Finder Energy Pty Ltd
(formerly known as Finder Exploration Pty Ltd) and its controlled entities

ABN: 44 112 222 563

Annual Financial Report
30 June 2020

Contents

Directors' report

For the year ended 30 June 2020

The directors present their report together with the consolidated financial statements of the Group comprising Finder Energy Pty Ltd (formerly known as Finder Exploration Pty Ltd) (the "Company") and its subsidiaries, and the Group's interests in joint arrangements for the year ended 30 June 2020 and the auditor's report thereon.

1 Directors

The directors of the Company at any time during or since the end of the financial period were:

Director	Appointment/Resignation
Jan Ostby	Appointed 15 December 2004
Damon Neaves	Appointed 26 September 2018 Resigned 4 June 2020 Re-appointed 15 December 2021
Shane Westlake	Appointed 26 September 2018 Resigned 4 June 2020 Re-appointed 15 December 2021

2 Review of operations

Overview

The Group's loss after income tax for the year ended 30 June 2020 amounted to $1.335,561 (2019: $190,649).

Implementation and Variation Deed - Approved Finder Projects

On 20 December 2019 Finder Energy Pty Ltd (Finder), Fugro Exploration Pty Ltd (Fugro) and Longreach Capital Investment Pty Ltd (Longreach) (being the parent entity of the Company) entered into the Implementation and Variation Deed - Approved Finder Projects (IVD). The IVD split the approved Finder projects into two categories, assigned interest or trust.

In accordance with the IVD Finder assigned 50% of its rights, title and interest (being 15%) in the Farmin Agreements, JOA's and Permits for AC/P 61 and WA-412-P.

The transfer of Finder's 15% interest in Exploration Permit WA-412-P and AC/P 61 to Fugro was registered and approved on 7 December 2020.

Pursuant to the IVD, Longreach, as bare trustee, holds a 50% interest in WA-520-P, on trust, for and on behalf of Fugro (Trust). Under the side letter in respect to the 'Fixed Monthly Budget' dated 18 December 2019 (Side Letter), Fugro must pay a monthly fee in respect to WA-520-P (and other retained projects, such fee is payable in relation to each project, as applicable). The monthly fee remains payable from the date of execution of the IVD, until the date the Trust is extinguished or determined under the IVD.

Pursuant to the Trust, Longreach will procure that Finder 10 (subject to any obligations of confidentiality or non-disclosure), uses its reasonable endeavours to keep Fugro informed on a timely basis of material matters relating to WA-520-P.

Directors' report

For the year ended 30 June 2020

3 Review of prospects for future financial years

Finder will continue its strategy to create value in the exploration stage of the oil and gas asset lifecycle. Finder will continue to progress its activities in the North West Shelf and has recently expanded into the United Kingdom North Sea where Finder has built a position proximate to existing infrastructure as part of its infrastructure-led exploration (ILX) strategy focussed on low cost rapid tie-back potential.

There has been increasing concern by the public and regulators globally on climate change issues. As an oil and gas exploration company, Finder is exposed to both transition risks and physical risks associated with climate change.

Transitioning to a lower-carbon economy may entail extensive policy, legal, technology and market changes and, if demand for oil and gas declines, Finder may find it challenging to commercialise any resources it discovers. Physical risks resulting from climate change can be acute or chronic. Acute physical risks refer to those that are event-driven, including increased severity of extreme weather events, such as cyclones or floods. Chronic physical risks refer to longer term shifts in climate patterns (for example, sustained higher temperatures) that may cause sea level rises or chronic heat waves.

The transition and physical risk associated with climate change (including also regulatory responses to such issues and associated costs) may significantly affect Finder's operating and financial performance.

4 Significant changes in the state of affairs

In the opinion of the directors there were no significant changes in the state of affairs of the Group that occurred during the financial year under review.

5 Principal activities

The principal activities of the Group during the course of the financial year were oil and gas exploration in the North West Shelf in Western Australia.

There were no significant changes in the nature of the activities of the Group during the year.

6 Dividends

There were no dividends paid or declared by the Company to shareholders during or since the end of the financial year.

7 Events subsequent to reporting date

Drilling

The Eagle-1 well (EP 483 & TP / 25) was drilled between 10 May to 16 June 2021. Finder's capped contribution to the drilling was US$1.25 million which was paid in May 2021 with Finder's remaining interest share of permit and well costs carried by SapuraOMV Upstream (Western Australia) Pty Ltd as per the farm-in agreement executed 4 September 2018. Eagle-1 drilling results indicated that whilst hydrocarbon migration and potential residual hydrocarbon column was intersected the fault seal appeared to be breached. With all commitments met in the Permits the joint venture would let the Permits expire on 6 January 2022.

9 Environmental regulation

The operations of the Group are subject to environmental regulation under relevant Australian and Western Australian legislation in relation to its exploration activities. National Offshore Petroleum Safety and Environmental Management Authority ("NOPSEMA") is the primary regulator for offshore petroleum exploration activities in Commonwealth Waters.

The Department of Mines, Industry Regulation and Safety is the primary regulator for offshore and onshore petroleum exploration activities in Western Australia.

The Group complies with relevant environmental regulations with no breaches having occurred in relation to environmental issues up to the date of this report.

10 Indemnification and insurance of officers and auditors

Indemnification

During or since the financial year, the Company has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an officer or auditor of the Company.

The constitution of the Company, however, provides for indemnification of every officer or agent of the Company acting in their capacity against any liability (not limited to legal costs) in defending any proceedings, civil or criminal, where judgement is given in their favour or is acquitted.

Insurance premiums

During the financial year the Company has paid premiums on behalf of the Company in respect of directors' and officers' liability and legal expenses insurance contracts for the period 21 March 2019 – 21 March 2020. Since the year end, the Company has not paid premiums in respect of such insurance contracts for future periods.

