an associated entity within the Longreach group offset by a reduction of operating costs incurred by Longreach and charged to Finder through the inter-company loan account, namely staff and administration costs;
- decrease in non-cash income of \$0.1m;
- increase of \$0.8 million trade and other payables representing expenses not paid in FY21 compared to FY20;
- decrease of \$0.4 million in receipts from debtors outstanding at the respective reporting dates; and
- increase of \$0.2 million in provisions in FY21.

#### Historical Liquidity and Capital Resources

Historically, Finder has been funded by a combination of sources:

- contributions by Fugro under the Co-operation Agreement and subsequent Implementation and Variation Deed to execute the exploration work program in respect of identified projects;
- cash from farmout transactions and the sale of permits; and



- provision of cash resources from Longreach and associated entities by way of an intercompany loan arrangements.

Following the IPO, Finder will no longer receive contributions from Longreach or associated non Finder entities by way of intercompany loan.

As at 30 June 2021, Finder has no debt outstanding.

### 3.7 Summary of Commercial Commitments

#### Future drilling commitments

Finder has obligations under the Joint Venture Agreement with SapuraOMV (WA) to make commitments to drilling in 2022. Finder has committed to spend US\$1.25 million on the SapuraOMV (WA) operated Kanga-1 well.

#### Future permit commitments (exploration commitments)

To keep awarded permits in good standing and maintain current rights of tenure to exploration commitments, Finder is required to meet certain minimum expenditure requirements. If the minimum expenditure requirements are not met, Finder has the option to negotiate new terms on each of the permits or relinquish the permit. Commitments may also be varied as a result of farmouts, sales or carrying our work in excess of the permit obligations. The following exploration expenditure requirements have not been provided for on the Statutory or Pro Forma Historical Statement of Financial Position. Further information can be found in the ITSR on the near-term expenditure requirements for each of the permit.

Exploration Commitments	
\$'000	30-Jun-21
Less than one year	3,136
Between one and five years	31,670
<b>Total</b>	<b>34,806</b>

Should Finder Operations exercise the Call Option to acquire the shares of Finder 17, additional exploration commitments for WA-542-P will be assumed. These commitments total \$18.2 million which relate to the acquisition, processing and interpretation of 3D seismic data. The Finder Group would seek a farminee and/or multi-client seismic data license, in lieu of the proprietary acquisition of data, to either eliminate or significantly reduce these commitments as the basis for exercising the Call Option. Should these efforts not be successful Finder Operations would not exercise the Call Option and assume the commitments.

### 3.8 Contingent Liabilities

Following the Pre-IPO Restructure, Finder will grant Longreach a 3% royalty interest in the net sale proceeds of petroleum produced from the area the subject of WA-412 P, AC/P61 and WA-547-P. Given the permits are currently in exploration phase, the value of any contingent royalty liabilities are not currently estimable.

Other than the above, there were other no contingent liabilities as at 30 June 2021.

### 3.9 Dividend policy

The Directors have no current intention to pay dividends on Shares, as it is their intention to reinvest all cash flow into the business in order to maximise its growth. Accordingly, no dividends are expected to be paid in the near term following the Listing.

The payment of dividends by the Company (if any) is at the discretion of the Directors and will be a function of a number of factors (many of which are outside the control of the Directors), including the general business environment, the financial results of the business, cash flow and financial condition of the Company, future funding requirements, any contractual, legal or regulatory restrictions on the payment of dividends by the Company and other factors the Board deems relevant. The Directors do not provide any assurance in respect of the future level of dividends paid by the Company (nor the level of franking of, or conduit foreign income attaching to, any future dividends paid by the Company).



## 4 DIRECTORS, MANAGEMENT AND CORPORATE GOVERNANCE

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### 4.1 Directors

The Directors bring to the Board relevant experience and skills, including industry and business knowledge, financial management and corporate governance experience.

As at the Prospectus Date, the Directors of the Company are and from Admission will be Bronwyn Barnes (Independent Non-Executive Chairman), Damon Neaves (Managing Director), Shane Westlake (Technical Director) and Fred Wehr (Independent Non-Executive Director).

A brief profile of each of the Directors is set out below.



**Bronwyn Barnes**

*Independent Non-Executive Chairman*

Bronwyn has had an extensive career in the resources sector, having worked with companies ranging from Western Mining Corporation and BHP to emerging juniors in directorship, executive leadership and operational roles, in Australia and internationally. Bronwyn is currently Executive Chairman of Indiana Resources (ASX: IDA), Non-Executive Director of Synergy (Electricity Generation and Retail Corporation), a Non-Executive Chairman of Scorpion Minerals Pty Ltd (ASX: SCN) and a Non-Executive Chairman of Aerison Holdings Pty Ltd (ASX: AE1).

Bronwyn is also a member of the South Australian Minerals and Energy Advisory Council (MEAC) and a Member of the Board of Management of the Foundation for St Mary's Anglican Girls School.



**Damon Neaves**

*Managing Director and Chief Executive Officer*

Damon has over 18 years' experience in leadership roles as an oil and gas executive responsible for overall company performance and growth in both private and ASX-listed companies.

Damon has extensive experience in international oil and gas projects in Asia Pacific, Africa and Europe, including Australia, New Zealand, Thailand, Indonesia, Brunei, the Philippines, Ghana, Morocco, Gabon, Madagascar and United Kingdom. Damon's experience spans the full cycle of the oil and gas business from new ventures, exploration, development and production.

Damon brings an active approach to business development with significant transactional experience in the energy sector in mergers, acquisitions, new ventures and farmouts as well as project management experience in commercialising oil and gas in the NWS. Damon has previously held board positions with ASX-listed Tap Oil Limited (Chair) and Pura Vida Energy NL (Managing Director).



**Shane Westlake**

*Technical Director*

Shane is a petroleum geophysicist with 20 years' experience in executive management roles in the energy sector. Joining Finder in 2007, Shane has led the management team in building Finder's high-quality acreage position and has overseen significant value-accretive transactions, including farmouts with leading industry peers.

He is an experienced and seasoned oil and gas explorer across multiple disciplines, including new ventures, prospect maturation and drilling, with extensive experience



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working in Australia and around the globe on projects in the Americas, Europe, Africa and Asia Pacific.

Shane is the author and co-author of a number of technical papers, an expert in his field of work and a proven prospect generator with a track record of finding oil and gas and executing commercial deals.



**Fred Wehr**

*Independent Non-executive Director*

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Fred has had a 38-year, worldwide career in the upstream oil and gas sector, from a research role at Exxon to operational and management positions in Apache and Quadrant Energy. He managed successful exploration programs in Egypt and Australia for Apache and later Quadrant energy. Fred led the team that made the Dorado discovery in 2018, one of the largest oil finds on the NWS.

Fred currently is the sole director of Wehr Advisory Pty Ltd, providing technical and commercial advice in the upstream oil and gas sector to selected clients. He is a member of the Petroleum Exploration Society of Australia (PESA), the American Association of Petroleum Geologists (AAPG), and a graduate of the Australian Institute of Company Directors (GAICD).

Fred has a PhD in geoscience from Virginia Tech in the United States and holds both Australian and United States citizenship.

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#### **4.1.1 Independence of Directors**

Each Director has confirmed to Finder that he or she anticipates being available to perform his duties as a Director without constraint from other commitments.

The Board considers an Independent Director to be a non-executive director who is free of any interest, position, association or relationship that might influence, or reasonably be perceived to influence, his or her capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of Finder and its Securityholders generally. The Board will consider the materiality of any given relationship on a case-by-case basis. The Board reviews the independence of each director in light of interests disclosed to the Board from time to time.

The Board considers that Bronwyn Barnes and Fred Wehr are free from any interest, position, association or relationship that might influence, or reasonably be perceived to influence, the independent exercise of their judgement and that they are able to fulfil the role of Independent Director for the purposes of the ASX Recommendations.

Damon Neaves and Shane Westlake hold the positions of CEO and Technical Director of the Company respectively, and therefore are not independent due to their respective executive appointments.

The Directors believe that they are able to objectively analyse the issues before them in the best interests of all Shareholders and in accordance with their duties as Directors.

#### **4.1.2 Composition of the Board**

In light of the Company's size, nature and stage of development, the Directors consider that the composition of the current Board is appropriate. As the Company's activities develop, the size of the Board and its corporate governance arrangements will be reviewed.

### **4.2 Key Management**

Biographies for the key management are set out below.





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**Damon Neaves**

*Chief Executive Officer*

See Section 4.1 above.

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**Shane Westlake**

*Technical Director*

See Section 4.1 above.

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**Aaron Bond**

*Exploration Manager*

Aaron has over 19 years' experience as a proven oil and gas explorer in both technical and leadership roles. Previously he worked with the Italian supermajor Eni for nine years in the Australian exploration team which discovered the Kitan Oil Field and in Italy with the deepwater Angola team with numerous oil discoveries that have now formed the West and East hub developments. Aaron moved back to Australia and joined FINDER in 2011 where he was lead geoscientist mapping, de-risking and farming out the Phoenix South and Roc Prospects that led to recent major oil and gas discoveries in a new play situated in the Bedout Sub-basin. He has managed FINDER's acreage portfolio over the last five years and led the farmout of three permits to SapuraOMV (WA) in late 2018, and entry into the UK North Sea.

His qualifications include a Bachelor of Science (Honours) and he is a member of the AAPG, PESA, Petroleum Exploration Society of Great Britain (PESGB) and he also holds a position on the APPEA Exploration Sub-committee.

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**Anthony Benino**

*Company Secretary and Chief Financial Officer*

Anthony has over 32 years' experience as an accounting, finance and risk management professional.

Throughout his career Anthony has delivered financial and operating management systems and processes to drive operational performance and deliver shareholder value.

Anthony commenced his career as a Chartered Accountant and worked with PwC in Perth and London providing professional advisory services across a range of industries including financial services, mining, insurance and telecommunications.

He has held roles as Chief Financial Officer and Company Secretary at a number of ASX listed and private companies including Sanford Securities, Home Building Society, Bell Direct and Migme and is a founding Director of Aspire Capital Partners.

Anthony was the CEO of privately owned Intercon Millar Logistics overseeing a company transformation resulting in the business sale to an ASX 200 logistics company on behalf of the owners.

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Shane Westlake and Anthony Benino will be employed by FINDER on a 0.50 FTE basis and will also be engaged by Longreach, FINDER's holding company, on a 0.50 FTE basis in their existing roles in respect of



Longreach's existing business. Pursuant to the separation arrangements with Longreach, members of the Longreach Group will provide a 36 month non-compete with Finder's business in the NWS and the UK North Sea regions.

### 4.3 Corporate governance

This Section 4.3 explains how the Board oversees the management of the Company's business. The Board is responsible for the overall corporate governance of the Company, including establishing and monitoring key performance goals. The Board monitors the operational and financial position and performance of the Company and oversees its business strategy, including approving the strategic goals of the Company and considering and approving an annual business plan (including a budget).

The Board is committed to maximising performance, generating appropriate levels of Shareholder value and financial return, and sustaining the growth and success of the Company. In conducting the Company's business with these objectives, the Board seeks to ensure that the Company is properly managed to protect and enhance Shareholder interests, and that the Company and its Directors, officers and personnel operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing the Company, including adopting relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for the Company's business and which are designed to promote the responsible management and conduct of the Company.

The Company is seeking a listing on the ASX and, to the extent applicable, the Company will from Admission adopt the ASX Corporate Governance Council's fourth edition of the Corporate Governance Principles and Recommendations (**ASX Recommendations**) for Australian listed entities in order to promote investor confidence and to assist companies in meeting stakeholder expectations. The ASX Recommendations are not prescriptions, but guidelines. However, under the Listing Rules, the Company will be required to provide a statement in its annual report disclosing the extent to which it has followed the ASX Recommendations in the reporting period. Where the Company does not follow a recommendation, it must identify the recommendation that has not been followed and give reasons for not following it. From Admission, the Company's main corporate governance policies and charters will be available in the "Corporate" section of the Company's website at [www.finderenergy.com](http://www.finderenergy.com).

#### 4.3.1 Board Charter

The Board Charter adopted by the Board sets out the responsibilities of the Board in greater detail. It provides that the Board should comprise Directors with the appropriate mix of skills, experience, expertise and diversity which are relevant to the Company's businesses and the Board's responsibilities. The Board Charter allows the Board to delegate powers and responsibilities to committees established by the Board. The Board retains ultimate accountability to Shareholders in discharging its duties.

#### 4.3.2 Audit and risk

The Company will not have a separate audit or risk committee until such time as the Board is of a sufficient size and structure, and the Company's operations are of a sufficient magnitude for a separate committee to be of benefit to the Company. In the meantime, the full Board will carry out the duties that would ordinarily be assigned to that committee under the written terms of reference for that committee, including but not limited to, monitoring and reviewing any matters of significance affecting financial reporting and compliance, the integrity of the financial reporting of the Company, the Company's internal financial control system and risk management systems and the external audit function.

#### 4.3.3 Remuneration and nomination

The Company will not have a separate remuneration and nomination committee until such time as the Board is of a sufficient size and structure, and the Company's operations are of a sufficient magnitude for a separate committee to be of benefit to the Company. In the meantime, the full Board will carry out the duties that would ordinarily be assigned to that committee under the written terms of reference for that committee, including but not limited to, reviewing remuneration packages for directors and key management, reviewing Board composition, administering incentive plans and ensuring adequate succession plans are in place.



#### **4.3.4 Code of Conduct**

The Board has adopted a Code of Conduct setting out the standards of behaviour it expects from its directors, senior executives and employees. Finder will carry on business honestly and fairly and in compliance with all laws and regulations.

#### **4.3.5 Related Party Transactions Policy**

The Board has adopted a related party transactions policy to assist the Board and management comply with laws and regulations governing related party transactions. In particular, the Related Party Transactions Policy establishes formal processes for reporting, approving and recording deliberations in respect of related party transactions, both at the time of determining whether such a transaction is to be entered into and throughout the life of any such contracts to manage key decisions and subsequently to deal with any disputes which may arise.

#### **4.3.6 Diversity Policy**

The workforce of Finder is made up of individuals with diverse skills, backgrounds, perspectives and experiences and this diversity is recognised, valued and respected. The Diversity Policy aims to align Finder's business operations with the positive outcomes that can be achieved by utilising the contribution of diverse skills and talents among its Board, management and employees.

#### **4.3.7 Anti-Bribery and Corruption Policy**

Finder is committed to operating in a manner consistent with the laws and regulations of the jurisdictions in which its businesses operate, including those relating to bribery and corruption. Accordingly, the Board has adopted an Anti-bribery and Corruption Policy which sets out the responsibilities of Finder and its employees or other personnel or representatives in observing and upholding the prohibition on bribery and related improper conduct and provides information and guidance on how to recognise and deal with instances of bribery and corruption. The Board will be informed of any material breaches of the Anti-bribery and Corruption Policy.

#### **4.3.8 Securities Trading Policy**

Finder has adopted a Securities Trading Policy for regulating the trading in its securities during certain "prohibited periods" by its directors and other key management personnel.

#### **4.3.9 Disclosure Policy**

Finder has adopted a Disclosure Policy setting out its processes for complying with its continuous disclosure obligations under the Listing Rules. Unless an exception applies, Finder must disclose to ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

#### **4.3.10 Shareholder Communications Policy**

The Board aims to ensure Shareholders and other stakeholders are informed in a timely and readily accessible manner of all major developments affecting the Company. It has therefore adopted a Shareholder Communication Policy to facilitate effective two-way communication with investors and encourage participation at meetings.

#### **4.3.11 Whistleblower Protection Policy**

Finder has adopted a Whistleblower Protection Policy to encourage its officers, employees and contractors to raise any concerns and report instances of unethical, illegal, socially irresponsible or fraudulent conduct, where there are reasonable grounds to suspect such conduct, without fear of intimidation, disadvantage or reprisal. The Whistleblower Protection Policy sets out Finder's commitment to investigating all matters reported in an objective and fair manner as soon as possible after the matter has been reported. The Board will be informed of any material concerns raised under the Whistleblower Protection Policy that call into question the culture of Finder.



#### 4.3.12 Departures from ASX Recommendations

Under the Listing Rules, the Company will be required to report any departures from the ASX Recommendations in its annual report.

At Admission, the Company's departures from the ASX Recommendations will be as set out below:

Recommendations	Compliance	Explanation for Departure
<b>Principle 2: Structure the board to be effective and add value</b>		
<b>Recommendation 2.1</b> The board of a listed entity should: (a) have a nomination committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	No	The Company has not formed a separate nomination committee given the size of the Board and the nature and scale of the Company's activities. The Board as a whole reviews the size, structure and composition of the Board including competencies and diversity, in addition to reviewing Board succession plans and continuing development. The Board considers that no efficiencies or other benefits would be gained by establishing a separate nomination committee.
<b>Recommendation 2.4</b> A majority of the board of a listed entity should be independent directors.	No	On Admission, the Board will not comprise of a majority of independent directors. The Board however does have equal representation of independent and executive directors. The Board has formed the view that, given the size and composition of the Board, the current Board structure is appropriate for the Company.



#### Principle 4: Safeguard the integrity of corporate reports

##### Recommendation 4.1

No

The board of a listed entity should:

(a) have an audit committee which:

(1) has at least three members, all of whom are nonexecutive directors and a majority of whom are independent directors; and

(2) is chaired by an independent director, who is not the chair of the board, and disclose:

(3) the charter of the committee;

(4) the relevant qualifications and experience of the members of the committee; and

(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

The Board has not established a separate audit committee. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify having a separate audit committee.

The Board as a whole has responsibilities typically assumed by an audit committee, including but not limited to:

(a) verifying and safeguarding the integrity of the Company's stakeholder reporting;

(b) reviewing and approving the audited annual and reviewed half yearly financial reports;

(c) managing audit arrangements and auditor independence; and

(d) a risk management function.

#### Principle 7: Recognise and manage risk

##### Recommendation 7.1

No

The board of a listed entity should:

(a) have a committee or committees to oversee risk, each of which:

(1) has at least three members, a majority of whom are independent directors; and

(2) is chaired by an independent director,

and disclose:

(3) the charter of the committee;

(4) the members of the committee; and

(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) if it does not have a risk committee or committees that satisfy (a) above,

The Board has not established a separate risk committee. The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify having a separate risk committee.

The Board as a whole has responsibilities typically assumed by an risk committee to ensure an appropriate risk-management framework is in place and operating properly.



disclose that fact and the processes it employs for overseeing the entity's risk management framework.

## Principle 8: Remunerate fairly and responsibly

<b>Recommendation 8.1</b>	No	The Company has not formed a separate remuneration committee given the size of the Board and the nature and scale of the Company's activities.
The board of a listed entity should:		The Board as a whole has responsibilities typically assumed by a remuneration committee, including but not limited to:
(a) have a remuneration committee which:		
(1) has at least three members, a majority of whom are independent directors; and		(a) reviewing the remuneration (including incentives and equity-based remuneration, where applicable) and performance of Directors;
(2) is chaired by an independent director,		
and disclose:		(b) setting policies for senior executive remuneration, setting the terms and conditions of employment for senior executives, undertaking reviews of senior executive performance, including setting goals and reviewing progress in achieving those goals; and
(3) the charter of the committee;		
(4) the members of the committee; and		(c) reviewing the Company's senior executive and employee incentive schemes (including equity-based remuneration) (where applicable) and making recommendations to the Chair on any proposed changes.
(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or		
(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.		

## 4.4 Security holdings of Directors and Key Management Personnel

As at the Prospectus Date:

- none of the Directors and Key Management Personnel or their related entities have relevant interests in Shares; and
- Jan Ostby (co-founder and former director of Finder) and Odd Larsen (Finder's other co-founder) each have a relevant interest in 100% of the Shares by virtue of their controlling interest in Longreach (of which Finder is a wholly-owned subsidiary as at the Prospectus Date).

Longreach is 50% owned by Ostby Pty Ltd, a related entity of Jan Ostby, and 50% owned by Larsen Pty Ltd, a related entity of Finder's other co-founder Odd Arne Larsen.

Based on the intentions of the Directors and Key Management Personnel as at the Prospectus Date, the Directors and key management personnel and their related entities will have the following interests in Securities at Admission:



Director / KMP	Shares <sup>1</sup>	Voting % (undiluted)	Performance Rights <sup>2</sup>	Alignment Options <sup>3</sup>
Bronwyn Barnes	Nil	Nil	Nil	800,000
Damon Neaves	250,000	0.16%	6,000,000	Nil
Shane Westlake	250,000	0.16%	4,000,000	Nil
Fred Wehr	Nil	Nil	Nil	350,000
Aaron Bond	125,000	0.08%	4,000,000	Nil
Anthony Benino	125,000	0.08%	2,000,000	Nil

1 This reflects the number of Shares that Damon Neaves, Shane Westlake, Aaron Bond and Anthony Benino (or their related entities) intend to apply for under the Public Offer.

2 See Section 8.2 and Annexure B for the terms and conditions of the Performance Rights. The Independent Expert's Report contained in Annexure J sets out the advantages and disadvantages of the proposed issue of the Performance Rights. The Independent Expert has concluded the proposed issue at Listing of: (i) Performance Rights Tranches 1, 2 and 3 are fair and reasonable to non-participating Securityholders; and (ii) Performance Rights Tranche 4 is not fair but reasonable to non-participating Securityholders. See the Independent Expert's Report in Annexure J.

3 See Section 8.4 and Annexure D for the terms and conditions of the Alignment Options.

On Admission, Jan Ostby's and Odd Larsen's relevant interest in the Shares, by virtue of their controlling interest in Longreach, is expected to be 82,500,000 Shares or 52.38% (on an undiluted basis).

## 4.5 Remuneration of Directors and Key Management Personnel

The Company has entered into letters of appointment and executive services agreements with Damon Neaves and Shane Westlake as well as a letter of appointment with Bronwyn Barnes and Fred Wehr. See Sections 7.3, 7.4 and 7.5 for more details.

The Directors and Key Management Personnel will receive the following remuneration on an annual basis from Admission:

Director / KMP	Remuneration (excluding superannuation)
Bronwyn Barnes	\$65,000
Damon Neaves	\$320,000
Shane Westlake	\$200,000
Fred Wehr	\$40,000
Aaron Bond	\$320,000
Anthony Benino	\$160,000

The Company's Constitution provides that the remuneration of non-executive directors in total in any year will be not more than the aggregate fixed sum determined by a general meeting. The current limit approved by Shareholders in the general meeting on 14 February 2022 is, in addition to any other Securities approved by Shareholders in the future, \$300,000 per annum.

The remuneration of any executive director that may be appointed by the Board will be fixed by the Board. Directors are not required to hold any Shares.

## 4.6 Related party transactions

The Company has entered into the following related party transactions on arms' length terms:

- executive services agreements with Damon Neaves and Shane Westlake (see Sections 7.3 and 7.4);
- letters of appointment with its Directors on standard terms (see Section 7.5);
- deeds of indemnity, insurance and access with the Directors and the Company Secretary on standard terms (see Section 7.7); and
- the Pre-IPO Restructure Agreements between Finder and Longreach (among others) to position Finder to operate as an independent company from Admission (see Section 7.1).

As at the Prospectus Date, no other material transactions with related parties and Directors' interests exist that the Directors are aware of, other than those disclosed in the Prospectus.



# 5 DETAILS OF THE OFFER

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## 5.1 The Offers

### 5.1.1 Institutional Offer and Public Offer

The Offer is an initial public offering of 75,000,000 Shares at the Offer Price of \$0.20 per Share to raise \$15,000,000 (before costs).

The Offer comprises:

- the **Institutional Offer** – which is made to Institutional Investors in Australia and other eligible foreign jurisdictions; and
- the **Public Offer** – which is made to the general public.

### 5.1.2 Ancillary Offers

This Prospectus also contains a number of ancillary offers as noted below:

- the offer of 16,500,000 Performance Rights to the persons noted in Section 8.2;
- the offer of 5,512,500 Lead Manager Options to the Joint Lead Managers (or their nominees); and
- the offer of 1,150,000 Alignment Options to the persons noted in Section 8.4,

together, the **Ancillary Offers**.

The Ancillary Offers will open on the Opening Date and remain open until Admission (unless closed earlier by the Directors, in their sole discretion). Each Ancillary Offer is a separate offer. The Ancillary Offers noted above may only be accepted by the persons noted above (or their nominees, where applicable).

Personalised Application Forms will be issued for the Ancillary Offers noted above. The Ancillary Offers are being made to:

- remove any secondary sale restrictions and facilitate further secondary trading of Shares to be issued by the Company after the close of the Offer but prior to Listing, in accordance with section 708A(11)(b) of the Corporations Act. This includes the Shares to be issued on conversion of the Performance Rights or exercise of Options, which are issued to sophisticated and professional investors upon receipt of conditional approval to the Company's Admission; and
- ensure the on-sale of the Performance Rights and Options, as well as the on-sale of Shares issued on vesting of Performance Rights or exercise of the Options, can be made within 12 months of the date of issue without a disclosure document or in reliance on an exemption under section 708 or 708A of under the Corporations Act.

The Offers are made with disclosure under this Prospectus and are made on the terms, and are subject to the conditions, set out in this Prospectus.

The Shares to be issued by the Company pursuant to this Prospectus will be of the same class as and rank equally with the existing Shares on issue. See Annexure A for the rights attaching to the Shares, Annexure B for the rights attaching to Performance Rights, Annexure C for the rights attaching to the Lead Manager Options and Annexure D for the rights attaching to the Alignment Options.

## 5.2 Condition to the Offers

Completion of the Offer is subject to ASX granting conditional approval for the Company's Admission on conditions satisfactory to the Company.

## 5.3 Minimum Subscription

The minimum subscription under the Offer is \$15,000,000 (before costs) (being 75,000,000 Shares) (**Minimum Subscription**).

None of the Securities offered under this Prospectus will be issued if Applications are not received for the Minimum Subscription. If the Minimum Subscription is not raised within four months of the Prospectus Date,



or such longer period as varied by the ASIC, the Company will withdraw the Offer and repay all Application Monies to Applicants (without interest) as soon as practicable in accordance with the Corporations Act.

## 5.4 Purpose of the Offer and proposed use of funds

The purpose of the Offer and proposed use of funds is to:

- primarily support the Company's planned exploration activities described in Section 2.5;
- assist the Company to meet the requirements of ASX and satisfy Chapters 1 and 2 of the Listing Rules, as part of the Company's application for Admission;
- provide the Company with access to capital markets to improve financial flexibility;
- provide Finder with the benefits of an increased profile that arises from being a listed entity;
- pay the costs of the Offer; and
- provide working capital.

Following Admission, the Company intends to apply the funds raised from the Offer as follows:

Source of Funds	\$000s	
Existing cash reserves <sup>1</sup>	Nil	
Gross funds raised from the Offer	15,000	
<b>Total Funds Available</b>	<b>15,000</b>	
Use of Funds	\$000s	%
Project Costs		
Drilling <sup>2</sup>	1,700	11.3%
Seismic <sup>3</sup>	5,400	36.3%
Geoscience <sup>4</sup>	4,300	28.6%
<b>Total Project Costs</b>	<b>11,400</b>	<b>76.2%</b>
Business development <sup>5</sup>	700	4.5%
Corporate costs <sup>6</sup>	800	5.3%
Expenses of the Offer <sup>7</sup>	1,600	10.7%
Working capital	500	3.3%
<b>Total</b>	<b>15,000</b>	<b>100%</b>

<sup>1</sup> Company's cash balance as per the pro-forma Statement of Financial Position as at 30 June 2021.

<sup>2</sup> Costs related to WA-412-P capped Kanga-1 drilling expenditure of US\$1.25 million (approximately A\$1.7 million). See section 9.1 of the Australian Solicitor's Report at Annexure G and section 3.3.4 (WA-412-P) of the ITSR at Annexure F of this Prospectus for related information on the Company's work programs and expenditure commitments..

<sup>3</sup> Acquisition and processing of new 3D seismic data in WA-547-P and various reprocessing projects and data. See sections 3.6.2 (WA-547-P), 4.3.1 (P2502), 4.4.1 (P2528) and 4.5.1 (P2530) of the ITSR at Annexure F of this Prospectus for related information on the Company's work programs and expenditure commitments.

<sup>4</sup> Project staff costs and associated overheads, external technical consultants and contractors in relation to the Company's work programs and expenditure commitments set out in sections 3 and 4 of the ITSR at Annexure F of this Prospectus.

<sup>5</sup> Technical and commercial staff costs incurred on evaluation of new opportunities and transaction costs.

<sup>6</sup> Includes non-project related staff costs, professional fees such as audit, tax and legal, insurance and office and administration expenses.

<sup>7</sup> See Section 8.10 for estimated expenses of the Offer. Approximately \$0.6 million of these costs are estimated to have been funded by Longreach who will be repaid out of shareholder proceeds.

The above table represents the Company's current intentions as at the Prospectus Date. As with any budget, the allocation of funds set out in the above table may change depending on several factors, including market conditions, the development of new opportunities and materialisation of any risks described in Section 6, and actual expenditure may differ significantly from the above estimates.



The Board believes that funds raised from the Offer will provide the Company with sufficient working capital to carry out its stated objectives.

The Board intends to apply any additional funds raised upon the conversion of Performance Rights or exercise of Options towards the cost of its intended activities and general working capital purposes.

The use of further equity funding may be considered by the Company where it is appropriate to accelerate a specific project or strategy. The future capital requirements of the Company will depend on several factors including the outcome of Finder's exploration activities and materialisation of any risks described in Section 6 (including, for example, regulatory developments and market and general economic conditions). See Section 6.1.10 for further details about the risks associated with the Company's future capital requirements.

## 5.5 Effect of the Offer on the capital structure and control implications

As at the Prospectus Date, the Company is a wholly-owned subsidiary of Longreach.

The capital structure of the Company following completion of the Offer will be as follows:

Capital Structure	Number of Securities
Shares on issue as at the Pre-IPO Restructure <sup>1</sup>	82,500,000
Shares to be issued under the Offer	75,000,000
<b>Total Shares on issue post completion of the Offer<sup>2</sup></b>	<b>157,500,000</b>
Total Performance Rights on issue post completion of the Offer <sup>3</sup>	16,500,000
Lead Manager Options on issue post completion of the Offer <sup>4</sup>	5,512,500
Alignment Options on issue post completion of the Offer <sup>5</sup>	1,150,000
<b>Total Fully Diluted Securities</b>	<b>180,662,500</b>

<sup>1</sup> As at the Prospectus Date the Company has 10 Shares on issue. See Section 2.3 for information on the Pre-IPO Restructure.

<sup>2</sup> See Annexure A for the terms of the Shares.

<sup>3</sup> See Section 8.2 and Annexure B for the terms and conditions of the Performance Rights. The Independent Expert's Report contained in Annexure J sets out the advantages and disadvantages of the proposed issue of the Performance Rights. The Independent Expert has concluded the proposed issue at Listing of: (i) Performance Rights Tranches 1, 2 and 3 are fair and reasonable to non-participating Securityholders; and (ii) Performance Rights Tranche 4 is not fair but reasonable to non-participating Securityholders. See the Independent Expert's Report in Annexure J.

<sup>4</sup> See Section 8.3 and Annexure C for the terms and conditions of the Lead Manager Options.

<sup>5</sup> See Section 8.4 and Annexure D for the terms and conditions of the Alignment Options.

The Company's free float at the time of Admission will not be less than 20% with 45.67% held by unrelated IPO investors and 52.38% held by Longreach (on an undiluted basis). On Admission, Longreach will therefore be a substantial shareholder of the Company and in a position to exercise majority control over the Company including the composition of the Board. Longreach will control approximately 45.67% of Shares (on a fully diluted basis) (assuming all Options are issued and exercised, all Performance Rights are issued and converted and that no other Shares are issued).

## 5.6 Joint Lead Managers

The Offer is not underwritten. Euroz Hartleys Limited and JP Equity Holdings Pty Ltd are Joint Lead Managers to the Offer. See Section 7.2 for a summary of the engagement terms.

### 5.6.1 Fees payable to the Joint Lead Managers

The Company has or will pay to the Joint Lead Managers certain cash fees in connection with the Offer as summarised in Section 7.2.



### **5.6.2 Joint Lead Managers' interests in Securities**

As at the Prospectus Date, neither the Joint Lead Managers nor their associates have any relevant interest in the Shares.

On Admission, the Joint Lead Managers and their associates are expected to have an interest in 5,512,500 Lead Manager Options.

### **5.6.3 Participation in previous placements**

The Joint Lead Managers have not participated in a placement of Securities by the Company in the two years preceding lodgement of this Prospectus.

## **5.7 Institutional Offer**

### **5.7.1 Invitation to bid**

The Company and the Joint Lead Managers have invited certain Institutional Investors in Australia, New Zealand and other eligible foreign jurisdictions to bid for Shares in the Institutional Offer

The allocation of Shares among bidders in the Institutional Offer was determined by the Joint Lead Managers in agreement with the Company. The Joint Lead Managers and the Company have absolute discretion regarding the basis of allocation of Shares among Institutional Investors.

Participants in the Institutional Offer will be advised of their allocation of Shares, if any, by the Joint Lead Managers.

### **5.7.2 Allocation policy under the Institutional Offer**

The allocation policy under the Institutional Offer was influenced by a number of factors including:

- the number of Shares bid for by particular Applicants;
- the overall level of demand under the Institutional Offer;
- the timeliness of the bid by particular Applicants;
- the Company's desire for a spread of Institutional Investors;
- the size and type of funds under management of particular Applicants;
- the likelihood that particular bidders will be long term Shareholders;
- the Company's desire for an informed and active trading market following the Listing; and
- any other factors that the Joint Lead Managers and the Company considered appropriate.

## **5.8 The Public Offer**

### **5.8.1 How to apply under the Public Offer**

Applications for Shares under the Public Offer can be made using the Application Form accompanying this Prospectus. The Application Form must be completed in accordance with the instructions set out on the form.

No brokerage, stamp duty or other costs are payable by Applicants.

### **Option 1: Submit an online Application Form and pay with BPAY®**

For online applications, investors can apply online with payment made electronically via BPAY®. Investors applying online will be directed to use an online Application Form and make payment by BPAY®. Applicants will be given a BPAY® biller code and a customer reference number (**CRN**) unique to the online Application once the online Application Form has been completed.

BPAY® payments must be made from an Australian dollar account of an Australian institution. Using the BPAY® details, Applicants must:

- access their participating BPAY® Australian financial institution either via telephone or internet banking;



- select to use BPAY® and follow the prompts; enter the biller code and unique CRN that corresponds to the online Application;
- enter the amount to be paid which corresponds to the value of Shares under the online Application Form;
- select which account payment is to be made from;
- schedule the payment to occur on the same day that the online Application Form is completed. Applications without payment will not be accepted; and
- record and retain the BPAY® receipt number and date paid.

Investors should confirm with their Australian financial institution whether there are any limits on the Investor's account that may limit the amount of any BPAY® payment and the cut off time for the BPAY® payment.

Investors can apply online by following the instructions at <https://catalanoipo.thereachagency.com/> and completing a BPAY® payment. If payment is not made via BPAY®, the Application will be incomplete and will not be accepted. The online Application Form and BPAY® payment must be completed and received by no later than the Closing Date.

### **Option 2: Submit an online Application Form and pay via Electronic Funds Transfer "EFT"**

Investors can apply online with payment made electronically via EFT. Investors applying online will be directed to use an online Application Form and will be given a payment reference number unique to the online Application once the online Application Form has been completed.

EFT payments must be received in Australian dollars (\$AUD). Using EFT payment details, Applicants must:

- use the unique payment reference number that corresponds to the online Application Form;
- enter the amount to be paid which corresponds to the value of Shares under the online Application Form;
- select which account payment is to be made from;
- schedule the payment to occur on the same day that the online Application Form is completed. Applications without payment will not be accepted; and
- record and retain the EFT receipt number and date paid.

Applicants should confirm with their Australian financial institution whether there are any limits on the Applicant's account that may limit the amount of any EFT payment and the cut off time for the funds transfer.

An original, completed and lodged Application Form together with confirmation of BPAY® or EFT payment for the Application Monies, constitutes a binding and irrevocable offer to subscribe for the number of Shares specified in the Application Form. The Application Form does not need to be signed to be valid. If the Application Form is not completed correctly or if the accompanying payment is for the wrong amount, it may be treated by the Company as valid. The Directors' decision as to whether to treat such an Application as valid and how to construe amend or complete the Application Form is final; however an applicant will not be treated as having applied for more Shares than is indicated by the amount of the BPAY® or EFT for the Application Monies.

It is the responsibility of Applicants outside of Australia to obtain all necessary approvals for the allotment and issue of Shares pursuant to this Prospectus.

The Public Offer may be closed at an earlier date and time at the discretion of the Directors, without prior notice. Applicants are therefore encouraged to submit their Application Forms as early as possible. However, the Company reserves the right to extend the Public Offer or accept late Applications.

Applications under the Public Offer must be for a minimum of 10,000 Shares (\$2,000) and then in increments of 2,500 Shares (\$500).

Applications for Shares under the Public Offer must be made on the relevant Application Form accompanying this Prospectus and received by the Company on or before the Closing Date.



### 5.8.2 Allocation policy under the Public Offer

The Company retains an absolute discretion to allocate Shares under the Public Offer and reserves the right, in its absolute discretion, to allot to an Applicant a lesser number of Shares than the number for which the applicant applies or to reject an Application Form. If the number of Shares allotted is fewer than the number applied for, surplus application money will be refunded without interest as soon as practicable.

No Applicant under the Public Offer has any assurance of being allocated all or any Shares applied for. The allocation of Shares by Directors (in conjunction with the Joint Lead Managers) will be influenced by the following factors:

- the number of Shares applied for;
- the overall level of demand for the Public Offer;
- the timeliness of the bid by particular Applicants;
- the desire for a spread of investors, including Institutional Investors;
- recognising the ongoing support of existing Shareholders;
- the likelihood that particular Applicants will be long-term Shareholders;
- the desire for an informed and active market for trading Shares following Listing;
- ensuring an appropriate Shareholder base for the Company going forward; and
- any other factors that the Company and the Joint Lead Managers consider appropriate.

The Company will not be liable to any person not allocated Shares or not allocated the full amount applied for.

### 5.9 Acknowledgements

Each Applicant under the Offer will be deemed to have:

- agreed to become a member of the Company and to be bound by the terms of the Constitution and the terms and conditions of the Offer;
- acknowledged having personally received a printed or electronic copy of the Prospectus (and any supplementary or replacement prospectus) including or accompanied by the Application Form and having read them all in full;
- declared that all details and statements in their Application Form are complete and accurate;
- declared that the Applicant(s), if a natural person, is/are over 18 years of age;
- acknowledged that, once the Company or the Share Registry receives an Application Form (including electronically), it may not be withdrawn;
- applied for the number of Shares at the Australian Dollar amount shown on the front of the Application Form;
- agreed to being allocated and issued the number of Shares applied for (or a lower number allocated in a way described in this Prospectus), or no Shares at all;
- authorised the Company and the Joint Lead Managers and their respective officers or agents, to do anything on behalf of the Applicant(s) necessary for Shares to be allocated to the Applicant(s), including to act on instructions received by the Share Registry upon using the contact details in the Application Form;
- acknowledged that, in some circumstances, the Company may not pay dividends, or that any dividends paid may not be franked;
- acknowledged that the information contained in this Prospectus (or any supplementary or replacement prospectus) is not financial product advice or a recommendation that Shares are suitable for the Applicant(s), given the investment objectives, financial situation or particular needs (including financial and tax issues) of the Applicant(s);
- declared that the Applicant(s) is/are a resident of Australia (except as applicable to the Institutional Offer);
- acknowledged and agreed that the Offer may be withdrawn by the Company or may otherwise not proceed in the circumstances described in this Prospectus; and



- acknowledged and agreed that if Listing does not occur for any reason, the Offer will not proceed.

## **5.10 Application Monies to be held on Trust**

To the extent required by the Corporations Act, until the Shares are issued under this Prospectus, the Application Monies for Shares will be held by the Company on trust on behalf of Applicants in a separate bank account maintained solely for the purpose of depositing Application Monies received pursuant to this Prospectus. However, the Company will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest. If ASX does not admit the Shares to Official Quotation by 1 May 2022, the Company will withdraw the Offer and repay all Application Monies to Applicants (without interest) as soon as practicable in accordance with the Corporations Act.

## **5.11 ASX listing**

Within seven days after the Prospectus Date, the Company will apply to the ASX for Admission and Official Quotation of its Shares. The Company confirms that the issue price of all securities for which the Company will apply for Official Quotation is at least \$0.20 in cash.

Completion is conditional on ASX approving this application on conditions acceptable to the Company. If ASX does not admit the Shares to Official Quotation by 1 May 2022, the Company will withdraw the Offer and repay all Application Monies to Applicants (without interest) as soon as practicable in accordance with the Corporations Act.

ASX takes no responsibility for the contents of this Prospectus. The fact that ASX may admit the Company to the Official List is not to be taken in any way as an indication of the merits of the Company or the Shares offered pursuant to this Prospectus.

## **5.12 Discretion regarding the Offer**

The Company may, after consultation with the Joint Lead Managers, withdraw the Offer at any time before the issue of Shares to successful Applicants under the Offer. If the Offer does not proceed, all relevant Application Monies will be refunded (without interest).

The Joint Lead Managers and the Company also reserve the right to, subject to the Corporations Act, extend the Offer, accept late Applications either generally or in particular cases, reject any Application or allocate to any Applicant fewer Shares than the amount applied for.

## **5.13 Dispatch of holding statements**

It is expected that holding statements will be sent to successful Applicants on or about 29 March 2022 (subject to any extension of the Offer).

## **5.14 Commencement of trading**

It is the responsibility of each person who trades in Shares to confirm their holding before trading in Shares. If you sell Shares before receiving a holding statement, you do so at your own risk. The Company, the Share Registry and the Joint Lead Managers disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their holding statement, whether on the basis of a confirmation of allocation provided by any of them, by a broker or otherwise.

## **5.15 CHESS and issuer sponsorship**

The Company will apply to participate in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company.

Electronic sub-registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with statements (similar to bank account statements) that set out the number of Shares issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number.

Electronic sub-registers also mean ownership of securities can be transferred without having to rely upon paper documentation. Further monthly statements will be provided to holders if there have been any changes in their security holdings in the Company during the preceding month.



## 5.16 Notice to foreign Applicants

This Prospectus does not, and is not intended to, constitute an offer in any place in which, or to any person to whom it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions.

Any failure to comply with such restrictions may constitute a violation of applicable securities laws. No action has been taken to register this Prospectus or qualify the Shares or otherwise permit a public offering of the Shares the subject of this Prospectus in any jurisdiction outside Australia.

It is the responsibility of Applicants outside Australia to obtain all necessary approvals for the issue of the Shares pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by the Applicant that all relevant approvals have been obtained.

### 5.16.1 New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (**FMC Act**).

The New Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

### 5.16.2 Hong Kong

**WARNING:** This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (**SFO**). Accordingly, this document may not be distributed, and the New Shares may not be offered or sold, in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

### 5.16.3 Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part 13 of the Securities and Futures Act 2001 of Singapore (**SFA**) or another exemption under the SFA.



This document has been given to you on the basis that you are an "institutional investor" or an "accredited investor" (as such terms are defined in the SFA). If you are not such an investor, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

#### 5.16.4 United Kingdom

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) has been published or is intended to be published in respect of the New Shares.

The New Shares may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to "qualified investors" (within the meaning of Article 2(e) of the UK Prospectus Regulation) and to fewer than 150 persons who are employees of the Company. This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (**FPO**), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investment to which this document relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this document.

#### 5.17 Escrow arrangements

ASX will classify certain Securities as being subject to the Restricted Securities provisions of the Listing Rules. Restricted Securities are required to be held in escrow for up to 24 months and are not allowed to be sold, mortgaged, pledged, assigned or transferred for that period without the prior approval of ASX. During the period in which these Securities are prohibited from being transferred, trading in Shares may be less liquid which may impact a Shareholder's ability to dispose of their Shares in a timely manner.

Prior to the Company's Shares being admitted to Official Quotation, the Company will enter into escrow agreements with certain recipients of Restricted Securities in accordance with Chapter 9 of the Listing Rules, and the Company will announce to ASX full details (quantity and duration) of the Securities required to be held in escrow.

As at the Prospectus Date, the Company anticipates entering into mandatory restriction agreements (for 24 months' escrow) with the following persons in relation to the following securities:

- Longreach - all of its Shares (being, 82,500,000 Shares and representing 52.38% of the Shares on issue at Admission on an undiluted basis and approximately 45.67% on a fully diluted basis (assuming all Options are issued and exercised, all Performance Rights are issued and converted and that no other Shares are issued);
- Damon Neaves, Shane Westlake and Anthony Benino - all of their Performance Rights to be issued following completion of the Offer;
- Bronwyn Barnes and Fred Wehr - all of their Alignment Options to be issued following completion of the Offer; and



- Euroz Hartleys Limited and JP Equity Holdings Pty Ltd - all of their Lead Manager Options to be issued following completion of the Offer.

The Company may also, in its discretion, resolve to enter into voluntary restriction agreements. Mandatory and voluntary escrow arrangements would be mutually exclusive, that is, an escrowed Security is only subject to either one or the other, not both.

### **5.18 Privacy disclosure**

Persons who apply for Securities pursuant to this Prospectus are asked to provide personal information to the Company, either directly or through the Share Registry. The Company and the Share Registry collect, hold and use that personal information to assess Applications for Securities, to provide facilities and services to Securityholders, and to carry out various administrative functions. Access to the information collected may be provided to the Company's agents and service providers and to ASX, ASIC and other regulatory bodies on the basis that they deal with such information in accordance with the relevant privacy laws. If you do not provide the information required on the relevant Application Form, the Company may not be able to accept or process your Application.

An Applicant has a right to gain access to the information that the Company holds about that person subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

### **5.19 Paper copies of Prospectus**

The Company will provide paper copies of this Prospectus (including any supplementary or replacement document) and the Application Form to investors upon request and free of charge. Requests for a paper copy Prospectus and Application Form should be directed to the Company (see Corporate Directory for contact details).

### **5.20 Taxation**

It is the responsibility of all persons to satisfy themselves of the particular taxation treatment that applies to them in relation to the Public Offer, by consulting their own professional tax advisers. To the maximum extent permitted by law, neither the Company nor any of its Directors, officers nor any of their respective advisers accepts any liability or responsibility in respect of the taxation consequences of the matters referred to above.

### **5.21 Enquiries**

This Prospectus provides information for potential investors in the Company and should be read in its entirety. If, after reading this Prospectus, you have any questions about any aspect of an investment in the Company, please contact your stockbroker, accountant or independent financial adviser.

Questions relating to the Offers and the completion of an Application Form can be directed to the Offer Information Line on 1300 288 664 (within Australia) or +61 2 9698 5414 (outside Australia) 8:30am to 5:00pm (Perth time) Monday to Friday during the offer period.



## 6 RISK FACTORS

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The Securities offered under this Prospectus are considered highly speculative. Before applying for Securities, any prospective investor should be satisfied that they have a sufficient understanding of the risks involved in making an investment in the Company and whether it is a suitable investment, having regard to their own investment objectives, financial circumstances and taxation position.

There can be no guarantee that the Company will deliver on its business strategy, or that any forward-looking statement contained in this Prospectus will be achieved or realised. Investors should note that past performance is not a reliable indicator of future performance.

The Directors strongly recommend investors examine the contents of this Prospectus and consult their professional advisers before deciding whether to apply for the Securities pursuant to this Prospectus.

There are certain specific and general risks which relate to the Company's business and are largely beyond the control of the Company and the Directors because of the nature of the business of the Company. Those risks, along with other specific and general risks involved in investing in the Company, are summarised in this Section 6.

The risks described below are not to be taken as exhaustive. Where relevant, the risks below assume completion of the Offer has occurred. The specific risks considered below and other risks and uncertainties not currently known to the Company, or that are currently considered immaterial, may materially and adversely affect the Company's business operations, the financial performance of the Company and the value and market price of the Securities.

### 6.1 Risks specific to the Company

#### 6.1.1 Company's business strategy is speculative

While the Directors will, to the best of their knowledge, experience and ability (together with senior management) endeavour to anticipate, identify and manage the risks inherent in the activities of the Company, with the aim of eliminating, avoiding and mitigating the impact of risks on the performance of the Company and its business operations, the ability of the Directors and management to do so may be affected by matters outside their control given the nature of oil and gas exploration and no assurance can be given that the Directors and management of the Company will be successful in these endeavours.

#### 6.1.2 Permits and licences

The Company is required to comply with a range of laws to retain its Permits and Licences and periodically renew them. Each Permit and Licence also has its own specific exploration and expenditure requirements that the Company must satisfy. Even if specific requirements are met, there is no certainty that an application for grant or renewal of a permit or licence will be approved at all, or on satisfactory terms or within expected timeframes.

As at the Prospectus Date, the Company has no renewal applications pending in relation to its Permits and Licences. P2317, WA-412-P and WA-520-P are up for renewal in May 2022, June 2022 and September 2022 respectively. If any of the Company's Permit or Licence applications are not approved, this could have a material adverse effect on the Company's operations and financial performance.

The laws relating to permits and licences are complex. Non-compliance with them, or changes in the interpretation of such laws, could lead to the revocation of the Company's Permits and Licences and the Company cannot guarantee current Permits and Licences will be renewed or future permits will be granted.

#### 6.1.3 Key personnel

The future success of the Company depends, to a significant extent, upon the continued services of the management team of the Company. The loss of services from any of the key personnel may have a material adverse effect on the Company's business and operations. There can be no assurance that the Company will be able to retain or hire all appropriate personnel necessary for the development and operation of its business.



#### **6.1.4 Exploration risk**

Key to Finder's financial performance is to have success in exploring for and locating commercial hydrocarbons. Exploration is subject to technical risks and uncertainty of outcome. Finder may not find any or sufficient hydrocarbon reserves and resources to commercialise and develop.

It is possible drilling will result in dry holes or not result in the discovery of commercially feasible oil and gas. Wells may not be productive, or they may not provide sufficient revenues to return a profit after accounting for associated costs. The cost of drilling, completing, equipping and operating wells is typically uncertain until after completion of all operations needed under the drilling program. Moreover, any prospective investor should note Finder has history of dropping acreage and rationalising its portfolio over time. This includes drilling at the Eagle-1 well on EP483 & TP/25 in May to June 2021 which was stopped following analysis of drilling results and a shift in exploration focus and strategy). Finder and its permit partners are required to meet permit expenditure and rehabilitation obligations prior to exiting the relevant permit but subject to applicable law and regulations, Finder may be responsible for the rehabilitation costs of its operations beyond desktop and seismic studies.

Finder's ability to conduct exploration activities depends, among other things, on the availability of certain equipment, including drilling rigs. If the Company is unable to source appropriate equipment economically or at all, this may have a material adverse effect on the Company's exploration activities.

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, estimates and assumptions are subject to significant uncertainties so the actual costs may differ significantly. This may adversely affect the Company's viability.

#### **6.1.5 Development risk**

In the event that Finder is successful in locating commercial quantities of hydrocarbon through exploration, or acquisition of a development project, that development could be delayed or unsuccessful for a number of reasons including, for example, extreme weather, unanticipated operational occurrences, failure to obtain necessary approvals, insufficient funds, a drop in commodity price, supply chain failure, unavailability of appropriate labour or an increase in costs. If any of these occurrences eventuates, Finder's operational and financial performance may be negatively affected.

#### **6.1.6 Infectious diseases**

Outbreaks of pandemics or diseases, including, for example, the outbreak of COVID-19, may have a material adverse effect on Finder's business. The global economic outlook remains uncertain due to the COVID-19 pandemic, which has had and may continue to have a significant impact on capital markets and share price. The Company's share price may be adversely affected by the economic uncertainty caused by COVID-19. Further measures to limit the transmission of the virus implemented by governments around the world (such as lockdowns, travel bans and quarantining) may adversely impact the Company's operations (including, without limitation, the Company's exploration activities). Examples of possible implications include delays to regulatory approvals, drilling and operational delays, increases in transport and logistics costs and delays, travel restrictions, access restrictions, limited or no access to funding on commercially acceptable terms, delayed payments or counterparty insolvency and loss of revenue.

#### **6.1.7 Climate change**

As an oil and gas exploration company, Finder is exposed to both transition risks and physical risks associated with climate change. This includes the emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy. The Company may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage. These examples sit among an array of possible restraints on industry that may further impact the Company and make it challenging for Finder to commercialise any resources it discovers. While the Company will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Company will not be impacted by these occurrences. Climate change may also cause certain physical and environmental risks that cannot be predicted by the Company, including events such as increased severity of weather patterns and incidence of extreme weather events and longer-term physical risks such as shifting climate patterns. The transition and physical risks associated with climate changes (including also regulatory responses to such issues and associated costs) may significantly change the industry in which the Company operates and Finder's operating and financial performance.



As summarised in section 3(c) of the UK Solicitor's Report, the OGA has included a range of new net zero obligations on the oil and gas industry, reflective of the ongoing global energy transition. The OGA now considers that the net zero target is an integral part of maximising economic recovery of the UK's oil and gas reserves. The bringing of the UK Government's net zero target within the OGA strategy is reflective of the political (and wider societal) pressure that the UK oil and gas industry is under with respect to climate change and the current energy transition. Finder's business model will need to be responsive to these pressures both in its exploration and development activities and if Finder was to commercialise its prospects. As noted in Section 2.2, Finder intends to explore opportunities to use its subsurface knowledge, data and capabilities to evaluate the potential for large scale carbon capture which is a pillar of the OGA strategy.

#### **6.1.8 Operational risk and insurance**

Oil and gas exploration and development activities include numerous operational risks, including but not limited to, adverse weather conditions, unforeseen increases in establishment costs, accidents (including, for example, fires, explosions, uncontrolled releases, spills and blowouts), industrial disputes, technical issues, supply chain failure or encountering unusual geological formations or other unforeseen events. Drilling operations, in particular, carry inherent risk associated with, for example, unexpected geological conditions, mechanical failures or human error.

The occurrence of an operational risk event may significantly increase operational costs and cause disruption to or hinder the advancement of the Company's exploration activities.

The Company will mitigate this risk by, among other things, taking out appropriate insurance in line with industry practice, however any losses the Company sustains may only be partially covered by insurance, if at all.

#### **6.1.9 Counterparty exposure and joint ventures**

The Company's business model is dependent on identifying and introducing joint venture partners to fund high impact activities and recover past costs. Whilst Finder hedges counterparty risk by dealing with well-funded, established and credentialed operating counterparties, the financial performance of the Company is subject to those counterparties or joint venture partners continuing to perform their respective obligations under various contracts. If one of the Company's counterparties or joint venture partners fails to adequately perform contractual obligations, this may result in loss of earnings, termination of particular contracts, disputes and/or litigation, which may adversely affect the Company's financial performance and business operations.

Finder's key counterparties are SapuraOMV (WA) and Fugro. SapuraOMV is domiciled in Malaysia and Fugro is domiciled in the Netherlands. Whilst Malaysia is an established economy, changes to Malaysian law or political climate may impact on SapuraOMV (WA)'s capacity to perform. SapuraOMV (WA) has committed to fund the Kanga-1 well drilling activities in 2022. Whilst SapuraOMV (WA) remains responsible for payment of costs associated with the farmout well, Finder must pay SapuraOMV (WA) US\$1.25 million on the mobilisation of the rigs. If SapuraOMV (WA) elects not to drill the well by the milestone dates summarised in section 9.1 of the Australian Solicitor's Report, it must pay the Finder US\$20 million (to be split equally between Fugro and Finder in proportion to their permits interests in WA-412-P pursuant to the Implementation and Variation Deed), which is a substantially lower financial return than a success case on the relevant prospects. Pursuant to the terms of the Implementation and Variation Deed, Longreach holds 50% on bare trust of Finder's 100% interest in WA-520-P. Under the Separation Agreement (see Section 7.1), Finder will put Longreach in a position to perform its obligations to Fugro under the Implementation and Variation Deed given the potential that Finder may no longer be a controlled entity of Longreach due to future dilution. Finder has not sought foreign counsel advice on due execution or enforceability of these commercial arrangements, but both SapuraOMV and Fugro transact through Australian domiciled special purpose vehicles for enforcement purposes.

SapuraOMV has substantial revenues and cash flow from its Malaysian gas fields and is independent from Sapura Energy Berhad which is in the business of construction and oilfield services. With regard to the recent announcements by Sapura Energy Berhad referred to below, SapuraOMV confirmed to Finder on 19 February 2022 that it intends to continue to satisfy its obligations under the WA-412-P Farmin Agreement and the subject matter of those announcements have no impact on SapuraOMV and its group of companies' business and operations and/or link to SapuraOMV. SapuraOMV has its own management and board, is financially independent of Sapura Energy Berhad and is fully capable of funding its current business operations.



Sapura Energy Berhad announced to the Malaysian Stock Exchange on 14 February 2022 and 16 February 2022 that five of its wholly owned subsidiaries have been served with winding up petitions in respect of non-payment of an aggregate amount of approximately US\$11 million.<sup>3</sup> Sapura Energy Berhad's announcement confirmed that none of those subsidiaries are major subsidiaries of Sapura Energy Berhad as applicable under the Malaysian Stock Exchange listing requirements and that it is negotiating with the respective petitioners and have engaged legal counsel for advice as to the amicable resolution of these matters. Pending the outcome of negotiations and receipt of such legal advice, there will be no immediate material financial and operational impact and no expected losses to Sapura Energy Berhad arising from the petitions. Finder has confirmed with SapuraOMV that operations are continuing for the handover of the rig on 1 May 2022 in accordance with the rig contract with SapuraOMV as operator.

It is a key aspect of Finder's business model, as is common for the oil and gas industry, to look to larger joint venture partners to assist with funding commitments. Other third party arrangements the Company may negotiate include but are not limited to contracts with joint venture agreements, service providers, agreements with landowners, access to third party facilities and permit terms with regulators. If the outcomes of these negotiations are not favourable to the Company, the Company's financial performance may be adversely impacted.

#### 6.1.10 Funding risk

Exploration and development of hydrocarbon reserves and resources require significant capital and operational expenditure.

The Company does not have producing assets and generates cash flow on farmouts and asset sales. Future cash flow depends on successful farmouts, exploration, development and production activities. Finder seeks to mitigate this funding risk through the structuring of its farmout arrangements (for example, under the SapuraOMV (WA) Farmin, Finder's costs are paid to SapuraOMV (WA) by Finder relinquishing to SapuraOMV (WA) 50% of its entitlement to production until those costs are recovered).

Finder may require funding for future commitments. There can be no assurance that the Company will be able to obtain funding as and when required on commercially acceptable terms, or at all. If access to funding is not available, Finder may not be able to take advantage of opportunities. Failure to obtain funding on a timely basis and on reasonably acceptable terms may also cause Finder to relinquish or forfeit rights in relation to the Company's assets or delay or cancel projects, adversely impacting its operational and financial performance.

Finder has in the past been diluted to a royalty interest on discoveries for these reasons. Also, debt financing may involve restrictions on assets and operational activities and equity financing may be dilutive to Shareholders.

As noted in Section 5.5, on Admission, Longreach will be a substantial shareholder of the Company with 52.38% of the Shares (on an undiluted basis). Longreach will therefore be in a position to exercise majority control over the Company including the composition of the Board. Longreach will control approximately 45.67% of Shares (on a fully diluted basis) (assuming all Options are issued and exercised, all Performance Rights are issued and converted and that no other Shares are issued). Following exercise of these unlisted Securities and no further participation in further equity issuances by Longreach in the Company, Longreach may dilute below 50.1% (**Future Dilution**), resulting in a negative change of control of Finder.

Finder is subject to the PGS (UK) MLA summarised in Section 7.8.3.

Finder estimates the total PGS (UK) MLA licence fees payable on change of control that cannot be mitigated which becomes payable on Future Dilution is: (a) prior to determination of the UK Licences P2317, P2502 and P2524, between US\$2.65 to US\$4.04 million (subject to reasonable assumption on unspecified licensing fees). As noted in section 6.1(a) of the UK Solicitor's Report, P2317 will determine in accordance with its terms on 14 May 2022. Finder has material commercial decisions on these permits ahead of the 'drill or drop' deadlines summarised in section 4 of the ITSR and that Finder will make commercial decision prior to or at these events affecting the quantum of any licence fees payable on change of control. Following determination of the UK Licences P2317, P2502 and P2524, there is no fee payable.

<sup>3</sup> Based on exchange rates of RM1.00:AU\$0.44, US\$1.00:AU\$1.39 and SGD\$1.00:AU\$0.97.



Finder may also be subject to MLA licence fees payable on Future Dilution in respect of the Spectrum MLA summarised in Section 7.8.1, the quantum of which is not able to be assessed with certainty at the Prospectus Date by Finder but has the potential to be material depending on the terms of the Spectrum MLA and the data required to be retained by Finder at the time of Future Dilution (if any) in respect of the permit portfolio the subject of the Spectrum MLA in the NWS at that time.

#### **6.1.11 Significant shareholdings and release from escrow**

Longreach will enter into mandatory or voluntary escrow restrictions in relation to its Shares. The absence of any sale of escrowed Shares by Longreach during the escrow period (being 24 months from Listing) may contribute to limited liquidity in the market for the Shares. This could affect the prevailing market price at which Shareholders are able to sell their Shares and Shareholders may receive a market price for their Shares that is less than the price they paid.

Following the end of the escrow period, a significant sale of Shares by Longreach or the perception that such sales might occur, could reduce the market price for the Shares. Escrowed Shares (as well as Shares issued upon conversion of Performance Rights and exercise of Options) may also, during the escrow period applicable to such Securities, contribute to a diminution in liquidity of the market for the Shares or, at the end of the applicable escrow period, impact the Share price of the Company if material numbers of Shares are sold at the same time.

Because of the retained interest in Finder by Longreach, Longreach has the capacity to influence the election of Directors and the potential to influence the outcome of matters submitted to a vote of Shareholders. The interests of Longreach may differ from the interests of Finder and the interests of other Shareholders who purchase Shares under the Offer. Also, while Longreach is a substantial Shareholder of Finder, it has the ability to potentially influence or determine whether a takeover or similar change of control transaction is successful.

#### **6.1.12 Exchange rate**

Finder's operations are located in Australia and the UK. However, essential services and equipment are typically sourced in the global market at rates quoted in US dollars. The Company is therefore exposed to fluctuation and volatility of the exchange rate between the Australian dollar, the pound sterling and the US dollar.

#### **6.1.13 Oil and gas price**

The price at which the Company can sell any produced oil and gas will have a material influence on its financial performance and value of its Permits. It is impossible to predict future commodity prices with confidence and the factors which impact it include, but are not limited to, global political situations, military conflicts, technological changes, output controls and global energy consumption which are all outside the Company's control. A material and extended fall in realised oil and gas prices for the Company may, among other things, result in delays to transactions and exploration programs or reduced booked reserves.

#### **6.1.14 Reserves and resources**

As at the Prospectus Date, the Permits are the subject of Prospective Resources (those quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations and which, therefore, carry significant exploration risk) but not Petroleum Reserves (those quantities of oil and gas which are discovered, recoverable, commercially recoverable and remaining).

Estimating hydrocarbon reserves and resources is subject to significant uncertainties associated with technical data and the interpretation of that data, future commodity prices, and development and operating costs. There can be no guarantee that Finder will successfully produce the volume of hydrocarbons that it estimates as reserves or that hydrocarbon resources will be successfully converted to reserves. Estimates may alter significantly or become more uncertain when new information becomes available due to, for example, additional drilling or production tests over the life of field. As estimates change, development and production plans may also vary. Downward revision of reserves and resources estimates may adversely affect Finder's operational or financial performance.

Further, there is no guarantee that recovered resources or reserves will be commercially viable for development.



### **6.1.15 Environmental risk**

Finder is subject to several laws and regulations to minimise the environmental impact of its operations and rehabilitation of any areas affected by its operations. Changes to environmental laws may result in revocation of permits or licences, cessation or reduction of Finder's operations, or materially increase exploration, development or production costs. Penalties for failure to adhere to requirements or, in the event of environmental damage, remediation costs can be substantive and Finder may suffer reputational damage.

### **6.1.16 Regulatory risk**

Finder's operations are subject to Australian and UK regulatory requirements. Finder and its joint venture partners must comply with relevant laws and regulations as they apply to the environment, tenure, land access, landholders and native title holders. Non-compliance with these laws and regulations and any special licence conditions could result in suspension of operations, loss of permits or financial penalties. Non-compliance may impact Finder's ability to commercialise or retain its assets, which may in turn impact the Company's operational and financial performance.

Changes to applicable legal and regulatory requirements (including, for example, new requirements relating to climate change, environmental protection and energy policy) may restrict or affect Finder's right or ability to conduct its exploration and development activities.

### **6.1.17 Information and communication technology risk**

Finder relies on its substantial databases involving confidential information and algorithms that provide it a competitive advantage in identifying and assuming an interest in highly prospective acreage. The security of its data and intellectual property may be subject to cyber threats from time to time and the Company's ICT infrastructure must remain at the forefront of technological innovation for Finder to remain effective in delivering value to shareholders.

## **6.2 General risks**

### **6.2.1 Share price**

The market price of Shares is subject to general market risks applicable to all securities listed on a stock exchange which are outside the control of the Company.

There is a risk that the Shares will fall in value over the short or long term. Stock markets tend to move in cycles, and so the prices of the Shares may fluctuate and under perform other asset classes over time. Investors are exposed to this risk through their holding in the Company. In addition, the Shares may trade at a discount to net asset value per Share.

Share market conditions may affect the value of Shares regardless of the Company's operating performance. Share market conditions are affected by many factors including:

- fluctuations in the domestic and international markets for listed stocks;
- general economic outlook including interest and inflation rates;
- fluctuations in commodity and oil prices;
- fluctuations in currency;
- changes in legislation, regulation or monetary policy;
- changes in investor sentiment toward particular market sectors;
- the demand for, and supply of, capital;
- terrorism or other hostilities; and
- general operational and business risks.

The market price of Shares can fall as well as rise and may be subject to varied and unpredictable movements in the equity markets. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.



### **6.2.2 Taxation**

The application of or change in relevant tax laws (including income tax, goods and services tax (or equivalent), superannuation matters, rules relating to deductible liabilities and stamp duty), or changes in the way those tax laws are interpreted, will or may impact the tax liabilities of the Company and affect its projects and valuations, or the tax treatment of a Shareholder's investment. In particular, there are a number of tax laws, regulations and rulings with specific application to the oil and gas industry, the operation of which is often technical in nature and can be open to debate and different interpretation. An interpretation or application of tax laws or regulations by a relevant tax authority that is contrary to the Company's view of those laws may increase the amount of tax paid or payable by the Company or result in legal or regulatory action, including fines or penalties.

Both the level and basis of tax payable by the Company may change from time to time. Any changes to the current rate of company income tax and / or any changes in tax rules and tax arrangements may increase the amount of tax paid or payable by the Company, may also impact Shareholder returns and could also have an adverse impact on the treatment of dividends and franking credits. In addition, an investment in Shares involves tax considerations which may differ for each Shareholder. Each Shareholder is encouraged to seek professional tax advice in connection with any investment in the Company.

In addition, each of the subsidiaries of the Finder Group are jointly and severally liable for any income tax debts of the Longreach tax consolidated group that arise relating to the period when it is a member of the Longreach tax consolidated group while the Longreach tax consolidated group did not have a valid tax sharing agreement. The Longreach tax consolidated group did not have tax sharing and funding agreements in place until February 2019. The Company has mitigated this risk through provision by Longreach to Finder of a tax indemnity to cover exposures relating to the period where there were no tax sharing and tax funding agreements in place (see Section 7.1) in the event any such exposures materialise.

### **6.2.3 Force majeure events**

Events may occur within or outside Australia that could impact upon global and Australian economies, the operations of the Company and the price of the Shares. These events include but are not limited to acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other man-made or natural events or occurrences that can have an adverse effect on the demand for the Company's products and its ability to conduct business. In most cases, these risks cannot be insured against and even when they are, there is no guarantee that every aspect of loss or damage will be recoverable.

### **6.2.4 Economic**

The operating and financial performance of the Company is influenced by a variety of general domestic and global economic conditions that are outside the control of the Company. There is a risk that prolonged deterioration in general economic conditions may impact the demand for petroleum and negatively impact the Company's financial position, cash flows, ability to fund work programs, its growth prospects and Share price.

### **6.2.5 Liquidity**

There is no guarantee that, upon Listing, there will be an ongoing liquid market for the Shares. Accordingly, there is a risk that, should the market for the Shares become illiquid, Shareholders will be unable to realise their investment in the Company. Therefore, Shareholders may receive a market price for their Shares that is less than the price they paid.

### **6.2.6 Shareholder dilution**

In the future, Finder may elect to issue Shares in connection with fundraisings, including proceeds for further acquisitions. While Finder will be the subject to the constraints of the Listing Rules regarding the percentage of its capital it is able to issue within a 12-month period (other than where exceptions apply), Shareholders may be diluted as a result of such fundraisings.

### **6.2.7 Dividends**

The Company's ability to pay dividends or make other distributions in the future is contingent on its profits and certain other factors, including the capital and operational expenditure requirements of the business. Therefore, there is no assurance that dividends will be paid. Moreover, to the extent that the Company pays



any dividends, its ability to offer fully franked dividends is contingent on making taxable profits. The Company's taxable profits may be difficult to predict, making the payment of franked dividends unpredictable. The value of franking credits to a Shareholder will differ depending on the Shareholder's particular tax circumstances.

Shareholders should also be aware that the ability to use franking credits, either as a tax offset or to claim a refund after the end of the income year, will depend on the individual tax position of each Shareholder.



# 7 MATERIAL CONTRACTS

The material contracts of the Company are summarised in this Section 7.

A brief overview of where to find the summaries for each material arrangement is set out below:

Section	Material Contract
7.1	Pre-IPO Restructure Agreements
7.2	Joint Lead Manager Mandate
7.3	Executive Services Agreement – Damon Neaves
7.4	Executive Services Agreement – Shane Westlake
7.5	Independent Non-Executive Chairman Appointment Letter - Bronwyn Barnes
7.6	Independent Non-Executive Director Appointment Letter - Fred Wehr
7.8.1	Spectrum Master Geophysical Data-Use Licence Contract
7.8.2	Searcher Master Geophysical Data-Use Licence
7.8.3	PGS (UK) General Licence Agreement for Non-Exclusive Use of Seismic Data
7.8.4	GXT Master Geophysical Data-Use Licence

## 7.1 Pre-IPO Restructure Agreements

Finder and Longreach (among others) have entered into arrangements in order to give effect to position Finder to operate as an independent company from Admission (together, the **Pre-IPO Restructure Agreements**). A summary of the key terms of each of the Pre-IPO Restructure Agreements is set out below.

<b>Longreach Separation Agreement</b>	<p>Finder has entered into a Separation Agreement with Longreach pursuant to which the parties have agreed to give effect, and to procure that their respective subsidiaries give effect, to the necessary restructuring and separation issues in order to facilitate the Offer and operation of Finder and Longreach as distinct standalone businesses from Admission.</p> <p>The Separation Agreement contains provisions dealing with:</p> <ul style="list-style-type: none"> <li>Finder acquiring Finder Operations and all its subsidiaries;</li> <li>Finder Operations' transfer of all of its shares in Finder 17 and its interest in WA-542-P (currently held by Finder 17) to Longreach;</li> <li>Longreach's grant to Finder of a call option over the shares in Finder 17 (<b>Call Option</b>) to be exercised prior to the expiry of WA-542-P, as may be extended (<b>Permit End Date</b>) in return for Finder undertaking the technical work on the Permit during the Call Option period for and on behalf of Longreach (see section 12.2 of the Australian Solicitor's Report for more information);</li> <li>Finder's grant to Longreach of a 3% royalty interest in the net sale proceeds of petroleum produced from the area the subject of WA-412-P, AC/P 61 and WA-547-P. Finder must calculate and pay to Longreach the royalty payable within 30 calendar days of each quarter. The royalty will continue throughout the term of the relevant Permit. If payment is late, interest on the amount due will be payable. Finder is subject to prohibitions on assignment and granting of encumbrances in relation to the Permit and royalty interest, which the Directors consider customary for agreements of this nature (see sections 9.5, 10.2 and 13.1 of the Australian Solicitor's Report for more information);</li> <li>transfer of certain residual assets and liabilities with the Longreach Group prior to Admission;</li> </ul>
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	<ul style="list-style-type: none"> <li>▪ transfer of certain employment arrangements and the assumption of employee liabilities for the transferring employees; and</li> <li>▪ arrangements for access to certain shared data used in the Finder business and software requirements in relation to that data.</li> </ul> <p>The Separation Agreement also contains certain non-compete undertakings by the Longreach Group in favour of Finder. Each member of the Longreach Group undertakes and covenants in favour of each Finder Group member that, for a period of 36 months from Admission, it will not directly or indirectly compete with or be engaged in a business which competes with Finder's business in the NWS region. This does not preclude the Longreach Group from holding its shares in Finder or up to 5% of the shares in any entity (listed or otherwise) which carries on competitive activities.</p>
<b>Lease Arrangements</b>	<p>Longreach (as <b>Subtenant</b>), Buick Holdings Pty Ltd (ACN 094 424 674) and IDOM Automotive Group Pty Ltd (ACN 606 360 570) (as <b>Sublandlord</b>) and Hardie Finance Corporation Pty Ltd (ACN 008 992 185) (as <b>Landlord</b>) entered into a sublease agreement dated 16 November 2020 (<b>Head Sublease Agreement</b>).</p> <p>Longreach proposes (with the written consent of the Landlord) to grant to Finder Operations:</p> <ul style="list-style-type: none"> <li>▪ a Sub-Lease for the office space at Suite 1, Level 4, 85 South Perth Esplanade, South Perth (<b>Subleased Premises</b>); and</li> <li>▪ a Sub-Licence in respect of the use of car bays in connection with the Subleased Premises.</li> </ul> <p>The terms and conditions of the Head Sublease Agreement are otherwise unchanged and contain additional provisions considered standard for agreements of this nature.</p>
<b>Transitional Services Agreement</b>	<p>Finder and Longreach have entered into a Transitional Services Agreement for the provision by Longreach to Finder of office space, human resources support services, information technology services and management services which have previously been shared by the Finder and Longreach businesses.</p> <p>The initial term of the Services Agreement is 12 months from completion of the Offer. Finder may, subject to the Supplier's consent not to be unreasonably withheld or delayed, extend period during which the Services are to be provided for one further period of 12 months.</p>
<b>Theia Indemnity</b>	<p>Theia Energy Pty Ltd (<b>Theia</b>), a wholly-owned subsidiary of Longreach, has given an indemnity to Finder Operations in respect of any liabilities arising from on-shore activities undertaken by the Onshore Subsidiaries prior to the intragroup restructure in 2019 to separate Finder Operations' offshore portfolio of permits from the onshore permits retained by Longreach (<b>2019 Restructure</b>).</p> <p>Pursuant to the assignment and assumption deeds in connection with the 2019 Restructure, and in respect of transfer of the On-Shore Subsidiary where no allocation of liability is provided for, Finder Operations continues to assume all liability and risk in the assigned assets for the period prior to the effective date of the assignment.</p>
<b>Longreach Tax Indemnity</b>	<p>Finder and its Subsidiaries were historically part of the Longreach tax consolidated group, which did not have tax sharing and funding arrangements in place until February 2019. Accordingly, Longreach has provided an indemnity to Finder and its subsidiaries in respect of historical tax liabilities for the periods they were members of the</p>



	<p>Longreach tax consolidated group prior to acceding to the Longreach tax sharing agreement.</p> <p>This indemnity does not prevent the ATO from pursuing the Finder Group from an outstanding liability. Finder and its subsidiaries as exited entities which have joint and several liabilities for a group debt or amended debt that was due and payable prior to their exit will generally be pursued as a 'last resort', that is if the ATO cannot recover the debt from the other entities within the Longreach Group.</p>
<b>Tax Sharing and Tax Funding Agreements</b>	<p>Finder and its subsidiaries will form a tax consolidated group upon exiting the Longreach tax consolidated group following successful completion of the Offer. As is standard practice, the Finder Group companies will enter into:</p> <ul style="list-style-type: none"> <li>▪ a Tax Funding Agreement so that each entity in the tax consolidated group recognises the assets, liabilities, revenues and expenses in relation to its own transactions, events and balances only;</li> <li>▪ a Tax Sharing Agreement to limit the liability of subsidiaries in the tax consolidated group arising under the joint and several liability requirements of the tax consolidation system, in the event of default by Finder to meet its tax obligations; and</li> <li>▪ an Indirect Tax Sharing Agreement to limit the indirect liability of subsidiaries in the tax consolidated group arising under the joint and several liability requirements of the GST grouping system, in the event of default by Finder to meet its indirect tax obligations.</li> </ul>

## 7.2 Joint Lead Manager Mandate

The Company entered into a mandate dated 16 February 2022 (as varied) under which it appointed Euroz Hartleys Limited and JP Equity Holdings Pty Ltd to act as joint lead managers and bookrunners to the Offer. The key terms of the Joint Lead Manager Mandate are set out in the table below

The Joint Lead Managers (or their nominees) are together entitled to:

- a management fee of 2% (excluding GST) and a distribution fee of 4% (excluding GST) to be split on a basis to be agreed between the Joint Lead Managers on gross proceeds of the Offer;
- 5,512,500 Lead Manager Options, with an exercise price of \$0.30 each and an expiry date of four years after Listing to be split 50:50 between the Joint Lead Managers; and
- an advisory fee of \$7,500 (plus GST) per month for 18 months post listing payable to Euroz Hartleys Limited only.

The Joint Lead Managers may terminate the mandate by notice in writing to Finder prior to settlement date of the Institutional Offer if the All Ordinaries Index (**XAO**) falls to a level that is 90% or less of the level as at the close of trading on the last trading day before the date of the mandate, and remains at or below that level at the close of trading, for 2 consecutive business days during any time after the date of the mandate, or the business day immediately prior to, the settlement date of the Institutional Offer.

The Joint Lead Manager Mandate contains additional provisions considered standard for agreements of this nature.



### 7.3 Executive Services Agreement – Damon Neaves

<b>Parties</b>	<b>Company</b> <b>Damon Neaves</b>
<b>Position</b>	Managing Director and Chief Executive Officer
<b>Commencement Date</b>	On receipt of ASX approval to Finder's admission to the Official List and completion of the Offer.
<b>Remuneration</b>	\$320,000 per annum (excluding superannuation).
<b>Expenses</b>	The Company will reimburse Damon Neaves for all reasonable business-related expenses incurred by him in the proper performance of his duties.
<b>Discretionary benefits</b>	<p>Damon Neaves will also be entitled to participate in Finder's Equity Incentive Plan.</p> <p>Prior to completion of the Offer, Finder intends to issue to Damon Neaves 6,000,000 Performance Rights pursuant to the Equity Incentive Plan and in lieu of further grants under Finder's LTIP.</p> <p>The Company will determine, in its absolute discretion, whether Damon Neaves is entitled, having regard to his performance, to a short-term incentive payment (up to a maximum of 50% of his base salary) under Finder's STIP.</p> <p>See Section 8.5 for more information on Finder's Equity Incentive Plan, including its STIP and LTIP and the Performance Rights to be issued.</p>
<b>Termination by the Company</b>	<p>The Company may terminate the agreement at any time by giving 6 months' written notice.</p> <p>The Company may terminate the agreement at any time without notice or pay in lieu of notice in circumstances warranting summary dismissal including, for example, serious misconduct or serious or persistent breach of duties or the terms of the agreement.</p>
<b>Termination by Damon Neaves</b>	Damon Neaves may terminate the agreement at any time by giving the Company 3 months' written notice.
<b>Termination benefits under the agreement</b>	<p>Except where termination occurs without notice by the Company in accordance with the terms of the agreement, Damon Neaves will be entitled to:</p> <ul style="list-style-type: none"> <li>▪ a payment of remuneration in lieu of notice by the Company; and</li> <li>▪ a short term incentive payable on termination of employment in circumstances which are an exception to the rule that Damon Neaves must be employed (and not working out his notice period) when the Board determines the short term incentive payment for the relevant calendar year.</li> </ul>
<b>Insurance</b>	The Company will maintain a directors and officer's policy of insurance with respect to Damon Neaves with a limit of indemnity to be determined by the Board for the duration of the employment and any appointment, and for a period of seven years following termination of the employment, or Damon Neaves' appointment as a director or officer of the Company, whichever is the later.



## 7.4 Executive Services Agreement – Shane Westlake

<b>Parties</b>	<b>Company</b> <b>Shane Westlake</b>
<b>Position</b>	Technical Director
<b>Commencement Date</b>	On receipt of ASX approval to Finder's admission to the Official List and completion of the Offer.
<b>Remuneration</b>	\$200,000 per annum (excluding superannuation).
<b>Expenses</b>	The Company will reimburse Shane Westlake for all reasonable business-related expenses incurred by him in the proper performance of his duties.
<b>Discretionary benefits</b>	<p>Shane Westlake will also be entitled to participate in Finder's Equity Incentive Plan.</p> <p>Prior to completion of the Offer, Finder intends to issue to Shane Westlake 4,000,000 Performance Rights pursuant to the Equity Incentive Plan and in lieu of further grants under Finder's LTIP.</p> <p>The Company will determine, in its absolute discretion, whether Shane Westlake is entitled, having regard to his performance, to a short-term incentive payment (up to a maximum of 50% of his base salary) under Finder's STIP.</p> <p>See Section 8.5 for more information on Finder's Equity Incentive Plan, including its STIP and LTIP and the Performance Rights to be issued.</p>
<b>Termination by the Company</b>	<p>The Company may terminate the agreement at any time by giving 6 months' written notice.</p> <p>The Company may terminate the agreement at any time without notice or pay in lieu of notice in circumstances warranting summary dismissal including, for example, serious misconduct or serious or persistent breach of duties or the terms of the agreement.</p>
<b>Termination by Shane Westlake</b>	Shane Westlake may terminate the agreement at any time by giving the Company 3 months' written notice.
<b>Termination benefits under the agreement</b>	<p>Except where termination occurs without notice by the Company in accordance with the terms of the agreement, Shane Westlake will be entitled to:</p> <ul style="list-style-type: none"> <li>▪ a payment of remuneration in lieu of notice by the Company; and</li> <li>▪ a short term incentive payable on termination of employment in circumstances which are an exception to the rule that Shane Westlake must be employed (and not working out his notice period) when the Board determines the short term incentive payment for the relevant calendar year.</li> </ul>
<b>Insurance</b>	The Company will maintain a directors and officer's policy of insurance with respect to Shane Westlake with a limit of indemnity to be determined by the Board for the duration of the employment and any appointment, and for a period of seven years following termination of the employment, or Shane Westlake's appointment as a director or officer of the Company, whichever is the later.



## 7.5 Independent Non-Executive Chairman Appointment Letter - Bronwyn Barnes

The Company has appointed Bronwyn Barnes as an Independent Non-Executive Chairman of the Company from Admission. The Company has agreed to pay Bronwyn Barnes \$65,000 per annum (excluding superannuation) for services provided to the Company as an Independent Non-Executive Chairman. The Company has also agreed to grant Bronwyn Barnes 800,000 Alignment Options in relation to her appointment to the Board.

## 7.6 Independent Non-Executive Director Appointment Letter - Fred Wehr

The Company has appointed Fred Wehr as an Independent Non-Executive Director of the Company from Admission. The Company has agreed to pay Fred Wehr \$40,000 per annum (excluding superannuation) for services provided to the Company as an Independent Non-Executive Director. The Company has also agreed to grant Fred Wehr 350,000 Alignment Options in relation to his appointment to the Board.

