



ABN 69 009 196 810  
(Incorporated in Western Australia)

Level 2, 30 Richardson Street  
West Perth, WA 6005  
PO Box 1786, West Perth WA 6872  
T +61 8 9321 9886 F +61 8 9321 8161

13 March 2023

ASX Limited  
Company Announcements  
Level 4, 20 Bridge Street  
SYDNEY NSW 2000

Dear Sir/Madam

**RE: LODGEMENT OF INTERIM FINANCIAL REPORT AT 31 DECEMBER 2022**

Please find attached the Interim Financial Report of Prominence Energy Ltd for the half-year ended 31 December 2022.

Yours faithfully  
**PROMINENCE ENERGY LTD**

Sonu Cheema  
**Company Secretary**



## **INTERIM FINANCIAL REPORT**

**FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

**Prominence Energy Ltd**

West Perth, Western Australia 6005

ASX Code: PRM

ABN: 69 009 196 810

# CONTENTS

Corporate Directory	2
Directors' Report	3
Directors' Declaration	8
Auditors' Independence Declaration	9
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	10
Condensed Consolidated Statement of Financial Position	11
Condensed Consolidated Statement of Changes in Equity	12
Condensed Consolidated Statement of Cash Flows	13
Notes to and Forming Part of the Condensed Consolidated Financial Statements	14
Independent Auditor's Review Report to the Members	23

# CORPORATE DIRECTORY

## Directors

### Mr Ian McCubbing

B.Com (Hons), MBA (Ex), CA, GAICD  
Non-Executive Director and Chairman

### Mr Alexander Parks

GAICD, MEng  
Chief Executive Officer and Managing Director

### Mr Troy Hayden

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

## Company Secretary and CFO

### Mr Sonu Cheema

BComm, CPA

## Registered Office

Level 2, 30 Richardson Street  
West Perth, Western Australia 6005  
Telephone: +61 (8) 9321 9886  
Facsimile: +61 (8) 9321 8161  
Email: [admin@ProminenceEnergy.com.au](mailto:admin@ProminenceEnergy.com.au)  
Website: [www.ProminenceEnergy.com.au](http://www.ProminenceEnergy.com.au)

## Corporate Manager

### United States

#### Vistra San Francisco

100 Bush Street  
San Francisco CA 94104  
Telephone: +1 415 659 9236

## Auditors

### HLB Mann Judd (WA Partnership)

Level 4, 30 Stirling street  
Perth, Western Australia 6000

## Solicitors

### Australia

#### GTP Legal

68 Aberdeen Street,  
Northbridge, Western Australia 6003

### United States

#### Mr Faisal A. Shah, PLLC

#### Attorney at Law

1330 Post Oak Blvd  
Suite 700  
Houston, TX 77056

## Share Registry

### Computershare Investor Services Pty Limited

Level 11, 172 St Georges Terrace  
Perth, Western Australia 6000  
Telephone: (08) 9323 2000  
Facsimile: (08) 9323 2033  
Website: [www.investorcentre.com/contact](http://www.investorcentre.com/contact)

## Bankers

### National Australia Bank Limited

District Commercial Branch  
Unit 7, 51 Kewdale Road  
Welshpool, Western Australia 6106

## Home Exchange

### Australian Stock Exchange Limited

Exchange Plaza  
2 The Esplanade  
Perth, Western Australia 6000  
**ASX Code: PRM**  
**ABN: 69 009 196 810**

## DIRECTORS' REPORT

The Directors of Prominence Energy Ltd present their report on the Consolidated Entity consisting of Prominence Energy Ltd ("Prominence" or "Company" or "PRM") and the entities it controlled ("Consolidated Entity" or "Group") at the end of, or during, the half-year ended 31 December 2022.

### DIRECTORS

The names of the Directors of the Company in office at any time during the financial period or since the end of the financial period are:

Mr I J McCubbing	Director – Chairman and Non-Executive (appointed 9 December 2022)
Mr A B Parks	Managing Director – Executive
Mr T Hayden	Director – Non Executive (appointed 16 July 2021)
Dr Jaap Poll	Director – Chairman and Non-Executive (resigned 9 December 2022)

Unless otherwise stated each Director held their office from 1 July 2022 until the date of this report.