This report is made out in accordance with a resolution of the directors:

Damon Neaves
Director

Date: 2 February 2022

7 Events subsequent to reporting date (continued)

Acquisition of interest in WA-542-P

On 1 June 2021 Finder executed a Sale and Purchase agreement with Equinor Australia B.V ("Equinor") to acquire 100% interest in WA-542-P, and on 18 June 2021 Finder submitted an application for Approval of transfer of title which was submitted to National Offshore Petroleum Titles Administrator ("NOPTA") to transfer Equinor. 100% interest and Operatorship to Finder. NOPTA approved the transfer, on 23 July 2021.

On completion Equinor paid Finder a base consideration of US$6.8 million and Finder is liable for all work program commitment costs remaining on the Permit. Additionally, if Finder farmout any equity in the Permit or if an exploration well is drilled while Finder retains an interest, then Finder is required to make additional payments to Equinor.

Transfer of interest in WA-412-P and AC/P 61

The transfer of Finder's 15% interest in Exploration Permit WA-412-P and AC/P 61 to Fugro was registered and approved on 7 December 2020.

Licence offers

In December 2020 the Company received License offers on its two bids from the 32nd Offshore Licensing Round that was submitted in the previous financial year (November 2019). One licence, P2530 was a 100% sole bid and the second, P2528 was jointly bid with Azinor Catalyst Limited ("Azinor") (50/50).

Subsequent to the bid submission, Finder acquired interests in five licences from Azinor (P2317, P2528 (50% share), P2502 and P2524 (40% share with Chrysaor 60% Joint Operation partner)). Sale and Purchase Agreements were executed in March 2021 for P2317, P2528, P2502 and P2524, and an Income and Royalty Deed for P2528. The Oil and Gas Authority of the United Kingdom ("Regulator") approved the transfers in March and April 2021, which also completes the executed agreements giving Azinor an income share and royalty rights over each Licence.

In January 2021 Finder accepted the 32nd Round offer for P2530 and the Regulator executed the Licence. In March 2021, Finder accepted the 32nd Round offer for P2528 and the Regulator executed the Licence in April 2021.

On P2502 Finder executed a farmin agreement in April 2021 with Dana Petroleum, with Dana becoming a 50% joint venture participant on the licence.

Other

Other than the above, and unless disclosed elsewhere in the annual report, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

8 Likely developments

Further information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

Consolidated statement of financial position

As at 30 June 2020

	Note	2020 $	2019 $
Assets			
Current assets			
Cash and cash equivalents	10	**1,527,390**	684,307
Other receivables	11	**4,687,224**	6,525,195
Other assets		**31,367**	54,901
Total current assets		**6,245,981**	7,264,403
Non-current assets			
Deferred tax asset	9	**331,728**	416,850
Total non-current assets		**331,728**	416,850
Total assets		**6,577,709**	7,681,253
Liabilities			
Current liabilities			
Trade and other payables	12	**45,854**	621,574
Loans and borrowings	13	**1,840,113**	1,032,376
Total current liabilities		**1,885,967**	1,653,950
Total liabilities		**1,885,967**	1,653,950
Net assets		**4,691,742**	6,027,303
Equity			
Share capital	14	**250,000**	250,000
Retained earnings		**4,441,742**	5,777,303
Total Equity		**4,691,742**	6,027,303

The notes on pages 9 to 34 are an integral part of these consolidated financial statements.

Consolidated statement of profit or loss and other comprehensive income

For the period ended 30 June 2020

	Note	2020 $	2019 $
Revenue		-	-
Gross profit		-	-
Other income	6	**1,690,362**	4,731,391
Administration and office expense		-	(147,414)
Evaluation and exploration expenditure		**(3,514,454)**	(1,996,582)
Other expenses	7	**(2,863)**	(2,759,534)
Operating loss		**(1,826,955)**	(172,139)
Finance income	8	**2,670**	87,571
Net finance income		**2,670**	87,571
Loss before tax		**(1,824,285)**	(84,568)
Income tax benefit/(expense)	9	**488,724**	(106,081)
Loss for the year		**(1,335,561)**	(190,649)
Other comprehensive income		-	-
Other comprehensive income, net of tax		-	-
Total comprehensive loss for the year		**(1,335,561)**	(190,649)
Loss per share			
Basic loss per share	5	**(5.34)**	(0.76)
Diluted loss per share	5	**(5.34)**	(0.76)

The notes on pages 9 to 34 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

For the period ended 30 June 2020

	Share capital $	Retained earnings $	Total equity $
Balance as at 1 July 2019	**250,000**	**5,777,303**	**6,027,303**
Total comprehensive loss			
Loss for the year	**-**	**(1,335,561)**	**(1,335,561)**
Total comprehensive loss for the year	**-**	**(1,335,561)**	**(1,335,561)**
Balance as at 30 June 2020	**250,000**	**4,441,742**	**4,691,742**
Balance as at 1 July 2018	250,000	7,370,543	7,620,543
Total comprehensive loss			
Loss for the year	-	(190,649)	(190,649)
Dividends paid*	-	(1,402,591)	(1,402,591)
Total comprehensive loss for the year	-	(1,593,240)	(1,593,240)
Balance as at 30 June 2019	250,000	5,777,303	6,027,303

* The Company underwent a restructure during the 2019 financial year, with a number of its subsidiaries being disposed of at carrying value in accordance with the Company's policy. The loss on disposal, being the difference between the consideration received and the carrying value of the subsidiaries, has been recognised as a dividend paid in equity of $1,402,591.

The notes on pages 9 to 34 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

For the period ended 30 June 2020

	Note	2020	2019
		$	$
Cash flows from operating activities			
Receipts from exploration and evaluation		**1,874,155**	1,892,198
Payments for suppliers and employees		**(2,251,575)**	(3,708,000)
Net cash used in operating activities	16	**(377,420)**	(1,815,802)
Cash flows from investing activities			
Disposal of subsidiaries, net of cash disposed of		**-**	(1,800)
Interest received		**1,417**	10,580
Loans receivable to related entities		**-**	(2,196,979)
Proceeds from disposal of investments		**-**	137,432
Net cash used in investing activities		**1,417**	(2,050,767)
Cash flows from financing activities			
Proceeds from loans and borrowings		**1,506,886**	1,350,000
Repayment of loans and borrowings		**(286,751)**	(777,380)
Interest paid		**(1,049)**	-
Net cash from financing activities		**1,219,086**	572,620
Net increase/(decrease) in cash and cash equivalents		**843,083**	(3,293,949)
Cash and cash equivalents at beginning of year		**684,307**	3,978,256
Cash and cash equivalents at end of year	10	**1,527,390**	684,307

The notes on pages 9 to 34 are an integral part of these consolidated financial statements.