## 7.7 Deeds of indemnity, insurance and access

The Company is party to a deed of indemnity, insurance and access with each of the Directors and the Company Secretary. Under these deeds, the Company indemnifies each Director and the Company Secretary to the extent permitted by law against any liability arising as a result of the Director and the Company Secretary acting as a director of the Company. The Company is also required to maintain insurance policies for the benefit of the relevant Director and the Company Secretary and must allow the Directors and the Company Secretary to inspect board papers in certain circumstances. The deeds are considered standard for documents of this nature.

## 7.8 Data Licence Agreements

### 7.8.1 Spectrum Master Geophysical Data-Use Licence Contract

<b>Parties</b>	<b>Fugro Multi Client Services Pty Ltd (now Spectrum GEO Australia Pty Ltd) and Finder Operations</b>
<b>Brief Description</b>	<p>A master agreement for the non-exclusive licence by Spectrum of geophysical data to Finder Operations.</p> <p>The parties will enter into a supplementary agreement in relation to each licence of specific data, which will set out the terms and consideration.</p>
<b>Contract Date</b>	5 February 2010
<b>Term</b>	Indefinite (until terminated). The term of each supplementary agreement will also be indefinite unless a shorter period is stipulated or required by law.
<b>Data ownership and use</b>	<p>Title to the data remains with Spectrum at all times.</p> <p>Finder Operations and its related entities (being related entities as at the date of the applicable supplementary agreement) have a non-exclusive licence to use the data internally. If Finder Operations or its related entities reprocess or reformat the data, the reprocessed data will be owned by Finder Operations but such reprocessed data will still be subject to the confidentiality restrictions and restrictions on use set out in the agreement.</p> <p>Interpretations and derivative products prepared by Finder Operations using the data will be the product of Finder Operations and may be disclosed to other farminees or venture partners so long as the disclosure will not adversely impact Spectrum's ability to further market and licence the data.</p>



	Finder Operations cannot show, disclose, transfer, trade or otherwise enter into transactions with others with regard to the data except in limited circumstances such as to related entities.
<b>Transfer fee</b>	<p>Finder Operations may be required to pay Spectrum a transfer fee (as further agreed in the licence agreement) if a third party acquires control of Finder Operations, whether by purchasing voting securities or substantially all of its assets.</p> <p>No transfer fee applies where:</p> <ul style="list-style-type: none"> <li>the acquiring third party is not, nor an entity related to it, in the business of exploring for, developing, producing hydrocarbons, or acquiring, brokering or otherwise dealing with geophysical data; or</li> <li>Finder Operations' voting securities are publicly traded and the ownership changes over time in the normal course of business unless, or until, the ownership or control of either Finder Operations or its parent company becomes concentrated in one unrelated third party or third party consortium.</li> </ul>
<b>Termination</b>	<p>Either party may terminate the master agreement in the following circumstances (and the data must be returned to Spectrum):</p> <ul style="list-style-type: none"> <li>if the other party materially breaches the master agreement and does not remedy that breach within 30 days; or</li> <li>if the other party is subject to an insolvency event.</li> </ul>
<b>Other material terms</b>	<p>If Finder Operations breaches the licence by disclosing, selling or assigning it, the data owner may either:</p> <ul style="list-style-type: none"> <li>require the data to be returned to the data owner and terminate the licence; or</li> <li>require Finder Operations to pay the data owner a fee equal to the normal licence fee for the affected data and the other party will be granted a licence upon executing the licence and supplement agreement.</li> </ul> <p>See also Section 6.1.10 for discussion of MLA licence fees payable in the event of a change in control of the Company.</p>

### 7.8.2 Searcher Master Geophysical Data-Use Licence

<b>Parties</b>	<b>Searcher Seismic Pty Ltd (Searcher) and Finder Operations</b>
<b>Brief Description</b>	Searcher grants Finder Operations a non-exclusive licence to use data from time to time under separate supplemental agreements which will set out the specific data that is licenced, the fees payable and any other particulars relating to the use of the data.
<b>Contract Date</b>	28 July 2010
<b>Term</b>	Indefinite (until terminated). The term of such supplemental agreement is also for an indefinite period of time unless a shorter period of time is specified.
<b>Data ownership and use</b>	<p>Searcher retains title and ownership to the data at all times.</p> <p>Finder Operations is granted a non-exclusive right to use the data for internal purposes only and Finder Operations cannot show, transfer or otherwise dispose of or allow access to, or use of any of the data except in limited circumstances including to related entities.</p>



	Finder Operations has the right to reformat or reprocess the data using software and such reprocessed data will be owned by Finder Operations but will still be subject to the same confidentiality, use, disclosure and transfer restrictions under the agreement. Interpretations of the data prepared by Finder Operations will be the sole property of Finder Operations.
<b>Termination</b>	<p>Searcher may terminate the agreement in the following circumstances:</p> <ul style="list-style-type: none"> <li>▪ if Finder Operations commits a breach of the licence by disclosing, selling or transferring the data (except where authorised by the agreement);</li> <li>▪ if Finder Operations breaches the agreement and fails to remedy that breach within 30 days;</li> <li>▪ if Finder Operations fails to make a payment and fails to remedy that breach within 30 days; or</li> <li>▪ if Finder Operations is subject to an insolvency event and fails to remedy the breach within 30 days.</li> </ul> <p>If the agreement is terminated, Finder Operations must return or destroy all data.</p>
<b>Other material terms</b>	Finder Operations indemnifies Searcher with respect to any liabilities suffered by Searcher as a result of Finder Operations' breach of the agreement.

### 7.8.3 PGS (UK) General Licence Agreement for Non-Exclusive Use of Seismic Data

<b>Parties</b>	<b>PGS Exploration (UK) Ltd (PGS (UK)) and Finder Operations</b>
<b>Brief Description</b>	<p>A master agreement for the non-exclusive licence by PGS (UK) of geophysical data to Finder Operations.</p> <p>The parties will enter into supplement agreements in relation to each licence of specific data, which will set out the terms and consideration.</p>
<b>Contract Date</b>	8 June 2021
<b>Term</b>	Indefinite (until terminated). The term of the relevant supplement is also for the time specified in the supplement.
<b>Data ownership and use</b>	<p>PGS (UK) retains title and ownership to the data at all times.</p> <p>Finder Operations is granted a non-exclusive right to use the data and Finder Operations cannot show, transfer or otherwise dispose of or allow access to, or use of any of the data except in limited circumstances including to related entities.</p>
<b>Termination</b>	<p>PGS (UK) may terminate the agreement in the following circumstances:</p> <ul style="list-style-type: none"> <li>▪ if there is a third party change of control in Finder Operations or its related entities;</li> <li>▪ if Finder Operations commits a breach of the licence by failing to notify and seek the approval of PGS (UK) in relation to a third party change of control of itself or its holding entities;</li> <li>▪ if Finder Operations breaches the agreement in relation to the restrictions of licence, and use, confidentiality and non-disclosure of the data;</li> </ul>



	<ul style="list-style-type: none"> <li>▪ if Finder Operations breaches the agreement or relevant appendix for any other reason than above and fails to remedy that breach within 30 days following notice from PGS (UK);</li> <li>▪ if Finder Operations fails to make a payment and fails to remedy that breach within 30 days following notice from PGS (UK); or</li> <li>▪ if Finder Operations is subject to an insolvency event and fails to remedy that breach within 30 days following notice from PGS (UK).</li> </ul> <p>If the agreement is terminated, Finder Operations must return or destroy all data.</p>
<b>Other material terms</b>	<p>Finder Operations indemnifies PGS (UK) with respect to any liabilities suffered by PGS (UK) in relation to intellectual property claims or otherwise arising as a result of Finder Operations' use of the data.</p> <p>See also Section 6.1.10 for discussion of MLA licence fees payable in the event of a change in control of the Company.</p>

#### 7.8.4 GXT Master Geophysical Data-Use Licence

<b>Parties</b>	<b>GX Technology Corporation (GXT) and Finder Operations</b>
<b>Brief Description</b>	<p>A master agreement for the non-exclusive licence by GXT of geophysical data to Finder Operations.</p> <p>The parties will enter into supplement agreements in relation to each licence of specific data, which will set out the terms and consideration.</p>
<b>Contract Date</b>	1 October 2013
<b>Term</b>	40 years or until terminated or extended. The term of the relevant supplement is also for 40 years unless otherwise specified.
<b>Data ownership and use</b>	<p>GXT retains title and ownership to the data at all times.</p> <p>Finder Operations is granted a non-exclusive right to use the data and Finder Operations cannot show, transfer or otherwise dispose of or allow access to, or use of any of the data except in limited circumstances including to related entities.</p>
<b>Termination</b>	<p>GXT may terminate the agreement in the following circumstances:</p> <ul style="list-style-type: none"> <li>▪ if Finder Operations ceases to exist;</li> <li>▪ if Finder Operations breaches the agreement in relation to the restrictions of use, display, showing, sale, trade, lending or other disposition of the data and fails to remedy that breach within 30 days following notice from GXT;</li> <li>▪ if Finder Operations fails to make a payment and fails to remedy that breach within 30 days following notice from GXT; or</li> <li>▪ if Finder Operations is subject to an insolvency event.</li> </ul> <p>If the agreement is terminated, Finder Operations must return or destroy all data.</p>
<b>Other material terms</b>	<p>Aside from an indemnity from GXT to Finder Operations in relation to any liabilities resulting from acquiring, processing and licencing the data, neither party is liable to the other or its related entities for punitive, indirect, incidental or consequential damages of that party resulting or arising out of the licence or use of the data.</p>



## 8 ADDITIONAL INFORMATION

### 8.1 Rights attaching to Shares

See Annexure A for the rights attaching to Shares.

### 8.2 Performance Rights

Upon completion of the Offer, the Company intends to offer a total of 16,500,000 Performance Rights to the following Directors, Key Management Personnel and employees of the Company.

These Performance Rights will be offered in accordance with Finder's Equity Incentive Plan and will constitute part of the Company's capital structure at Listing. The Performance Rights will be offered in lieu of further grants under Finder's LTIP for a period of 24 months from Admission.

See Annexure B for the terms and conditions of the Performance Rights and Section 5.17 for information on escrow restrictions applicable to the Performance Rights.

The following information is provided in respect of ASX Guidance Note 19:

- (a) A total of 16,500,000 Performance Rights will be issued and their impact of Finder's capital structure will be as follows:

Recipient	Number of Performance Rights (subject to Share Price Target) <sup>1</sup>	Number of Performance Rights (subject to Value Creation Targets) <sup>2</sup>	Total voting % (undiluted capital)
Damon Neaves (Managing Director)	3,000,000	3,000,000	3.81%
Shane Westlake (Technical Director)	2,000,000	2,000,000	2.54%
Anthony Benino (Chief Financial Officer and Company Secretary)	1,000,000	1,000,000	1.27%
Aaron Bond (Exploration Manager)	2,000,000	2,000,000	2.54%
Other employees	250,000	250,000	0.32%
<b>Total</b>	<b>8,250,000</b>	<b>8,250,000</b>	<b>10.48%</b>

<sup>1</sup> For the purposes of the Independent Expert's Report contained in Annexure J, these Performance Rights comprise Performance Rights Tranches 1, 2 and 3. The Independent Expert has concluded the proposed issue at Listing of Performance Rights Tranches 1, 2 and 3 are fair and reasonable to non-participating Securityholders.

<sup>2</sup> For the purposes of the Independent Expert's Report contained in Annexure J, these Performance Rights comprise Performance Rights Tranche 4. The Independent Expert has concluded the proposed issue at Listing of Performance Rights Tranche 4 is not fair but reasonable to non-participating Securityholders.

- (b) The Performance Rights are being issued to remunerate or incentivise Damon Neaves, Shane Westlake, Aaron Bond and Anthony Benino (each a **Recipient**) and, on the basis they form part of the Recipient's remuneration package and are being issued under the Equity Incentive Plan (summarised in Section 8.5 below), are considered ordinary course of business remuneration securities.
- (c) As senior key management personnel of the Company, the Recipients will assist the Company meeting the Targets by coordinating, managing and completing the seismic survey, site preparation and processing, material discovery or farmout transactions.
- (d) The remuneration payable to each Recipient is set out in Section 4.5.



- (e) The Securities in which each Recipient will have a relevant interest is set out in Section 4.4. No cash consideration has been paid or is payable by any Recipient in respect of the issue of the Performance Rights.
- (f) It is considered necessary to incentivise the Recipients as the Company believes it is appropriate to include a security component to their remuneration packages, in order to align their interests with shareholders of the Company and to conserve the Company's available cash reserves. As Finder is an exploration stage company, a key aspect of its business model is transacting farm-out/in arrangements. On this basis, the Company considers the vesting metrics are appropriate and, in particular, the number of Performance Rights to be issued to each Recipient reflects equitable and fair value of the work that Recipient will be required to undertake in order to support achievement of the Target or Milestone (as the case may be) within the specified timeframes.
- (g) The number of Performance Rights have been determined with consideration to each Recipient's remuneration package and the remuneration paid to directors and management of other comparable listed entities and to conserve the Company's available cash reserves. The Company considers the quantum of Performance Rights is reasonably proportionate to the additional value the Company will derive if the Targets are achieved as the Company will likely be able to advance to the next stage of its work-program in a shorter period of time.
- (h) The Company considers that the Performance Rights are fair and reasonable, including because there is an appropriate link between the Milestone and the purpose for which the Performance Rights are to be issued, as:
  - (i) consistent with ASX Guidance Note 19, performance securities are sometimes issued to directors, senior managers or contractors as a means of incentivising them to achieve a particular performance milestone; and
  - (ii) as stated above, the Performance Rights will be issued to each Recipient as a means of incentivising performance.
- (i) Each Performance Right will convert into one Share. The Performance Rights will therefore convert into a maximum total of 16,500,000 Shares upon satisfaction of the Targets and (assuming no other Shares are issued) will comprise approximately 10.48% of the Company's capital structure on an undiluted basis.

### 8.3 Lead Manager Options

See Annexure C for the terms and conditions of the Lead Manager Options and Section 5.17 for information on escrow restrictions applicable to the Lead Manager Options.

### 8.4 Alignment Options

Upon completion of the Offer, the Company intends to issue a total of 1,150,000 Options to the following Directors (**Alignment Options**):

- 800,000 Alignment Options to Bronwyn Barnes (Independent Non-Executive Chairman); and
- 350,000 Alignment Options to Fred Wehr (Independent Non-Executive Director).

These Alignment Options will constitute part of the Company's capital structure at Admission. These Alignment Options will be granted outside the terms of the Equity Incentive Plan given the one-off nature of the grant in connection with Admission of the Company.

- See Annexure D for the terms and conditions of the Alignment Options and Section 5.17 for information on escrow restrictions applicable to the Alignment Options.

### 8.5 Equity Incentive Plan

Finder has established an equity incentive plan (**Equity Incentive Plan**) to assist in the motivation, retention and reward of eligible employees. The Equity Incentive Plan is designed to align the interests of employees with the interests of Shareholders by providing an opportunity for employees to receive an equity interest in Finder.



The Equity Incentive Plan provides for both short term incentive and long term incentive arrangements including the grant of performance rights, options and/or Shares as incentives, subject to the terms of individual offers.

The key terms and conditions of Finder's Equity Incentive Plan are set out in the table below:

<b>Awards</b>	The Equity Incentive Plan provides for the grant of shares, options and/or performance rights issued at a price, and subject to any grant or vesting conditions, determined by the Board in its sole and absolute discretion.
<b>Eligible Employees</b>	A full time or part time employee (including an executive director) or non-executive director of the Company or an associated body corporate, an individual who is or might reasonably be expected to be engaged to work the number of hours that are the pro rata equivalent of 40% or more of a comparable full time position, or an individual or company with whom there is a contract for the provision of services under which the individual or a director or their spouse performs work where the work is or might reasonably be expected to be the number of hours that are the pro rata equivalent of 40% or more of a comparable full time position (or their nominee).
<b>Limits</b>	Where an offer is made under the Equity Incentive Plan in reliance on ASIC Class Order 14/1000 (or any amendment or replacement of it) the Board must, at the time of making the offer, have reasonable grounds to believe that the total number of Shares (or the total number of Shares which would be issued if the securities were exercised) will not exceed 5% of the total number of Shares on issue when aggregated with the number of Shares issued or that may be issued as a result of offers made at any time during the previous 3 year period under the Plan or any other employee incentive scheme covered by the Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme. The Performance Rights are issued subject to terms of the Equity Incentive Plan but not in reliance in the ASIC Class Order 14/1000 given the quantum of the grant.
<b>Entitlements</b>	Notice of meeting, potentially dividends on unvested Shares (subject to Board determination), bonus and rights issue participation in respect of award Shares, capital reconstruction (subject to Board determination), bonus and pro rata issue adjustments and potentially early exercise in a voluntary winding up (subject to Board determination).
<b>Dealing</b>	Dealing restrictions exist other than; <ul style="list-style-type: none"> <li>▪ for award Shares, if the dealing is compliant with the terms of the Share offer and any vesting conditions; and</li> <li>▪ for award performance rights and options, if the dealing has been approved by the Board or by force of law upon the death of the participant to his/her legal representative.</li> </ul>
<b>Vesting and Exercise</b>	<p>Awards only vest if the applicable vesting conditions are satisfied, waived by the Board or are deemed to have been satisfied under the Plan. The vesting conditions are determined prior to the granting of such Shares, options and/or performance rights by the Company.</p> <p>Vested options and performance rights can only be exercised during the exercise period specified in the invitation to participate in the Plan. The exercise price per Share in respect of an option or performance right granted pursuant to the Plan will be determined by the Board.</p>



<b>Lapse</b>	Subject to the Board's discretion, if a participant resigns (other than in circumstances of redundancy, mental illness, total and permanent disability, terminal illness or death), is dismissed from office for cause or poor performance, or in another circumstance determined by the Board, unvested Shares will be forfeited, unvested options and performance rights will lapse and vested options and performance rights that have not been exercised will lapse on the date of cessation of employment or office. Similar provisions apply to breach, fraud or misconduct. Forfeiture provisions also apply to unvested Shares.
<b>Change of control</b>	<p>On the occurrence of a change of control event, the Board may in its sole and absolute discretion and subject to the Listing Rules, determine how unvested Shares, options and performance rights will be treated, including but not limited to:</p> <ul style="list-style-type: none"> <li>(a) determining that all or a portion of unvested Shares, options and performance rights will vest regardless of whether or not the employment, engagement or office of the participant is terminated or ceases in connection with the change of control event; and/or</li> <li>(b) reducing or waiving vesting conditions.</li> </ul>
<b>Clawback</b>	The Board may clawback vested Shares, options and performance rights if the Board becomes aware of a material misstatement in the Company's financial statements or some other event has occurred which, as a result, which as a result means the vesting conditions were not or should not have been determined to have been satisfied.

### 8.5.1 Short term incentive arrangements

Executive directors, key management personnel and selected other employees of the Company are eligible to participate in Finder's Short-Term Incentive Plan (**STIP**).

Participants in the STIP have a target cash payment which is set as a percentage of their fixed remuneration (being a maximum of 50% for executive directors, 40% for senior management, and either 10%, 20% or 30% for other employees, depending on their role and level of seniority within the Company). Actual short term incentive payments in any given year may be at, above or below target depending on the achievement of financial and non-financial criteria as set by the Board, in accordance with the terms of the STIP, which may be varied from time-to-time by the Board. The weighting of the financial and non-financial components of the incentive varies depending on the person's level of seniority, with the incentive more heavily weighted to the financial component as seniority increases.

Non-financial measures are key performance indicators will be determined annually by a participant's manager, or the Chair, in the case of the CEO. These measures are tested annually after the end of the relevant FY. All payments under the STIP are determined by the Board, in their absolute discretion. In exercising their discretion, the Board, may take into account such matters as they consider appropriate, including the financial and non-financial measures outlined in the STIP, the recommendations of the CEO for other employees and other factors relevant to the business. Payments under the STIP will be made immediately after the release of full FY results to ASX.

### 8.5.2 Long term incentive arrangements

As at the Prospectus Date, the Company has adopted an Employee Incentive Plan (summarised in Section 8.5 above). Grants of Performance Rights have been made under the Equity Incentive Plan in lieu of any additional grants under a Long Term Incentive Plan (**LTIP**) and pursuant to the terms of employment contracts with the executive Directors, Key Management Personnel and selected other employees of the Company. Finder intends to put in place an appropriate LTIP in the context of the business within 24 months of Listing and further grants of equity incentives to existing management will be suspended for this initial 24-month period in light of the grants of Performance Rights as further detailed in Section 8.2.



## 8.6 Interests of Directors

Other than as set out elsewhere in this Prospectus, no Director holds, or has held within the two years preceding lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of those persons:

- (d) as an inducement to become, or to qualify as, a Director; or
- (e) for services rendered in connection with the formation or promotion of the Company or the Offer.

## 8.7 Effect of the Offer on control and substantial Shareholders

Finder is presently a wholly-owned subsidiary of Longreach and therefore Longreach holds 100% of the issued capital of Finder.

On Admission, the following persons are expected to have an interest in 5% or more of the Shares on issue:

Shareholder	Shares	% of Shares
Longreach <sup>1</sup>	82,500,000	52.38% <sup>2</sup>

<sup>1</sup> Jan Ostby (co-founder and former Director of Finder) and Odd Larsen (Finder's other co-founder) each have a relevant interest in 100% of the Shares by virtue of their joint controlling interest in Longreach (of which Finder is a wholly owned subsidiary).

<sup>2</sup> Based on Shares on issue at Admission (on a Minimum Subscription basis).

## 8.8 Interests of promoters, experts and advisers

Other than as set out below or elsewhere in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus holds, or in the past two years has held, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer;

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (c) the formation or promotion of the Company; or
- (d) the Offer.

During the 24 months preceding lodgement of this Prospectus with ASIC the Company or its wholly-owned subsidiaries have paid the following fees to experts and advisers named in this Prospectus:

Name	Approximate Fees (including disbursements) paid from incorporation to date for other services provided (excluding GST) \$	Estimated fees of the Offer (excluding GST) \$
Euroz Hartleys Limited	-	\$450,000
JP Equity Holdings Pty Ltd	-	\$450,000
KPMG Transaction Services	-	\$39,000
KPMG	\$120,000	-
Ernst & Young	-	\$53,000
ERCE Australia Pty Ltd	-	\$59,000
BDO	-	\$33,000
Corrs Chambers Westgarth	-	\$150,000



Name	Approximate Fees (including disbursements) paid from incorporation to date for other services provided (excluding GST) \$	Estimated fees of the Offer (excluding GST) \$
CMS	-	\$33,300
Automic	-	\$3,000

## 8.9 Consents

Each of the parties referred to in this Section 8.9:

- does not make, or purport to make, any statement in this Prospectus other than those referred to in this Section 8.9;
- to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this Section 8.9;
- has given and has not, prior to lodgement of this Prospectus with ASIC, withdrawn its written consent:
  - to be named in this Prospectus in the form and context which it is named; and
  - to the inclusion in this Prospectus of the statement(s) and / or report(s) (if any) by that person in the form and context in which they appear in this Prospectus.

Name	Role	Statement / Report
Euroz Hartleys Limited JP Equity Holdings Pty Ltd	Joint Lead Managers	Not applicable
KPMG Transaction Services	Investigating Accountant	Investigating Accountant's Report in Annexure E and any other references to it in this Prospectus
KPMG	Auditor	Not applicable
ERCE	Independent Technical Expert	Independent Technical Specialist's Report in Annexure F and any other references to its contents in this Prospectus
BDO	Independent Expert	Independent Expert Report in Annexure J and any other references to its contents in this Prospectus.
Corrs Chambers Westgarth	Australian Lawyers	Solicitor's Report in Annexure G and any other references to its contents in this Prospectus
CMS	UK Lawyers	Solicitor's Report in Annexure H and any other references to its contents in this Prospectus
Automic	Share registry	Not applicable

None of the consenting parties has authorised or caused the issue of this Prospectus and does not make any offer of Shares.



## 8.10 Expenses of the Offer

The total expenses of the Offer (excluding GST) are estimated to be approximately \$1,386,416.

Item of Expenditure	\$ Estimate
ASIC fees	\$3,206
ASX fees	\$115,910
Joint Lead Manager fees	\$900,000
Investigating Accountant's fees	\$39,000
Tax advisers	\$53,000
Independent Technical Expert's fees	\$59,000
Independent Expert's fees	\$33,000
Australian legal fees	\$150,000
UK legal fees	\$33,300
Printing and distribution	-
<b>Total</b>	<b>\$1,386,416</b>

## 8.11 Litigation

So far as the Directors are aware, other than as described below or elsewhere in this Prospectus, there is no current or threatened civil litigation, arbitration, proceedings or administrative appeals, or criminal or governmental prosecutions of a material nature in which the Company is directly or indirectly concerned, or which is likely to have a material adverse impact on the business or financial position of the Company.

## 8.12 Continuous disclosure obligations

The Company will be a "disclosing entity" after Listing (as defined in section 111AC of the Corporation Act) and, as such, will be subject to regular reporting and disclosure obligations. Specifically, the Company will be required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company's securities, subject to certain exceptions.

Price sensitive information will be publicly released through the ASX before it is disclosed to Shareholders and market participants. Distribution of other information to Shareholders and market participants will also be managed through disclosure to the ASX. In addition, the Company will post this information on its website after the ASX confirms an announcement has been made, with the aim of making the information readily accessible to the widest audience.

## 8.13 ASX waivers

The Company has applied for and received from ASX a draft waiver letter from Listing Rule 1.1 condition 12 in relation to the Performance Rights on issue (the terms of which are described in Annexure B), subject to certain terms and conditions.

## 8.14 Privacy Act

If you complete an Application Form, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers, regulatory bodies including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Registry.

You can access, correct and update the personal information that the Company or the Registry holds about you. If you wish to do so, please contact the share registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating



Rules. You should note that if you do not provide the information required on the Application Form, the Company may not be able to accept or process your application.

### **8.15 Electronic Prospectus**

Pursuant to Regulatory Guide 107, ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic Prospectus on the basis of a paper Prospectus lodged with ASIC and the issue of Shares in response to an electronic Application Form, subject to compliance with certain provisions. If you have received this Prospectus as an electronic Prospectus please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please email the Company and the Company will send to you, for free, either a hard copy or a further electronic copy of this Prospectus or both.

The Company and the Joint Lead Managers reserve the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered. In such a case, the Application Monies received will be dealt with in accordance with section 722 of the Corporations Act.

### **8.16 Documents available for inspection**

The following documents are available for inspection during normal business hours at the registered office of the Company:

- this Prospectus;
- the Constitution; and
- the consents referred to in Section 8.9



## 9 DIRECTORS' CONSENT

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The Directors report that after due inquiries by them, in their opinion, since the date of the financial statements in the financial information in Section 3, there have not been any circumstances that have arisen or that have materially affected or will materially affect the assets and liabilities, financial position, profits or losses or prospects of the Company, other than as disclosed in this Prospectus.

In accordance with section 720 of the Corporations Act, each Director has consented in writing to the lodgement of this Prospectus with the ASIC.

A handwritten signature in black ink, appearing to read 'B Barnes', followed by a period.

**Bronwyn Barnes**  
**Non-Executive Chairman**  
**FOR AND ON BEHALF OF FINDER ENERGY HOLDINGS LIMITED**



# 10 GLOSSARY

Unit	Measure
<b>MMbbl</b>	millions of barrels of oil.
<b>MMboe</b>	millions of barrels of oil equivalent.
<b>MMstb</b>	millions of stock tank barrels of oil.
<b>mss</b>	metres subsea.
<b>km</b>	kilometres.
<b>km<sup>2</sup></b>	square kilometres.

Term	Meaning
<b>2019 Restructure</b>	the intragroup restructure in 2019 to separate Finder Operations' offshore portfolio of permits from the onshore permits retained by the Longreach Group.
<b>2D</b>	two dimensional; commonly referring to a seismic survey with a coarse grid of orthogonal lines.
<b>3D</b>	three dimensional; commonly referring to a seismic survey with a fine grid of orthogonal lines.
<b>AASB, AASBs</b>	Australian Accounting Standards Board and Australian Accounting Standards
<b>Accounting Standards</b>	accounting standards, principles and practices applying by law or otherwise generally accepted and consistently applied in Australia.
<b>Admission</b>	the date on which the Company is admitted to the Official List.
<b>API</b>	American Petroleum Institute.
<b>Applicant</b>	a person who submits an Application Form.
<b>Application Form</b>	the application form attached to and forming part of this Prospectus.
<b>Application Monies</b>	the Offer Price multiplied by the number of Shares applied for.
<b>ASIC</b>	the Australian Securities and Investments Commission.
<b>ASX</b>	ASX Limited (ABN 98 008 624 691) or, as the context requires, the financial market operated by it.
<b>ASX Recommendations</b>	the Corporate Governance Principles and Recommendations for Australian listed entities developed and released by the ASX Corporate Governance Council in order to promote investor confidence and to assist companies in meeting stakeholder expectations.
<b>ASX Settlement</b>	ASX Settlement Pty Ltd (ABN 49 008 504 532).
<b>ASX Settlement Operating Rules</b>	the operating rules of the settlement facility provided by ASX Settlement as amended from time to time.
<b>A\$, Dollar or \$</b>	Australian dollars unless otherwise stated.
<b>Australian Solicitor's Report</b>	the report prepared by Corrs Chambers Westgarth contained in Annexure G.
<b>Best, 2U</b>	best estimate of Prospective Resources. The abbreviation "2U" is an informal, alternative acronym.
<b>Board</b>	the board of Directors.
<b>CHESS</b>	the ASX Clearing House Electronic Sub-register System operated by ASX Settlement.
<b>CMS</b>	CMS Cameron McKenna Nabarro Olswang LLP.
<b>Call Option</b>	has the meaning given in Section 2.3.



Term	Meaning
<b>Closing Date</b>	the closing date for receipt of Application Forms under this Prospectus being 14 March 2022 (unless extended or closed early by the Company in its absolute discretion).
<b>Company</b>	Finder Energy Holdings Limited (ACN 656 811 719) or its subsidiaries, as the context requires.
<b>Constitution</b>	the Company's Constitution as at the date of this Prospectus.
<b>Corporations Act</b>	the <i>Corporations Act 2001</i> (Cth).
<b>Dana Petroleum</b>	Dana Petroleum (E&P) Limited.
<b>Directors</b>	the directors of the Company as set out in Section 4.1.
<b>Equinor</b>	Equinor Australia BV.
<b>Equity Incentive Plan</b>	Finder's equity incentive plan, the key terms and conditions of which are set out in Section 8.5.
<b>Expiry Date</b>	13 months after the Prospectus Date.
<b>Exposure Period</b>	the period of seven days after the Prospectus Date, which period may be extended by ASIC for a further period of up to seven days.
<b>Financial Information</b>	The Statutory Historical Financial Information and Pro Forma Historical Financial Information as described in section 3.
<b>FID</b>	final investment decision.
<b>Finder</b>	Finder Energy Holdings Limited (ACN 656 811 719) or it and its subsidiaries as the context requires as at Admission.
<b>Finder 17</b>	Finder No 17 Pty Ltd (ACN 632 177 390).
<b>Finder Group</b>	Finder and its subsidiaries following the Pre-IPO Restructure, unless the context requires otherwise.
<b>Finder Operations</b>	Finder Operations Pty Ltd (ACN 112 222 563), formerly Finder Energy Pty Ltd, which will become a wholly owned subsidiary of Finder pursuant to the Pre-IPO Restructure.
<b>FPSO</b>	floating production storage and offloading vessel.
<b>FTE</b>	full time equivalent.
<b>Fugro</b>	Fugro Exploration Pty Ltd (ACN 148 839 865).
<b>Future Dilution</b>	has the meaning given in section 6.1.10.
<b>High, 3U</b>	high estimate of Prospective Resources. The abbreviation "3U" is an informal, alternative acronym.
<b>IFRS</b>	International Financial Reporting Standards.
<b>ILX</b>	Infrastructure-Led Exploration.
<b>Independent Expert or BDO</b>	BDO Corporate Finance (WA) Pty Ltd.
<b>Independent Technical Expert or ERCE</b>	ERCE Australia Pty Ltd.
<b>Independent Technical Specialist's Report or ITSr</b>	the report prepared by ERCE in Annexure F.
<b>Institutional Investor</b>	investors who are persons in Australia who are wholesale clients under section 761G of the Corporations Act and either "professional investors" or "sophisticated investors" under sections 708(11), 708(10) and 708(8) of the Corporations Act; and institutional investors in certain other jurisdictions, as agreed by the Company and the Joint Lead Managers to whom offers of Shares may lawfully be made without the need for a lodged or registered prospectus or other form of



Term	Meaning
	disclosure document or filing with, or approval by, any governmental agency (except one with which the Company is willing in its discretion to comply).
<b>Institutional Offer</b>	the invitation to institutional Investors under this Prospectus to acquire Shares, as described in Section 5.7.
<b>Investigating Accountant</b>	KPMG Transaction Services, division of KPMG Financial Advisory Services (Australia) Pty Ltd (ACN 007 363 215).
<b>Investigating Accountant's Report or IAR</b>	the report prepared by the Investigating Accountant in Annexure E.
<b>IPO</b>	the initial public offering of Shares under this Prospectus.
<b>Implementation and Variation Deed</b>	the Implementation and Variation Deed – Approved Finder Projects dated 20 December 2019 between Longreach, Finder Operations and Fugro.
<b>Joint Lead Manager</b>	Euroz Hartleys Limited and JP Equity Holdings Pty Ltd.
<b>Joint Lead Manager Mandate</b>	the agreement between the Company and the Joint Lead Managers as summarised in Section 7.2.
<b>Key Management Personnel / KMP</b>	the key management personnel of the Company set out in Section 4.2.
<b>Licences</b>	Finder's portfolio of licences located in the UK's North Sea or any one of them, as the context requires.
<b>Listing</b>	the date of Official Quotation.
<b>Listing Condition</b>	receipt of firm subscriptions for the Minimum Subscription and ASX granting conditional admission of Finder's admission to the ASX.
<b>Listing Rules</b>	the listing rules of ASX.
<b>LNG</b>	liquefied natural gas.
<b>Longreach</b>	Longreach Capital Investment Pty Ltd (ACN 117 213 706).
<b>Longreach Group</b>	Longreach and its subsidiaries following the Pre-IPO Restructure, unless the context requires otherwise.
<b>Low, 1U</b>	low estimate of Prospective Resources. The abbreviation "1U" is an informal, alternative acronym.
<b>LTIP</b>	Finder's Long Term Incentive Plan described in Section 8.5.2.
<b>mss</b>	metres subsea.
<b>NWS</b>	the North West Shelf, a continental shelf region of Western Australia.
<b>Offer</b>	the offer under this Prospectus for 75,000,000 Shares by the Company at the Offer Price to raise \$15,000,000 (before costs and expenses).
<b>Offer Price</b>	\$0.20 per Share.
<b>Official List</b>	the official list of ASX.
<b>Official Quotation</b>	official quotation by ASX in accordance with the Listing Rules.
<b>OGA</b>	the Oil and Gas Authority.
<b>Onshore Subsidiaries</b>	the subsidiaries of Finder Operations holding onshore exploration permits at the time of the 2019 Restructure.
<b>OPEC</b>	Organisation of Petroleum Exporting Countries.
<b>Opening Date</b>	the opening date for receipt of Application Forms under this Prospectus being 7 March 2022.
<b>Options</b>	the Alignment Options and the Lead Manager Options which are to be issued upon completion of the Offer and on the terms set out in Annexure C and Annexure D of this Prospectus as set out in Section 8.3 and Section 8.4.
<b>Performance Rights</b>	performance rights in the Company that are to be issued upon completion of the Offer and on the terms set out in Annexure B to the Prospectus to certain



Term	Meaning
	Directors, Key Management Personnel and employees of the Company as set out in Section 8.2.
<b>Performance Rights Tranches 1, 2 and 3</b>	the 8,250,000 Performance Rights that will vest upon the achievement of specified Share Price Targets (see Section 8.2 and Annexure B).
<b>Performance Rights Tranche 4</b>	the 8,250,000 Performance Rights that will vest upon the achievement and announcement by the Company of certain Value Creation Targets (see Section 8.2 and Annexure B).
<b>Permits</b>	Finder's portfolio of permits located in Western Australia's NWS or any one of them, as the context requires.
<b>Permit End Date</b>	has the meaning given in section 7.1 in respect of WA-542-P.
<b>Pre-IPO Restructure</b>	has the meaning in Section 2.3.
<b>Pre-IPO Restructure Agreements</b>	has the meaning given in Section 7.1.
<b>Privacy Act</b>	<i>Privacy Act 1988</i> (Cth).
<b>Proved Reserves, Probable Reserves, Possible Reserves, Petroleum Reserves, Contingent Resources and Prospective Resources</b>	have the same meanings given to them in the Listing Rules, and as defined by the 2018 Petroleum Management System (PRMS) approved by the Society of Petroleum Engineers (SPE).
<b>PSDM</b>	post stack depth migration.
<b>Qualified Reserves and Resources Evaluator</b>	has the meaning given to it in the Listing Rules.
<b>Restricted Securities</b>	securities expected to be the subject of Restriction Agreements under Appendix 9 of the Listing Rules, or subject to voluntary restriction arrangements.
<b>RM</b>	Malaysian ringgit.
<b>SapuraOMV (WA)</b>	SapuraOMV Upstream (Western Australia) Pty Ltd (ACN 629 043 518) (previously Sapura Exploration and Production (Western Australia) Pty Ltd), a subsidiary of SapuraOMV Upstream.
<b>SapuraOMV</b>	SapuraOMV Upstream (Holding) Sdn. Bhd., Registration No 201301036835 (previously Sapura Exploration and Production Sdn. Bhd.).
<b>Sapura Farmin</b>	a farmin with joint venture Partner, SapuraOMV (WA), as described in Section 9.1 of the Australian Solicitor's Report.
<b>Security</b>	a Share, Performance Right or Option.
<b>Securityholder</b>	a holder of Securities.
<b>SGD\$</b>	Singaporean dollars.
<b>Share</b>	a fully paid ordinary share in the capital of the Company and, where the context permits, means the Shares the subject of the Offer.
<b>Share Registry or Registry</b>	Automatic Registry Services.
<b>Shareholder</b>	a holder of Shares.
<b>STIP</b>	Finder's Short Term Incentive Plan described in Section 8.5.1.
<b>Transitional Services Agreement</b>	has the meaning given in Section 7.1.
<b>UK</b>	the United Kingdom.
<b>UK North Sea</b>	the United Kingdom Continental Shelf within the area known as the North Sea over which territorial rights are held by the United Kingdom.



Term	Meaning
<b>UK Solicitor's Report</b>	the report prepared by CMS in Annexure H.
<b>US\$</b>	means US dollars.
<b>VWAP</b>	volume weighted average price.
<b>WST</b>	Western Standard Time.



# Annexure A – Rights attaching to Shares

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## 1. General

The rights attaching to ownership of the Shares are detailed in the Constitution of the Company and, in certain circumstances, regulated by the Corporations Act, the Listing Rules, the ASX Settlement Operating Rules and the general law. A copy of the Company's constitution may be inspected during normal business hours at the registered office of the Company.

The following is a broad summary of the more significant rights, privileges and restrictions attaching to the Company's Shares upon listing on the ASX. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

All Shares issued pursuant to this Prospectus will, from the time that they are issued, rank equally with the Company's existing issued Shares.

## 2. Voting

At a general meeting, every member present in person or by proxy, attorney or representative has one vote on a show of hands and on a poll, one vote for each fully paid Share held. On a poll, partly paid Shares confer a fraction of a vote pro-rata to the amount paid up on the Share.

A poll may be demanded before a vote for a show of hands is taken, or before or immediately after the declaration of the result of the show of hands by the chair of the meeting, by at least five Shareholders present and entitled to vote on the resolution or by any one or more Shareholders representing at least 5% of the votes that may be cast on the resolution on a poll.

## 3. Dividends

Subject to the Corporations Act, the Listing Rules, and the Constitution, the Directors may pay interim, special or final dividends as, in their judgment, the financial position of the Company justifies.

Subject to any special terms and conditions of issue, the amount which the Directors from time to time determine to distribute by way of dividend are divisible among the members in proportion to the amounts paid up on the Shares held by them. Interest is not payable by the Company in respect of any dividend.

## 4. Issue of shares

Subject to the Constitution, the Listing Rules and the ASX Settlement Operating Rules, the Directors have the right to issue shares or grant options over unissued shares to any person and they may do so at such times as they think fit and on the conditions they think fit. Such shares may have preferred, deferred or other special rights or special restrictions about dividends, voting, return of capital, participation in the property of the Company on a winding up or otherwise as the Directors think fit.

## 5. Variation of class rights

The rights attached to any class of shares may, unless their terms of issue state otherwise, be varied:

- a) with the written consent of the holders of 75% of the shares of the class; or
- b) by a special resolution passed at a separate meeting of the holders of shares of the class.

## 6. Transfer of shares

Subject to the Constitution and to the rights or restrictions attached to any shares or class of shares, holders of Shares may transfer them by a proper ASTC transfer effected in accordance with the ASX Settlement Operating Rules or an instrument in writing in any usual form or in any other form that the Directors approve.

The Directors may decline to register a transfer of Shares for reasons including where the transfer is not in registrable form or where the refusal to register the transfer is permitted under the Listing Rules or the ASX Settlement Operating Rules. If the Directors decline to register a transfer the Company must give the party



lodging the transfer, written notice of the refusal and the reason for refusal. The Directors decision to decline to register the transfer or to apply for a holding lock is not invalidated if that notice is not given.

## **7. Small holdings**

The Directors may sell the Shares of a Shareholder if that Shareholder holds less than a marketable parcel of Shares, provided that the procedures set out in the Constitution are followed. A non-marketable parcel of Shares is defined in the Listing Rules and is, generally, a holding of shares with a market value of less than \$500.

## **8. Restricted Securities**

In the event of a breach of the Listing Rules or a breach of a restriction agreement entered into by the Company under the Listing Rules relating to Restricted Securities (as defined in the Listing Rules), the Shareholder holding the Restricted Shares in question shall cease to be entitled to any dividends, distribution or any voting rights in respect of those Restricted Securities during the period of such breach.

## **9. General meetings and notices**

Subject to the Constitution and to the rights or restrictions attached to any shares or class of shares, each member is entitled to receive notice of and, except in certain circumstances, to attend and vote at general meetings of the Company and receive all financial statements, notices and other documents required to be sent to members under the Constitution or the Corporations Act. Shareholders may requisition meetings in accordance with the Corporations Act and the Constitution.

## **10. Winding up**

Subject to any special or preferential rights attaching to any class or classes of shares, members will be entitled in a winding up to share in any surplus assets of the Company in proportion to the shares held by them, less any amounts which remain unpaid on these shares at the time of distribution. Any amount unpaid on a share is the property of the Company and may be required to be contributed to the Company in the event of a winding up.

## **11. Proportional takeover provisions**

The Constitution contains provisions for approval in relation to any proportional takeover bid. The provision will lapse unless it is renewed in accordance with the Corporations Act within three years from the date of its adoption.

## **12. Directors – appointment and removal**

The minimum number of Directors is three and the maximum is 12 or such lower number as the Directors are authorised to determine. Directors are elected at annual general meetings of the Company. Retirement will occur on a rotational basis so that one third of the Directors and any Director who has held office for three or more years or for three or more annual general meetings (excluding the managing director or, if there is more than one managing director, the first of them to be appointed) retires at each annual general meeting of the Company. The Directors may also appoint a Director to fill a casual vacancy on the Board in addition to the Directors who will then hold office until the next annual general meeting of the Company.

## **13. Directors – voting**

Questions arising at a meeting of Directors will be decided by a majority of votes of the Directors present at the meeting and entitled to vote on the matter. In the case of a tied vote, the Chair has a second or casting vote.

## **14. Directors' remuneration**

Each Director is entitled to remuneration out of the funds of the Company as the Directors determine, but the remuneration of non-executive Directors may not exceed in any year the amount approved by Shareholders in a general meeting. The Constitution also makes provision for the Company to pay all expenses of Directors in attending meetings and carrying out their duties and for the payment of additional fees for extra services or special exertions.



## **15. Alteration of share capital**

Subject to the Listing Rules, the Constitution and the Corporations Act, the Company may alter its share capital.

## **16. Preference shares**

The Company may issue preference shares including preference shares which are liable to be redeemed or convertible to ordinary shares. The rights attaching to preference shares are those set out in the Constitution.

## **17. Variation of the Constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of members present and voting at a general meeting of the Company. The Company must give at least 28 days' written notice of its intention to propose a resolution as a special resolution.

## **18. Share buy-backs**

The Company may buy back shares in accordance with the provisions of the Corporations Act.

## **19. Dividend plan**

The Constitution contains a provision allowing Directors to implement a dividend reinvestment plan and a dividend selection plan.

## **20. Listing Rules**

As the Company is listed on ASX, the Constitution provides that notwithstanding anything in the Constitution, if the Listing Rules prohibit an act being done, the act must not be done. Nothing in the Constitution prevents an act being done that the Listing Rules require to be done. If the Listing Rules require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be). If the Listing Rules require the Constitution to contain a provision or not to contain a provision the Constitution is deemed to contain that provision or not to contain that provision (as the case may be). If a provision of the Constitution is or becomes inconsistent with the Listing Rules, the Constitution is deemed not to contain that provision to the extent of the inconsistency.



# Annexure B – Terms and conditions of Performance Rights

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## 1 Rights attaching to Performance Rights

- (a) **(Performance Rights)** Each Performance Right represents a contractual right to acquire a fully paid ordinary share (**Share**) in the capital of Finder Energy Holdings Limited (ACN 656 811 719) (**Company**).
- (b) **(General meetings)** The Performance Rights confer on the holder the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to holders of fully paid ordinary shares in the capital of the Company (**Shareholders**). Holders have the right to attend general meetings of Shareholders.
- (c) **(No voting rights)** The Performance Rights do not entitle the holder to vote on any resolutions proposed at a general meeting of the shareholders of the Company except:
  - i. where the resolution is to amend the rights attaching to the Performance Rights; or
  - ii. as otherwise required by law.
- (d) **(No dividend rights)** The Performance Rights do not entitle the holder to any dividends.
- (e) **(No rights to return of capital)** The Performance Rights do not entitle the holder to a return of capital, whether in a winding up, upon a reduction of capital or otherwise.
- (f) **(No rights on winding up)** The Performance Rights do not entitle the holder to participate in the surplus profits or assets of the Company upon the winding up of the Company.
- (g) **(Not transferable)** Except on the death of a holder under paragraph 2(i), the Performance Rights may not be transferred, assigned or novated except with the approval of the Board.
- (h) **(Reorganisation of capital)** If at any time the issued capital of the Company is reconstructed, all rights of a holder will be changed to the extent necessary to comply with the applicable Listing Rules at the time of reorganisation.
- (i) **(Application to ASX)** The Performance Rights will not be quoted on ASX. However, if the Company is listed on ASX at the time of vesting of the Performance Rights, the Company must apply for the official quotation of the Shares issued or transferred to the holder upon vesting on ASX.
- (j) **(Participation in entitlements and bonus issues)** The Performance Rights do not entitle a holder (in their capacity as a holder of Performance Rights) to participate in new issues of capital offered to holders of Shares such as bonus issues and entitlement issues.
- (k) **(No other rights)** The Performance Rights give the holders no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.
- (l) **(No conversion for 24 months)** Vested Performance Rights will not be capable of conversion to Shares for a period of 24 months commencing on the date the Company is listed on ASX without the prior written consent of the Company's Board.

## 2 Vesting of Performance Rights

- (a) **(Vesting on satisfaction of targets)** Subject to paragraphs 2(b), (c), (d) and (e), Performance Rights will vest if and when either of the following two targets (each a **Target**) are achieved:
  - iii. the Share price increases by 35%, 55% or 75% or more from, in each case, the Offer price (**Share Price Target**); or
  - iv. the Company meets a Milestone (defined below) (**Value Creation Target**).
- (b) **(Share Price Target)** The number of the holder's Performance Rights which vest upon the Share Price Target being achieved is dependent upon the share price growth percentage based on the Company's 30-day volume weighted average price (**VWAP**) at the end of each calendar quarter after admission of the Company to listing on the ASX (each a **Testing Date**) against the Offer price for a 36-month period (**Testing Period**) in accordance with the following vesting schedule:



Share Price Growth From Offer Price	Vesting Percentage Of The Total Performance Rights Held
35% or more	One sixth
55% or more	One sixth
75% or more	One sixth

- (c) **(Value Creation Target)** One sixth of the total number of Performance Rights held by the holder will vest upon the achievement and announcement by the Company to the ASX of one of any of the following key strategic objectives, in each case, as verified by a suitably qualified independent expert (each a **Milestone**, and up to a maximum of achieving three Milestones) during the Testing Period:

- i. each material discovery;
- ii. each material farmout agreement entered into by the Company; and
- iii. any other material transaction (including value-accretive acquisitions) or combination of material transactions entered into by the Company.

Any such discovery, farmout or transaction will constitute a **Value Creation Event**.

For the purposes of this paragraph 2(c), a discovery, farmout or transaction will be considered material and a Milestone achieved if it:

- iv. creates value net to the Company of at least A\$4.0 million through recovery of back costs, cash payments, estimated net partner expenditure (other than drilling expenditure); or
- v. has a Net Present Value (**NPV**) (with a 10% discount rate) net to the Company of at least A\$9.45 million and has an Internal Rate of Return (**IRR**) of at least 20%,

except that in circumstances where the value created by a single discovery, farmout or transaction results in a doubling of the Value Creation Targets (as determined by (iv) or (v) above), two Milestones will be considered achieved such that two sixths of the holder's Performance Rights will vest.

- (d) **(Vesting on change of control)** Subject to paragraph 2(e) and notwithstanding the relevant Target has not been satisfied, upon the occurrence of:

- i. an offer being made for Shares pursuant to a takeover bid under Chapter 6 of the Corporations Act and is, or is declared, unconditional; or
- ii. the Court sanctioning under Part 5.1 of the Corporations Act a compromise or arrangement relating to the Company or a compromise or arrangement proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies; or
- iii. any other merger, consolidation or amalgamation involving the Company occurs which results in the holders of Shares immediately prior to the merger, consolidation or amalgamation being entitled to 50% or less of the voting shares in the body corporate resulting from the merger, consolidation or amalgamation (each event in (i)-(iii), a **Change in Control Event**),

the Board may in its sole and absolute discretion, and subject to the Listing Rules and applicable laws determine how unvested Performance Rights held by a holder will be treated, including but not limited to:

- iv. determining that unvested Performance Rights (or a portion of unvested Performance Rights) will vest and become immediately exercisable with such vesting deemed to have taken place immediately prior to the effective date of the Change of Control Event, regardless of whether or not the employment, engagement or office of the holder is terminated or ceases in connection with the Change of Control Event; and/or
- v. reducing or waiving any of the vesting conditions attaching to those unvested Performance Rights in accordance with the Company's Equity Incentive Plan.

- (e) **(Vesting Procedure)**



- i. As soon as reasonably practicable after each applicable Testing Date, in the case of the Share Price Target, or the date on which a Milestone was achieved during the Testing Period (**Relevant Date**), the Board shall determine in respect of each holder as at that Relevant Date:
    - A. whether, and to what extent, the relevant Target has been satisfied;
    - B. the number of Performance Rights (if any) that will vest; and
    - C. the number of Performance Rights (if any) that will lapse as a result of non-satisfaction of the relevant Target as at the Relevant Date,
 and shall provide written notification to each holder as to that determination.
  - ii. Subject to compliance with all applicable laws, the Company will, within 15 business days of delivery to the Company of the holder's signed notice of exercise and the certificate(s) applicable to the Performance Rights (if any), issue to the holder, for nil consideration, the relevant number of Shares and, if applicable, deliver to the holder a replacement certificate reflecting the number of those Performance Rights which remain unexercised.
- (f) **(Lapsing of Performance Rights)** A Performance Right lapses, to the extent it has not vested, on the earlier of the day on which the Testing Period ends (being five years from the date of grant of the Performance Right) or the Board determines that the Performance Right lapses in accordance with the Company's Equity Incentive Plan.
- (g) **(Restrictions on dealing)** Holders of Performance Rights must not sell, transfer, encumber, hedge or otherwise deal with the Performance Rights unless the Board permits the dealing or the dealing is required by law. Holders of Performance Rights will be free to deal with the Shares allocated on conversion of the Performance Rights, subject to the requirements of the Company's Securities Trading Policy.
- (h) **(Fraudulent or dishonest acts)** If in the opinion of the Board, a holder acts fraudulently or dishonestly or is in material breach of his or her obligations to the Company, then the Board may in its absolute discretion determine that all the holder's Performance Rights will lapse and the Board's decision will be final and binding.
- (i) **(Deceased holders)** If at any time prior to the Condition Date, a holder of Performance Rights dies, the deceased holder's legal personal representative may:
- i. elect to be registered as the new holder of the deceased holder's Performance Rights; and
  - ii. whether or not the deceased holder's legal personal representative becomes so registered, exercise those Performance Rights in accordance with and subject to these terms and conditions as if they were the holder of such Performance Rights.
- (j) **(Equity Incentive Plan Rules)** The rules of the Company's Equity Incentive Plan, which cover (among other things) cessation of employment, change of control, clawback and preventing inappropriate benefits, are applicable to the Performance Rights.



# Annexure C – Terms and conditions of Lead Manager Options

---

## 1. Entitlement

Each Option entitles the holder to subscribe for and be issued one fully paid ordinary share (**Share**) in Finder Energy Holdings Limited (ACN 656 811 719) (**Company**) upon payment of the exercise price.

## 2. Exercise price

The exercise price is A\$0.30 per Option.

## 3. Option Expiry Date

The Options will expire at 5.00pm WST on the date that is four years after the date on which the Company's Shares commence trading on the official list of ASX (**Listing**). Options not exercised on or before the Option Expiry Date will lapse.

## 4. Quotation

The Company will not apply to ASX for official quotation of the Options.

The Company will apply for official quotation by ASX of the Shares issued upon exercise of the Options if the Shares of the Company are quoted at that time.

## 5. Mandatory escrow

Options (and any Shares issued on the exercise of those Options) are subject to mandatory escrow for a period of 24 months from Listing.

## 6. Restrictions on exercise

The Optionholder will not exercise any Options for a period of 24 months commencing on the date of Listing without the prior written consent of the Company's Board.

## 7. Participation rights

There are no participating rights or entitlements inherent in the Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Options except upon the exercise of the Options.

Optionholders have the right to exercise any of their Options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company, made during the term of the Options.

## 8. Pro-rata issues

If the Company makes a pro rata issue (except a bonus issue) the exercise price of the Options will be reduced in accordance with the Listing Rules.

## 9. Bonus Issues

If the Company makes a bonus issue the number of securities over which the Options are exercisable will be increased in accordance with the Listing Rules.

## 10. Reorganisations

In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of issued capital of the Company, the Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.

## 11. Exercise procedure

The Options shall be exercisable in accordance with these terms at any time on or before the Option Expiry Date by the delivery to the registered office of the Company of a notice in writing stating the intention of the



Optionholder to exercise all or a specified number of Options held by them accompanied by an Option certificate and a cheque made payable to the Company for the subscription monies for the Shares. The notice and cheque must be received by the Company during the exercise period. An exercise of only some Options shall not affect the rights of the Optionholders to the balance of Options held by him or her.

## **12. Rights**

The Shares allotted on the exercise of Options shall rank, from date of allotment, equally with the existing ordinary Shares of the Company in all respects.

The Options will not give any right to participate in dividends until Shares are issued pursuant to the exercise of the relevant Options.

## **13. Transfers**

The Options are not transferable, unless the prior consent of the Board is obtained, which consent may impose such terms and conditions on such assignment, transfer, novation, encumbrance or disposal as the Board sees fit in its sole and absolute discretion.

## **14. Register of Options**

The Options will be recorded on the Company's register of Optionholders maintained at the share registry. The register will be open for inspection by the Optionholders free of charge. Shares to be allotted on exercise of the Options will be recorded on the Company's share register.

## **15. Inconsistency**

From Listing, if there is any inconsistency between any of the preceding terms and conditions and the Listing Rules, then the Listing Rules prevail to the extent of the inconsistency.



# Annexure D – Terms and conditions of Alignment Options

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## 1. Entitlement

Each Option entitles the holder to subscribe for and be issued one fully paid ordinary share (**Share**) in Finder Energy Holdings Limited (ACN 656 811 719) (**Company**) upon payment of the exercise price.

## 2. Exercise price

The exercise price is A\$0.30 per Option.

## 3. Option Expiry Date

The Options will expire at 5.00pm WST on the date that is four years after the date on which the Company's Shares commence trading on the official list of ASX (**Listing**). Options not exercised on or before the Option Expiry Date will lapse.

## 4. Quotation

The Company will not apply to ASX for official quotation of the Options.

The Company will apply for official quotation by ASX of the Shares issued upon exercise of the Options if the Shares of the Company are quoted at that time.

## 5. Mandatory escrow

Options (and any Shares issued on the exercise of those Options) are subject to mandatory escrow for a period of 24 months from Listing.

## 6. Restrictions on exercise

The Optionholder will not exercise any Options for a period of 24 months commencing on the date of Listing without the prior written consent of the Company's Board.

## 7. Participation rights

There are no participating rights or entitlements inherent in the Options and holders of the Options will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Options except upon the exercise of the Options.

Optionholders have the right to exercise any of their Options prior to the date of determining entitlements to any capital issues to the then existing shareholders of the Company, made during the term of the Options.

## 8. Pro-rata issues

If the Company makes a pro rata issue (except a bonus issue) the exercise price of the Options will be reduced in accordance with the Listing Rules.

## 9. Bonus Issues

If the Company makes a bonus issue the number of securities over which the Options are exercisable will be increased in accordance with the Listing Rules.

## 10. Reorganisations

In the event of any re-organisation (including reconstruction, consolidation, subdivision, reduction or return of capital) of issued capital of the Company, the Options will be re-organised as required by the Listing Rules, but in all other respects the terms of exercise will remain unchanged.

## 11. Exercise procedure

The Options shall be exercisable in accordance with these terms at any time on or before the Option Expiry Date by the delivery to the registered office of the Company of a notice in writing stating the intention of the



Optionholder to exercise all or a specified number of Options held by them accompanied by an Option certificate and a cheque made payable to the Company for the subscription monies for the Shares. The notice and cheque must be received by the Company during the exercise period. An exercise of only some Options shall not affect the rights of the Optionholders to the balance of Options held by him or her.

## 12. Cashless Exercise

In lieu of paying the aggregate Exercise Price to purchase Shares under paragraph 10, the Board may, in its sole and absolute discretion, permit the Alignment Optionholder to elect to receive, without payment of cash or other consideration, upon surrender of the applicable portion of exercisable Alignment Options to the Company, a number of Shares determined in accordance with the following formula (a **Cashless Exercise**):

$$AA = \frac{B(C - D)}{AA}$$

where:

A = the number of Shares (rounded down to the nearest whole number) to be issued or transferred to the Alignment Optionholder pursuant to this clause 11;

B = the number of Shares otherwise issuable or transferable upon the exercise of the Alignment Options being exercised;

C = the market value of one Share (being the volume weighted average closing sale price of a Share sold on ASX on the last 5 trading days on which sales were recorded in Shares immediately before the relevant date) determined as of the date of delivery of the notice and certificate(s) for the relevant Alignment Options; and

D = the Exercise Price.

## 13. Rights

The Shares allotted on the exercise of Options shall rank, from date of allotment, equally with the existing ordinary Shares of the Company in all respects.

The Options will not give any right to participate in dividends until Shares are issued pursuant to the exercise of the relevant Options.

## 14. Transfers

The Options are not transferable, unless the prior consent of the Board is obtained, which consent may impose such terms and conditions on such assignment, transfer, novation, encumbrance or disposal as the Board sees fit in its sole and absolute discretion.

## 15. Register of Options

The Options will be recorded on the Company's register of Optionholders maintained at the share registry. The register will be open for inspection by the Optionholders free of charge. Shares to be allotted on exercise of the Options will be recorded on the Company's share register.

## 16. Inconsistency

From Listing, if there is any inconsistency between any of the preceding terms and conditions and the Listing Rules, then the Listing Rules prevail to the extent of the inconsistency.



# Annexure E – Investigating Accountant’s Report

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**KPMG Transaction Services**

A division of KPMG Financial Advisory Services  
(Australia) Pty Ltd  
Australian Financial Services Licence No. 246901  
Level 8  
235 St Georges Terrace  
Perth WA 6000

GPO Box A29  
Perth WA 6837  
Australia

ABN: 43 007 363 215  
Telephone: +61 8 9263 7171  
Facsimile: +61 8 9263 7129  
www.kpmg.com.au

The Directors  
Finder Energy Holdings Limited  
Suite 1, Level 4, South Shore Centre  
85 South Perth Esplanade  
South Perth, WA 6151

24 February 2022

Dear Directors

## **Limited Assurance Investigating Accountant's Report and Financial Services Guide**

### **Investigating Accountant's Report**

#### **Introduction**

KPMG Financial Advisory Services (Australia) Pty Ltd (of which KPMG Transaction Services is a division) ("KPMG Transaction Services") has been engaged by Finder Energy Holdings Limited ("Finder") to prepare this report for inclusion in the Prospectus to be dated on or about 24 February 2022 ("Prospectus"), and to be issued by Finder, in respect of the proposed IPO of Finder ("Transaction").

Expressions defined in the Prospectus have the same meaning in this report.

This Investigating Accountant's Report should be read in conjunction with the KPMG Transaction Services Financial Services Guide included in the Prospectus.

#### **Scope**

You have requested KPMG Transaction Services to perform a limited assurance engagement in relation to the pro forma historical financial information described below and disclosed in the Prospectus.

The pro forma historical financial information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the *Corporations Act 2001*.

Our limited assurance engagement has not been carried out in accordance with auditing or other standards and practices generally accepted in jurisdictions outside Australia and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

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### **Pro Forma Historical Financial Information**

You have requested KPMG Transaction Services to perform limited assurance procedures in relation to the pro forma historical financial information of Finder (the responsible party) included in the Prospectus.

The pro forma historical financial information has been derived from the Historical Financial Information of Finder (described below), after adjusting for the effects of pro forma adjustments described in sections 3.3.3, 3.4.2 and 3.5.2 of the public document. The pro forma financial information consists of Finder's pro forma historical Statement of Financial Position as at 30 June 2021, pro forma historical Statements of Financial Performance and pro forma historical Statement of Cash Flows for the year ended 30 June 2019 (collectively the "Pro Forma Historical Financial Information") as set out in sections 3.3, 3.4 and 3.5 of the Prospectus issued by Finder. The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the historical financial information and the event(s) or transaction(s) to which the pro forma adjustments relate, as described in section 3.2.1 of the Prospectus. Due to its nature, the Pro Forma Historical Financial Information does not represent the company's actual or prospective financial position, financial performance, and/or cash flows.

The Pro Forma Historical Financial Information has been compiled by Finder to illustrate the impact of the event(s) or transaction(s) summarised in sections 3.2.5 on Finder's financial position at 30 June 2021 and financial performance and cash flows for the periods ended 30 June 2019 (collectively the "Historical Financial Information"). As part of this process, information about Finder's financial position, financial performance and cash flows has been extracted by Finder from Finder's financial statements for the period ended 30 June 2019.

The financial statements of Finder for the years ended 30 June 2019, 2020 and 2021 were audited by KPMG in accordance with Australian Auditing Standards. The audit opinions issued to the members of Finder relating to those financial statements were unqualified

For the purposes of preparing this report we have performed limited assurance procedures in relation to Pro Forma Historical Financial Information in order to state whether, on the basis of the procedures described, anything comes to our attention that would cause us to believe that the Pro Forma Historical Financial Information is not prepared or presented fairly, in all material respects, by the directors in accordance with the stated basis of preparation as set out in section 3.2.1 of the Prospectus.

We have conducted our engagement in accordance with the Standard on Assurance Engagements ASAE 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, an audit. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed an audit. Accordingly, we do not express an



audit opinion about whether the Pro Forma Historical Financial Information is prepared, in all material respects, by the directors in accordance with the stated basis of preparation.

### **Directors' responsibilities**

The directors of Finder are responsible for the preparation of:

- the Historical Financial Information; and
- the Pro Forma Historical Financial Information, including the selection and determination of the pro forma transactions and/or adjustments made to the historical financial information and included in the Pro Forma Historical Information.

The directors' responsibility includes establishing and maintaining such internal controls as the directors determine are necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

### **Conclusions**

#### ***Review statement on the Pro Forma Historical Financial Information***

Based on our procedures, which are not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information, as set out in sections 3.3, 3.4 and 3.5 of the Prospectus, comprising:

- the pro forma historical income statement of Finder for the year ended 30 June 2019;
- the pro forma historical statement of cash flows of Finder for the year ended 30 June 2019; and
- the pro forma historical balance sheet of Finder as at 30 June 2021,

is not prepared or presented fairly, in all material respects, on the basis of the pro forma transactions and/or adjustments described in sections 3.3.3, 3.4.2 and 3.5.2 of the Prospectus, and in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards, and Finder's accounting policies.

### **Independence**

KPMG Transaction Services does not have any interest in the outcome of the proposed Transaction, other than in connection with the preparation of this report and participation in due diligence procedures for which normal professional fees will be received. KPMG is the auditor of Finder and from time to time, KPMG also provides Finder with certain other professional services for which normal professional fees are received.

### **General advice warning**

This report has been prepared, and included in the Prospectus, to provide investors with general information only and does not take into account the objectives, financial situation or needs of any specific investor. It is not intended to take the place of



professional advice and investors should not make specific investment decisions in reliance on the information contained in this report. Before acting or relying on any information, an investor should consider whether it is appropriate for their circumstances having regard to their objectives, financial situation or needs.

#### **Design and Distribution Obligations (“DDO”)**

KPMG has made reasonable enquiries of Finder as to whether the underlying financial product pursuant to the Transaction is captured by Design and Distribution Obligations (“DDO”) regulations. Where a Target Market Determination (“TMD”) is required KPMG has reviewed the TMD to ensure the content of the IAR is consistent with the TMD.

#### **Restriction on use**

Without modifying our conclusions, we draw attention to section 3.2.1 of the Prospectus, which describes the purpose of the financial information, being for inclusion in the Prospectus. As a result, the financial information may not be suitable for use for another purpose. We disclaim any assumption of responsibility for any reliance on this report, or on the financial information to which it relates, for any purpose other than that for which it was prepared.

KPMG Transaction Services has consented to the inclusion of this Investigating Accountant's Report in the Prospectus in the form and context in which it is so included, but has not authorised the issue of the Prospectus. Accordingly, KPMG Transaction Services makes no representation regarding, and takes no responsibility for, any other statements, or material in, or omissions from, the Prospectus.

Yours faithfully



Matthew Kelly  
Authorised Representative





# KPMG Financial Advisory Services (Australia) Pty Ltd

ABN 43 007 363 215

Australian Financial Services Licence No. 246901

## Financial Services Guide

Dated 24 February 2022

### What is a Financial Services Guide (FSG)?

This FSG is designed to help you to decide whether to use any of the general financial product advice provided by **KPMG Financial Advisory Services (Australia) Pty Ltd ABN 43 007 363 215 (“KPMG FAS”)**, Australian Financial Services Licence Number 246901 (of which KPMG Transaction Services is a division) (**“KPMG Transaction Services”**), and Matthew Kelly as an authorised representative of KPMG Transaction Services, authorised representative number 000404260 (**Authorised Representative**).

This FSG includes information about:

- KPMG FAS and its Authorised Representative and how they can be contacted;
- The services KPMG FAS and its Authorised Representative are authorised to provide;
- How KPMG FAS and its Authorised Representative are paid;
- Any relevant associations or relationships of KPMG FAS and its Authorised Representative;
- How complaints are dealt with as well as information about internal and external dispute resolution systems and how you can access them; and
- The compensation arrangements that KPMG FAS has in place.

The distribution of this FSG by the Authorised Representative has been authorised by KPMG FAS.

This FSG forms part of an Investigating Accountant’s Report (Report) which has been prepared for inclusion in a disclosure document or, if you are offered a financial product for issue or sale, a Product Disclosure Statement (**PDS**). The purpose of the disclosure document or PDS is to help you make an informed decision in relation to a financial product. The contents of the disclosure document or PDS, as relevant, will include details such as the risks, benefits, and costs of acquiring the particular financial product.

### Financial services that KPMG FAS and the Authorised Representative are authorised to provide

KPMG FAS holds an Australian Financial Services Licence, which authorises it to provide, amongst other services, financial product advice for the following classes of financial products:

- Deposit and non-cash payment products;
- Derivatives;
- Foreign exchange contracts;
- Government debentures, stocks or bonds;
- Interests in managed investments schemes including investor directed portfolio services;
- Securities;
- Superannuation;
- Carbon units;
- Australian carbon credit units; and
- Eligible international emissions units, to retail and wholesale clients.



We provide financial product advice when engaged to prepare a report in relation to a transaction relating to one of these types of financial products. The Authorised Representative is authorised by KPMG FAS to provide financial product advice on KPMG FAS's behalf.

### **KPMG FAS and the Authorised Representative's responsibility to you**

KPMG FAS has been engaged by Finder Energy Holdings Limited (Client) to provide general financial product advice in the form of a Report to be included in Prospectus (Document) prepared by Finder Energy Holdings Limited in relation to its IPO (Transaction).

You have not engaged KPMG FAS or the Authorised Representative directly but have received a copy of the Report because you have been provided with a copy of the Document. Neither KPMG FAS nor the Authorised Representative are acting for any person other than the Client.

KPMG FAS and the Authorised Representative are responsible and accountable to you for ensuring that there is a reasonable basis for the conclusions in the Report.

### **General advice**

As KPMG FAS has been engaged by the Client, the Report only contains general advice as it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of the general advice in the Report having regard to your circumstances before you act on the general advice contained in the Report.

You should also consider the other parts of the Document before making any decision in relation to the Transaction.

### **Fees KPMG FAS may receive, and remuneration or other benefits received by our representatives**

KPMG FAS charges fees for preparing reports. These fees will usually be agreed with, and paid by, the Client. Fees are agreed on either a fixed fee or a time cost basis. In this instance, the Client has agreed to pay KPMG FAS \$45,000 for preparing the Report. KPMG FAS and its officers, representatives, related entities and associates will not receive any other fee or benefit in connection with the provision of the Report.

KPMG FAS officers and representatives (including the Authorised Representative) receive a salary or a partnership distribution from KPMG's Australian professional advisory and accounting practice (the **KPMG Partnership**). KPMG FAS' representatives (including the Authorised Representative) are eligible for bonuses based on overall productivity. Bonuses and other remuneration and benefits are not provided directly in connection with any engagement for the provision of general financial product advice in the Report.

Further details may be provided on request.

### **Referrals**

Neither KPMG FAS nor the Authorised Representative pay commissions or provide any other benefits to any person for referring customers to them in connection with a Report.

### **Associations and relationships**

Through a variety of corporate and trust structures KPMG FAS is controlled by and operates as part of the KPMG Partnership. KPMG FAS' directors and Authorised Representatives may be partners in the KPMG Partnership. The Authorised Representative is a partner in the KPMG Partnership. The financial product advice in the Report is provided by KPMG FAS and the Authorised Representative and not by the KPMG Partnership.

From time to time KPMG FAS, the KPMG Partnership and related entities (KPMG entities) may provide professional services, including audit, tax and financial advisory services, to companies and issuers of financial products in the ordinary course of their businesses.

No individual involved in the preparation of this Report holds a substantial interest in, or is a substantial creditor of, the Client or has other material financial interests in the transaction.



## Complaints resolution

### Internal complaints resolution process

If you have a complaint, please let KPMG FAS or the Authorised Representative know. Complaints can be sent in writing to The Complaints Officer, KPMG, GPO Box 2291U, Melbourne, VIC 3000 or [via email](mailto:AU-FM-AFSL-COMPLAINT@kpmg.com.au) (AU-FM-AFSL-COMPLAINT@kpmg.com.au). If you have difficulty in putting your complaint in writing, please telephone the Complaints Officer on (03) 9288 5555 and they will assist you in documenting your complaint.

We will acknowledge receipt of your complaint, in writing, within 1 business day or as soon as practicable.

Following an investigation of your complaint, you will receive a written response within 30 calendar days. If KPMG FAS is unable to resolve your complaint within 30 calendar days, we will let you know the reasons for the delay and advise you of your right to refer the matter to the Australian Financial Complaints Authority (**AFCA**).

### External complaints resolution process

If KPMG FAS or the Authorised Representative cannot resolve your complaint to your satisfaction within 30 calendar days, you can refer the matter to AFCA. AFCA is an independent body that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry. KPMG FAS is a member of AFCA (member no 11690).

Further details about AFCA are available at the AFCA website [www.afca.org.au](http://www.afca.org.au) or by contacting them directly at:

Address: Australian Financial Complaints Authority Limited, GPO Box 3, Melbourne Victoria 3001  
Telephone: 1800 931 678

Email: [info@afca.org.au](mailto:info@afca.org.au)

The Australian Securities and Investments Commission also has a freecall infoline on 1300 300 630 which you may use to obtain information about your rights.

## Compensation arrangements

KPMG FAS holds professional indemnity insurance cover in accordance with section 912B of the *Corporations Act 2001(Cth)*.

## Contact details

You may contact KPMG FAS or the Authorised Representative using the below contact details:

KPMG Transaction Services (a division of KPMG Financial Advisory Services (Australia) Pty Ltd)  
Level 38, International Towers Three  
300 Barangaroo Avenue  
Sydney NSW 2000

PO Box H67  
Australia Square  
NSW 1213  
Telephone: (02) 9335 7621  
Facsimile: (02) 9335 7001

Matthew Kelly

C/O KPMG  
PO Box H67  
Australia Square  
NSW 1213

Telephone: (02) 9335 7621  
Facsimile: (02) 9335 7001



# Annexure F – Independent Technical Specialist’s Report

---



Prepared For: Finder Energy Holdings Limited

By: ERCE

Date: 11 February 2022

**ERce**

Independent Energy Experts



Approved by:                      Stewart Easton  
Date released to client:        11 February 2022



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11 February 2022

The Directors

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South Perth WA 6151  
Australia

### **Re: Independent Technical Specialist Report for IPO Prospectus**

In accordance with our engagement P5807 dated 6 December 2021, ERC Equipoise Pte Ltd (“ERCE”) has prepared an Independent Technical Specialist Report (“ITSR”) including an evaluation of the Prospective Resources for key prospects to be indirectly held by Finder Energy Holdings Limited (“Finder”) located in the North West Shelf, Australia (WA-412P, AC/P61, WA-547-P, WA-542-P, WA-520-P) and the North Sea, UK (P2524, P2528, P2530, P2502, P2317).

This ITSR (herein the “Report”) has been prepared to support filing on the Australian Securities Exchange (“ASX”) and is prepared in accordance with ASX Listing Rules (Guidance Note 32 – Reporting on Oil & Gas Activities) and the June 2018 SPE/WPC/AAPG/SPEE/SEG/SPWLA/EAGE Petroleum Resources Management System (PRMS) as the standard for classification and reporting. A summary of the PRMS is found in Appendix 1 of the Report. The full text can be downloaded from:

[https://secure.spee.org/sites/spee.org/files/prmgmtsystem\\_final\\_2018.pdf](https://secure.spee.org/sites/spee.org/files/prmgmtsystem_final_2018.pdf).

Nomenclature that may be used in this Competent Persons Report (CPR) and the enclosed Report is summarised in Appendix 2: Nomenclature.

The evaluation date (“Evaluation Date”) of this Report is 11 February 2022.

### **Use of the Report**

ERCE understands that this ITSR has been prepared for the purposes of being included, in its entirety, in the admission document prepared by ERCE in relation to the admission of the shares of Finder to the Australian Stock Exchange, and hereby consents to the inclusion of this ITSR in that document and also to using references to the ITSR in any other applicable disclosure document. This ITSR may not be used for any other purpose without the prior written approval of a Director of ERCE.

Finder agrees to ensure that any publication or use of this Report which makes reference to ERCE shall be published or quoted in its entirety and Finder shall not publish or use extracts of this Report or any edited or amended version of this Report, without the prior written consent of ERCE.



In the case that any part of this Report is delivered in digital format, ERCE does not accept any responsibility for edits carried out by the client or any third party or otherwise after such material has been sent by ERCE to the client.

### **Disclaimer**

ERCE has used standard petroleum evaluation techniques in the generation of this Report. These techniques combine geophysical and geological knowledge with assessments of porosity and permeability distributions, fluid characteristics, production performance and reservoir pressure. There is uncertainty in the measurement and interpretation of basic data. ERCE has estimated the degree of this uncertainty and determined the range of petroleum initially in place and recoverable hydrocarbon volumes. In applying these procedures and tests, nothing came to the attention of ERCE that would suggest that information provided by Finder was not complete and accurate. ERCE reserves the right to review all calculations referred to or included in this Report and to revise the estimates in light of erroneous data supplied or information existing but not made available which becomes known subsequent to the preparation of this ITSR.

Prospective Resources is a function of the quality and quantity of available data and of engineering interpretation and judgment. Prospective Resources presented herein are considered reasonable, the estimates should be accepted with the understanding that reservoir performance subsequent to the date of the estimate may justify revision, either upward or downward.

In the case of Prospective Resources presented in this Report, there is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources.

No site visits were undertaken in the preparation of this ITSR.

### **Professional Qualifications**

ERCE is an independent consultancy specialising in geoscience evaluation, engineering and economic assessment. All ERCE staff engaged in this assignment are professionally qualified engineers, geoscientists or analysts with most having more than 20 years of work experience. ERCE will receive a fee for the ITSR and preparation of this Report in accordance with normal professional consulting practices. This fee is not dependent on the findings of this ITSR and ERCE will receive no other benefit for the preparation of this ITSR.

Neither ERCE nor any staff involved with the ITSR or preparation of the Report have any beneficial interest in Finder or the outcome of the technical assessment informing this ITSR being capable of affecting its independence. Consequently, ERCE, its staff and the Directors of ERCE consider themselves to be independent of Finder, its directors and senior management.



ERCE directors and staff involved in this ITSR and Report have the relevant and appropriate qualifications, experience and technical knowledge to appraise professionally and independently the assets.

The ITSR and preparation of this Report has been supervised by Stewart Easton Director of ERCE, a post-graduate in Geology, a Fellow of the Geological Society and a member of the Society of Petroleum Evaluation Engineers. Mr Easton is experienced in assessing petroleum reserves and resources estimates with over 23 years' relevant industry experience. Mr Easton has adhered to the ASX Listing Rules Guidance Note 32 and his qualifications and experience meet the requirements to act as a Competent Person to Report Prospective Resources under PRMS and the Prospectus based on the information in the form and context in which it appears.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Stewart Easton', with a stylized, cursive script.

Stewart Easton

Director, ERCE



## 1. Executive Summary

Finder Operations Pty Ltd (“Finder Operations”) currently has interests in ten permits, five offshore Western Australia and five offshore United Kingdom. As part of the IPO restructure, Finder Energy Holdings Limited (“Finder”) will acquire all the shares in Finder Operations. A summary of Finder Operations’ permit interest is summarised in Table 1.1.

**Table 1.1: Finder Operations’ Permit Interest**

Country	Permit <sup>1</sup>	Equity
Australia	WA-412-P	15%
Australia	AC/P61	50%
Australia	WA-547-P	100%
Australia	WA-542-P <sup>2</sup>	100%
Australia	WA-520-P <sup>3</sup>	100%
UK	P2317	100%
UK	P2524	40%
UK	P2502	50%
UK	P2528	100%
UK	P2530	100%

**Notes:**

1. Australian permits are Petroleum Exploration Permits granted under the Offshore Petroleum and Greenhouse Gas Storage Act 2006 (Cth), and UK permits are Seaward Production (Innovate) Licences granted under the Petroleum Act 1998
2. Finder Operations has a Call Option to acquire all of the interest WA-542-P.
3. 50% of Finder Operations’ economic interest is held on trust for Fugro Exploration Pty Ltd.

Finder Operations has identified several prospects and leads within these permits. ERCE has evaluated the Prospective Resources and associated geological risk for its key Australian prospects, being those prospects that are considered material to shareholders assessment of the Report. For permits where Prospective Resources are not included, ERCE confirm that Finder Operations is still completing technical and commercial studies to progress the prospectivity. ERCE have provided a review of each permit and work program commitments. Finder Operations’ key gross, unrisks Prospective Resources for its Australian prospects are summarised Table 1.2 and its Net Working Interest based on equity interest is summarised in Table 1.3.



**Table 1.2: Gross, unrisked Prospective Resources for Finder Operations' Australian Assets as of 11 February 2022**

Permit	Prospect	Formation	STOIIP (MMstb)				Unrisked Prospective Oil Resources (MMstb)			
			Low	Best	High	Mean	1U	2U	3U	Mean
WA-412-P	Kanga	Legendre	181.4	340.1	573.1	363.8	63.5	170.1	372.5	181.9
AC/P61	Gem	Plover	131.7	273.6	492.2	298.0	46.1	136.8	319.9	149.0
WA-547-P	Favre	Barret	197.9	426.4	855.7	488.6	69.3	213.2	556.2	244.3
	Brady	Caley	71.7	172.1	360.1	200.1	25.1	86.1	234.0	100.0
	Brees	Barret	155.0	295.6	502.7	316.2	54.2	147.8	326.7	158.1
		Caley	46.1	121.4	297.8	153.9	16.1	60.7	193.6	77.0

**Notes:**

1. The Prospective Resources presented here are the result of probabilistic method using Monte Carlo simulation for a single zone reservoir. Recovery factor has been applied deterministically to the STOIIP.
2. Gross Prospective Resources do not consider Finder Operations' percentage working interest but are limited to resource estimates constrained to the block boundary.
3. The Prospective Resources have also not been adjusted for the geological chance of success (COS) or chance of development (COD). Quantifying the COD requires consideration of both economic contingencies and other contingencies, such as legal, regulatory, market access, political, social license, internal and external approvals and commitment to project finance and development timing.
4. The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate 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.

**Table 1.3: Unrisked, net entitlement Prospective Resources for Finder Operations' Australian Assets as of 11 February 2022**

Permit	Prospect	Formation	STOIIP (MMstb)				Unrisked Prospective Oil Resources (MMstb)			
			Low	Best	High	Mean	1U	2U	3U	Mean
WA-412-P	Kanga	Legendre	27.2	51.0	86.0	54.6	9.5	25.5	55.9	27.3
AC/P61	Gem	Plover	65.8	136.8	246.1	149.0	23.0	68.4	160.0	74.5
WA-547-P	Favre	Barret	197.9	426.4	855.7	488.6	69.3	213.2	556.2	244.3
	Brady	Caley	71.7	172.1	360.1	200.1	25.1	86.1	234.0	100.0
	Brees	Barret	155.0	295.6	502.7	316.2	54.2	147.8	326.7	158.1
		Caley	46.1	121.4	297.8	153.9	16.1	60.7	193.6	77.0

**Notes:**

1. The Prospective Resources presented here are the result of probabilistic method using Monte Carlo simulation for a single zone reservoir. Recovery factor has been applied deterministically to the STOIIP.
2. Net working Interest Prospective Resources are based on Finder Operations' working interest percent in the permit. (15% of WA-412-P, 50% of AC/P61, 100% of WA-547-P.)
3. The Prospective Resources have also not been adjusted for the geological chance of success (COS) or chance of development (COD). Quantifying the COD requires consideration of both economic contingencies and other contingencies, such as legal, regulatory, market access, political, social license, internal and external approvals and commitment to project finance and development timing.
4. The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate 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.