### PRINCIPAL ACTIVITIES

The principal activity of the Consolidated Entity during the period was oil and gas exploration and energy projects. No significant change in the nature of this activity occurred during the financial period.

### DIVIDENDS

No dividends have been declared, provided for or paid in respect of the half-year to 31 December 2022.

### CONSOLIDATED RESULTS

The consolidated net loss for the Consolidated Entity for the period under review was \$394,501 (2021: loss of \$460,673).

### EVENTS OCCURRING AFTER REPORTING PERIOD

The following events occurred subsequent to the end of the period:

The Company has extended SL 21754 on the Bowsprit project until March 2024 to allow for drilling of the horizontal side track of Bowsprit-1.

Other than as disclosed above, no event has occurred since 31 December 2022 that would materially affect the operations of the Consolidated Entity, the results of the Consolidated Entity, or the state of affairs of the Consolidated Entity not otherwise disclosed in the Consolidated Entity's financial statements.

# DIRECTORS' REPORT

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The significant changes in the state of affairs of the Consolidated Entity during the financial period are set out in the review of operations below.

## REVIEW OF OPERATIONS

The Prominence Board seeks to provide shareholders with exposure to high impact oil and gas projects, green energy projects (hydrogen), and the helium sector. Since the disappointing result at Sasanof, the Company has been engaged in a review of a number of potential opportunities as well as continuing to work on the Bowsprit project which, in the current energy climate, could provide a free cash flow generating avenue for PRM.

## NEW VENTURES

During the period PRM has screened numerous new venture opportunities. In selecting the potential projects, the Company is seeking to balance entry cost, chance of commercial success, materiality, and risk factors. Emphasis has been on finding large high value gas prospects close to established markets, but oil and alternative energy projects are also being considered.

The Company is carefully screening projects in a way to minimise due diligence costs, and seeks to make quick decisions, using a gateway process to ensure only those projects with a good strategic fit, and reasonable geological risk proceed to detailed due diligence. The Company has reviewed numerous projects, and performed technical and commercial due diligence on several projects in jurisdictions including the UK, Africa, USA and Australia. Some projects are still in the due diligence phase and commercially incomplete but may proceed to term sheet negotiations during the next period.

The Company has identified a potentially sizeable gas prospect located in a conventional, prolific basin of a low political risk country with a bid round scheduled in the first half of calendar 2023. The prospect is still undergoing technical due diligence and evaluation.

## OIL AND GAS EXPLORATION AND DEVELOPMENT

### UNITED STATES OF AMERICA

#### **Bowsprit Oil Project (“Bowsprit”)** (Lease No. 21754) - Prominence 100% working interest

During the period, PRM visited the USA to progress the Bowsprit project and update plans to bring the field to production.

1. Detailed Drilling plans and AFE<sup>1</sup> have been progressed. Side track of the existing vertical well is expected to cost US\$3million to drill and US\$1.5 million to complete ready for production.
2. The well once drilled is expected to have an initial production rate of approximately 1,500bopd<sup>2</sup>.
3. Production will be via a new pipeline tie-back to the nearest production facility located 5.5km from Bowsprit in block Main Pass 4 (MP4).

During the period, a site visit was made to the facility at MP4 to ensure its suitability as a tie-back location. This production facility was shut in for approximately 18 months during the COVID pandemic and production has recommenced with a new owner. PRM has approved the suitability of the facility, held discussions with the new owner and is progressing a tie-in and production processing agreement. PRM has updated the plan of development, including equipment selection, quotes and commenced pipeline permitting. The plan of development is ready to share with prospective partners. Subject to funding, the project is ready to proceed.

---

<sup>1</sup> AFE based on quotes received for all major well equipment and services since September 2022

<sup>2</sup> Netherland Sewell and Associates Inc – estimate 50,000 bbls of production in 1<sup>st</sup> month.

## DIRECTORS' REPORT

PRM attended the North American Prospect Expo in February 2023, to seek a farm-in partner to participate in the Bowsprit project. NAPE is the premier deal making conference held annually in the USA.