Notes to the financial statements

1 Reporting entity

Finder Energy Pty Ltd (formerly known as Finder Exploration Pty Ltd) (the "Company") is a Company domiciled in Australia.

The Company's registered office at the date of this report is Suite 1, Level 4, South Shore Centre, 85 South Perth Esplanade, South Perth, WA 6151. These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the 'Group').

The Group is a for-profit entity and is primarily involved in oil and gas exploration in the North West Shelf in Western Australia.

2 Basis of preparation

Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB). The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

This is the first set of the Group's annual financial statements in which AASB 16 *Leases* has been applied.

These consolidated financial statements were authorised for issue by the directors on 2 February 2022.

Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The COVID-19 outbreak was declared a pandemic by the World Health Organisation in March 2020. The Group continues to monitor developments in the COVID-19 pandemic and the measures being implemented on the economy to control and slow the outbreak. Consequently, the impact of COVID-19 on the business in future periods remain uncertain.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Information about assumptions and estimation uncertainties that have significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the period ended 30 June 2020 is included in the following notes:

- Key assumptions made in accounting for income tax (Note 9)
- Recognition and measurement of loans receivable from related parties (Note 11)
- Key assumptions around contingent assets and liabilities (Note 23)

Notes to the financial statements

2 Basis of preparation (continued)

Going concern

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to satisfy its liabilities as and when they become due. The Group has recognised a net loss after tax of $1,335,561 for the year ended 30 June 2020 and, as at that date, current assets exceed current liabilities by $4,360,014.

Finder continues to have ongoing expenditure commitments on its tenements (see Note 21) and for corporate purposes, which are expected to be funded in part by their agreement with Fugro in terms of a monthly fee per joint tenement, joint operation cash calls under existing joint operation agreements, farming out to third parties, and through current cash reserves and intercompany receivables from Longreach if required.

This going concern basis is supported by the current ownership structure of the Group and its parent, Longreach Capital Investment Pty Ltd. Longreach Capital Investment Pty Ltd has provided a Letter of Support to the company to meet its financial obligations as and when they fall due for a period of at least 12 months from the date of the signing of the financial report of the Company.

In addition, upon successful completion on 23 July 2021 of the SPA on WA-542-P, Equinor paid Finder a base consideration of US$6.8 million and Finder is liable for all work program commitment costs remaining on the Permit. This cash is not restricted to those permit commitments, which will eventuate in the next year.

Finally, the Group is preparing for an initial public offering 'IPO', expected for March 2022, raising approximately $15 million, ensuring sufficient liquidity.

Based on these factors, management has a reasonable expectation that the Group has and will have adequate resources to continue in operational existence for the foreseeable future.

3 Significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The 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.

(ii) 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.

Notes to the financial statements

3 Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(iii) 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 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 Group has rights only to the net assets of the arrangements, it accounts for its interest using the equity method, as for associates.

(iv) 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 AASB's applicable for those types of assets, liabilities and transactions.

(b) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of 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 currency differences are generally recognised in profit or loss.

(c) Finance income and finance costs

The 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.

(d) 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.

Notes to the financial statements

3 Significant accounting policies (continued)

(d) Income tax (continued)

(i) 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.

(ii) 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 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 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 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.

3 Significant accounting policies (continued)

(d) Income tax (continued)

(iii) Tax consolidation

The Company is a wholly owned subsidiary in a tax-consolidated group with Longreach Capital Investment Pty Ltd as the head entity.

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. 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 (refer to Note 25).

(e) New currently effective requirements

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 July 2019.

- AASB 16 *Leases*;
- AASB 2017-6 *Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation;*
- AASB 2017-7 *Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures;*
- AASB 2018-1 *Amendments to Australian Accounting Standards – Annual Improvements 2015-2017 Cycle;*
- AASB 2018-2 *Amendments to Australian Accounting Standards – Plan Amendment, Curtailment or Settlement;*

Notes to the financial statements

3 Significant accounting policies (continued)

(e) New currently effective requirements (continued)

- AASB 2018-3 *Amendments to Australian Accounting Standards – Reduced Disclosure Requirements;*
- Interpretation 23 *Uncertainty over Income Tax Treatments;* and
- AASB 2017-4 *Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments.*

The nature and effects of the changes required for the above new standards and amendments to standards have no material impact on the financial statements of the Group.

(f) 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.*

(g) Impairment

Non-financial assets

The carrying amounts of the 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.

3 Significant accounting policies (continued)

(h) 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.

(i) Other income

(i) 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 (IVD), a monthly fee is recorded as Other income in the month to which the fee relates. See also Note 23 Contingent assets and liabilities.

(ii) 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 Group.

(j) 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.

Notes to the financial statements

3 Significant accounting policies (continued)

(k) Fair value measurement

The 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 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.

(l) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank.

(m) Standards issued but not yet effective

A number of new standards, amendments to standards and interpretations are issued but not effective for annual periods beginning after 1 July 2019 and earlier application is permitted; however the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

The following new standards, amendments to standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements.

- AASB 2019-1 *Amendments to Australian Accounting Standards - References to the Conceptual Framework;*
- AASB 2018-6 *Amendments to Australian Accounting Standards - Definition of a Business;*
- AASB 2018-7 *Amendments to Australian Accounting Standards - Definition of Material;*
- AASB 2019-3 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform;*
- AASB 2019-5 *Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards not yet Issued in Australia;* and
- AASB 17 *Insurance Contracts.*

Notes to the financial statements

4 Operating segments

Basis for segmentation

An operating segment is a component of a Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

All operating segments' operating results are reviewed regularly by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and head office expenses. The Group has identified its operating segments based upon the internal management reports that are reviewed and used by the executive management team in assessing performance and that are used to allocate the Group's resources.