The Prospective Resources have not been adjusted for the chance of development. Quantifying the chance of development (COD) requires consideration of both economic contingencies and other contingencies, such as legal, regulatory, market access, political, social license, internal and external approvals and commitment to project finance and development timing and was beyond the scope of the project. ERCE evaluates the geological chance of success (COS) for each prospect as summarised in Table 1.4. These risks may change over time as additional data is acquired.

**Table 1.4: Geological risk matrix Finder Operations' Australian assets**

Permit	Prospect	Formation	Geological Risk Matrix				COS
			Reservoir	Source	Trap	Seal	
WA-412-P	Kanga	Legendre	100%	50%	80%	90%	36%
AC/P61	Gem	Plover	90%	80%	90%	50%	32%
WA-547-P	Favre	Barret	80%	60%	70%	60%	20%
	Brady	Caley	60%	60%	60%	60%	13%
	Brees	Barret	80%	60%	90%	70%	30%
		Caley	40%	60%	90%	70%	15%

**Notes:**

1. COS represents the geological chance of success of the prospect. The Prospective Resources have not been adjusted for the chance of development. Quantifying the chance of development (COD) requires consideration of both economic contingencies and other contingencies, such as legal, regulatory, market access, political, social license, internal and external approvals and commitment to project finance and development timing. As many of these factors are out-with the knowledge of ERCE they must be used with caution.
2. ERCE has made estimates only for the most likely hydrocarbon phase expected in the success case. The COS shown here exclude phase risk which ERCE has estimated to be 20% chance of gas (80% chance of oil) for Kanga and 30% chance of gas (70% chance of oil) for Gem, Favre, Brady and Brees.



## 2. Introduction

The Finder Operations Australian permits are within the Northern Carnarvon Basin and the Vulcan Sub-basin area of the Bonaparte Basin (Figure 2.1).

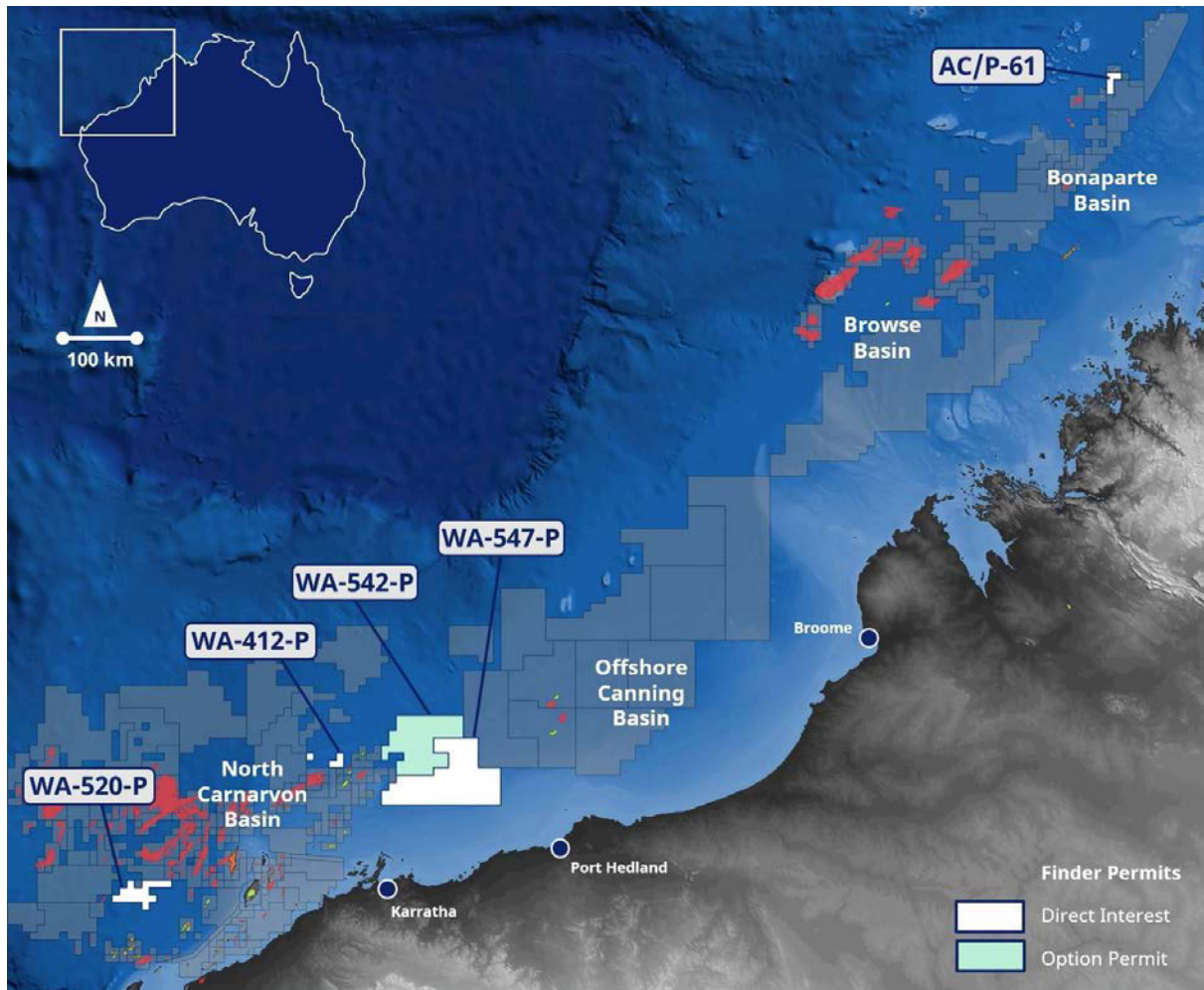
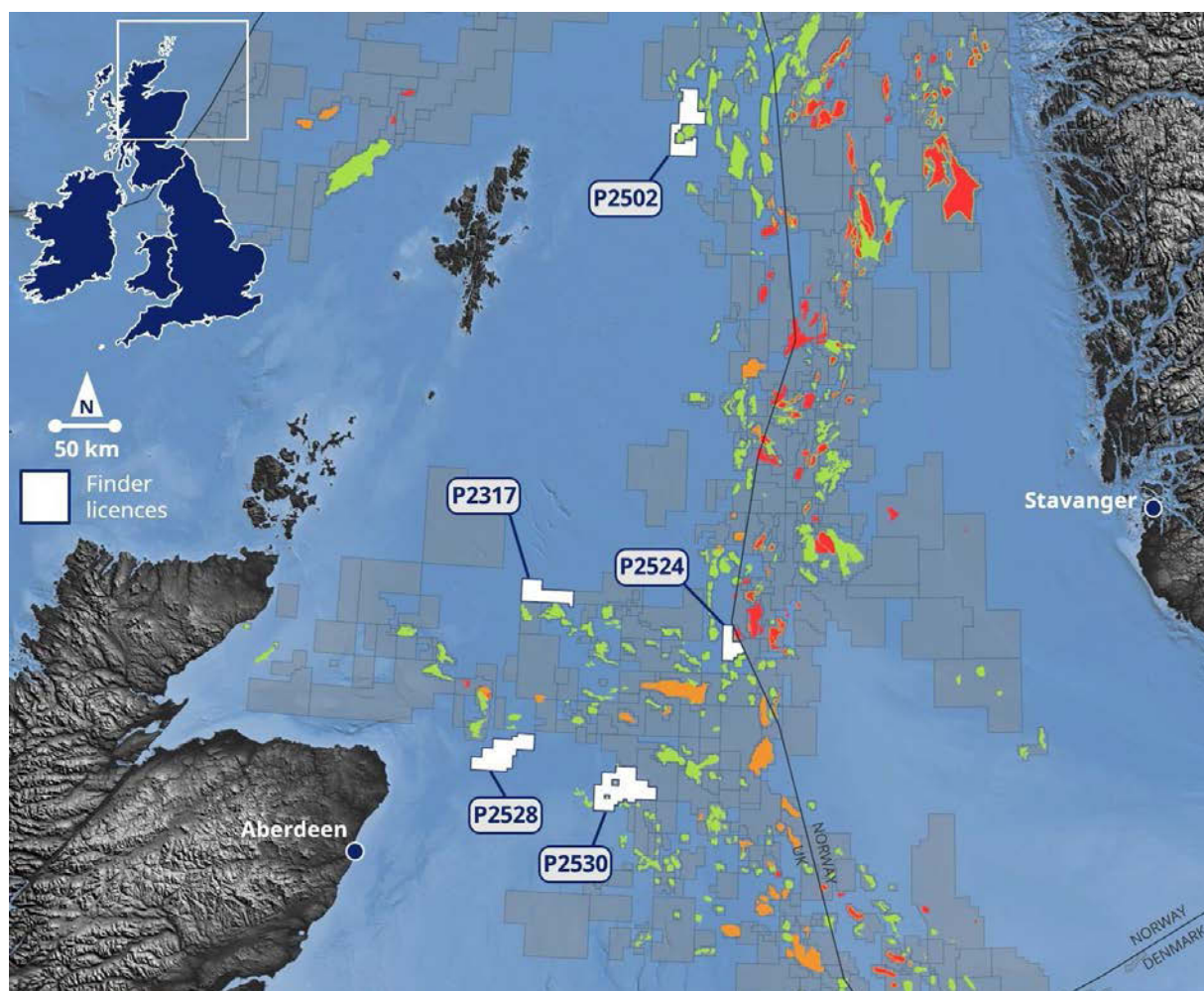


Figure 2.1: Location map of blocks in North-West Shelf and Vulcan Subbasin, Australia

(Source: Finder)



The Finder Operations UK permits are located in the North Sea, shown in Figure 2.2.



**Figure 2.2 Location map of blocks in North Sea, UK**

*(Source: Finder)*

ERCE completed an evaluation of Finder Operations' key prospects (Table 2.1). For permits where Prospective Resources are not included, ERCE confirm that Finder Operations is still completing technical and commercial studies to progress the prospectivity. ERCE have provided a review of each permit and work program commitments.



**Table 2.1: Summary of Finder Operations' Net Prospective Resources as of 11 February 2022**

Permit	Country	Equity	Prospect	Unrisked Prospective Oil Resources (MMstb)				Geo-logical COS
				1U	2U	3U	Mean	
WA-412-P	Australia	15%	Kanga	9.5	25.5	55.9	27.3	36%
AC/P61	Australia	50%	Gem	23.0	68.4	160.0	74.5	32%
WA-547-P	Australia	100%	Favre	69.3	213.2	556.2	244.3	20%
			Brady	25.1	86.1	234.0	100.0	13%
			Brees	54.2	147.8	326.7	158.1	30%
				16.1	60.7	193.6	77.0	15%

**Notes:**

1. The Net Working Interest Prospective Resources presented here are the result of probabilistic method using Monte Carlo simulation for a single zone reservoir with a deterministic recovery factor applied.
2. Net Working Interest Prospective Resources are based on working interest percent in the permit. (15% of WA-412-P, 50% of AC/P61 and 100% of WA-547-P)
3. The Prospective Resources have also not been adjusted for the geological chance of success (COS) or chance of development (COD). Quantifying the COD requires consideration of both economic contingencies and other contingencies, such as legal, regulatory, market access, political, social license, internal and external approvals and commitment to project finance and development timing.
4. COS represents the geological chance of success.
5. ERCE has made estimates only for the most likely hydrocarbon phase expected in the success case. The COS shown here exclude phase risk which ERCE has estimated to be 20% chance of gas (80% chance of oil) for Kanga and 30% chance of gas (70% chance of oil) for Gem, Favre, Brady and Brees.
6. The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate 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.



## **2.1. Data Provided**

ERCE has relied upon data and information made available by Finder. These data comprise details of Finder Operations' licence interests, seismic data, basic exploration and engineering data (including well logs, core, PVT and test data), technical reports, interpreted data (including seismic interpretation), production and injection data and the field development plans. ERCE has reviewed data made available through to 24 December 2021.

No site visit was undertaken in the preparation of this Report.

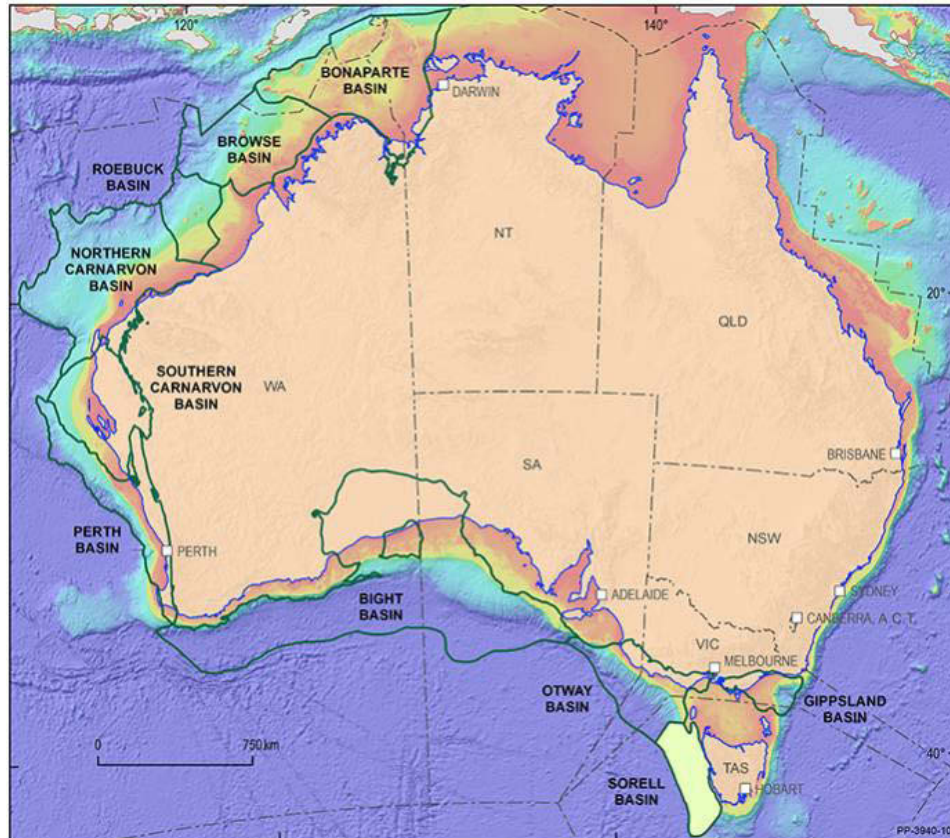
## **2.2. Work Completed**

ERCE has used standard petroleum evaluation techniques in the generation of this Report. These techniques combine geophysical and geological knowledge with assessments of porosity and permeability distributions, fluid characteristics, production performance and reservoir pressure. There is uncertainty in the measurement and interpretation of basic data. We have estimated the degree of this uncertainty and determined the range of petroleum initially in place. We have prepared estimates of recovery factors based on consideration of the results of production performance analysis, reservoir simulation models, classical reservoir engineering calculations and the performances of analogue fields. We have derived independent estimates of Prospective Resources of oil and gas.



### 3. North-West Shelf, Australia

The Finder Operations permits are within the Northern Carnarvon Basin and the Vulcan Sub-basin basin of the Bonaparte Basin, North-West Shelf, Australia (Figure 3.1).



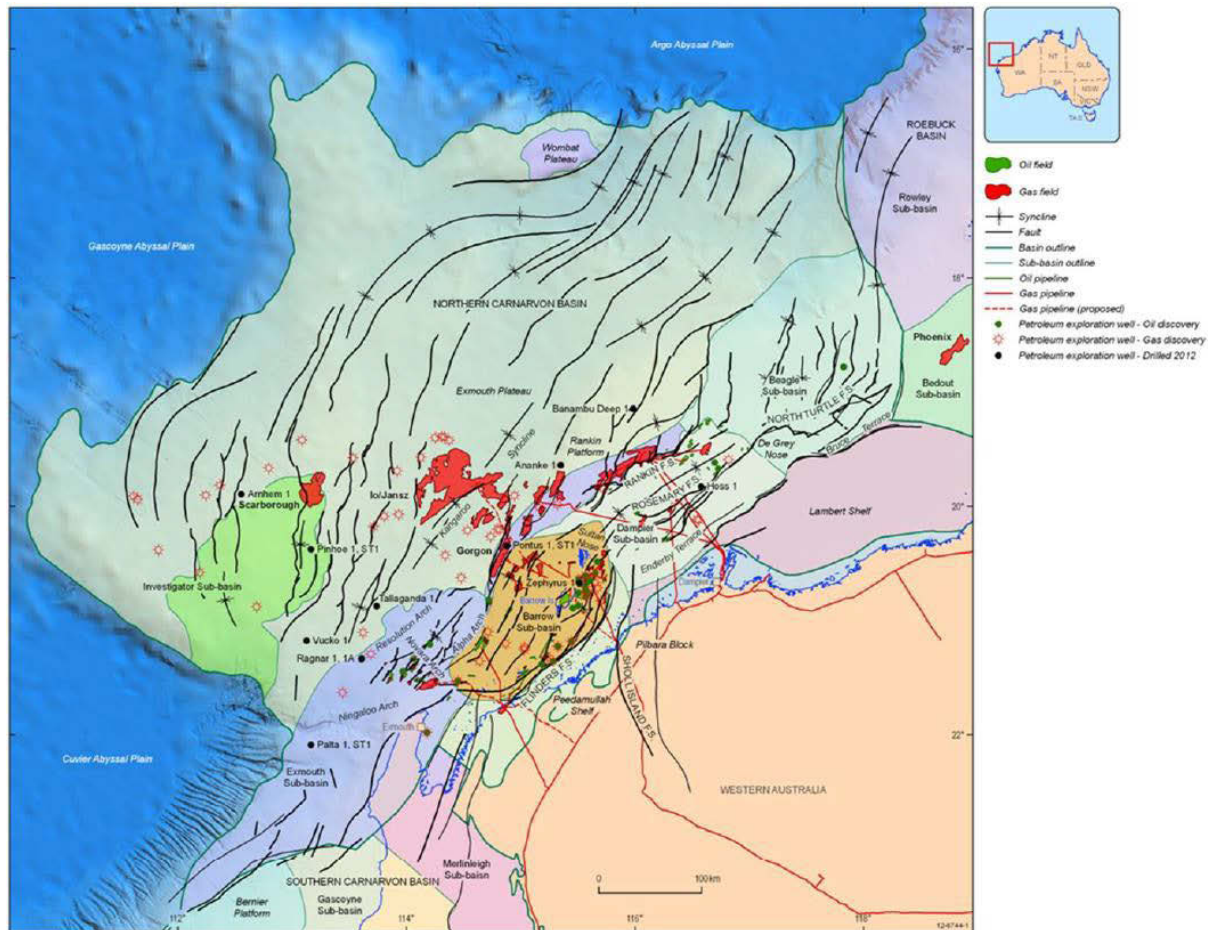
**Figure 3.1: Australia's offshore sedimentary basins**

(Source: Geoscience Australia)

#### 3.1. Northern Carnarvon Basin

The Palaeozoic-Recent Northern Carnarvon Basin is a large, mainly offshore, basin on the northwest shelf of Australia. The major basin faults trend north or northeast and define a series of structural highs and sub-basins (Figure 3.2). The offshore Northern Carnarvon Basin covers approximately 535,000 km<sup>2</sup> with water depths up to 3,500 m and comprises up to 15,000 m of largely Mesozoic sedimentary rocks. Almost all the hydrocarbon resources in the basin are in reservoirs within the Upper Triassic, Jurassic and Lower Cretaceous sandstones, beneath the regional Early Cretaceous seal.





**Figure 3.2: Major structural elements of the Northern Carnarvon Basin**  
(modified from DRET, 2013)

The offshore part of the Northern Carnarvon Basin evolved from a pre-rift, predominantly sag-type basin in the Late Paleozoic, through a tectonically active period of syn-rift sub-basins in the Jurassic, to a passive margin carbonate shelf in the from the Late Cretaceous. Offshore the Northern Carnarvon Basin comprises the inboard Exmouth, Barrow, Dampier and Beagle sub-basins, and outboard the Exmouth Plateau, including the Rankin Platform, Kangaroo Syncline and Wombat Plateau.

The main trap styles in the basin are drape anticlines, horsts, fault roll-over structures and stratigraphic pinch-outs beneath the regional seal. The stratigraphic level of top-porosity, ranging from the Late Triassic Mungaroo Formation to the Early Cretaceous Mardie Greensand beneath the regional seal, generally becomes progressively younger in the landward direction. Regional stratigraphy of the Northern Carnarvon Basin is shown in Figure 3.3.



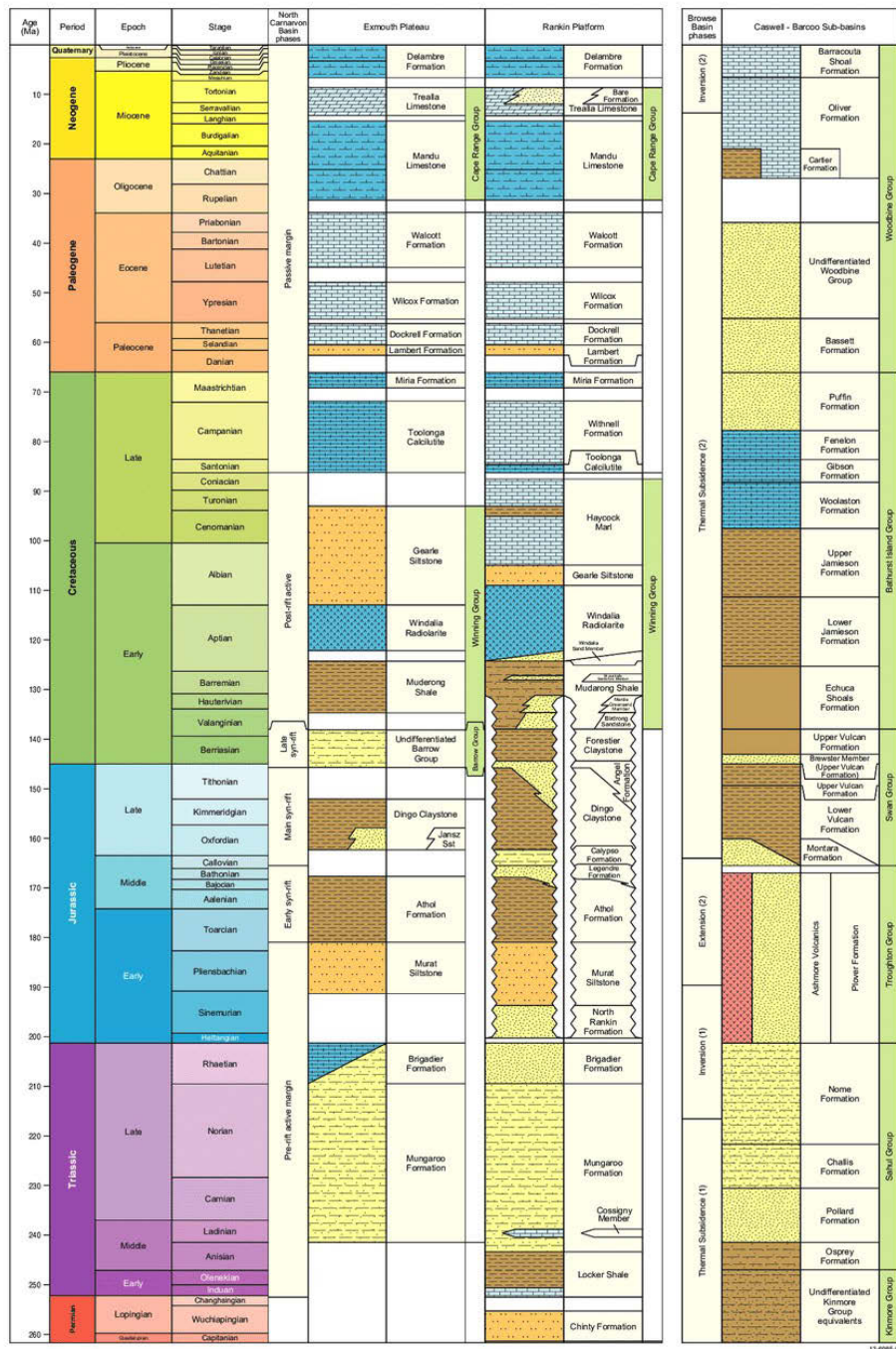


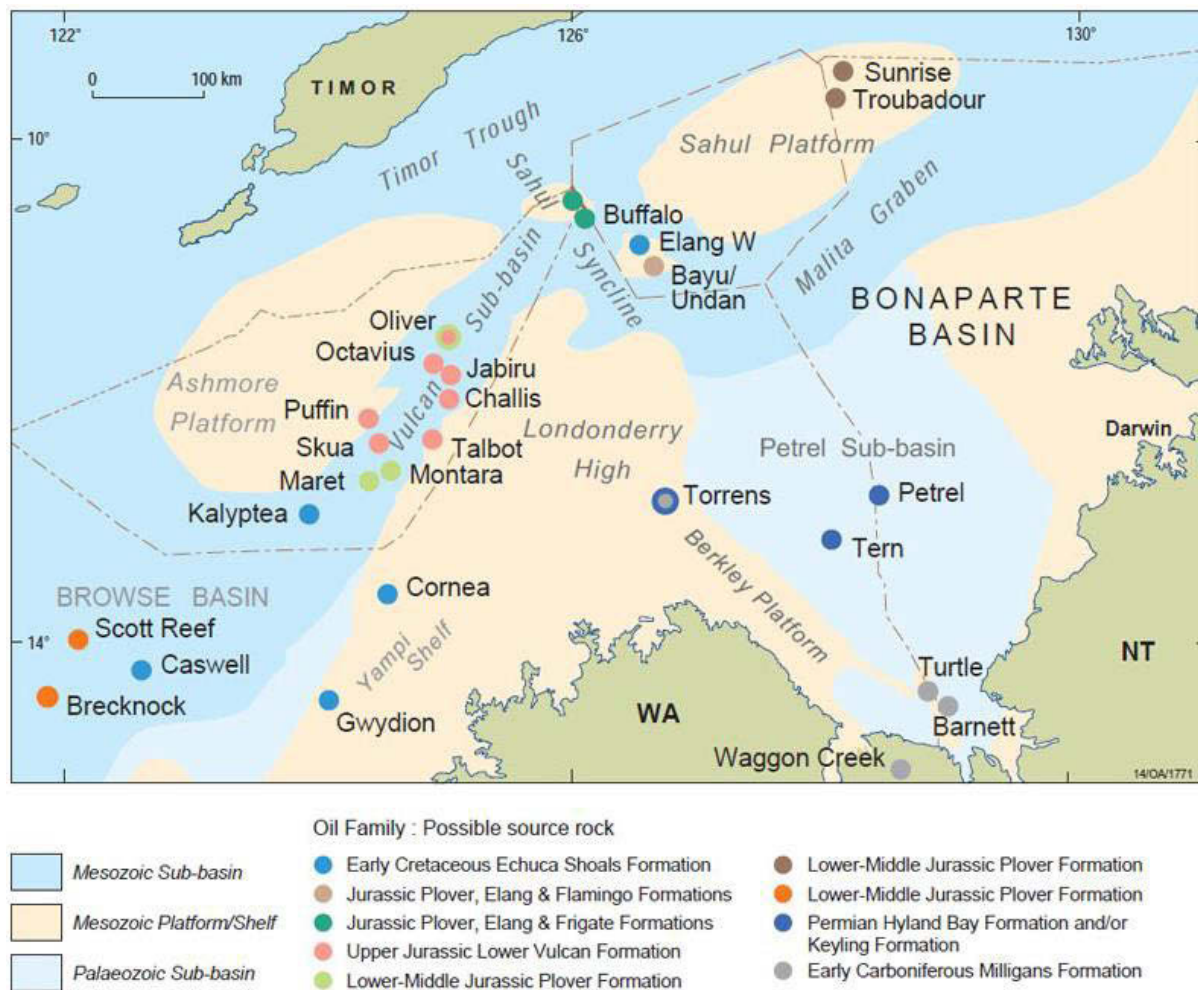
Figure 3.3: Regional Stratigraphy of the Northern Carnarvon Basin.

(Source: Lewis and Sircombe, 2013)



### 3.2. Vulcan sub-basin of the Bonaparte Basin

The Bonaparte Basin consists of the following structural elements: Ashmore Platform, Vulcan Sub-basin, Londonderry High, Petrel Sub-basin, Darwin Shelf, Malita Graben, Sahul Syncline Nancarrow Trough, Laminaria High, Flamingo High, Flamingo Syncline, Sahul Platform, Sahul Syncline, Troubadour Terrace, Calder Graben (Figure 3.4).



**Figure 3.4: Bonaparte Basin structural elements**

(Source: Geoscience Australia)

The basin developed during two phases of Palaeozoic extension and Late Triassic compression prior to the onset of Mesozoic extension. Initial rifting occurred in the Late Devonian (NW-trending Petrel Sub-basin) and was orthogonally overprinted in the Late Carboniferous to Early Permian by NE-trending rift basins (proto-Malita and proto-Vulcan depocentres). Regional N-S compression in the Late Triassic resulted in widespread uplift and erosion, and, together with salt tectonics. Erosion and collapse of these uplifted areas led to the widespread deposition of Lower-

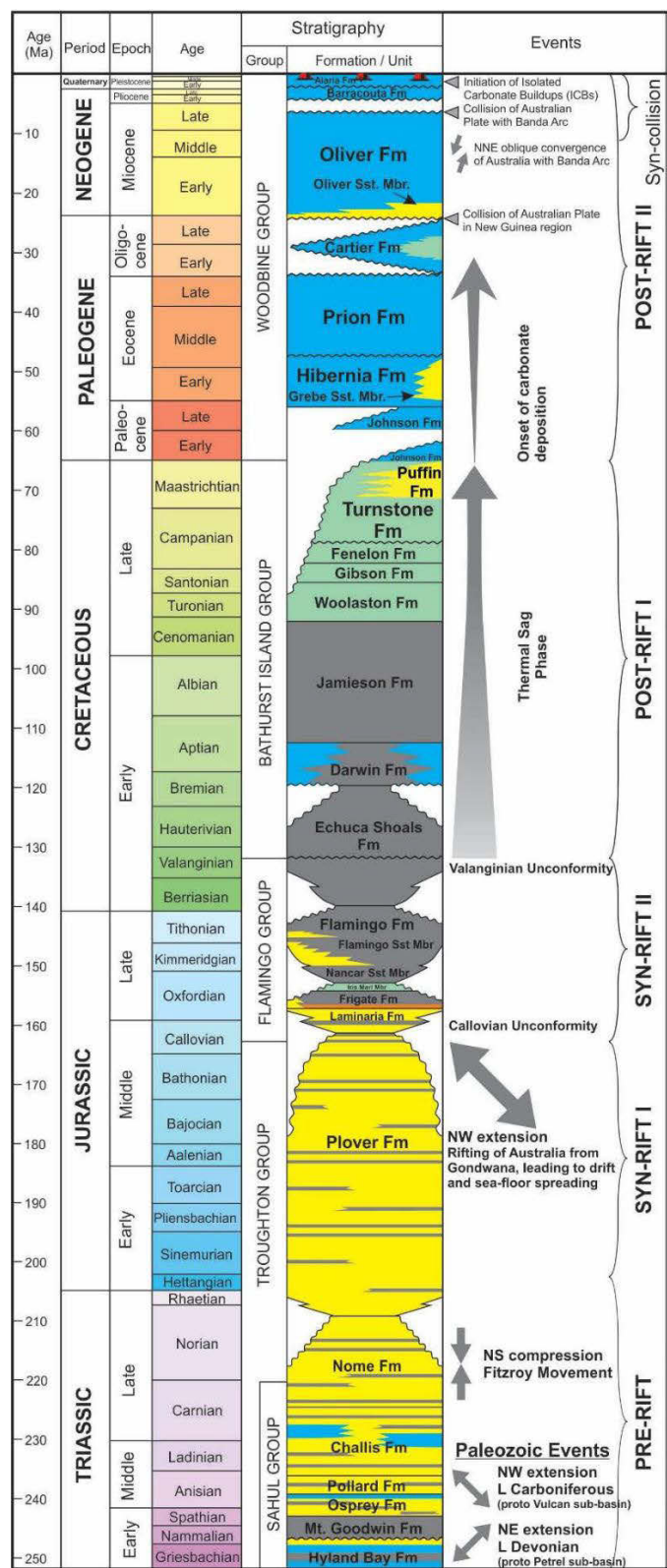


Middle Jurassic 'redbeds' and fluvio-deltaic clastics. Late Jurassic extension resulted in a series of linked, NE-trending (Vulcan Sub-basin, Malita and Calder Grabens) and SE-trending (Sahul Syncline) intracontinental grabens.

The Jurassic depocentres contain thick marine mudstones flanked by fan delta sandstones. A thick post-rift Cretaceous-Tertiary succession is dominated by fine-grained clastic and carbonate facies. Late Miocene-Pliocene convergence of the Australian and Eurasian plates resulted in flexural downwarp of the Timor Trough and widespread reactivation of the previous extensional fault systems.

The most prospective part of the Bonaparte Basin includes the Vulcan Sub-basin, Laminaria-Flamingo High and northern Sahul Platform. Oils in the basin are normally very light. The Late Jurassic marine section is the major source interval in the outboard grabens, together with Middle-Lower Jurassic marine shales and coastal plain coals. Regional stratigraphy of the Bonaparte Basin is shown in Figure 3.5.





### Figure 3.5: Regional Stratigraphy of the Bonaparte Basin



### 3.3. WA-412-P

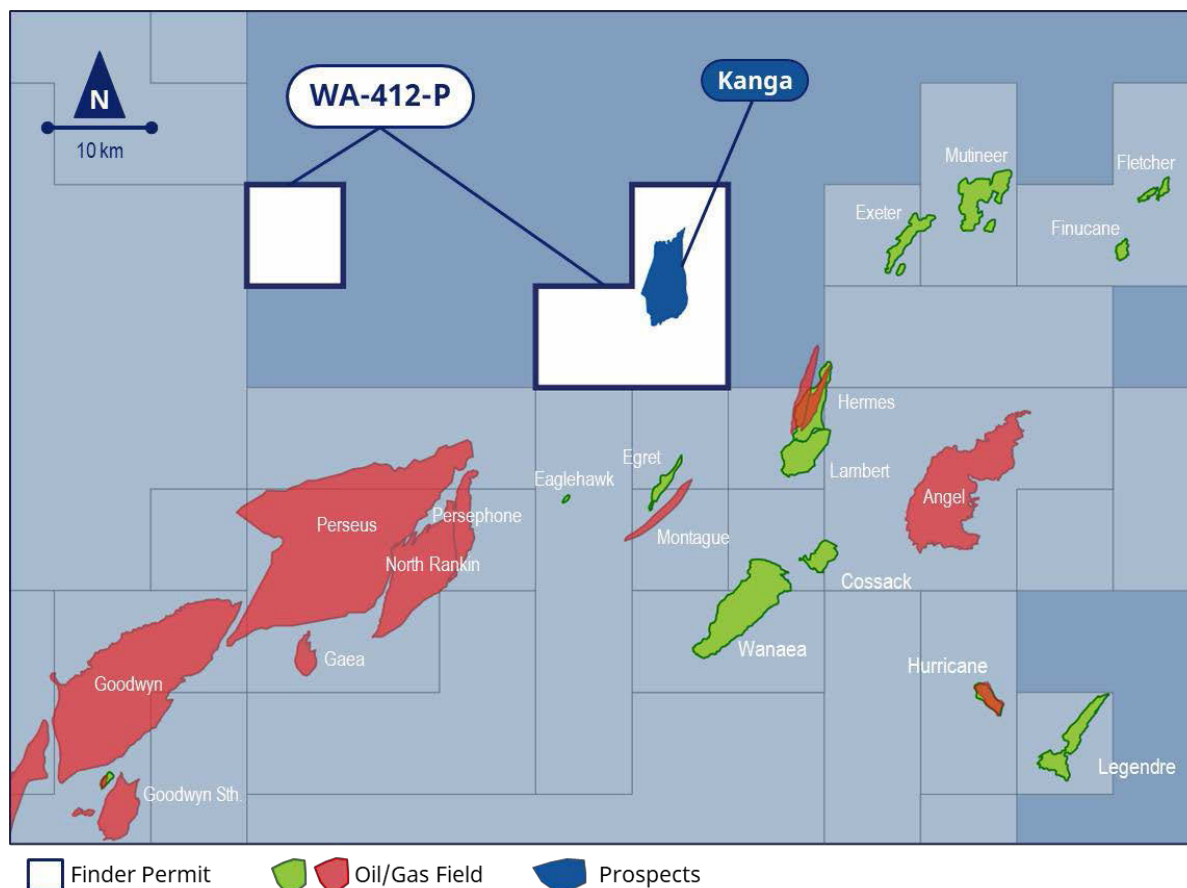
WA-412-P (Figure 3.6) was originally awarded to Japan Energy E&P Australia (JEA) on the 13 of June 2008. The Judo 3D seismic survey was acquired in the following year. During late 2010 and through to early 2011 JEA drilled well Fullswing-1 as a commitment well, however, the well was dry. Dry hole analysis indicated the absence of hydrocarbons was due to an invalid trap definition (no trap present).

Finder Operations farmed into WA-412-P in June 2012 and acquired 35% equity, with JEA retaining 65% equity and operatorship of the permit. Finder Operations' equity in the permit was subject to the terms of a Cooperation Agreement whereby Fugro Exploration Pty Ltd ("Fugro") provided funding in relation to the permit and Finder Operations and Fugro shared income derived from Finder Operations' equity interest. The main Kanga prospect was initially identified from Finder Operations' regional mapping. Between 2012 to 2014 PSDM reprocessing, seismic interpretation, and geochemical analysis was carried out to further define the Kanga Prospect. In mid-2014, JEA withdrew from WA-412-P and transferred their 65% equity to Finder.

Finder Operations renewed WA-412-P for a second term on September 10 2014. During late 2018 Finder Operations farmed out 70% working interest and operatorship of the permit to SapuraOMV Upstream (Western Australia) Pty Ltd (SapuraOMV (WA)). In 2020, Finder Operations and Fugro executed a new Deed which agreed to wind up arrangements under the Cooperation Agreement and each directly hold a 15% interest in the permit.

The partnership plans to drill the Kanga prospect and the estimated spud date for Kanga-1 is 1 May 2022.





**Figure 3.6: Location map of blocks WA-412-P in North-West Shelf, Australia.**

(Source: Finder)

WA-412-P is located at the boundary of four major elements of the Northern Carnarvon Basin. WA-412-P sits at the northern end of the Rankin Platform, north of the permit is the inboard section of the Exmouth Plateau and to the northeast is the Beagle sub-basin (Figure 3.2).

Directly south of WA-412-P are the northern-most oil and gas fields of the Dampier Sub-basin, with Wanaea, Cossack, Egret, Hermes and Lambert oil accumulations and the Angel gas field located to the SE and Mutineer, Exeter, Fletcher and Finucane oil fields located due east of WA-412-P. The Perseus, North Rankin and Goodwyn gas fields to the southwest (Figure 3.6).

The target reservoirs are the late Jurassic (Tithonian), syn-rift Angel Formation, consisting of lower-slope to basin floor fan sandstone facies. The Angel Formation is present in wells Bounty-2 and -3, Exeter-3, Montague-1 and West Dixon-1, with production from Lambert, Hermes, Egret, Wanaea and Cossack Fields. Reservoir quality is excellent, with average porosities of 18% and permeability ranges of 400md to 3 darcy in the Angel Sandstones of the Mutineer and Exeter Fields.



The target reservoirs are the late Jurassic (Tithonian), syn-rift Angel Formation and the mid Jurassic (Bathonian) Legendre Formation. The Angel Formation consist of lower-slope to basin floor fan sandstone facies. The Angel Formation is present in wells Bounty-2 and -3, Exeter-3, Montague-1 and West Dixon-1, with production from Lambert, Hermes, Egret, Wanaea and Cossack Fields. Reservoir quality is excellent, with average porosities of 18% and permeability ranges of 400md to 3 darcy in the Angel Sandstones of the Mutineer and Exeter Fields.

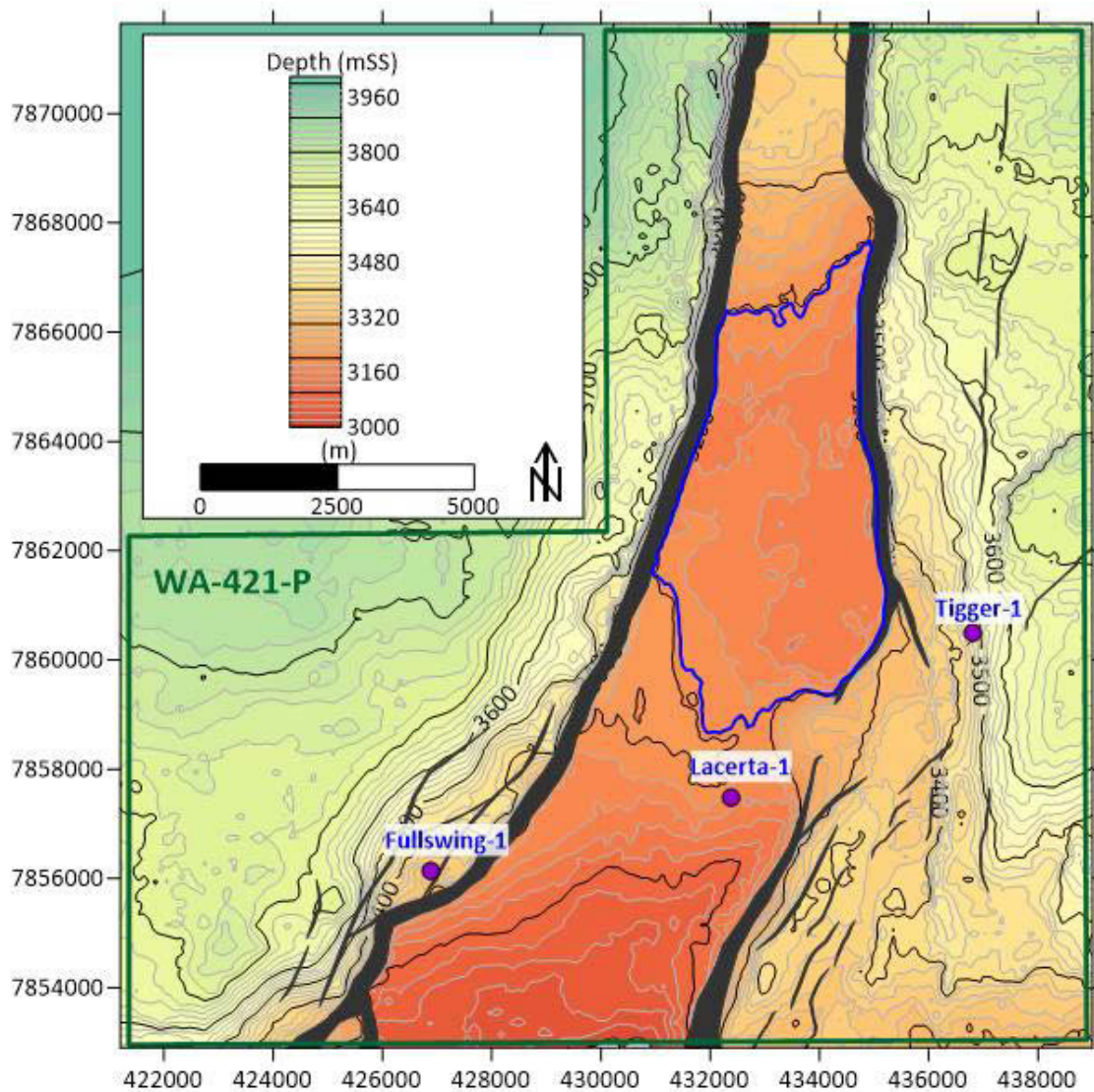
The mid Jurassic (Bathonian) fluvio-deltaic sandstones Legendre Formation reservoir consists of high-quality, high net to gross sandstone facies. Production from the Legendre Formation includes the Mutineer oil field, Persephone and Perseus gas fields, along with reservoir sections present in Wells Bounty-2 and Bounty-3.

Reservoirs are sealed by claystones of the regionally continuous Forestier Claystone (Valanginian – Berriasian) and Muderong Shale (Aptian – Valanginian), with notable occurrences at oil-bearing in the Egret, Hermes and Lambert Fields, 10 to 15km to the south and south-east, and in the Exeter and Pitcairn-Mutineer-Norfolk Fields, 20 to 30km to the north-east.

### **3.3.1. Kanga Prospect**

The Kanga structure (Figure 3.7) is fully contained in the WA-412-P permit, in approximately 120m of water. It is located approximately 20 km west of the Mutineer/Exeter oil fields. The low relief horst structure is well defined on the reprocessed 2012 Judo 3D PSDM, and 2018 Judo 3D high-resolution PSTM seismic surveys. Proposed Well Kanga-1 is scheduled to spud in May 2022.





**Figure 3.7: Best case depth map of the Kanga structure (Top Legendre Formation)**

*Blue line indicates Kanga structural spill point or expected oil water contact.*

The faults defining the Kanga horst are well imaged on the Judo 3D. Seismic reflectors in both the overburden and top reservoir intervals are consistent and easily mappable over a large area, making well-to-seismic correlations robust across the prospect (Figure 3.8). ERCE undertook a workstation review of Finder Operations' interpretation and received basic interpretive products from Finder. ERCE generated grids from Finder Operations' interpretation for GRV calculations.



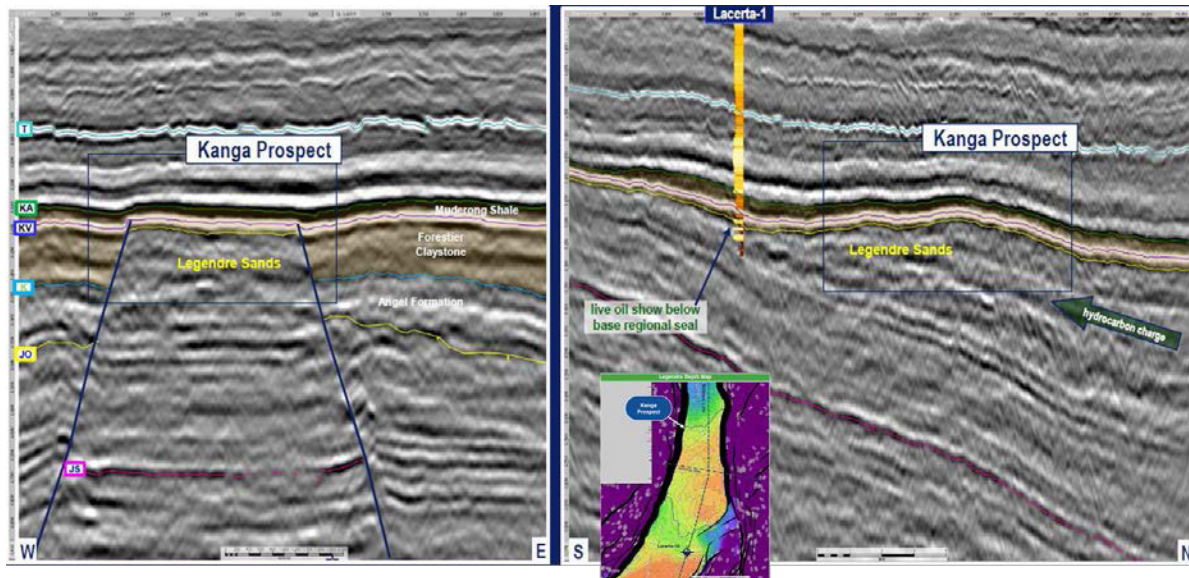


Figure 3.8: Depth seismic and interpretation over the Kanga structure showing tie to Well Lacerta-1

(Source: Finder)

The structural relief on the prospect is enhanced by depth conversion due to interpreted velocity changes in the overlying Tertiary prograding carbonate wedge.

The proposed Well Kanga-1 is targeting the proven Legendre Formation reservoir sands. There is a small risk the encountered reservoir will be the Angel Formation, however these sandstones also have excellent reservoir properties so has not changed ERCE's input parameters for volumetric calculations for the prospect.

The structure is expected to be sealed by the regional Forestier Claystone and seal is not considered to be a significant risk for this prospect.

The key risk for the Kanga prospect is expected to be hydrocarbon charge. The up-dip Well Lacerta-1 has hydrocarbon shows below the base regional seal with biodegraded, low maturity oil. Unlike proposed Well Kanga-1, Well Lacerta-1 is not located in a structural closure and was unsuccessfully drilled as a stratigraphic sub-crop play. ERCE has also noted there is a potential for hydrocarbon fluid phase risk (i.e. 20% risk of gas rather than the anticipated oil).

### 3.3.2. Petrophysics

ERCE has completed a quantitative petrophysical interpretation was performed on Wells Fullswing-1, Tigger-1 and Mutineer-1B. The key formations evaluated were the Angel and the Legendre Formations. Aside from Tigger-1 which only had a gamma ray (GR) and resistivity logs (deep resistivity, RESDEEP, medium resistivity, RESMED and shallow resistivity, RESSHAL), the other two wells had complete log suites with additional density-neutron (D-N) logs.



ERCE has independently interpreted Volume of Shale (VSH), Total Porosity (PHIT) and Total Water Saturation (SWT) curves for these wells. For these three wells, a salinity of ~30,000ppm NaCl equivalent was applied. The cementation exponent (m) and the saturation exponent (n) were respectively 1.6 and 2. Figure 3.9 shows the results of the Pickett plot interpretation;  $R_w \sim 0.21$  ohmm at 25°C.

For both Wells Fullswing-1 and Mutineer-1, VSH is interpreted from the GR and D-N, PHIT is interpreted from D-N (hydrocarbon and invasion corrected) and SWT is evaluated using the Dual Water equation. ERCE has also performed an interpretation of Volume of Clay (VCL; the assumption being that  $VCL = 0.6 \cdot VSH$ ), Effective Porosity (PHIE) and Effective Water Saturation (SWE). For Well Tigger-1, the lack of D-N logs necessitated VSH be interpreted from GR and PHIT be evaluated from Archie's equation, assuming the sand is fully wet.

Shown in Figure 3.10 is the CPI for Well Mutineer-1; the “Gamma Ray” track clearly shows the sand intervals at GR~30-40 GAPI, and the shale intervals with GR > 100 GAPI. While the sands are mostly blocky, there are interbeds of shale that can potentially act as production baffles/barriers. These interbeds are also associated with spikes in the resistivity and D-N (“Density-Neutron” track) and can potentially mean that these intervals are tight and calcareous; the photoelectric log tends to increase to ~4 in these intervals. For the Angel Formation, there is hydrocarbon observed with a log-based contact observed at 3,170.4 mMD. The Legendre Formation is wet. Both Angel and Legendre Formations have similar net reservoir properties for porosity, as given in Table 3.1.

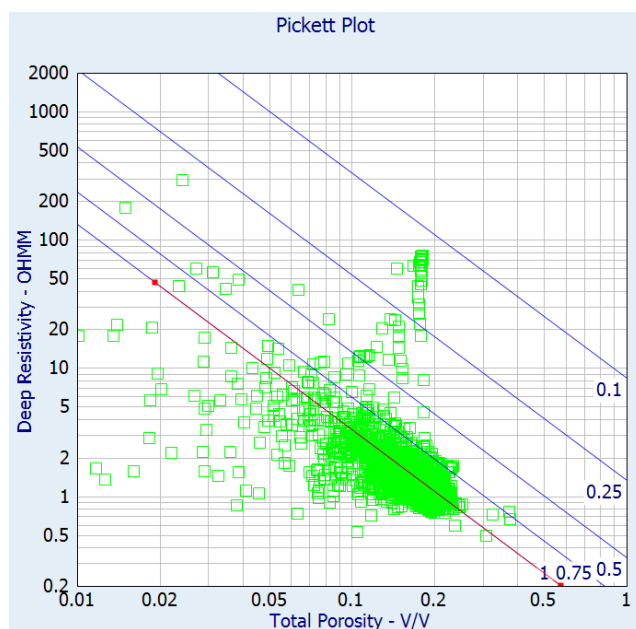


Figure 3.9 Pickett plot for Wells Fullswing 1 and Mutineer-1



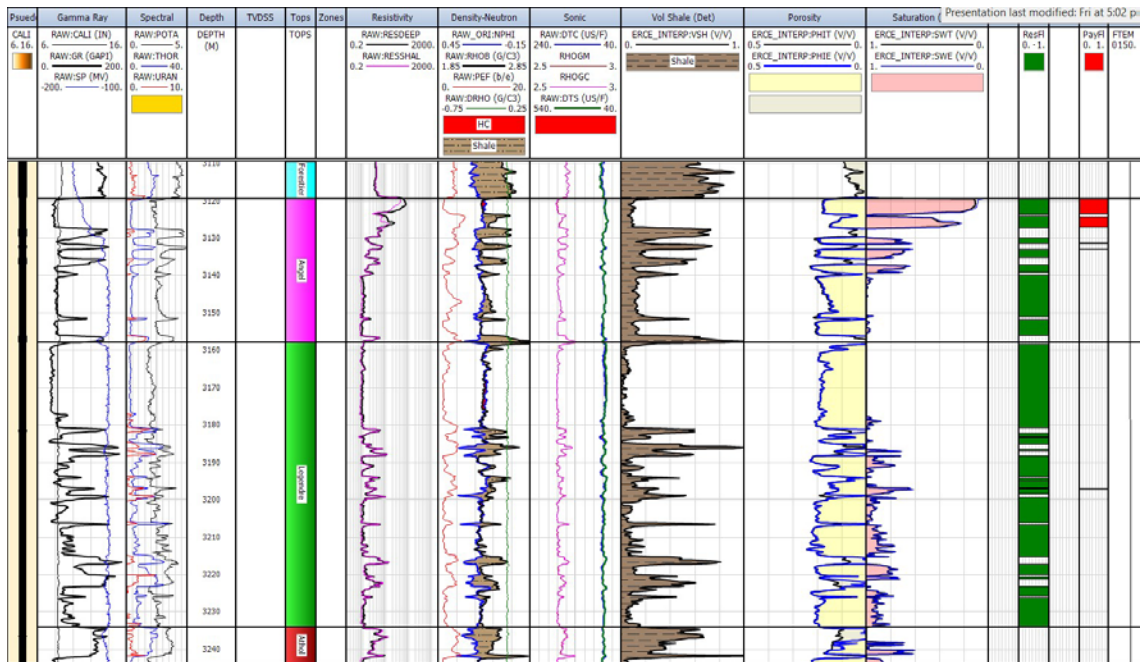


Figure 3.10 CPI log plot for Well Mutineer-1

Given the lack of core, ERCE has applied the following rationale in its choice of cut-offs. First, values of VSH and PHIT applied should ensure that most sands are captured as “net reservoir”. As for “net pay”, ERCE has assumed that residual hydrocarbon saturation is ~35%. Thus, the final cut-offs applied are:  $VSH \leq 0.3$ ,  $PHIT \geq 0.05$  &  $SWT \leq 0.65$ .

Table 3.1: Sums and Averages for Wells Fullswing 1, Mutineer-1 and Tigger-1

Well	Zone	Top	Bottom	Gross	Net Reservoir	Net Reservoir /Gross	Reservoir Porosity	Pay Sh	HCPT
		TVDSS	TVDSS	TVDSS					
		(m)	(m)	(m)					
Fullswing-1	Angel	3311.6	3372.6	61.0	46.7	77%	13%	48%	3.0
Tigger-1	Angel	3304.0	3596.0	292.0	218.1	75%	16%	---	---
Mutineer-1B	Angel	3119.5	3158.0	38.5	28.4	74%	18%	74%	3.7
Fullswing-1	Legendre	3372.6	3715.6	343.0	258.1	75%	17%	37%	16.3
Tigger-1	Legendre	3596.0	3650.0	54.0	31.2	58%	13%	---	---
Mutineer-1B	Legendre	3158.0	3233.9	76.0	63.6	84%	18%	37%	4.3

### 3.3.3. Estimation of STOIP and Prospective Resources

For the estimation of the Kanga prospect GRVs, ERCE used the best-case mapped structure as a P50 input, with a range of +/- 30% to account for depth conversion uncertainty which may result in a smaller or larger column height. These were input as a P90 and P10 into a log-normal distribution.



ERCE has established ranges of NTG, porosity and oil saturation based on an analysis of offset wells. These petrophysical inputs are distributed on a normal distribution as P90, P50 and P10 values. Due to the nature of the exploration prospect, ranges were kept wide to capture the uncertainty in the prospect and include ranges from more regional analogue wells.

The GRV and petrophysical inputs are summarised in Table 3.2.

**Table 3.2: GRV and petrophysical inputs for the Kanga prospect volumetric calculations**

Interval	GRV (MMm3)			NTG (frac)			Porosity (frac)			So (frac)		
	P90	P50	P10	Low	Mid	High	Low	Mid	High	Low	Mid	High
Legendre	543.8	707.0	919.1	0.40	0.60	0.90	0.15	0.19	0.22	0.55	0.73	0.90

Engineering inputs for the Kanga prospect volumetric calculations are outlined in Table 3.3. ERCE defines the Bo range for the Kanga prospect based on the oil properties of the analogous Mutineer Oil Field, correcting for differences in pressure due to depth using a hydrostatic gradient. The Low, Mid and High Bo values have been populated on a normal distribution as P90, P50 and P10 values. Recovery factors are based on the Mutineer oil field and Legendre Oil Fields, with a strong aquifer expected.

**Table 3.3: Engineering inputs for the Kanga prospect volumetric calculations**

1/Bo (scf/rcf)			RF		
Low	Mid	High	Low	Mid	High
0.90	0.94	0.98	0.35	0.50	0.65

Due to the wide range of potential outcomes, recovery factor has been applied deterministically to the Monte Carlo probabilistic STOIP low, best and high results to calculate the 1U, 2U and 3U recoverable results. These are summarised in Table 3.4. Finders Net Prospective Resources for the Kanga prospect are summarised in

Table 3.5.



**Table 3.4: Gross, unrisked Prospective Resources for Kanga prospect**

Interval	ERCE STOIP (MMStb)				ERCE Prospective Resource (MMStb)			
	Low	Best	High	Mean	1U	2U	3U	Mean
Legendre	181.4	340.1	573.1	363.8	63.5	170.1	372.5	181.9

**Notes:**

1. The Prospective Resources presented here are the result of probabilistic method using Monte Carlo simulation for a single zone reservoir. Recovery factor has been applied deterministically to the STOIP.
2. Gross Prospective Resources do not consider Finder Operations' percentage working interest of 15% in WA-412-P.
3. The Prospective Resources have also not been adjusted for the geological chance of success (COS) or chance of development (COD). Quantifying the COD requires consideration of both economic contingencies and other contingencies, such as legal, regulatory, market access, political, social license, internal and external approvals and commitment to project finance and development timing.

**Table 3.5: Finder Operations' unrisked, Net Prospective Resources for Kanga prospect (as of 11 February 2022)**

Prospect	Net Unrisked Prospective Oil Resources (MMstb)			
	1U	2U	3U	Mean
Kanga	9.5	25.5	55.9	27.3

**Notes:**

1. The Net Working Interest Prospective Resources presented here are the result of probabilistic method using Monte Carlo simulation for a single zone reservoir with a deterministic recovery factor applied.
2. Net Working Interest Prospective Resources are based on Finder Operations' working interest percent in the permit. (15% of WA-412-P)
3. The Prospective Resources have also not been adjusted for the geological chance of success (COS) or chance of development (COD). Quantifying the COD requires consideration of both economic contingencies and other contingencies, such as legal, regulatory, market access, political, social license, internal and external approvals and commitment to project finance and development timing.
4. ERCE has made estimates only for the most likely hydrocarbon phase expected in the success case. The COS shown here exclude phase risk which ERCE has estimated to be 20% chance of gas (80% chance of oil) for the Kanga prospect.
5. The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate 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.



ERCE splits risk into play and prospect risk. ERCE considers the presence of a working source, reservoir and regional seal in the Kanga area to be 100%. As a result, only prospect risk is considered for Kanga.

The key risk for the Kanga prospect is hydrocarbon charge. There is potential for the structure to be in a migration shadow, however hydrocarbon shows in nearby wells indicate potential. If charged, the structure is not expected to be charge limited. The simple horst of the Kanga structure is mapped on excellent quality, modern seismic data so trap is highly likely. Some uncertainty remains around the seismic velocities and column height of the structure. Lateral and top seals are expected to be working. Effective reservoir is certain in this area and depths. Risking for the Kanga prospect is summarised in Table 3.6.



**Table 3.6: Kanga geological risk summary**

Kanga Geological Chance of Success				
Reservoir	Charge	Trap	Seal	Total
100%	50%	80%	90%	36%

**Notes:**

1. *COS represents the geological chance of success of the prospect. The Prospective Resources have not been adjusted for the chance of development. Quantifying the chance of development (COD) requires consideration of both economic contingencies and other contingencies, such as legal, regulatory, market access, political, social license, internal and external approvals and commitment to project finance and development timing. As many of these factors are out-with the knowledge of ERCE they must be used with caution.*
2. *ERCE has made estimates only for the most likely hydrocarbon phase expected in the success case. The COS shown here exclude phase risk which ERCE has estimated to be 20% gas (80% oil)*

**3.3.4. WA-412-P Commitments and Forward Program**

Finder Operations is currently in Year 5 of the work commitment and the WA-412-P permit is in good standing. The proposed Kanga exploration well is on schedule to spud in May 2022. Finder Operations have indicated appraisal drilling of 1 well is envisaged in 2024. Further appraisal drilling is anticipated on the successful results of the proposed Kanga exploration well.

A summary of the WA-412-P permit commitments, including actual and anticipated expenditure, is shown in Table 3.7.



Table 3.7: WA-412-P Work Commitment (includes approved suspension and extension)

Permit Year	Start date for Year	End Date for Year	Minimum work requirement (as per title instrument)	Indicative Expenditure (AU\$)	Actual work undertaken including name of operation include above work commitment activities	Date completed	Actual Expenditure (AU\$)
<b>Years 1 to 3</b>	10 Sep '14	9 Jun '17	<ul style="list-style-type: none"> <li>✓ Year 1 Geologic &amp; Geophysical studies</li> <li>✓ Licencing 80 km2 of existing multi-client 3D seismic data</li> <li>✓ Year 2 Geologic &amp; Geophysical studies</li> <li>✓ 240 km2 of new reprocessed 3D high-resolution seismic data, either licensing multi-client data or exclusive/proprietary data</li> <li>✓ Year 3 Geologic &amp; Geophysical studies</li> </ul>	A\$200,000 A\$600,000 A\$150,000 A\$200,000 A\$150,000	<ul style="list-style-type: none"> <li>✓ Year 1 Geologic &amp; Geophysical studies</li> <li>✓ Licencing 80 km2 of existing multi-client 3D seismic data</li> <li>✓ Year 2 Geologic &amp; Geophysical studies &amp; FIP on one well (Lacerta-1)</li> <li>✓ 240 km2 3D reprocessing</li> <li>✓ Year 3 Geologic &amp; Geophysical studies</li> </ul>	9 Sep '15 2 Dec '14 & 26 June '15 9 Sept '16 8 Feb '16 9 Sep '17 9 Sep '18 9 Sep '17 9 Sep '18	A\$1,133 287
<b>Year 4</b>	10 Sep '17	9 Jun '19	<ul style="list-style-type: none"> <li>✓ Geologic and geophysical studies including detailed mapping of the Zeebries multi-client 3D seismic survey and the existing WA-412-P 3D seismic survey as an input into a refreshed petroleum system model of the Victoria Syncline</li> </ul>	A\$200,000	<ul style="list-style-type: none"> <li>✓ Year 4 Geologic &amp; Geophysical studies</li> <li>✓ Kanga-1 Well Planning</li> </ul>	9 Sep '18 9 Jun '19	A\$768,676
<b>Year 5</b>	10 Jun '19	9 Jun '22	<ul style="list-style-type: none"> <li>✓ Drill one (1) exploration well</li> <li>✓ Geologic &amp; Geophysical studies</li> </ul>	A\$30,000,000 A\$100,000	<ul style="list-style-type: none"> <li>✓ Kanga-1 Well Planning               <ul style="list-style-type: none"> <li>o Specialist Engineering Studies (Wild Well Control &amp; Conductor Analysis, etc)</li> <li>o Procure long lead items</li> <li>o EP Preparation</li> <li>o Rig Contracting</li> <li>o Stakeholder Engagement</li> </ul> </li> <li>✓ Year 5 Geologic &amp; Geophysical studies</li> </ul>	-	A\$4,725,210

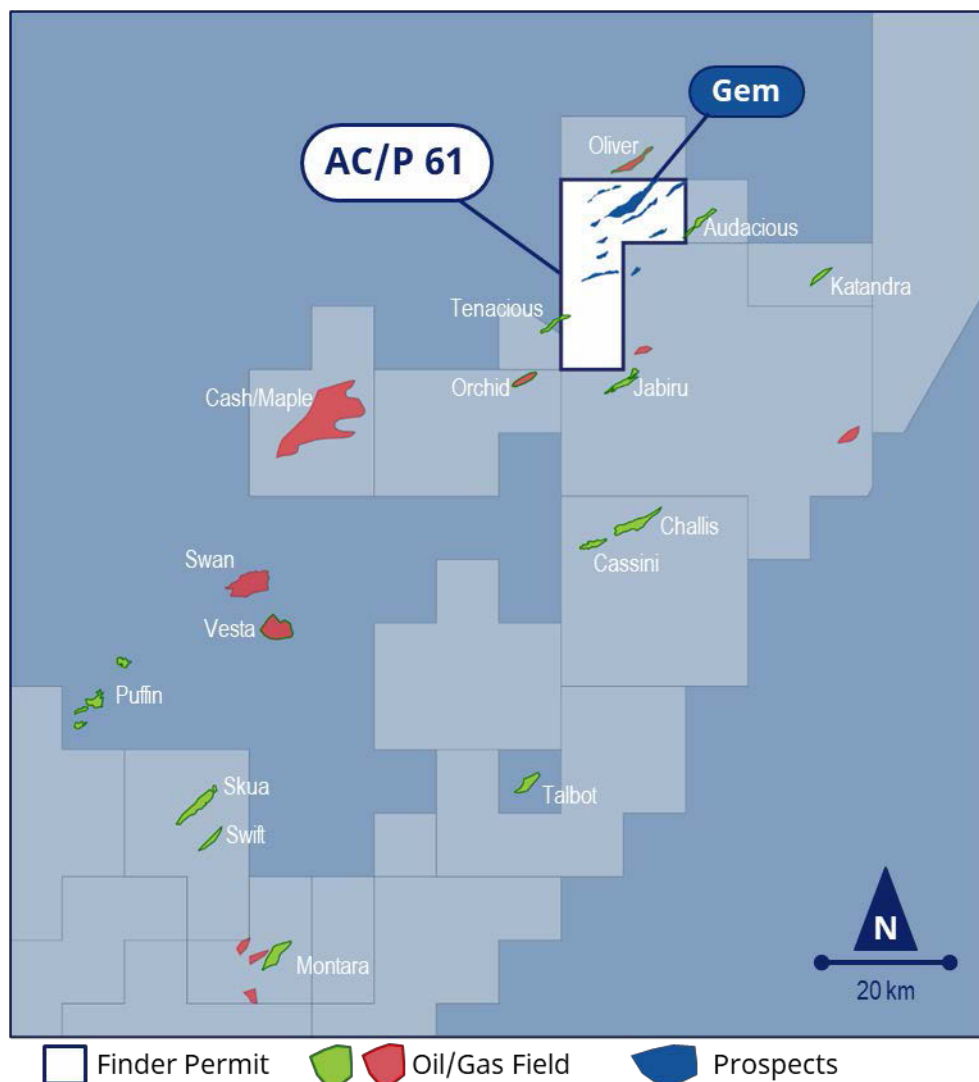
\*Year 5 estimated expenditures as per Work Program Conditions, as per revised Title Instrument signed by National Offshore Petroleum Titles Administrator (NOPTA) on 30 June 2020.

Actual expenditure shown is Gross Expenditure against the Permit and not Finder Operations' net or paying interest share.



### 3.4. AC/P61

Finder Operations was awarded the permit AC/P61 on 23 June 2016. Finder Operations' interest in the permit was subject to the terms of a Cooperation Agreement whereby Fugro provided funding in relation to the permit and Finder Operations and Fugro shared income derived from the permit. AC/P61 lies in the central region of the Vulcan sub-basin with the Jabiru Terrace to the southeast and the Cartier Trough towards the northwest (Figure 3.11). Water depth generally ranges between approximately 100 to 300 m, with localised depths of 20 m associated with shoals.



**Figure 3.11: Location map of block AC/P61 in the Vulcan Subbasin, Australia**

(Source: Finder)

The primary reservoir objective in the Vulcan sub-basin is the Jurassic Plover Formation sealed by the regional Vulcan Shale (Figure 3.12).



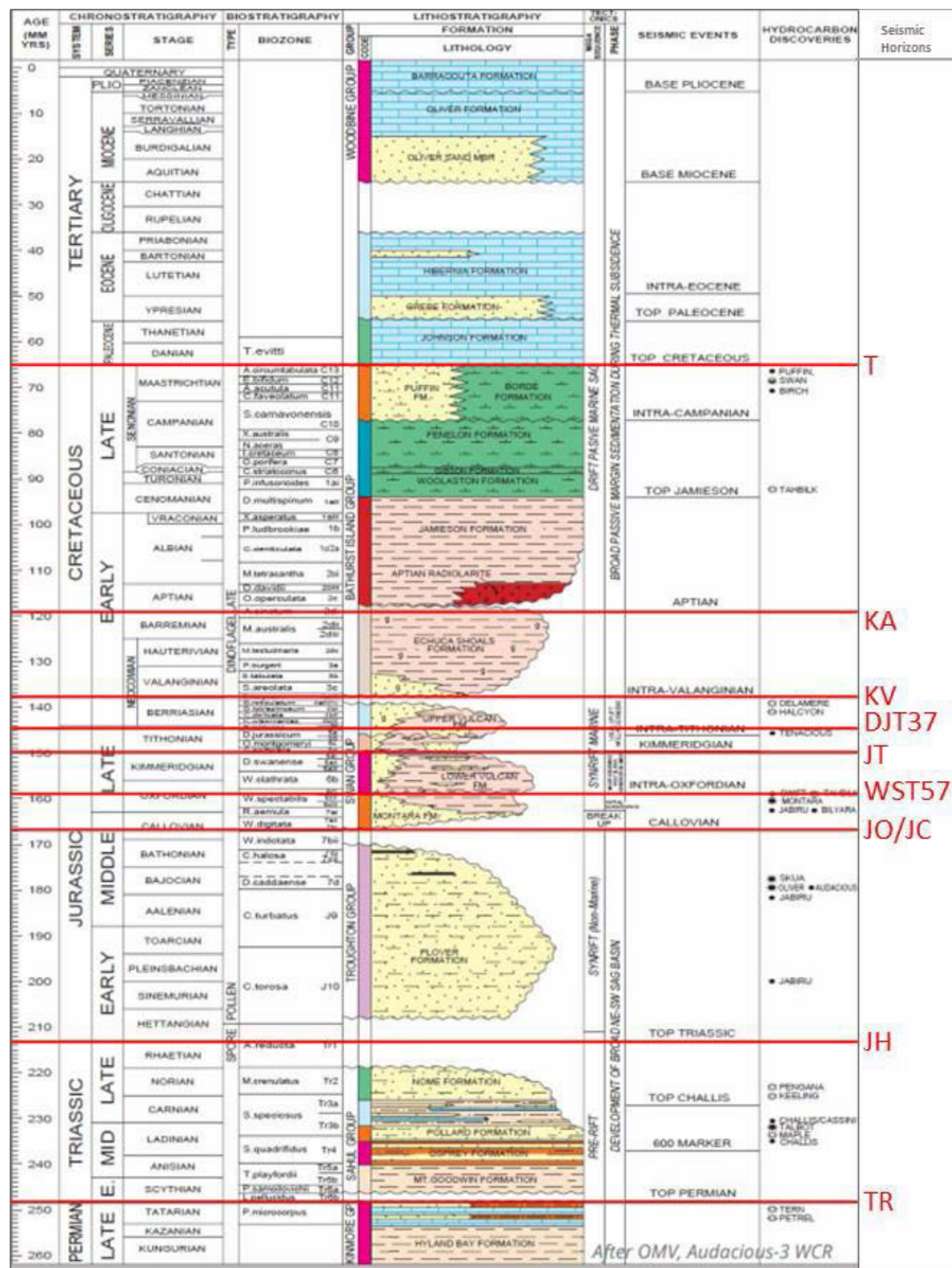


Figure 3.12 Stratigraphic Column of the Vulcan Sub-basin.

(Source: Finder)

The permit is surrounded by several oil discoveries including the abandoned Jabiru and Challis oil fields, which together produced approximately 180 mmbbl of oil to the south and the Tenacious, Audacious and Oliver sub-commercial oil/gas discoveries to the West, East and North of the permit. A geological cross section of key wells is shown in Figure 3.13.



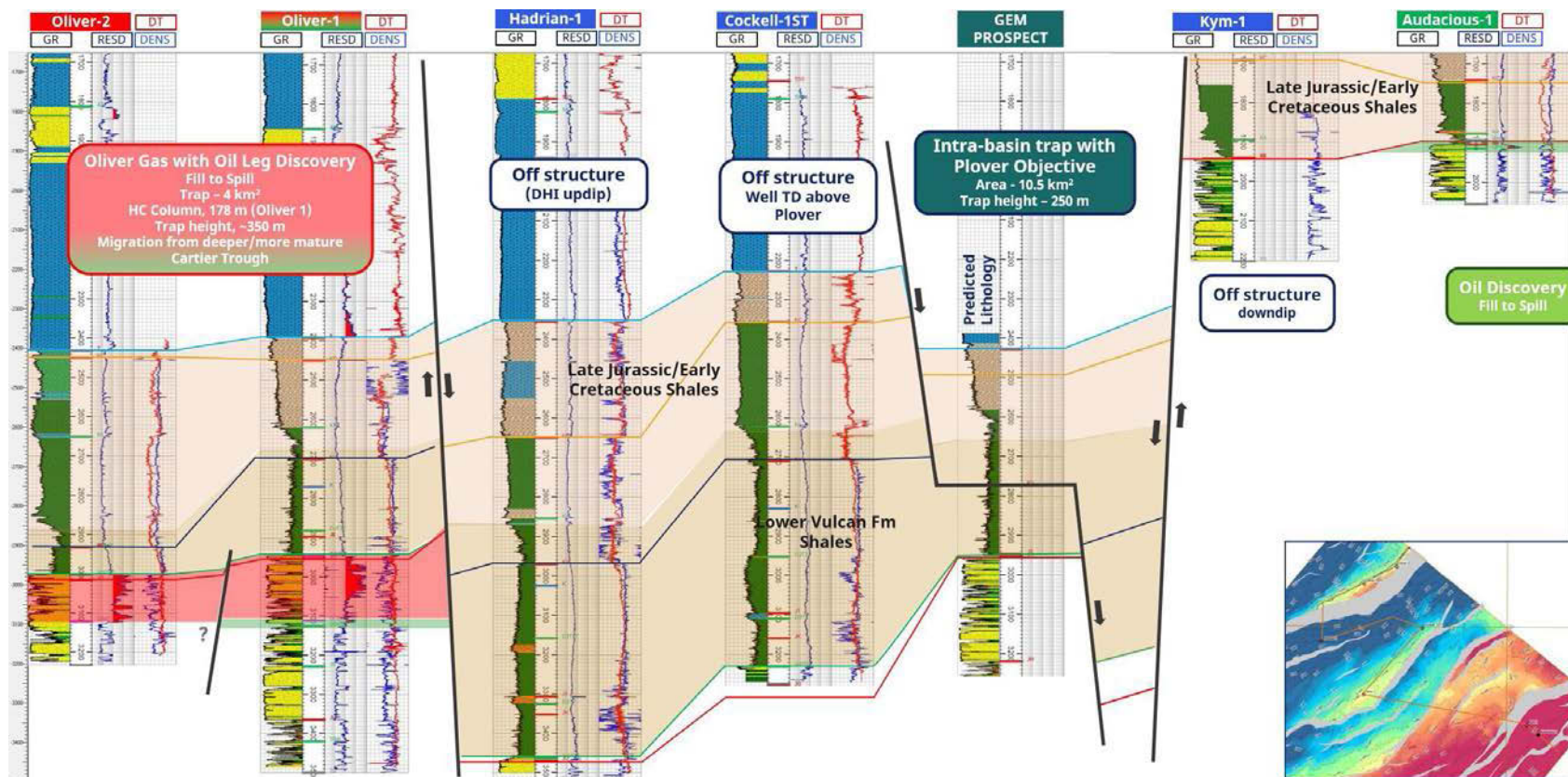


Figure 3.13: Cross section of key wells in the AC/P61 permit (N-S)

(Source: Finder)



Geophysical mapping of 3D seismic data identified the Gem Prospect, an intra-graben Jabiru/Challis look-a-like horst block, as the key prospect along with a number of additional smaller satellite prospects. Water depth is approximately 270 m at the Gem prospect.

In December 2018 Finder Operations completed the farm-out of 70% of its interest in the permit and operatorship to SapuraOMV (WA). In consideration for their 70% working interest, SapuraOMV (WA) agreed to fund acquisition of 3D seismic data over the Gem prospect and had an option to disproportionately fund the drilling of the Gem prospect by making an election to participate in the well by September 2021. In 2020, Finder Operations and Fugro agreed to wind up arrangements under the Cooperation Agreement and each directly hold a 15% interest in the permit.

In 2020, SapuraOMV (WA) acquired and funded the Gem 3D seismic survey however they did not exercise their option to drill the Gem Prospect and subsequently withdrew from the permit in 2021 and assigned its interest to Finder Operations and Fugro in equal proportions so that Finder Operations and Fugro each hold a 50% interest in the permit.

#### **3.4.1. Gem Prospect**

The Gem Prospect is a northeast-southwest rotated extensional fault block and is the key prospect identified in the AC/P61 permit (Figure 3.14).

The 411km<sup>2</sup> Gem 3D seismic survey, acquired in 2020, was processed to include a proprietary workflow to merge vintage 3D surveys and reduce shallow water multiples. The processing workflow included anisotropic Kirchhoff PSDM resulting in excellent imaging below the shallow water shoals and reefs. The new Gem 3D seismic data was shown to have significant improvements in data quality compared to the existing vintage 3D seismic data which was acquired in the late 1990s.



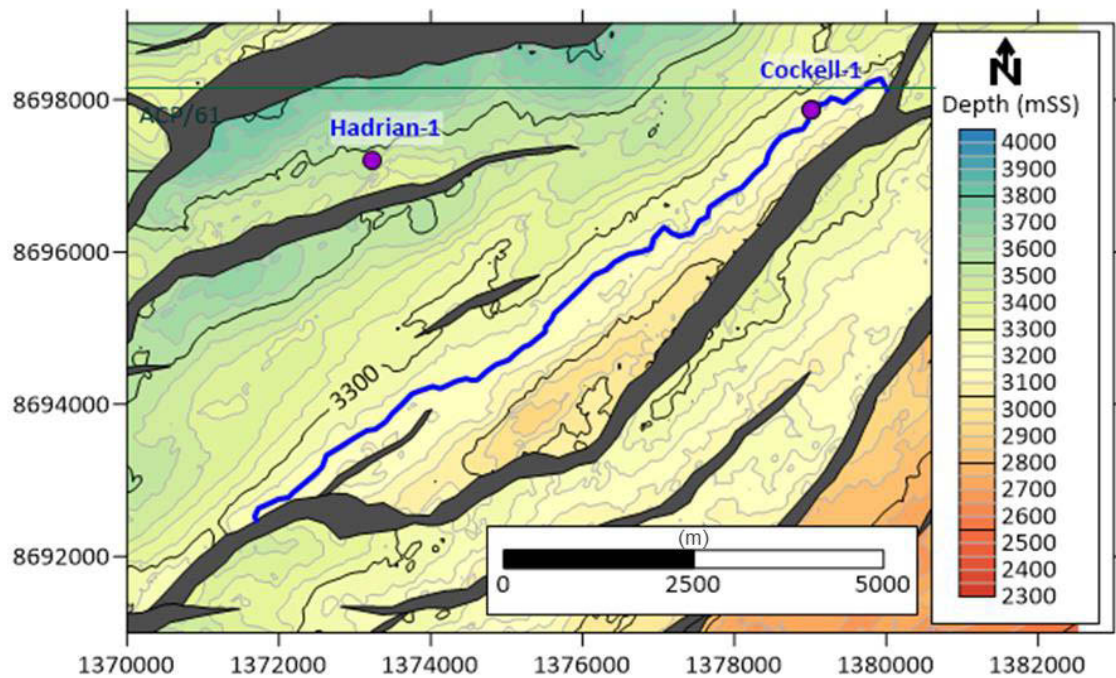
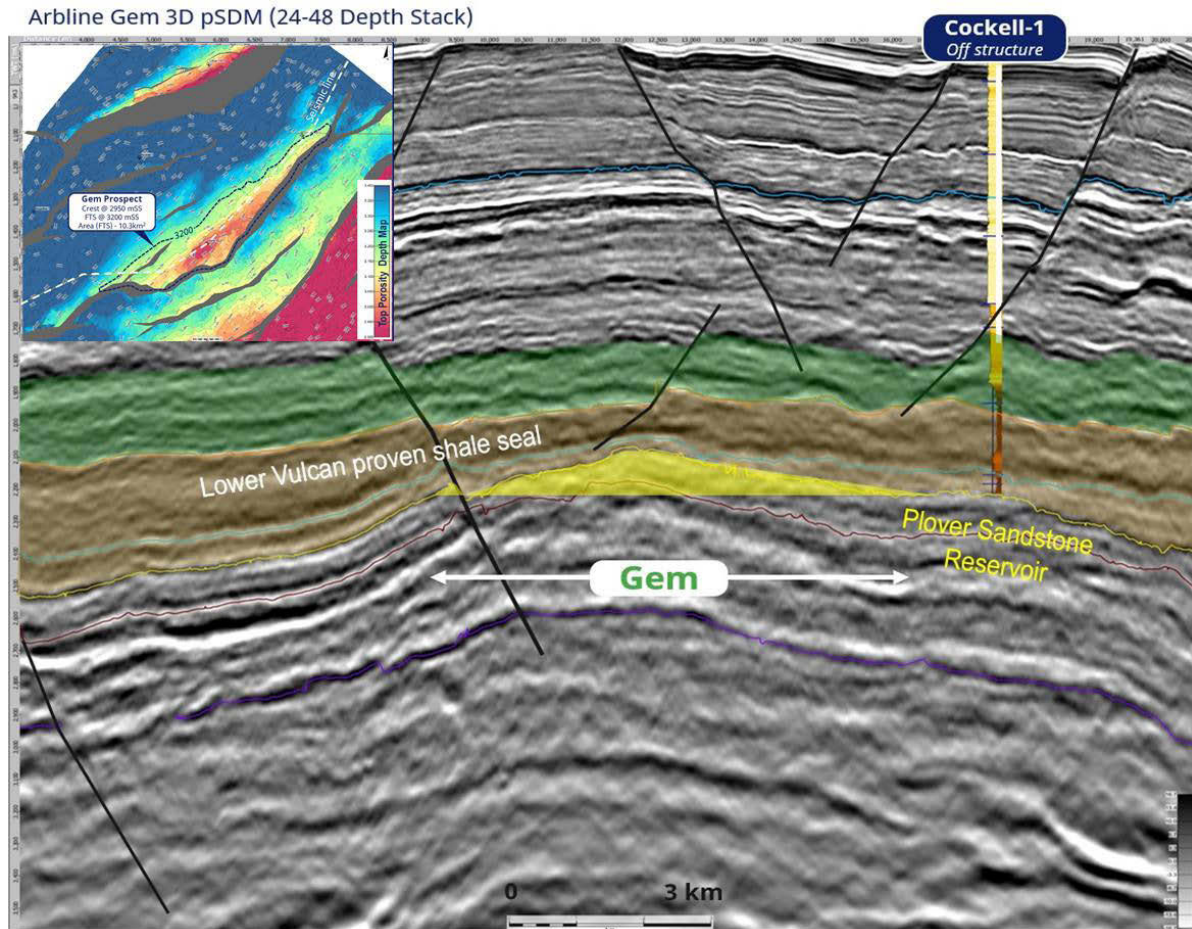


Figure 3.14: Gem prospect depth structure map (Top Plover Formation)

ERCE reviewed the Gem 3D seismic data and agrees Finder Operations' interpretation it is robust for prospect definition and resource calculations. While there are some seismic artifacts, faults are clearly mappable through the entire survey and the Gem prospect fault definition (Figure 3.15) is considered to be robust. The top Plover horizon is clearly consistent and mappable on the seismic through to other structures with existing well penetrations. The spill point of the Gem structure is directly under an existing modern-day reef, however high confidence mapping, plus ranges on the GRV inputs allows the depth uncertainty to be captured appropriately.