### History

PRM drilled the vertical, exploration Bowsprit-1 well in October 2021 to test an undrilled part of the field. Unfortunately, the potential field extension did not contain oil. The vertical well was suspended at a depth of 3,000ft deep for future re-entry and side-tracking. The proven oil in the T1 Upper Miocene Sand was not affected by the vertical well result and remains a viable target for a single well development via a side-tracking of the vertical well and tie back to a nearby platform.

During the period Netherland Sewell and Associates, Inc updated the reserves estimate for the field and as announced on 21 July 2022 the Bowsprit field has 1P reserves.

Resource Classification	Confidence Level	Net Reserves to PRM		Net Cash Flow (NPV0)	NPV10	NPV10
		Oil Mbbbls	Gas MMSCF	US\$ Million	US\$ Million	A\$ Million
Undeveloped Reserves T1	1P (90%)	106.9	81.3	2.93	2.34	3.39
	2P (50%)	330.7	254.7	18.33	15.35	22.25
	3P (10%)	643.5	502.9	38.57	29.47	42.71

*Bowsprit Field Upper Miocene Reservoir T1 Reserves @US\$85.82/bbl (0.69AUD/USD)*

### LAND STATUS (net acres of mineral leases)

Below is a table showing PRM's net acres of oil and gas mineral leases in the project area as at 31 December 2022. SL21787 and part of SL21754 was dropped due to lack of prospectivity following the drilling in October 2021.

Oil Project Area	PRM's Working Interest (%WI)	PRM's Net Revenue Interest (%NRI)	Project area Gross Acres (1ha = 2.471ac)	PRM's Net Acres (1ha = 2.471ac)
Bowsprit SL21754	100%	73%	635	635
<b>TOTAL</b>	-	-	<b>635</b>	<b>635</b>

*(Total acres as at 31 December 2022)*

### Indirect Interest

PRM owns 12.5% of Western Gas 519 Pty Ltd which holds 100% of WA-519-P located offshore Western Australia.

### Oil and Gas Production

There was no oil production for the period.

# DIRECTORS' REPORT

## CORPORATE

The Company held the AGM on 14 November 2022, seven resolutions were put to shareholders and all were passed via a poll.

Shareholders at the AGM, approved the grant of a total of 45 million Performance Rights to Directors. The approved Performance Rights were issued to Alexander Parks (22.5 million) and Troy Haden (8.5 million), however due to his retirement from office the Performance Rights were not issued to Dr Jaap Poll (14 million).

As foreshadowed in the 2022 PRM Annual Report, the Company received payment of US\$136,574 (net lawyer fees deducted) in partial settlement of the Richland Bankruptcy proceedings dating back to 2013.

### Change of Board Member

Effective 9 December 2022 Jaap Poll resigned from the Board and Ian McCubbing was reappointed to the PRM Board as Chairman.

### ECOSSAUS (PRM 10.9%)

The Company has a modest investment in Ecostorage Solutions Pty Ltd (ECOSSAUS) (10.9%). ECOSSAUS landholding comprises 8 tenement applications for 7,940 km<sup>2</sup> (of which ~3,000km<sup>2</sup> have been granted) located in the Northern Territory, South Australia and Queensland, believed to be prospective for the solution mining of salt and the potential subsequent use of resultant salt caverns for storage purposes.

Salt caverns are used in other parts of the World for the storage of non-aqueous gases or liquids that do not dissolve salt, such as hydrocarbons and petroleum products, and they have recently proven to be effective for the storage of hydrogen, which can be challenging to store in large volumes via typical storage methods (ie, tanks and vessels). There is also potential for CO<sub>2</sub>, methane and other greenhouse gases (GHG) to be stored in salt caverns for long term as a form of carbon sequestration.

PRM's initial investment of A\$100,000 was part of a \$415,000 capital raise to fund ECOSSAUS in the grant of tenements and initial data gathering and technical studies on the tenements. PRM has an option to maintain its current holding level by participating in future raises.

### Malaysian Bid Round

The Company submitted a joint 50/50 bid with Malaysian based Qyrin Petroleum Technology for one of the Petronas DRO Projects in the 2022 bid round. Unfortunately, PRM was unsuccessful with its bid.