The Group has a strategic division for exploration, which is its reportable segment. The operations of the exploration segment are oil and gas exploration in the North-West of Western Australia.

The corporate segment represents a reconciliation of reportable segments revenues, profit or loss, assets and liabilities to the consolidated figures.

2020	**Reportable segments**		
	Exploration	**Corporate***	**Total**
	$	**$**	**$**
Revenue	-	-	-
Gross profit	-	-	-
Other income	1,690,362	-	1,690,362
Administration and office expenses	-	-	-
Exploration and evaluation expenditure	(3,514,454)	-	(3,514,454)
Other expenses	-	(2,863)	(2,863)
Operating profit/(loss)	(1,824,092)	(2,863)	(1,826,955)
Interest income	-	367	367
Other finance income	-	2,303	2,303
Reportable segment profit/(loss) before tax	(1,824,092)	(193)	(1,824,285)
Income tax benefit	-	488,724	488,724
Reportable segment profit/(loss) after tax	(1,824,092)	488,531	(1,335,561)
Segment assets	4,718,591	1,859,118	6,577,709
Segment liabilities	1,882,933	3,034	1,885,967

Notes to the financial statements

4 Operating segments (continued)

Basis for segmentation (continued)

2019	Reportable segments		
	Exploration $	Corporate* $	Total $
Revenue	-	-	-
Gross profit	-	-	-
Other income	4,731,391	-	4,731,391
Administration and office expenses	-	(147,414)	(147,414)
Exploration and evaluation expenditure	(1,996,582)	-	(1,996,582)
Other expenses	-	(2,759,534)	(2,759,534)
Operating profit/(loss)	2,734,809	(2,906,948)	(172,139)
Interest income	-	9,169	9,169
Other finance income	-	78,402	78,402
Reportable segment profit/(loss) before tax	2,734,809	(2,819,377)	(84,568)
Income tax expense	-	(106,081)	(106,081)
Reportable segment profit/(loss) after tax	2,734,809	(2,925,458)	(190,649)
Segment assets	6,538,084	1,143,169	7,681,253
Segment liabilities	439,896	1,214,054	1,653,950

*Corporate represents a reconciliation of reportable segments to IFRS measures.

Geographic information

The Group operates solely within the Australian geographic region and has no customers. All assets held by the Group are also located within Australia. The total non-current assets of $331,728 as at 30 June 2020 relate to the entities located in Australia.

Major customer

The Group has no external customers.

5 Loss per share

Basic loss per share

The following reflects the income and share data used in the calculations of basic and diluted loss per share.

(i) Loss used in calculating loss per share

	2020 $	2019 $
Loss attributable to ordinary equity holders of the Company used in calculating:		
- Basic loss	**(1,335,561)**	(190,649)
- Diluted loss	**(1,335,561)**	(190,649)

(ii) Weighted average number of shares

	2020 No. of ordinary shares	2019 No. of ordinary shares
Weighted-average number of ordinary shares used in the calculation of basic earnings per share	**250,000**	250,000

Notes to the financial statements

5 Loss per share (continued)

Basic loss per share (continued)

(ii) Weighted average number of shares (continued)

Diluted loss per share

The calculation of diluted loss per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

6 Other income

	2020 $	2019 $
Recoveries from Fugro	**1,539,054**	1,832,331
Income from Projects - AC/P 61	-	78,000
Income from Projects - EP483	-	1,132,816
Income from Projects - WA412P	-	436,105
Corporate cost recoveries from Fugro	**10,137**	1,248,139
Consulting fees	**51,750**	-
Gain on sale of investment	-	4,000
Other income	**89,421**	-
	1,690,362	4,731,391

7 Other expenses

	2020 $	2019 $
Consultants	-	27,617
Corporate fees	-	2,494,824
Marketing expenses	-	12,300
Professional fees	-	72,298
Staff training and amenities	-	132,400
Travel and entertainment	-	6,372
Other expenses	**2,863**	13,723
	2,863	2,759,534

8 Finance income

	2020 $	2019 $
Interest income	**367**	9,169
Realised currency gains, net	**2,303**	78,402
	2,670	87,571

Notes to the financial statements

9 Income Taxes

	2020 $	2019 $
(a) Amounts recognised in profit or loss		
Current tax (benefit)/expense		
Current year	**(573,846)**	153,233
	(573,846)	153,233
Deferred tax expense/(benefit)		
Origination and reversal of temporary differences	**85,122**	(47,152)
	85,122	(47,152)
Total tax (benefit)/expense	**(488,724)**	106,081
(b) Reconciliation of effective tax rate		
Loss before income tax expense	**(1,824,285)**	(84,568)
Tax at the Australian rate 26% (2019: 30%)	**(474,314)**	(25,370)
Tax effect of the amounts which are not deductible/(taxable) in calculating tax income:		
Revaluation of DTA from reduction in corporate tax rate	**(14,451)**	-
Other non deductible expenses	**41**	-
Exploration expenditure written off	**-**	131,451
Total income tax (benefit)/expense	**(488,724)**	106,081

(c) Movement in deferred tax balances

	Assets 2020 $	Liabilities 2020 $	Net 2020 $
Initial public offering - 2020	**8,864**	**-**	**8,864**
Initial public offering - 2019	**322,864**	**-**	**322,864**
Tax assets before set-off	**331,728**	**-**	**331,728**
Set-off of tax	**-**	**-**	**-**
Net tax assets	**331,728**	**-**	**331,728**

	Assets 2019 $	Liabilities 2019 $	Net 2019 $
Initial public offering - 2018	118,822	-	118,822
Initial public offering - 2019	298,028	-	298,028
Tax assets before set-off	416,850	-	416,850
Set-off of tax	-	-	-
Net tax assets	416,850	-	416,850

In accordance with the Tax Funding Arrangement, tax losses have been assumed by the head entity of the tax-consolidated group and form part of the related party receivable.