**Figure 3.15: Arbitrary SW-NE depth seismic line through the Gem structure**  
(Source: Finder)

The primary reservoir consists of the high net to gross, fluvio-deltaic Jurassic Plover Formation sandstones. The Plover Formation has been penetrated by several wells in the area with excellent reservoir quality (wells Hadrian-1, Oliver-1 and Audacious-1). There is some uncertainty on the extent of the Plover sandstone due to erosion by the overlying Base Cretaceous unconformity (mapped as the JOJC surface). The uppermost reservoir section in the well Audacious-2 consists of the Callovian to Oxfordian Montara Formation. ERCE has used a range on petrophysical inputs to capture this uncertainty.

Upper and lateral seals are provided by Middle Jurassic Lower Vulcan Formation shale and Late Jurassic / Early Cretaceous shales. While there are no identified pock-marks or seismic indicators of seal breach, there are examples in this basin of paleo hydrocarbon columns, possibly due to seal failure.

Hydrocarbon migration is from proven mature source kitchens. The two active charge systems adjacent to AC/P61 are Oxfordian (Lower Vulcan) to Kimmeridgian (Upper Vulcan) deep water marine oil-prone source rocks and the Middle Jurassic fluvio-deltaic, oil-prone, mixed source rocks of Plover Formation that are mature directly west of the permit. There is some risk that



the Gem prospect will contain gas, however oil is more likely and ERCE has only assessed this prospect as an oil play.

### 3.4.2. Petrophysics

A quantitative petrophysical interpretation was performed on Wells Oliver-1ST1 and Audacious-1. The key formation evaluated is the Plover Formation. Both wells had complete log suites consisting of GR, RESDEEP RESMED, RESSHAL and D-N.

ERCE has independently interpreted VSH, PHIT and SWT curves for these wells. For these two wells, a salinity of ~50,000ppm NaCl equivalent was applied. The cementation exponent (m) and the saturation exponent (n) were respectively 2 each. Figure 3.16 shows the results of the Pickett plot interpretation;  $R_w \sim 0.13$  ohmm at 25°C.

For both Wells Oliver-1ST1 and Audacious-1, VSH is interpreted from the GR and D-N, PHIT is interpreted from D-N (hydrocarbon and invasion corrected) and SWT is evaluated using the Dual Water equation. ERCE has also performed an interpretation of Volume of Clay (VCL; the assumption being that  $VCL = 0.6 \cdot VSH$ ), Effective Porosity (PHIE) and Effective Water Saturation (SWE).

Shown in Figure 3.17 is the CPI for Well Audacious-1; the “Gamma Ray” track clearly shows the sand intervals at GR~30-40 GAPI, and the shale intervals with GR > 100 GAPI. While the sands are mostly blocky, there are shale interbeds that are potential production baffles/barriers. These interbeds also show spikes in the resistivity and D-N (“Density-Neutron” track) due to there being cemented zones; the photoelectric log tends to increase to ~4-5 in these intervals. For the Plover Formation, there is a hydrocarbon down-to with a log-based contact observed at 1,894 mTVDSS. The rest of the formation is wet. The net reservoir properties for porosity are given in Table 3.8.



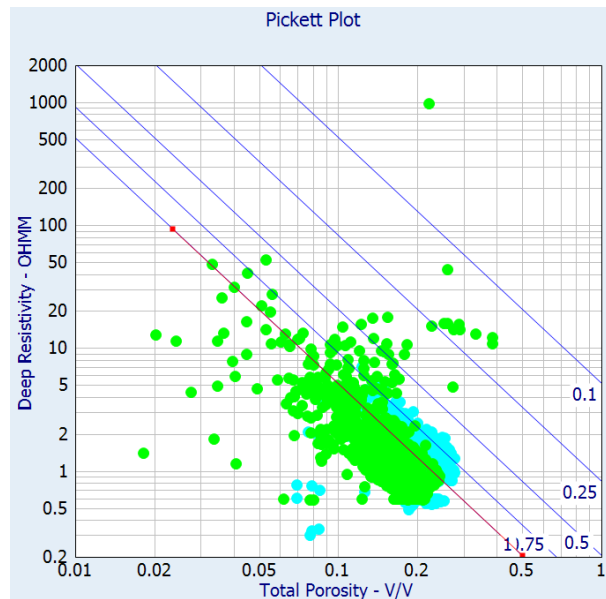


Figure 3.16: Pickett plot for Wells Oliver-1ST1 and Audacious-1

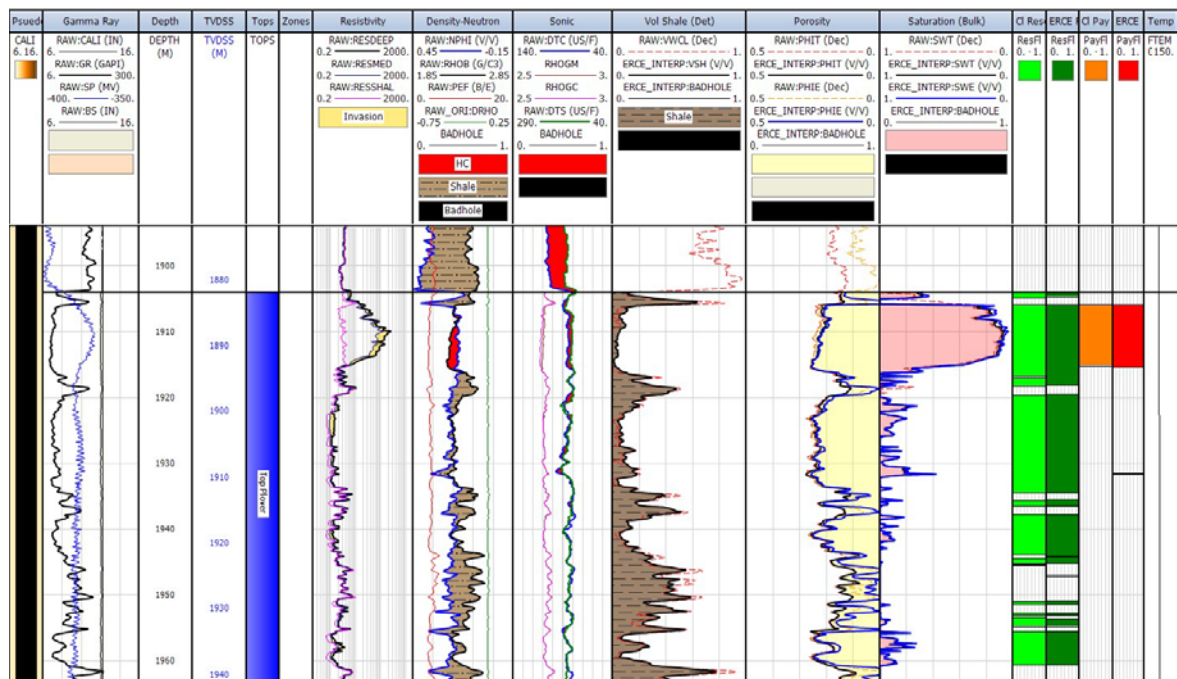


Figure 3.17: CPI log plot for Well Audacious-1

Given the lack of core, ERCE has adopted the following cut-offs using the rationale explained in section 3.3.2:  $VSH \leq 0.3$ ,  $PHIT \geq 0.05$  &  $SWT \leq 0.65$ .



**Table 3.8: Sums and Averages for Wells Oliver-1ST1 and Audacious-1**

Well	Zone	Top	Bottom	Gross	Net Reservoir	Net Reservoir /Gross	Reservoir Porosity	Pay Sh	HCPT
		TVDSS	TVDSS	TVDSS					
		(m)	(m)	(m)					
Audacious-1	Top	1,881.8	2,030.5	148.7	101.9	69%	21%	82%	17.6
	Plover								
Oliver-1ST1	Top	2,934.5	3,098.3	163.8	88.8	54%	16%	85%	11.7
	Plover								
Oliver-1ST1	Top	3,098.3	3,343.8	245.6	170.4	69%	16%	72%	19.2
	Plover 2								
Oliver-1ST1	Base	3,343.8	3,468.7	124.9	38.1	31%	14%	72%	3.8
	Plover								

### 3.4.3. Estimation of STOIP and Prospective Resources

For the estimation of the Gem prospect GRV, ERCE gridded Finder Operations' best-case mapped structure as a P50 input, with a range of +/- 30% to account for depth conversion uncertainty which may result in a smaller or larger column height due to spill point uncertainty. These were input as a P90 and P10 into a log-normal distribution.

ERCE has established ranges of NTG, porosity and oil saturation based on an analysis of offset wells. These petrophysical inputs are distributed on a normal distribution as P90, P50 and P10 values. Due to the nature of the exploration prospect, ranges were kept wide to capture the uncertainty in the prospect.

The GRV and petrophysical inputs are summarised in Table 3.9.

**Table 3.9: GRV and petrophysical inputs for the Gem prospect volumetric calculations**

Gem	GRV (MMm3)			NTG (frac)			Porosity (frac)			So (frac)		
	P90	P50	P10	Low	Mid	High	Low	Mid	High	Low	Mid	High
Plover	748.5	973.0	1264.9	0.30	0.55	0.80	0.12	0.16	0.20	0.60	0.75	0.90

Engineering inputs for the Gem prospect volumetric calculations are outlined in Table 3.10. ERCE defines the Bo range for the Gem prospect based on Wells Oliver-1 and Audacious-1. The Low, Mid and High Bo values have been populated on a normal distribution as P90, P50 and P10 values. Recovery factors are based on the Jabiru Oil Field, with a strong aquifer expected.

**Table 3.10: Engineering inputs for the Gem prospect volumetric calculations**

1/Bo (scf/rcf)			RF		
Low	Mid	High	Low	Mid	High
0.65	0.72	0.80	0.35	0.50	0.65



Due to the wide range of potential outcomes, recovery factor has been applied deterministically to the Monte Carlo probabilistic STOIP low, best and high results to calculate the 1U, 2U and 3U recoverable results. These are summarised in Table 3.11. Finder Operations' unrisked, Net Prospective Resources of the Gem prospect are shown in Table 3.12.

**Table 3.11: Gross, unrisked Prospective Resources for Gem prospect**

Gem	ERCE STOIP (MMStb)				ERCE Recoverable Oil (MMStb)			
	Low	Best	High	Mean	1U	2U	3U	Mean
Plover	131.7	273.6	492.2	298.0	46.1	136.8	319.9	149.0

**Notes:**

1. The Prospective Resources presented here are the result of probabilistic method using Monte Carlo simulation for a single zone reservoir. Recovery factor has been applied deterministically to the STOIP.
2. Gross Prospective Resources do not consider Finder Operations' percentage working interest of 50% in AC/P61.
3. The Prospective Resources have also not been adjusted for the geological chance of success (COS) or chance of development (COD). Quantifying the COD requires consideration of both economic contingencies and other contingencies, such as legal, regulatory, market access, political, social license, internal and external approvals and commitment to project finance and development timing.

**Table 3.12: Finder Operations' unrisked, Net Prospective Resources for Gem prospect (as of 11 February 2022)**

Prospect	Net Unrisked Prospective Oil Resources (MMstb)			
	1U	2U	3U	Mean
Gem	23.0	68.4	160.0	74.5

**Notes:**

1. The Net Working Interest Prospective Resources presented here are the result of probabilistic method using Monte Carlo simulation for a single zone reservoir with a deterministic recovery factor applied.
2. Net Working Interest Prospective Resources are based on working interest percent in the permit. (50% of AC/P61)
3. The Prospective Resources have also not been adjusted for the geological chance of success (COS) or chance of development (COD). Quantifying the COD requires consideration of both economic contingencies and other contingencies, such as legal, regulatory, market access, political, social license, internal and external approvals and commitment to project finance and development timing.
4. ERCE has made estimates only for the most likely hydrocarbon phase expected in the success case. The COS shown here exclude phase risk which ERCE has estimated to be 30% chance of gas (70% chance of oil) for Gem.
5. The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate 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.



The Gem structure is covered fully by good quality 3D PSDM seismic data. The mapped trap is well defined, and the structural trap risk is low. Nearby wells with quality, proven reservoir indicate effective reservoir is also likely at the Gem structure. There is some chance of risk of phase of hydrocarbon charge in the area. Lateral/fault seal is the key risk for this prospect. Risking for the Gem prospect is summarised in Table 3.13.

**Table 3.13: Gem geological risk summary**

Risking				
Reservoir	Charge	Trap	Seal	Total
90%	80%	90%	50%	32%

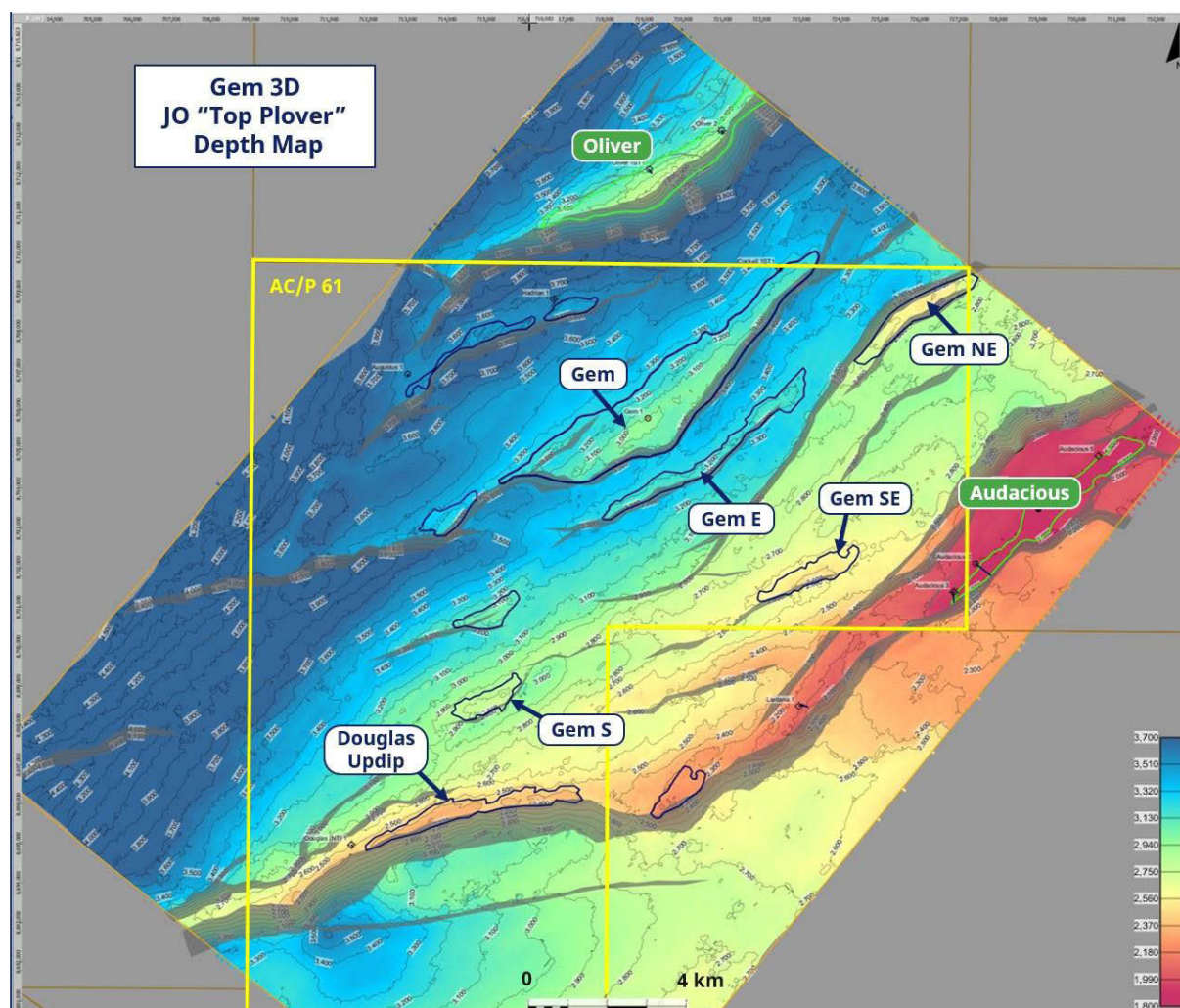
**Notes:**

1. COS represents the geological chance of success of the prospect. The Prospective Resources have not been adjusted for the chance of development. Quantifying the chance of development (COD) requires consideration of both economic contingencies and other contingencies, such as legal, regulatory, market access, political, social license, internal and external approvals and commitment to project finance and development timing. As many of these factors are out-with the knowledge of ERCE they must be used with caution.
2. ERCE has made estimates only for the most likely hydrocarbon phase expected in the success case. The COS shown here exclude phase risk which ERCE has estimated to be 30% gas (70% oil).

#### **3.4.4. AC/P61 Additional Prospectivity**

Additional leads have been identified by Finder Operations in the AC/P61 permit. These are outlined in Figure 3.18 and Table 3.14. ERCE has not calculated Prospective Resources or assigned geological risk to these leads.





**Figure 3.18: AC/P61 Lead and Prospect Map**  
(Source: Finder)

**Table 3.14: AC/P61 on block lead and prospect inventory**  
(Source: Finder)

Prospect	Area (km2)
Gem	10.3
Gem NE	1.6
Gem E	2.2
Gem SE	1.2
Gem S	0.8
Douglas Updip	2.0



### 3.4.5. AC/P61 Commitments and Forward Program

The AC/P61 permit size is 335 km<sup>2</sup> and consists of 4 graticular blocks. Finder Operations was awarded the permit on 23 June 2016 and is currently in permit year 4. All primary work program commitments have been completed and the permit is in good standing. Finder Operations has engaged Schlumberger to complete the permit year 4 Qi study, with work currently ongoing at time of this Report. On completing the permit year 4 studies Finder Operations will be looking to farmout equity in the permit for the drilling of the Gem-1 well. Finder Operations manages Fugro's interest in AC/P61 and Finder Operations will conduct the farmout jointly on their behalf.

A summary of the AC/P61 permit commitments, including actual and anticipated expenditure, is shown in Table 3.15.



Table 3.15: AC/P61 work commitments

Permit Year	Start date for Year	End Date for Year	Minimum work requirement (as per title instrument)	Indicative Expenditure (AU\$)	Actual work undertaken including name of operation include above work commitment activities	Date completed	Actual Expenditure (AU\$)
<b>Years 1 to 3</b>	23 June 2016	22 June 2021	<ul style="list-style-type: none"> <li>✓ Licencing or acquisition of a 250 km<sup>2</sup> new 3D Seismic survey and PSDM reprocessing; &amp;</li> <li>✓ Geologic &amp; Geophysical studies including geochemical modelling, seismic interpretation, mapping and prospect de-risking studies.</li> </ul>	A\$4,000,000  A\$150,000	<ul style="list-style-type: none"> <li>✓ Desktop Geologic &amp; Geophysical studies and data collation.</li> <li>✓ Desktop Geologic &amp; Geophysical studies.</li> <li>✓ Design and preparation for acquisition of a new 3D Seismic survey including EP preparation</li> <li>✓ Acquisition of 410 km<sup>2</sup> new 3D Seismic Survey (Gem 3D)</li> <li>✓ Processing of the Gem 3D</li> </ul>	22 June 2017  22 June 2018  22 June 2019  16 March 2021  20 May 2021	A\$9,507,567
<b>Year 4</b>	23 June 2021	22 June 2022	<ul style="list-style-type: none"> <li>✓ 200 km<sup>2</sup> of new reservoir characterisation (seismic inversion/QI studies), either licensing multi-client data or exclusive/proprietary data; &amp;</li> <li>✓ Geologic &amp; Geophysical studies.</li> </ul>	A\$100,000  A\$75,000			-
<b>Year 5</b>	23 June 2022	22 June 2023	<ul style="list-style-type: none"> <li>✓ Geologic &amp; Geophysical studies.</li> </ul>	A\$75,000			-
<b>Year 6</b>	23 June 2023	22 June 2024	<ul style="list-style-type: none"> <li>✓ Drill one (1) exploration well; &amp;</li> <li>✓ Geologic &amp; Geophysical studies.</li> </ul>	A\$15,000,000			-

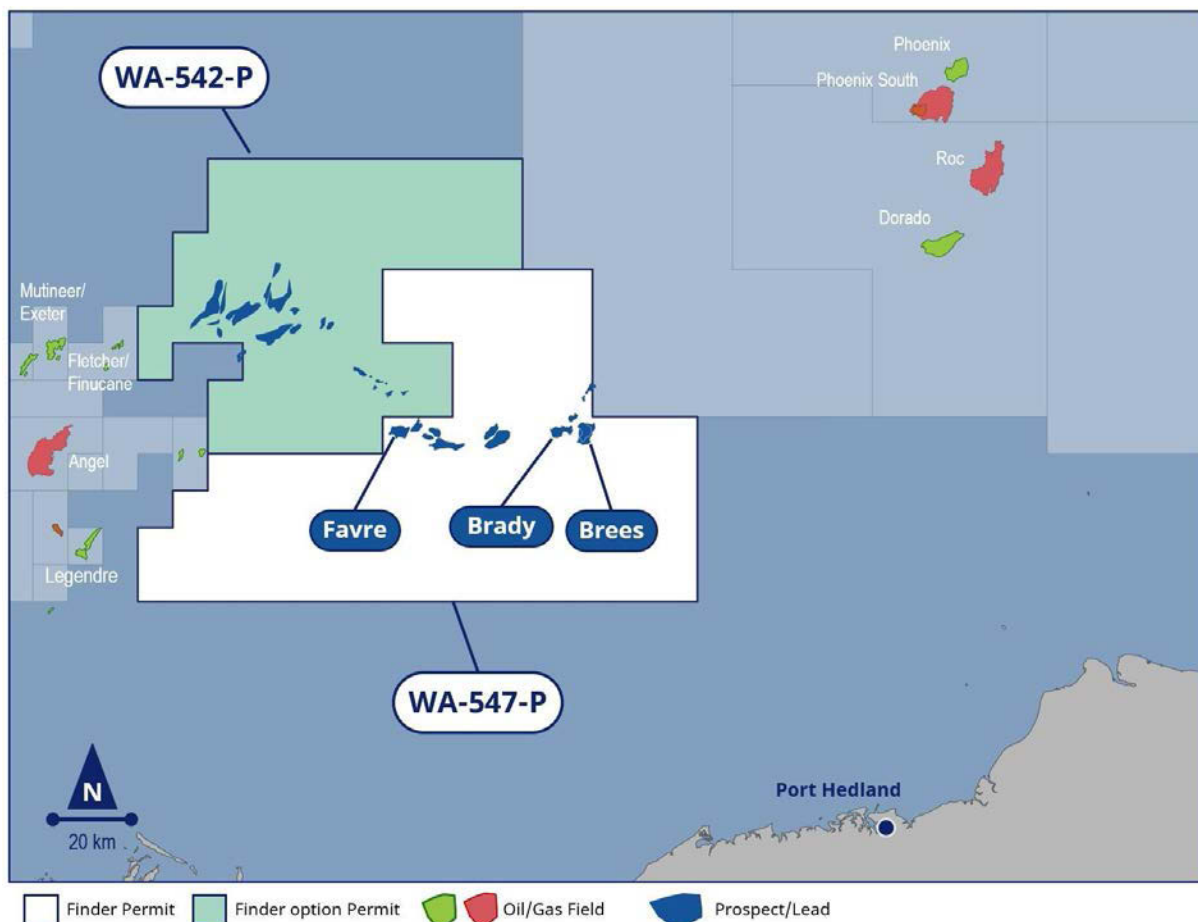
Work program requirements and indicative expenditure as per the permit's Title Instrument. Actual expenditure shown is Gross Expenditure against the Permit and not Finder Operations' net or paying interest share.



### 3.5. WA-547-P

In January 2021 Finder Operations was awarded (100%) the WA-547-P permit which is along trend from the Middle-Lower Triassic Dorado and Phoenix oil discoveries and Phoenix South and Roc gas discoveries.

Three key prospects (Favre, Brady and Brees) identified on Polly 3D seismic survey by Finder Operations have been assessed by ERCE. The shallow water (<100m) prospects have potential for multiple stacked objectives and have shallow burial depths. These will be further derisked by the acquisition and interpretation of the proposed Superbowl 3D. Finder Operations are currently preparing environmental approvals for the survey and anticipate government and environmental approvals to be granted mid to late 2022.



**Figure 3.19: Location map of block WA-547-P in North-West Shelf, Australia**

(Source: Finder)

The two key reservoirs are the Triassic Archer and Lower Keraudren Formations. The Archer consists of four sandstone reservoir intervals - the Milne, Crespín, Baxter and Caley Members, all deposited from a large- and laterally extensive fluvio-deltaic complex with feeder systems ranging from the NE to SE. To the north the system is dominated by distributary mouth bars and channels and shoreface deposits. Along trend the reservoirs in WA-547-P are dominated



by lower delta and proximal delta front facies. These are the primary reservoir intervals in Dorado-1, -2 and -3, along with Phoenix South-2 and Roc-1. The Barret Member reservoir (Lower Keraudren Formation) also consists of lower delta plain to delta front sandstone and was the primary reservoir in Phoenix-1, Phoenix South-1 and Bruce-1.

Two types of seal are present across WA-547-P. The Triassic Hove Member shale (lowermost Keraudren Fm) and Palma Member (marl) provide extensive regional top seals across the Bedout and Beagle Sub-basin and represent significant periods of transgression at the base and mid sections of the Lower Keraudren. Lateral seals are provided due to the development of lowstand incised valley fills, back filled during subsequent transgression at the top of the Caley and Barret Members, with canyon fills consisting of Hove and Palma member equivalents.

Three independent source rocks are identified in the Beagle and Bedout Sub-basins. Well Roc-2 cored coastal lagoonal facies in the lower to mid Triassic Caley Member (Archer Formation), with proven charge in the Roc- and Dorado wells in the Bedout Sub-basin. The base Triassic Hovea Member is a proven source rock in the Perth Basin, and is shown to also be present in the Beagle Sub-basin (Stokes-1) and wells in the northern Carnarvon and Bonaparte Basins. A third potential hydrocarbon system is the Carboniferous-Permian carbonate system, proven in the onshore Canning Basin, but untested in the Beagle sub-basin.

Nearby oil discoveries include Well Nebo-1 (1993) in the Mid Jurassic Calypso Formation, Well Phoenix-1 (1980) a gas discovery, later reclassified as an oil discovery, Well Phoenix South 1-ST1 (2014) and Well Dorado-1 (2018) that encountered high CGR oil in the Lower Keraudren Formation.

Nearby gas discoveries include Well Roc-1 and -2, (2014 and 2016) and Well Phoenix South 2, all with discoveries in the Lower Keraudren Formation. Oil shows were observed in Wells Darwin-1 (1995, Mid Jurassic), Well Bruce-1 (1979, Mid Triassic) and Well Poissonier-1 (1974, Lower Cretaceous and Lower to Mid Triassic).



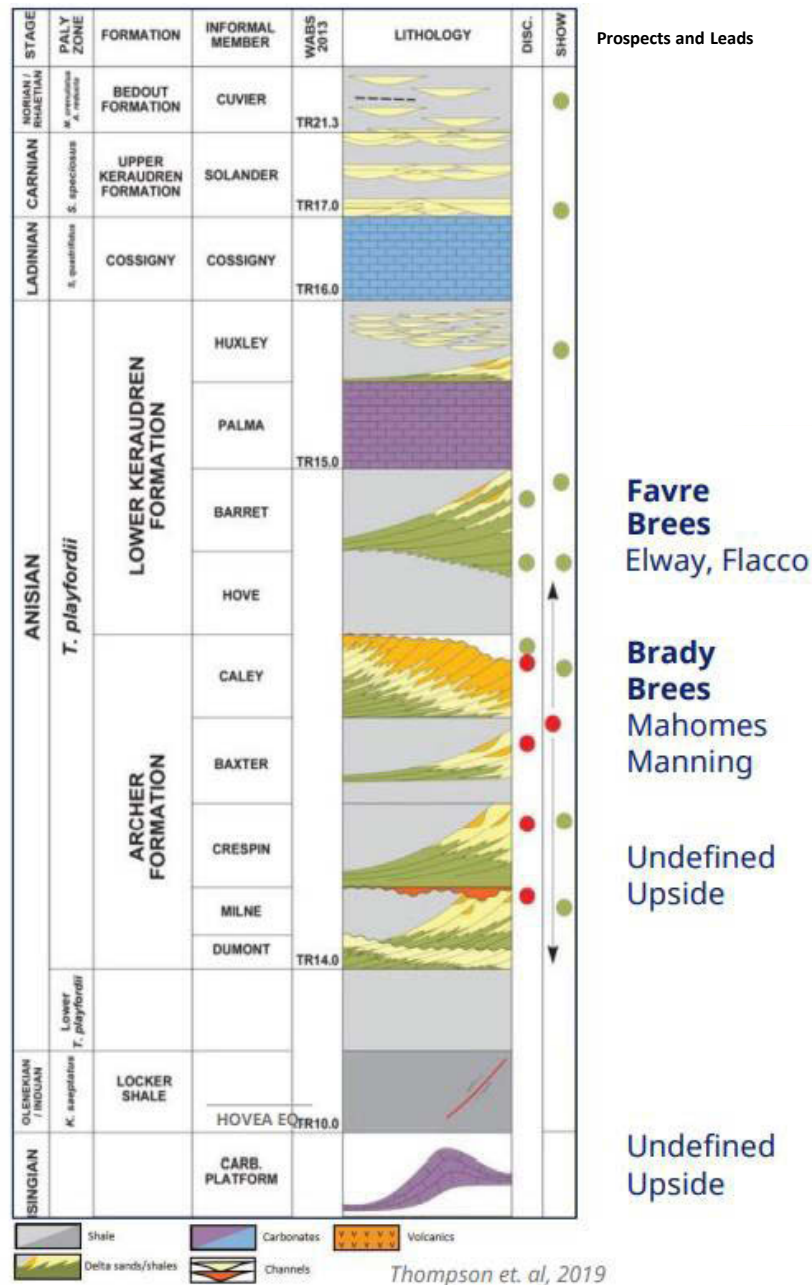


Figure 3.20: Stratigraphic Column (modified after Thompson et al, 2019)

(Source: Finder)



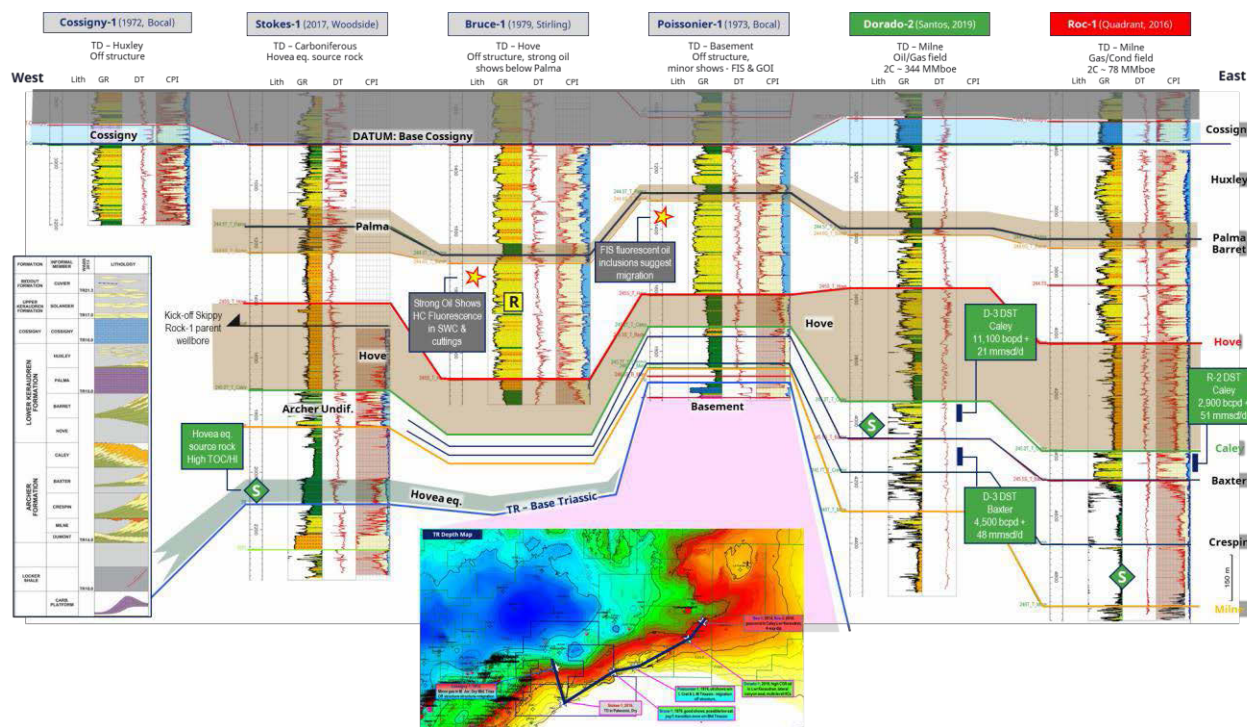


Figure 3.21: Regional well correlation through the Archer and Lower Keraudren Formations.

(Source: Finder)

### 3.5.1. Petrophysics

A quantitative petrophysical interpretation was performed on Wells Bruce-1, Dorado-1 and Roc-1. The key reservoirs evaluated are the Barret and Caley Members. All wells had complete log suites consisting of GR, RESDEEP RESMED, RESSHAL and D-N.

ERCE has independently interpreted VSH, PHIT and SWT curves for these wells. For these two wells, a salinity of ~35,000ppm NaCl equivalent was applied. The cementation exponent (m) and the saturation exponent (n) were respectively 2 each. Figure 3.22 shows the results of the Pickett plot interpretation;  $R_w \sim 0.18$  ohmm at 25°C.

For all wells, VSH is interpreted from the GR and D-N, PHIT is interpreted from D-N (hydrocarbon and invasion corrected) and SWT is evaluated using the Dual Water equation. ERCE has also performed an interpretation of Volume of Clay (VCL; the assumption being that  $VCL = 0.6 \cdot VSH$ ), Effective Porosity (PHIE) and Effective Water Saturation (SWE).

Shown in Figure 3.23 is the CPI for Well Dorado-1; the “Gamma Ray” track clearly shows the sand intervals at GR~30-40 GAPI, and the shale intervals with GR > 100 GAPI. While the sands are mostly blocky, the sands get increasing hotter towards the base of the log section, and the thorium counts are seen to increase. There is clear separation in the RESDEEP, RESMED and RESSHAL curves; and there is a light hydrocarbon effect observed for most of



the Caley formation, interpreted as being due to a lower API oil. For the Caley Member there is an oil down-to with a log-based contact observed at 3896.4 mTVDSS. There is a high total gas value above this contact, but below this contact, the response is muted. The net reservoir properties for porosity are given in Table 3.16.

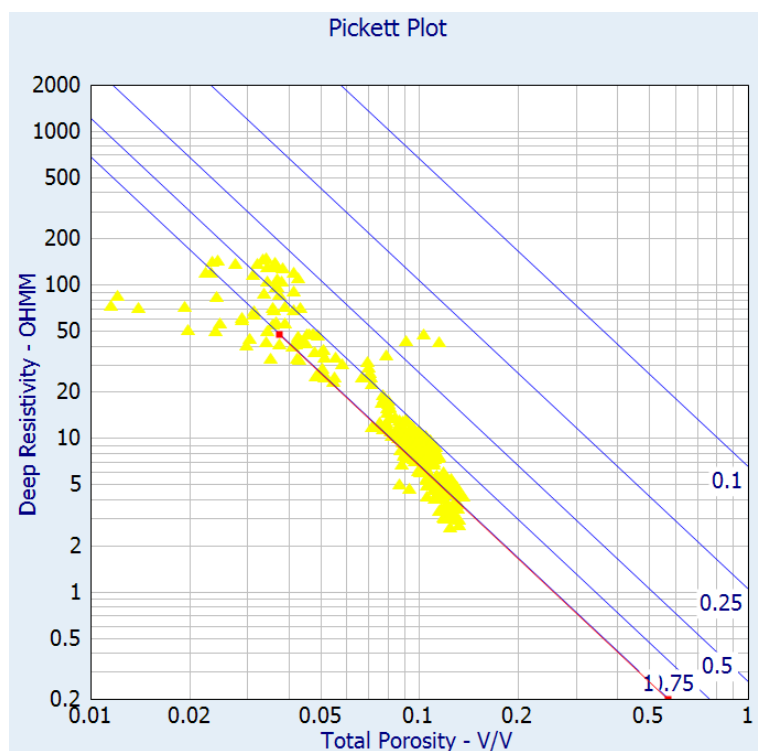


Figure 3.22: Pickett plot for Wells Bruce-1, Dorado-1 and Roc-1

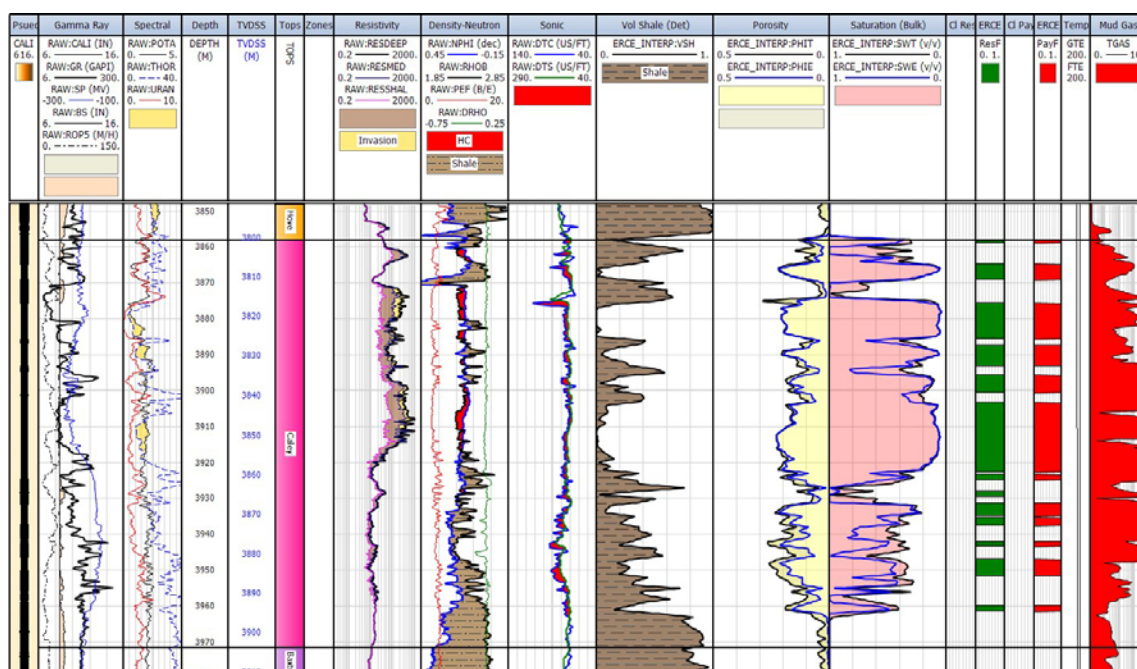


Figure 3.23: CPI log plot for Well Dorado-1



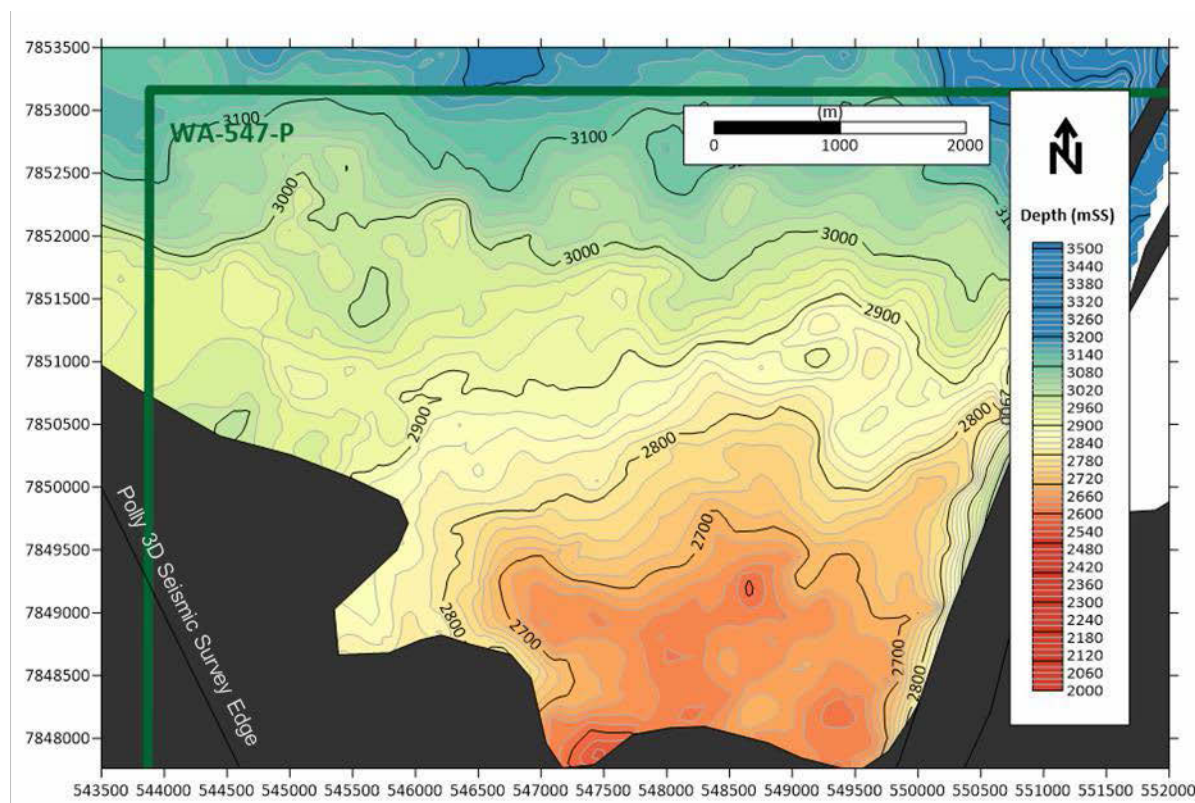
Given the lack of core, ERCE has adopted the following cut-offs using the rationale explained in section 3.3.2: VSH  $\leq 0.3$ , PHIT  $\geq 0.05$  & SWT  $\leq 0.65$ .

**Table 3.16: Sums and averages for Wells Bruce-1, Dorado-1 and Roc-1**

Well	Zone	Top	Bottom	Gross	Net Reservoir	Net Reservoir /Gross	Reservoir Porosity	Pay Sh	HCPT
		TVDSS	TVDSS	TVDSS					
		(m)	(m)	(m)					
Dorado-1	Caley	3800.6	3903.8	103.2	56.6	55%	19%	83%	8.8
Roc-1	Caley	4340.7	4479.0	138.4	79.7	58%	10%	60%	4.6
Bruce-1	Huxley	1700.0	1870.0	170.0	145.5	86%	27%	---	---
Bruce-1	Barret	1870.0	2049.9	180.0	130.3	72%	24%	---	---

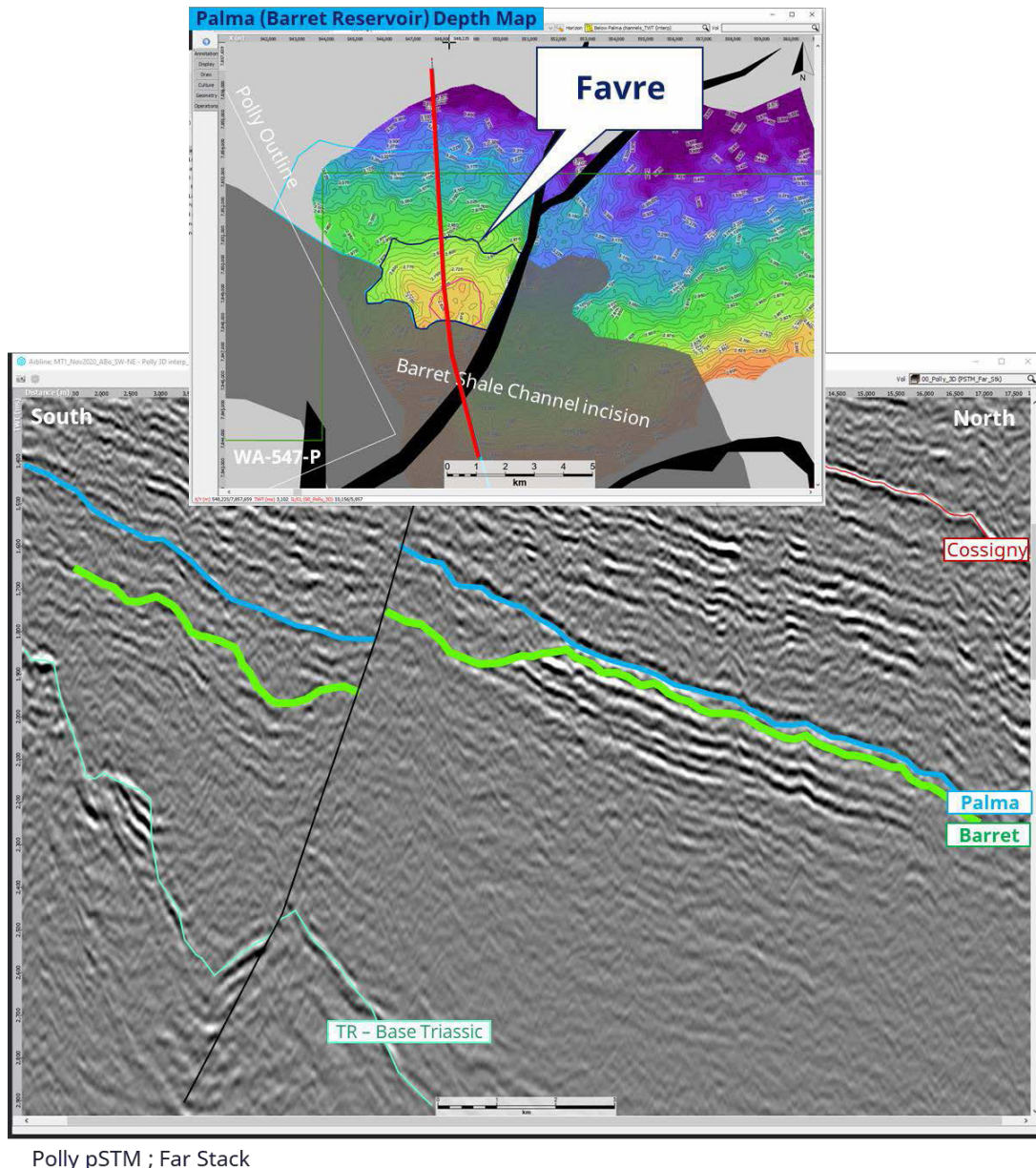
### 3.5.2. Favre Prospect

The Favre Prospect (Figure 3.24) in WA-547-P is a structural-stratigraphic style trap on-trend and analogous to the Dorado oil discovery. The Favre prospect targets the Barret reservoir with the potential for stacked sandstone-seal pairs in this interval providing significant stratigraphic upside potential. (Figure 3.25)



**Figure 3.24: Favre prospect depth structure map (top Barret reservoir)**





**Figure 3.25: ArbITSRary time seismic line through the Favre prospect**  
(Source: Finder)

The complex trap includes both up-dip channel seal and lateral fault seal. The Palma Member provides a laterally extensive seal which is penetrated and proven by nearby and regional wells including Phoenix-1 and Phoenix South-1. Palma channels are expected to be mud-filled, providing seal for the stacked Barret reservoir sands. Base level fall (channel development) resulted in mass-wasting of the Barret delta sequence, with subsequent transgression and backfill forming the up-dip channel seal. While the trap is complex, it is well defined on the seismic.



The Favre prospect Barret reservoir has been penetrated at the Phoenix and Phoenix South discoveries, and Bruce-1. It is expected to have good reservoir properties at this depth.

The Favre prospect directly overlies the mature Late Permian/Early Triassic Hovea Member equivalent and up-dip of the Lower Mid Triassic Caley Member source kitchens. There is a potential risk of gas, as encountered at the Roc discovery, rather than the anticipated oil charge.

Finder Operations' interpretation has currently been conducted on existing 2013 Polly 3D seismic survey which allowed for good definition of the sealing channel geometries and faults; however many areas of the survey are contaminated by significant noise and multiples caused by shallow water depth, water bottom multiples and shallow Tertiary carbonate ray path tracing.

Finder Operations' forward work program will focus on acquisition of the Superbowl 3D seismic survey (Figure 3.26), with longer offsets, designed to improve full waveform inversion results in the complex overburden and improve and preserve amplitude information. The new survey will fully cover the western side of the Favre prospect which is currently seismic data-limited towards the edge of the WA-547-P permit boundary.

It is anticipated that the new data will be effective in AVA (Amplitude Versus Angle) analysis which may help to define reservoir presence and hydrocarbon or fluid type.

While horizon-windowed amplitudes were examined in this analysis, detailed amplitude or DHI analysis was out of scope of this project and has not been undertaken as part of this assessment by ERCE. It was noted that the Favre prospect has an amplitude response below the current high case spill point structural contour.



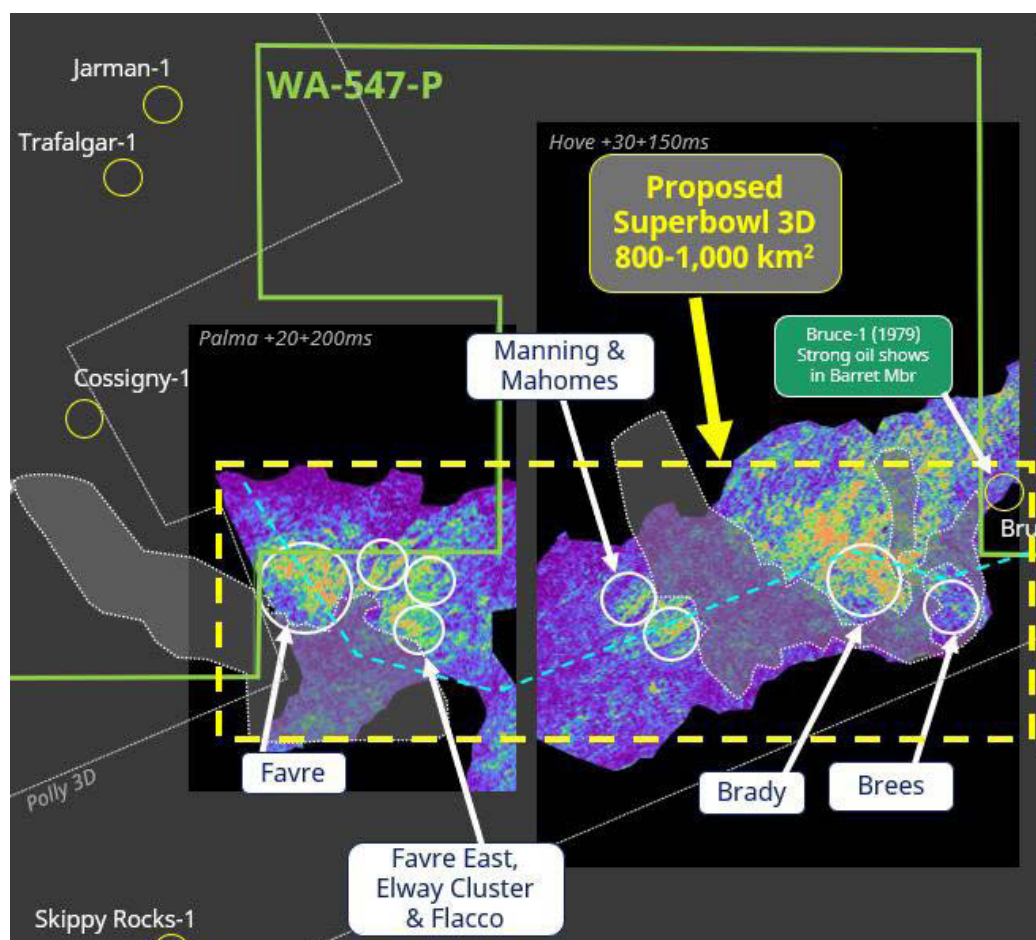


Figure 3.26: Proposed 800-1000km<sup>2</sup> Superbowl 3D seismic survey covering the WA-547-P permit  
(Hove and Palma RMS amplitudes; Source: Finder)

### 3.5.3. Estimation of STOIP and Prospective Resources

For the estimation of the Favre Barret Member GRVs, the lowest closing contour (requiring both fault and channel sealing) with a maximum gross reservoir(s) thickness(s) of 200m is used as a high case (P10) input at the mapped spill point at 2900 mSS where both fault and channel seal are required to be effective. The low case (P90) input is based on gross reservoir(s) thickness(s) of 100m at the 2800 mSS contour only requires the channel seal to be effective. Midcase GRV (P50) is calculated from a log-normal distribution and is summarised in Table 3.17.

Table 3.17: GRV and petrophysical inputs for the Favre prospect volumetric calculations

Interval	GRV (MMm3)			NTG (frac)			Porosity (frac)			So (frac)		
	P90	P50	P10	Low	Mid	High	Low	Mid	High	Low	Mid	High
Barret	617	1020	1688	0.35	0.57	0.80	0.18	0.22	0.27	0.60	0.70	0.80



ERCE use ranges of NTG, porosity and oil saturation based on an analysis of offset wells summarised in Table 3.17. These petrophysical inputs are distributed on a normal distribution as P90, P50 and P10 values. Due to the nature of the exploration prospect, ranges were kept wide to capture the uncertainty in the prospect.

Engineering inputs for the Favre prospect volumetric calculations are outlined in Table 3.18. ERCE defines the Bo range for the Favre prospect based on Wells Roc-1, and Phoenix South-1. The Low, Mid and High Bo values have been populated on a normal distribution as P90, P50 and P10 values. Recovery factors are based on analogous oil fields, with a strong aquifer expected.

**Table 3.18: Engineering inputs for the Favre prospect volumetric calculations**

1/Bo (scf/rcf)			RF		
Low	Mid	High	Low	Mid	High
0.63	0.78	0.93	0.35	0.50	0.65

Due to the wide range of potential outcomes, recovery factor has been applied deterministically to the Monte Carlo probabilistic STOIP low, best and high results to calculate the 1U, 2U and 3U recoverable results. These are summarised in Table 3.19. Finder Operations' unrisked, Net Prospective Resources of the Favre prospect are shown in Table 3.20.

**Table 3.19: Gross, unrisked Prospective Resources for Favre prospect**

Interval	ERCE STOIP (MMStb)				ERCE Prospective Resource (MMStb)			
	Low	Best	High	Mean	1C	2C	3C	Mean
Barret	197.9	426.4	855.7	488.6	69.3	213.2	556.2	244.3

**Notes:**

1. The Prospective Resources presented here are the result of probabilistic method using Monte Carlo simulation for a single zone reservoir. Recovery factor has been applied deterministically to the STOIP.
2. The Prospective Resources have also not been adjusted for the geological chance of success (COS) or chance of development (COD). Quantifying the COD requires consideration of both economic contingencies and other contingencies, such as legal, regulatory, market access, political, social license, internal and external approvals and commitment to project finance and development timing.



**Table 3.20: FINDER Operations' unrisked, Net Prospective Resources for Favre prospect (as of 11 February 2022)**

Prospect	Net Unrisked Prospective Oil Resources (MMstb)			
	1U	2U	3U	Mean
Favre	69.3	213.2	556.2	244.3

**Notes:**

1. The Net Working Interest Prospective Resources presented here are the result of probabilistic method using Monte Carlo simulation for a single zone reservoir with a deterministic recovery factor applied.
2. Net Working Interest Prospective Resources are based on working interest percent in the permit. (100% of WA-547-P)
3. The Prospective Resources have also not been adjusted for the geological chance of success (COS) or chance of development (COD). Quantifying the COD requires consideration of both economic contingencies and other contingencies, such as legal, regulatory, market access, political, social license, internal and external approvals and commitment to project finance and development timing.
4. ERCE has made estimates only for the most likely hydrocarbon phase expected in the success case. The COS shown here exclude phase risk which ERCE has estimated to be 30% chance of gas (70% chance of oil) for Favre.
5. The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate 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.

As discussed, while the Polly 3D clearly defines the Favre Barret Formation trap and the reservoir quality is expected to be very good at this depth (approximately 2,950 mTVDSS at the crest), there is still some uncertainty and risk on both hydrocarbon charge and seal. Both fault juxtaposition and mud-fill channels are required to be effective seals for this prospect. While the sealing mechanism has been proven elsewhere, it has not been proven locally. ERCE has summarised the COS in Table 3.21. The proposed Superbowl 3D seismic survey may help to reduce these risks and uncertainties.

**Table 3.21: Favre geological risk summary**

Favre Geological Chance of Success				
Reservoir	Charge	Trap	Seal	Total
80%	60%	70%	60%	20%

**Notes:**

1. COS represents the geological chance of success of the prospect. The Prospective Resources have not been adjusted for the chance of development. Quantifying the chance of development (COD) requires consideration of both economic contingencies and other contingencies, such as legal, regulatory, market access, political, social license, internal and external approvals and commitment to project finance and development timing. As many of these factors are out-with the knowledge of ERCE they must be used with caution.
2. ERCE has made estimates only for the most likely hydrocarbon phase expected in the success case. The COS shown here exclude phase risk which ERCE has estimated to be 30% gas (70% oil).



### 3.5.4. Brady Prospect

The Brady prospect is a relatively shallow (at approximately 2200 m TVDSS crestal depth) stratigraphic play time, analogous to the Dorado discovery. It is defined on all sides by shale filled channels (Figure 3.27) and dips structurally to close towards the north. Seismic amplitudes indicate potential for stacked sand-seal pairs within the Caley Formation (Figure 3.28).

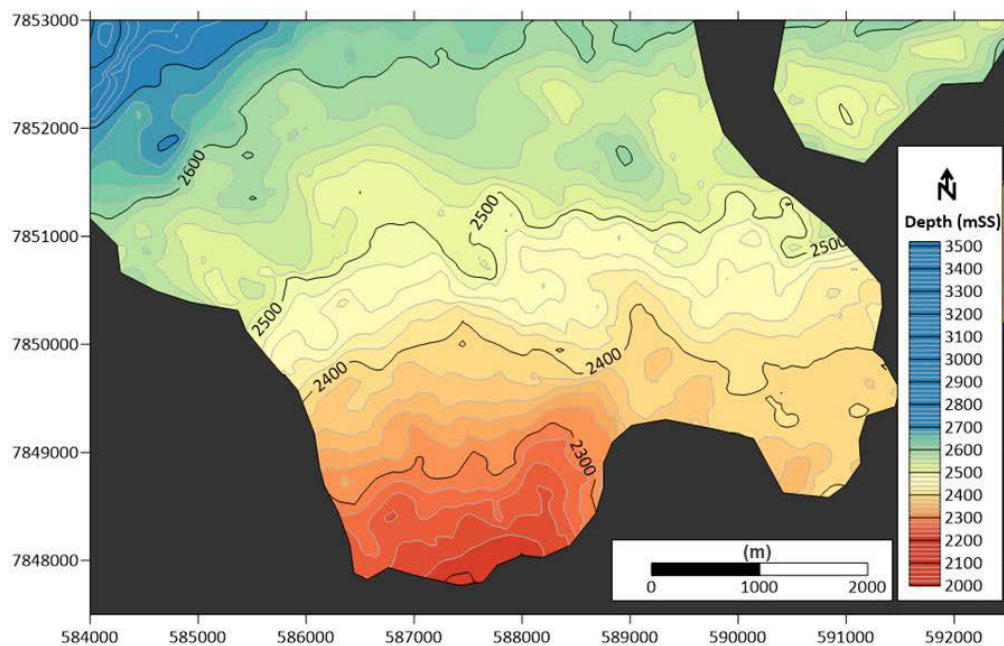


Figure 3.27: Depth structure map of the Brady prospect (Top Caley Reservoir)



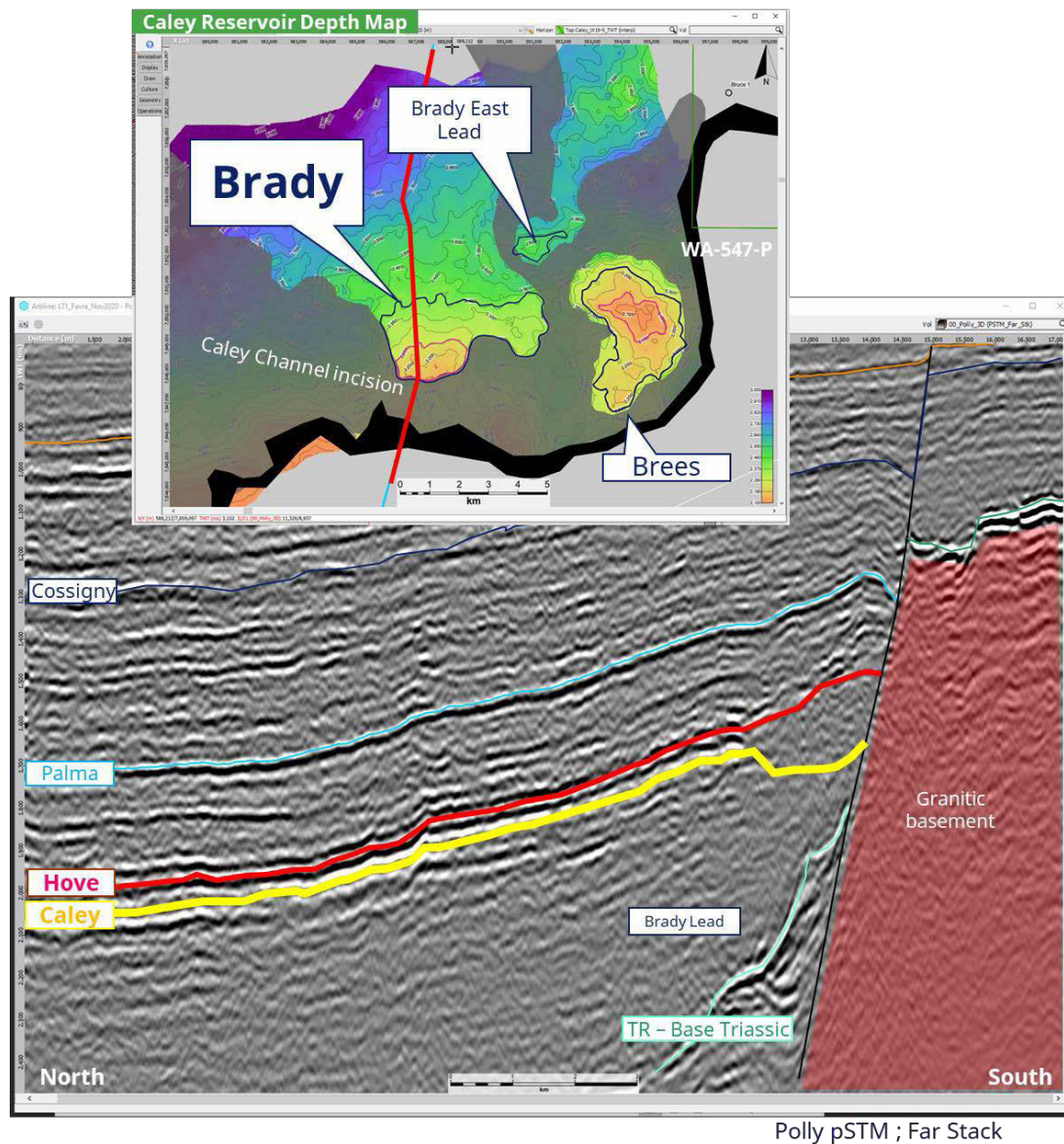


Figure 3.28: Arbitrarily time seismic line through the Brady prospect  
(Source: Finder)

### 3.5.5. Estimation of STOIP and Prospective Resources

For the estimation of the Brady structure GRV at the Caley reservoir interval, ERCE defines the low case (P90) at the crestal point in the western lobe, to the spill point at approximately 2375 mTVDSS. The high case (P10) is defined by the high confidence greater closure down to a depth of 2500 mTVDSS. This is likely to be adjusted with the better imaging expected from the anticipated Superbowl 3D seismic survey. Mid case (P50) GRV is determined from a log-normal distribution (Table 3.22).



**Table 3.22: GRV and petrophysical inputs for the Brady prospect volumetric calculations**

Brady Prospect	GRV (MMm <sup>3</sup> )			NTG (frac)			Porosity (frac)			So (frac)		
	P90	P50	P10	Low	Mid	High	Low	Mid	High	Low	Mid	High
Caley	351.0	714.1	1453.0	0.35	0.57	0.80	0.10	0.17	0.24	0.60	0.73	0.85

Similar to the other prospects in the area, ERCE has established ranges of NTG, porosity and oil saturation based on an analysis of offset wells. These petrophysical inputs are distributed on a normal distribution as P90, P50 and P10 values shown in Table 3.22. Due to the nature of the exploration prospect, ranges were kept wide to capture the uncertainty in the prospect.

Engineering inputs for the Brady prospect volumetric calculations are outlined in Table 3.23. ERCE defines the Bo range for the Brady prospect based on Wells Dorado-1 and Dorado-3. The low 1/Bo values are due to the large range in gas oil ratio (GOR) within the Dorado wells. The Low, Mid and High Bo values have been populated on a normal distribution as P90, P50 and P10 values. Recovery factors are based on analogous oil fields, with a strong aquifer expected.

**Table 3.23: Engineering inputs for the Brady prospect volumetric calculations**

1/Bo (scf/rcf)			RF		
Low	Mid	High	Low	Mid	High
0.45	0.60	0.75	0.35	0.50	0.65

Monte Carlo probabilistic STOIIIP low, mid and high results (Table 3.24) have the low, best and high recover factors applied deterministically to calculate the 1U, 2U and 3U recoverable volumes. Finder Operations' unrisks, Net Prospective Resources of the Brady prospect are shown in Table 3.25.

**Table 3.24: Gross, unrisks Prospective Resources for Brady prospect**

Brady Prospect	ERCE STOIIIP (MMStb)				ERCE Prospective Resource (MMStb)			
	Low	Best	High	Mean	1U	2U	3U	Mean
Caley	71.7	172.1	360.1	200.1	25.1	86.1	234.0	100.0

**Notes:**

1. The Prospective Resources presented here are the result of probabilistic method using Monte Carlo simulation for a single zone reservoir. Recovery factor has been applied deterministically to the STOIIIP.
2. The Prospective Resources have also not been adjusted for the geological chance of success (COS) or chance of development (COD). Quantifying the COD requires consideration of both economic contingencies and other contingencies, such as legal, regulatory, market access, political, social license, internal and external approvals and commitment to project finance and development timing.



**Table 3.25: Finder Operations' unrisked, Net Prospective Resources for Brady prospect (as of 11 February 2022)**

Prospect	Unrisked Prospective Oil Resources (MMstb)			
	1U	2U	3U	Mean
Brady	25.1	86.1	234.0	100.0

**Notes:**

1. The Net Working Interest Prospective Resources presented here are the result of probabilistic method using Monte Carlo simulation for a single zone reservoir with a deterministic recovery factor applied.
2. Net Working Interest Prospective Resources are based on working interest percent in the permit. (100% of WA-547-P)
3. The Prospective Resources have also not been adjusted for the geological chance of success (COS) or chance of development (COD). Quantifying the COD requires consideration of both economic contingencies and other contingencies, such as legal, regulatory, market access, political, social license, internal and external approvals and commitment to project finance and development timing.
4. ERCE has made estimates only for the most likely hydrocarbon phase expected in the success case. The COS shown here exclude phase risk which ERCE has estimated to be 30% chance of gas (70% chance of oil) for Brady.
5. The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate 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.

Although the Brady prospect is defined by modern 3D seismic and is analogous to Dorado, it requires sealing though a significant amount of channel fill. While the Caley reservoir is shallow, the reservoir is less defined on the seismic compared to other prospects in the area. With the current data, ERCE has determined the Brady prospect geological chance of success as summarised in Table 3.26.

**Table 3.26: Brady geological risk summary**

Brady Geological Chance of Success				
Reservoir	Charge	Trap	Seal	Total
60%	60%	60%	60%	13%

**Notes:**

1. COS represents the geological chance of success of the prospect. The Prospective Resources have not been adjusted for the chance of development. Quantifying the chance of development (COD) requires consideration of both economic contingencies and other contingencies, such as legal, regulatory, market access, political, social license, internal and external approvals and commitment to project finance and development timing. As many of these factors are out-with the knowledge of ERCE they must be used with caution.
2. ERCE has made estimates only for the most likely hydrocarbon phase expected in the success case. The COS shown here exclude phase risk which ERCE has estimated to be 30% gas (70% oil).



### 3.5.6. Brees Prospect

Brees is a shallow, dual target prospect. The crest of the upper Barret reservoir is at approximately 1,550 mTVDSS (Figure 3.29) and 2,080 mTVDSS for the underlying Caley Member reservoir (Figure 3.30). Barret reservoir analogues include the Phoenix South discovery, and the Dorado and Roc discoveries are Caley reservoir analogues. Reservoir quality is expected to be excellent at these shallow depths.

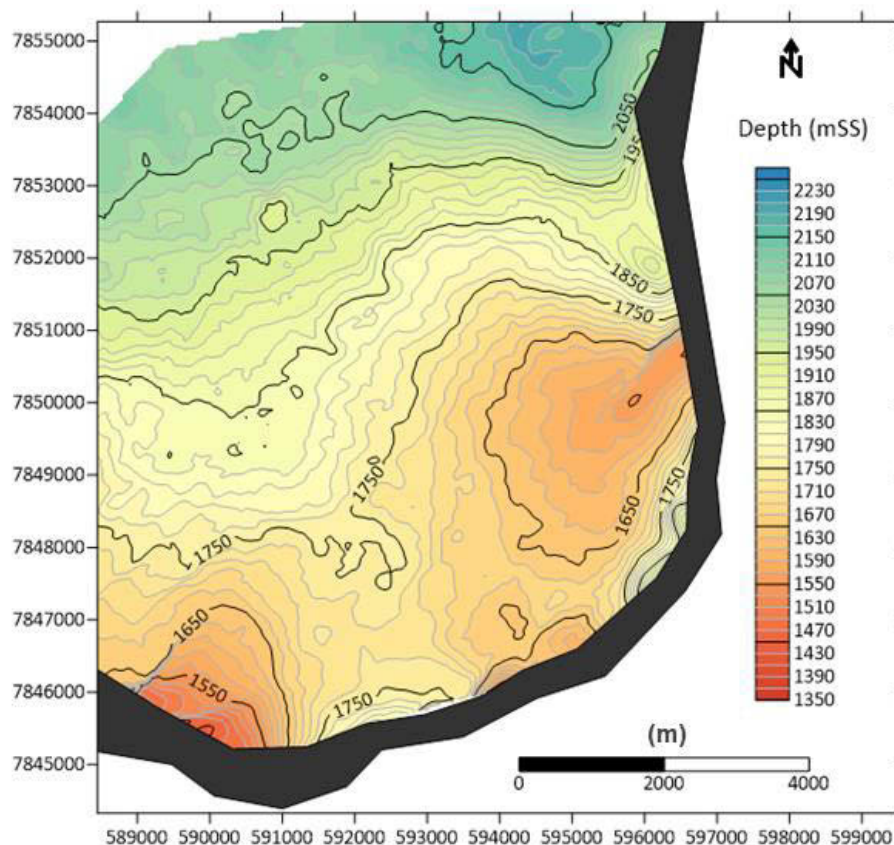
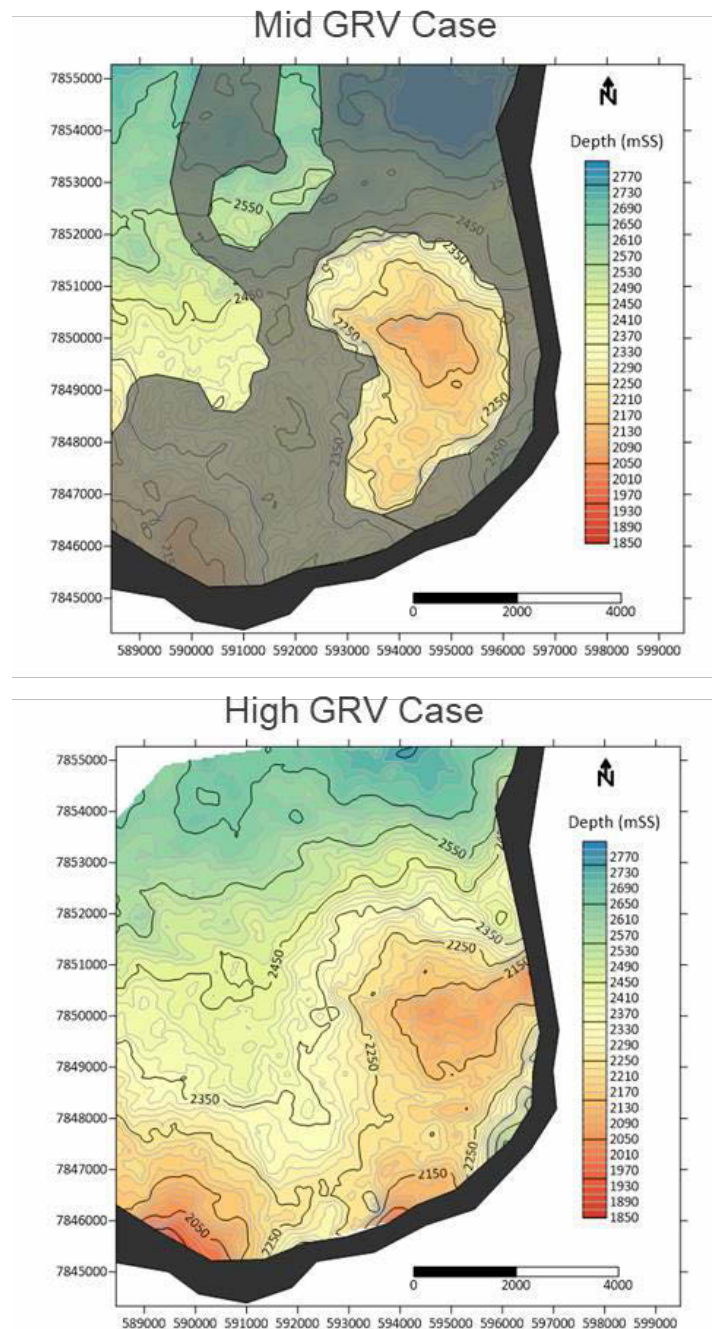


Figure 3.29: Brees depth structure map (Top Barret Member)

At the Barret level, the Brees Prospect is a north-east to south-west trending anticline, dipping towards the south-west and juxtaposed against basement on the north-east flank. At the Caley level, the Brees prospect is a four-way dip closure, with potential upside (high GRV case) against granite basement seal along the south-eastern flank.





**Figure 3.30: Brees depth structure map (Top Caley Member)**

*(Alternate interpretations for (Upper) Best/Mid case and (Lower) High case GRV calculations. Grey shading indicates interpreted mud-filled channels)*

The Brees Prospect sits directly above the proven source rocks of the Upper Permian to Lower Triassic Hovea Member equivalent, with wells Bruce-1 and Poissonier-1 having oil shows at the lower to mid Triassic level. Also, the Brees Prospect is in close proximity to mature source rocks of the Lower – Mid Triassic Archer Formation (with proven charge in Wells Roc-1 and Dorado-2). A third potential mature source rock sitting directly below the Brees Prospect is the Carboniferous – Permian sources rocks (proven in the Canning Basin).



Brightening of seismic amplitude is observed over the crest of the structure at the Barret level. Additional upside potential exists below Caley in the Crespin, Baxter and Milne sandstone reservoirs.

There is limited AVO response due to poor seismic imaging. The proposed Superbowl 3D may assist in de-risking this prospect.

### 3.5.7. Estimation of STOIP and Prospective Resources

For the estimation of the Brees prospect Barret GRVs, ERCE used the best-case mapped structure with low (P90, at 1,675 mTVDSS) and high (P10, at 1,725 mTVDSS) spill points. Misdcase GRV is based on log-normal distribution.

For the estimation of the Brees Caley reservoir, two alternate interpretations have been used (Figure 3.30). For the mid case Caley reservoir, bland seismic, interpreted to be mud filled channels, defines the closure. In the high case, the closure is similar to the overlying Barret where a four-way closure can be mapped, requiring basement seal in some areas. Low case GRV is based on log-normal distribution.

GRV and petrophysical inputs are shown in Table 3.27.

**Table 3.27: GRV and petrophysical inputs for the Brees prospect volumetric calculations**

Brees Prospect	GRV (MMm <sup>3</sup> )			NTG (frac)			Porosity (frac)			So (frac)		
	P90	P50	P10	Low	Mid	High	Low	Mid	High	Low	Mid	High
Barret	413.0	683.4	1131.0	0.35	0.57	0.80	0.19	0.24	0.27	0.60	0.70	0.80
Caley	273.0	523.0	1002.0	0.35	0.52	0.70	0.10	0.17	0.24	0.60	0.73	0.85

Engineering inputs for the Brady prospect volumetric calculations are outlined in Table 3.28. ERCE defines the Bo range for the Barret and Caley reservoirs of the Brees Prospect separately. The Bo values have been calculated using Wells Roc-1 and Phoenix South-1 for the Barret reservoir and Dorado-1 and Dorado-3 for the Caley reservoir. Recovery factors are the same, and based on analogous oil fields, with a strong aquifer expected.

**Table 3.28: Engineering inputs for the Brees prospect volumetric calculations**

Brees Prospect	1/Bo (scf/rcf)			RF		
	Low	Mid	High	Low	Mid	High
Barret	0.63	0.78	0.93	0.35	0.50	0.65
Caley	0.48	0.63	0.78	0.35	0.50	0.65



Monte Carlo probabilistic STOIP low, best and high results (Table 3.29) have the low, mid and high recover factors applied deterministically to calculate the 1U, 2U and 3U recoverable volumes. Total prospect resources have also been calculated arithmetically. Finder Operations' unrisks, Net Prospective Resources of the Brees prospect are shown in Table 3.30.

**Table 3.29: Gross, unrisks Prospective Resources for Brees prospect**

Brees Prospect	ERCE STOIP (MMStb)				ERCE Prospective Resource (MMStb)			
	Low	Mid	High	Mean	1U	2U	3U	Mean
Barret	155.0	295.6	502.7	316.2	54.2	147.8	326.7	158.1
Caley	46.1	121.4	297.8	153.9	16.1	60.7	193.6	77.0

**Notes:**

1. The Prospective Resources presented here are the result of probabilistic method using Monte Carlo simulation for a single zone reservoir. Recovery factor has been applied deterministically to the STOIP.
2. The Prospective Resources have also not been adjusted for the geological chance of success (COS) or chance of development (COD). Quantifying the COD requires consideration of both economic contingencies and other contingencies, such as legal, regulatory, market access, political, social license, internal and external approvals and commitment to project finance and development timing.

**Table 3.30: Finder Operations' unrisks, Net Prospective Resources for Brees prospect (as of 11 February 2022)**

Prospect	Formation	Unrisks Prospective Oil Resources (MMStb)			
		1U	2U	3U	Mean
Brees	Barret	54.2	147.8	326.7	158.1
	Caley	16.1	60.7	193.6	77.0

**Notes:**

1. The Net Working Interest Prospective Resources presented here are the result of probabilistic method using Monte Carlo simulation for a single zone reservoir with a deterministic recovery factor applied.
2. Net Working Interest Prospective Resources are based on working interest percent in the permit. (100% of WA-547-P)
3. The Prospective Resources have also not been adjusted for the geological chance of success (COS) or chance of development (COD). Quantifying the COD requires consideration of both economic contingencies and other contingencies, such as legal, regulatory, market access, political, social license, internal and external approvals and commitment to project finance and development timing.
4. ERCE has made estimates only for the most likely hydrocarbon phase expected in the success case. The COS shown here exclude phase risk which ERCE has estimated to be 30% chance of gas (70% chance of oil) for Brees.
5. The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate 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.



Brees prospect geological risk is summarised in Table 3.31. The key risk for the Barret is hydrocarbon source/charge, however, the trap is robust with a high probability of effective seal and reservoir at this depth. The Caley structure is also robust however it is difficult to correlate the reservoir to nearby wells due to a lack of penetrations in this area. The key risk for the Caley is reservoir presence. The proposed Superbowl 3D seismic survey may help to de-risk this prospect.