Notes to the financial statements

10 Cash and cash equivalents

	2020 $	2019 $
Cash on hand	**18**	18
Cash at bank	**1,527,372**	684,289
	1,527,390	684,307

11 Other receivables

	2020 $	2019 $
Loans receivable due from related parties		
Longreach Capital Investment (Canada) Limited	**3,598**	3,598
Longreach Capital Investment Pty Ltd	**4,104,275**	5,718,000
Longreach No 1 Pty Ltd	**48,513**	-
Longreach Bedout Pty Ltd	**2,025**	-
Theia Energy No 1 Pty Ltd	**-**	182,368
Theia Energy Pty Ltd	**261,619**	41,114
	4,420,030	5,945,080
Other receivables	**267,194**	580,115
	4,687,224	6,525,195

Loans receivable due from related parties are interest free and are repayable on demand. Information about the Group's exposure to market risks is included in Note 15.

12 Trade and other payables

	2020 $	2019 $
Trade payables	**36,273**	450,513
Other payables	**9,581**	171,061
	45,854	621,574

Information about the Group's exposure to liquidity risks is included in Note 15.

Notes to the financial statements

13 Loans and borrowings

	2020 $	2019 $
Related party loans		
Discover Geoscience Pty Ltd	**1,136,279**	959,419
Theia Energy No 1 Pty Ltd	**502,314**	-
Theia Energy No 4 Pty Ltd	**39,802**	34,461
Longreach No 3 Pty Ltd	**7,500**	7,500
Searcher Seismic Pty Ltd	**154,218**	-
	1,840,113	1,001,957
Other loans - Attvest Finance	**-**	30,419
	1,840,113	1,032,376

Loans owing to related parties are interest free and are repayable on demand.

Information about the Group's exposure to interest rate and liquidity risks is included in Note 15.

Terms and repayment schedule

The terms and conditions of outstanding loans with external parties for the 2019 financial year were as follows:

	Currency	Nominal interest rate	Year of maturity	Face Value $	Carrying amount $
30 June 2019					
Attvest Finance	AUD	4.75%	2020	30,419	30,419
Total interest-bearing liabilities				30,419	30,419

The bank loan owing to Attvest Finance was fully paid out by the Group during the 2020 financial year.

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Loans and borrowings 2020 $	Loans and borrowings 2019 $
Balance at 1 July	**1,032,376**	545,961
Changes from financing cash flows		
Proceeds from loans and borrowings	**1,093,006**	1,350,000
Repayments of loans and borrowings	**(31,469)**	(777,380)
Total changes from financing cash flows	**1,061,537**	572,620
Other changes		
Non-cash expenses, net	**(253,800)**	(86,205)
Total liability-related other changes	**(253,800)**	(86,205)
Balance as at 30 June	**1,840,113**	1,032,376

14 Share Capital

(a) Share capital

	2020	2019
	$	$
On issue at 1 July	**250,000**	250,000
On issue at 30 June - fully paid	**250,000**	250,000

	No. of ordinary shares	No. of ordinary shares
On issue at 1 July	**250,000**	250,000
On issue at 30 June - fully paid	**250,000**	250,000

The Company does not have authorised capital or par value in respect of its issued shares. All shares issued are fully paid. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote at meetings of the Company. In the event of winding up of the Company, ordinary shareholders rank after credits and are fully entitled to any proceeds on liquidation.

(b) Dividends

No dividends were declared and paid by the Company for the period.

15 Financial instruments – Fair values and risk management

Accounting classifications and fair values

The following tables shows the carrying amounts of financial assets and financial liabilities. For financial assets and financial liabilities, the carrying amounts are a reasonable approximation of fair values.

30 June 2020		Carrying amount		
	Note	Financial assets at amortised cost	Other financial liabilities	Total
		$	$	$
Financial assets not measured at fair value				
Cash and cash equivalents	10	**1,527,390**	**-**	**1,527,390**
Trade and other receivables	11	**4,687,224**	**-**	**4,687,224**
		6,214,614	**-**	**6,214,614**
Financial liabilities not measured at fair value				
Trade and other payables	12	**-**	**45,854**	**45,854**
Loans to related parties	13	**-**	**1,840,113**	**1,840,113**
		-	**1,885,967**	**1,885,967**

Notes to the financial statements

15 Financial instruments – Fair values and risk management (continued)

Accounting classifications and fair values (continued)

30 June 2019	Note	Financial assets at amortised cost	Other financial liabilities	Total
		Carrying amount		
		$	$	$
Financial assets not measured at fair value				
Cash and cash equivalents	10	684,307	-	684,307
Trade and other receivables	11	6,525,195	-	6,525,195
		7,209,502	-	7,209,502
Financial liabilities not measured at fair value				
Trade and other payables	12	-	621,574	621,574
Loans to related parties	13	-	1,001,957	1,001,957
Other loans	13	-	30,419	30,419
		-	1,653,950	1,653,950

Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- liquidity risk; and
- market risk.

(i) Risk management framework

The Company's directors have overall responsibility for establishing and overseeing the Group's risk management framework.

The directors take a risk based approach in providing management with a framework within which to both operate in and report upon from time to time.

Detailed financial reporting including a periodical assessment of cash reserves and forecasts are a key to preserve the capital of the company.

The directors execute key material contracts and permit application and compliance requirements.

(ii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities. The Group also monitors the level of expected inflows on trade and other receivables together with expected cash outflows on trade and other payables.

Notes to the financial statements

15 Financial instruments – Fair values and risk management (continued)

Financial risk management (continued)

(ii) Liquidity risk (continued)

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

30 June 2020

	Contractual cashflows				
	Within 1 Year $	**1 to 5 Years $**	**Over 5 Years $**	**Total $**	**Carrying value $**
Financial liabilities					
Trade and other payables	**45,854**	**-**	**-**	**45,854**	**45,854**
Related party loans	**1,840,113**	**-**	**-**	**1,840,113**	**1,840,113**
Total contractual outflows	**1,885,967**	**-**	**-**	**1,885,967**	**1,885,967**

30 June 2019

	Contractual cashflows				
	Within 1 Year $	**1 to 5 Years $**	**Over 5 Years $**	**Total $**	**Carrying value $**
Financial liabilities					
Trade and other payables	621,574	-	-	621,574	621,574
Bank loan	30,419	-	-	30,419	30,419
Related party loans	1,001,957	-	-	1,001,957	1,001,957
Total contractual outflows	1,653,950	-	-	1,653,950	1,653,950

(iii) Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Group's income on the value of its holdings of financial instruments. The objectives of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. As at 30 June 2020, there was no material interest rate risk.