**Table 3.31: Brees prospect geological risk summary**

Brees Prospect	Geological Risk Matrix				Total COS
	Reservoir	Source	Trap	Seal	
Barret	80%	60%	90%	70%	30%
Caley	40%	60%	90%	70%	15%

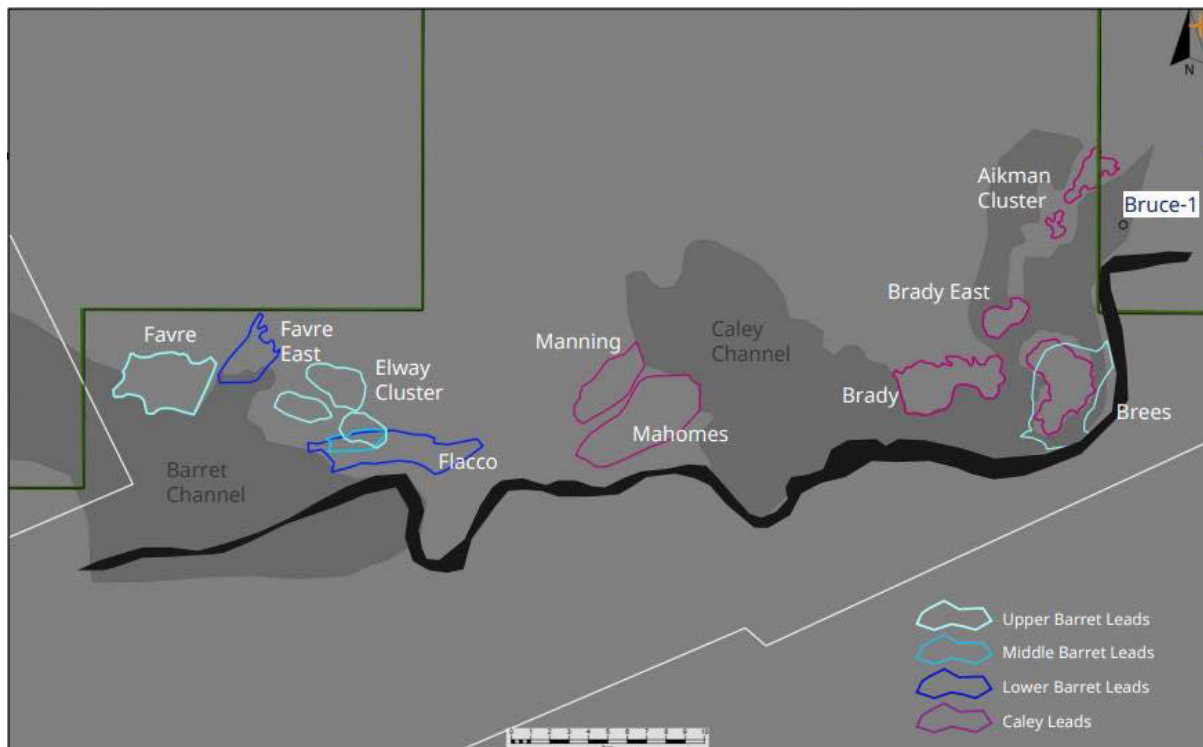
**Notes:**

1. COS represents the geological chance of success of the prospect. The Prospective Resources have not been adjusted for the chance of development. Quantifying the chance of development (COD) requires consideration of both economic contingencies and other contingencies, such as legal, regulatory, market access, political, social license, internal and external approvals and commitment to project finance and development timing. As many of these factors are out-with the knowledge of ERCE they must be used with caution.
2. ERCE has made estimates only for the most likely hydrocarbon phase expected in the success case. The COS shown here exclude phase risk which ERCE has estimated to be 30% gas (70% oil).



### 3.5.8. WA-547-P Additional Prospectivity

Finder Operations has identified additional leads in the WA-547-P permit. These are summarised in Figure 3.31 and Table 3.32. ERCE has not assessed these for prospective resource estimation or geological risk. Finder Operations' proposed Superbowl 3D acquisition and subsequent interpretation will aim to derisk these leads.



**Figure 3.31: WA-547-P Lead and Prospect Inventory**

(Source: Finder)

**Table 3.32: WA-547-P on-block prospect and lead summary**

(Source: Finder)

Prospect	Area (km2)
Favre	14.2
Brady	14.0
Brees	15.0
Manning	16.4
Mahomes	7.1
Favre East	5.2
Elway Cluster	2.8-3.5
Flacco	7.0
Brady East	2.8



### 3.5.9. WA-547-P Commitments and Forward Program

Permit WA-547-P work commitments are outlined in Table 3.33. The primary term work programme is still ongoing but the permit is in good standing. The Superbowl 3D seismic survey planning is underway with preliminary expected duration of 10 days (11 days with infill) covering an area of 765km<sup>2</sup>. The survey is expected to cost approximately A\$5 million and government and environmental approvals are anticipated mid to late 2022. Following the seismic acquisition and processing, Finder Operations will undertake further seismic interpretation, geochemistry modelling and integrated G&G studies to further derisk and mature existing leads and prospects.



Table 3.33: WA-547-P Work Commitments

Permit Year	Start date for Years	End Date for Years	Minimum work requirement (as per title instrument)	Indicative Expenditure (AU\$)	Actual work undertaken including name of operation include above work commitment activities	Date completed	Actual Expenditure (AU\$)
<b>Year 1-3</b>	5 Jan '21	4 Jan '24	<ul style="list-style-type: none"> <li>✓ 3D seismic survey planning</li> <li>✓ Well-tied 2D/3D velocity model, including analysis of 10 wells within and adjacent to the permit</li> <li>✓ Acquire 700km2 new 3D seismic survey (either proprietary or multi-client)</li> <li>✓ 700km2 3D seismic broadband FWI PSDM processing (either proprietary or multi-client)</li> <li>✓ 500km2 AVO and reservoir characterisation studies</li> <li>✓ Geotechnical studies, including play mapping, petroleum system models, seismic interpretation and prospect and lead generation</li> <li>✓ Well Planning</li> <li>✓ Drill one exploration well</li> </ul>	A\$200,000 A\$30,000  A\$5,000,000  A\$200,000  A\$100,000  A\$2,000,000  A\$200,000 A\$20,000,000	<ul style="list-style-type: none"> <li>✓ 3D seismic survey planning - ongoing</li> <li>✓ Geotechnical studies - ongoing</li> </ul>		A\$716,818 (up to 31 Dec 2021)
<b>Year 4</b>	5 Jan 24'	4 Jan 25'	<ul style="list-style-type: none"> <li>✓ Geotechnical studies, including post-well studies</li> <li>✓ 500km2 3D seismic data inversion (QI) and reservoir characterisation</li> <li>✓ Geological and geophysical studies</li> </ul>	A\$1,000,000  A\$200,000  A\$500,000	✓		
<b>Year 5</b>	5 Jan 25'	4 Jan 26'	<ul style="list-style-type: none"> <li>✓ Geological and geophysical studies</li> <li>✓ Well Planning</li> </ul>	A\$500,000 A\$ 200,000	✓		
<b>Year 6</b>	5 Jan 26'	4 Jan 27'	<ul style="list-style-type: none"> <li>✓ Drill one exploration well</li> <li>✓ Geological and geophysical studies, including post-well studies</li> </ul>	A\$15,000,000 A\$500,000	✓		

Work program requirements and indicative expenditure as per the permit's Title Instrument.



### 3.6. WA-542-P

WA-542-P permit is located in the Northern Carnarvon Basin at the northern end of the Rankin Trend and covers an area of 4,850 km<sup>2</sup>. The permit is secured by a Call Option to acquire 100% of the permit interest at no cost to Finder, other than assuming the permits work programme commitments. The Lewis Trough lies to the southwest of the permit, the Enderby and Bruce Terraces flank the south-eastern edge of the block and the Cossigny and Beagle Troughs lie along the eastern flank. The northern portion of WA-542-P consists of a series of south-southwest to north-northeast trending horst and grabens structures, with a switch to an east to west trending fault pattern along the southern regions of the block, associated with the northern extent of the Lewis trough. Water depth is generally in the range of 100 to 300 m, with 20 m depth in some areas, associated with shoals.

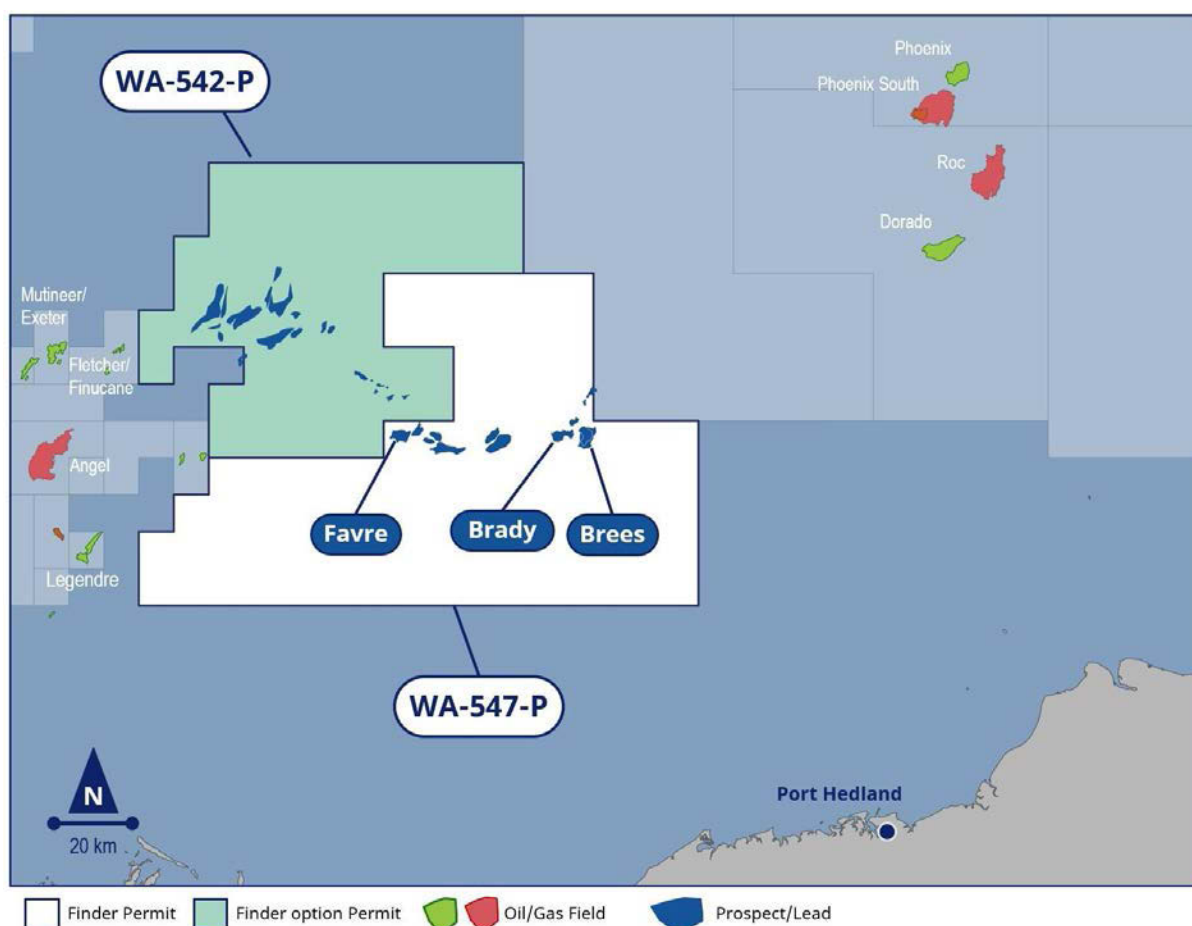


Figure 3.32: Location map of block WA-542-P in North-West Shelf, Australia

#### 3.6.1. WA-542-P Prospects and Leads

Finder Operations has identified three key play levels in the Permit. The Upper Jurassic stratigraphic level has been identified as a primary play within the Permit. This level includes sandstones within the Tithonian Angel Formation and the Oxfordian Eliassen Formation. Within the Permit this play is located within the Ronsard Trough and has the



potential for both a stratigraphic and/or structural trapping mechanisms, both of which have been demonstrated through multiple discoveries on the Dampier Sub-basin to the west (e.g. Mutineer-Exeter, Finucane South-1 and Hurricane oil and gas discoveries).

The Lower to Middle Jurassic plays of the North Rankin and Legendre Formations have also been identified as a primary target within the Permit. The Dampier Sub-basin has many examples of hydrocarbons discovered and produced from these intervals and this play has been historically targeted by exploration wells within the Permit such as Wells Sable-1, Ronsard-1, Trafalgar-1 and Picard-1. Post well analysis of these dry holes has indicated that a lack of charge is the critical risk and most likely reason for failure. Most of the leads are situated in the central part of the Permit and are only covered by 2D seismic data. Typically, the leads are intra-graben tilted fault block traps, or low side 3-way dip structures against faults. Additionally, this play level has been high graded for its CCUS potential. Large containment structures mapped on 2D seismic data, along with Finder's interpretation that they structures failed from hydrocarbon charge, not from trap failure allows for the traps to possibly be used for CO<sub>2</sub> storage in the future.

Lastly, the Middle Triassic stratigraphic level has also been identified as a target within the Permit. This level is comprised of the prospective Barret sandstones (Phoenix South-1) as well as the highly prospective Caley, Baxter, Crespin and Milne sandstones (Wells Roc-1, Phoenix South-3, Dorado-1). Some structural traps are mapped on the Polly 3D data ( ie Eales), however in the southern part of the Permit, a number of conceptual leads have been identified on existing 2D data. The leads are typically structural stratigraphic traps with the presence of Triassic faults and incised canyons, as interpreted to the east on the Polly 3D. The target depths of this play are between 3,000 to 4,000 mSS. The lead concepts are analogous to the Dorado and Roc discoveries to the east.

The acquisition of high-quality 3D seismic will be instrumental in unlocking the hydrocarbon potential of these play levels within the Permit.

A summary of the current leads identified by Finder Operations is provided in Figure 3.33 and Table 3.34. Finder Operations is still completing technical studies to progress the prospectivity and determine the best location for the proposed 3D seismic program. ERCE has not independently evaluated these as part of this study.



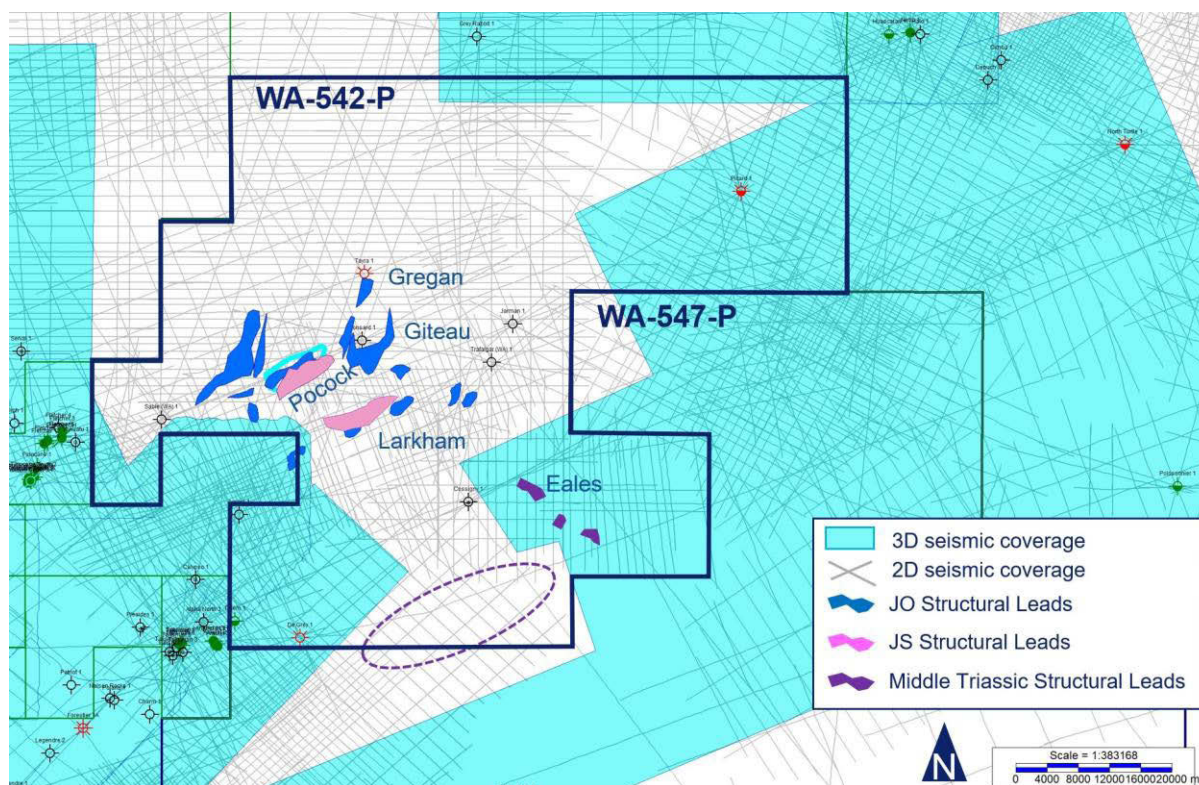


Figure 3.33: WA-542-P lead and prospect summary map

(Source: Finder)

Table 3.34: WA-542-P on-block lead and prospect inventory

(Source: Finder)

Prospect/Lead	Area (km2)
Gregan (Up. Jurassic)	4.1
Pocock (Mid-Lw Jurassic)	16.8
Giteau (Up. Jurassic)	17.7
Lakham (Mid-Lw Jurassic)	22.3
Eales (Mid Triassic)	3.5

### 3.6.2. WA-542-P Commitments and Forward Program

Finder Operations holds a Call Option to acquire 100% of the permit at no cost to Finder, other than assuming the permits work programme commitments. Finder Operations is currently evaluating synergies with WA-547-P ahead of exercising the option. The area of the block is 4,852 km<sup>2</sup> and consists of 60 graticular blocks. The permit is in year 3 of the primary work program and is in good standing. A summary of the permit work commitments is shown in Table 3.35.



Table 3.35: WA-542-P Work Commitments

Permit Year	Start date for Year	End Date for Year	Minimum work requirement (as per title instrument)	Indicative Expenditure (AU\$)	Actual work undertaken including name of operation include above work commitment activities	Date completed	Actual Expenditure (AU\$)
<b>Year 1-3</b>	10 Oct '19	9 Oct '23	<ul style="list-style-type: none"> <li>✓ Licence 1,024 km<sup>2</sup> multicient reprocessed Polly 3D 2018 seismic data</li> <li>✓ Licence 4,850 km<sup>2</sup> multicient Beagle 2D<sup>Cubed</sup> seismic data</li> <li>✓ Geological and geophysical studies</li> <li>✓ 1000 km<sup>2</sup> FWI reprocessing of Polly 3D seismic data</li> <li>✓ Acquire 2,000 km<sup>2</sup> new 3D seismic survey</li> <li>✓ Geological and geophysical studies including seismic interpretation</li> </ul>	A\$3,100,000  A\$1,400,000 A\$4,200,000 A\$11,200,000 A\$2,800,000	<ul style="list-style-type: none"> <li>✓ Licence 7,624km<sup>2</sup> multicient reprocessed Polly 3D 2018 PSDM seismic data (6,600km<sup>2</sup> above commitment)</li> <li>✓ Licence 42,740 km<sup>2</sup> multicient Beagle 2D<sup>Cubed</sup> seismic data (37,890 km<sup>2</sup> above commitment)</li> <li>✓ Geotechnical Study:               <ul style="list-style-type: none"> <li>○ Dry well analysis</li> <li>○ Stratigraphic framework</li> <li>○ Petrophysical studies</li> <li>○ Regional seismic mapping and well ties</li> </ul> </li> <li>✓ Regional deep reservoir study</li> <li>✓ Regional basin modelling (ongoing)</li> </ul>	26 Nov '19  26 Nov '19  9 Oct '20 26 Jul '21 9 Oct '21	A\$5,480,837  (Up to 9 Oct 2021)
<b>Year 4</b>	10 Oct '23	9 Oct '24	✓ Geological and geophysical studies including well planning	A\$14,000,000			
<b>Year 5</b>	10 Oct '24	9 Oct '25	✓ Drill one exploration well	A\$31,000,000			
<b>Year 6</b>	10 Oct '25	9 Oct '26	✓ Geological and geophysical studies including well analysis	A\$2,800,000			

Work program requirements and indicative expenditure as per the permit's Title Instrument. Actual expenditure shown is Gross Expenditure against the Permit and not Finder Operations' net or paying interest share.



### 3.7. WA-520-P

Finder Operations was awarded the WA-520-P (Figure 3.34) on 20 September 2015. Finder Operations' interest in the permit was subject to the terms of a Cooperation Agreement whereby Fugro provided funding in relation to the permit and Finder Operations and Fugro shared income derived from the permit. In December 2019, Finder Operations and Fugro agreed to wind up arrangements under the Cooperation Agreement through a new agreement whereby Finder Operations would hold Fugro's 50% interest on trust in the permit. Finder Operations would manage the permit and Fugro's interest for an agreed monthly budget.

The permit is located in the Exmouth Sub-basin and has an area of 1,280 km<sup>2</sup>, with water depths in the order of 500 to 1,100 m. The permit lies along trend from the Triassic Mungaroo Formation (Figure 3.35) gas play fairway. To the southwest of the block is the Tallaganda and Bunyip gas discoveries and north to northeast of the block are the Sappho, Satyr and Isosceles Gas fields. A regional well section is shown in Figure 3.36. A secondary, unproven play, WA-520-P, is sandstone facies of the Cretaceous Barrow Group.

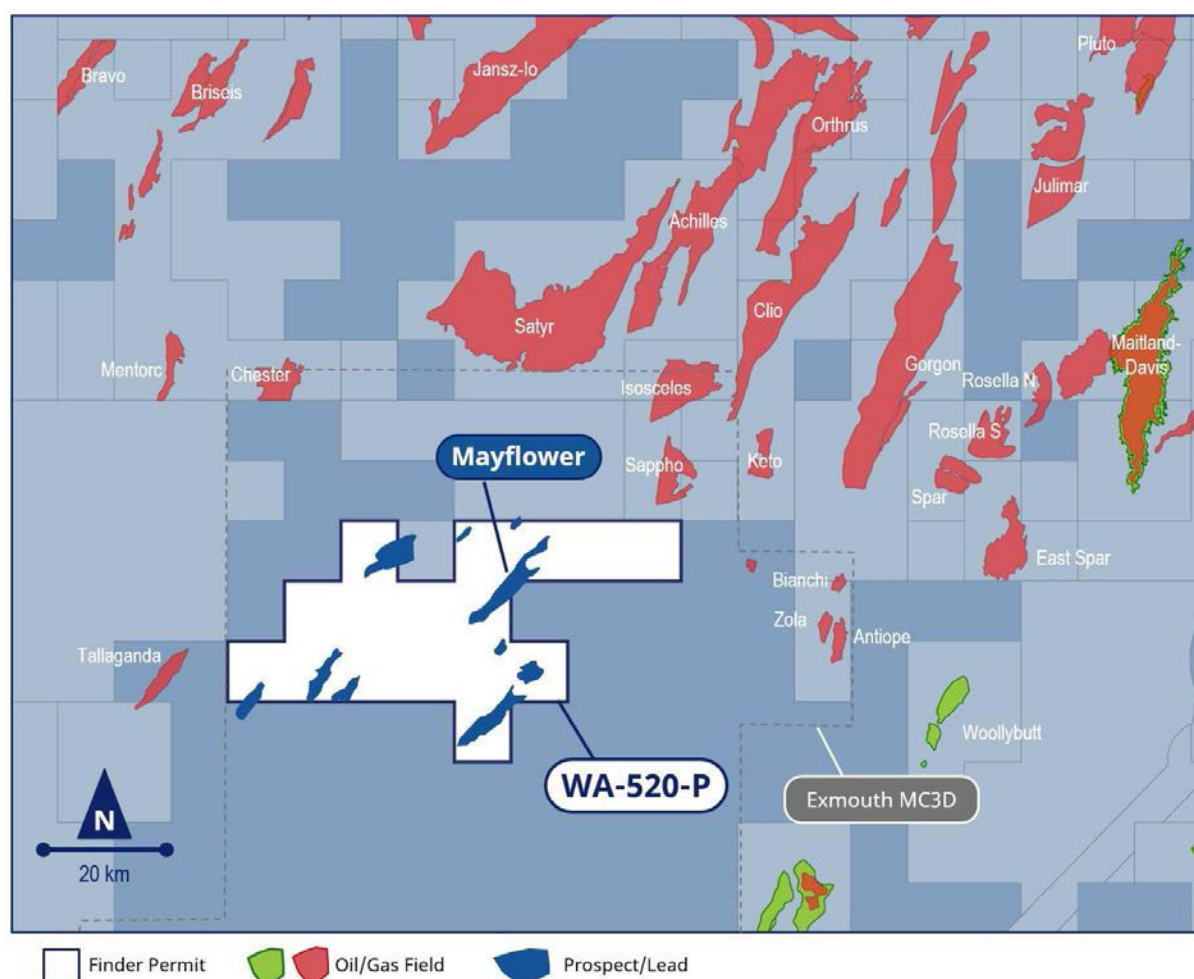


Figure 3.34: WA-520-P location map showing prospects, leads and discoveries

(Source: Finder)



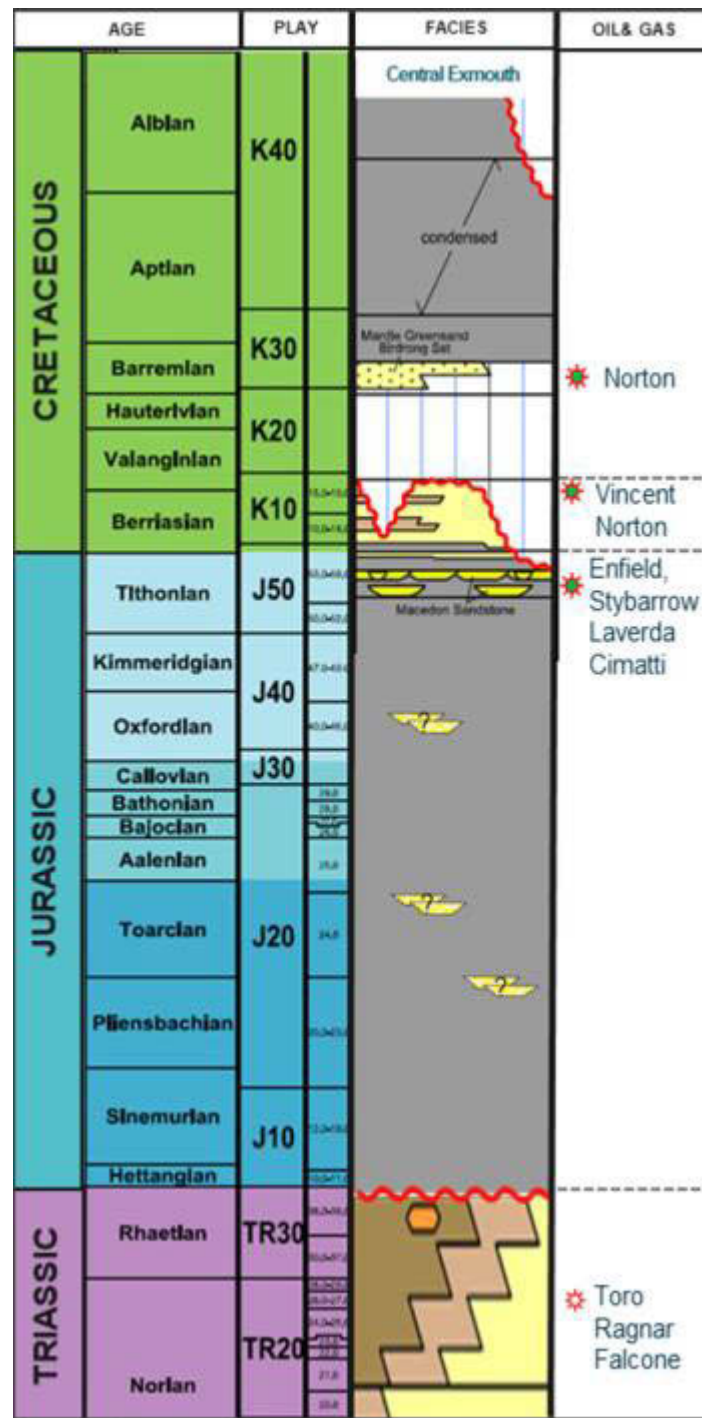


Figure 3.35: Stratigraphic column of WA-520-P  
(Source: Woodside)



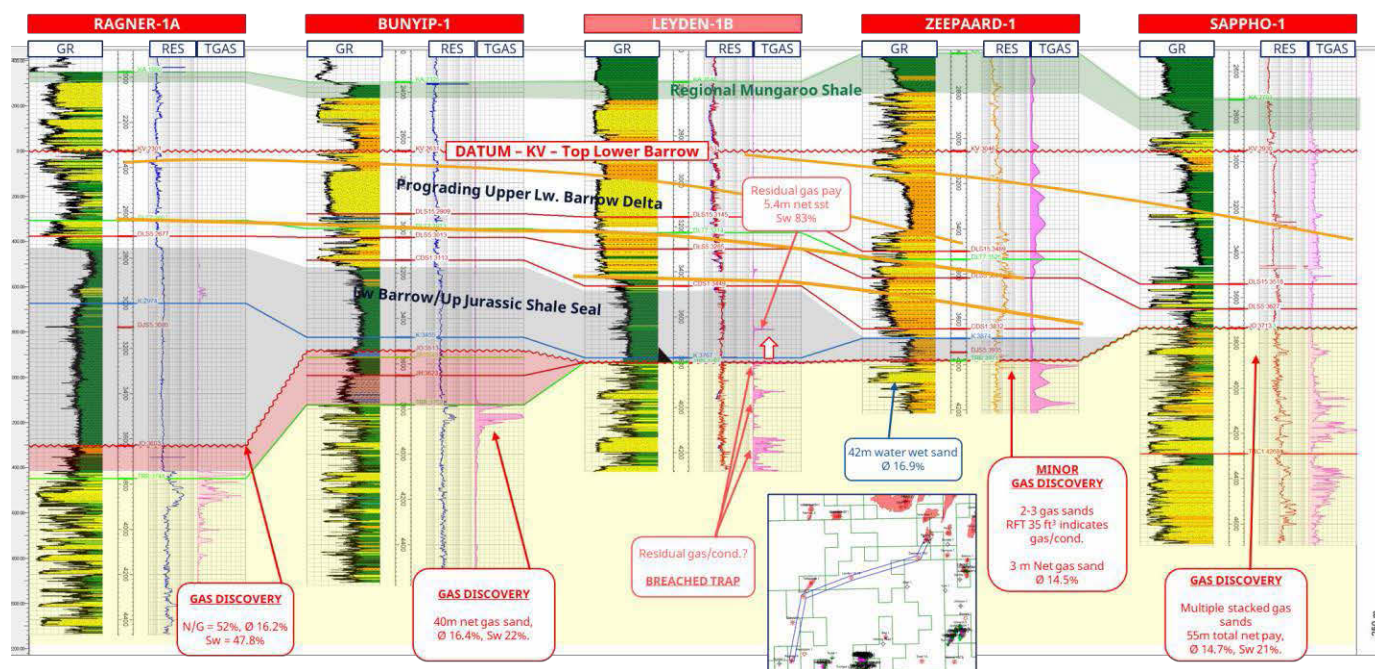


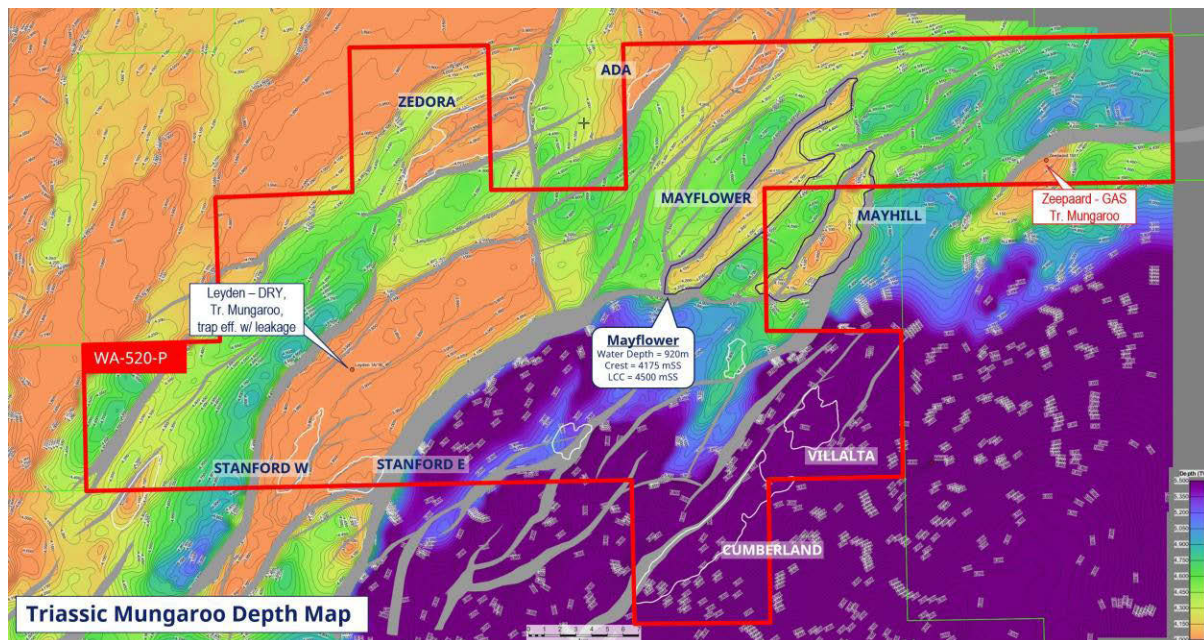
Figure 3.36: Regional well correlation for WA-520-P

(Source: Finder)

### 3.7.1. WA-520-P Prospect and Leads

Finder Operations has identified several prospects on 3D seismic data on WA-520-P at the main Triassic Mungaroo Formation play level (Figure 3.37 and Table 3.36). ERCE has not independently reviewed these prospects for the ITSr. The Mayflower prospect (Figure 3.38) is the key structure currently identified by Finder Operations in permit WA-520-P. The Mayflower prospect has amplitude supported Triassic Mungaroo Formation objectives similar to several other discoveries in the area such as Clio and Satyr to the north.



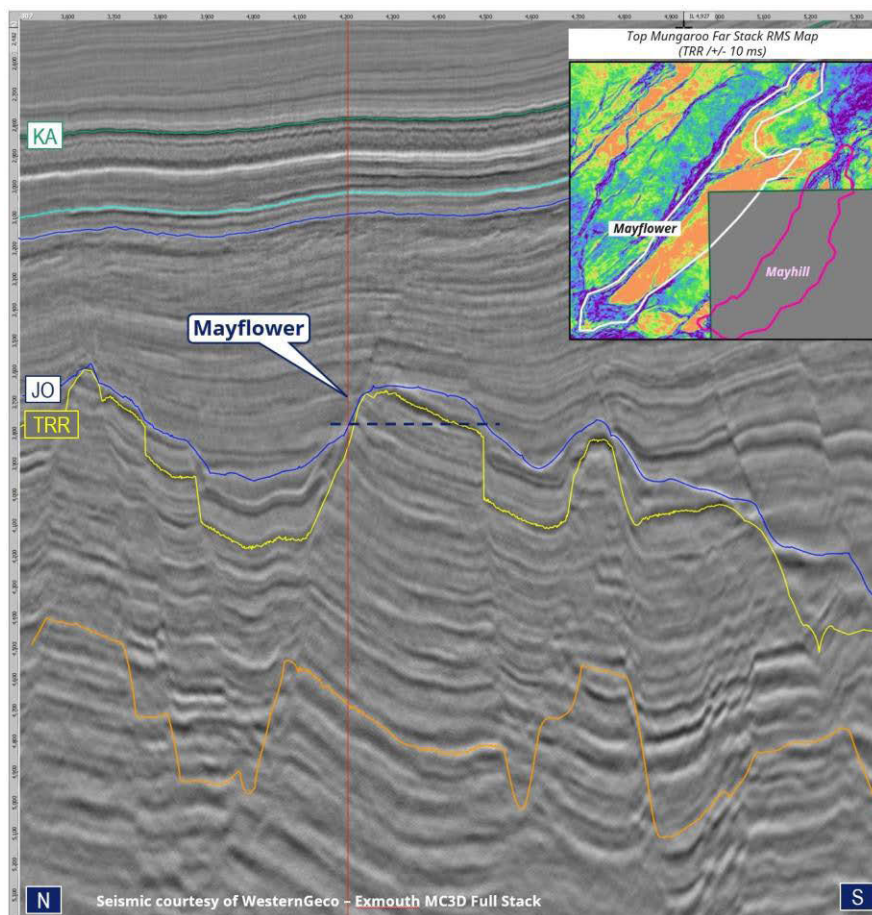


**Figure 3.37: Prospect and lead map for WA-520-P**  
(Source: Finder)

**Table 3.36: On-block prospect and lead summary for WA-520-P**  
(Source: Finder)

Prospect/Lead	Area (km <sup>2</sup> )
Mayflower	33.7
Zedora	25.0
Stanford W	13.6
Stanford E	7.1
Villalta	8.2
Cumberland	25.1





**Figure 3.38: Mayflower prospect**  
(Source: Finder)

### 3.7.2. WA-520-P Commitments and Forward Program

Finder Operations was awarded the WA-520-P permit (100%) on 21 September 2015. The Primary work program commitment of a new, permit wide 3D seismic acquisition and processing, and G&G studies is complete, and the permit is in good standing.

To date, more than AU\$13M exploration expenditure has been spent by previous partners on WA-520-P. The work programme is complete until the end of permit year 5 (20 September 2022). Prior to entering into permit year 6, which contains a discretionary well, Finder Operations is currently looking for a farmout partner to drill the Mayflower Prospect. A permit year 5 suspension and extension (S&E) and/or permit year 6 work program variation may be requested to NOPTA to delay the permit year 6 discretionary drill decision until 20 September 2023 or later. A summary of the Permit work programme commitments is shown in Figure 3.34.



Table 3.37: WA-520-P work commitments

(Source: Finder)

Permit Year	Start date for Year	End Date for Year	Minimum work requirement (as per title instrument)	Indicative Expenditure (AU\$)	Actual work undertaken including name of operation include above work commitment activities	Date completed	Actual Expenditure (AU\$)
Year 1	21 Sept. '15	20 Sept. '16	✓ Geologic & geophysical studies, including data collation, interpretation and regional studies.	A\$250,000	✓ Desktop Geologic & Geophysical studies and data collation.	20 Sept '16	A\$361,465
Year 2	21 Sept. '16	20 Sept. '18	✓ 1,280 km <sup>2</sup> of new 3D broadband seismic data acquisition and pSTM processing either licensing multi-client data or exclusive/proprietary data; & ✓ Geologic & geophysical studies including seismic interpretation.	A\$4,500,000  A\$250,000	✓ G&G Studies (seismic interpretation of the PreSTM data). ✓ Licensing of 1280 km <sup>2</sup> of Schlumberger's SLB15 IsoMetrix MC3D PreSTM acquired over the Permit.	20 Sept '17 20 Sept '18 20 Sept '17 20 Sept '18	A\$8,425,551
Year 3	21 Sept. '18	20 Sept. '19	✓ 1,280 km <sup>2</sup> of new 3D pSDM processing, either licensing multi-client data or exclusive/proprietary data; & ✓ Geologic & geophysical studies including seismic interpretation and core review.	A\$750,000  A\$250,000	✓ G&G Studies (seismic interpretation of the PreSDM data and a core review) ✓ Licensing of 1280 km <sup>2</sup> of Schlumberger's SLB15 IsoMetrix MC3D PreSDM data over the Permit	20 Sept '19  20 Sept '19	A\$2,899,452
Year 4	21 Sept. '19	20 Sept. '21	✓ 500 km <sup>2</sup> of 3D seismic data inversion (QI) / reservoir characterisation, either licensing multi-client data or exclusive/proprietary data; & ✓ Geologic & geophysical studies including seismic interpretation and prospect mapping.	A\$250,000  A\$250,000	✓ G&G Studies (seismic interpretation of the PreSDM data and a 990 km <sup>2</sup> seismic inversion study) ✓ Geologic & Geophysical studies including seismic interpretation and prospect mapping.	20 Sept '20  20 Sept '21	A\$1,962,016
Year 5	21 Sept. '21	20 Sept. '22	✓ Geologic & Geophysical studies to deliver a well proposal.	A\$250,000			-
Year 6	21 Sept. '22	20 Sept. '23	✓ Drill one (1) exploration well; & ✓ Geologic & Geophysical studies including post well studies.	A\$30,000,000  A\$250,000			

Work program requirements and indicative expenditure as per the permit's Title Instrument. Actual expenditure shown is Gross Expenditure against the Permit and not Finder Operations' net or paying interest share.



## 4. North Sea, UK

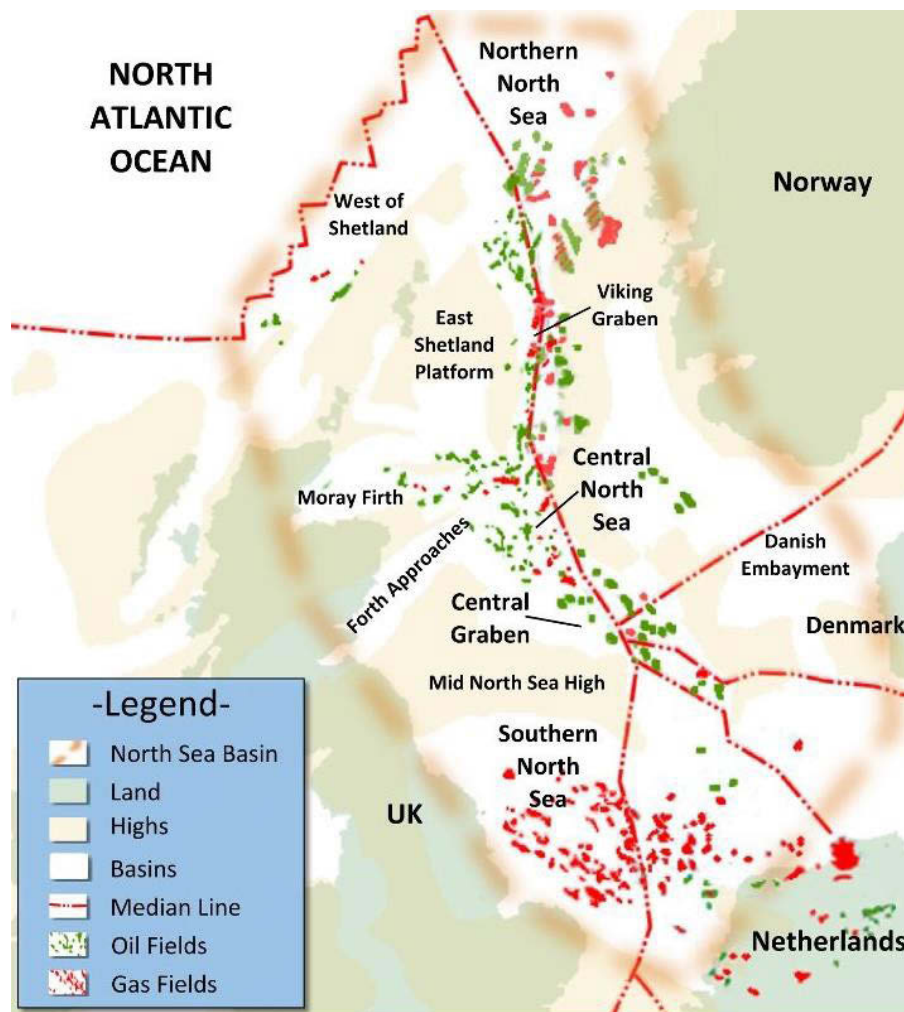
Finder Operations currently has interests in five Seaward Production (Innovate) Licences in the United Kingdom (UK) offshore continental shelf (UKCS). Four Licences are located in the Central North Sea (P2317, P2528, P2530, P2524) and the fifth Licence, P2502 is located in the Northern North Sea in the East Shetland Basin. All five Licences are currently in Phase A which includes geological and geophysical studies, and a drill or drop decision at the end of Phase A.

Final execution of the Licence documents by the Oil and Gas Authority (OGA) was completed in the first half of 2021 and Finder Operations are currently undertaking detailed seismic interpretation and geological studies to progress the prospectivity. With Finder Operations' work not yet completed ERCE has not conducted an independent review of the Prospective Resource review at this stage. For the purposes of the ITSR and report, ERCE completed a high-level review of each Licence and work program commitments.

### 4.1. North Sea Basin

The North Sea basin (Figure 4.1) is a hydrocarbon-rich basin that is bordered by nine European countries and covers an area of approximately 575,000 km<sup>2</sup> and has water depths up to approximately 700m.





**Figure 4.1: North Sea Basin**

(Source: W. Thornton)

The northern basin formed during the late Devonian and the southern basin formed during the Carboniferous. Rifting and subsidence continued during the Cretaceous along with the deposition of limestones, and other sediments. This influx of clay sediments became the Kimmeridge formation which became a major source rock for many oil and gas fields in the North Sea.

The main trap styles in the basin range from simple low relief tilted fault blocks to large diapiric structures and stratigraphic closures.



#### 4.2. P2524

Finder Operations has a 40% interest in UK block P2524 as the Licence Administrator, with Harbour Energy (previously Chrysaor Limited) holding the other 60%. The licence was awarded on 1<sup>st</sup> December 2020 in the 32<sup>nd</sup> Offshore Licensing Round with an initial term of 5 years (Phase A – 3 years, Phase C – 2 years, no Phase B). The Licence is currently in year 2 of Phase A with a drill or drop decision required by 20 November 2023). The block is located in the north-south trending South Viking Graben. Rifting and graben formation was initiated in the Triassic and persisted for most of the Jurassic. A NW-SE transgressional regime also impacts the Upper Jurassic sub-basin evolution.

The block contains three prospects (Barracuda, Amberjack and Trevally) and two leads (Conger and Bass) shown in Figure 4.2. The block contains the Wrasse Discovery, which found gas condensate in the Jurassic Brae, Birch and Hugin Formations, and an additional oil discovery in Paleocene Heimdal sands in the Kidd Discovery. The block is covered by vintage 3D seismic data and in June 2021 Finder Operations purchased a license to the PGS 2016 geostreamer multi-client 3D data over the block and wider area.

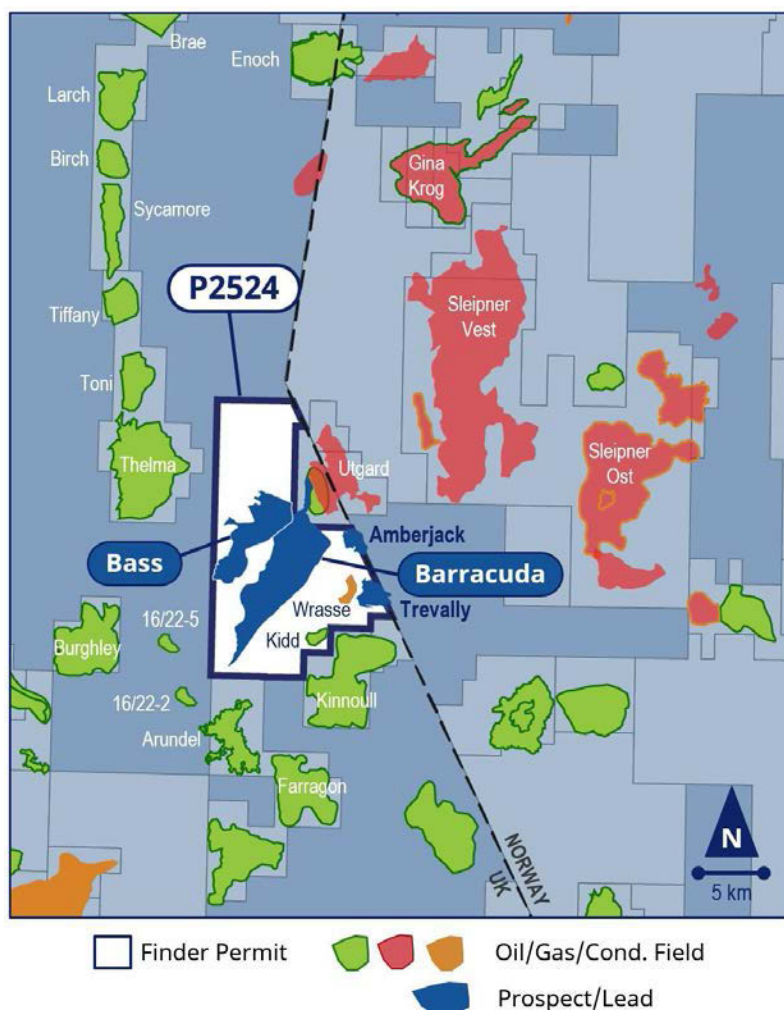


Figure 4.2: UK permit P2524 prospects and adjacent discoveries  
(Source: Finder)



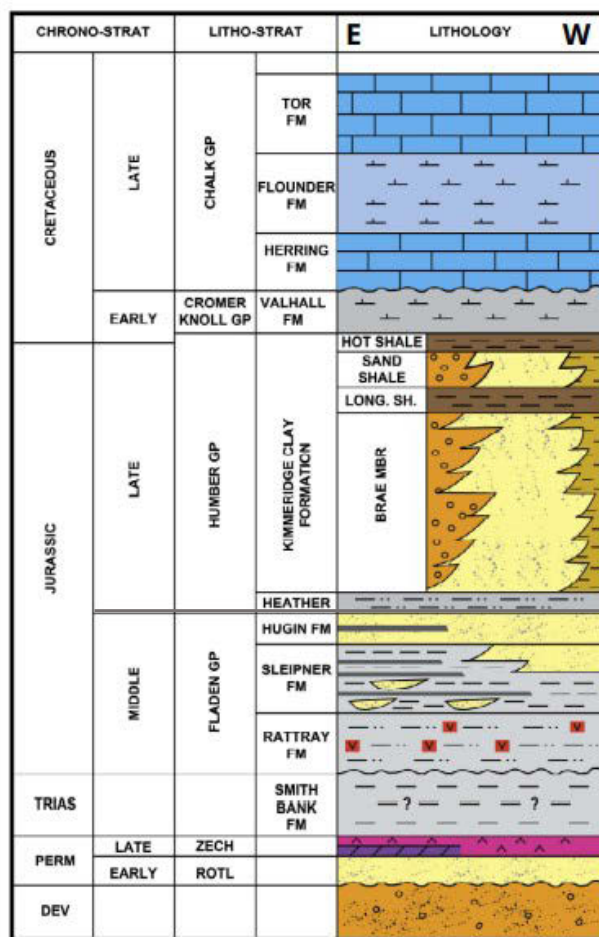


Figure 5. Simplified T-Block stratigraphy. Long. Sh. = Longicornis shale member.

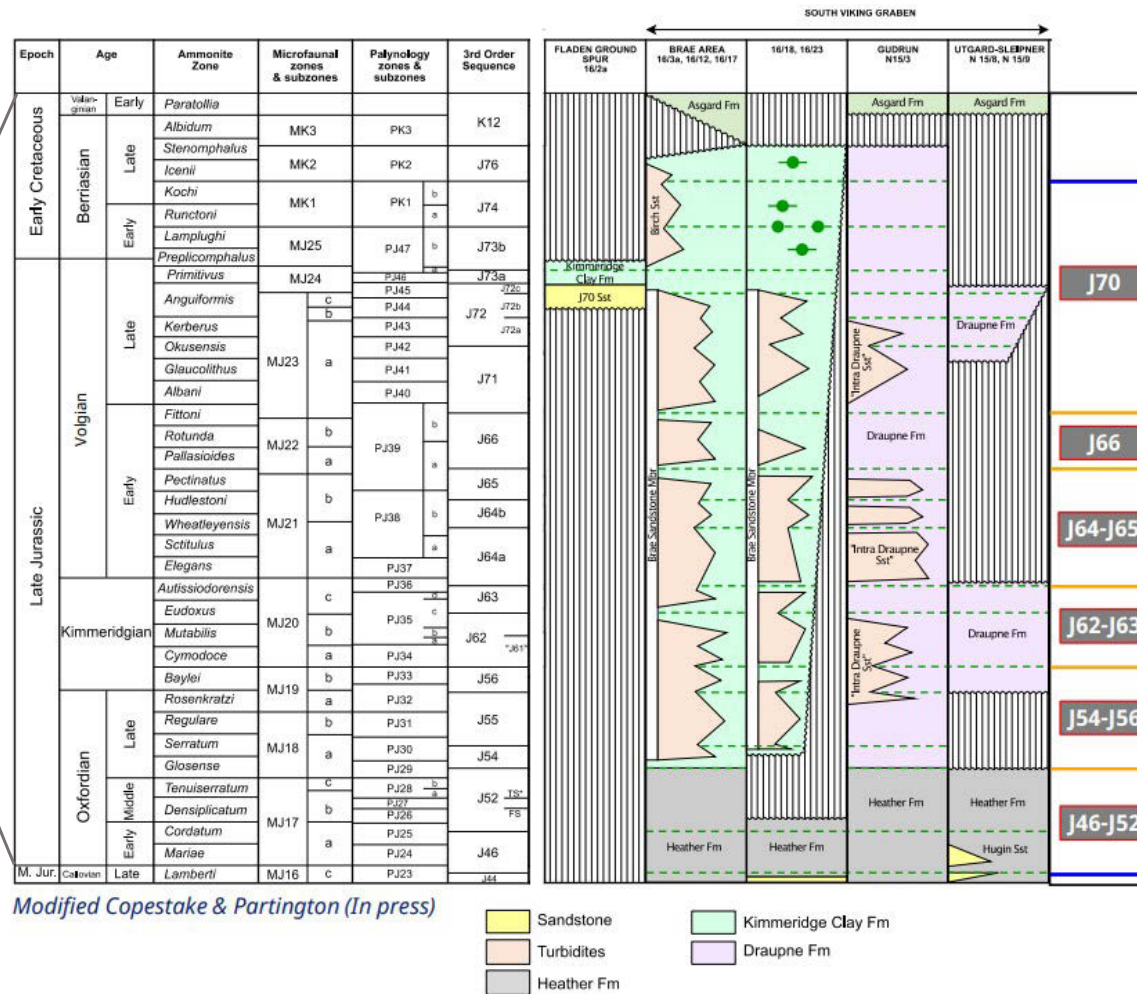


Figure 4.3 Stratigraphic column of South Viking Graben  
(Source: Finder)



#### 4.2.1. Barracuda Prospect

The Barracuda Prospect lies in the southeast of the South Viking Graben where Upper Jurassic basin floor fans sourced from the west onlap against the Kinnoull High (Figure 4.4 and Figure 4.5). A series of stacked, mass-flow sandstones are the primary reservoir target (J66 and J64-65 Brae Member sand sequences based on biostratigraphic markers identified by Copestake et al.<sup>1</sup>) at a depth of around 3,700 m TVDSS. Oil discoveries are present in age-equivalent reservoirs down-dip of the prospect in Wells 16/22-2 and 16/22-5 and oil shows were encountered in a thick Brae section of 492m in Well 16/18-2, affirming the presence of source and charge. A small risk is associated with the trap mechanism, which is dependent on a combination of stratigraphic pinch out of the sands to the south and fault seal in the east where reservoir sands are mapped as being juxtaposed against sealing Kimmeridge Clay and Heather Formation shales in the footwall to the northwest-southeast trending bounding fault

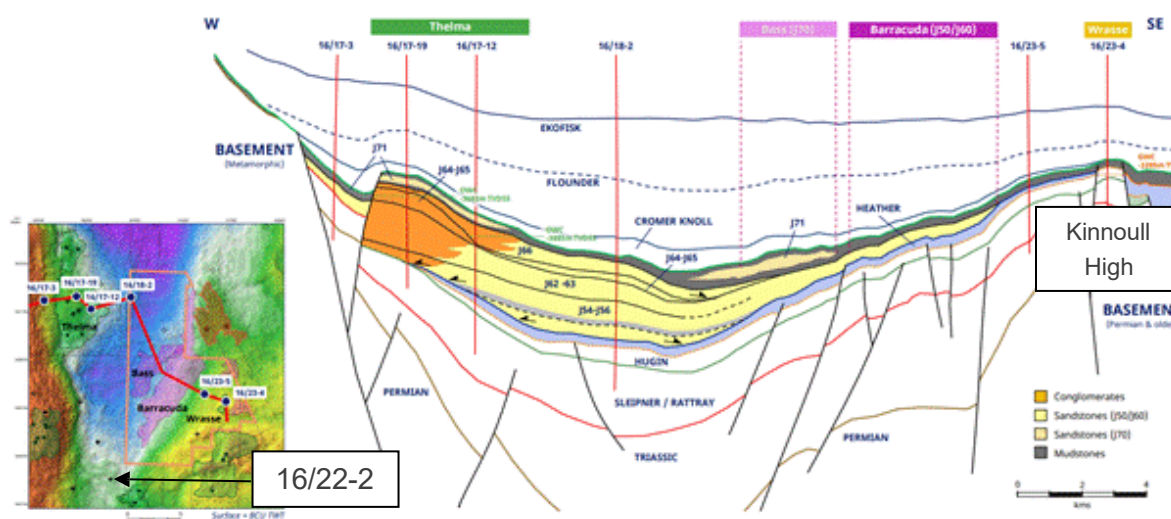
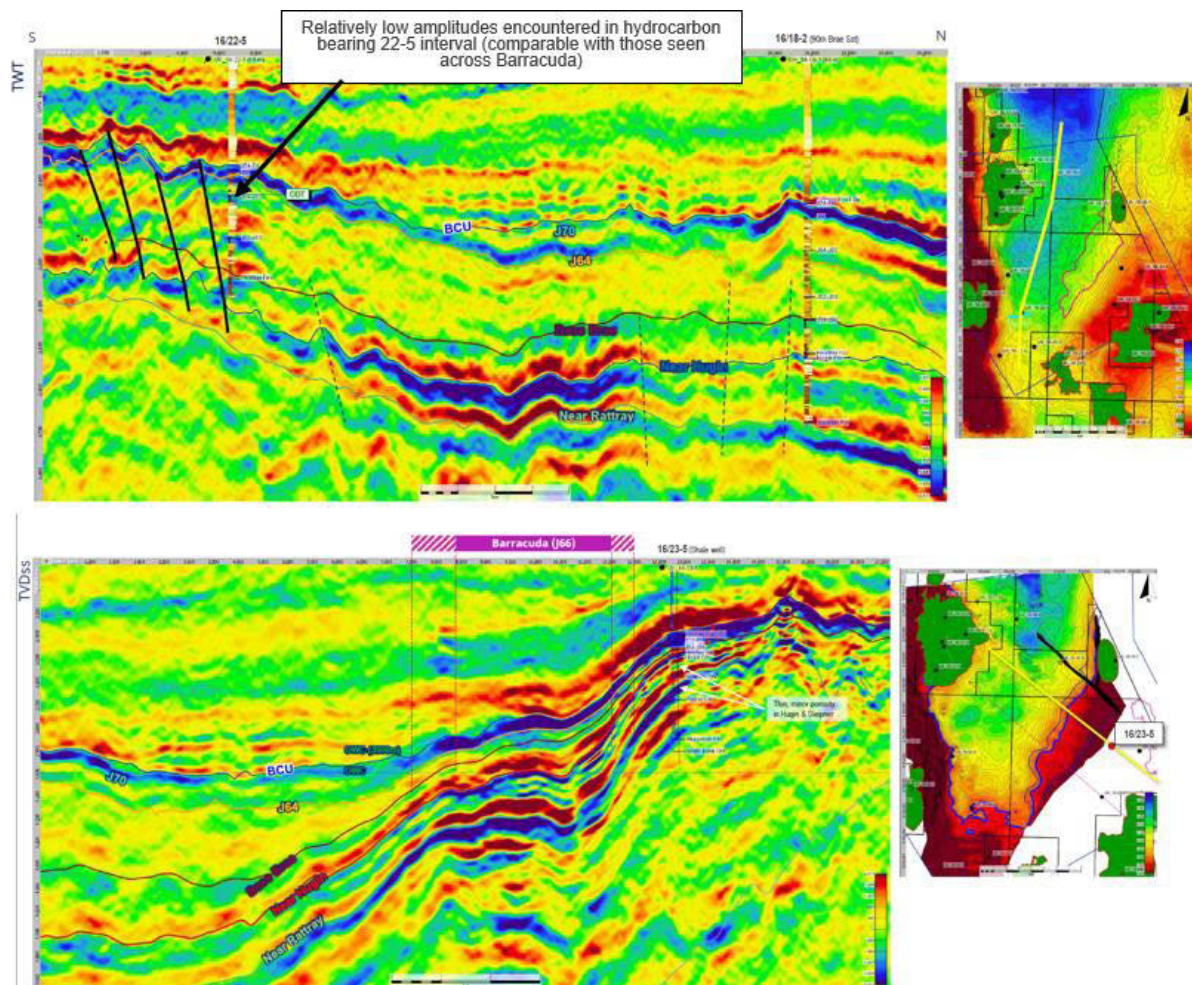


Figure 4.4 Cross-section through Block P2524 in the South Viking Graben

(Source: Finder)

<sup>1</sup> <https://doi.org/10.1144/0040371>





**Figure 4.5: Low seismic amplitudes at Barracuda and the hydrocarbon-bearing interval at 16/22-5**

The effectiveness of the Brae reservoir has been proven at offset wells, such as Wells 16/18-2 and 16/17-12 in the Thelma Field. However, Barracuda sits in a more distal location from the sediment source.

The presence and effectiveness of the top and base seal (Upper – Middle Jurassic shales) is proven. Several wells in the area have good quality formation pressure data, such as the deep 16/18-2 well which indicate over-pressured aquifers of about 1,600 psi. Pressures in the Jurassic sands reveal compartmentalisation and fluid properties vary, demonstrating the potential for stratigraphic and fault-related traps.

However, there is the potential for leakage via faults in the NE of Barracuda to the Utgard field. Pressures in the Brae Sandstones in Wells 16/18-2 and 16/17-18 have similar pressures to the Hugin Sandstone in Utgard (Figure 4.6). The same faults which are modelled to seal Barracuda in the NE similarly lies between Utgard and Wells 16/18-2 and 16/17-18. The similar pressures indicate that the Brae Sandstones in the basin might be in pressure communication with the Hugin Sandstone in Utgard, across the faults. However, seismic mapping indicates



the location of this cross-fault communication between Upper and Middle Jurassic sands to be down-dip of the base case Barracuda closure.

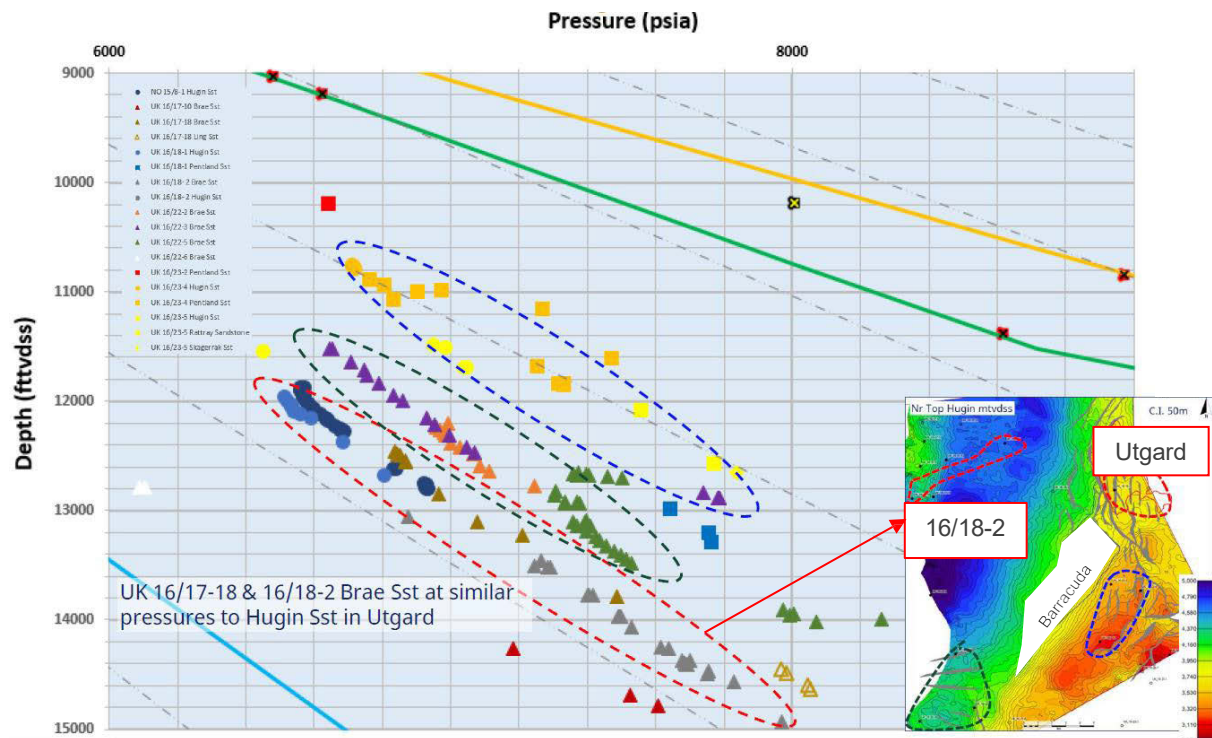


Figure 4.6: Pressure plot of offset wells. Brae Sandstone at similar pressures to Hugin Sandstone in Utgard across faults.



Figure 4.7 shows a cross section between Well 16/18-2 which lies roughly 12 km from Barracuda and Well 16/23-5 which lies to the east. Well 16/18-2 penetrated 492 m of Brae sands; reservoir quality was moderate with around 14% porosity based on the PHIE log and an overall net-to-gross of ~40% and oil shows were observed. Well 16/23-5 contains no Upper Jurassic reservoir sands, confirming an overall south-easterly pinch out of the Brae sands which lends to the stratigraphic trapping mechanism in the southeast.

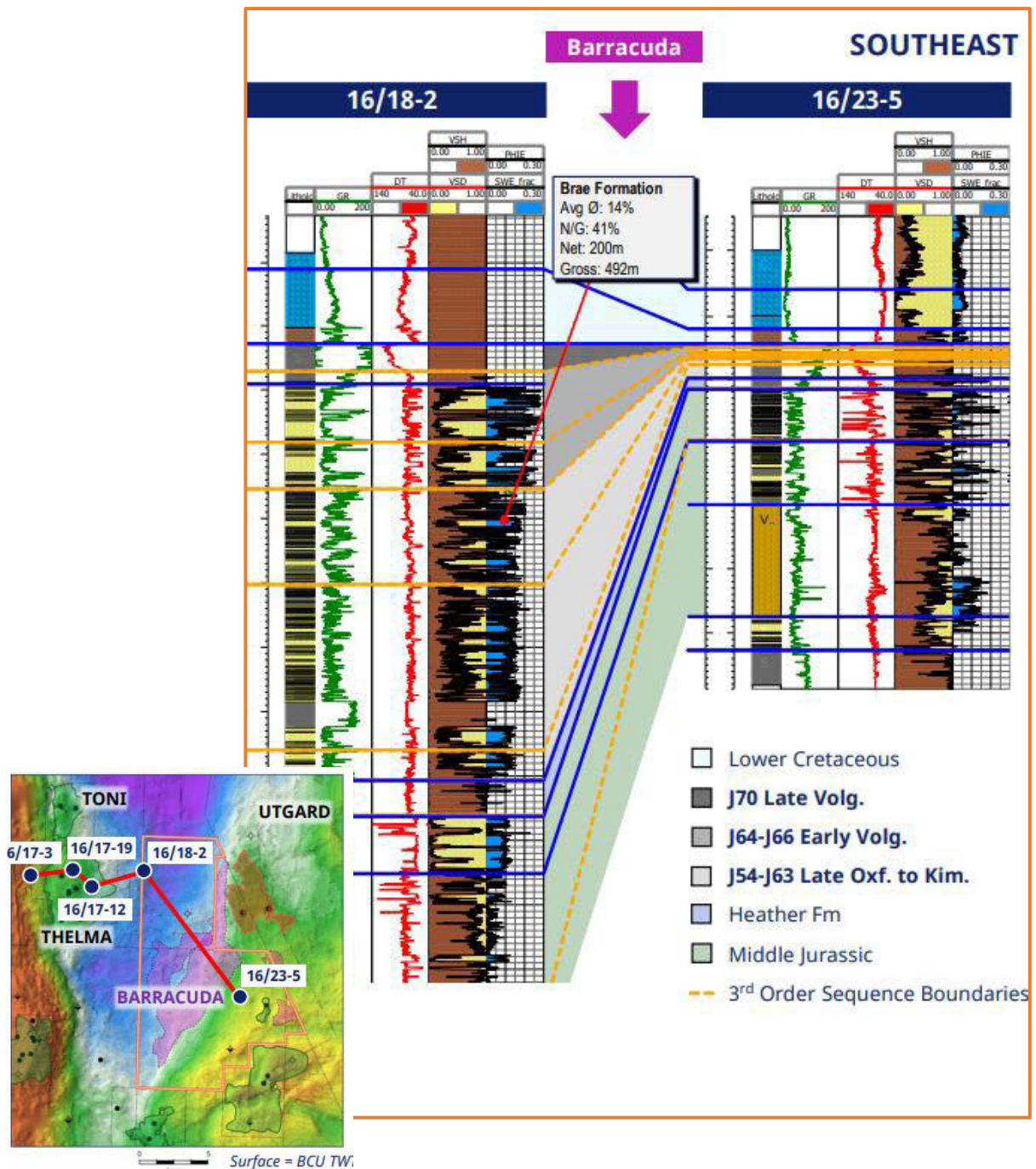


Figure 4.7 Well cross-section of 16/18-2 and across to 16/23-5

(Source: Finder)



#### 4.2.2. Other Prospectivity in P2524

Three other prospects and leads of interest in the block are the Trevally and Amberjack Prospects, and the Bass lead. Trevally and Amberjack reservoir of interest is the Hugin Formation Sandstone, and the Bass Lead reservoir is the Upper Jurassic Birch Member, which is slightly younger than the reservoir of interest of Barracuda. ERCE has not calculated Prospective Resources or assigned geological risk to these prospects and leads.

These prospects are near the Wrasse Discovery which discovered gas condensate (47° API) in the Hugin Formation. Additionally, the Utgard gas and condensate field (~40 MMBOE) located in the block to the West of the P2524 also has the same reservoir.

**Table 4.1: On-block prospect and lead summary for P2524**

*(Source: Finder)*

Name	Prospect / Lead	Reservoir	Area (km2)
Barracuda	Prospect	Jurassic - J66 Brae Fm Sst	16.4
Bass	Lead	Jurassic - J72 Brae Fm Sst	16.5
Amberjack	Prospect	Jurassic - Hugin Fm Sst	2.2
Trevally	Prospect	Jurassic - Hugin Fm Sst	3.5

#### 4.2.3. Commitments and Forward Program

Finder Operations' planned work programme for 1H 2022 will be the completion of the regional Upper Jurassic mapping, Petrophysics, Rock Physics, AVO inversion and updated prospect focused seismic mapping. Integration of these results will lead to updated volumetrics, risking and RE & Commercialisation studies. Further biostratigraphic and basin modelling studies are expected in 2H 2022. A summary is shown in Table 4.2.

The work schedule for P2524 is up-to-date and the permit is in good standing.



Table 4.2: P2524 Work Commitments

(Source: Finder)

Initial Term Phase	Phase start date	Phase end date	Licence Work Programme	Indicative Expenditure (AU\$)	Actual work undertaken	Date completed	Actual Expenditure (AU\$)
<b>Phase A</b>	1 Dec '20	30 Nov '23	<ul style="list-style-type: none"> <li>✓ Obtain 350 sqkm of new 3D seismic data</li> <li>✓ Complete rock physics and AVO studies, AVO simultaneous inversion and seismic coherency analysis</li> <li>✓ Petrophysical and biostratigraphic analysis of key wells</li> <li>✓ Basin modelling studies</li> <li>✓ Fault seal analysis</li> </ul> <p>Drill-or-drop decision required at end of Phase A</p>	A\$2,500,000	<ul style="list-style-type: none"> <li>✓ Obtain 500 sqkm of new 3D seismic data - <i>completed</i></li> <li>✓ Complete rock physics and AVO studies, AVO simultaneous inversion and seismic coherency analysis - <i>ongoing</i></li> <li>✓ Petrophysical and biostratigraphic analysis of key wells - <i>ongoing</i></li> <li>✓ Fault seal analysis - <i>ongoing</i></li> </ul>	June 2020	AU\$1,169,589 (up to 31 Dec 2021)
<b>Phase B</b>	n/a	n/a	✓ There is no Phase B				
<b>Phase C</b>	1 Dec '23	30 Nov '25	✓ Drill a well to 3,975 mTVDSS, or 30m below top Heather Formation, whichever is shallower				

Licence work programme as stated for the executed Licence document. Phase A estimated expenditure based on internal cost estimates provided to complete the work program. Actual expenditure shown is Gross Expenditure against the Permit and not necessarily Finder Operations' net or paying interest share.



#### 4.3. P2502

The P2502 license was awarded on the 1<sup>st</sup> of December 2020 from the 32<sup>nd</sup> Offshore Licencing Round, with an initial term of 5 years (Phase A – 3 years, Phase C – 2 years, no Phase B). Finder Operations UK Limited (Op 50%) and Dana Petroleum (E&P) Limited (50%) are currently in Year 2 of Phase A, with a drill or drop decision on the Licence at the end of Phase A (30 November 2023). If the joint venture decides to drill an exploration well, this is required by the end of Phase C (20 November 2025). Finder Operations is the License Administrator. The initial phase A work program includes geological and geophysical studies, including prospect evaluation.

P2502 is located in the western part of the East Shetland Basin, immediately east of the East Shetland High, a regionally significant provenance area for deep-water sands throughout the Upper Jurassic. Hydrocarbons are sourced from the Kimmeridge Clay Formation that encases the reservoir. Upper Jurassic turbidite sandstones, deposited as a series of stacked basin floor fans fed through a series of canyons and entry points along basin-bounding faults on the western edge of the permit form the primary reservoir. The Jurassic reservoirs have been downthrown against tight basement rocks to the west and pinch-out to the north and south. Jurassic overburden rock has excellent sealing capacity and is proven in offset fields. There is potential risk of cross fault spill to the west if reservoir is juxtaposed against permeable lithologies in footwall (could be permeable Devonian, Middle Jurassic, Triassic).

There have already been three discoveries on the block including SW Heather and Wells 2/4-1 and 210/30-1 (Figure 4.8). The SW Heather discovery well 2/5-10 produced, on test, a combined flowrate of approximately 6,000 bopd over three distinct reservoir zones: the Middle Jurassic – Emerald (1,000 bopd), the Brent Formation Rannoch sands (3,770 bopd) and Triassic Cormorant Formation (1,200 bopd, post acid job). Oil API ranges from 29-35°, with a GOR ~ 330scf/bbl.



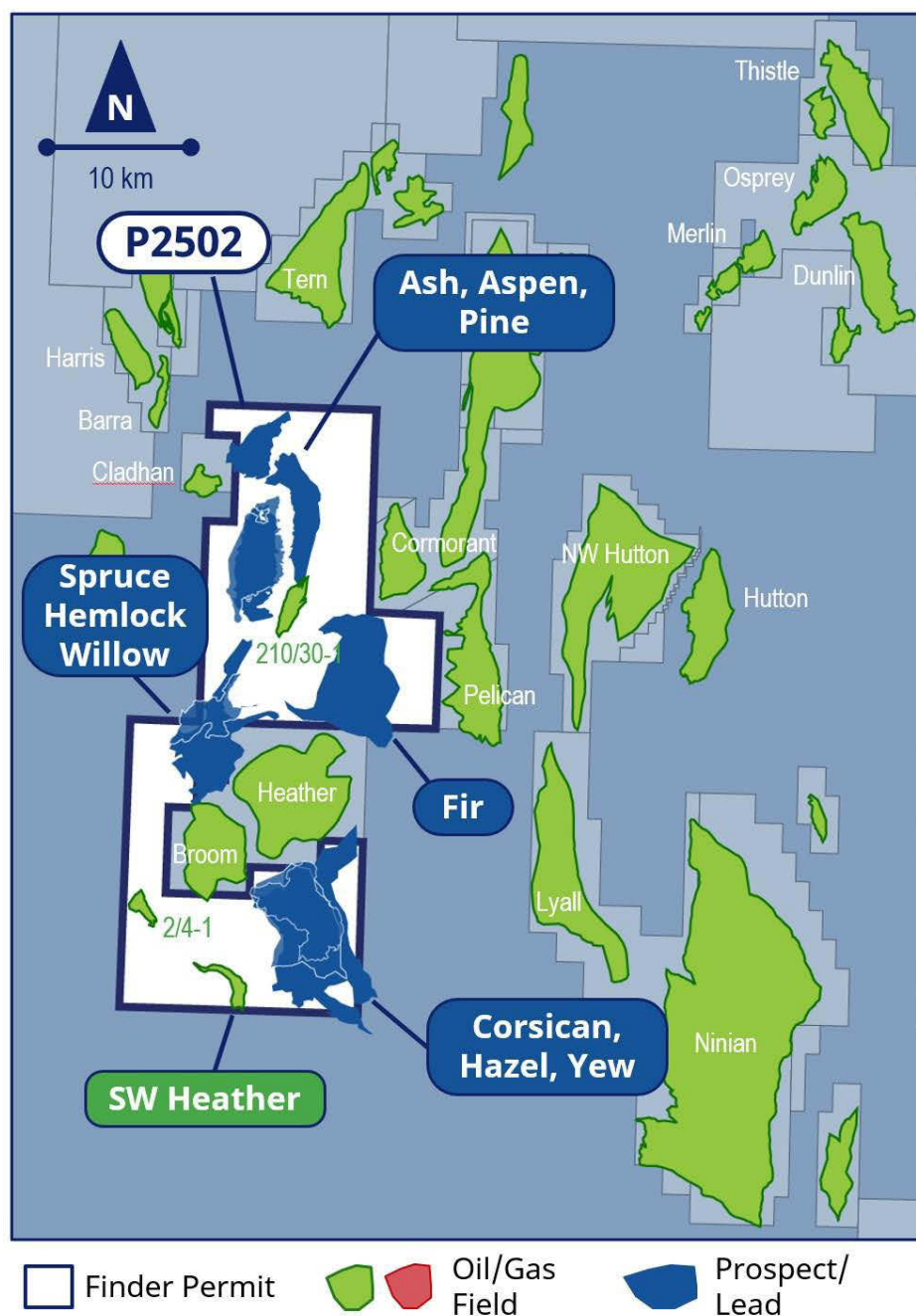


Figure 4.8: UK permit P2502 showing identified prospects and leads

(Source: Finder)

Finder Operations has identified at least 11 leads (Table 4.3: On-block prospect and lead summary for P2502) across four sub basins at the western edge of the wider East Shetland Basin. The four sub basins at the western edge of the wider East Shetland Basin have been identified by Finder Operations as a potential sweet spot for the Upper Jurassic play. Finder Operations' regional and local mapping followed by early geological reconstruction work highlighted the potential of the large un-tested set of sub-basins with significant sediment sources out to the west. In addition, the company's evaluation has identified strong synergies to the South Viking Graben 'Trees' fields (ie Brae, Miller, Kingfisher, Thelma, Tiffany, etc).



All leads on the Licence are located in the Upper Jurassic turbidite sandstone play, with Yew, Hazel and Corsican leads forming the primary leads currently being reviewed by Finder.

Finder Operations is currently evaluating the SW Heather oil discovery (1979) within the Licence. The field comprises Triassic and Middle Jurassic reservoirs that were tested by the discovery well (2/5-10 in 1976) at approximately 5,700 bopd. Results of appraisal drilling, in 1979 and 1983 has led to complexities in understanding the extent of the discovered resource. Finder Operations is currently evaluating seismic data and drilling results with a view to resolving these complexities.

ERCE has not calculated Prospective Resources or assigned geological risk to these leads.

**Table 4.3: On-block prospect and lead summary for P2502**

(Source: Finder)

Name	Status	Reservoir	Area (km2)
SW Heather	Discovery		2.5
Hemlock	Lead	J74 Home Sandstone	23.7
Spruce	Lead	J72 Home Sandstone	21.3
Willow	Lead	J64 Magnus Sandstone	8.3
Ash	Lead	J74 Home Sandstone	8.1
Ash South	Lead	J74 Home Sandstone	15.2
Pine	Lead	J64 Magnus Sandstone	17.4
Aspen	Lead	J62 Ptarmigan Sandstone	12.8
Fir	Lead	J62 Ptarmigan Sandstone	32.9
Corsican	Lead	J74 Home Sandstone	46.6
Hazel	Lead	J72 Home Sandstone	18.3
Yew	Lead	J62 Ptarmigan Sandstone	26.9

#### 4.3.1. Commitments and Forward Program

The 2021 work plan and budget were executed April 2021. In June 2021 Finder Operations purchased a license to the PGS 2016 geostreamer multi-client 3D data over the block. The Licence primary work program commitment comprises 3D seismic conditioning, and geotechnical studies, which Finder Operations is currently progressing. The Licence is in good standing. At the end of Phase A work (30 November 2023), a drill or drop decision is required by the joint venture to proceed into Phase C. The initial term ends on 30th November 2025. A summary is shown in Table 4.4.



Table 4.4: P2502 Work Commitments

(Source: Finder)

Initial Term Phase	Phase start date	Phase end date	Licence Work Programme	Indicative Expenditure (AU\$)	Actual work undertaken	Date completed	Actual Expenditure (AU\$)
Phase A	1 Dec '20	30 Nov '23	<ul style="list-style-type: none"> <li>✓ Seismic data conditioning of 1,000 km2 of 3D seismic data</li> <li>✓ Complete rock physics and AVO studies, AVO simultaneous inversion and seismic coherency analysis</li> <li>✓ Petrophysical and biostratigraphic analysis of key wells</li> <li>✓ Detailed reservoir distribution study</li> <li>✓ Fault seal analysis</li> <li>✓ Regional paleo-environment reconstruction of the Upper Jurassic.</li> </ul> <p>Drill-or-drop decision required at end of Phase A</p>	A\$2,600,000	<ul style="list-style-type: none"> <li>✓ Seismic data conditioning of 1,000 km2 of 3D seismic data - <b>ongoing</b></li> <li>✓ Complete rock physics and AVO studies, AVO simultaneous inversion and seismic coherency analysis - <b>ongoing</b></li> <li>✓ Petrophysical and biostratigraphic analysis of key wells - <b>ongoing</b></li> </ul>		AU\$764,855 (up to 31 Dec 2021)
Phase B	n/a	n/a	✓ There is no Phase B				
Phase C	1 Dec '23	30 Nov '25	✓ Drill a well to 3,975 mTVDSS, or 30m below top Heather Formation, whichever is shallower				

Licence work programme as stated for the executed Licence document. Phase A estimated expenditure based on internal cost estimates provided to complete the work program. Actual expenditure shown is Gross Expenditure against the Permit and not necessarily Finder Operations' net or paying interest share.



#### 4.4. P2528

Finder Operations was awarded the P2528 licence on 1 December 2020 from the 32<sup>nd</sup> Offshore Licencing Round, with an initial term of 6 years (Phase A – 4 years, Phase C – 2 years, no Phase B). Finder Operations holds 100% equity in the licence with prospectivity and to be matured through seismic reprocessing and conventional G&G work programmes.

P2528 is located at the western end of the Peterhead Graben, with the fault-bounded Peterhead Ridge to the south (Figure 4.9). The Ettrick Sub-Basin lies along the northern flank and the Grampian Spur to the west. Local discoveries include Golden Eagle (Total Recoverable Reserves of 124 MMbbl), Ettrick Oil field (Total Rec. Res. of 27 MMbbl), Buzzard (816 MMbbl Rec) and Polecat (18 MMbbl).