Cash flow sensitivity for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Notes to the financial statements

15 Financial instruments – Fair values and risk management (continued)

Financial risk management (continued)

(iii) Market risk (continued)

Cash flow sensitivity for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) the Group's profit or loss by $15,274/($15,274). This has been determined by reference to a 1% increase/(decrease) in the balance of cash and cash equivalents as at 30 June 2020.

16 Reconciliation of cash flows from operating activities

	2020 $	2019 $
Loss for the year	**(1,335,561)**	(190,649)
Adjustments for:		
Income tax (benefit)/expense	**(488,724)**	106,081
Interest income	**(367)**	(10,580)
Exploration and evaluation expenditure	**1,504,941**	2,506,145
Non-cash corporate expenses	**632,905**	-
Non-cash labour income	**(89,421)**	(1,827,240)
Other non-cash income	**(240,324)**	(1,137,171)
	(16,551)	(553,414)
Changes in assets and liabilities:		
Change in trade and other receivables	**270,910**	(82,187)
Change in trade and other payables	**(484,439)**	(1,180,201)
Change in prepayments	**23,721**	-
Change in provisions	**(171,061)**	-
Net cash used in operating activities	**(377,420)**	(1,815,802)

Non-cash labour income

During the 2019 financial year, labour costs were invoiced to Fugro Multi Client Services Pty Ltd as represented in other income were non-cash receipts. During the 2020 financial year, Finder charged the Group labour costs incurred as represented in other income through the intercompany account.

Other non-cash income

During the 2019 financial year, Finder charged Discover Geoscience Pty Ltd a monthly administration charge, recognised through the intercompany account.

Non-cash corporate expenses

Longreach Capital Investment Pty Ltd ("Longreach") charges the Group a monthly recharge of administration costs incurred by Longreach, recognised through the intercompany account.

Notes to the financial statements

17 Auditor's remuneration

	2020 $	2019 $
Audit services		
Auditors of the Company - KPMG		
Audit and review of financial reports	**60,000**	75,000
Additional audit procedures	**-**	30,000
	60,000	105,000
Other services		
Auditors of the Company - KPMG		
Other non-audit services	**12,800**	37,800
	12,800	37,800
	72,800	142,800

18 Parent entity disclosure

As at and throughout, the financial period ended 30 June 2020, the parent entity of the Group was Finder Energy Pty Ltd (the Parent).

	2020 $	2019 $
Result of parent entity		
Loss for the year	**(1,174,862)**	(2,526,443)
Other comprehensive income	**-**	-
Total comprehensive loss for the year	**(1,174,862)**	(2,526,443)
Financial position of parent entity at year end		
Current assets	**1,825,933**	4,625,785
Total assets	**5,117,985**	5,046,251
Current liabilities	**1,854,406**	607,809
Total liabilities	**1,854,406**	607,809
Total equity of parent entity comprising of:		
Share capital	**250,000**	250,000
Retained earnings	**3,013,579**	4,188,442
Total equity	**3,263,579**	4,438,442

Notes to the financial statements

19 List of subsidiaries

Subsidiary	2020 Ownership Interest (%)	2019 Ownership Interest (%)
Finder No 1 Pty Ltd	**100%**	100%
Finder No 3 Pty Ltd	**100%**	100%
Finder No 4 Pty Ltd	**100%**	100%
Finder No 7 Pty Ltd	**100%**	100%
Finder No 9 Pty Ltd	**100%**	100%
Finder No 10 Pty Ltd	**100%**	100%
Finder No 11 Pty Ltd	**100%**	100%
Finder No 13 Pty Ltd	**100%**	100%
Finder No 14 Pty Ltd	**100%**	100%
Finder No 16 Pty Ltd	**100%**	100%
Finder No 17 Pty Ltd	**100%**	100%
Finder Energy UK Limited	**100%***	0%

*Finder Energy UK Limited is a fully owned subsidiary by the Company that was incorporated during the 2020 financial year.

20 Interest in joint operations

The Group had interests in the following joint operations as at 30 June 2020, whose principal activities were oil and gas exploration and development.

Joint Operation	2020 Ownership Interest	2019 Ownership Interest	Country
WA-59-R	**0%**	25%	Australia
WA-520P	**10%**	10%	Australia
AC/P 61*	**30%**	30%	Australia
WA-412-P*	**30%**	30%	Australia
EP 483 & TP 25	**30%**	30%	Australia

* Refer to Note 23 for movements in ownership interests.

The Group's interests in assets/liabilities and income/expenditure employed in the above joint operations are included in the financial statements as the Group has joint control in these joint operations.

Notes to the financial statements

21 Commitments

Exploration commitments

In order to maintain current rights of tenure to exploration permits, the Group has certain obligations to perform minimum exploration work and expend minimum amounts of money. These commitments may be varied as a result of negotiations, relinquishments, farmouts, sales or carrying out work in excess of the permit obligations. The following exploration expenditure requirements have not been provided for in the financial report and are payable.

	2020 $	2019 $
Exploration expenditure commitments		
Less than one year	**1,966,667**	3,933,333
Between one and five years	**3,433,333**	6,836,666
	5,400,000	10,769,999

22 Related parties

(a) Parent and ultimate controlling party

The ultimate controlling party of the Group is Longreach Capital Investment Pty Ltd. One of the directors of the Group has joint control over this entity.

(b) Key management personnel compensation

Key management personnel compensation comprised the following:

	2020 $	2019 $
Short-term employee benefits	**869,176**	1,242,341
Post-employment benefits	**47,762**	56,014
	916,938	1,298,355

Compensation of the Group's key management personnel includes salaries and non-cash benefits.