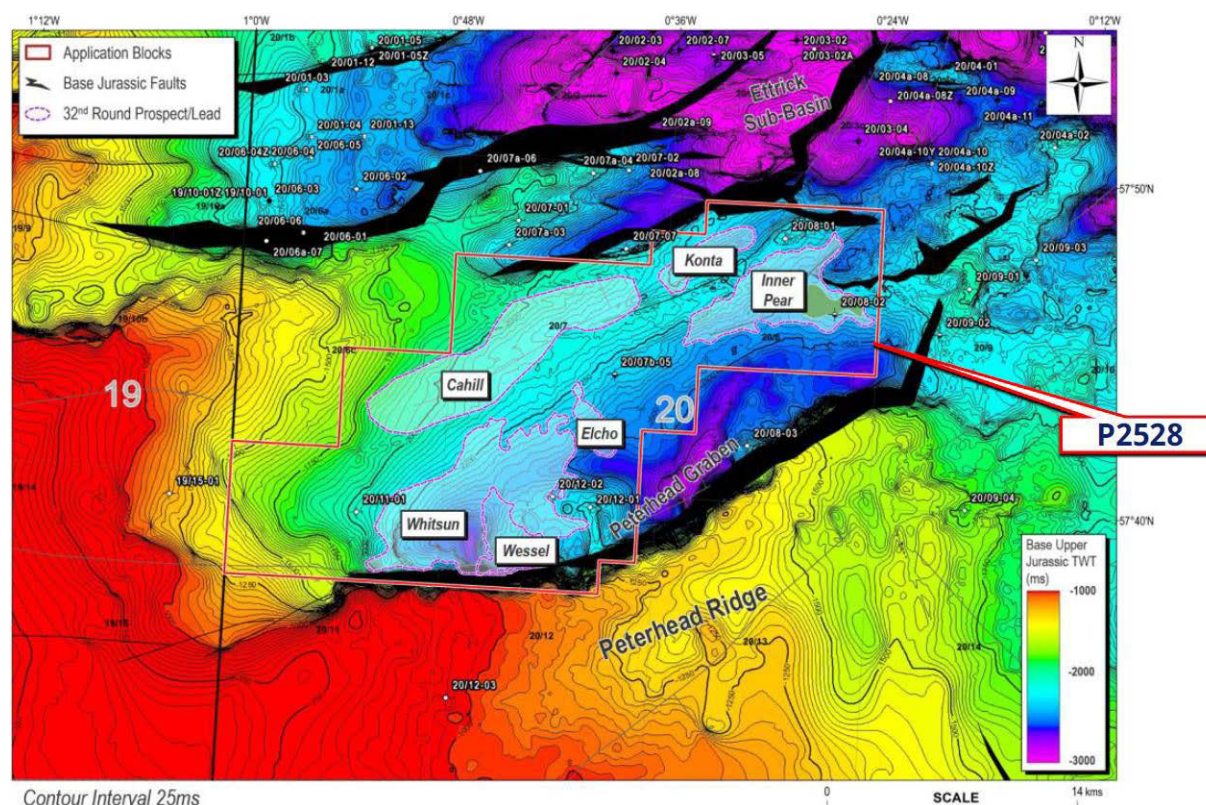


Figure 4.9: Structural Map of Base Upper Jurassic Sandstone in TWT in P2528

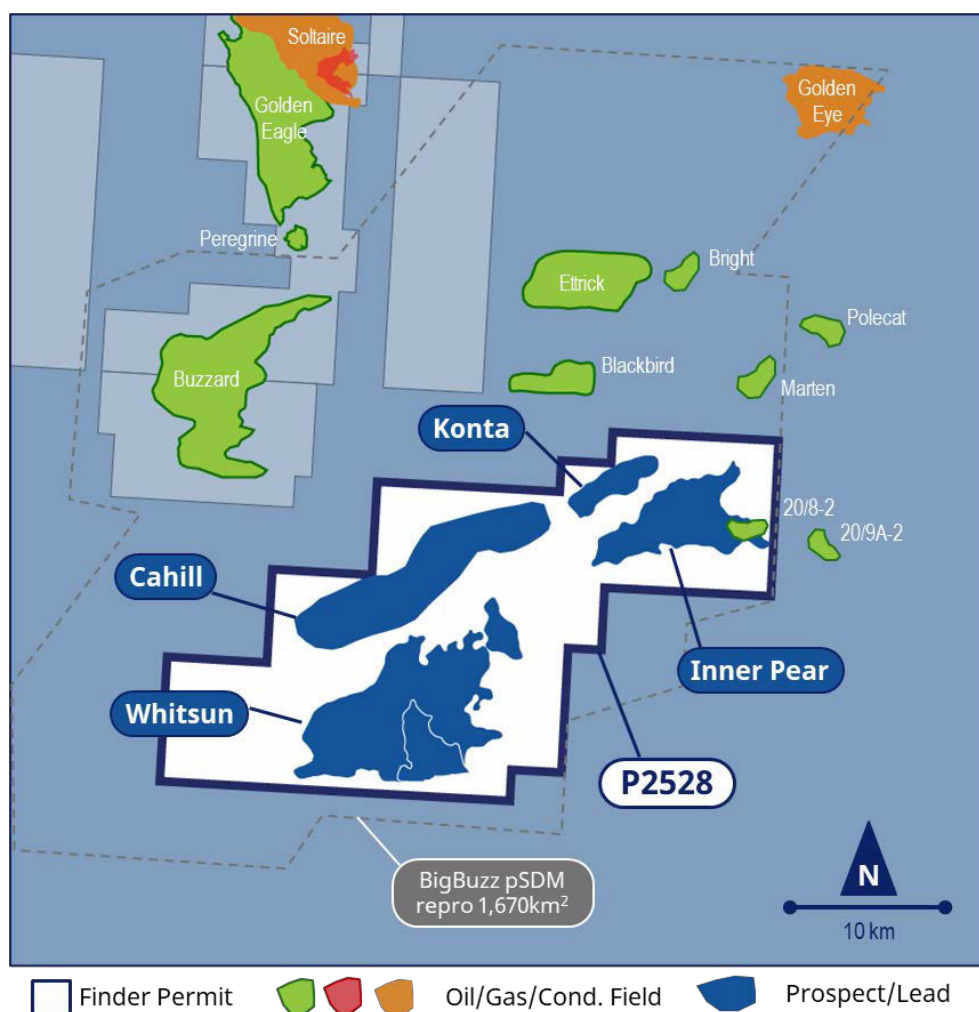
(Source: Finder)

The principal plays that Finder Operations has identified on the Licence include the J71-J74 (Burns), J64-J72 (Ettrick) and J56-J64 (Buzzard) turbidite sandstones (Figure 4.10). Both the Ettrick and Buzzard sands form the productive reservoirs in the nearby Buzzard Field in blocks 20/6 and 20/1. The Buzzard Field was discovered in 2001 by well 20/6-3 (operated by BG Group, licence operator PanCanadian) and intersected a 121m oil column and an oil-down-to (ODT) in the Upper Jurassic deepwater Buzzard and Ettrick Sands. The subsequent appraisal program for Buzzard proved up a minimum 427m oil column with 32°API oil tested. Production commenced in 2007 and the field is estimated to have total recoverable reserves of over 1 billion barrels. The field is now operated by CNOOC International.



Finder Operations has interpreted four Upper Jurassic prospects and two leads with Whitsun, a structural/stratigraphic trap has been the key prospect currently identified. Finder Operations interprets the Buzzard Field to be analogous to Finder Operations prospects and leads identified on the license.

Deposition of sandstone reservoirs ranges in age from the Mid Jurassic to lower Cretaceous reservoirs and includes the Upper Jurassic Sgiath, Piper, Buzzard and Ettrick sandstones and the Lower Cretaceous Punt, Scapa and Captain/Britannia sandstones. Both the Buzzard and Ettrick sandstone were deposited as mass-flow / turbidite systems associated with syn-rift to an early post rift tectonic setting. Sediment was derived from feeder systems primarily from the west and north. Golden Eagle and Buzzard fields indicated hydrocarbon source was from the Kimmeridgian claystones.



**Figure 4.10: UK permit P2528 showing prospects and leads**  
(Source: Finder)



**Table 4.5: On-block prospect and lead summary for P2502***(Source: Finder)*

Name	Status	Reservoir	Area (km2)
Whitsun	Prospect	Jurassic - Buzzard Sandstone	64.5
Inner Pear	Prospect	Jurassic - Buzzard Sandstone	28.7
Elcho	Prospect	Jurassic - Ettrick Sandstone	4.7
Konta*	Lead	Jurassic - Buzzard/Ettrick Sandstones	8.2
Cahill*	Lead	Jurassic - Buzzard/Ettrick Sandstones	46.9

#### 4.4.1. Commitments and Forward Program

The Licence's primary Phase A work program commitment is obtaining and reprocessing 3D seismic data covering the entire Licence area (450 sqkm). Finder Operations is undertaking a high end PSDM, with full waveform inversion reprocessing project with Searcher Seismic which will cover an area of 1,670 km2 and include the surrounding fields to the north of the Licence. The final data is estimated to be available in May 2022. Detailed interpretation integrated with geotechnical studies will be undertaken to derisk the prospectivity. Finder Operations will look to bring in a partner on the Licence prior to the end of Phase A (30 November 2024) and the drill or drop decision. There is no Phase B in the commitments and the initial term ends in 2026. A summary is shown in Table 4.6



Table 4.6: P2528 Work Commitments

(Source: Finder)

Initial Term Phase	Phase start date	Phase end date	Licence Work Programme	Indicative Expenditure (AU\$)	Actual work undertaken	Date completed	Actual Expenditure (AU\$)
Phase A	1 Dec '20	30 Nov '24	<ul style="list-style-type: none"> <li>✓ Obtain 446 km2 of new 3D seismic data</li> <li>✓ Reprocess 446 km2 of new 3D seismic data</li> <li>✓ Petrophysical and biostratigraphic analysis of key wells</li> <li>✓ Regional paleo-environment reconstruction of the Upper Jurassic.</li> <li>✓ Complete geophysical modelling studies to identify missed pay</li> </ul> <p>Drill-or-drop decision required at end of Phase A</p>	A\$3,100,000	<ul style="list-style-type: none"> <li>✓ Obtain 446 km2 of new 3D seismic data - <b>completed</b></li> <li>✓ Reprocess 1,670 km2 of new 3D seismic data - <b>ongoing</b></li> </ul>		AU\$186,369 (up to 31 Dec. 2021)
Phase B	n/a	n/a	✓ There is no Phase B				
Phase C	1 Dec '24	30 Nov '26	✓ Drill a well to 2,700 mTVDSS, or 30m below top Heather Formation, whichever is shallower				

Licence work programme as stated for the executed Licence document. Phase A estimated expenditure based on internal cost estimates provided to complete the work program. Actual expenditure shown is Gross Expenditure against the Permit and not necessarily Finder Operations' net or paying interest share.



#### 4.5. P2530

Finder Operations was awarded the P2530 licence on 1 December 2020 from the 32<sup>nd</sup> Offshore Licencing Round, with an initial term of 6 years (Phase A – 3 years, contingent Phase B – 2 years, Phase C – 1 year). Finder Operations holds 100% equity in the licence with prospectivity to be matured through seismic reprocessing and conventional geotechnical studies.

The licence lies in the North Kittiwake Basin, which sits at the transition between the West Central Shelf and West Central Graben of the North Sea. Deposition in the West Central Graben is often associated with Triassic thicks and the hanging wall areas of tilted fault blocks. At the shelf, Upper Jurassic Fulmar sands are often associated with salt highs, as the reservoirs were influenced by the dissolution of the Zeihstein salts. As such, the Fulmar sands could be deposited in parallel bands nearer to the West Central Shelf, in a pod-interpod model which has been observed in the adjacent Durward, Goosander and Kittiwake fields.

The key plays identified by Finder Operations in P2530 (Figure 4.11 and Table 4.7) are the Lower Cretaceous Valanginian Sandstone and the Upper Jurassic Fulmar Sandstones. Two Lower Cretaceous leads have been identified: Smith and Cummings. Likewise, there are two leads (Agar and Stoinis) in the Upper Jurassic Fulmar Sandstones, as well as the sole prospect for the block (Turner).

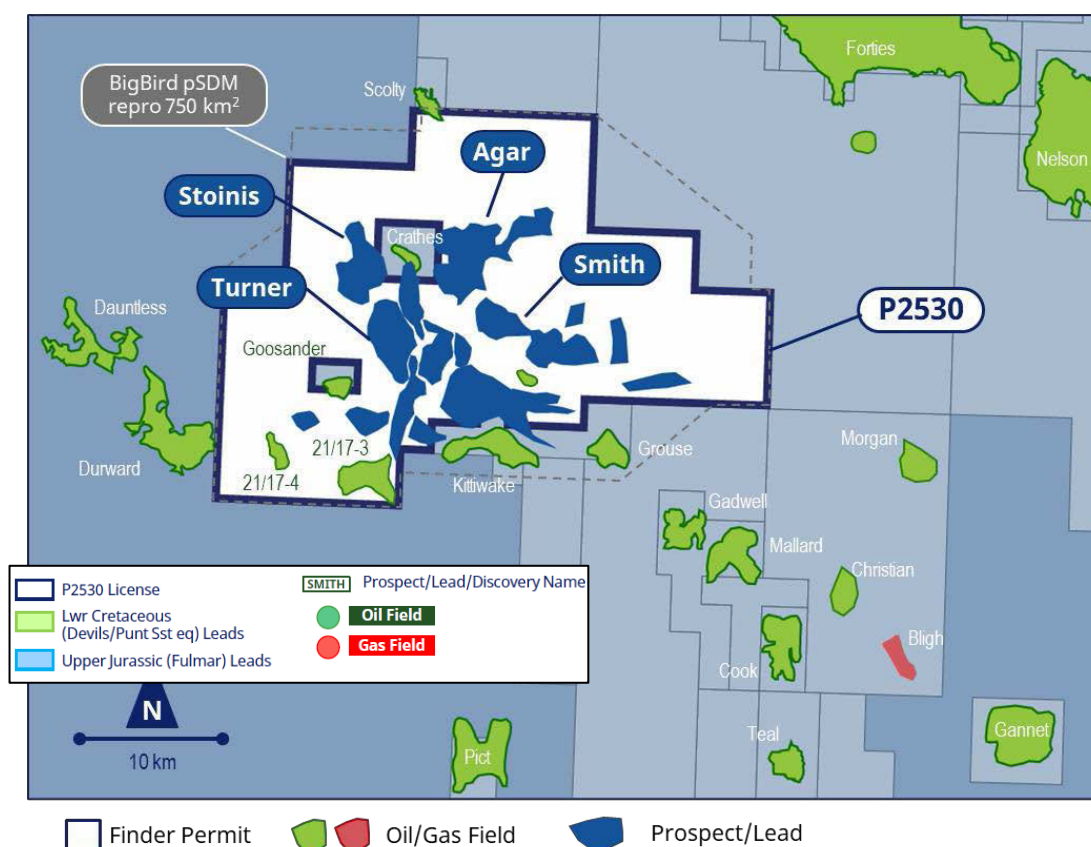


Figure 4.11: UK permit P2530 showing leads, prospects and fields  
(Source: Finder)



**Table 4.7: On-block prospect and lead summary for P2530***(Source: Finder)*

Name	Prospect / Lead	Reservoir	Area (km <sup>2</sup> )
Smith L	Lead	Valanginian Sandstone	18.5
Cummings	Lead	Valanginian Sandstone	23
Agar L	Lead	Up. Jurassic Fulmar Sst	61.2
Stoinis	Lead	Up. Jurassic Fulmar Sst	10.6
Turner	Prospect	Up. Jurassic Fulmar Sst	5.1

The block has several producing fields in the vicinity. The Scolty and Crathes Fields began production from the Paleocene Cromarty sandstones in 2016. Reserves are estimated at 7.0 and 7.7 MMBOE at the fields respectively, with oil API of 40° and 307 – 323 scf/bbl. The Upper Jurassic Fulmar Sandstones are more developed, with at least 6 fields having produced since their discovery and a further 5 discoveries as yet undeveloped, such as Whinchat, Wagtail and Well 21/13b-1A that lie within block P2530. Oil API ranges from 32.5° in Wagtail to 42° in Christian, with most fields having an API of ~38°.

#### **4.5.1. Commitments and Forward Program**

The Licence's Phase A primary work program commitment is obtaining and reprocessing 3D seismic data covering the entire licence area (~576 sqkm). High end PSDM reprocessing of the vintage seismic data is currently progressing with Searcher Seismic and will cover over 750 sqkm. The final data is estimated to be available in June 2022. In addition to detailed seismic interpretation, Finder Operations' planned work programme includes geotechnical studies such as seal/pressure, biostratigraphic, rock physics/AVO, source rock studies and modelling. These results will lead to updated volumetrics and risking. If required at the end of Phase A (30 November 2023), new seismic data, with longer acquisition offsets may be acquired in the contingent Phase B over the most prospective area. A drill or drop decision is required prior to entering Phase C.

The work schedule for P2530 is up-to-date and the permit is in good standing. A summary is shown in Table 4.8.



Table 4.8: P2530 Work Commitments

(Source: Finder)

Initial Term Phase	Phase start date	Phase end date	Licence Work Programme	Indicative Expenditure (AU\$)	Actual work undertaken	Date completed	Actual Expenditure (AU\$)
Phase A	1 Dec '20	30 Nov '23	<ul style="list-style-type: none"> <li>✓ Obtain and reprocess 575 km<sup>2</sup> of new 3D seismic data</li> <li>✓ Complete a regional seismic attribute analysis for charge/leakage indicators</li> <li>✓ Complete a seal and pore pressure study</li> <li>✓ Complete a biostratigraphic interpretation of key wells</li> <li>✓ Complete rock physics and AVO study</li> <li>✓ Complete source rock analysis and a charge and migration modelling study</li> </ul> <p>Drill-or-drop decision required at end of Phase A or Phase B</p>	A\$1,600,000	✓ Obtain and reprocess 730 km <sup>2</sup> of new 3D seismic data - <i>ongoing</i>		AU\$221,548 (up to 31 Dec. 2021)
Phase B	1 Dec '23	30 Nov '25	✓ Shoot and interpret a minimum 350 km <sup>2</sup> of 3D seismic data; provided that the Licensee shall not be required to do so if the OGA confirms in writing that, following the interpretation of the 3D seismic data obtained in Phase A, the shooting of such 3D seismic data shall not be necessary in order to make the decision to drill the well as set out in Phase C.				
Phase C	1 Dec '25	30 Nov '26	✓ Drill a well to 3,500 mTVDSS, or 50m into the Fulmar Formation, whichever is shallower				

Licence work programme as stated for the executed Licence document. Phase A estimated expenditure based on internal cost estimates provided to complete the work program. Actual expenditure shown is Gross Expenditure against the Permit and not necessarily Finder Operations' net or paying interest share.

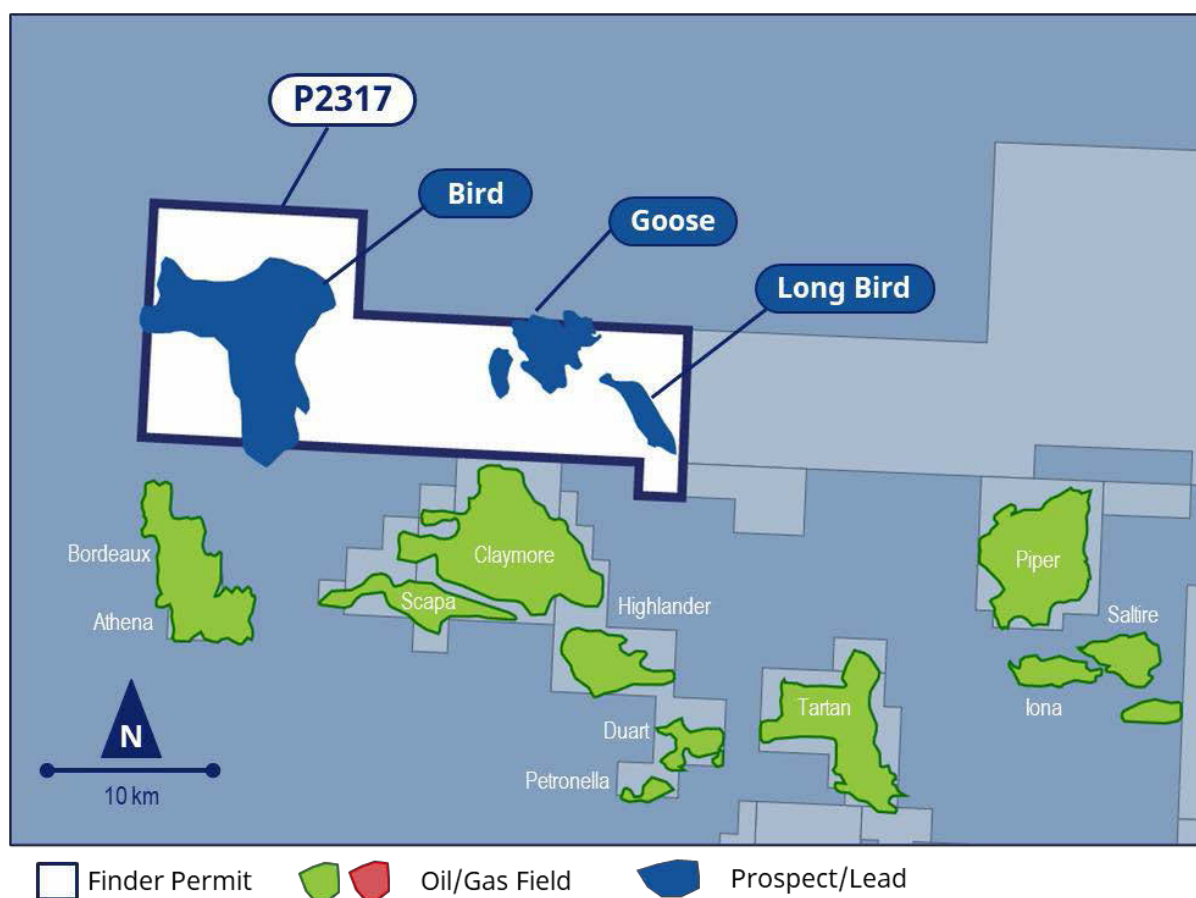


#### 4.6. P2317

Finder Operations acquired the P2317 license from Azinor Catalyst Limited (Azinor) on the 15 June 2021. The licence was originally granted to Azinor on 15 May 2017 as an Innovate Licence (29th Licencing Round) and is currently in Phase A (ending 14 May 2022), whereby a drill or drop decision is required prior to entering Phase C. There is one discovery (Brule 14/14-1) and three prospects on block; Goose, Bird and Long Bird (Figure 4.12 and

Table 4.9).

The primary target is the Goose Prospect which is the subject of an ongoing farmout process in which Finder Operations is looking for an incoming partner to take equity in the Licence for the drilling of the well.



**Figure 4.12: UK permit P2317 showing leads, prospects and nearby discoveries**  
(Source: Finder)



**Table 4.9: P2317 Prospect Inventory***(Source: Finder)*

Name	Status	Reservoir	Area (km <sup>2</sup> )
Goose	Prospect	Lower Cretaceous Skapa Sands	19.4
Bird	Prospect	Lower Cretaceous Skapa Sands	58
Long Bird	Prospect	Lower Cretaceous Skapa Sands	6.1

P2317 is in the NW part of the Witch Ground Graben. This is a prolific hydrocarbon basin in the Outer Moray Firth and the block is located to the north of the Athena, Scapa and Claymore fields. The Halibut Horst and Platform are to the south and the Caithness Ridge and East Orkney Basin are to the NW. The Piper Shelf forms the N and NE region of P2317. Lower Cretaceous Scapa sands are the primary reservoir, part of a Lower Cretaceous turbidite system with feeder channels from the west and NW depositing sediment down the axis of the Witch Ground Graben. Charge and Migration at Goose and Long Bird prospects appears to be similar to North Claymore and Scapa, with source from the organic rich Kimmeridge Clay. The three prospects are analogues of the Scapa Field, with reservoir sands climbing the edge of the Witch Ground Graben and pinching out towards the Halibut Shelf or Claymore Ridge.

#### 4.6.1. Commitments and Forward Program

The Licence's Phase A primary work program commitments have all been completed (Table 4.10). If a farmout partner is not secured by the end of Phase A, Finder Operations will relinquish the permit in good standing on the 14 May 2022.



Table 4.10: P2317 Work Commitments

Initial Term Phase	Phase start date	Phase end date	Licence Work Programme	Indicative Expenditure (AU\$)	Actual work undertaken	Date completed	Actual Expenditure (AU\$)
<b>Phase A</b>	15 May '17	16 May '22	<ul style="list-style-type: none"> <li>✓ Complete Petrophysical and biostratigraphic analysis of key wells</li> <li>✓ Complete rock physics, AVO inversion and seismic coherency analysis</li> <li>✓ Complete seal analysis</li> <li>✓ Complete basin modelling</li> <li>✓ Complete reservoir engineering</li> <li>✓ Complete commercial/infrastructure analysis</li> </ul> <p>Drill-or-drop decision required at end of Phase A</p>	n/a, all commitments completed	<ul style="list-style-type: none"> <li>✓ Complete Petrophysical and biostratigraphic analysis of key wells - <b>complete</b></li> <li>✓ Complete rock physics, AVO inversion and seismic coherency analysis - <b>complete</b></li> <li>✓ Complete seal analysis - <b>complete</b></li> <li>✓ Complete basin modelling - <b>complete</b></li> <li>✓ Complete reservoir engineering - <b>complete</b></li> <li>✓ Complete commercial/infrastructure analysis - <b>complete</b></li> </ul>	<p>May 2019</p> <p>May 2019</p> <p>May 2019</p> <p>May 2019</p> <p>May 2019</p>	AU\$88,565 (from 28 May 2021 to 31 Dec. 2021)
<b>Phase B</b>	n/a	n/a	✓ There is no Phase B				
<b>Phase C</b>	15 May '22	16 May '24	✓ Drill a well to 2,000 mTVDSS, or 30m below the Base Cretaceous, whichever is shallower				

Licence work programme as stated for the executed Licence document. Actual expenditure shown is Gross Expenditure against the Permit for the period that Finder Operations acquired the licence and became sole titleholder and it does not include prior expenditure by previous licence holders.

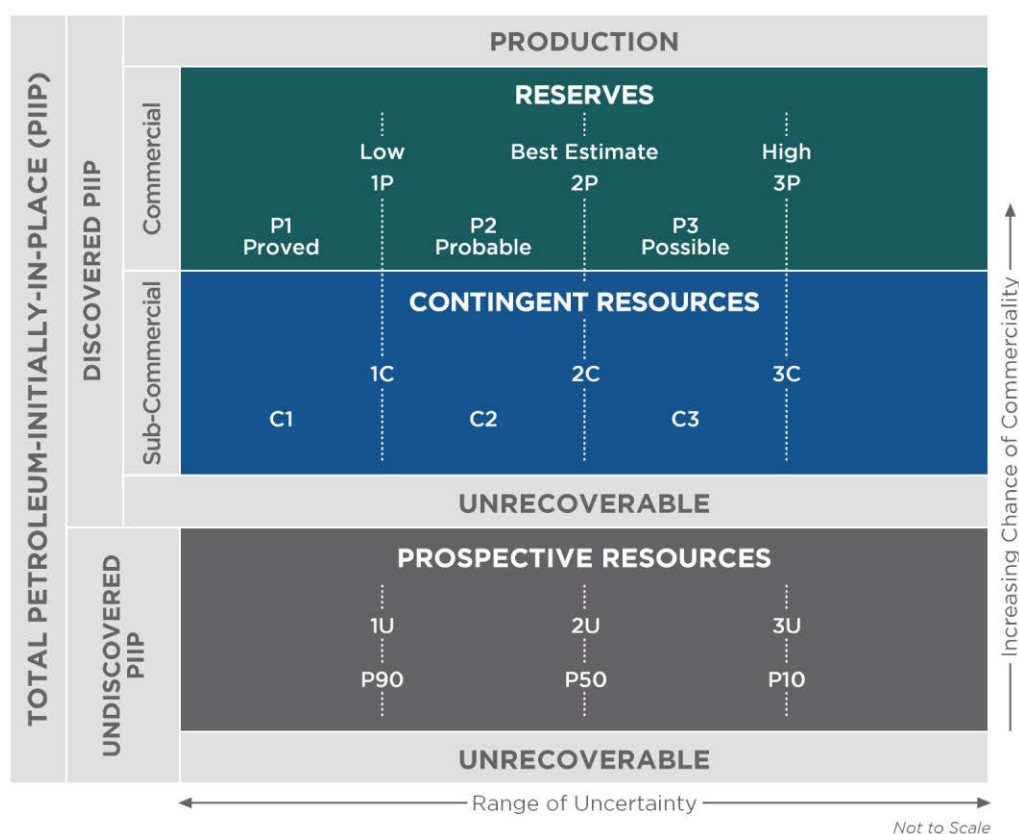


## Appendix 1: SPE PRMS Guidelines

This Report references the SPE/WPC/AAPG/SPEE/SEG/SPWLA/EAGE Petroleum Reserves and Resources Classification System and Definitions, as revised in June 2018 (PRMS). The full text of the PRMS document can be viewed at:

[https://secure.spee.org/sites/spee.org/files/prmgmtsystem\\_final\\_2018.pdf](https://secure.spee.org/sites/spee.org/files/prmgmtsystem_final_2018.pdf).

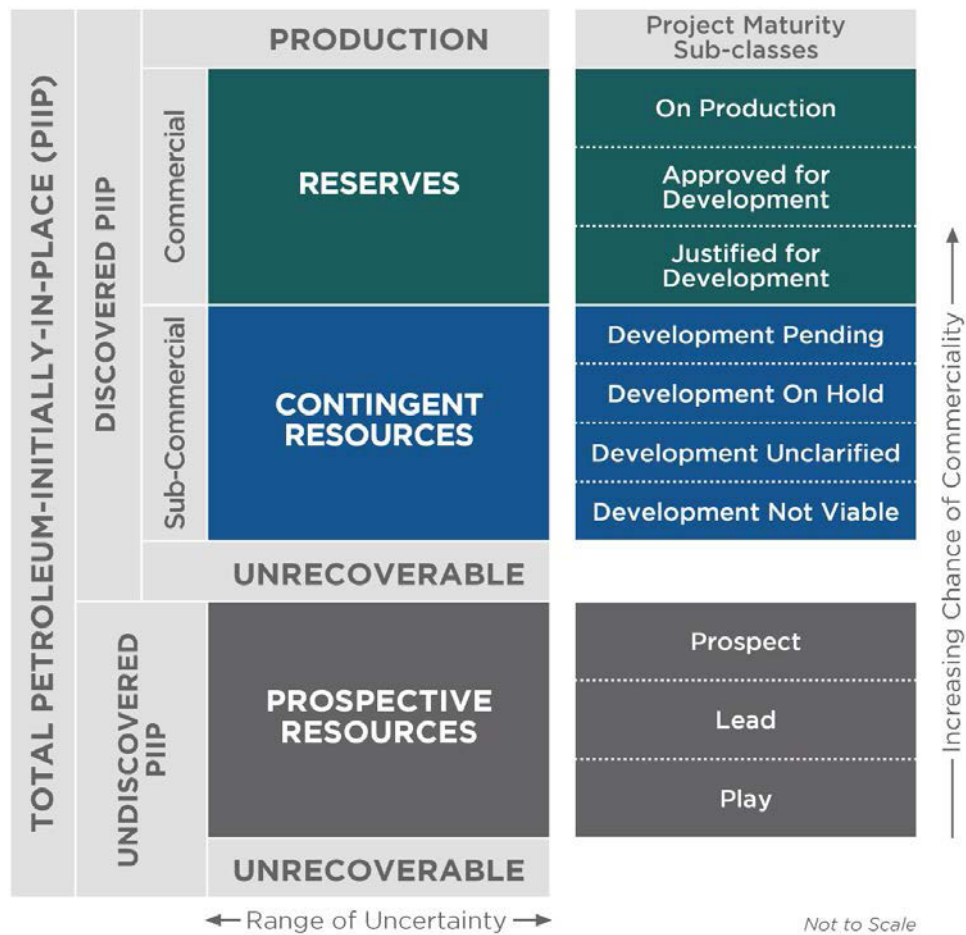
Definitions of the key PRMS Reserves and Resource classes, categories and a glossary of related terms can be found at the above address.



**Figure A: PRMS Resources classification framework**

(Modified from Petroleum Resources Management System (PRMS) Revised June 2018, page 8, Figure 1.1)





**Figure B: PRMS Resources sub-classes**

(Modified from Petroleum Resources Management System (PRMS) Revised June 2018, page 8, Figure 2.1)



**Table 1: PRMS Recoverable Resources Classes and Sub-Classes**

Classes/Sub-classes	Definition	Guidelines
<b>Reserves</b>	Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions.	<p>Reserves must satisfy four criteria: discovered, recoverable, commercial, and remaining based on the development project(s) applied. Reserves are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by the development and production status.</p> <p>To be included in the Reserves class, a project must be sufficiently defined to establish its commercial viability (see Section 2.1.2, Determination of Commerciality). This includes the requirement that there is evidence of firm intention to proceed with development within a reasonable time-frame.</p> <p>A reasonable time-frame for the initiation of development depends on the specific circumstances and varies according to the scope of the project. While five years is recommended as a benchmark, a longer time-frame could be applied where, for example, development of an economic project is deferred at the option of the producer for, among other things, market-related reasons or to meet contractual or strategic objectives. In all cases, the justification for classification as Reserves should be clearly documented.</p> <p>To be included in the Reserves class, there must be a high confidence in the commercial maturity and economic producibility of the reservoir as supported by actual production or formation tests. In certain cases, Reserves may be assigned on the basis of well logs and/or core analysis that indicate that the subject reservoir is hydrocarbon-bearing and is analogous to reservoirs in the same area that are producing or have demonstrated the ability to produce on formation tests.</p>
<b>On Production</b>	The development project is currently producing or capable of producing and selling petroleum to market.	<p>The key criterion is that the project is receiving income from sales, rather than that the approved development project is necessarily complete. Includes Developed Producing Reserves.</p> <p>The project decision gate is the decision to initiate or continue economic production from the project.</p>



Classes/Sub-classes	Definition	Guidelines
<b>Approved for Development</b>	All necessary approvals have been obtained, capital funds have been committed, and implementation of the development project is ready to begin or is under way.	<p>At this point, it must be certain that the development project is going ahead. The project must not be subject to any contingencies, such as outstanding regulatory approvals or sales contracts. Forecast capital expenditures should be included in the reporting entity's current or following year's approved budget.</p> <p>The project decision gate is the decision to start investing capital in the construction of production facilities and/or drilling development wells.</p>
<b>Justified for Development</b>	Implementation of the development project is justified on the basis of reasonable forecast commercial conditions at the time of reporting, and there are reasonable expectations that all necessary approvals/contracts will be obtained.	<p>To move to this level of project maturity, and hence have Reserves associated with it, the development project must be commercially viable at the time of reporting (see Section 2.1.2, Determination of Commerciality) and the specific circumstances of the project. All participating entities have agreed and there is evidence of a committed project (firm intention to proceed with development within a reasonable time-frame)) There must be no known contingencies that could preclude the development from proceeding (see Reserves class).</p> <p>The project decision gate is the decision by the reporting entity and its partners, if any, that the project has reached a level of technical and commercial maturity sufficient to justify proceeding with development at that point in time.</p>
<b>Contingent Resources</b>	Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable owing to one or more contingencies.	<p>Contingent Resources may include, for example, projects for which there are currently no viable markets, where commercial recovery is dependent on technology under development, where evaluation of the accumulation is insufficient to clearly assess commerciality, where the development plan is not yet approved, or where regulatory or social acceptance issues may exist.</p> <p>Contingent Resources are further categorized in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by the economic status.</p>



Classes/Sub-classes	Definition	Guidelines
<b>Development Pending</b>	A discovered accumulation where project activities are ongoing to justify commercial development in the foreseeable future.	<p>The project is seen to have reasonable potential for eventual commercial development, to the extent that further data acquisition (e.g., drilling, seismic data) and/or evaluations are currently ongoing with a view to confirming that the project is commercially viable and providing the basis for selection of an appropriate development plan. The critical contingencies have been identified and are reasonably expected to be resolved within a reasonable time-frame. Note that disappointing appraisal/evaluation results could lead to a reclassification of the project to On Hold or Not Viable status.</p> <p>The project decision gate is the decision to undertake further data acquisition and/or studies designed to move the project to a level of technical and commercial maturity at which a decision can be made to proceed with development and production.</p>
<b>Development on Hold</b>	A discovered accumulation where project activities are on hold and/or where justification as a commercial development may be subject to significant delay.	<p>The project is seen to have potential for commercial development. Development may be subject to a significant time delay. Note that a change in circumstances, such that there is no longer a probable chance that a critical contingency can be removed in the foreseeable future, could lead to a reclassification of the project to Not Viable status.</p> <p>The project decision gate is the decision to either proceed with additional evaluation designed to clarify the potential for eventual commercial development or to temporarily suspend or delay further activities pending resolution of external contingencies.</p>
<b>Development Unclarified</b>	A discovered accumulation where project activities are under evaluation and where justification as a commercial development is unknown based on available information.	<p>The project is seen to have potential for eventual commercial development, but further appraisal/evaluation activities are ongoing to clarify the potential for eventual commercial development.</p> <p>This sub-class requires active appraisal or evaluation and should not be maintained without a plan for future evaluation. The sub-class should reflect the actions required to move a project toward commercial maturity and economic production.</p>



Classes/Sub-classes	Definition	Guidelines
<b>Development Not Viable</b>	A discovered accumulation for which there are no current plans to develop or to acquire additional data at the time because of limited production potential.	<p>The project is not seen to have potential for eventual commercial development at the time of reporting, but the theoretically recoverable quantities are recorded so that the potential opportunity will be recognized in the event of a major change in technology or commercial conditions.</p> <p>The project decision gate is the decision not to undertake further data acquisition or studies on the project for the foreseeable future.</p>
<b>Prospective Resources</b>	Those quantities of petroleum that are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations.	Potential accumulations are evaluated according to the chance of geologic discovery and, assuming a discovery, the estimated quantities that would be recoverable under defined development projects. It is recognized that the development programs will be of significantly less detail and depend more heavily on analog developments in the earlier phases of exploration.
<b>Prospect</b>	A project associated with a potential accumulation that is sufficiently well defined to represent a viable drilling target.	Project activities are focused on assessing the chance of geologic discovery and, assuming discovery, the range of potential recoverable quantities under a commercial development program.
<b>Lead</b>	A project associated with a potential accumulation that is currently poorly defined and requires more data acquisition and/or evaluation to be classified as a Prospect.	Project activities are focused on acquiring additional data and/or undertaking further evaluation designed to confirm whether or not the Lead can be matured into a Prospect. Such evaluation includes the assessment of the chance of geologic discovery and, assuming discovery, the range of potential recovery under feasible development scenarios.
<b>Play</b>	A project associated with a prospective trend of potential prospects, but that requires more data acquisition and/or evaluation to define specific Leads or Prospects.	Project activities are focused on acquiring additional data and/or undertaking further evaluation designed to define specific Leads or Prospects for more detailed analysis of their chance of geologic discovery and, assuming discovery, the range of potential recovery under hypothetical development scenarios.



**Table 2: PRMS Reserves Status Definitions and Guidelines**

Status	Definition	Guidelines
<b>Developed Reserves</b>	Expected quantities to be recovered from existing wells and facilities.	Reserves are considered developed only after the necessary equipment has been installed, or when the costs to do so are relatively minor compared to the cost of a well. Where required facilities become unavailable, it may be necessary to reclassify Developed Reserves as Undeveloped. Developed Reserves may be further sub-classified as Producing or Non-producing.
<b>Developed Producing Reserves</b>	Expected quantities to be recovered from completion intervals that are open and producing at the effective date of the estimate.	Improved recovery Reserves are considered producing only after the improved recovery project is in operation.
<b>Developed Non-Producing Reserves</b>	Shut-in and behind-pipe Reserves.	<p>Shut-in Reserves are expected to be recovered from (1) completion intervals that are open at the time of the estimate but which have not yet started producing, (2) wells which were shut-in for market conditions or pipeline connections, or (3) wells not capable of production for mechanical reasons. Behind-pipe Reserves are expected to be recovered from zones in existing wells that will require additional completion work or future re-completion before start of production with minor cost to access these reserves.</p> <p>In all cases, production can be initiated or restored with relatively low expenditure compared to the cost of drilling a new well.</p>
<b>Undeveloped Reserves</b>	Quantities expected to be recovered through future significant investments.	Undeveloped Reserves are to be produced (1) from new wells on undrilled acreage in known accumulations, (2) from deepening existing wells to a different (but known) reservoir, (3) from infill wells that will increase recovery, or (4) where a relatively large expenditure (e.g., when compared to the cost of drilling a new well) is required to (a) recomplete an existing well or (b) install production or transportation facilities for primary or improved recovery projects.



**Table 3: PRMS Reserves Category Definitions and Guidelines**

Category	Definition	Guidelines
<b>Proved Reserves</b>	Those quantities of petroleum that, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable from a given date forward from known reservoirs and under defined economic conditions, operating methods, and government regulations.	<p>If deterministic methods are used, the term “reasonable certainty” is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability (P90) that the quantities actually recovered will equal or exceed the estimate.</p> <p>The area of the reservoir considered as Proved includes (1) the area delineated by drilling and defined by fluid contacts, if any, and</p> <p>2) adjacent undrilled portions of the reservoir that can reasonably be judged as continuous with it and commercially productive on the basis of available geoscience and engineering data.</p> <p>In the absence of data on fluid contacts, Proved quantities in a reservoir are limited by the LKH as seen in a well penetration unless otherwise indicated by definitive geoscience, engineering, or performance data. Such definitive information may include pressure gradient analysis and seismic indicators. Seismic data alone may not be sufficient to define fluid contacts for Proved.</p> <p>Reserves in undeveloped locations may be classified as Proved provided that:</p> <ul style="list-style-type: none"> <li>A. The locations are in undrilled areas of the reservoir that can be judged with reasonable certainty to be commercially mature and economically productive.</li> <li>B. Interpretations of available geoscience and engineering data indicate with reasonable certainty that the objective formation is laterally continuous with drilled Proved locations.</li> </ul> <p>For Proved Reserves, the recovery efficiency applied to these reservoirs should be defined based on a range of possibilities supported by analogs and sound engineering judgment considering the characteristics of the Proved area and the applied development program.</p>
<b>Probable Reserves</b>	Those additional Reserves that analysis of geoscience and engineering data indicates are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves.	<p>It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate.</p> <p>Probable Reserves may be assigned to areas of a reservoir adjacent to Proved where data control or interpretations of available data are less certain. The interpreted reservoir continuity may not meet the reasonable certainty criteria.</p> <p>Probable estimates also include incremental recoveries associated with project recovery efficiencies beyond that assumed for Proved.</p>



<b>Possible Reserves</b>	Those additional reserves that analysis of geoscience and engineering data indicates are less likely to be recoverable than Probable Reserves.	<p>The total quantities ultimately recovered from the project have a low probability to exceed the sum of Proved plus Probable plus Possible (3P), which is equivalent to the high-estimate scenario.</p> <p>When probabilistic methods are used, there should be at least a 10% probability (P10) that the actual quantities recovered will equal or exceed the 3P estimate.</p> <p>Possible Reserves may be assigned to areas of a reservoir adjacent to Probable where data control and interpretations of available data are progressively less certain. Frequently, this may be in areas where geoscience and engineering data are unable to clearly define the area and vertical reservoir limits of economic production from the reservoir by a defined, commercially mature project.</p> <p>Possible estimates also include incremental quantities associated with project recovery efficiencies beyond that assumed for Probable.</p>
<b>Probable and Possible Reserves</b>	See above for separate criteria for Probable Reserves and Possible Reserves.	<p>The 2P and 3P estimates may be based on reasonable alternative technical interpretations within the reservoir and/or subject project that are clearly documented, including comparisons to results in successful similar projects.</p> <p>In conventional accumulations, Probable and/or Possible Reserves may be assigned where geoscience and engineering data identify directly adjacent portions of a reservoir within the same accumulation that may be separated from Proved areas by minor faulting or other geological discontinuities and have not been penetrated by a wellbore but are interpreted to be in communication with the known (Proved) reservoir. Probable or Possible Reserves may be assigned to areas that are structurally higher than the Proved area. Possible (and in some cases, Probable) Reserves may be assigned to areas that are structurally lower than the adjacent Proved or 2P area.</p> <p>Caution should be exercised in assigning Reserves to adjacent reservoirs isolated by major, potentially sealing faults until this reservoir is penetrated and evaluated as commercially mature and economically productive. Justification for assigning Reserves in such cases should be clearly documented. Reserves should not be assigned to areas that are clearly separated from a known accumulation by non-productive reservoir (i.e., absence of reservoir, structurally low reservoir, or negative test results); such areas may contain Prospective Resources.</p> <p>In conventional accumulations, where drilling has defined a highest known oil elevation and there exists the potential for an associated gas cap, Proved Reserves of oil should only be assigned in the structurally higher portions of the reservoir if there is reasonable certainty that such portions are initially above bubble point pressure based on documented engineering analyses. Reservoir portions that do not meet this certainty may be assigned as Probable and Possible oil and/or gas based on reservoir fluid properties and pressure gradient interpretations.</p>



**Table 4: Glossary of Terms Used in PRMS**

<b>Term</b>	<b>Definition</b>
<b>1C</b>	Denotes low estimate of Contingent Resources.
<b>2C</b>	Denotes best estimate of Contingent Resources.
<b>3C</b>	Denotes high estimate of Contingent Resources.
<b>1P</b>	Denotes low estimate of Reserves (i.e., Proved Reserves). Equal to P1.
<b>2P</b>	Denotes the best estimate of Reserves. The sum of Proved plus Probable Reserves.
<b>3P</b>	Denotes high estimate of reserves. The sum of Proved plus Probable plus Possible Reserves.
<b>1U</b>	Denotes the unrisked low estimate qualifying as Prospective Resources.
<b>2U</b>	Denotes the unrisked best estimate qualifying as Prospective Resources.
<b>3U</b>	Denotes the unrisked high estimate qualifying as Prospective Resources.
<b>Abandonment, Decommissioning, and Restoration (ADR)</b>	The process (and associated costs) of returning part or all of a project to a safe and environmentally compliant condition when operations cease. Examples include, but are not limited to, the removal of surface facilities, wellbore plugging procedures, and environmental remediation. In some instances, there may be salvage value associated with the equipment removed from the project. ADR costs are presumed to be without consideration of any salvage value, unless presented as "ADR net of salvage."
<b>Accumulation</b>	An individual body of naturally occurring petroleum in a reservoir.
<b>Aggregation</b>	The process of summing well, reservoir, or project-level estimates of resources quantities to higher levels or combinations, such as field, country or company totals. Arithmetic summation of incremental categories may yield different results from probabilistic aggregation of distributions.
<b>Appraisal</b>	The phase that may follow successful exploratory drilling. Activities to further evaluate the discovery, such as seismic acquisition, geological studies, and drilling additional wells may be conducted to reduce technical uncertainties and commercial contingencies.
<b>Approved for Development</b>	All necessary approvals have been obtained, capital funds have been committed, and implementation of the development project is underway. A project maturity sub-class of Reserves.
<b>Analog</b>	Method used in resources estimation in the exploration and early development stages (including improved recovery projects) when direct measurement is limited. Based on evaluator's assessment of similarities of the analogous reservoir(s) together with the development plan.
<b>Analogous Reservoir</b>	Reservoirs that have similar rock properties (e.g., petrophysical, lithological, depositional, diagenetic, and structural), fluid properties (e.g., type, composition, density, and viscosity), reservoir conditions (e.g., depth, temperature, and pressure) and drive mechanisms, but are typically at a more advanced stage of development than the reservoir of interest and thus may provide insight and comparative data to assist in estimation of recoverable resources.



<b>Assessment</b>	See Evaluation.
<b>Associated Gas</b>	A natural gas found in contact with or dissolved in crude oil in the reservoir. It can be further categorized as gas cap gas or solution gas.
<b>Basin-Centered Gas</b>	An unconventional natural gas accumulation that is regionally pervasive and characterized by low permeability, abnormal pressure, gas-saturated reservoirs, and lack of a down dip water leg.
<b>Barrel of Oil Equivalent (BOE)</b>	The term allows for a single value to represent the sum of all the hydrocarbon products that are forecast as resources. Typically, condensate, oil, bitumen, and synthetic crude barrels are taken to be equal (1 bbl = 1 BOE). Gas and NGL quantities are converted to an oil equivalent based on a conversion factor that is recommended to be based on a nominal heating content or calorific value equivalent to a barrel of oil.
<b>Basis for Estimate</b>	The methodology (or methodologies) and supporting data on which the estimated quantities are based. (Also referenced as basis for the estimation.)
<b>Behind-Pipe Reserves</b>	Reserves that are expected to be recovered from zones in existing wells, which will require additional completion work or future re-completion before the start of production. In all cases, production can be initiated or restored with relatively low expenditure compared to the cost of drilling and completing a new well including hook-up to allow production.
<b>Best Estimate</b>	With respect to resources categorization, the most realistic assessment of recoverable quantities if only a single result were reported. If probabilistic methods are used, there should be at least a 50% probability (P50) that the quantities actually recovered will equal or exceed the best estimate.
<b>C1</b>	Denotes low estimate of Contingent Resources. C1 is equal to 1C.
<b>C2</b>	Denotes Contingent Resources of same technical confidence as Probable, but not commercially matured to Reserves.
<b>C3</b>	Denotes Contingent Resources of same technical confidence as Possible, but not commercially matured to Reserves.
<b>Chance</b>	Chance equals 1-risk. Generally synonymous with likelihood. (See Risk)
<b>Chance of Commerciality</b>	The estimated probability that the project will achieve commercial maturity to be developed. For Prospective Resources, this is the product of the chance of geologic discovery and the chance of development. For Contingent Resources and Reserves, it is equal to the chance of development.
<b>Chance of Development</b>	The estimated probability that a known accumulation, once discovered, will be commercially developed.
<b>Chance of Geologic Discovery</b>	The estimated probability that exploration activities will confirm the existence of a significant accumulation of potentially recoverable petroleum.
<b>Coalbed Methane (CBM)</b>	Natural gas contained in coal deposits. Coalbed gas, although usually mostly methane, may be produced with variable amounts of inert or even non-inert gases. [Also called coal-seam gas (CSG) or natural gas from coal (NGC).]



<b>Commercial</b>	A project is commercial when there is evidence of a firm intention to proceed with development within a reasonable time-frame. Typically, this requires that the best estimate case meet or exceed the minimum evaluation decision criteria (e.g., rate of return, investment payout time). There must be a reasonable expectation that all required internal and external approvals will be forthcoming. Also, there must be evidence of a technically mature, feasible development plan and the essential social, environmental, economic, political, legal, regulatory, decision criteria, and contractual conditions are met. .
<b>Committed Project</b>	Project that the entity has a firm intention to develop in a reasonable time-frame. Intent is demonstrated with funding/financial plans, but FID has not yet been declared (See also Final Investment Decision.)
<b>Completion</b>	Completion of a well. The process by which a well is brought to its operating status (e.g., producer, injector, or monitor well). A well deemed to be capable of producing petroleum, or used as an injector, is completed by establishing a connection between the reservoir(s) and the surface so that fluids can be produced from, or injected into, the reservoir.
<b>Completion Interval</b>	The specific reservoir interval(s) that is (are) open to the borehole and connected to the surface facilities for production or injection, or reservoir intervals open to the wellbore and each other for injection purposes.
<b>Concession</b>	A grant of access for a defined area and time period that transfers certain entitlements to produced hydrocarbons from the host country to an entity. The entity is generally responsible for exploration, development, production, and sale of hydrocarbons that may be discovered. Typically granted under a legislated fiscal system where the host country collects taxes, fees, and sometimes royalty on profits earned. (Also called a license.)
<b>Condensate</b>	A mixture of hydrocarbons (mainly pentanes and heavier) that exist in the gaseous phase at original temperature and pressure of the reservoir, but when produced, are in the liquid phase at surface pressure and temperature conditions. Condensate differs from NGLs in two respects: (1) NGL is extracted and recovered in gas plants rather than lease separators or other lease facilities, and (2) NGL includes very light hydrocarbons (ethane, propane, or butanes) as well as the pentanes-plus that are the main constituents of condensate.
<b>Confidence Level</b>	A measure of the estimated reliability of a result. As used in the deterministic incremental method, the evaluator assigns a relative level of confidence (high/moderate/low) to areas/segments of an accumulation based on the information available (e.g., well control and seismic coverage). Probabilistic and statistical methods use the 90% (P90) for the high confidence (low value case), 50% (P50) for the best estimate (moderate value case), and 10% (P10) for the low (high value case) estimate to represent the chances that the actual value will equal or exceed the estimate.
<b>Constant Case</b>	A descriptor applied to the economic evaluation of resources estimates. Constant-case estimates are based on current economic conditions being those conditions (including costs and product prices) that are fixed at the evaluation date and held constant, with no inflation or deflation made to costs or prices throughout the remainder of the project life other than those permitted contractually.
<b>Consumed in Operations (CiO)</b>	That portion of produced petroleum consumed as fuel in production or lease plant operations before delivery to the market at the reference point. (Also called lease fuel.)



<b>Contingency</b>	A condition that must be satisfied for a project in Contingent Resources to be reclassified as Reserves. Resolution of contingencies for projects in Development Pending is expected to be achieved within a reasonable time period.
<b>Contingent Project</b>	A project that is not yet commercial owing to one or more contingencies that have not been resolved.
<b>Contingent Resources</b>	Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable owing to one or more contingencies.
<b>Continuous-Type Deposit</b>	A petroleum accumulation that is pervasive throughout a large area and that generally lacks well-defined OWC or GWC. Such accumulations are included in unconventional resources. Examples of such deposits include “basin-centered” gas, tight gas, tight oil, gas hydrates, natural bitumen, and oil shale (kerogen) accumulations.
<b>Conventional Resources</b>	Resources that exist in porous and permeable rock with buoyancy pressure equilibrium. The PIIP is trapped in discrete accumulations related to a localized geological structural feature and/or stratigraphic condition, typically with each accumulation bounded by a down dip contact with an aquifer and is significantly affected by hydrodynamic influences such as buoyancy of petroleum in water.
<b>Cost Recovery</b>	Under a typical production-sharing agreement, the contractor is responsible for the field development and all exploration and development expenses. In return, the contractor recovers costs (investments and operating expenses) out of the production stream. The contractor normally receives an entitlement interest share in the petroleum production and is exposed to both technical and market risks.
<b>Crude Oil</b>	Crude oil is the portion of petroleum that exists in the liquid phase in natural underground reservoirs and remains liquid at atmospheric conditions of pressure and temperature (excludes retrograde condensate). Crude oil may include small amounts of non-hydrocarbons produced with the liquids but does not include liquids obtained from the processing of natural gas.
<b>Cumulative Production</b>	The sum of petroleum quantities that have been produced at a given date. (See also Production). Production is measured under defined conditions to allow for the computation of both reservoir voidage and sales quantities and for the purpose of voidage also includes non-petroleum quantities.
<b>Current Economic Conditions</b>	Economic conditions based on relevant historical petroleum prices and associated costs averaged over a specified period. The default period is 12 months. However, in the event that a step change has occurred within the previous 12-month period, the use of a shorter period reflecting the step change must be justified and used as the basis of constant-case resources estimates and associated project cash flows.
<b>Defined Conditions</b>	Forecast of conditions to exist and impact the project during the time period being evaluated. Forecasts should account for issues that impact the commerciality, such as economics (e.g., hurdle rates and commodity price); operating and capital costs; and technical, marketing, sales route, legal, environmental, social, and governmental factors.
<b>Deposit</b>	Material laid down by a natural process. In resources evaluations, it identifies an accumulation of hydrocarbons in a reservoir. (See Accumulation.)



<b>Deterministic Incremental Method</b>	An assessment method based on defining discrete parts or segments of the accumulation that reflect high, moderate, and low confidence regarding the estimates of recoverable quantities under the defined development plan.
<b>Deterministic Method</b>	An assessment method based on discrete estimate(s) made based on available geoscience, engineering, and economic data and corresponds to a given level of certainty.
<b>Deterministic Scenario Method</b>	Method where the evaluator provides three deterministic estimates of the quantities to be recovered from the project being applied to the accumulation. Estimates consider the full range of values for each input parameter based on available engineering and geoscience data, but one set is selected that is most appropriate for the corresponding resources confidence category. A single outcome of recoverable quantities is derived for each scenario.
<b>Developed Reserves</b>	Reserves that are expected to be recovered from existing wells and facilities. Developed Reserves may be further sub-classified as Producing or Non- Producing.
<b>Developed Producing Reserves</b>	Developed Reserves that are expected to be recovered from completion intervals that are open and producing at the effective date. Improved recovery reserves are considered producing only after the improved recovery project is in operation.
<b>Developed Non-Producing Reserves</b>	Developed Reserves that are either shut-in or behind-pipe. (See also Shut-In Resources and Behind-Pipe Reserves.)
<b>Development On Hold</b>	A discovered accumulation where project activities are on hold and/or where justification as a commercial development may be subject to significant delay. A project maturity sub-class of Contingent Resources.
<b>Development Not Viable</b>	A discovered accumulation for which there are contingencies resulting in there being no current plans to develop or to acquire additional data at the time due to limited commercial potential. A project maturity sub-class of Contingent Resources.
<b>Development Pending</b>	A discovered accumulation where project activities are ongoing to justify commercial development in the foreseeable future. A project maturity sub-class of Contingent Resources.
<b>Development Plan</b>	The design specifications, timing, and cost estimates of the appraisal and development project(s) that are planned in a field or group of fields. The plan will include, but is not limited to, well locations, completion techniques, drilling methods, processing facilities, transportation, regulations, and marketing. The plan is often executed in phases when involving large, complex, sequential recovery and/or extensive areas.
<b>Development Unclarified</b>	A discovered accumulation where project activities are under evaluation and where justification as a commercial development is unknown based on available information. This sub-class requires appraisal or study and should not be maintained without a plan for future evaluation. The sub-class should reflect the actions required to move a project toward commercial maturity. A project maturity sub-class of Contingent Resources.



<b>Discovered</b>	A petroleum accumulation where one or several exploratory wells through testing, sampling, and/or logging have demonstrated the existence of a significant quantity of potentially recoverable hydrocarbons and thus have established a known accumulation. In this context, “significant” implies that there is evidence of a sufficient quantity of petroleum to justify estimating the in-place volume demonstrated by the well(s) and for evaluating the potential for technical recovery. (See also Known Accumulation.)
<b>Discovered Petroleum Initially-In-Place</b>	Quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations before production. Discovered PIIP may be subdivided into commercial, sub-commercial, and the portion remaining in the reservoir as Unrecoverable.
<b>Discovered Unrecoverable</b>	Discovered petroleum in-place resources that are evaluated, as of a given date, as not able to be recovered by the commercial and sub-commercial projects envisioned.
<b>Dry Gas</b>	Natural gas remaining after hydrocarbon liquids have been removed before the reference point. It should be recognized that this is a resources assessment definition and not a phase behavior definition. (Also called lean gas.)
<b>Economic</b>	A project is economic when it has a positive undiscounted cumulative cash flow from the effective date of the evaluation, the net revenue exceeds the net cost of operation (i.e., positive cumulative net cash flow at discount rate greater than or equal to zero percent).
<b>Economic Interest</b>	Interest that is possessed when an entity has acquired an interest in the minerals in-place or a license and secures, by any form of legal relationship, revenue derived from the extraction of the mineral to which he must look for a return.
<b>Economic Limit</b>	Defined as the time when the maximum cumulative net cash flow (see Net Entitlement) occurs for a project.
<b>Economically Not Viable Contingent Resources</b>	Those quantities for which development projects are not expected to yield positive cash flows under reasonable forecast conditions. May also be subject to additional unsatisfied contingencies.
<b>Economically Viable Contingent Resources</b>	Those quantities associated with technically feasible projects where cash flows are positive under reasonable forecast conditions but are not Reserves because it does not meet the other commercial criteria
<b>Economically Producing</b>	Refers to the situation where the net revenue from an ongoing producing project exceeds the net expenses attributable to a certain entity's interest. The ADR costs are excluded from the determination.
<b>Effective Date</b>	Resource estimates of remaining quantities are “as of the given date” (effective date) of the evaluation. The evaluation must take into account all data related to the period before the “as of date.”
<b>Entitlement</b>	That portion of future production (and thus resources) legally accruing to an entity under the terms of the development and production contract or license.
<b>Entity</b>	A legal construct capable of bearing legal rights and obligations. In resources evaluations, this typically refers to the lessee or contractor, which is some form of legal corporation (or consortium of corporations). In a broader sense, an entity can be an organization of any form and may include governments or their agencies.
<b>Established Technology</b>	Methods of recovery or processing that have proved to be successful in commercial applications.



<b>Estimated Ultimate Recovery (EUR)</b>	Those quantities of petroleum estimated, as of a given date, to be potentially recoverable plus those quantities that have been already produced. For clarity, EUR must reference the associated technical and commercial conditions for the resources; for example, proved EUR is Proved Reserves plus prior production.
<b>Evaluation</b>	The geosciences, engineering, and associated studies, including economic analyses, conducted on a petroleum exploration, development, or producing project resulting in estimates of the quantities that can be recovered and sold and the associated cash flow under defined forward conditions. (Also called assessment.)
<b>Evaluator</b>	The person or group of persons responsible for performing an evaluation of a project. These may be employees of the entities that have an economic interest in the project or independent consultants contracted for reviews and audits. In all cases, the entity accepting the evaluation takes responsibility for the results, including its resources and attributed value estimates.
<b>Exploration</b>	Prospecting for undiscovered petroleum using various techniques, such as seismic surveys, geological studies, and exploratory drilling.
<b>Field</b>	In conventional reservoirs, a field is typically an area consisting of a single reservoir or multiple reservoirs all grouped on, or related to, the same individual geological structural feature and/or stratigraphic condition. There may be two or more reservoirs in a field that are separated vertically by intervening impermeable rock, laterally by local geologic barriers, or both. The term may be defined differently by individual regulatory authorities. For unconventional reservoirs without hydrodynamic influences, a field is often defined by regulatory or ownership boundaries as necessary.
<b>Final Investment Decision (FID)</b>	Project approval stage when the participating companies have firmly agreed to the project and the required capital funding.
<b>Flare Gas</b>	The total quantity of gas vented and/or burned as part of production and processing operations (but not as fuel).
<b>Flow Test</b>	An operation on a well designed to demonstrate the existence of recoverable petroleum in a reservoir by establishing flow to the surface and/or to provide an indication of the potential productivity of that reservoir (such as a wireline formation test). May also demonstrate the potential of certain completion techniques, particularly in unconventional reservoirs.
<b>Fluid Contacts</b>	The surface or interface in a reservoir separating two regions characterized by predominant differences in fluid saturations. Because of capillary and other phenomena, fluid saturation change is not necessarily abrupt or complete, nor is the surface necessarily horizontal.
<b>Forecast Case</b>	A descriptor applied to a scenario when production and associated cash-flow estimates are based on those conditions (including costs and product price schedules, inflation indexes, and market factors) forecast by the evaluator to reasonably exist throughout the evaluation life (i.e., defined conditions). Inflation or deflation adjustments are made to costs and revenues over the evaluation period.
<b>Gas Balance</b>	In gas production operations involving multiple working interest owners, maintaining a statement of volumes attributed to each, depending on each owner's portion received. Imbalances may occur that must be monitored over time and eventually balanced in accordance with accepted accounting procedures.
<b>Gas Cap Gas</b>	Free natural gas that overlies and is in contact with crude oil in the reservoir. It is a subset of associated gas.



<b>Gas Hydrates</b>	Naturally occurring crystalline substances composed of water and gas, in which a solid water lattice accommodates gas molecules in a cage-like structure or clathrate. At conditions of standard temperature and pressure, one volume of saturated methane hydrate will contain as much as 164 volumes of methane gas. Gas hydrates are included in unconventional resources, but the technology to support commercial maturity has yet to be developed.
<b>Gas/Oil Ratio</b>	Ratio that is calculated using measured natural gas and crude oil volumes at stated conditions. The gas/oil ratio may be the solution gas/oil ratio, $R_s$ ; produced gas/oil ratio, $R_p$ ; or another suitably defined ratio of gas production to oil production.
<b>Geostatistical Methods</b>	A variety of mathematical techniques and processes dealing with the collection, methods, analysis, interpretation, and presentation of large quantities of geoscience and engineering data to (mathematically) describe the variability and uncertainties within any reservoir unit or pool, specifically related here to resources estimates.
<b>High Estimate</b>	With respect to resources categorization, this is considered to be an optimistic estimate of the quantity that will actually be recovered from an accumulation by a project. If probabilistic methods are used, there should be at least a 10% probability (P10) that the quantities actually recovered will equal or exceed the high estimate.
<b>Hydrates</b>	See Gas Hydrates.
<b>Hydrocarbons</b>	Hydrocarbons are chemical compounds consisting wholly of hydrogen and carbon molecules.
<b>Improved Recovery</b>	The extraction of additional petroleum, beyond primary recovery, from naturally occurring reservoirs by supplementing the natural forces in the reservoir. It includes waterflooding and gas injection for pressure maintenance, secondary processes, tertiary processes, and any other means of supplementing natural reservoir recovery processes. Improved recovery also includes thermal and chemical processes to improve the in-situ mobility of viscous forms of petroleum. (Also called enhanced recovery.)
<b>Injection</b>	The forcing, pumping, or natural flow of substances into a porous and permeable subsurface rock formation. Injected substances can include either gases or liquids.
<b>Justified for Development</b>	A development project that has reasonable forecast commercial conditions at the time of reporting and there are reasonable expectation that all necessary approvals/contracts will be obtained. A project maturity sub-class of Reserves.
<b>Kerogen</b>	The naturally occurring, solid, insoluble organic material that occurs in source rocks and can yield oil upon heating. Kerogen is also defined as the fraction of large chemical aggregates in sedimentary organic matter that is insoluble in solvents (in contrast, the fraction that is soluble in organic solvents is called bitumen). (See also Oil Shales.)
<b>Known Accumulation</b>	An accumulation that has been discovered.
<b>Lead</b>	A project associated with a potential accumulation that is currently poorly defined and requires more data acquisition and/or evaluation to be classified as a Prospect. A project maturity sub-class of Prospective Resources.



<b>Learning Curve</b>	Demonstrated improvements over time in performance of a repetitive task that results in efficiencies in tasks to be realized and/or in reduced time to perform and ultimately in cost reductions.
<b>Likelihood</b>	Likelihood (the estimated probability or chance) is equal (1- risk). (See Probability and Risk.)
<b>Low/Best/High Estimates</b>	Reflects the range of uncertainty as a reasonable range of estimated potentially recoverable quantities.
<b>Low Estimate</b>	With respect to resources categorization, this is a conservative estimate of the quantity that will actually be recovered from the accumulation by a project. If probabilistic methods are used, there should be at least a 90% probability (P90) that the quantities actually recovered will equal or exceed the low estimate.
<b>Lowest Known Hydrocarbons (LKH)</b>	The deepest documented occurrence of a producible hydrocarbon accumulation as interpreted from well log, flow test, pressure measurement, core data, or other conclusive and reliable evidence.
<b>Market</b>	A consumer or group of consumers of a product that has been obtained through purchase, barter, or contractual terms.
<b>Marketable Quantities</b>	Those quantities of hydrocarbons that are estimated to be producible from petroleum accumulations and that will be consumed by the market. (Also referred to as marketable products.)
<b>Mean</b>	The sum of a set of numerical values divided by the number of values in the set.
<b>Measurement</b>	The process of establishing quantity (volume, mass, or energy content) and quality of petroleum products delivered to a reference point under conditions defined by delivery contract or regulatory authorities.
<b>Mineral Lease</b>	An agreement in which a mineral owner (lessor) grants an entity (lessee) rights. Such rights can include (1) a fee ownership or lease, concession, or other interest representing the right to extract oil or gas subject to such terms as may be imposed by the conveyance of the lease; (2) royalty interests, production payments payable in oil or gas, and other non-operating interests in properties operated by others; and/or (3) those agreements with foreign governments or authorities under which a reporting entity participates in the operation of the related properties or otherwise serves as producer of the underlying reserves (as opposed to being an independent purchaser, broker, dealer, or importer).
<b>Monte Carlo Simulation</b>	A type of stochastic mathematical simulation that randomly and repeatedly samples input distributions (e.g., reservoir properties) to generate a resulting distribution (e.g., recoverable petroleum quantities).
<b>Multi-Scenario Method</b>	An extension of the deterministic scenario method. In this case, a significant number of discrete deterministic scenarios are developed by the evaluator, with each scenario leading to a single deterministic outcome. Probabilities may be assigned to each discrete input assumption from which the probability of the scenario can be obtained; alternatively, each outcome may be assumed to be equally likely.



<b>Natural Bitumen</b>	The portion of petroleum that exists in the semi-solid or solid phase in natural deposits. In its natural state, it usually contains sulfur, metals, and other non- hydrocarbons. Natural bitumen has a viscosity greater than 10,000 mPa·s (or 10,000 cp) measured at original temperature in the deposit and atmospheric pressure, on a gas free basis. In its natural viscous state, it is not normally recoverable at commercial rates through a well and requires the implementation of improved recovery methods such as steam injection. Natural bitumen generally requires upgrading before normal refining.
<b>Natural Gas</b>	Portion of petroleum that exists either in the gaseous phase or is in solution in crude oil in a reservoir, and which is gaseous at atmospheric conditions of pressure and temperature. Natural gas may include some amount of non- hydrocarbons.
<b>Natural Gas Liquids (NGLs)</b>	A mixture of light hydrocarbons that exist in the gaseous phase in the reservoir and are recovered as liquids in gas processing plants. NGLs differ from condensate in two principal respects: (1) NGLs are extracted and recovered in gas plants rather than lease separators or other lease facilities, and (2) NGLs include very light hydrocarbons (ethane, propane, or butanes) as well as the pentanes-plus that are the main constituents of condensates.
<b>Net Entitlement</b>	That portion of future production (and thus resources) legally accruing to an entity under the terms of the development and production contract or license. Under the terms of PSCs, the producers have an entitlement to a portion of the production. This entitlement, often referred to as “net entitlement” or “net economic interest” is estimated using a formula based on the contract terms incorporating costs and profits.
<b>Net Pay</b>	The portion (after applying cutoffs) of the thickness of a reservoir from which petroleum can be produced or extracted. Value is referenced to a true vertical thickness measured.
<b>Net Revenue Interest</b>	An entity’s revenue share of petroleum sales after deduction of royalties or share of production owing to others under applicable lease and fiscal terms. (See also Entitlement and Net Entitlement)
<b>Netback Calculation</b>	Term used in the hydrocarbon product price determination at reference point to reflect the revenue of one unit of sales after the costs associated with bringing the product to a market (e.g., transportation and processing) are removed.
<b>Non-Hydrocarbon Gas</b>	Associated gases such as nITSrogen, carbon dioxide, hydrogen sulfide, and helium that are present in naturally occurring petroleum accumulations.
<b>Non-Sales</b>	That portion of estimated recoverable or produced quantities that will not be included in sales as contractually defined at the reference point. Non-sales include quantities CiO, flare, and surface losses, and may include non- hydrocarbons.
<b>Oil Sands</b>	Sand deposits highly saturated with natural bitumen. Also called “tar sands.” Note that in deposits such as the western Canada oil sands, significant quantities of natural bitumen may be hosted in a range of lithologies, including siltstones and carbonates.
<b>Oil Shales</b>	Shale, siltstone, and marl deposits highly saturated with kerogen. Whether extracted by mining or in-situ processes, the material must be extensively processed to yield a marketable product (synthetic crude oil). (Often called kerogen shale.)



<b>On Production</b>	A project maturity sub-class of Reserves that reflects the operational execution phase of one or multiple development projects with the Reserves currently producing or capable of producing. Includes Developed Producing and Developed Non-Producing Reserves.
<b>Overlift/Underlift</b>	Production entitlements received that vary from contractual terms resulting in overlift or underlift positions. This can occur in annual records because of the necessity for companies to lift their entitlement in parcel sizes to suit the available shipping schedules as agreed upon by the parties. At any given financial year- end, a company may be in overlift or underlift. Based on the production matching the company's accounts, production should be reported in accord with and equal to the liftings actually made by the company during the year and not on the production entitlement for the year.
<b>P1</b>	Denotes Proved Reserves. P1 is equal to 1P.
<b>P2</b>	Denotes Probable Reserves.
<b>P3</b>	Denotes Possible Reserves.
<b>Penetration</b>	The intersection of a wellbore with a reservoir.
<b>Petroleum</b>	Defined as a naturally occurring mixture consisting of hydrocarbons in the gaseous, liquid, or solid phase. Petroleum may also contain non-hydrocarbon compounds, common examples of which are carbon dioxide, nITSRogen, hydrogen sulfide, and sulfur. In rare cases, non-hydrocarbon content of petroleum can be greater than 50%.
<b>Petroleum Initially-in-Place (PIIP)</b>	The total quantity of petroleum that is estimated to exist originally in naturally occurring reservoirs, as of a given date. Crude oil in-place, natural gas in-place, and natural bitumen in-place are defined in the same manner.
<b>Pilot Project</b>	A small-scale test or trial operation used to assess technology, including recovery processes, for commercial application in a specific reservoir.
<b>Play</b>	A project associated with a prospective trend of potential prospects, but which requires more data acquisition and/or evaluation to define specific Leads or Prospects. A project maturity sub-class of Prospective Resources.
<b>Pool</b>	An individual and separate accumulation of petroleum in a reservoir within a field.
<b>Possible Reserves</b>	An incremental category of estimated recoverable quantities associated with a defined degree of uncertainty. Possible Reserves are those additional reserves that analysis of geoscience and engineering data suggest are less likely to be recoverable than Probable Reserves. The total quantities ultimately recovered from the project have a low probability to exceed the sum of Proved plus Probable plus Possible (3P), which is equivalent to the high estimate scenario. When probabilistic methods are used, there should be at least a 10% probability that the actual quantities recovered will equal or exceed the 3P estimate.
<b>Primary Recovery</b>	The extraction of petroleum from reservoirs using only the natural energy available in the reservoirs to move fluids through the reservoir rock to other points of recovery.
<b>Probability</b>	The extent to which an event is likely to occur, measured by the ratio of the favorable cases to the whole number of cases possible. PRMS convention is to quote cumulative probability of exceeding or equaling a quantity where P90 is the small estimate and P10 is the large estimate. (See also Uncertainty.)



<b>Probabilistic Method</b>	The method of estimation of resources is called probabilistic when the known geoscience, engineering, and economic data are used to generate a continuous range of estimates and their associated probabilities.
<b>Probable Reserves</b>	An incremental category of estimated recoverable quantities associated with a defined degree of uncertainty. Probable Reserves are those additional Reserves that are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate.
<b>Production</b>	The cumulative quantities of petroleum that have been recovered at a given date. Production can be reported in terms of the sales product specifications, but project evaluation requires that all production quantities (sales and non-sales), as measured to support engineering analyses requiring reservoir voidage calculations, are recognized.
<b>Production Forecast</b>	A forecasted schedule of production over time. For Reserves, the production forecast reflects a specific development scenario under a specific recovery process, a certain number and type of wells and particular facilities and infrastructure. When forecasting Contingent or Prospective Resources, more than one project scope (e.g., wells and facilities) is frequently carried to determine the range of the potential project and its uncertainty together with the associated resources defining the low, best, and high production forecasts. The uncertainty in resources estimates associated with a production forecast is usually quantified by using at least three scenarios or cases of low, best, and high, which lead to the resources classifications of, respectively, 1P, 2P, 3P and 1C, 2C, 3C or 1U, 2U and 3U.
<b>Production-Sharing Contract (PSC)</b>	A contract between a contractor and a host government in which the contractor typically bears the risk and costs for exploration, development, and production. In return, if exploration is successful, the contractor is given the opportunity to recover the incurred investment from production, subject to specific limits and terms. Ownership of petroleum in the ground is retained by the host government; however, the contractor normally receives title to the prescribed share of the quantities as they are produced. (Also termed production-sharing agreement (PSA).)
<b>Project</b>	<p>A defined activity or set of activities that provides the link between the petroleum accumulation's resources sub-class and the decision-making process, including budget allocation. A project may, for example, constitute the development of a single reservoir or field, an incremental development in a larger producing field, or the integrated development of a group of several fields and associated facilities (e.g. compression) with a common ownership. In general, an individual project will represent a specific maturity level (sub-class) at which a decision is made on whether or not to proceed (i.e., spend money), suspend, or remove.</p> <p>There should be an associated range of estimated recoverable resources for that project. (See also Development Plan.)</p>
<b>Property</b>	A defined portion of the Earth's crust wherein an entity has contractual rights to extract, process, and market specified in-place minerals (including petroleum). In general, defined as an area but may have depth and/or stratigraphic constraints. May also be termed a lease, concession, or license.



<b>Prospect</b>	A project associated with an undrilled potential accumulation that is sufficiently well defined to represent a viable drilling target. A project maturity sub-class of Prospective Resources.
<b>Prospective Resources</b>	Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects.
<b>Proved Reserves</b>	An incremental category of estimated recoverable quantities associated with a defined degree of uncertainty. Proved Reserves are those quantities of petroleum that, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations. If deterministic methods are used, the term “reasonable certainty” is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate.
<b>Pure Service Contract</b>	Agreement between a contractor and a host government that typically covers a defined technical service to be provided or completed during a specific time period. The service company investment is typically limited to the value of equipment, tools, and expenses for personnel used to perform the service. In most cases, the service contractor’s reimbursement is fixed by the contract’s terms with little exposure to either project performance or market factors. No Reserves or Resources can be attributed to these activities.
<b>Qualified Reserves Auditor</b>	A reserves evaluator who (1) has a minimum of ten years of practical experience in petroleum engineering or petroleum production geology, with at least five years of such experience being in responsible charge of the estimation and evaluation of Reserves information; and (2) either (a) has obtained from a college or university of recognized stature a bachelor’s or advanced degree in petroleum engineering, geology, or other discipline of engineering or physical science or (b) has received, and is maintaining in good standing, a registered or certified professional engineer’s license or a registered or certified professional geologist’s license, or the equivalent, from an appropriate governmental authority or professional organization. (see SPE 2007 “Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information”)
<b>Qualified Reserves Evaluator</b>	A reserves evaluator who (1) has a minimum of five years of practical experience in petroleum engineering or petroleum production geology, with at least three years of such experience being in the estimation and evaluation of Reserves information; and (2) either (a) has obtained from a college or university of recognized stature a bachelor’s or advanced degree in petroleum engineering, geology, or other discipline of engineering or physical science or (b) has received, and is maintaining in good standing, a registered or certified professional engineer’s license or a registered or certified professional geologist’s license, or the equivalent, from an appropriate governmental authority or professional organization. (modified from SPE 2007 “Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information”)
<b>Range of Uncertainty</b>	The range of uncertainty of the in-place, recoverable, and/or potentially recoverable quantities; may be represented by either deterministic estimates or by a probability distribution. (See Resources Categories.)
<b>Raw Production</b>	All components, whether hydrocarbon or other, produced from the well or extracted from the mine (hydrocarbons, water, impurities such as non-hydrocarbon gases, etc.).



<b>Reasonable Certainty</b>	If deterministic methods for estimating recoverable resources quantities are used, then reasonable certainty is intended to express a high degree of confidence that the estimated quantities will be recovered. Typically attributed to Proved Reserves or 1C Resources quantities.
<b>Reasonable Expectation</b>	Indicates a high degree of confidence (low risk of failure) that the project will proceed with commercial development or the referenced event will occur. (Differs from reasonable certainty, which applies to resources quantity technical confidence, while reasonable expectation relates to commercial confidence.).
<b>Recoverable Resources</b>	Those quantities of hydrocarbons that are estimated to be producible by the project from either discovered or undiscovered accumulations.
<b>Recovery Efficiency</b>	A numeric expression of that portion (expressed as a percentage) of in-place quantities of petroleum estimated to be recoverable by specific processes or projects, most often represented as a percentage. It is estimated using the recoverable resources divided by the hydrocarbons initially in-place. It is also referenced to timing; current and ultimate (or estimated ultimate) are descriptors applied to reference the stage of the recovery. (Also called recovery factor.)
<b>Reference Point</b>	A defined location within a petroleum extraction and processing operation where quantities of produced product are measured under defined conditions before custody transfer (or consumption). Also called point of sale, terminal point, or custody transfer point.
<b>Report</b>	The presentation of evaluation results within the entity conducting the assessment. Should not be construed as replacing requirements for public disclosures under guidelines established by regulatory and/or other government agencies.
<b>Reserves</b>	Those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must satisfy four criteria: they must be discovered, recoverable, commercial, and remaining (as of a given date) based on the development project(s) applied.
<b>Reservoir</b>	A subsurface rock formation that contains an individual and separate natural accumulation of petroleum that is confined by impermeable barriers, pressure systems, or fluid regimes (conventional reservoirs), or is confined by hydraulic fracture barriers or fluid regimes (unconventional reservoirs).
<b>Resources</b>	Term used to encompass all quantities of petroleum (recoverable and unrecoverable) naturally occurring in an accumulation on or within the Earth's crust, discovered and undiscovered, plus those quantities already produced. Further, it includes all types of petroleum whether currently considered conventional or unconventional. (See Total Petroleum Initially-in-Place.)
<b>Resources Categories</b>	Subdivisions of estimates of resources to be recovered by a project(s) to indicate the associated degrees of uncertainty. Categories reflect uncertainties in the total petroleum remaining within the accumulation (in-place resources), that portion of the in-place petroleum that can be recovered by applying a defined development project or projects, and variations in the conditions that may impact commercial development (e.g., market availability and contractual changes). The resource quantity uncertainty range within a single resources class is reflected by either the 1P, 2P, 3P, Proved, Probable, Possible, or 1C, 2C, 3C or 1U, 2U, 3U resources categories.



<b>Resources Classes</b>	Subdivisions of resources that indicate the relative maturity of the development projects being applied to yield the recoverable quantity estimates. Project maturity may be indicated qualitatively by allocation to classes and sub-classes and/or quantitatively by associating a project's estimated likelihood of commerciality.
<b>Resources Type</b>	Describes the accumulation and is determined by the combination of the type of hydrocarbon and the rock in which it occurs.
<b>Revenue-Sharing Contract</b>	Contracts that are very similar to the PSCs with the exception of contractor payment in these contracts, the contractor usually receives a defined share of revenue rather than a share of the production.
<b>Risk</b>	The probability of loss or failure. Risk is not synonymous with uncertainty. Risk is generally associated with the negative outcome, the term "chance" is preferred for general usage to describe the probability of a discrete event occurring.
<b>Risk and Reward</b>	Risk and reward associated with oil and gas production activities are attributed primarily from the variation in revenues cause by technical and economic risks. The exposure to risk in conjunction with entitlement rights is required to support an entity's resources recognition. Technical risk affects an entity's ability to physically extract and recover hydrocarbons and is usually dependent on a number of technical parameters. Economic risk is a function of the success of a project and is critically dependent on cost, price, and political or other economic factors.
<b>Risk Service Contract (RSC)</b>	Agreements that are very similar to the production-sharing agreements in that the risk is borne by the contractor but the mechanism of contractor payment is different. With a RSC, the contractor usually receives a defined share of revenue rather than a share of the production.
<b>Royalty</b>	A type of entitlement interest in a resource that is free and clear of the costs and expenses of development and production to the royalty interest owner. A royalty is commonly retained by a resources owner (lessor/host) when granting rights to a producer (lessee/contractor) to develop and produce that resource. Depending on the specific terms defining the royalty, the payment obligation may be expressed in monetary terms as a portion of the proceeds of production or as a right to take a portion of production in-kind. The royalty terms may also provide the option to switch between forms of payment at discretion of the royalty owner.
<b>Sales</b>	The quantity of petroleum and any non-hydrocarbon product delivered at the custody transfer point (reference point) with specifications and measurement conditions as defined in the sales contract and/or by regulatory authorities.
<b>Shale Gas</b>	Although the terms shale gas and tight gas are often used interchangeably in public discourse, shale formations are only a subset of all low-permeability tight formations, which include sandstones and carbonates, as well as shales, as sources of tight gas production
<b>Shale Oil</b>	Although the terms shale oil and tight oil are often used interchangeably in public discourse, shale formations are only a subset of all low-permeability tight formations, which include sandstones and carbonates, as well as shales, as sources of tight oil production
<b>Shut-In Resources</b>	Resources planned to be recovered from (1) completion intervals that are open at the time of the estimate, but which have not started producing; (2) wells that were shut-in for market conditions or pipeline connections; or (3) wells not capable of production for mechanical reasons that can be remediated at a limited cost compared to the cost of the well.