Notes to the financial statements

22 Related parties (continued)

(c) Related party transactions

	Note	Transaction values for the year (net) 2020 $	Balance outstanding as at 30 June 2020 $	Transaction values for the year (net) 2019 $	Balance outstanding as at 30 June 2019 $
Loans (payable)/receivable					
The ultimate controlling party					
Longreach Capital Investment Pty Ltd	a	**(1,612,960)**	**4,104,275**	1,460,000	5,718,000
Entities under common control					
Discover Geoscience Pty Ltd	b	**(176,860)**	**(1,136,279)**	(413,458)	(959,419)
Longreach Bedout Pty Ltd	b	**2,025**	**2,025**	-	-
Longreach No 1 Pty Ltd (formerly Finder No 6)	b	**48,513**	**48,513**	-	-
Longreach Capital Investment (Canada) Limited (formerly Finder Canada)	b	**-**	**3,598**	3,598	3,598
Theia Energy Pty Ltd	b	**220,505**	**261,619**	41,114	41,114
Theia Energy No 4 Pty Ltd (formerly Finder Onshore No. 1 Pty Ltd)	b	**(5,341)**	**(39,802)**	(34,461)	(34,461)
Longreach No 3 Pty Ltd (formerly Finder No 12)	b	**-**	**(7,500)**	(7,500)	(7,500)
Theia Energy No 1 Pty Ltd (formerly Finder Shale)	b	**(684,682)**	**(502,314)**	182,368	182,368
Searcher Seismic Pty Ltd	b	**(154,218)**	**(154,218)**	-	-
		(2,363,018)	**2,579,917**	1,231,661	4,943,700

a. Longreach Capital Investment Pty Ltd ('Longreach') pays invoices on behalf of the Group and various staffing costs. Additionally, working capital is transferred between Longreach and the Group as necessary.

b. The Group pays invoices on behalf of Discover Geoscience Pty Ltd, Longreach Capital Investment (Canada) Limited, Longreach No 1 Pty Ltd, Longreach Bedout Pty Ltd, Theia Energy Pty Ltd, Theia Energy No 1 Pty Ltd, Theia Energy No 4 Pty Ltd, Longreach No 3 Pty Ltd and Searcher Seismic Pty Ltd.

All transactions with related parties are priced on an arm's length basis and are to be settled in cash when called. None of the balances are secured. No expense has been recognised in the current year for bad or doubtful debts in respect of amounts owed by related parties. No guarantees have been given or received.

Notes to the financial statements

23 Contingent assets and liabilities

Fugro

On 20 December 2019 the Company, Fugro Exploration Pty Ltd (Fugro) and Longreach Capital Investment Pty Ltd (Longreach) (being the parent entity of the Company) entered into the Implementation and Variation Deed - Approved Finder Projects (IVD). The IVD split the approved Finder projects into two categories, assigned interest or trust.

In accordance with the IVD Finder assigned 50% of its rights, title and interest (being 15%) in the Farmin Agreements, JOA's and Permits for AC/P 61 and WA-412-P.

The transfer of Finder's 15% interest in Exploration Permit WA-412-P and AC/P 61 to Fugro was registered and approved on 7 December 2020.

Pursuant to the IVD, Longreach, as bare trustee, holds a 50% interest in WA-520-P, on trust, for and on behalf of Fugro (Trust).

Under the side letter in respect to the 'Fixed Monthly Budget' dated 18 December 2019 (Side Letter), Fugro must pay a monthly fee in respect to WA-520-P (and other retained projects, such fee is payable in relation to each project, as applicable). The monthly fee remains payable from the date of execution of the IVD, until the date the Trust is extinguished or determined under the IVD.

Upon executing the IVD, the existing Cooperation Agreement, which provided a right to future income in return for the funding of approved projects, was terminated. Such potential future obligations were previously recognised as contingent liabilities for Finder Energy Pty Ltd with no amounts recognised on the balance sheet. All future endeavours in relation to the Approved Finder Projects by the parties are now governed under the IVD.

There is no impact of this transaction on the carrying value of assets or liabilities, or on profit or loss, as no assets were recorded for any exploration interests and no liability recorded for the contingent payables to Fugro.

Other

Other than the above, the Group is unaware of any other contingent asset or liability that may have a material impact on the Company's financial position.

24 Execution of farmout agreements with Sapura Energy

The Group executed farmout agreements with Sapura Energy ('Sapura') on 4 September 2018. Under these agreements, the Group will farmout 70% of its interests to Sapura on the following blocks:

- EP 483 & TP 25
- WA-412-P
- AC/P 61

Sapura became the operator of these blocks and is required under the agreement to drill a well in each EP 483 & TP 25 and WA-412-P. Sapura holds an option to drill AC/P 61. The agreements for WA-412-P and AC/P 61 were completed on 11 December 2018 and as at 30 June 2019 the Group has received income of $436,105 and $78,157 in respect of these exploration permits respectively. The agreement for EP 483 & TP 25 was completed on 27 March 2019 and the Group has received income of $1,132,816 in 2019 financial year in respect of this permit.

EP 483 & TP 25

Under this agreement, Sapura paid USD$5,260,280 for costs incurred by the Group in respect of the permits prior to the farmout plus joint account costs incurred from the date of execution of the Farmin Agreement to completion. Post completion, the Group is required to pay USD$2.5 million on mobilisation of the rig used to drill the Farmin Well. Sapura is to pay for all exploration expenditure including its interest share and the Group's interest share in all joint account charges until all the Farmin Wells costs have been incurred.

WA-412-P

Under this agreement, Sapura paid USD$2,355,254 for costs incurred by the Group in respect of the permits prior to the farmout of which 15%, being AUD$436,105, was recognised by the Group and the balance of 85% paid out to Fugro pursuant to the Co-operation Agreement between Finder and Fugro. Post completion, the Group is required to pay USD$2.5 million on mobilisation of the rig used to drill the Farmin Well. Sapura is to pay for all exploration expenditure including its interest share and the Group's interest share in all joint account charges until all the Farmin Wells costs have been incurred.

In the event that the Farmin Well is not drilled prior to the expiry of the permits, Sapura will pay the sum of USD$20 million to the Group as liquidated damages representing an estimate of the loss that will be suffered by the Group.

In the event a Farmin Well results in a discovery which is developed, the Group will pay to Sapura all reimbursable costs by relinquishing 50% of its entitlement produced from that discovery.