<b>Split Classification</b>	A single project should be uniquely assigned to a sub-class along with its uncertainty range. For example, a project cannot have quantities categorized as 1C, 2P, and 3P. This is referred to as “split classification.” If there are differing commercial conditions, separate sub-classes should be defined.
<b>Split Conditions</b>	The uncertainty in recoverable quantities is assessed for each project using resources categories. The assumed commercial conditions are associated with resource classes or sub-classes and not with the resources categories. For example, the product price assumptions are those assumed when classifying projects as Reserves, and a different price would not be used for assessing Proved versus Probable reserves. That would be referred to as “split conditions.”
<b>Stochastic</b>	Adjective defining a process involving or containing a random variable or variables or involving likelihood or probability, such as a stochastic simulation.
<b>Sub-Commercial</b>	A project subdivision that is applied to discovered resources that occurs if either the technical or commercial maturity conditions of project have not yet been achieved. A project is sub-commercial if the degree of commitment is such that the accumulation is not expected to be developed and placed on production within a reasonable time-frame. Sub-commercial projects are classified as Contingent Resources.
<b>Sunk Cost</b>	Money spent before the effective date and that cannot be recovered by any future action. Sunk costs are not relevant to future business decisions because the cost will be the same regardless of the outcome of the decision. Sunk costs differ from committed (obligated) costs, where there is a firm and binding agreement to spend specified amounts of money at specific times in the future (i.e., after the effective date).
<b>Synthetic Crude Oil</b>	A mixture of hydrocarbons derived by upgrading (i.e., chemically altering) natural bitumen from oil sands, kerogen from oil shales, or processing of other substances such as natural gas or coal. Synthetic crude oil may contain sulfur or other non-hydrocarbon compounds and has many similarities to crude oil.
<b>Taxes</b>	Obligatory contributions to the public funds, levied on persons, property, or income by governmental authority.
<b>Technical Forecast</b>	The forecast of produced resources quantities that is defined by applying only technical limitations (i.e., well-flow-loading conditions, well life, production facility life, flow-limit constraints, facility uptime, and the facility's operating design parameters). Technical limitations do not take into account the application of either an economic or license cut-off. (See also Technically Recoverable Resources).
<b>Technical Uncertainty</b>	Indication of the varying degrees of uncertainty in estimates of recoverable quantities influenced by the range of potential in-place hydrocarbon resources within the reservoir and the range of the recovery efficiency of the recovery project being applied.
<b>Technically Recoverable Resources</b>	Those quantities of petroleum producible using currently available technology and industry practices, regardless of commercial or accessibility considerations.
<b>Technology Under Development</b>	Technology that is currently under active development and that has not been demonstrated to be commercially viable. There should be sufficient direct evidence (e.g., a test project/pilot) to indicate that the technology may reasonably be expected to be available for commercial application.



<b>Tight Gas</b>	Gas that is trapped in pore space and fractures in very low-permeability rocks and/or by adsorption on kerogen, and possibly on clay particles, and is released when a pressure differential develops. It usually requires extensive hydraulic fracturing to facilitate commercial production. Shale gas is a sub-type of tight gas.
<b>Tight Oil</b>	Crude oil that is trapped in pore space in very low-permeability rocks and may be liquid under reservoir conditions or become liquid at surface conditions. Extensive hydraulic fracturing is invariably required to facilitate commercial maturity and economic production. Shale oil is a sub-type of tight oil.
<b>Total Petroleum Initially-in-Place</b>	All estimated quantities of petroleum that are estimated to exist originally in naturally occurring accumulations, discovered and undiscovered, before production.
<b>Uncertainty</b>	The range of possible outcomes in a series of estimates. For recoverable resources assessments, the range of uncertainty reflects a reasonable range of estimated potentially recoverable quantities for an individual accumulation or a project. (See also Probability.)
<b>Unconventional Resources</b>	Unconventional resources exist in petroleum accumulations that are pervasive throughout a large area and lack well-defined OWC or GWC (also called “continuous-type deposits”). Such resources cannot be recovered using traditional recovery projects owing to fluid viscosity (e.g., oil sands) and/or reservoir permeability (e.g., tight gas/oil/CBM) that impede natural mobility. Moreover, the extracted petroleum may require significant processing before sale (e.g., bitumen upgraders).
<b>Undeveloped Reserves</b>	Those quantities expected to be recovered through future investments: (1) from new wells on undrilled acreage in known accumulations, (2) from deepening existing wells to a different (but known) reservoir, (3) from infill wells that will increase recovery, or (4) where a relatively large expenditure (e.g., when compared to the cost of drilling and completing a new well) is required to recomplete an existing well.
<b>Undiscovered Petroleum Initially-in-Place</b>	That quantity of petroleum estimated, as of a given date, to be contained within accumulations yet to be discovered.
<b>Unrecoverable Resources</b>	Those quantities of discovered or undiscovered PIIP that are assessed, as of a given date, to be unrecoverable by the currently defined project(s). A portion of these quantities may become recoverable in the future as commercial circumstances change, technology is developed, or additional data are acquired. The remaining portion may never be recovered owing to physical/chemical constraints represented by subsurface interaction of fluids and reservoir rocks.
<b>Upgrader</b>	A general term applied to processing plants that convert extra-heavy crude oil and natural bitumen into lighter crude and less viscous synthetic crude oil. While the detailed process varies, the underlying concept is to remove carbon through coking or to increase hydrogen by hydrogenation processes using catalysts.
<b>Wet Gas</b>	Natural gas from which no liquids have been removed before the reference point. The wet gas is accounted for in resources assessments, and there is no separate accounting for contained liquids. It should be recognized that this is a resources assessment definition and not a phase behavior definition.
<b>Working Interest</b>	An entity’s equity interest in a project before reduction for royalties or production share owed to others under the applicable fiscal terms.



## Appendix 2: Nomenclature

[This should be adjusted to include nomenclature specific to the CPR]

<b>1P</b>	Proved
<b>2P</b>	Proved + Probable
<b>3P</b>	Proved + Probable +Possible
<b>ABEX</b>	abandonment cost
<b>API</b>	American Petroleum Institute
<b>Bg</b>	gas formation volume factor, in scf/rcf
<b>BHA</b>	bottom hole assembly
<b>Bo</b>	oil formation volume factor, in rb/stb
<b>Bscf</b>	thousands of millions of standard cubic feet
<b>C&amp;P</b>	cased and perforated
<b>CGR</b>	condensate gas ratio
<b>CO<sub>2</sub></b>	carbon dioxide
<b>CoP</b>	cessation of production
<b>CPI</b>	computer processed interpretation
<b>DCA</b>	decline curve analysis
<b>DST</b>	drill stem test
<b>Eg</b>	gas expansion factor
<b>FBHP</b>	flowing bottom hole pressure
<b>FDP</b>	field development plan
<b>FMB</b>	flowing material balance
<b>FPSO</b>	floating production storage and offloading vessel
<b>ft</b>	feet
<b>FTHP</b>	flowing tubing head pressure
<b>FVF</b>	formation volume factor
<b>FWL</b>	free water level
<b>GDT</b>	gas down to
<b>GEF</b>	gas expansion factor
<b>GIIP</b>	gas initially in place
<b>GOC</b>	gas oil contact
<b>GOR</b>	gas oil ratio
<b>GRV</b>	gross rock volume
<b>GSA</b>	gas sales agreement



<b>GWC</b>	gas water contact
<b>H<sub>2</sub>S</b>	hydrogen sulphide
<b>HIIP</b>	hydrocarbons initially in place
<b>HLV</b>	Heavy Lift Vessel
<b>HPHT</b>	high pressure, high temperature
<b>ICV</b>	interval control valve
<b>kh</b>	permeability thickness
<b>km</b>	kilometres
<b>Kr</b>	relative permeability
<b>LNG</b>	liquefied natural gas
<b>LPG</b>	liquefied petroleum gas
<b>LTC</b>	long term compression
<b>m</b>	metre
<b>M MM</b>	thousands and millions respectively
<b>MD</b>	measured depth
<b>md or mD</b>	millidarcy
<b>MDRKB</b>	measured depth below Kelly Bushing
<b>MDT</b>	modular dynamic tester
<b>MSL</b>	mean sea level
<b>mss</b>	metres subsea
<b>N<sub>2</sub></b>	nITSRogen
<b>NAG</b>	non-associated gas
<b>NBP</b>	National Balancing Point
<b>NPV xx</b>	net present value at xx discount rate
<b>NTG</b>	net to gross ratio
<b>NUI</b>	normally unmanned installation
<b>ODT</b>	oil down to
<b>OPEX</b>	operating cost
<b>OWC</b>	oil water contact
<b>P90</b>	low case (probabilistic) estimate (there should be a 90% probability of exceeding this estimate)
<b>P50</b>	mid or best case (probabilistic) estimate (there should be a 50% probability of exceeding this estimate)
<b>P10</b>	high case (probabilistic) estimate (there should be a 10% probability of exceeding this estimate)
<b>Pb</b>	saturation, or bubble point, pressure



<b>Phi</b>	porosity
<b>Phie</b>	effective porosity
<b>Phit</b>	total porosity
<b>PI</b>	productivity index, in stb/d/psi for oil or MMscf/d/psi or Mscf/d/psi for gas
<b>POD</b>	plan of development
<b>Possible</b>	Possible, as defined in Appendix 1
<b>Probable</b>	Probable, as defined in Appendix 1
<b>Proved</b>	Proved, as defined in Appendix 1
<b>PSA</b>	production sharing agreement
<b>PSDM</b>	post stack depth migration
<b>PSTM</b>	post stack time migration
<b>PVT</b>	pressure volume temperature experiment
<b>rb</b>	reservoir barrels
<b>RCA</b>	routine core analysis
<b>rcf</b>	cubic feet at reservoir conditions
<b>RFT</b>	repeat formation tester
<b>Rs</b>	solution gas oil ratio
<b>scf</b>	standard cubic feet measured at 14.7 pounds per square inch and 60 degrees Fahrenheit
<b>SNA</b>	sum of negative amplitudes
<b>ss</b>	sub-sea
<b>stb</b>	stock tank barrel (42 US gallons measured at 14.7 pounds per square inch and 60 degrees Fahrenheit)
<b>STOIIP</b>	stock tank oil initially in place
<b>Sw</b>	water saturation
<b>Swc</b>	connate water saturation
<b>TD</b>	total depth
<b>THP</b>	tubing head pressure
<b>TVD</b>	true vertical depth
<b>TVDSS</b>	true vertical depth sub-sea
<b>TWT</b>	two way time
<b>WGR</b>	water gas ratio
<b>WOR</b>	water oil ratio
<b>WUT</b>	water up to



# Annexure G – Australian Solicitor’s Report

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22 February 2022

The Directors  
Finder Energy Holdings Limited  
Suite 1, Level 4 South Shore Centre  
85 South Perth Esplanade  
South Perth WA 6151

Partner  
Oliver Carrick  
  
Partner  
Peter Jarosek

Dear Directors

### Solicitor's Report on Petroleum Permits

This report is prepared for inclusion in a prospectus to be dated on or about 24 February 2022 to be issued by Finder Energy Holdings Limited (ACN 656 811 719) (Finder or Company) for the offer of up to 75 million shares at a price of \$0.20 per share to raise up to \$15 million (before costs and expenses). Prior to the admission of the Company to ASX, Finder will acquire Finder Operations and its subsidiaries (Pre-IPO Restructure).

## 1 Defined terms

In this report:

ASX means ASX Limited (ABN 98 008 624 691) or, as the context requires, the financial market operated by it.

AC/P61 means petroleum exploration permit AC/P61 issued under the OPGGS Act.

Department means the Department of Mines, Industry Regulation and Safety.

Finder 1 means Finder No. 1 Pty Limited (ACN 140 866 137).

Finder 9 means Finder No. 9 Pty Limited (ACN 150 236 445).

Finder 10 means Finder No 10 Pty Ltd (ACN 150 236 472).

Finder 16 means Finder No 16 Pty Ltd (ACN 632 177 381).

Finder 17 means Finder No 17 Pty Ltd (ACN 632 177 390).

Finder Operations means Finder Operations Pty Ltd (ACN 112 222 563) (previously Finder Energy Pty Ltd) which will become a wholly owned subsidiary of Finder pursuant to the Pre-IPO Restructure.

Fugro means Fugro Exploration Pty Ltd (ACN 148 839 865).

IPO means an initial public offering of fully paid ordinary shares in the Company and listing of the Company on the ASX.

IVD means the Implementation and Variation Deed - Approved Finder Projects dated 20 December 2019 between the Company, Fugro and Longreach.



Joint Authority means the Commonwealth-State Joint Authority established under the OPGGS Act.

Longreach means Longreach Capital Investment Pty Ltd (being the parent entity of the Company).

Native Title Act means the Native Title Act 1993 (Cth).

NOPSEMA means the National Offshore Petroleum Safety and Environmental Management Authority established under the OPGGS Act.

NOPTA means the “Titles Administrator” established under the OPGGS Act.

OPGGS Act means the Offshore Petroleum and Greenhouse Gas Storage Act 2006 (Cth).

SapuraOMV (WA) means SapuraOMV Upstream (Western Australia) Pty Ltd (ACN 629 043 518) (previously Sapura Exploration and Production (Western Australia) Pty Ltd), a subsidiary of SapuraOMV.

Sapura OMV means SapuraOMV Upstream (Holding) Sdn. Bhd., Registration No 201301036835 (previously Sapura Exploration and Production Sdn. Bhd.).

WA-412-P means petroleum exploration permit WA-412-P issued under the OPGGS Act.

WA-520-P means petroleum exploration permit WA-520-P issued under the OPGGS Act.

WA-542-P means petroleum exploration permit WA-542-P issued under the OPGGS Act.

WA-547-P means petroleum exploration permit WA-547-P issued under the OPGGS Act.

## 2 Permits

Finder Operations through a number of wholly owned subsidiaries holds an interest or a prospective interest in each of the following petroleum exploration permits issued under the OPGGS Act (Permits):

- (a) AC/P61
- (b) WA-412-P
- (c) WA-520-P
- (d) WA-542-P
- (e) WA-547-P

The Permits are located in Commonwealth waters off Western Australia and, in the case of AC/P61, offshore from the Territory of Ashmore and Cartier Islands, an external territory of Australia located north-west of Western Australia.

All of the permits are work-bid petroleum exploration permits granted on the basis of work program bidding.

## 3 Enquiries

### 3.1 Searches

We have arranged for the following searches to be conducted for the purpose of this report:



- (a) searches of the Permits on the National Electronic Approvals Tracking System maintained by NOPTA on 11 February 2022;
- (b) searches of the native title application summaries maintained by the National Native Title Tribunal (NNTT) on 15 February 2022 in relation to any registered native title claims that affect the Permits.

### 3.2 Material contracts

We have reviewed the material contracts identified in sections 9 to 13 of this report.

## 4 Schedule of Permit details

Schedule 1 to this report is a schedule showing the following details in relation to the Permits:

- (a) Number of blocks;
- (b) Grant date and term;
- (c) Registered holders and operator; and
- (d) Work commitments.

## 5 Interests held by Finder Operations in the Permits

The beneficial interests held by Finder Operations in the Permits are summarised as follows:

Permit	Interest held by Company
AC/P61	Finder 1 holds a 50% interest.
WA-412-P	Finder 9 holds a 15% interest.
WA-520-P	Finder 10 holds a 50% interest (Finder 10 is registered as the holder of a 100% interest but holds a 50% economic interest on trust for Fugro under the IVD – see section 11.1).
WA-542-P	The Permit is held by Finder 17, currently a wholly-owned subsidiary of Longreach. Finder Operations holds an option to acquire 100% of the shares in Finder 17 – see section 12.2.
WA-547-P	Finder 16 holds a 100% interest.

## 6 Encumbrances

Our searches do not disclose any security interests or other encumbrances registered against Finder Operations beneficial interest in the Permits.

## 7 Summary of OPGGS Exploration Permits

A petroleum exploration permit authorises the permit holder to explore for petroleum in the permit area, recover petroleum on an appraisal basis in the permit area and carry on such operations and execute such works in the permit area as are necessary for those purposes.



### 7.1 Duration

A petroleum exploration permit is granted for a period of six years.

A permit holder may apply for renewal of the permit (other than a renewal application for only one block) for a renewal term of five years. Depending on the number of blocks within the permit area, the renewal application may cover all of the blocks or may cover a reduced number of blocks within the permit area. Certain work-bid petroleum exploration permits may only be renewed twice.

### 7.2 General obligations

A petroleum exploration permit granted under the OPGGS Act is subject to the provisions set out in the OPGGS Act and any applicable regulations. Each instrument of grant, in relation to an exploration permit contains specific conditions that must be complied with during the permit term.

The permit holder is required to comply with the conditions of the permit (including any specified work program) and any direction given to the holder by the responsible Commonwealth Minister, NOPSEMA or the applicable Joint Authority for the offshore area. Failure to do so may result in permit cancellation.

### 7.3 Minimum work obligations

The conditions set out in the permits granted under the OPGGS Act include minimum work commitments for each year of the title. All work must be carried out to a standard acceptable to NOPTA. The permit holder may with the approval of NOPTA bring forward the performance of minimum work commitments.

The minimum work commitments applicable to the first three year period of the permit term are firm. Thereafter, the minimum work commitment becomes firm on a year by year basis. Once a permit year has commenced, the minimum work commitment for that permit year becomes firm.

For further information on estimated expenditure commitments for each year of the Permits, please refer to Schedule 1.

### 7.4 Environmental approvals

Every petroleum activity (including exploration activities) must be carried out in accordance with an Environment Plan that has been reviewed and accepted by NOPSEMA.

### 7.5 Financial assurance

A petroleum title holder is required to maintain sufficient financial assurance to meet obligations and duties established within the OPGGS Act and relevant legislative instruments. The level of financial assurance required is the sum of the greatest reasonably credible costs, expenses and liabilities that may arise from a worst-case petroleum incident as described in the environment plan for the activity, with particular reference to termination or control of the incident, operational response measures required for containment, clean up and remediation of the environment and carrying out environmental monitoring of the impact of the petroleum incident.



## 7.6 Development activities

An exploration permit does not authorise petroleum development activities or recovery of petroleum other than for appraisal purposes.

If the permit holder wishes to undertake development, it must apply for a petroleum production licence.

Petroleum development activities may only be conducted in accordance with a field development plan that has been approved by the Joint Authority, environment plans accepted by NOPSEMA and other management plans.

## 7.7 Restrictions on assignment and change in control

Any proposed assignment of an interest in a petroleum title is subject to the approval of NOPTA including an evaluation of the financial and technical credentials of the proposed assignee.

In addition, any change in control of a title holder is subject to the approval of NOPTA, having regard to, among other things, the technical and financial resources available to the registered holder after the change in control takes effect, and whether such resources are sufficient to discharge the permit holder's obligations under the OPGGS Act. For the purposes of the OPGGS Act, a person is deemed to control the permit holder if the person holds or controls 20% or more of the voting rights, or holds 20% or more of issued share capital, in the registered permit holder. Failure to obtain approval may result in penalties and/or cancellation of a permit holder's permit(s).

## 7.8 Decommissioning and rehabilitation

Even after a petroleum title has been assigned, an entity that previously held the title may be liable for decommissioning and rehabilitation obligations to the extent that these remain unfulfilled by the subsequent title holders.

## 8 Native title affecting the Permits

The Permits are located in an "offshore area" within the meaning of the Native Title Act. The "right to negotiate" under the Native Title Act does not apply to the grant of petroleum titles in offshore areas. However, if activities under the petroleum title impact on native title then compensation could still be claimed by the native title holders.

Our investigations indicate that the areas covered by the Permits are not subject to native title claims or determinations.

## 9 Material Agreements affecting WA-412-P

### 9.1 WA-412-P Farmin Agreement

Finder 9 entered into a farmin agreement with SapuraOMV on 4 September 2018 in respect of exploration permit WA-412-P (WA-412-P Farmin Agreement). Under a Deed of Novation dated 8 October 2018, SapuraOMV assigned its rights and interests under Farmin Agreement WA-412-P to SapuraOMV (WA) with effect from 8 October 2018.



Under the terms of the WA-412-P Farmin Agreement:

- Finder 9 assigned to SapuraOMV (WA) a 70% interest in WA-412-P. Completion of the acquisition occurred on 11 December 2018.
- SapuraOMV (WA) became the operator.
- SapuraOMV (WA) must fund 100% of all costs in relation to the Permit until the “Farmin Well” has been drilled. The Farmin Well is the first exploration well to be drilled in the Permit to test the Kanga Prospect.
- Finder 9 is required to pay SapuraOMV (WA) US\$2.5 million (now US\$1.25 million as a result of Fugro assuming 50% of this obligation under the IVD) on the mobilisation of the rig to be used to drill the Farmin Well and Finder 9’s cost exposure to the Farmin Well is capped accordingly.
- If the Farmin Well is drilled and this results in a discovery that is developed, Finder 9 will be required to reimburse to SapuraOMV (WA) certain costs incurred by SapuraOMV (WA) in respect of WA-412-P, AC/P61 and EP 483 and TP/25 (Reimbursable Costs). The Reimbursable Costs are to be paid by Finder 9 out of 50% of its production entitlement from the discovery until the sale proceeds from that discovery are equal to the Reimbursable Costs. Fugro has assumed 50% of this reimbursement obligation under the IVD. We are instructed that Finder 9’s share of the Reimbursable Costs amounts to A\$10,309,289 plus the 15% of the remaining Farmin Well costs funded by Sapura on behalf of Finder. Final costs are subject to auditing.
- If the Farmin Well is not drilled by the end of the fifth Permit Year (otherwise than due to the default of Finder or Force Majeure), then SapuraOMV (WA) must pay the sum of US\$20 million by way of liquidated damages (to be split equally between Fugro and Finder in proportion to their permits interests in WA-412-P).

We are instructed that the proposed Kanga-1 well will be the Farmin Well. Finder Operations has advised that drilling of the Kanga-1 well is intended to commence after 1 May 2022.

As a result of the IVD (refer section 9.3), the rights and obligations of Finder 9 under the WA-412-P Farmin Agreement (including the payment and reimbursement obligations) are shared equally with Fugro.

## 9.2 SapuraOMV Guarantee

Under a Deed of Guarantee dated 8 October 2018, SapuraOMV guarantees to Finder 9 the payment, when due, of all amounts payable by SapuraOMV (WA) under the WA-412-P Farmin Agreement and undertakes to ensure that SapuraOMV (WA) will perform its obligations under the WA-412-P Farmin Agreement.

## 9.3 Implementation and Variation Deed

Pursuant to the IVD (amongst other things), Finder 9 transferred to Fugro a 50% share of its rights and interests in WA-412-P, comprising a 15% interest in WA-412-P and a 50% share of Finder 9’s rights and interests under the WA-412-P Farmin Agreement. As a



result of this transfer, WA-412-P is held in the proportions Finder 9 15%, Fugro 15%, SapuraOMV (WA) 70%.

#### 9.4 WA-412-P Joint Operating Agreement

Finder 9 and SapuraOMV (WA) entered into a joint operating agreement in respect of Exploration Permit WA-412-P on 8 October 2018 (WA-412-P JOA). Fugro has acceded to the WA-412-P JOA to the extent of its 15% interest.

The WA-412-P JOA covers WA-412-P (including any retention lease or production licence granted over one or more of the blocks contained within WA-412-P and any pipeline licence or infrastructure licence granted in connection with a production licence).

The WA-412-P JOA took effect from 1 July 2018, and governs the joint exploration, appraisal, development and production of petroleum, as well as decommissioning activities in respect to WA-412-P.

SapuraOMV (WA) was designated as the operator and is responsible for the joint operations under the WA-412-P JOA.

The WA-412-P JOA is on the same terms as the AC/P61 JOA – please refer to section 10.1 of this report.

#### 9.5 Royalty Deed

Finder 9, Longreach and Finder Operations are parties to a Royalty Deed dated 17 February 2022. Under the Royalty Deed, Finder 9 grants to Longreach a royalty over WA-412-P, conditional on completion of the IPO.

The royalty is calculated at the rate of 3% of the Net Sale Proceeds, being the proceeds received by Finder 9 from its share of future production from the Permit from a divestment of the Permit, less the Sales Costs which comprise all of the costs incurred between the wellhead and the point of sale. The royalty is calculated and payable quarterly. The royalty will continue throughout the term of the Permit including any production licence derived from the Permit.

Finder 9 may elect to buy back the royalty at any time from the date on which a production licence is granted until the date that is 3 months before the date on which production is scheduled to commence. The buy-out price will be the fair value of the royalty having regard to:

- the 2P reserves in the Permit;
- the P<sub>50</sub> production profile and the P<sub>50</sub> product price used to determine the economic value of the project; and
- a discount rate of 8% (NPV<sub>8</sub>) which is to be applied only for the time value of money during production.

### 10 Material agreements affecting AC/P61

#### 10.1 AC/P61 JOA

Finder 1 and Fugro are parties to a joint operating agreement in respect of AC/P61 on 8 October 2018 (AC/P61 JOA).



The AC/P61 JOA covers AC/P61 (including any retention lease or production licence granted over one or more of the blocks contained within AC/P61 and any pipeline licence or infrastructure licence granted in connection with a production licence).

The AC/P61 JOA took effect from 1 July 2018, and governs the joint exploration, appraisal, development and production of petroleum, as well as decommissioning activities in respect to AC/P61.

Under the AC/P61 JOA, each party must appoint one representative to sit on the Operating Committee, responsible for authorising and supervising joint operations. Each representative has a vote equal to the participating interest of the party that he or she represents. The voting procedure under the AC/P61 JOA has different thresholds for different matters as well as deadlock breaking mechanisms. The voting threshold that generally applies to matters under the AC/P61 JOA is the affirmative vote of two or more parties that are not affiliates holding collectively at least 65% of the participating interests. A higher voting threshold of 85% applies in respect of certain other matters such as title renewals or applications for related licences. The affirmative vote of all parties is required for variations and extensions, surrender and unitisation. In certain deadlock scenarios, the operator will have the prevailing vote.

The AC/P61 JOA contains a customary Authorisations-for-Expenditure framework consistent with Association of International Petroleum Negotiators (AIPN) principles. Any expenditures of more than \$5 million in an exploration, appraisal or production work program and budget and any expenditures of more than \$10 million in development work or decommissioning work program and budget must be submitted for approval to the Operating Committee.

Operations under the AC/P61 JOA may be conducted as joint operations or exclusive operations. Exclusive operations may be conducted only in respect of certain operations, such as, among others, appraisal operations or development of a commercial discovery. Consenting parties bear the entire cost and liability of conducting exclusive operations. Non-consenting parties may reinstate their right to participate only in relation to certain operations by paying their proportionate share of costs and a premium.

If a party is in default under the AC/P61 JOA and fails to remedy that default within the remedy period, the other parties may request security and the defaulting party's participating interest may be diluted or purchased by non-defaulting parties for consideration to be agreed by the parties or determined by an independent expert.

Transfers of participating interests to third parties are subject to a pre-emptive rights procedure.

The AC/P61 JOA contains provisions which are customary in the oil and gas industry for an agreement of this kind and are largely based on the AIPN 2012 Model International Joint Operating Agreement.

## 10.2 Royalty Deed – AC/P61

Finder 1, Longreach and Finder Operations are parties to a Royalty Deed dated 17 February 2022. Under the Royalty Deed, Finder 1 grants to Longreach a royalty over AC/P61, conditional on completion of the IPO.



The royalty is calculated at the rate of 3% of the Net Sale Proceeds, being the proceeds received by Finder 1 from its share of future production from the Permits or from a divestment of the Permit, less the Sales Costs which comprise all of the costs incurred between the wellhead and the point of sale. The royalty is calculated and payable quarterly. The royalty will continue throughout the term of the Permits including any production licence derived from the Permits.

Finder 1 may elect to buy back the royalty at any time from the date on which a production licence is granted until the date that is 3 months before the date on which production is scheduled to commence. The buy-out price will be the fair value of the royalty having regard to:

- the 2P reserves in the Permit;
- the P<sub>50</sub> production profile and the P<sub>50</sub> product price used to determine the economic value of the project; and
- a discount rate of 8% (NPV<sub>8</sub>) which is to be applied only for the time value of money during production.

## 11 Material agreements affecting WA-520-P

### 11.1 Implementation and Variation Deed

Under the IVD, Longreach, as bare trustee, agreed that it holds a 50% economic interest in the “Retained Projects” on trust for and on behalf of Fugro.

The only Retained Project remaining is WA-520-P.

Under the terms of the IVD:

- Fugro’s 50% economic interest in a Retained Project comprises a 50% interest in all “Proceeds” derived from the Retained Project, which include proceeds from sale, farmout or other divestment of interests in the Retained Project and the proceeds from future production from the Retained Project.
- The trust will terminate if the Retained Project is surrendered or forfeited or in other circumstances set out in the IVD.
- Fugro is to pay its share of costs incurred in relation to a Retained Project. If it does not do so then Longreach may dilute Fugro’s economic interest in the Retained Project. Dilution is in satisfaction of the unpaid amount.
- Each party has a tag-along right if the other wishes to assign any part of its interest in the Retained Project.

### 11.2 Side letter – fixed monthly fee

Under a side letter dated 18 December 2019 (Side Letter), Fugro must pay a monthly fee of A\$17,500 per calendar month in respect to WA-520-P until the date the trust is extinguished or determined under the IVD. Fugro must also pay the same monthly fee for WA-412-P and AC/P61 for so long as Fugro or its affiliate holds an interest in these Permits.



### 11.3 Undertaking from Finder to Longreach

Pursuant to the terms of the Longreach Separation Agreement dated 17 February 2022, Finder undertook that Finder Operations will, or will procure Finder 19 which holds the interest in WA-520-P put Longreach in a position to perform its obligations to Fugro under the IVD, including its obligations as trustee of the trust established under the IVD.

## 12 Material agreements affecting WA-542-P

### 12.1 Sale and Purchase Agreement with Equinor - Certain Contingent Considerations

Finder 17 acquired a 100% interest in WA-542-P from Equinor Australia BV under a Sale and Purchase Agreement signed 1 June 2021.

Under the Agreement, Equinor had an obligation to pay Finder 17 a base consideration amount plus Permit costs between the Effective Date (1 June 2021) and the date of completion. Completion has occurred and the base consideration has been paid.

Certain contingent consideration is also payable by Finder 17 as follows:

- In the event of a Farm Down (which includes any sale or assignment by Finder 17 of an interest in the Permit to a third party or any sale of shares in Finder 17 to a third party), Finder 17 must pay a further US\$3.5 million to Equinor.
- On the Exploration Well Commitment Date (being the first day of the Permit year that includes the drilling of an exploration well as part of the minimum work commitment), Finder 17 must pay a further US\$3.5 million to Equinor provided that Finder 17 or its affiliate still holds an interest in the Permit at that time. Subject to any further suspension and extension that may be granted by NOPTA, the Exploration Well Commitment Date is currently 10 October 2024.

### 12.2 Option to acquire the shares in Finder 17

Subsequent to the acquisition of WA-542-P, the shares in Finder 17 are proposed to be assigned to Longreach as part of the Pre-IPO Restructure. Finder 17 is currently a wholly-owned subsidiary of Finder Operations.

Under an Option Deed dated 17 February 2022 between Longreach, Finder Operations and Finder 17, Finder Operations has an option to acquire 100% interest of the shares in Finder 17 from Longreach (Call Option), thereby acquiring ownership of WA-542-P.

The Call Option may be exercised prior to the expiry of WA-542-P (currently 9 October 2023), as may be extended (Permit End Date). In consideration for the grant of the Call Option, Finder Operations will undertake and will fund the geotechnical and geophysical studies up to a capped amount of \$80,325. During the Call Option period, Longreach will be solely responsible for all other work commitments on the Permit prior to the Permit End Date to maintain the Permit in good standing.

If Finder Operations exercises the Call Option before the Permit End Date, Finder Operations will assume the responsibility for implementing and funding the activities and operations on the Permit, and will indemnify Longreach against any costs or liabilities that



Longreach may incur in relation to such matters from the date on which Finder acquires the shares in Finder 17.

### 13 Material contracts affecting WA-547-P

#### 13.1 Royalty Deed – WA-547-P

Finder 16, Longreach and Finder Operations are parties to a Royalty Deed dated 17 February 2022. Under the Royalty Deed, Finder 16 grants to Longreach a royalty over WA-547-P, conditional on completion of the IPO.

The royalty is calculated at the rate of 3% of the Net Sale Proceeds, being the proceeds received by Finder 16 from its share of future production from the Permit or from a divestment of the Permit, less the Sales Costs which comprise all of the costs incurred between the wellhead and the point of sale. The royalty is calculated and payable quarterly. The royalty will continue throughout the term of the Permit including any production licence derived from the Permit.

Finder 16 may elect to buy back the royalty at any time from the date on which a production licence is granted until the date that is 3 months before the date on which production is scheduled to commence. The buy-out price will be the fair value of the royalty having regard to:

- the 2P reserves in the Permit;
- the P<sub>50</sub> production profile and the P<sub>50</sub> product price used to determine the economic value of the project; and
- a discount rate of 8% (NPV<sub>8</sub>) which is to be applied only for the time value of money during production.

### 14 Qualifications

This report is based on, and subject to, the assumptions and qualifications set out below and as otherwise specified elsewhere in this report:

- (a) we have assumed the results of the searches that we have made or caused to be made referred to in Section 1 of this report are accurate, complete and up-to-date;
- (b) we have relied on the accuracy of the registers and databases maintained by the governmental bodies referred to in Section 1 of this report;
- (c) we have relied upon information provided to us by third parties including government departments and have relied upon that information being accurate, complete and up to date as at the date of its receipt;
- (d) we assume that the Permits have been validly granted or renewed by the relevant government authorities;
- (e) we assume that the registered holder of a Permit has valid legal title to the Permit;
- (f) the holding of the Permits is subject to compliance with their terms and conditions and the provisions of the OPGGS Act;



- (g) we have not considered whether the Permits encroach on an area where there are threatened ecological communities;
- (h) we have assumed compliance with the requirements necessary to maintain the Permits in good standing including compliance with the conditions of the Permit and the relevant provisions of the applicable legislation under which the Permits are granted;
- (i) this report does not cover any third party interests (including encumbrances) in relation to the Permits that are not apparent from our searches and the information provided to us;
- (j) we assume that the agreements provided to us in relation to the Permits are authentic, were within the powers and capacity of those who executed them, were duly authorised, executed and delivered and are binding on the parties to them;
- (k) we have assumed that all instructions or information (including responses to requests for information) that we have received from Finder Operations or any of its officers, agents, or representatives is accurate, complete and up to date in all respects;
- (l) this report relates solely to the laws of the Commonwealth of Australia, to the extent applicable to the Permits. We do not express any opinion on, and have made no investigation of the laws of any other jurisdiction;
- (m) we have only reviewed agreements relating to the Permits that have been provided to us by Finder Operations or that are registered against the Permits and that are accessible online on the registers described in Section 1;
- (n) where encumbrances or dealings have been registered against the Permits but the underlying documents relating to those encumbrances or dealings cannot be obtained online from the registers described in Section 1, we have not been able to review those underlying documents and provide no opinion with respect to such documents;
- (o) the information in the Schedules is accurate at the date the relevant searches were obtained; and
- (p) we have not considered the impact of environmentally sensitive areas.

#### 14.2 Exclusions

Further, as it is beyond the scope of this report, we have not:

- (a) undertaken any searches, or reviewed any documents, in relation to any expired or surrendered tenements held by Finder Operations or its related bodies corporate;
- (b) confirmed the nature of any access arrangements or whether any access arrangements exist with respect to the land underlying the Permits;
- (c) undertaken any searches of the register of contaminated sites;
- (d) undertaken any searches of deregistered or unregistered native title claims with NNTT; or



- (e) reviewed any endorsements, encumbrances or any other documents noted on the Permits other than those that have been provided to us by Finder Operations or are accessible on the public register.

## 15 Consent

This report is made solely for the benefit of the Company and its directors in connection with the issue of the Prospectus and must not be relied upon by any other person or used for any other purpose.

Yours faithfully

Corrs Chambers Westgarth



Peter Jarosek

Partner



## Schedule of Permit Details

Permit	Blocks	Registered holder	Grant date and term	Minimum Work Commitments estimated expenditure	Notes
Exploration permit AC/P61 (Bonaparte Basin)	4	Finder No 1 Pty Limited 50% (Operator)  Fugro Exploration Pty Ltd 50%	Granted 23 June 2016 for a term of 6 years. The term was extended for 18 months pursuant to an instrument of extension dated 11 April 2019, and was further extended by 6 months (being a total term of 2 years) pursuant to an instrument of extension dated 18 February 2021.  The minimum work commitments for Permit years 1 - 3 were suspended accordingly.  Current expiry date is 22 June 2024.	Permit Year 4 (23 June 2016 to 22 June 2022): A\$175,000 work program. As a result of a previous, now terminated transaction, Sapura has agreed to pay the full cost of the remaining Permit Year 4 minimum work commitment to a cap of US\$79,600.  Permit Year 5 (23 June 2022 to 22 June 2023): A\$75,000 work program.  Permit Year 6 (23 June 2023 to 22 June 2024): Once Finder enters Permit Year 6, its firm work obligations would include the drilling of an exploration well with an estimated expenditure of A\$15,000,000.	-
Exploration permit WA-412-P (Northern Carnarvon basin)	4	Finder No 9 Pty Limited 15%  Fugro Exploration Pty Ltd 15%  SapuraOMV Upstream (Western Australia) Pty Ltd (70%) (Operator)	Granted 10 September 2008. Renewed for 5 year term to 9 September 2019.  The term was extended for a period of 9 months to 9 June 2020, pursuant to an instrument of extension dated 8 August 2018 and was further extended by a period of 24 months (being a total term of 2 years and 9 months) pursuant to an instrument of extension dated 30 June 2020.  Current expiry date is 9 June 2022.	Permit Year 5 (10 June 2019 to 9 June 2022): A\$30,100,000 Work program which includes the drilling of an exploration well  Funding of these costs is discussed in Section 9.1.  After Permit Year 5: Second permit renewal would be required to continue in permit.	(1), (2)



## Schedule of Permit Details

Permit	Blocks	Registered holder	Grant date and term	Minimum Work Commitments estimated expenditure	Notes
Exploration permit WA-520-P (Northern Carnarvon basin)	16	Finder No 10 Pty Limited 100% (subject to bare trust with Fugro 50% pursuant to the IVD)	<p>Granted 21 September 2015.</p> <p>The term was extended for a period of 12 months pursuant to an instrument of extension dated 21 September 2017 and was further extended by a period of 12 months (being a total term of 2 years) pursuant to an instrument of extension dated 12 November 2020.</p> <p>The minimum work commitments for Permit year 4 were suspended accordingly.</p> <p>Current expiry date is 20 September 2023.</p>	<p>Permit Year 5 (21 September 2021 to 20 September 2022: A\$250,000 Work program .</p> <p>Permit Year 6 (21 September 2022 to 20 September 2023: A\$30,250,000 Work program ). Permit Year 6 work commitment is discretionary and Finder can Finder can surrender the Permit prior to 21 September 2022. Once Finder enters permit Year 6, its firm work obligations would include the drilling of an exploration well with an estimated expenditure of A\$30,000,000.</p>	-
Exploration permit WA-547-P (Northern Carnarvon basin)	90	Finder No 16 Pty Ltd	Granted 5 January 2021 for 6 year term. Current expiry date is 4 January 2027.	Permit Years 1 - 3 (5 January 2021 to 4 January 2024: A\$27,730,000 Work program	-
Exploration permit WA-542-P (Northern Carnarvon basin)	60	Finder No 17 Pty Ltd	<p>Granted 10 October 2019 for 6 year term. The term was extended for a period of 12 months pursuant to an instrument of extension dated 15 March 2021 and the minimum work commitments for Permit years 1 - 3 were suspended accordingly.</p> <p>Current expiry date is 9 October 2026.</p>	Permit Years 1 - 3 (10 October 2019 to 9 October 2023: A\$22,700,000 Work program	(3)



## Schedule of Permit Details

### Notes

- 1 WA-412-P - Exploration permit WA-412-P was granted under the repealed Petroleum (Submerged Lands) Act 1967 (Cth) on 13 June 2008. The title was renewed under section 27 of the OPGGS on 10 September 2014.
- 2 WA-412-P - Finder No 9 Pty Ltd acquired its 100% interest in exploration permit WA-412-P pursuant to a transfer from Japan Energy E&P Australia Pty Ltd (ACN 128 004 884) (JXNOEX) registered on 24 June 2014 in consideration of the Deed of Assignment, Termination and Release dated 11 June 2014 between JXNOEX and Finder No 9 Pty Ltd, registered on 24 June 2014.
- 3 WA-542-P - Finder No 17 Pty Ltd acquired its 100% interest in exploration permit WA-542-P pursuant to a transfer from Equinor Australia B.V. (ARBN 165 559 642) (Equinor) under the Sale and Purchase Agreement dated 1 June 2021 between Finder 17, Equinor and Longreach Capital Investments Pty Ltd. The transfer of the Permit to Finder 17 was approved and registered on 23 July 2021.



# Annexure H – UK Solicitor’s Report

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**22 February 2022**

The Directors  
Finder Energy Holdings Limited  
Suite 1, Level 4 South Shore Centre  
85 South Perth Esplanade  
South Perth WA 6151

Dear Directors

### **Solicitor's Report on UK Licences**

This report is prepared for inclusion in a prospectus to be dated on or about 24 February 2022 to be issued by Finder Energy Holdings Limited (ACN 656 811 719) (the “**Company**”) for the offer of up to 75 million shares at a price of A\$0.20 per share to raise up to A\$15 million (before costs and expenses) (the “**Offer**”). Prior to the admission of the Company to ASX, we understand the Company will acquire Finder Operations and its subsidiaries.

This report relates to the offshore seaward production licences in respect of the UKCS listed in the Schedule of UK Licences (**Schedule 1**), being the licences in which Finder Energy UK Limited (“**Finder UK**”) (a wholly owned subsidiary of Finder Operations) holds an interest (“**UK Licences**”).

Subject to sections 7 and 8 of this report, we consider that this report provides an accurate statement as to the status of the UK Licences and Finder UK's interest in the UK Licences as at 22 February 2022.

### **1 Enquiries**

We have reviewed the material contracts referred to in section 6 of this report. Section 6 of this report does not set out an exhaustive list of the documents related to the UK Licences.



## 2 Definitions

Whenever used in this report, the following terms shall have the following meanings. Unless defined within this report, all capitalised terms used in this report shall have the meanings ascribed to them under the individual document referred to in each case.

Term	Definition
<b>A\$</b>	means Australian Dollar
<b>ASX</b>	means ASX Limited, a company incorporated in Australia ACN 008 624 691 or, as the context requires, the financial market operated by it
<b>Company</b>	means Finder Energy Holdings Limited, a company incorporated in Australia ACN 656 811 719
<b>Finder Operations</b>	means Finder Operations Pty Limited, a company incorporated in Australia ACN 112 222 563
<b>Finder UK</b>	means Finder Energy UK Limited a company incorporated in England, company number 12227103
<b>Industry Standard JOA</b>	means the Oil & Gas UK (OGUK <sup>1</sup> ) Standard Joint Operating Agreement
<b>Longreach</b>	Longreach Capital Investment Pty Ltd, a company incorporated in Australia ACN 22 117 213 706
<b>Model Clauses</b>	has the meaning given in paragraph 4(a)
<b>OGA</b>	means the Oil and Gas Authority
<b>PA 1998</b>	means the Petroleum Act 1998
<b>UKCS</b>	means United Kingdom Continental Shelf
<b>UK Licences</b>	means the offshore seaward production licences in respect of the United Kingdom Continental Shelf listed in Schedule 1

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<sup>1</sup> OGUK changed its trading name to OEUK (Offshore Energies UK) on 10 February 2022



### 3 Key UK Legislation

#### (a) The UKCS and the Petroleum Act 1998

The UKCS comprises those areas of the seabed and subsoil beyond 12 nautical miles of the United Kingdom coastline over which the United Kingdom exercises sovereign rights of exploration and exploitation of natural resources.

Licences to search and bore for and get petroleum on the UKCS are granted and administered according to the terms of the PA 1998 (amending the Continental Shelf Act 1964) by the OGA, as the UK regulator with responsibility for the mineral rights of the UKCS.

#### (b) The OGA and MER UK

The OGA was established as a result of a 2013 UK Government review. On 10 June 2013 the UK Government commissioned Sir Ian Wood to review and report on UK offshore oil and gas recovery and its regulation. The final report was published in February 2014 and contained the following core recommendations:

- a new shared strategy for maximising economic recovery of oil and gas for the UK (often abbreviated to 'MER UK'), with commitment from the government (HM Treasury and a new regulator) and the oil and gas industry;
- creation of a new arm's length regulatory body to oversee and develop this programme of change and growth; and
- greater collaboration and commitments by industry in areas such as development of regional hubs, sharing of infrastructure and reducing the complexity and delays in the current legal and commercial process.

On 1 October 2016, following the entry into force of the Energy Act 2016, the OGA became a government company limited by shares under the Companies Act 2006. The OGA is responsible for licensing and regulating the exploration and development of the UK's oil and gas resources.

Part 1A of the PA 1998 requires the OGA to produce a Strategy that enables the principal objective of maximising the economic recovery of UK petroleum to be met, and to then review it on a four yearly cycle. The Strategy for Maximising Economic Recovery of Offshore UK Petroleum (the "**Strategy**") came into force on 18 March 2016. The Strategy is legally binding on the OGA, offshore licence holders and operators, owners of upstream petroleum infrastructure and those planning and commissioning upstream petroleum infrastructure ("**relevant persons**").

The Strategy's central obligation stated that "*relevant persons must take the steps necessary to secure that the maximum value of economically recoverable petroleum is recovered from the strata beneath UK waters*". The Strategy also set out a number of safeguards, supporting obligations and required actions and behaviours, each of which are also binding on relevant persons.

#### (c) Net Zero

Pursuant to Part 1A of the PA 1998, the OGA consulted on proposed amendment to the Strategy during 2020 and a revised Strategy came into force on 11 February 2021. The revised Strategy, now called the "**OGA Strategy**", contains a range of new net zero obligations on the industry, reflective of the ongoing global energy transition.

A key feature of the OGA Strategy is the updated "Central Obligation" which has been expanded to include a second limb requiring relevant persons to "*take appropriate steps to assist the Secretary of State in meeting the net zero target, including by reducing as far as reasonable in the circumstances greenhouse gas emissions from sources such as flaring and venting and power generation, and supporting carbon capture and storage projects*". The OGA now considers that



the net zero target is an integral part of maximising economic recovery of the UK's oil and gas reserves.

The OGA Strategy imposes a number of other new obligations on the industry, including in relation to corporate governance, collaboration and supporting Carbon Capture and Storage Projects.

The bringing of the UK Government's net zero target within the OGA Strategy is reflective of the political (and wider societal) pressure that the UK oil and gas industry is under with respect to climate change and the current energy transition.

This pressure has manifested in there currently being a pause on new UKCS licensing rounds (being the process through which companies bid for and are granted petroleum licences), in the ongoing development by the UK Government of 'climate compatibility checkpoints' to be implemented as part of future licensing rounds, and in legal challenges brought against both the OGA and licence holders in respect of the potential further exploration, development and production of petroleum on the UKCS.

(d) Industry levy

A levy on oil and gas exploration and production licensees has been created to provide funding for the OGA. It is a two-tier levy mechanism with the annual levy apportioned between pre-production (11%) and in-production (89%) licence holders, based on an assessment of the costs that the OGA occurs in relation to each group. The levy apportionment and the levy rates themselves are subject to an annual consultation process. Where a licence has more than one licensee, the liability to pay the levy will be joint and several among licensees on the relevant licence.

## 4 Types of UK Licences

Licences to search and bore for and get petroleum from the offshore part of the UKCS are known as seaward production licences. The UK Licences (other than Licence P.2317) take the form of a certain type of seaward production licence, known as an innovate licence. Licence P.2317 takes the form of another type of seaward production licence, known as a promote licence.

(a) Seaward Production Licences

A seaward production licence grants the holder an exclusive right to "*search and bore for and get petroleum*" on one, or several blocks, on the UKCS. The UKCS is divided into 10km x 25km (250km<sup>2</sup>) areas called quadrants, which themselves comprise one or more blocks – a licence may cover one or more blocks. The licence holder's right to exploit petroleum in the licence area is subject to the terms and conditions contained in the licence (referred to as the "**Model Clauses**") and many activities carried out under the licence are subject to the consent of the Secretary of State and may require compliance with other legislative provisions and specific conditions attached to the consent.

Seaward production licences are split into three terms (the initial term, the second term and the third term) and initially awarded for 26 years. The terms are associated with a particular activity – the initial term with exploration, the second term with the approval of a development plan, and the third term with production. Typically, the initial term and second term are for a duration of 4 years, with the third term lasting for 26 years or for the duration of the field life (if otherwise extended). A standard seaward production licence will typically expire at the end of its initial term unless the licensee has completed an agreed work programme and relinquished 50% of the licence area. Similarly, a seaward production licence will typically expire at the end of its second term unless the OGA has approved a development plan.

(b) Innovate Licences

Innovate licences are more flexible in the duration of their initial and second terms than other seaward production licences. Innovate licences also allow for initial term work programmes to be divided into up to three phases, known as Phases A, B and C. Typically, Phase A relates to the carrying out of geotechnical studies and geophysical data reprocessing; Phase B relates to the



undertaking of seismic surveys and acquisition of other geophysical data; and Phase C relates to drilling activities.

Innovate licences also do not require the licensee to demonstrate financial capability and technical competence prior to award of the licence. Instead, licensees are required to demonstrate this by no later than the expiry of Phase A.

Innovate licences are otherwise similar to other seaward production licences, including in respect of their expiry at the end of the initial term unless the work programme of the initial phase has been completed and 50% of the licence area has been relinquished.

(c) **Promote Licences**

Promote licences include a specific 'promote period' and allow for initial term work programmes to be divided into two parts, known as Part I and Part II (as well as into the same types of phases used in innovate licences). Typically, Part I relates to geophysical, seismic and other types of analysis, reservoir modelling and commercial and infrastructure analysis (typically Phase A and Phase B activities under innovate licences); Part II relates to drilling activities (typically Phase C activities under innovate licences).

## 5 **Model Clauses**

Details of each of the UK Licences are set out in Schedule 1. The summary below sets out the key Model Clauses applying to each of the UK Licences.

- (a) *Expiry during the initial term:* Where (as in the case of Licence P.2317) a Promote Period is specified, the licence automatically ceases on the expiry of the Promote Period if the licensee has not completed Part I of the work programme, undertaken to complete the work specified in Part II, and demonstrated to the satisfaction of the OGA

Where a Phase A is specified but no Phase B is specified (as in the case of Licences P.2502, P.2524 and P.2528), the licence automatically ceases on the expiry of Phase A if the licensee has not completed Phase A of the work programme, undertaken to complete the work specified in Phase C, and demonstrated to the reasonable satisfaction of the OGA that it has the financial capacity to meet its licence obligations and that the person undertaking the work in Phase C has the competence to do so.

Where (as in the case of Licence P.2530) both a Phase A and a Phase B are specified, the licence automatically ceases on the expiry of Phase A if the licensee has not completed Phase A of the work programme and undertaken to complete the work specified in Phase B. Thereafter, the licence automatically ceases on the expiry of Phase B if the licensee has not completed Phase B of the work programme, undertaken to complete the work specified in Phase C, and demonstrated to the satisfaction of the OGA that it has the financial capacity to meet its licence obligations and that the person undertaking the work in Phase C has the competence to do so.

- (b) *Extension of the initial term or second term:* Any proposed extensions to the initial term (or a phase of it) or the second term are at the discretion of the OGA. Any extension requests must be given to the OGA in writing no later than three months before the expiry of the relevant term or phase. Any extension of the initial term or second term therefore does not extend the overall duration of the licence.
- (c) *Consideration:* Schedule 2 sets out the payments to be made to the OGA as consideration for the grant of the licence. The payments are calculated based on the area covered by the licence multiplied by a monetary amount. The monetary amount usually increases as the licence continues into later phases and terms, but this can be offset by required (and in some cases voluntary) relinquishment of part of the licence area.
- (d) *Granting of royalties:* The licensee is prohibited from entering into any agreement providing for a person other than the licensee to become entitled to, or to any proceeds of sale of, any petroleum which, at the time when the agreement is made, has not been but may be won and saved from



the licensed area unless the terms of the agreement have been approved in writing by the OGA. The OGA has the power to revoke the licence if the licensee is in breach of this prohibition.

(e) *Assignment and change of control:*

- (i) The transfer by a company of an interest in a licence (by way of licence assignment) is prohibited without the prior consent of the OGA. In contrast, where there is a change of control of a licensee, the position is as follows:
  - (A) the change of control of the licensee does not trigger any mandatory requirement to make a filing with the OGA or to seek the consent of the OGA to the change of control before it occurs;
  - (B) following a change of control of a licensee, the OGA can require a further change of control of the licensee – that is, the OGA can require the transfer of ownership of the licensee from the entity that acquired control to another third party; and
  - (C) if such a further change of control is required it must be completed within three months of the date of a notice from the OGA requiring it, failing which the OGA has the power to revoke the licences held by the licensee.
- (ii) In considering whether this power should be exercised the key issue for OGA will be that the change of control does not impair the financial capability of the licensee or, where it is an operator, its technical capability.
- (iii) Very broadly, financial capability requires a demonstration of solvency and balance sheet strength sufficient to enable a licensee to meet its financial obligations, and technical capability requires proven management and technical competence in the conduct of offshore petroleum operations. There is no simple checklist for technical capability.
- (iv) There is a change of control under a licence “*whenever a person has control of the Licensee who did not have control of the Licensee when this licence was granted*”. For these purposes, control is defined by reference to the provisions of sections 450 and 451 of the Corporation Taxes Act 2010 (which replaced section 416 of the Income and Corporation Taxes Act 1988) as modified by the Model Clauses. For these purposes, a person has “*control*” of a company if it: (i) exercises; (ii) is able to exercise; or (iii) is entitled to acquire, direct or indirect control over the company’s affairs. In particular, a person is treated as having control of a company if the person possesses or is entitled to acquire:
  - (A) 33.33% or more of the share capital or issued share capital of the company;
  - (B) 33.33% or more of the voting power in the company;
  - (C) 33.33% of the whole of the income of the company if such income were distributed among the participators; or
  - (D) 33.33% of the assets of the company available for distribution on its winding up.
- (v) The parties involved in a change of control of a licensee may, on a voluntary basis, seek a confirmation letter from the OGA that it will not exercise the power to require a further change of control. An application must be made to OGA, which contains certain information including:
  - (A) the new corporate parent’s name, country of incorporation and company registration number;
  - (B) post-change of control pro-forma balance sheet for the licensee and a consolidated post-change of control pro-forma balance sheet for the new corporate parent; and



- (c) a list from the new corporate parent of its prospective subsidiary's UKCS licence holdings and commitments and a statement that it will support the licensee in meeting these commitments.
- (vi) The issuance of a letter of confirmation from the OGA is discretionary and such letter is not binding, although it would be unlikely that the OGA would exercise its powers arising from the change of control (absent any subsequent change in the new controlling entity not referred to in the letter of confirmation).
- (f) *Revocation*: in addition to the power to revoke a licence in connection with granting royalties and in connection with a change of control, the OGA has the power to revoke a licence in a wide range of circumstances, including:
  - (i) any payments made as consideration for the grant of the licence being in arrears or unpaid for two months;
  - (ii) any breach or non-observance by the licensee of any of the terms and conditions of the licence;
  - (iii) insolvency of the licensee; and
  - (iv) breach or non-observance by the licensee of a development programme.

## 6 Material Agreements affecting the UK Licences

### 6.1 P.2317

#### (a) Work Obligations

Licence P.2317 is currently in Phase A of the Initial Term. Finder UK is the sole licensee. Pursuant to a letter from to OGA dated 11 February 2022, Finder Operations confirmed the intention to allow Licence P.2317 to determine at the end of Phase A.

#### (b) Licence Administrator

Finder UK is appointed as the Licence Administrator in respect of Licence P.2317 and accordingly is responsible for payment of the industry levy on an annual basis (as set out in section 3(d) above).

#### (c) Material Agreements

Ongoing Grant Income and Royalty obligations in favour of Azinor are set out in the Azinor SPAs as summarised in section 6.6 below.

On the basis that Finder UK is the sole licensee in respect of Licence P.2317, there is no applicable joint operating agreement.

### 6.2 P.2502

#### (a) Work Obligations

Licence P.2502 is currently in Phase A of the Initial Term. By 30 November 2023, Finder UK is required to (a) complete seismic data conditioning of 1,000 sq kms of 3D seismic data; (b) complete rock physics and AVO studies, AVO simultaneous inversion and seismic coherency analysis; (c) complete petrophysical and details biostratigraphic analysis of key wells; (d) complete a detailed reservoir distribution study; (e) complete a fault seal analysis; (f) complete a regional Palaeo-environment reconstruction of the Upper Jurassic. Company has confirmed that no discoveries have been made in Phase A of Licence P.2502.

#### (b) Title



Pursuant to a Farm Out Agreement in respect of certain interests in UKCS Seaward Production Licence P.2502, Blocks 2/4b (part), 2/5b, 2/5c, 210/25c (part), 210/30c and 211/26b dated 1 April 2021 (the “**P.2502 Farm Out Agreement**”), Finder UK agreed to sell to Dana Petroleum (E&P) Limited (“**Dana**”) an undivided legal right, title and interest in the P.2502 Licence and a fifty percent (50%) legal and beneficial interest in the licence area.

Completion of this transfer occurred on 18 June 2021 pursuant to a Deed of Licence Assignment and the P.2502 JOA both dated 18 June 2021.

Pursuant to the Deed of Assignment dated 18 June 2021, Finder UK assigned to Dana all rights, interest, obligations and liabilities in respect of Licence P.2502. This appears to have been an erroneous drafting error on the basis that (a) OGA Consent dated 14 June 2021 was granted on the basis that Finder UK would continue to be a licensee following execution of the Deed of Assignment and (b) a joint operating agreement was entered into between Finder UK and Dana on the same date as the Deed of Assignment and grants Finder UK a 50% beneficial interest. On 10 February 2022 Finder UK and Dana executed a deed of licence assignment to rectify the error which was submitted to OGA, and OGA confirmed via the UK Energy Portal that the assignment rectification was complete on 11 February 2022.

(c) Licence Administrator

Finder UK is appointed as the Licence Administrator in respect of Licence P.2502 and accordingly is responsible for payment of the industry levy on an annual basis (as set out in section 3(d) above).

(d) Material Agreements

Ongoing Grant Income and Royalty obligations in favour of Azinor are set out in the Azinor SPAs as summarised in section 6.6 below.

(e) Joint Operating Agreement

A Joint Operating Agreement for UKCS Licence No.P.2502 Blocks No. 2/4b (part), 2/5b, 2/5c, 210/25c (part), 210/30c and 211/26b dated 18 June 2021 (“**P.2502 JOA**”) was entered into by Finder UK and Dana Petroleum (E&P) Limited (“**Dana**”) (Finder UK and Dana each a “**Participant**”) for the purposes of regulating operations under Licence P.2502 and of defining their respective rights, interests, duties and obligations in connection with Licence P.2502 and in connection with all petroleum produced under Licence P.2502.

The P.2502 JOA is based on the Industry Standard JOA and contains provisions which are customary in the oil and gas industry for an agreement of this kind relating to a UKCS licence. A summary of the key terms of the Oil & Gas UK Industry Standard JOA is set out in Schedule 2.

The terms of any new joint operating agreement require OGA consent. Although express approval of OGA was not obtained in relation to the P.2502 JOA, the terms of the P.2502 JOA are based on the Industry Standard JOA and is consistent with the OGA Consent dated 14 June 2021.

The participating interests of the Participants under the P.2502 JOA are as follows:

- Finder UK – 50%
- Dana – 50%.

Finder UK is designated to act as the operator.

(f) Farm Out Agreement

Under the P.2502 Farm Out Agreement, Dana agrees to pay on and from Completion, its participating interest share of any costs in respect of the transferred interest pursuant to the aforementioned JOA to the extent such are attributable to the period on and from the Completion Date or in accordance with the Work Programme and Budget or are otherwise approved in accordance with the terms of the JOA.



Finder UK and Dana each approved the 2021 Work Programme and Budget as set out in Schedule 4 to the P.2502 Farm Out Agreement. The P.2502 JOA required a Work Programme and Budget for 2022 to be approved by 3 November 2021. This did not occur, but Dana provided a signed work programme and budget to Finder by email on 22 February 2022, which was countersigned by Finder UK.

The P.2502 Farm Out Agreement contains customary warranties from Finder UK and Dana, as well as customary pre and post economic date indemnities in respect of the obligations and benefits in respect of the transferred interest. The warranty period continues until 18 June 2023.

### 6.3 P.2524

#### (a) Work Obligations

Licence P.2524 is currently in Phase A of the Initial Term. By 30 November 2023, Finder UK is required to (a) obtain 350 sq kms ED seismic data; (b) complete geological studies to include petrophysical analysis, biostratigraphic analysis, fault seal analysis and basin modelling; (c) complete geophysical studies to include rock physics and AVO, AVO simultaneous inversion and seismic coherency analysis.

#### (b) Licence Administrator

Finder UK is appointed as the Licence Administrator in respect of Licence P.2524 and accordingly is responsible for payment of the industry levy on an annual basis (as set out in section 3(d) above).

#### (c) Material Agreements

Ongoing Grant Income and Royalty obligations in favour of Azinor are set out in the Azinor SPAs as summarised in section 6.6 below.

#### (d) Joint Operating Agreement

A Joint Operating Agreement for UKCS Licence No.P.2524 Blocks No. 16/18b, 16/23b and 16/24c dated 22 July 2021 ("**P.2524 JOA**") was entered into by Finder UK and Chrysaor Limited ("**Chrysaor**") (Finder UK and Chrysaor each a "**Participant**") for the purposes of regulating operations under Licence P.2524 and of defining their respective rights, interests, duties and obligations in connection with the Licence and in connection with Licence P.2524 and in connection with all petroleum produced under Licence P.2502.

The P.2524 JOA is based on the Industry Standard JOA and contains provisions which are customary in the oil and gas industry for an agreement of this kind relating to a UKCS licence. A summary of the key terms of the Oil & Gas UK Industry Standard JOA is set out in Schedule 2.

The participating interests of the Participants are as follows:

- Finder UK – 40%
- Chrysaor – 60%.

Finder UK is designated to act as the operator.

### 6.4 P.2528

#### (a) Work Obligations

Licence P.2528 is currently in Phase A of the Initial Term. By 30 November 2024 Finder UK is required to (a) obtain 446 sq kms 3D seismic data; (b) reprocess 446 sq kms 3D seismic data; (c) complete a biostratigraphic analysis of key wells focused on the Jurassic; (d) complete a regional palaeo environmental reconstruction of the Upper Jurassic; (e) complete a detailed petrophysical analysis and geographical modelling studies to identified missed pay.

#### (b) Licence Administrator



Finder UK is appointed as the Licence Administrator in respect of Licence P.2528 and accordingly is responsible for payment of the industry levy on an annual basis (as set out in section 3(d) above).

(c) Joint Bidding Agreement 32<sup>nd</sup> Offshore Licensing Round

On 31 October 2019, Azinor and Finder UK entered into a Joint Bidding Agreement in respect of the 32<sup>nd</sup> Offshore Licensing Round (the “**JBA**”) with a view to applying to the OGA for one or more licences in respect of blocks within a particular area of mutual interest.

Pursuant to a letter dated 16 November 2020 the OGA made an offer of Licence P.2528 Blocks 20/11a, 20/12a, 20/6c, 20/7c and 20/8a to Azinor on behalf of Finder UK and Azinor. A further letter dated 16 March 2021 was issued by the OGA to Finder UK making an offer of Licence P.2528, Blocks 20/11a, 20/12a, 20/6c, 20/7c and 20/8a and Finder UK entered into Licence P.2528 on 1 April 2021. Notwithstanding that such award is not in accordance with the terms of the JBA, Azinor confirmed by letter to the OGA dated 12 March 2021 that it did not wish to proceed with the offer of Licence P.2528, and requesting that offer documentation be re-issued in the name of Finder UK only.

The JBA has not been formally terminated and has not automatically terminated in accordance with its terms.

(d) Material Agreements

Ongoing Grant Income and Royalty obligations in favour of Azinor are set out in the Azinor SPAs as summarised in section 6.6 below.

On the basis that Finder UK is the sole licensee in respect of Licence P.2528, there is no applicable joint operating agreement.

## 6.5 P.2530

(a) Work Obligations

Licence P.2530 is currently in Phase A of the Initial Term. By 30 November 2023 Finder UK is required to (a) obtain and reprocess 575 sq kms 3D seismic data. Reprocessing to include Broadband de-ghosting; (b) complete a regional seismic attribute analysis for charge/leakage indicators; (c) complete a seal and pore pressure study; (d) complete a biostratigraphic interpretation of key wells; (e) complete a rock physics and AVO study; (f) complete source rock analysis and a charge and migration modelling study.

(b) Licence Administrator

Finder UK is appointed as the Licence Administrator in respect of Licence P.2530 and accordingly is responsible for payment of the industry levy on an annual basis (as set out in section 3(d) above).

(c) Material Agreements

On the basis that Finder UK is the sole licensee in respect of Licence P.2530, there is no applicable joint operating agreement.

## 6.6 Azinor Sale and Purchase Agreements – Licences P.2317, P.2502, P.2524, P.2528

Finder UK has entered in the following sale and purchase agreements with Azinor Catalyst Limited (“**Azinor**”):

- a) Sale and Purchase Agreement in respect of certain interest in UKCS Seaward Production Licence No. P.2317 dated 15 March 2021, whereby Azinor agreed to sell and Finder UK agreed to purchase Azinor’s entire legal and beneficial interest in Licence P.2317 (the “**P.2317 SPA**”). Completion occurred on 15 June 2021 pursuant to a Deed of Assignment in respect of Licence P.2317. OGA consent to the assignment was granted on 9 June 2021.



- b) Sale and Purchase Agreement in respect of certain interest in United Kingdom Continental Shelf Seaward Production Licence No. P.2502, Blocks 2/4b, 2/5b, 2/5c, 210/25c, 210/30c and 211/26b dated 15 March 2021, whereby Azinor agreed to sell and Finder UK agreed to purchase Azinor's entire legal beneficial interest in Licence P.2502 (the "**P.2502 SPA**"). Completion occurred on 11 May 2021 pursuant to a Deed of Licence Assignment in respect of Licence P.2502. OGA consent to this assignment was granted on 10 May 2021.
- c) Sale and Purchase Agreement in respect of certain interest in United Kingdom Continental Shelf Seaward Production Licence No. P.2524, Blocks 16/18b, 16/23b and 16/24c dated 15 March 2021 whereby Azinor agreed to sell and Finder UK agreed to purchase Azinor's entire legal and beneficial interest in Licence P.2524 (the "**P.2524 SPA**"). Completion occurred on 13 May 2021 pursuant to a Deed of Licence Assignment in respect of Licence P.2524. OGA consent to this assignment was granted on 10 May 2021.

In addition, Finder UK, Azinor and Azinor Petroleum, UK Ltd entered into an Income and Royalty Deed dated 12 March 2021 (the "**P.2528 Income and Royalty Deed**").

The P.2317 SPA, the P.2502 SPA, the P.2524 SPA and the P.2528 Income and Royalty Deed together being the "**Azinor SPAs**" and each being an "**Azinor SPA**".

The following terms apply to each Azinor SPA except where expressly stated otherwise.

Finder UK is required to pay Azinor or its nominee:

- an amount equal to 12.5% of "Gross Income" (being all income received by Finder UK in relation to the licence less tax and revenue entitlements of third parties, calculated on a consistent basis in accordance with International Financial Reporting Standards) until such time as Finder UK provides written notification that it has made a financial investment decision in relation to the development of a discovery located within the licence area relevant to such Azinor SPA (the "**FID Notice**"); and
- a royalty of 3% of the "Gross Sale Proceeds" (being with respect to the share of Petroleum which Finder UK is entitled to at the relevant time by virtue of its then current interest in the UK licence to which the Azinor SPA applies (limited to 50% of the then current interest in Licence P.2528 under Income and Royalty Deed only) that has actually been produced and sold on behalf of Finder UK, the gross sale proceeds received by or on behalf of Finder UK less the Sale Costs (as such expression is defined in the Azinor SPAs)). Such royalty under any Azinor SPA being referred to as the "**Royalty**" and the granting of the Royalty subject to and conditional upon Finder UK having given the relevant FID Notice noted above. The granting of such a Royalty requires OGA consent (as noted at section 5(d) above); such consent was not sought at the time of entering into the Azinor SPAs, but has subsequently been provided by letter dated 7 February 2022 from the OGA to Finder UK.

Finder UK may, at any time during the period from the date on which the FID Notice is given to Azinor until the date that is three months prior the date on which production is scheduled to commence under the relevant Development Plan, elect to pay to Azinor a lump sum cash payment calculated in accordance with the relevant Azinor SPA in lieu of paying the Royalty.

Azinor is entitled to assign the Royalty and/or entitlement to Gross Income under any Azinor SPA to any third party provided the assignee agrees to be bound by the obligations of Azinor under the relevant Azinor SPA. The form of such assignment must be in a form reasonably acceptable to Finder UK. Joint Liquidators were appointed to Azinor on 5 January 2022, and accordingly Azinor is, as at 10 February 2022, a company in liquidation.

Under the P.2317 SPA, the P.2502 SPA and the P.2524 SPA only, Finder UK indemnifies Azimuth Ltd, Azimuth II Ltd and Azinor Petroleum UK Limited ("**Azinor Petroleum**" and, together with Azimuth Ltd and Azimuth II Ltd, the "**Parent Companies**") pursuant to various guarantees issued by the Parent Companies in favour of OGA in respect of any successful claim made by the OGA ("**OGA**") in respect of any breach of the relevant Licence – post-completion breach of the Licence under the P.2317 SPA only – until such security has been released by OGA. We have seen no evidence or confirmation of the



guarantees issued by the Parent Companies having been released and therefore assume the indemnities remain current obligations.

Each Azinor SPA (other than the P.2528 Income and Royalty Deed) contains customary pre and post execution date indemnities from Finder UK and Azinor.

Each Azinor SPA contains customary warranties from Finder Energy UK Limited and, jointly and severally, from Azinor and Azinor Petroleum.

Finder UK is restricted from assigning its interest in any UK Licence to which an Azinor SPA applies to a third party without such third party agreeing (in form acceptable to Azinor Petroleum) to be bound by the terms of the relevant Azinor SPA in respect of the transferred interest. The Azinor SPAs provide that the Royalty is not to be payable by any transferee and Finder UK's interest on which the Royalty is calculated will be reduced accordingly.

Finder UK is restricted from granting any encumbrance over its interest in any UK Licence to which an Azinor SPA applies unless the encumbrance is subject to the Royalty, but such restriction does not apply in respect of any encumbrance granted by Finder UK in respect of any third party lender providing project finance to carry out a development plan in respect of the relevant licence area.

## **6.7 Change of Control**

The Company was incorporated on 25 January 2022 as a wholly owned subsidiary of Longreach. In connection with the Offer, we understand it is the intention that the Company will acquire all the shares in Finder Operations. Despite Longreach continuing to indirectly control Finder Operations both pre and post re-organisation, the re-organisation would technically be considered to be a change of control in respect of Finder Operations (as set out in section 5(e) above). As noted in section 5(e) there is no obligation to seek a letter of comfort in respect of such change of control.

## **6.8 OGA Deeds of Guarantee – Current**

Finder Operations has granted various guarantees to the OGA pursuant to which Finder Operations guarantees payment of sums payable by Finder UK to the OGA under the terms of the following UK Licences:

- (a) P.2317 – deed of guarantee given on 1 June 2021
- (b) P.2502 – deed of guarantee given on 28 April 2021.
- (c) P.2524 – deed of guarantee given on 28 April 2021.
- (d) P.2528 – deed of guarantee given on 22 December 2020.
- (e) P.2530 – deed of guarantee given on 22 December 2020.

together the “**OGA Guarantees**”.

The OGA Guarantees are in OGA prescribed form. Guarantees are not required to be provided by all licensees in respect of UK licences, but are required where the licensee is not otherwise able to demonstrate that it meets certain financial criteria to demonstrate that they have the financial capability to exploit the exclusive rights granted by the licence. Pursuant to the terms of the OGA Guarantees, Finder Operations undertakes to provide sufficient funds to Finder UK to enable it to carry out its licence obligations.

OGA will be entitled to seek replacement guarantees from the Company when the change of control described at section 6.7 above becomes effective.

## **6.9 OGA Deeds of Guarantee – Historic**



Pursuant to a deed of guarantee given on 15 March 2021 by Finder Operations, Finder Operations guarantees payment of sums payable by Azinor to the OGA under Licence P.2502.

Pursuant to a Deed of Guarantee given on 15 March 2021 by Finder Operations, Finder Operations guarantees payment of sums payable by Azinor to the OGA under the terms of Licence P.2524.

These deeds of guarantee are in OGA prescribed form. Both deeds of guarantee were released by OGA by letter dated 4 June 2021. The release letter indicates that the originals have been retained on file with OGA along with a copy of the release letter.

## 7 Qualifications and Assumptions

This report is based on, and subject to, the assumptions and qualifications set out below and as otherwise specified elsewhere in this report:

- (a) We have only reviewed those documents and correspondence relating to the UK Licences that have been provided to us by the Company for the purposes of preparing this report (the **"Documents"**).
- (b) We have assumed (i) that all instructions of information (including responses to requests for information) that we have received from the Company or any of its officers, agents, or representatives is accurate, complete and up to date in all respects. ; and (ii) any statement as to any matter of fact provided to us in connection with this Report by any director or the secretary of the Company or any other person was true and accurate when given and remains so at the date of this report.
- (c) We have not fully verified the completeness and/or accuracy of the information provided to us or obtained by us and accordingly can give no assurances in this regard.
- (d) The Documents examined by us were electronic copies only and in some cases were unsigned and undated. We have assumed copies are true and complete copies of the original documents (and, in the case of unsigned/undated documents that the fully executed versions are in the same terms), but we cannot verify this to be the case.
- (e) While the Documents have been checked to ascertain that they purport to have been signed by or on behalf of the parties thereto, we have not sought to confirm whether these documents have been executed by authorised signatories with the requisite corporate power and have assumed that they constitute legally enforceable obligations on the parties thereto.
- (f) Our review has been limited to the legal aspects of the particular matters included within this Report.
- (g) This report relates solely to English and Scots law, to the extent applicable to the Documents. We are only qualified to comment on English and Scots law; we do not express any opinion on, and have made no investigation of the laws of, any other jurisdiction.
- (h) We have relied on the accuracy of the registers and databases maintained by the governmental bodies referred to in Section 1 of this report. We have assumed (without investigation) the results of the searches that we have made or caused to be made referred to in Section 1 of this report are accurate, complete and up-to-date.
- (i) We have assumed (without investigation) that the UK Licences and other Documents are and shall continue to be in full force and effect, that the OGA has not revoked any UK Licences, and no part of any UK Licence has been relinquished and no party has withdrawn from any of the Documents except to the extent set out in the Documents.
- (j) We have assumed (without investigation) that the consent of the OGA has been obtained to the assignments and, except as expressly noted otherwise in this report, there has been compliance with the assignment provisions contained within the appropriate agreements including those which provide for the pre-emption rights or other preferential rights.



- (k) We have assumed (without investigation) compliance with the requirements necessary to maintain the UK Licences in good standing including compliance with the conditions of the UK Licence and the relevant provisions of the applicable legislation under which the UK Licences are granted.
- (l) We have assumed (without investigation):
  - (i) the genuineness of all signatures and seals;
  - (ii) the conformity to authentic and complete original documents of all documents submitted to us as electronic copies;
  - (iii) that all signatures appearing on any document as having been made on a particular date were in fact made on that date and that all documents which are dated were in fact executed and/or delivered on the date appearing on the face of the document;
  - (iv) that the Company has, and had at the relevant time, all necessary power to enter into and perform its obligations under all contractual arrangements.
  - (v) that the Documents have been duly authorised, executed and delivered by the relevant parties and constitute valid, binding and enforceable rights and obligations of the parties under the laws of England or such other laws as are expressed in such Documents to apply (although such rights and obligations will not necessarily be enforceable or enforced by the courts in accordance with their terms), such Documents were, at the time of execution and continue to be, in compliance with all appropriate laws and regulations and, without limiting the foregoing, the OGA had at all relevant times full power and capacity to enter into and grant the rights appearing on the face of any of the Documents to which he is expressed to be a party.
- (m) We have assumed (without investigation) there has been no default or material breach or threatened breach by any party of any provisions of any of the Documents or any other agreement to which the Company is a party, except as expressly noted otherwise in this Report.
- (n) We have assumed (without investigation) that the Documents are the only documents which relate to the matters covered by this Report and include all amendments, assignments and novations thereof; there is no written or oral agreement or course of conduct which has modified or may modify the Documents and there is no fact or matter which would or might affect this Report other than as appears on the face of the Documents.
- (o) Where encumbrances or dealings have been registered against the UK Licences but the underlying documents relating to those encumbrances or dealings cannot be obtained online from the registers described in Section 1, we have not been able to review those underlying documents and provide no opinion with respect to such documents.
- (p) As it is beyond the scope of this report, we have not:
  - (i) undertaken any searches, or reviewed any documents, in relation to any determined or surrendered fields held by the Company or its affiliates;
  - (ii) reviewed any endorsements, encumbrances or any other documents noted on the UK Licences other than those that have been provided to us by the Company or are accessible on the public register.

## 8 Consent

This report is made solely for the benefit of the Company and its directors in connection with the issue of the prospectus and must not be relied upon by any other person or used for any other purpose.



Yours faithfully

CMS Cameron McKenna Nabarro Olswang LLP



### Schedule 1 – Summary of UK Licences

Licence	Type / Status	Blocks	Term	Registered holder	Grant date	Current Term Expiry dates	Work Commitment
P2317	Promote  Active	14/13a, 14/4b, 14/15b and 14/20a	29 years	Finder Energy UK Limited (100%)	15/05/2017	Currently in Initial Term Promote Period: 14/05/2022  Initial Term: 14/05/2024  Second Term: 14/05/2030  Third Term: 14/05/2046	Currently in Phase A  Part I Phase A: Licensee shall complete petrophysical, rock physics, AVO inversion, seismic coherency, seal analysis, biostratigraphic analysis, basin modelling, reservoir engineering and commercial/infrastructure analysis. Phase due to end 14/05/2022. Per letter to OGA dated 11 February 2022, Finder UK does not intend to continue beyond Phase A and licence is expected to determine in accordance with its terms.  There is no Phase B  Part II Phase C: Licensee shall drill a well to 2000m or 30m below the Base Cretaceous whichever is the shallower. Phase due to end 15/05/2024
P2502	Innovate  Active	2/4b, 2/5b, 2/5c, 210/25c , 210/30c and 211/26 b	27 years	Finder Energy UK Limited (50%)  Dana Petroleum (E&P) Limited (50%)	01/12/2020	Currently in Initial Term  Initial Term: 30/11/2025  Second Term: 30/11/2029  Third Term: 30/11/2047	Currently in Phase A  Phase A: The Licensee shall: (a) complete seismic data conditioning of 1,000 sq kms of 3D seismic data; (b) complete rock physics and AVO studies, AVO simultaneous inversion and seismic coherency analysis; (c) complete petrophysical and details biostratigraphic analysis of key wells; (d) complete a detailed reservoir distribution study; (e) complete a fault seal analysis; (f) complete a regional Palaeo-environment



Licence	Type / Status	Blocks	Term	Registered holder	Grant date	Current Term Expiry dates	Work Commitment
							<p>reconstruction of the Upper Jurassic; Phase due to end 30/11/2023</p> <p>There is no Phase B</p> <p>Phase C: The Licensee shall drill a well to 3,975m True Vertical Depth Sub-Sea or 30m below the top Heather whichever is the shallower. Phase due to end 30/11/2025</p>
P2524	Innovate  Active	16/18b ALL, 16/23b ALL and 16/24c ALL	27 years	Finder Energy UK Limited (40%)  Chrysaor Limited (60%)	01/12/2020	<p>Currently in Initial Term</p> <p>Initial Term: 30/11/2025</p> <p>Second Term: 30/11/2029</p> <p>Third Term: 30/11/2047</p>	<p>Currently in Phase A</p> <p>Phase A: The Licensee shall (a) obtain 350 sq kms ED seismic data; (b) complete geological studies to include petrophysical analysis, biostratigraphic analysis, fault seal analysis and basin modelling; (c) complete geophysical studies to include tock physics and AVO, AVO simultaneous inversion and seismic coherency analysis. Phase due to end 30/11/2023</p> <p>There is no Phase B</p> <p>Phase C: The Licensee shall drill a well to 3,700m True Vertical Depth Sub-Sea or 30m below the Top Heather Formation, whichever is the shallower. Phase due to end 31/11/2025</p>
P2528	Innovate  Active	20/6c, 20/7c, 20/8a, 20/11a and 20/12a	28 years	Finder Energy UK Limited (100%)	01/12/2020	<p>Currently in Initial Term</p> <p>Initial Term: 30/11/2026</p> <p>Second Term: 30/11/2030</p>	<p>Currently in Phase A Phase A: The Licensee shall (a) obtain 446 sq kms 3D seismic data; (b) reprocess 446 sq kms 3D seismic data; (c) complete a biostratigraphic analysis of key wells focused on the Jurassic; (d) complete a regional palaeo environmental reconstruction of the Upper Jurassic; (e) complete a detailed petrophysical analysis and geographical modelling studies to identified missed pay; Phase due to end 30/11/2024</p>



Licence	Type / Status	Blocks	Term	Registered holder	Grant date	Current Term Expiry dates	Work Commitment
						Third Term: 30/11/2048	<p>There is no Phase B</p> <p>Phase C: The Licensee shall drill a well to 2,700m True Vertical Depth Sub-Sea or 30m below the top Heather. Phase due to end 31/11/2026</p>
P2530	Innovate	21/12b, 21/13b, 21/14b, 21/17a, 21/18b and 21/18d	28 years	Finder Energy UK Limited (100%)	01/12/2020	<p>Currently in Initial Term</p> <p>Initial Term: 30/11/2026</p> <p>Second Term: 30/11/2030</p> <p>Third Term: 30/11/2048</p>	<p>Currently In Phase A</p> <p>Phase A: The Licensee shall (a) obtain and reprocess 575 sq kms 3D seismic data. Reprocessing to include Broadband de-ghosting; (b) complete a regional seismic attribute analysis for charge/leakage indicators; (c) complete a seal and pore pressure study; (d) complete a biostratigraphic interpretation of key wells; (e) complete a rock physics and AVO study; (f) complete source rock analysis and a charge and migration modelling study. Phase due to end 30/11/2023</p> <p>Phase B (Contingent Commitment): The Licensee shall shoot and interpret a minimum 350 sq kms of 3D seismic data; provided that the Licensee shall not be required to do so if OGA confirms in writing that, following the interpretation of the 3D seismic data obtained in Phase A, the shooting of such 3D seismic data shall not be necessary in order to make the decision to drill the well a set out in Phase C. Phase due to end 30/11/2025</p> <p>Phase C: The Licensee shall drill a well to 3,500m True Vertical Depth Sub-Sea or 50m into the Fulmar Formation, whichever is the shallower. Phase due to end 30/11/2026</p>



## Schedule 2 – Summary of key terms of Oil & Gas UK Industry Standard JOA

*Capitalised terms have the meaning give in the Oil & Gas UK Industry Standard JOA*

1. The operator may resign on not less than 180 days prior notice to the other Participants (reduced to 90 days if the operator has agreed to assign its entire participating interest as a Participant).
2. Provisions in respect of removal as operator including insolvency or wilful misconduct of the operator or if OGA withdrawing its approval of the operator. As is standard, each Participant indemnifies the operator (to the extent of its participating interest) for any loss it incurs as a result of the operator conducting joint operations, except to the extent such loss is caused by the wilful misconduct of the operator or by its failure to maintain adequate insurance. Industry standard indemnities are also included providing that each Participant is responsible for its own consequential loss and environmental loss, in each case even in the event of the operator's wilful misconduct.
3. The joint operating committee consists of one representative appointed by each of the Participants. The joint operating committee exercises overall supervision and control of all matters pertaining to the operations conducted by the operator on behalf of all the Participants in accordance with the relevant operating agreement. The operator shall also be entitled to be represented at meetings of the joint operating committee in its capacity as operator, but its representative in its capacity as operator shall have no additional voting rights. Each Participant has a voting interest equal to its participating interest, with all decisions of the joint operating committee subject to a voting passmark set out in the relevant operating agreement. Certain matters and decisions require the affirmative vote of all Participants entitled to vote, including the authorising of the operator to prosecute or defend litigation outside the United Kingdom.
4. Provisions in respect of the approval of work programme and budgets and related authorisations for expenditure subject to an agreed threshold set out in the relevant operating agreement.
5. In respect of contract awards for materials and services where the cost is expected to exceed an agreed threshold set out in the operating agreement, the operator must obtain the prior approval of the joint operating committee. A competitive tender process is required in respect of any contract with an expected commitment in excess of an agreed threshold set out in the operating agreement.
6. Subject to certain conditions, a Participant may undertake certain types of project as sole risk projects including seismic, drilling, testing and logging and developing a discovery. The sole risk Participant bears the entire cost and liability of conducting sole risk projects. Non-consenting parties may reinstate their right to participate in relation to certain sole risk projects by paying their proportionate share of costs and a premium.
7. If a Participant fails to pay in full its share of any amounts due under the relevant operating agreement or is in default as defined under the Decommissioning Security Agreement to be entered into pursuant to the relevant operating agreement (if applicable), such Participant shall be a defaulting Participant. In the event that a default continues for more than the remedy period, each of the non-defaulting Participants shall have the right to have forfeited to it and acquire the interest of the defaulting Participant in the Licence (in so far as it relates to the Licence Area) and in and under the relevant operating agreement.
8. Transfers of participating interests to third parties are subject to the consent of the other Participants. Consent may only be withheld if the transferee is not able to demonstrate that it has the technical and financial capability to meet its obligations under the relevant operating agreement.
9. Participants are entitled to withdraw from the relevant licence and the relevant operating agreement provided that any work obligations set out in the relevant licence have been satisfied, and the participating interest of the withdrawing Participant must be assigned to the non-withdrawing Participant(s). Withdrawing Participants remain liable for their participating interest



share of expenditure accrued prior to the date it gives its notice of withdrawal. If all Participants elect to withdraw they are deemed to have abandoned joint operations and the licence must be surrendered. In respect of the initial period, a Participant may only withdraw prior to the meeting of the joint operating committee to decide whether to continue the relevant licence beyond the Initial Term. Participants participating in a development plan may only withdraw following completion of the relevant works comprised in the development plan.