Notes to the financial statements

24 Execution of farmout agreements with Sapura Energy (continued)

AC/P 61

Under this agreement, Sapura paid USD$422,098 for costs incurred by the Group in respect of the permits prior to the farmout of which 15%, being AUD$78,157, was recognised by the Group and the balance of 85% paid out to Fugro pursuant to the Co-operation Agreement between Finder and Fugro. Sapura is to pay for the acquisition and processing of a new 3D seismic survey over an area of at least 250km^2 on its own behalf and on behalf of the Group. After receipt of the seismic data Sapura, at its election, has the option to drill a well in the permit or withdraw from the permit without penalty in which case it will re-assign the 70% interest to the Group for no consideration and terminate the agreement. If the Farmin Well is drilled, the Group is required to pay US$2.5 million on mobilisation of the rig used to drill the Farmin Well.

In the event the Farmin Well results in a discovery which is developed, the Group will pay to Sapura all reimbursable costs by relinquishing 50% of its entitlement produced from that discovery.

25 Subsequent events

Drilling

The Eagle-1 well (EP 483 & TP / 25) was drilled between 10 May to 16 June 2021. Finder's capped contribution to the drilling was US$1.25 million which was paid in May 2021 with Finder's remaining interest share of permit and well costs carried by SapuraOMV Upstream (Western Australia) Pty Ltd as per the farm-in agreement executed 4 September 2018. Eagle-1 drilling results indicated that whilst hydrocarbon migration and potential residual hydrocarbon column was intersected the fault seal appeared to be breached. With all commitments met in the Permits the joint venture would let the Permits expire on 6 January 2022.

Acquisition of interest in WA-542-P

On 1 June 2021 Finder executed a Sale and Purchase agreement with Equinor to acquire 100% interest in WA-542-P, and on 18 June 2021 Finder submitted an application for Approval of transfer of title which was submitted to NOPTA to transfer Equinor. 100% interest and Operatorship to Finder. NOPTA approved the transfer, on 23 July 2021.

On completion Equinor paid Finder a base consideration of US$6.8 million and Finder is liable for all work program commitment costs remaining on the Permit. Additionally, if Finder farmout any equity in the Permit or if an exploration well is drilled while Finder retains an interest, then Finder is required to make additional payments to Equinor.

Transfer of interest in WA-412-P and AC/P 61

The transfer of Finder's 15% interest in Exploration Permit WA-412-P and AC/P 61 to Fugro was registered and approved on 7 December 2020.

Licence offers

In December 2020 the Company received License offers on its two bids from the 32nd Offshore Licensing Round that was submitted in the previous financial year (November 2019). One licence, P2530 was a 100% sole bid and the second, P2528 was jointly bid with Azinor (50/50).

Subsequent to the bid submission, Finder acquired interests in five licences from Azinor (P2317 - Goose, P2528 (50% share), P2502 and P2524 (40% share with Chrysaor 60% Joint Operation partner)). Sale and Purchase Agreements were executed in March 2021 for P2317 - Goose, P2528, P2502 and P2524, and an Income and Royalty Deed for P2528. The Oil and Gas Authority of the United Kingdom ("Regulator") approved the transfers in March and April 2021, which also completes the executed agreements giving Azinor an income share and royalty rights over each Licence.

Notes to the financial statements

25 Subsequent events (continued)

Licence offers (continued)

In January 2021 Finder accepted the 32nd Round offer for P2530 and the Regulator executed the Licence. In March 2021, Finder accepted the 32nd Round offer for P2528 and the Regulator executed the Licence in April 2021.

On P2502 Finder executed a farmin agreement in April 2021 with Dana Petroleum, with Dana becoming a 50% joint venture participant on the licence.

Other

Other than the above, and unless disclosed elsewhere in the annual report, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

Directors' declaration

In the opinion of the directors of Finder Energy Pty Ltd (formerly known as Finder Exploration Pty Ltd) (the "Company"):

(a) the Company is not publicly accountable nor a reporting entity;

(b) the financial statements and notes, set out on pages 5 to 34:

  (i) presents fairly the financial position of the Company and the Group as at 30 June 2020 and of their performance for the financial year ended on that date in accordance with the basis of preparation described in Notes 1 to 3; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) to the extent described in Notes 1 to 3; and

(c) there are reasonable grounds to believe that the Company and the Group will be able to pay their debts as and when they become due and payable.

The directors draw attention to Note 2 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the directors:

Dated at Perth (City) this 2nd day of February 2022

Damon Neaves

Director

KPMG

Independent Auditor's Report

To the shareholders of Finder Energy Pty Ltd

Opinion

We have audited the ***Financial Report*** of Finder Energy Pty Ltd (the Company).

In our opinion, the accompanying Financial Report presents fairly, in all material respects, the financial position of *the* ***Group*** as at 30 June 2020, and of its financial performance and its cash flows for the year then ended, in accordance with *Australian Accounting Standards*.

The ***Financial Report*** comprises:

- Consolidated statement of financial position as at 30 June 2020;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

The ***Group*** consists of the Company and the entities it controlled at the year end or from time to time during the financial year.

Basis for Opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the *Financial Report* in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Restriction on use and distribution

The Financial Report has been prepared to assist the Directors of Finder Energy Pty Ltd in meeting the financial reporting requirements.

As a result, the Financial Report and this Auditor's Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Our report is intended solely for the shareholders of Finder Energy Pty Ltd and should not be used by or distributed to parties other than the shareholders of Finder Energy Pty Ltd. We disclaim any assumption of responsibility for any reliance on this report, or on the Financial Report to which it relates, to any person other than the shareholders of Finder Energy Pty Ltd or for any other purpose than that for which it was prepared.

Other Information

Other Information is financial and non-financial information in Finder Energy Pty Ltd's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- The preparation and fair presentation of the Financial Report for the purpose of determining that the basis of presentation described in Note 2 to the Financial Report is appropriate to meet the needs of the shareholders;
- Implementing necessary internal control to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error; and
- Assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- To obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- To issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our Auditor's Report.

KPMG

KPMG
Perth
2 February 2022