10. Prior to first production in respect of a discovery, each of the Participants is required to enter into a decommissioning security agreement based on the OGUK<sup>2</sup> Decommissioning Security Agreement.

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<sup>2</sup> OGUK changed its trading name to OEUK (Offshore Energies UK) on 10 February 2022



# Annexure I – Significant Accounting Policies

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## Significant accounting policies

The Finder Group has consistently applied the following accounting policies to all periods presented in the Financial Information.

### 1 Basis of consolidation

#### (a) Subsidiaries

Subsidiaries are entities controlled by the Finder Group. The Finder Group controls an entity when it 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 over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

#### (b) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

#### (c) Other joint interest in projects

A joint arrangement is an arrangement of which two or more parties have joint control. Joint arrangements are either joint operations or joint ventures, depending on the contractual rights and obligations of the parties to the arrangement.

- Joint operation – when the Finder Group has rights to the assets, and obligations for the liabilities, relating to an arrangement, it accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation.
- Joint venture – when the Finder Group has rights only to the net assets of the arrangements, it accounts for its interest using the equity method, as for associates.

#### (d) Other interest in projects

Where there is no joint control due to the disposition of voting power among the parties to a joint arrangement, the interests in such projects are not considered an interest in a joint arrangement. For such interests, as the Company has rights as tenants in common to the assets, and obligations for the liabilities on an individual or several basis, the Company's interest in each asset and liability is accounted for in accordance with those AASBs applicable for those types of assets, liabilities and transactions.

### 2 Foreign currency

#### *Foreign currency transactions*

Transactions in foreign currencies are translated into the respective functional currencies of Finder Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

#### *Foreign operations and translation reserve*

The assets and liabilities of foreign operations are translated into Australian dollars at the exchange rates at the reporting date. The income of foreign operations are translated into Australian dollars at the exchange



rates at the dates of the transactions, while expenses are translated at the exchange rates on an average basis across the period.

### **3 Finance income and finance costs**

The Finder Group's finance income and finance costs include:

- interest income; and
- the foreign currency gain or loss on financial assets and financial liabilities; Interest income is recognised using the effective interest method.

### **4 Income tax**

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

#### **(a) Current tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the period and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

#### **(b) Deferred tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Finder Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries of the Finder Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Finder Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.



(c) Tax consolidation

The Company was a wholly owned subsidiary in a tax-consolidated group with Longreach as the head entity. Following successful completion of the Offer, the Finder Group will form its own tax-consolidated group.

Current tax expense (income), deferred tax liabilities and deferred tax assets arising from temporary differences of the Company are recognised using the 'stand alone taxpayer' approach whereby the Company measures its current and deferred taxes as if it continued to be a separately taxable entity in its own right. Deferred tax assets and deferred tax liabilities are measured by reference to the carrying amounts of the assets and liabilities in the Company's balance sheet and their tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the Company are recognised to the extent that they are recoverable by the tax-consolidated group. They are assumed by the head entity of the tax-consolidated group and are recognised as amounts payable (receivable) to other entities in the tax-consolidated group in conjunction with any tax funding arrangement amounts (refer below). Any difference between these amounts is recognised by the Company as an equity contribution from or distribution to the head entity.

The Company recognises deferred tax assets arising from unused tax losses to the extent that it is probable that future taxable profits of the Company will be available against which the assets can be utilised. M The Company assesses the recovery of its unused tax losses and tax credits only in the year in which they arise, and before assumption by the head entity, in accordance with AASB 112 applied in the context of the tax-consolidated group. Any subsequent year adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability are recognised by the head entity only.

The management of the Company has considered the recoverability of deferred tax assets. All temporary differences are reversed in 2022 financial year which aligns with a forecast taxable profit due to the acquisition of interest in WA-542-P.

## 5 Standards recently effective

The Finder Group has applied all new and revised Australian Accounting Standards that apply to annual reporting periods beginning on or after 1 July 2019. The nature and effects of the changes required for new accounting standards and amendments to standards have no material impact on the Group.

The Finder Group has not early adopted any new or amended standards in preparing the Financial Information. New standards, amendments to standards and interpretations are not expected to have a significant impact on the Finder Group.

## 6 Share capital

### *Ordinary shares*

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with AASB 112 Income Taxes.

## 7 Impairment

### *Non-financial assets*

The carrying amounts of the Finder Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (**CGU**) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.



Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amount of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## **8 Exploration and evaluation expenditure**

Exploration and evaluation expenditure in respect of each area of interest is expensed in the period it is incurred in accordance with AASB 6 Exploration for and Evaluation of Mineral Resources.

An area of interest refers to an individual geological area where the presence of oil or a natural gas field is considered favourable or has been proved to exist, and in most cases will comprise an individual prospective oil or gas field.

Exploration and evaluation expenditure is recognised in relation to an area of interest when the rights to tenure of the area of interest are current and either;

- such expenditure is expected to be recovered through successful development and commercial exploitation of the area of interest or, alternatively, by its sale; or
- the exploration activities in the area of interest have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Where an ownership interest in an exploration and evaluation asset is exchanged for another, the transaction is recognised by reference to the carrying value of the original interest. Any cash consideration paid, including transaction costs, is accounted for as an acquisition of exploration and evaluation assets. Any cash consideration received, net of transaction costs, is treated as a recoupment of costs previously

capitalised with any excess accounted for as a gain on disposal of non-current assets.

## **9 Other income**

### **(a) Recoveries from Fugro**

Recoveries from Fugro relate to the recovery of exploration and evaluation expenditure recharged to Fugro Multi Client Services Pty Ltd and is recognised in profit or loss when received or when the right to receive payment is established. Such recoveries are recognised as the gross receipts for costs incurred under the previous Cooperation agreement. Under the Implementation and Variation Deed, a monthly fee is recorded as Other income in the month to which the fee relates.

### **(b) Overhead fee**

Overhead fees relates to the recovery of a portion of shared rental and office overhead fees from the ultimate controlling party of the Finder Group.

## **10 Goods and services tax**

Revenue, expenses and assets are recognised net of the amount of goods and services tax (**GST**), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

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



## **11 Fair value measurement**

The Finder Group measures financial instruments at fair value at each balance sheet date. Also, any fair values of financial instruments measured at amortised cost are disclosed.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Finder Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Where applicable, a fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

## **12 Cash and cash equivalents**

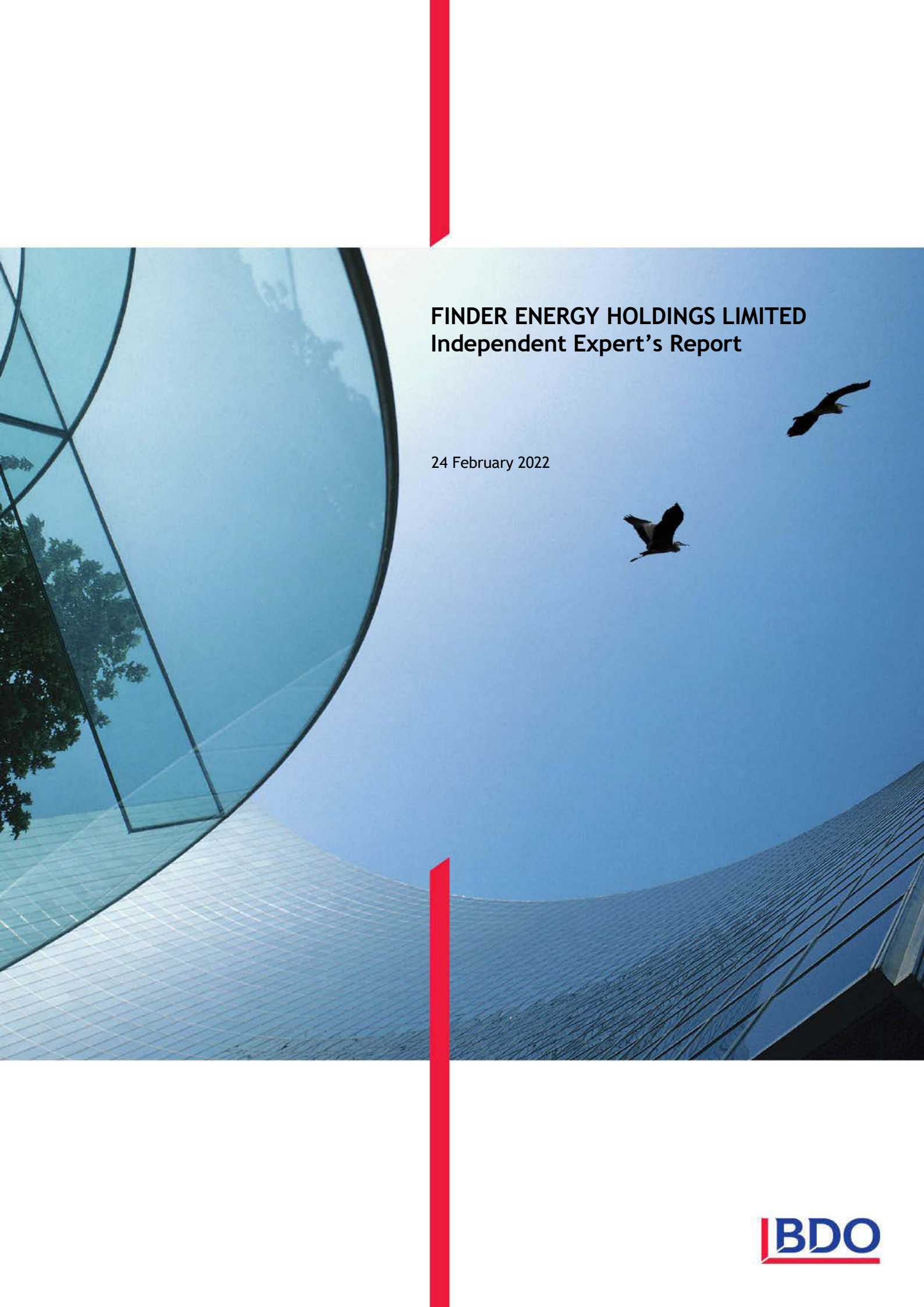
Cash and cash equivalents in the Statement of Financial Position comprise cash at bank.



# Annexure J – Independent Expert Report

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# **FINDER ENERGY HOLDINGS LIMITED** **Independent Expert's Report**

24 February 2022





## Financial Services Guide

24 February 2022

BDO Corporate Finance (WA) Pty Ltd ABN 27 124 031 045 ('we' or 'us' or 'ours' as appropriate) has been engaged by Finder Energy Holdings Limited ('Finder' or 'the Company') to provide an independent expert's report on the proposed issue of performance securities as set out in the Company's prospectus ('Prospectus'). You are being provided with our report because you have been provided with a copy of the Prospectus and this Financial Services Guide ('FSG') is included in the event you are also classified under the Corporations Act 2001 ('the Act') as a retail client.

Our report and this FSG accompanies the Prospectus, to assist you in deciding whether to subscribe to the initial public offering ('IPO') of the Company's shares.

### Financial Services Guide

This FSG is designed to help retail clients make a decision as to their use of our general financial product advice and to ensure that we comply with our obligations as a financial services licensee.

This FSG includes information about:

- ◆ Who we are and how we can be contacted;
- ◆ The services we are authorised to provide under our Australian Financial Services Licence No. 316158;
- ◆ Remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- ◆ Any relevant associations or relationships we have; and
- ◆ Our internal and external complaints handling procedures and how you may access them.

### Information about us

We are a member firm of the BDO network in Australia, a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International). The financial product advice in our report is provided by BDO Corporate Finance (WA) Pty Ltd and not by BDO or its related entities. BDO and its related entities provide professional services primarily in the areas of audit, tax, consulting, mergers and acquisition, and financial advisory services.

We and BDO (and its related entities) might from time to time provide professional services to financial product issuers in the ordinary course of business and the directors of BDO Corporate Finance (WA) Pty Ltd may receive a share in the profits of related entities that provide these services.

### Financial services we are licensed to provide

We hold an Australian Financial Services Licence that authorises us to provide general financial product advice for securities to retail and wholesale clients, and deal in securities for wholesale clients. The authorisation relevant to this report is general financial product advice.

When we provide this financial service we are engaged to provide an expert report in connection with the financial product of another person. Our reports explain who has engaged us and the nature of the report we have been engaged to provide. When we provide the authorised services we are not acting for you.

### General Financial Product Advice

We only provide general financial product advice, not personal financial product advice. Our report does not take into account your personal objectives, financial situation or needs. You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. If you have any questions, or don't fully understand our report you should seek professional financial advice.



**Fees, commissions and other benefits that we may receive**

We charge fees for providing reports, including this report. These fees are negotiated and agreed with the person who engages us to provide the report. Fees are agreed on an hourly basis or as a fixed amount depending on the terms of the agreement. The fee payable to BDO Corporate Finance (WA) Pty Ltd for this engagement is approximately \$24,000.

Except for the fees referred to above, neither BDO, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report and our directors do not hold any shares in Finder.

**Other Assignments**

We provided a valuation of the performance securities and accounting advice for the purpose of assisting management with the preparation of the pro-forma financial information included in the Prospectus. The fee payable for this engagement was approximately \$10,000.

**Remuneration or other benefits received by our employees**

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report. We have received a fee from Finder for our professional services in providing this report. That fee is not linked in any way with our opinion as expressed in this report.

**Referrals**

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

**Complaints resolution***Internal complaints resolution process*

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. Complaints can be in writing addressed to The Complaints Officer, BDO Corporate Finance (WA) Pty Ltd, PO Box 700, West Perth WA 6872 or, by telephone or email using the contact details within the following report.

When we receive a complaint we will record the complaint, acknowledge receipt of the complaint in writing within 1 business day or, if the timeline cannot be met, then as soon as practicable and investigate the issues raised. As soon as practical, and not more than 30 days after receiving the complaint, we will advise the complainant in writing of our determination.

**Referral to External Dispute Resolution Scheme**

If a complaint is made and the complainant is dissatisfied with the outcome of the above process, or our determination, the complainant has the right to refer the matter to the Australian Financial Complaints Authority Limited ('AFCA').

AFCA is an independent company that has been established to impartially resolve disputes between consumers and participating financial services providers.

Our AFCA Membership Number is 12561. Further details about AFCA are available on its website [www.afca.org.au](http://www.afca.org.au) or by contacting it directly via the details set out below.

Australian Financial Complaints Authority Limited  
GPO Box 3  
Melbourne VIC 3001  
AFCA Free call: 1800 931 678  
Website: [www.afca.org.au](http://www.afca.org.au)  
Email: [info@afca.org.au](mailto:info@afca.org.au)

You may contact us using the details set out on page 1 of the accompanying report.



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Appendix 1 - Glossary and copyright notice

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24 February 2022

The Directors  
Finder Energy Holdings Limited  
South Shore Centre  
Suite 1, Level 4/85 South Perth Esplanade  
South Perth WA 6151

Dear Directors

## INDEPENDENT EXPERT'S REPORT

### 1. Introduction

The directors of Finder Energy Holdings Limited (**'Finder'** or **'the Company'**) have requested that BDO Corporate Finance (WA) Pty Ltd (**'BDO'**) prepare an independent expert's report (**'our Report'**) to express an opinion on whether the terms of the performance securities are fair and reasonable to non-participating security holders (**'Security Holders'**).

Our report has been prepared for inclusion in the Company's prospectus (**'Prospectus'**) for the initial public offering (**'IPO'**) of its shares. The IPO is for the offer of 75 million shares at a price of \$0.20 per share (**'Offer Price'**) to raise \$15 million (before costs and expenses). The Prospectus also contains the issue of 16,500,000 performance rights (**'Performance Securities'**), the issue of 5,512,500 options exercisable at \$0.30 to the joint lead managers (**'Lead Manager Options'**) and the issue of 1,150,000 options exercisable at \$0.30 to the non-executive directors (**'Alignment Options'**), collectively **'Ancillary Offers'**.

As detailed below, our Report provides an opinion on whether the terms of the Performance Securities are fair and reasonable to Security Holders. According to Australian Securities Exchange (**'ASX'**) Guidance Note 19 'Performance Securities' (**'ASX GN 19'**), a performance security is a security that converts or may convert, into a given number of ordinary shares with all the usual rights attached if and when a nominated performance milestone is achieved, but otherwise has limited rights until then.

The vesting conditions attached to the Performance Securities relate to share price targets (**'Share Price Targets'**) and strategic objectives (**'Value Creation Targets'**) (collectively **'Milestones'**) are summarised below.

#### Share Price Targets

Half of the Performance Securities (8,250,000 Performance Securities) will vest subject to the achievement of various Share Price Targets (**'Share Price Target Performance Securities'**), which are as follows:

- One sixth of the total number of Performance Securities (one third of the Share Price Target Performance Securities) will vest subject to the 30-day volume-weighted average price (**'VWAP'**)



of the Company's shares being higher than the Offer Price by 35% or more ('**Tranche 1 Performance Securities**');

- One sixth of the total number of Performance Securities (one third of the Share Price Target Performance Securities) will vest subject to the 30-day VWAP of the Company's shares being higher than the Offer Price by 55% or more ('**Tranche 2 Performance Securities**'); and
- One sixth of the total number of Performance Securities (one third of the Share Price Target Performance Securities) will vest subject to the 30-day VWAP of the Company's shares being higher than the Offer Price by 75% or more ('**Tranche 3 Performance Securities**').

Based on the Offer Price of \$0.20, this translates to a 30-day VWAP hurdle of \$0.27, \$0.31 and \$0.35 for the Tranche 1, Tranche 2 and Tranche 3 Performance Securities respectively.

The 30-day VWAP of the Company's shares will be measured against the Offer Price at the end of each calendar quarter over a 36-month period from the date of admission ('**Admission Date**').

### Value Creation Targets

Half of the Performance Securities (8,250,000 Performance Securities) will vest upon the achievement and announcement by the Company to the ASX of the following Value Creation Targets, in each case, as verified by a suitably qualified independent expert, over a 36-month period from the Admission Date ('**Tranche 4 Performance Securities**');

- Each material discovery;
- Each material farmout agreement entered into by the Company; and
- Any other material transaction or combination of material transactions entered into by the Company.

A discovery, farmout agreement or transaction will be considered material if it:

- Creates net value to the Company of at least \$4 million through recovery of back costs, cash payments or estimated net partner expenditure (other than drilling expenditure); or
- Has a net present value ('**NPV**') (with a 10% discount rate) to the Company of at least \$9.45 million and has an internal rate of return ('**IRR**') of at least 20%.

Further details of the Performance Securities are set out in Section 4 of our Report.

## 2. Summary and Opinion

### 2.1 Requirement for the report

The directors of Finder have requested that BDO prepare an independent expert's report to express an opinion as to whether the proposed terms of the Performance Securities are fair and reasonable to Security Holders.

Our Report is required pursuant to ASX GN 19 because the Company is applying to be listed and it proposes to have performance securities on issue at the date of admission which, in aggregate if the performance milestones are achieved, will convert to a number of ordinary shares which is greater than 10% of the number of ordinary shares that the Company proposes to have on issue at the date of admission.



## 2.2 Approach

Our Report has been prepared having regard to ASX GN 19 and Australian Securities and Investments Commission ('ASIC') Regulatory Guides 111 '*Content of Expert's Reports*' ('RG 111'), 112 '*Independence of Experts*' ('RG 112') and 170 '*Prospective Financial Information*' ('RG 170') and Information Sheet 214: '*Mining and Resources: Forward-looking Statements*' ('IS 214').

In arriving at our opinion, we have assessed the terms of the Performance Securities as outlined in the body of our Report. We have considered:

- How the value of a Finder share as at the Admission Date (prior to the vesting of the Performance Securities) compares to the value of a Finder share following the achievement of the Milestones and the resulting issue of the ordinary shares on conversion of the Performance Securities; and
- Other factors which we consider to be relevant to the Security Holders in their assessment of the issue of the Performance Securities.

## 2.3 Opinion

We have considered the terms of the Performance Securities as outlined in the body of our Report and have concluded that:

- the Tranche 1, Tranche 2 and Tranche 3 Performance Securities are proposed to be issued on terms that are fair and reasonable to Security Holders; and
- the Tranche 4 Performance Securities are proposed to be issued on terms that are not fair but reasonable to Security Holders.

We consider the terms of the Tranche 4 Performance Securities to be not fair because despite the achievement of the net value creation target of \$4 million being value accretive (after accounting for dilution), we are unable to conclude under all possible scenarios that the NPV hurdle of \$9.45 million will be value accretive to Security Holders. This is because if the NPV of \$9.45 million can be fully funded by debt and/or existing cash reserves, then the value creation would flow to Security Holders and the holders of the Performance Securities. In this instance, the achievement of the NPV hurdle, would in theory, be value accretive. However, if it was fully or partly equity funded then the value creation would be shared between Security Holders, the holders of the Performance Securities and new shareholders. Given there is currently insufficient reasonable grounds to make assumptions around how the project will be funded, we are unable to conclude that the Value Creation Targets are value accretive in all scenarios. Given that it is likely that the achievement of the Value Creation Targets will be value accretive, we consider the terms of the Tranche 4 Performance Securities to be reasonable.

## 2.4 Fairness

In Section 6 we determined how the value of a Finder share as at the Admission Date, prior to the vesting of the Performance Securities, compares to the value of a Finder share assuming that each of the Milestones are achieved and the Performance Securities convert to ordinary shares, with our results summarised below.

In our opinion, as detailed in Section 9 and having regard to the guidance set out in ASX GN 19, RG 111 and RG 170, our opinion in relation to whether the terms of each of the following Performance Securities are fair to Security Holders is set out below. The table below also includes a summary of the basis for our fairness opinion.



Additional detail in relation to the basis for our opinion can be found in Section 7 of our Report.

Tranche	Summary of Basis for Opinion	Conclusion
Tranche 1	The 30-day VWAP hurdle of \$0.27 represents the market value of the Company's shares at the time of achieving the Tranche 1 Milestone. Therefore, the value of a Finder share following the achievement of the Milestones and the resulting issue of the ordinary shares on conversion of the Tranche 1 Performance Securities (\$0.265) is greater than the value of a Finder share as at the Admission Date (\$0.20).	Fair
Tranche 2	The 30-day VWAP hurdle of \$0.31 represents the market value of the Company's shares at the time of achieving the Tranche 1 and Tranche 2 Milestones. We have assumed both are met because if the Tranche 2 Milestone is met, the Tranche 1 Milestone must also have been met. Therefore, the value of a Finder share following the achievement of the Milestones and the resulting issue of the ordinary shares on conversion of the Tranche 1 and Tranche 2 Performance Securities (\$0.300) is greater than the value of a Finder share as at the Admission Date (\$0.20).	Fair
Tranche 3	The 30-day VWAP hurdle of \$0.35 represents the market value of the Company's shares at the time of achieving the Tranche 1, Tranche 2 and Tranche 3 Milestones. We have assumed all three are met because if the Tranche 3 Milestone is met, the Tranche 1 Milestone and Tranche 2 Milestone must also have been met. Therefore, the value of a Finder share following the achievement of the Tranche 1, Tranche 2 and Tranche 3 Milestones and the resulting issue of the ordinary shares on conversion of the Tranche 1, Tranche 2 and Tranche 3 Performance Securities (\$0.333) is greater than the value of a Finder share as at the Admission Date (\$0.200).	Fair
Tranche 4	<p>In the event that a single Value Creation Target is met, under the definition of material, being the creation of \$4.0 million in net value, the achievement of the Tranche 4 Milestone and the resulting issue of ordinary shares, may be value accretive. Furthermore, in the event that two or three Milestones are met, this may create \$8.0 million and \$12.0 million in net value respectively. Therefore, the value of a Finder share following the achievement of the Value Creation Targets (with reference to the net value creation of \$4 million) and the resulting issue of the ordinary shares on conversion of the Tranche 4 Performance Securities is greater than the value of a Finder share as at the Admission Date.</p> <p>Notwithstanding, as detailed in Section 7 and Section 8 of our Report, the assessment of whether the achievement of the NPV Value Creation Target is value accretive, depends on the source of funding required to realise this NPV.</p> <p>If the NPV of \$9.45 million can be fully funded by debt and/or existing cash reserves, then the value creation would flow to Security Holders and the holders of the Performance Securities. In this instance, the achievement of the NPV hurdle, would in theory, be value accretive. However, if it was fully or partly</p>	Not fair



Tranche	Summary of Basis for Opinion	Conclusion
	equity funded then the value creation would be shared between Security Holders, the holders of the Performance Securities and new shareholders. Given there is currently insufficient reasonable grounds to make assumptions around how the project will be funded, we are unable to conclude that the Value Creation Targets are value accretive in all scenarios, therefore we consider the Tranche 4 Performance Securities to be not fair.	

## 2.5 Reasonableness

We have considered the analysis in Section 8 of our Report, in terms of both:

- advantages and disadvantages of the issue of the Performance Securities;
- other considerations, including:
  - the consequences of the Performance Securities not being on issue;
  - the consequences of the Milestones being achieved; and
  - the position of Security Holders if the Milestones are not achieved.

Following these considerations, it is our opinion that on balance, the advantages of issuing the Performance Securities and the achievement of meeting the Milestones are greater to Security Holders than the disadvantages.

Accordingly, in the absence of any other relevant information and/or an alternate proposal we believe that the proposed terms of the Performance Securities are reasonable for Security Holders.

The respective advantages and disadvantages considered are summarised below:

ADVANTAGES AND DISADVANTAGES			
Section	Advantages	Section	Disadvantages
8.1	The terms of the Tranche 1, Tranche 2 and Tranche 3 Performance Securities are fair	8.2	Dilution of Security Holders' interests if a Milestone is met and ordinary shares issued
8.1	The Milestones are structured in such a way to align the interests of Security Holders and the holders of the Performance Securities	8.2	The terms of the Tranche 4 Performance Securities are not fair. Despite being not fair, it is likely that the achievement of the Tranche 4 Milestone will be value accretive.
8.1	By issuing the Performance Securities, it allows the Company to retain its key management personnel and invest a greater portion of the cash raised from the IPO on its projects		



Other key matters we have considered include:

Section	Description
8.3	If the Performance Securities were not issued, the Company would likely have to issue another form of remuneration to its key management personnel, such as cash, shares or options. A cash alternative will not align the interests of key management personnel and Security Holders.
8.3	If the Milestones are not achieved, assuming no other share issues, collectively Security Holders will continue to hold the same interest in the Company
8.4	If the Milestones are achieved, then Security Holders will have their interests diluted, however the achievement of the Milestones are value accretive (subject to less than 44,500,000 shares being issued under a hypothetical equity capital raising to fund the NPV Value Creation Target), therefore the value of Security Holders' interests will increase (all else being equal)

### 3. Scope of the Report

#### 3.1 Purpose of the Report

ASX Listing Rule 6.1 requires that the terms that apply to each class of equity securities must, in ASX's opinion, be appropriate and equitable. ASX GN 19 requires an expert to be commissioned to prepare an independent expert's report that complies with RG 111, and to express an opinion on whether the terms of the Performance Securities are fair and reasonable.

Relevantly, under GN 19 the requirement for an independent expert report arises if:

- The entity is applying for quotation on the ASX, **and**
- It has or proposes to have performance securities on issue at the date of its admission to quotation, **and**
- The number of ordinary shares into which those performance securities will convert in aggregate if the applicable milestone is achieved, is greater than 10% of the number of ordinary shares the entity proposes to have on issue at the date of its admission to quotation (taking into account any ordinary shares that the entity may be issuing in connection with its listing).

The Directors of Finder have engaged BDO as an independent expert as the issue of the Performance Securities on the admission of Finder to the ASX represents in excess of 10% of the issued capital at the Admission Date (see Section 4).

#### 3.2 Regulatory guidance

Neither the Listing Rules nor the Corporations Act defines the meaning of 'fair and reasonable'. In determining whether the terms of the Performance Securities are fair and reasonable, we have had regard to the views expressed by ASIC in RG 111. This regulatory guide provides guidance as to what matters an independent expert should consider to assist security holders to make informed decisions about transactions.

One of the matters to be considered under RG 111 is whether a proposed issue constitutes a control transaction. In circumstances where a transaction is considered a control transaction, RG 111 requires the



expert to consider the value inclusive of a control premium. We do not consider the issue or vesting of the Performance Securities to be a control transaction.

We are also required to have regard to ASX GN 19 which states:

*“in determining their opinion on fairness and reasonableness, ASX would expect the independent expert to assume that the relevant performance milestone(s) have been met, assess the impact that would have on the value of the entity compared to the situation if the relevant performance milestone(s) were not met, and then determine whether the resulting number of ordinary shares to be issued by the entity to the holder of the performance shares is fair and reasonable in the circumstances.*

...

*ASX would have no objection to an independent expert expressing a broader view on an issue of performance securities, for example, a statement that while the expert is not able to conclude that the issue is fair or reasonable (as applicable), they regard it as being in the interests of the entity and non-participating security holders to proceed with the issue.”*

### 3.3 Adopted basis of evaluation

RG 111 states that a transaction is fair if the value of the offer price or consideration is equal to or greater than the value of the securities subject of the offer.

In order to conduct this assessment, we are required to compare the value of a Finder share prior to the Company achieving the Milestones with the value of a Finder share following the achievement of the Milestones. This comparison should be made assuming a knowledgeable and willing, but not anxious buyer and a knowledgeable and willing, but not anxious seller acting at arm's length.

RG 111 states that a transaction is reasonable if it is fair. It might also be reasonable if despite being 'not fair' the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any alternate options.

Having regard to the above, BDO sought to conduct this comparison in two parts:

- A comparison between the value of a Finder share as at the Admission Date and the value of a Finder share following the achievement of each of the Milestones and the resulting issue of the ordinary shares on conversion of the Performance Securities (fairness - see Section 7 'Are the terms of the Performance Securities fair?'); and
- An investigation into other significant factors to which Security Holders might give consideration, after reference to the value derived above (reasonableness - see Section 8 'Are the terms of the Performance Securities reasonable?')

The scope of this assignment qualifies it as a Valuation Engagement as defined by Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services' ('APES 225').

A Valuation Engagement is defined by APES 225 as follows:

*'an Engagement or Assignment to perform a Valuation and provide a Valuation Report where the Valuer is free to employ the Valuation Approaches, Valuation Methods, and Valuation Procedures that a reasonable and informed third party would perform taking into consideration all the specific facts and circumstances of the Engagement or Assignment available to the Valuer at that time.'*



## 4. Outline of the Proposed Issue of Performance Securities

Upon completion of the IPO, the Company intends to offer a total of 16,500,000 Performance Securities to directors, key management personnel and employees of the Company. The Performance Securities will be offered in lieu of further grants under Finder's long-term incentive plan for a period of 24 months from the Admission Date. A breakdown of the Performance Securities intended to be offered is set out below.

Recipient	Number of Performance Securities
Damon Neaves (Managing Director)	6,000,000
Shane Westlake (Technical Director)	4,000,000
Anthony Benino (Chief Financial Officer and Company Secretary)	2,000,000
Aaron Bond (Exploration Manager)	4,000,000
Other employees	500,000
<b>Total</b>	<b>16,500,000</b>

Source: Prospectus

Each Performance Security represents the right to acquire a fully paid ordinary share in the Company, subject to the satisfaction of the Share Price Targets and the Value Creation Targets, which are detailed below.

### Share Price Targets

The Share Price Target Performance Securities (8,250,000 Performance Securities) will vest subject to the achievement of the Share Price Targets which are as follows:

- **Tranche 1 Performance Securities:** One sixth of the total number of Performance Securities (one third of the Share Price Target Performance Securities) will vest subject to the 30-day VWAP of the Company's shares being higher than the Offer Price by 35% or more;
- **Tranche 2 Performance Securities:** One sixth of the total number of Performance Securities (one third of the Share Price Target Performance Securities) will vest subject to the 30-day VWAP of the Company's shares being higher than the Offer Price by 55% or more; and
- **Tranche 3 Performance Securities:** One sixth of the total number of Performance Securities (one third of the Share Price Target Performance Securities) will vest subject to the 30-day VWAP of the Company's shares being higher than the Offer Price by 75% or more.

Based on the Offer Price of \$0.20, this translates to a 30-day VWAP hurdle of \$0.27, \$0.31 and \$0.35 for the Tranche 1, Tranche 2 and Tranche 3 Performance Securities respectively.

The 30-day VWAP of the Company's shares will be measured against the Offer Price at the end of each calendar quarter over a 36-month period from the Admission Date.



## Value Creation Targets

The Tranche 4 Performance Securities (8,250,000 Performance Securities) will vest upon the achievement and announcement by the Company to the ASX of various Milestones, in each case, as verified by a suitably qualified independent expert, over a 36-month period from the Admission Date, which are detailed below:

- Each material discovery;
- Each material farmout agreement entered into by the Company; and
- Any other material transaction or combination of material transactions entered into by the Company.

A discovery, farmout agreement or transaction will be considered material if it:

- Creates net value to the Company of at least \$4 million through recovery of back costs, cash payments or estimated net partner expenditure (other than drilling expenditure); or
- Has an NPV (with a 10% discount rate) to the Company of at least \$9.45 million and has an IRR of at least 20%.

The satisfaction of any of the Value Creation Targets will result in one sixth of the total Performance Securities (one third of the Tranche 4 Performance Securities) vesting, up to a maximum of achieving three Value Creation Targets. In the event where the value created by a single discovery, farmout agreement or transaction is double the amount required to be considered material (\$8.0 million net value or an NPV of \$18.90 million), two Value Creation Targets will be considered achieved such that two sixths of the total number of Performance Securities (two thirds of the Tranche 4 Performance Securities) will vest.

## Capital structure

In the event that the Milestones are met, the number of ordinary shares into which the Performance Securities will convert equates to approximately 10.48% of the number of ordinary shares that are proposed to be on issue at the Admission Date, as outlined in the table below.

Description	Number of Shares
Issued shares at the date of our Report	82,500,000
Offer shares to be issued as part of the IPO	75,000,000
<b>Number of ordinary shares Finder proposes to have on issue at the Admission Date (a)</b>	<b>157,500,000</b>
Performance Securities	16,500,000
<b>Total number of Performance Securities (b)</b>	<b>16,500,000</b>
<b>Number of ordinary shares into which the Performance Securities will convert, as a % of the number of shares that are proposed to be on issue at the Admission Date (b/a)</b>	<b>10.48%</b>

Source: BDO analysis

As outlined in Section 1, the Prospectus also contains the Ancillary Offers, comprising the issue of 5,512,500 Lead Manager Options and 1,150,000 Alignment Options. For the purpose of our calculation above, we have assumed that the options under the Ancillary Offers have not been exercised in order to present the maximum possible dilution in the event that the Performance Securities convert into ordinary shares.



As detailed in the Prospectus, Damon Neaves, Shane Westlake, Aaron Bond and Anthony Benino (all recipients of the Performance Securities) intend to subscribe for a combined 750,000 shares under the IPO and therefore are considered participating security holders and are therefore not considered “Security Holders”.

The table below sets out the impact on the interests in Finder held by Security Holders prior to and following the vesting of the Performance Securities. The maximum level of dilution to Security Holders’ interests arises in the event that all the Performance Securities vest and convert into ordinary shares and the options under the Ancillary Offers are not exercised, which results in Security Holders being diluted from holding 99.52% of the issued capital of Finder to holding a minimum of 90.37%.

Description	Security Holders	Directors & KMP	Total
Issued shares at date of our Report	82,500,000	-	82,500,000
Offer shares to be issued	74,250,000	750,000	75,000,000
<b>Number of ordinary shares Finder proposes to have on issue at the Admission Date (undiluted)</b>	<b>156,750,000</b>	<b>750,000</b>	<b>157,500,000</b>
<i>% holdings following Finder's admission to quotation (undiluted)</i>	<i>99.52%</i>	<i>0.48%</i>	<i>100.00%</i>
Performance Securities	500,000	16,000,000	16,500,000
<b>Number of ordinary shares on issue following the vesting of the Performance Securities</b>	<b>157,250,000</b>	<b>16,750,000</b>	<b>174,000,000</b>
<i>% holdings following vesting of the Performance Securities</i>	<i>90.37%</i>	<i>9.63%</i>	<i>100.00%</i>

Prior to Finder’s admission, the Company was a wholly-owned subsidiary of Longreach Capital Investment Pty Ltd and its subsidiaries (‘Longreach’), an entity owned jointly by Ostby Pty Ltd and Larsen Pty Ltd. On admission to the ASX, Longreach will hold approximately 52.38% of the Company’s issued capital on an undiluted basis and 45.67% on a fully diluted basis (assuming all options are issued and exercised, all Performance Securities are issued and converted and that no other shares are issued). This is set out in the table below for information purposes, however it does not impact our assessment of whether the terms of the Performance Securities are fair and reasonable to Security Holders.

Description	New Shareholders	Longreach	Total
Issued shares at date of our Report	-	82,500,000	82,500,000
Offer shares to be issued	75,000,000	-	75,000,000
<b>Number of ordinary shares Finder proposes to have on issue at the Admission Date (undiluted)</b>	<b>75,000,000</b>	<b>82,500,000</b>	<b>157,500,000</b>
<i>% holdings following Finder's admission to quotation (undiluted)</i>	<i>47.62%</i>	<i>52.38%</i>	<i>100.00%</i>
Performance Securities	16,500,000	-	16,500,000
Lead Manager Options	5,512,500	-	5,512,500
Alignment Options	1,150,000	-	1,150,000
<b>Number of ordinary shares Finder proposes to have on issue at the Admission Date (fully diluted)</b>	<b>98,162,500</b>	<b>82,500,000</b>	<b>180,662,500</b>
<i>% holdings following Finder's admission to quotation (fully diluted)</i>	<i>54.33%</i>	<i>45.67%</i>	<i>100.00%</i>



## 5. Overview of Finder

### 5.1 History

Finder is an oil and gas exploration company, which is headquartered in Perth, Western Australia ('WA') and is undertaking an IPO of its shares on the ASX. Finder was founded in 2004, and has since formed a portfolio of exploration permits in the North West Shelf of Australia ('NWS') and more recently (February 2021), the North Sea ('North Sea') of the United Kingdom ('UK'). The Company has acquired its portfolio on the NWS, through government bid rounds, farmout agreements with industry partners and exploring for hydrocarbons in the region. Finder has completed 32 farmout agreements and divestments to industry partners in total.

The board of directors and senior management are:

- Damon Neaves - Managing Director and Chief Executive Officer;
- Bronwyn Barnes - Independent Non-Executive Chair;
- Shane Westlake - Technical Director;
- Fred Wehr - Independent Non-Executive Director;
- Anthony Benino - Chief Financial Officer and Company Secretary; and
- Aaron Bond - Exploration Manager.

On admission to the ASX, Longreach will hold approximately 52.38% of the Company's issued capital on an undiluted basis and 45.67% on a fully diluted basis (assuming all options are issued and exercised, all Performance Securities are issued and converted and that no other shares are issued). In addition, as detailed in the Prospectus, as part of the pre-IPO restructure that occurred, Finder has granted Longreach a 3% royalty interest in the net sale proceeds of petroleum produced from the area the subject of WA-412P, AC/P61 and WA-547-P.

The Company has an exploration portfolio comprising 10 permits and licences located in the NWS and the North Sea. A summary of Finder's permits and licences are outlined below.

### 5.2 NWS Portfolio

The offshore NWS extends for approximately 2,400 kilometres ('km') along the northwest margin of Australia. According to Australia Energy Commodity Resources ('AECR') 2021 by Geoscience Australia, the offshore NWS has produced over 10 billion barrels of oil equivalent, with approximately a 1/3 oil to 2/3 gas split.

Finder holds an interest in five exploration permits for petroleum on the NWS (WA-412-P, AC/P 61, WA-520-P, WA-547-P and WA-542-P) which cover a total area of approximately 14,000 square kilometres ('km<sup>2</sup>').

#### WA-412-P (Kanga Prospect)

The WA-412-P exploration permit, containing the Kanga Prospect ('Kanga-1'), is situated within the Dampier Sub-basin, offshore WA. The exploration permit covers an area of approximately 323 km<sup>2</sup>. In December 2018, Finder and Fugro Exploration Pty Ltd ('Fugro') completed a farmout agreement with SapuraOMV Upstream (Western Australia) Pty Ltd ('SapuraOMV (WA)'), under which SapuraOMV (WA) would earn a 70% interest and operatorship in Kanga-1 by funding the drilling costs of the Kanga-1



exploration well and other permit expenditure. Finder and Fugro currently each hold a 15% interest in Kanga-1. Kanga-1 is scheduled to spud in May 2022 with the Diamond Offshore Ocean Apex semi-submersible drilling rig. ERCE Australia Pty Ltd ('ERCE') has completed an independent estimate of prospective resources for Kanga-1, which provided gross best estimate prospective resources of 170 million of barrels of oil ('MMbbl') with a geological chance of success of 36%.

### AC/P 61 (Gem Prospect)

The AC/P 61 exploration permit, containing the Gem Prospect, is located within the Vulcan Sub-basin, offshore WA. The exploration permit covers an area of approximately 335 km<sup>2</sup>. Finder currently holds a 50% interest in the Gem Prospect, and Fugro holds the remaining 50% interest. ERCE has completed an independent estimate of prospective resources, which provided gross best estimate prospective resources of 137 MMbbl with a geological chance of success of 32%.

### WA-547-P (Favre, Brady and Brees Prospects)

The WA-547-P exploration permit ('WA-547-P') is located within the Beagle Sub-basin, offshore WA. The exploration permit covers an area of approximately 7,260 km<sup>2</sup>, containing the three prospects, the Brees Prospect ('Brees') which contains two reservoir levels, Brees-Barret and Brees-Caley, the Favre Prospect ('Favre') and the Brady Prospect ('Brady'). Finder was awarded the permit on 6 January 2021 against multiple competing bids, and currently holds a 100% interest in WA-547-P.

The work program includes the acquisition of new 3D seismic data expected in late 2022, to be followed by drilling. ERCE has completed an independent estimate of prospective resources, which provided gross best estimate prospective resources of 213 MMbbl at Favre, 86 MMbbl at Brady and 148 MMbbl at Brees-Barret and 61 MMbbl at Brees-Caley, with a geological chance of success of 20%, 13%, 30% and 15%, respectively.

### WA-542-P

The WA-542-P exploration permit ('WA-542-P') is located within the Beagle Sub-basin, offshore WA. The exploration permit covers an area of approximately 4,852 km<sup>2</sup>. Finder will have an option to acquire 100% of WA-542-P at no cost (other than assuming the work program commitments) and will evaluate synergies with WA-547-P, ahead of exercising the option.

### WA-520-P

The WA-520-P exploration permit ('WA-520-P') is located within the Exmouth Sub-basin, offshore WA. The exploration permit covers an area of approximately 1,281 km<sup>2</sup>. WA-542-P is considered non-core by Finder with its leading Mayflower Prospect deemed best suited to a liquefied natural gas ('LNG') development. Ahead of a 'drill-or-drop' decision in September 2022, Finder is considering divestment options for WA-520-P.

## 5.3 North Sea Portfolio

Finder's North Sea Portfolio comprises varying interests in five licences, being P2317, P2502, P2524, P2530 and P2528. These licences are made up of four Seaward Production (Innovate) licences and one Seaward Production (Promote) licence within the Phase A exploration period and are located on the continental shelf of the Central and Northern North Sea and comprise a total area of approximately 1,918 km<sup>2</sup>.



According to the UK Oil and Gas Reserves and Resources Report 2021 by Oil & Gas Authority ('OGA'), total production to date from the UK Continental Shelf is over 45 billion barrels of oil equivalent.

### P2502

The P2502 exploration licence ('P2502') is located within the East Shetland Basin of the Northern North Sea. The exploration licence covers an area of approximately 424 km<sup>2</sup>. Acquired from Azinor Catalyst Limited ('Azinor') in June 2021, Finder farmed out a 50% working interest to Dana Petroleum (E&P) ('Dana Petroleum'), operator of the nearby Western Isles infrastructure, to hold the remaining 50% working interest in P2502.

### P2524

The P2524 exploration licence ('P2524') is located within the South Viking Graben Basin of the Central North Sea. The exploration licence covers an area of approximately 171 km<sup>2</sup>. P2524 was awarded on 1 December 2020, with an initial term of five years. Finder currently holds a 40% working interest in P2524 with the remaining 60% working interest held by Harbour Energy PLC ('Harbour Energy'), operator of adjacent infrastructure hubs, Britannia and Armada. P2524 contains the Barracuda Prospect, which is the focus on the ongoing technical work programme, in addition to two prospects (Amberjack and Trevally) and two leads (Conger and Bass).

### P2530

The P2530 exploration licence ('P2530') is located within the North Kittiwake Basin of the Central North Sea. The exploration licence covers an area of approximately 454 km<sup>2</sup>. P2530 was awarded on 1 December 2020, with an initial term of six years. Finder currently holds a 100% interest in P2530, and has scheduled the completion of high end depth reprocessing of vintage seismic data at the Big Bird Prospect for May 2022.

### P2528

The P2528 exploration licence ('P2528') is located within Peterhead Graben of the Central North Sea. The exploration licence covers an area of approximately 576 km<sup>2</sup>. Awarded on 1 December 2020, for a period of six years, Finder holds a 100% interest in P2528 and is currently reprocessing 3D seismic data covering the Peterhead Graben and Buzzard fairway.

### P2317

The P2317 exploration licence ('P2317') is located within Outer Moray Firth of the Central North Sea. The exploration licence covers an area of approximately 293 km<sup>2</sup>, containing three prospects. Finder acquired P2317 in June 2021 and currently holds a 100% interest. Finder is seeking a farmout partner prior to the 'drill or drop' decision that is required in May 2022.



## 6. Valuation approach adopted

As detailed in Section 2 and Section 3 of our Report, in assessing whether the terms of the Performance Securities are fair and reasonable to Security Holders, we have assessed the value of a Finder share as at the Admission Date (prior to vesting) and compared it to the value of a Finder share following the achievement of the Milestones and the resulting issue of ordinary shares on conversion of the Performance Securities.

### 6.1 Value of a Finder share as at the Admission Date

In our assessment of the value of a Finder share at the Admission Date, we have chosen to employ a market based assessment as our valuation methodology. The market approach involves determining the value of a Finder share by considering recent or prospective market sales and precedent transactions involving the sale of the Company's shares, commonly in the form of a placement or other capital raising.

A key factor in determining the appropriateness of using this methodology is whether the acquirer of the shares is an unrelated third party and whether the level of interest subscribed for in the company's equity is substantial enough to reflect the underlying value of the company. These factors need to fulfil the definition of an arm's length transaction between a willing buyer and willing seller for the shares in that company.

We consider the market based assessment to be an appropriate valuation methodology, due to the IPO and offer of 75 million shares in the Company at an issue price of \$0.20 each to raise \$15 million (before costs). Immediately following the completion of the IPO, Finder will have 157,500,000 shares on issue.

We consider that the offer of Finder's shares under the Prospectus will represent an arm's length transaction between a large number of willing buyers and a willing seller, in which the price subscribed for under the offer is a strong indicator of market value. On an undiluted basis, the number of shares subscribed for under the public offer equates to an interest of approximately 47.62%, which we consider to be substantial enough for it to reflect the Company's fair value. Therefore, we have determined that the Offer Price of \$0.20 per share is the best indicator of the fair value of a Finder share upon quotation on the ASX.

### 6.2 Value of a Finder share following the achievement of the Milestones

As detailed in Section 4, the Performance Securities vest subject to the achievement of pre-determined Share Price Targets, which are assessed using the Company's 30-day VWAP and through the achievement of the Value Creation Targets.

#### Valuation approach used in assessing the value of a Finder share assuming that the Tranche 1, Tranche 2 and Tranche 3 Performance Securities vest

The Tranche 1, Tranche 2 and Tranche 3 Performance Securities vest subject to the achievement of Share Price Targets which are set at 35%, 55% and 75% above the Offer Price for each tranche respectively. This translates to a 30-day VWAP hurdle of \$0.27, \$0.31 and \$0.35 for the Tranche 1, Tranche 2 and Tranche 3 Performance Securities respectively. The detailed terms of the Performance Securities can be found in Section 4 of our Report, as well as Annexure B of the Prospectus.

In assessing the value of a Finder share following the achievement of the aforementioned 30-day VWAP hurdles, we assume the following:



- The 30-day VWAP represents the market value of the Company's shares at the time of meeting the Milestone. This market value of the Company's shares is then used to determine the implied market capitalisation at that point in time;
- The number of shares on issue following the achievement of the Milestones is increased to reflect that the Performance Securities are immediately converted to ordinary shares;
- We have considered whether the achievement of the aforementioned results in the Lead Manager Options and Alignment Options being in-the-money and whether a notional exercise of options should be considered. The Lead Manager Options and Alignment Options remain out-of-the-money on achievement of the Tranche 1 Milestone and are in-the-money should the Tranche 2 and Tranche 3 Milestones be achieved. We note that the exercise of the Lead Manager Options and Alignment Options would not have a material impact on the value of a Finder share, nor would it alter our conclusion. Further, we have not adjusted for the exercise of these options because our Report is required to assess the terms of the Performance Securities, and we consider our analysis to be more meaningful to Security Holders if the Performance Securities are considered in isolation; and
- All other things remain equal.

#### Valuation approach used in assessing the value of a Finder share assuming that the Tranche 4 Performance Securities vest

As detailed in Section 4 of our Report, the Tranche 4 Performance Securities vest on achievement and announcement by the Company to the ASX of any of the Value Creation Targets, which must be considered "material". The terms of the Performance Securities define material as:

- creates value net to the Company of at least \$4.0 million; or
- has a NPV (with a 10% discount rate) net to the Company of at least \$9.45 million and has an IRR of at least 20%.

In accordance with RG 170 and IS 214, given the current stage of Finder's assets, we do not have sufficient reasonable grounds to make assumptions around funding and other inputs to a discounted cash flow that would be required in order to assess the value impact on a per share basis. Therefore, in assessing the value of a Finder share following the achievement of the Tranche 4 Milestones, we have considered the impact of the \$4.0 million net value creation as well as presenting scenarios of the NPV being fully funded by existing debt and/or existing cash reserves as well as a scenario of equity funding which would result in the vesting of the Tranche 4 Performance Securities reducing the value of a Finder share.

We note that the terms also stipulate that in circumstances where the value created by a single milestone results in a doubling of the above value creation targets (\$8.0 million net value or an NPV of \$18.9 million), then two sixths of the Performance Securities will vest. We have therefore considered scenarios under which, a strategic objective creates net value to the Company of \$4.0 million, \$8.0 million and \$12.0 million.

The valuation involves adjusting the equity value of the Company at the Admission Date by the net value creation and increasing the number of shares on issue to reflect the respective conversion of the Performance Securities to ordinary shares.



## 7. Are the terms of the Performance Securities fair?

Having regard to the guidance set out in ASX GN 19, RG 111 and RG 170, our opinion in relation to whether the proposed terms of the Performance Securities are fair to Security Holders is set out below.

In arriving at our opinion on whether the proposed terms of the Performance Securities are fair, we have assessed the value of a Finder share as at the Admission Date and compared it to the value of a Finder share following the achievement of the Milestones.

As detailed in Section 6, we consider the value of a Finder share as at the Admission Date to be \$0.20, being the Offer Price.

### Share Price Target Performance Securities (Tranche 1, Tranche 2 and Tranche 3)

As outlined in Section 6, the vesting of the Share Price Target Performance Securities is dependent on an uplift in the value of the Company, implied by an increase in the 30-day VWAP of the Company's shares. In assessing the value of a Finder share following the achievement of the 30-day VWAP hurdles, we have assumed the following:

- The 30-day VWAP represents the market value of the Company's shares at the time of meeting the Milestones. This market value of the Company's shares is then used to determine the implied market capitalisation at that point in time;
- The number of shares on issue following the achievement of the Milestones is increased to reflect that the Performance Securities are immediately converted to ordinary shares; and
- All other things remain equal.

Item	Tranche 1	Tranche 2	Tranche 3
<b>Value of Finder at admission</b>			
Shares on issue at admission	157,500,000	157,500,000	157,500,000
<b>Offer Price (a)</b>	<b>\$0.20</b>	<b>\$0.20</b>	<b>\$0.20</b>
<b>Market capitalisation of Finder at admission</b>	<b>\$31,500,000</b>	<b>\$31,500,000</b>	<b>\$31,500,000</b>
<b>Value of Finder following vesting of the Performance Securities</b>			
Shares on issue at admission	157,500,000	157,500,000	157,500,000
Shares to be issued upon conversion of Performance Securities	2,750,000	2,750,000	2,750,000
Shares to be issued upon conversion of Tranche 1	N/A	2,750,000	2,750,000
Shares to be issued upon conversion of Tranche 2	N/A	N/A	2,750,000
<b>Shares on issue following vesting (b)</b>	<b>160,250,000</b>	<b>163,000,000</b>	<b>165,750,000</b>
30-day VWAP	\$0.27	\$0.31	\$0.35
<b>Market capitalisation of Finder on achievement of hurdle (c)</b>	<b>\$42,525,000</b>	<b>\$48,825,000</b>	<b>\$55,125,000</b>
<b>Value per share following vesting (d) = (c)/(b)</b>	<b>\$0.265</b>	<b>\$0.300</b>	<b>\$0.333</b>
<b>Offer Price (a)</b>	<b>\$0.200</b>	<b>\$0.200</b>	<b>\$0.200</b>
<b>Value accretive? (d) &gt; (a) ?</b>	<b>Yes</b>	<b>Yes</b>	<b>Yes</b>
<b>Conclusion</b>	<b>Fair</b>	<b>Fair</b>	<b>Fair</b>



Based on the above and applying the fairness test outlined in ASX GN 19, the proposed terms of the Share Price Target Performance Securities are fair to Security Holders, as the value of a Finder share following the achievement of the Milestones is greater than the value of a Finder share as at the Admission Date.

#### Value Creation Target Performance Securities (Tranche 4)

As outlined in Section 4, the Tranche 4 Performance Securities will vest upon the achievement and announcement by the Company to the ASX of the following Value Creation Targets:

- Each material discovery;
- Each material farmout agreement entered into by the Company; and
- Any other material transaction or combination of material transactions entered into by the Company.

A discovery, farmout agreement or transaction will be considered material if it:

- Creates net value to the Company of at least \$4 million through recovery of back costs, cash payments or estimated net partner expenditure (other than drilling expenditure); or
- Has an NPV (with a 10% discount rate) to the Company of at least \$9.45 million and has an IRR of at least 20%.

In the event where the value created by a Value Creation Target is double the amount required to be considered material (\$8.0 million net value or an NPV of \$18.90 million), two Milestones will be considered achieved such that two sixths of the total Performance Securities (two thirds of the Tranche 4 Performance Securities) will vest. We have therefore considered scenarios under which, a Milestone creates net value to the Company of \$4.0 million, \$8.0 million and \$12.0 million. We have also presented scenarios of the NPV being fully funded by existing debt and/or existing cash reserves as well as a scenario of equity funding which would result in the vesting of the Tranche 4 Performance Securities reducing the value of a Finder share.

The valuation involves adjusting the equity value of the Company at the Admission Date by the net value creation and increasing the number of shares on issue to reflect the respective conversion of the Performance Securities to ordinary shares. In the scenario where the NPV is equity funded, we have also increased the number of shares on issue to illustrate largest capital raising possible (based on the Offer Price) before the achievement of the NPV Value Creation Target would be value dilutive, whereby the value of a Finder share following the achievement of the NPV Value Creation Target would be lower than the Offer Price.

The value of a Finder share following the achievement of one, two and the maximum amount of three Value Creation Target (net value to the Company of \$4.0 million, \$8.0 million and \$12.0 million respectively) is set out below:



Item	Net value creation of \$4.0 million	Net value creation of \$8.0 million	Net value creation of \$12.0 million
<b>Value of Finder at admission</b>			
Shares on issue at admission	157,500,000	157,500,000	157,500,000
Offer price (a)	\$0.200	\$0.200	\$0.200
<b>Market capitalisation of Finder at admission</b>	<b>\$31,500,000</b>	<b>\$31,500,000</b>	<b>\$31,500,000</b>
<b>Value of Finder following vesting of the Performance Securities</b>			
Shares on issue at admission	157,500,000	157,500,000	157,500,000
Shares to be issued upon conversion of Performance Securities	2,750,000	5,500,000	8,250,000
<b>Shares on issue following vesting (b)</b>	<b>160,250,000</b>	<b>163,000,000</b>	<b>165,750,000</b>
Value creation	\$4,000,000	\$8,000,000	\$12,000,000
<b>Market capitalisation of Finder on achievement of Milestone (c)</b>	<b>\$35,500,000</b>	<b>\$39,500,000</b>	<b>\$43,500,000</b>
<b>Value per share following vesting (d) = (c)/(b)</b>	<b>\$0.222</b>	<b>\$0.242</b>	<b>\$0.262</b>
Offer price (a)	\$0.200	\$0.200	\$0.200
Value accretive? (d) > (a) ?	Yes	Yes	Yes

The above assessment illustrates that the achievement of the net value creation target of \$4 million would be value accretive to Security Holders (after accounting for dilution). However, we must now consider whether the achievement of the NPV Value Creation Target would be value accretive to Security Holders.

The value of a Finder share following the achievement of the NPV Value Creation Target depends on the source of funding required to realise this NPV. If the NPV of \$9.45 million can be fully funded by debt and/or existing cash reserves, then the value creation would flow to Security Holders and the holders of the Performance Securities. In this instance, the achievement of the NPV hurdle, would in theory, be value accretive. The value of a Finder share under this scenario is set out below:

Item	Tranche 4
<b>Value of Finder at admission</b>	
Shares on issue at admission	157,500,000
Offer price (a)	\$0.20
<b>Market capitalisation of Finder at admission</b>	<b>\$31,500,000</b>
<b>Value of Finder following vesting of the Performance Securities</b>	
Shares on issue at admission	157,500,000
Shares to be issued upon conversion of Performance Securities	2,750,000
<b>Shares on issue following vesting (b)</b>	<b>160,250,000</b>
Value creation	9,450,000
<b>Market capitalisation of Finder on achievement of Milestone (c)</b>	<b>\$40,950,000</b>
<b>Value per share following vesting (d) = (c)/(b)</b>	<b>\$0.256</b>
Offer price (a)	\$0.200
Value accretive? (d) > (a) ?	Yes



Based on the above scenario whereby the \$9.45 million can be fully funded by debt and/or existing cash reserves, the entire value creation would flow to Security Holders and the holders of the Performance Securities. In this instance, the achievement of the NPV hurdle, would in theory, be value accretive.

However, if the \$9.45 million is fully or partly equity funded then the value creation would be shared between Security Holders, the holders of the Performance Securities and new shareholders. We have determined that a maximum of 44,500,000 shares (\$8.90 million under the Offer Price) could be issued to new shareholders under a hypothetical equity capital raising before the achievement of the \$9.45 million NPV Value Creation Target becomes value dilutive.

In other words, if an amount greater than \$8.90 million (at the Offer Price) is raised by means of equity to fund the \$9.45 million NPV, then the value of a Finder share following the achievement of the NPV Value Creation Target would be less than the value of a Finder share as at the Admission Date as set out below.

Item	Tranche 4
<b>Value of Finder at admission</b>	
Shares on issue at admission	157,500,000
Offer price (a)	\$0.20
<b>Market capitalisation of Finder at admission</b>	<b>\$31,500,000</b>
<b>Value of Finder following vesting of the Performance Securities</b>	
Shares on issue at admission	157,500,000
Shares to be issued upon conversion of Performance Securities	2,750,000
Shares issued to new shareholders under hypothetical equity capital raising	44,500,000
<b>Shares on issue following vesting (b)</b>	<b>204,750,000</b>
Value creation	\$9,450,000
<b>Market capitalisation of Finder on achievement of Milestone (c)</b>	<b>\$40,950,000</b>
<b>Value per share following vesting (d) = (c)/(b)</b>	<b>\$0.200</b>
<b>Offer price (a)</b>	<b>\$0.200</b>
<b>Value accretive? (d) &gt; (a) ?</b>	<b>No</b>

Therefore, we consider the terms of the Tranche 4 Performance Securities to be not fair to Security Holders because despite the achievement of the net value creation target of \$4 million being value accretive (after accounting for dilution), we are unable to conclude under all possible scenarios that the NPV hurdle of \$9.45 million will be value accretive to Security Holders.



## 8. Are the terms of the Performance Securities reasonable?

In assessing whether the terms of the Performance Securities are reasonable for Security Holders, we have considered the advantages and disadvantages associated with issuing the Performance Securities, the consequences of the Performance Securities not being on issue, the consequences of the Milestones being achieved and the position of Security Holders should the Milestones not be achieved.

Giving consideration to each of the points set out below, we consider the proposed terms of the Performance Securities to be reasonable.

### 8.1 Advantages of issuing the Performance Securities

We have considered the following advantages when assessing whether the terms of the Performance Securities are reasonable.

Advantage	Description
The terms of the Tranche 1, Tranche 2 and Tranche 3 Performance Securities are fair	As set out in Section 7, the terms of the Tranche 1, Tranche 2 and Tranche 3 Performance Securities are fair. Therefore, in accordance with the principles of RG 111, if the terms of the Tranche 1, Tranche 2 and Tranche 3 Performance Securities are fair, they are reasonable.
The Milestones are structured in such a way to align the interests of Security Holders and the holders of the Performance Securities	<p>Performance securities are widely considered to be a method of remuneration that aligns the interests of management with the shareholders of a company. In particular, the Performance Securities with the Share Price Targets are specifically linked to the 30-day VWAP of the Company's shares, therefore aligning the interests of key management personnel (recipients of the Performance Securities) and Security Holders.</p> <p>Our analysis of the Value Creation Targets also show that the net value creation of \$4.0 million results in an increase in the value per share, all else being equal. In terms of the material Value Creation Targets that are measured by a NPV of \$9.45 million, it is likely that this will be value accretive, however it will depend on the funding required (if any) in order to progress the Company's project to a point where it has an NPV of \$9.45 million or greater.</p> <p>Therefore, the Performance Securities are structured in a way to align the interests of Security Holders and the holders of the Performance Securities.</p>
By issuing the Performance Securities, it allows the Company to retain its key management personnel and invest a greater portion of the cash raised from the IPO on its projects	<p>The Performance Securities are being issued to key management personnel, being those individuals set out in Section 4 of our Report. By remunerating the Company's key management personnel via the issue of Performance Securities, it allows the Company to retain its people which may give it a greater chance of delivering value to Security Holders. The profile and experience of the Directors and key management personnel are set out in Section 4 of the Prospectus.</p> <p>As detailed in Section 5.4 of the Prospectus, the Company has allocated a total of \$11.4 million of the gross funds raised under the IPO to drilling, seismic and geoscience project related costs. If the Performance Securities were not issued, it is likely that a greater portion of the funds raised under the IPO would be spent on corporate costs.</p>



## 8.2 Disadvantages of issuing the Performance Securities

We have considered the following disadvantages when assessing whether the terms of the Performance Securities are reasonable.

Disadvantage	Description
Potential dilution of Security Holders' interests if a Milestone is met and ordinary shares issued	<p>The impact of issuing the Performance Securities is that if the Milestones are met, Security Holders' interests in the Company will be diluted. The Performance Securities (if vested) will represent 10.48% of the Company's issued capital (on an undiluted basis), therefore on a collective basis, if all Performance Securities are converted to shares, then Security Holders' interests will be diluted from 99.52% to 90.37%. As detailed in Section 7 of our Report, we note that despite the interests of Security Holders decreasing following vesting of the Performance Securities, it is likely that the value of their interest will increase.</p> <p>Further, we note that following the vesting of the Performance Securities, no individual holder of Performance Securities will obtain control, therefore there is no change of control implications associated with the vesting of the Performance Securities.</p>
The terms of the Tranche 4 Performance Securities are not fair. Despite being not fair, it is likely that the achievement of the Tranche 4 Milestone will be value accretive	<p>We have concluded that the terms of the Tranche 4 Performance Securities are not fair. However, the basis for this opinion is that we do not currently have sufficient reasonable grounds to make an assumption around how the NPV hurdle of \$9.45 million will be funded. If it will be funded entirely by debt and/or existing cash reserves then, in theory the achievement of the Tranche 4 Milestone will be value accretive. However, if it is wholly or partly funded by equity then the value generated will need to be shared between Security Holders, holders of the Performance Securities and new shareholders. The proportion of the value to be split between these three parties is unknown, therefore we are unable to conclude that the Tranche 4 Performance Securities are value accretive.</p>

## 8.3 Consequences of the Performance Securities not being on issue

The Performance Securities are being issued to the Company's Directors and key management personnel. The profile of these individuals can be found in Section 4 of the Prospectus. In the event that the Performance Securities were not on issue, it is likely that the Company would remunerate the Directors and key management personnel via alternate means. Alternatives available to the Company could be shares, options or cash, which are considered further in the table below.

Form of remuneration	Potential consequences to Security Holders
Shares	<p>Shares would align the interests of the Directors and key management personnel, however these would be dilutive to Security Holders' interests. Further, by issuing shares the Company does not ensure that its key people are retained for a minimum term as the Directors and key management personnel would not be prohibited from leaving the business and selling their shares.</p>



Form of remuneration	Potential consequences to Security Holders
	<p>There is also a possibility that the risk tolerance of key management personnel does not align with Security Holders as they are being issued the shares at nil cost.</p>
Options	<p>Options are an effective way of aligning the interests of the Directors and key management personnel and Security Holders as options only have value to the holder when at some point over the life of the option, the underlying share value exceeds the exercise price. Therefore, Directors and key management personnel are incentivised to create value for other shareholders. An added benefit of an option is that when exercised, it provides cash for the Company.</p> <p>However, a characteristic of an option is that it has no downside risk. Therefore, in the event that the options are significantly out-of-the-money, there is a possibility that the risk tolerance of key management personnel may not be consistent with those of Security Holders.</p>
Cash	<p>If additional remuneration was paid to Directors and key management personnel via fees or higher salaries, then the benefit would be that Security Holders would not be diluted. However, a cash payment means that key management personnel will not have the additional incentive to create value for Security Holders.</p> <p>Further, additional cash remuneration will mean that less cash can be invested in the Company's projects, which may limit the ability of the Company to generate value for Security Holders. Alternatively, additional funds may need to be raised, which would dilute Security Holders' interests (assuming they do not participate in the additional raising).</p>

We note that if the Milestones are not achieved, assuming no other share issues, Security Holders collectively will continue to hold the same interest in the Company.

#### 8.4 Consequences of the Milestones being achieved

If the Milestones are achieved, assuming that no additional equity funding is required, then Security Holders collectively will have their interests diluted from 99.52% of the issued capital to a minimum of 90.37%. However the achievement of the Milestones are value accretive, therefore the value of Security Holders' interests will increase (all else being equal).

As detailed in Section 7 of our Report, it is possible that depending on the quantum and price of the equity funding required to progress the Company's projects to a point where it has a NPV of \$9.45 million or greater, the achievement of the Value Creation Targets via the NPV benchmark, may result in a decrease in the value of Security Holders' interests. We note that this analysis is assuming an equity raise at the current value of a Finder share, being the Offer Price.



## 9. Conclusion

We have considered the terms of the Performance Securities as outlined in the body of our Report and have concluded that:

- the Tranche 1, Tranche 2 and Tranche 3 Performance Securities are proposed to be issued on terms that are fair and reasonable to Security Holders; and
- the Tranche 4 Performance Securities are proposed to be issued on terms that are not fair but reasonable to Security Holders.

We consider the terms of the Tranche 4 Performance Securities to be not fair because despite the achievement of the net value creation target of \$4 million being value accretive (after accounting for dilution), we are unable to conclude definitively that the NPV hurdle of \$9.45 million will be value accretive. This is because if the NPV of \$9.45 million can be fully funded by debt and/or existing cash reserves, then the value creation would flow to Security Holders and the holders of the Performance Securities. In this instance, the achievement of the NPV hurdle, would in theory, be value accretive. However, if it was fully or partly equity funded then the value creation would be shared between Security Holders, the holders of the Performance Securities and new shareholders. Given there is currently insufficient reasonable grounds to make assumptions around how the project will be funded, we are unable to conclude that the Value Creation Targets are value accretive in all scenarios. Given that it is likely that the achievement of the Value Creation Targets will be value accretive, we consider the terms of the Tranche 4 Performance Securities to be reasonable.

## 10. Sources of information

Our Report has been based on the following information:

- Prospectus on or about the date of this report;
- Terms of the Performance Securities;
- Share registry information;
- Information in the public domain; and
- Discussions with Directors and Management of Finder.

## 11. Independence

BDO Corporate Finance (WA) Pty Ltd is entitled to receive a fee of \$24,000 (excluding GST and reimbursement of out of pocket expenses). The fee is not contingent on the conclusion, content or future use of this report. Except for this fee, BDO Corporate Finance (WA) Pty Ltd has not received and will not receive any pecuniary or other benefit whether direct or indirect in connection with the preparation of this report.

BDO Corporate Finance (WA) Pty Ltd has been indemnified by Finder in respect of any claim arising from BDO Corporate Finance (WA) Pty Ltd's reliance on information provided by the Finder, including the non-provision of material information, in relation to the preparation of this report.

Prior to accepting this engagement BDO Corporate Finance (WA) Pty Ltd has considered its independence with respect to Finder and any of its respective associates with reference to ASIC Regulatory Guide 112 'Independence of Experts'. In BDO Corporate Finance (WA) Pty Ltd's opinion it is independent of Finder and its respective associates.



A draft of this report was provided to Finder and its advisors for confirmation of the factual accuracy of its contents. No significant changes were made to this report as a result of this review.

BDO is the brand name for the BDO International network and for each of the BDO Member firms.

BDO (Australia) Ltd, an Australian company limited by guarantee, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of Independent Member Firms. BDO in Australia, is a national association of separate entities (each of which has appointed BDO (Australia) Limited ACN 050 110 275 to represent it in BDO International).

## 12. Qualifications

BDO Corporate Finance (WA) Pty Ltd has extensive experience in the provision of corporate finance advice, particularly in respect of takeovers, mergers and acquisitions.

BDO Corporate Finance (WA) Pty Ltd holds an Australian Financial Services Licence issued by the Australian Securities and Investments Commission for giving expert reports pursuant to the Listing rules of the ASX and the Corporations Act.

The persons specifically involved in preparing and reviewing this report were Sherif Andrawes, Adam Myers and Ashton Lombardo of BDO Corporate Finance (WA) Pty Ltd. They have significant experience in the preparation of independent expert reports, valuations and mergers and acquisitions advice across a wide range of industries in Australia and were supported by other BDO staff.

Sherif Andrawes is a Fellow of the Institute of Chartered Accountants in England & Wales and a Fellow of Chartered Accountants Australia & New Zealand. He has over 30 years' experience working in the audit and corporate finance fields with BDO and its predecessor firms in London and Perth. He has been responsible for over 400 public company independent expert's reports under the Corporations Act or ASX Listing Rules and is a CA BV Specialist. These experts' reports cover a wide range of industries in Australia with a focus on companies in the natural resources sector. Sherif Andrawes is the Corporate Finance Practice Group Leader of BDO in Western Australia, the Global Head of Natural Resources for BDO and a former Chairman of BDO in Western Australia.

Adam Myers is a member of Chartered Accountants Australia & New Zealand and the Joint Ore Reserves Committee. Adam's career spans over 20 years in the Audit and Assurance and Corporate Finance areas. Adam is a CA BV Specialist and has considerable experience in the preparation of independent expert reports and valuations in general for companies in a wide number of industry sectors.

Ashton Lombardo is a member of the Australian Institute of Chartered Accountants. Ashton has over ten years of experience in Corporate Finance and has facilitated the preparation of numerous independent expert's reports and valuations. Ashton has a Bachelor of Economics and a Bachelor of Commerce from the University of Western Australia and has completed a Graduate Diploma of Applied Corporate Governance with the Governance Institute of Australia.

## 13. Disclaimers and consents

This report has been prepared at the request of Finder for inclusion in the Company's prospectus. Finder engaged BDO Corporate Finance (WA) Pty Ltd to prepare an independent expert's report to consider whether the issue of performance securities is fair and reasonable to non-participating security holders.

BDO Corporate Finance (WA) Pty Ltd hereby consents to this report accompanying the Company's Prospectus. Apart from such use, neither the whole nor any part of this report, nor any reference thereto



may be included in or with, or attached to any document, circular resolution, statement or letter without the prior written consent of BDO Corporate Finance (WA) Pty Ltd.

BDO Corporate Finance (WA) Pty Ltd takes no responsibility for the contents of the Company's prospectus other than this report.

We have no reason to believe that any of the information or explanations supplied to us are false or that material information has been withheld. It is not the role of BDO Corporate Finance (WA) Pty Ltd acting as an independent expert to perform any due diligence procedures on behalf of the Company. BDO Corporate Finance (WA) Pty Ltd provides no warranty as to the adequacy, effectiveness or completeness of the due diligence process.

The opinion of BDO Corporate Finance (WA) Pty Ltd is based on the market, economic and other conditions prevailing at the date of this report. Such conditions can change significantly over short periods of time.

With respect to taxation implications it is recommended that individual shareholders obtain their own taxation advice, in respect of the initial public offering, tailored to their own particular circumstances. Furthermore, the advice provided in this report does not constitute legal or taxation advice to the shareholders of Finder, or any other party.

The statements and opinions included in this report are given in good faith and in the belief that they are not false, misleading or incomplete.

The terms of this engagement are such that BDO Corporate Finance (WA) Pty Ltd is required to provide a supplementary report if we become aware of a significant change affecting the information in this report arising between the date of this report and during the offer period.


Yours faithfully

**BDO CORPORATE FINANCE (WA) PTY LTD**



**Sherif Andrawes**

Director



**Adam Myers**

Director



# Appendix 1 – Glossary of Terms

Reference	Definition
The Act	The Corporations Act 2001
Admission Date	The date of the Company's admission to quotation on the ASX
AECR	Australia Energy Commodity Resources
AFCA	Australian Financial Complaints Authority
Alignment Options	1,150,000 options exercisable at \$0.30 each to be issued to the non-executive directors of the Company
Ancillary Offers	The Lead Manager Options and Alignment Options
APES 225	Accounting Professional & Ethical Standards Board professional standard APES 225 'Valuation Services'
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
ASX GN 19	ASX Guidance Note 19
Azinor	Azinor Catalyst Limited
BDO	BDO Corporate Finance (WA) Pty Ltd
Brady	The Brady Prospect situated within the WA-547-P exploration permit
Brees	The Brees Prospect situated within the WA-547-P exploration permit
the Company	Finder Energy Holdings Limited



Reference	Definition
Dana Petroleum	Dana Petroleum (E&P)
ERCE	ERCE Australia Pty Ltd
Favre	The Favre Prospect situated within the WA-547-P exploration permit
Finder	Finder Energy Holdings Limited
FME	Future Maintainable Earnings
FSG	Financial Services Guide
Fugro	Fugro Exploration Pty Ltd
Harbour Energy	Harbour Energy PLC
IPO	Initial Public Offering
IRR	Internal rate of return
IS 214	Information Sheet 214: <i>Mining and Resources: Forward-looking Statements</i>
Kanga-1	The Kanga Prospect situated within the WA-412-P exploration permit
km	Kilometres
km <sup>2</sup>	Square kilometres
Lead Manager Options	5,512,500 options exercisable at \$0.30 to be issued to the joint lead managers of the Company
LNG	Liquefied natural gas
Longreach	Longreach Capital Investment Pty Ltd and its subsidiaries



Reference	Definition
MMbbl	Millions of barrels of oil
North Sea	North Sea of the United Kingdom
NPV	Net present value
NWS	North West Shelf of Australia
Offer Price	The price in which shares will be issued under the IPO, being \$0.20
OGA	Oil & Gas Authority
our Report	This Independent Expert's Report prepared by BDO
P2317	P2317 exploration licence
P2502	P2502 exploration licence
P2524	P2524 exploration licence
P2528	P2528 exploration licence
P2530	P2530 exploration licence
Performance Securities	16,500,000 performance rights proposed to be issued to directors, key management personnel and employees of the Company
Prospectus	The Prospectus relating to the IPO of Finder shares on the ASX
RG 111	RG 111 <i>Content of expert reports</i>
RG 112	RG 112 <i>Independence of experts</i>
RG 170	RG 170 <i>Prospective Financial Information</i>



Reference	Definition
SapuraOMV (WA)	SapuraOMV Upstream (Western Australia) Pty Ltd
Security Holders	Non-participating security holders
Share Price Target Performance Securities	The Performance Securities that vest subject to the achievement of the Share Price Targets
Share Price Targets	The share price targets attached to the Share Price Target Performance Securities
Tranche 1 Performance Securities	The Performance Securities that vest subject to the 30-day VWAP of the Company's shares being higher than the Offer Price by 35% or more
Tranche 2 Performance Securities	The Performance Securities that vest subject to the 30-day VWAP of the Company's shares being higher than the Offer Price by 55% or more
Tranche 3 Performance Securities	The Performance Securities that will vest subject to the 30-day VWAP of the Company's shares being higher than the Offer Price by 75% or more
Tranche 4 Performance Securities	The Performance Securities that vest upon the achievement and announcement by the Company of the Value Creation Targets
UK	United Kingdom
Valuation Creation Targets	The strategic objectives attached to the Tranche 4 Performance Securities
VWAP	Volume-weighted average price
WA	Western Australia
WA-520-P	WA-520-P exploration permit
WA-542-P	WA-542-P exploration permit
WA-547-P	WA-547-P exploration permit





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For permission requests, write to BDO Corporate Finance (WA) Pty Ltd, at the address below:

The Directors

BDO Corporate Finance (WA) Pty Ltd

Level 9, Mia Yellagonga Tower 2

5 Spring Street

Perth, WA 6000

Australia



# Corporate Directory

## Directors

Bronwyn Barnes (Independent Non-Executive Chairman)  
Damon Neaves (Chief Executive Officer and Managing Director)  
Shane Westlake (Technical Director)  
Fred Wehr (Independent Non-Executive Director)

## Company Secretary and CFO

Anthony Benino

## Registered and Principal Office

South Shore Centre  
Suite 1, Level 4, 85 South Perth Esplanade  
South Perth WA 6151  
Telephone: +61 8 9327 0100  
Email: [info@finderenergy.com](mailto:info@finderenergy.com)  
Website: [www.finderenergy.com](http://www.finderenergy.com)

## Proposed ASX Code

FDR

## Share Registry\*

Automic Registry Services  
Level 2/267  
St Georges Terrace  
Perth WA 6000  
Telephone: 1300 288 664 (within Australia)  
Telephone: +61 2 9698 5414 (outside Australia)

## Auditor

KPMG  
Level 8, 235 St Georges Terrace  
Perth WA 6000

## Australian Legal Advisers

Corrs Chambers Westgarth  
Level 6, Brookfield Place Tower 2  
123 St Georges Terrace  
Perth WA 6000

## UK Legal Adviser

CMS Cameron McKenna Nabarro Olswang LLP  
6 Queens Road  
Aberdeen  
AB15 4ZT  
United Kingdom

## Investigating Accountant

KPMG Transaction Services  
A division of KPMG Financial Services (Australia) Pty Ltd  
Level 8, 235 St Georges Terrace  
Perth WA 6000

## Independent Technical Expert Independent Expert

ERCE Australia Pty Ltd  
BDO Corporate Finance (WA) Pty Ltd

## Joint Lead Managers

Euroz Hartleys Limited  
JP Equity Holdings Pty Ltd

\* This entity has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus. Their name is included for information purposes only.