## CASH MANAGEMENT

Prominence held net cash of \$2,170,279 at the end of December 2022.

## ENVIRONMENTAL REGULATION

During the financial period, the Consolidated Entity was not aware of any material breach of any particular or significant Australian or US Federal or State regulation in respect to environmental management.

A review of the Consolidated Entity's operations during the half-year, determined that the Consolidated Entity did not exceed the energy consumption or carbon dioxide emission reporting thresholds set by The National Greenhouse and Energy Reporting Act 2007.

## LIKELY DEVELOPMENTS

The review of operations of the Consolidated Entity provides an indication, in general terms of the likely developments and the expected results of future operations for the remainder of 2023.

## DIRECTORS' REPORT

### AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 on page 9 forms part of the Directors' Report for the half-year ended 31 December 2022.

Signed in accordance with a resolution of the Directors made pursuant to section 306(3) (a) of the *Corporations Act 2001*.

### ON BEHALF OF THE DIRECTORS



Mr Alexander Parks

Managing Director

Perth, Western Australia

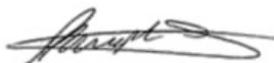
Dated this 13th day of March 2023

## DIRECTORS' DECLARATION

In the opinion of the Directors of Prominence Energy Ltd (the "Company"):

- a) the consolidated financial statements and notes that are set out on pages 10 to 22 are in accordance with the Corporations Act 2001, including:
    - (i) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the financial year ended on that date; and
    - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the half year ended 31 December 2022.
  3. The Directors draw attention to Note 1 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with the resolution of the Directors:



**Mr Alexander Parks**  
**Managing Director**  
Perth, Western Australia  
13 March 2023

## AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Prominence Energy Limited for the half-year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia  
13 March 2023



**B G McVeigh**  
Partner

**hlb.com.au**

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

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

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

Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2022

	Note	Consolidated	
		31 December 2022 \$	31 December 2021 \$
Other income	12	20,257	-
Administration and other expense		(228,558)	(188,499)
Employee benefits expense		(174,857)	(190,316)
Finance expense		(11)	(161,973)
Fair value of financial instruments through profit or loss		-	150,000
Occupancy expense		(10,017)	(9,726)
Share based payment expense	6	(1,315)	(60,159)
<b>(Loss) before income tax expense</b>		<b>(394,501)</b>	<b>(460,673)</b>
Income tax expense		-	-
<b>(Loss) for the year after income tax</b>		<b>(394,501)</b>	<b>(460,673)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign exchange translation reserve movement		(3,127)	(15,847)
<b>Other comprehensive (loss) for the period, net income tax</b>		<b>(3,127)</b>	<b>(15,847)</b>
<b>Total (loss) and other comprehensive (loss) for the period attributable to owners of Prominence Energy Ltd</b>		<b>(397,628)</b>	<b>(476,520)</b>
<b>(Loss) per share attributable to the members of Prominence Energy Ltd</b>			
Basic (Loss) per share (cents)		(0.03)	(0.05)
Diluted (Loss) per share (cents)		(0.03)	(0.05)

The above Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the notes to the Condensed Consolidated Financial Statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2022

	Note	Consolidated	
		31 December 2022 \$	30 June 2022 \$
<b>Current assets</b>			
Cash and cash equivalents		2,170,279	2,813,064
Other receivables		5,370	222,546
Other current assets		7,149	28,598
<b>Total current assets</b>		<b>2,182,798</b>	<b>3,064,208</b>
<b>Non-current assets</b>			
Exploration and evaluation expenditure	3	6,415,909	6,168,138
Financial assets		100,000	100,000
<b>Total non-current assets</b>		<b>6,515,909</b>	<b>6,268,138</b>
<b>Total assets</b>		<b>8,698,707</b>	<b>9,332,346</b>
<b>Current liabilities</b>			
Trade and other payables	4	459,645	681,802
Provisions		146,547	161,716
<b>Total current liabilities</b>		<b>606,192</b>	<b>843,518</b>
<b>Total liabilities</b>		<b>606,192</b>	<b>843,518</b>
<b>Net assets</b>		<b>8,092,515</b>	<b>8,488,828</b>
<b>Equity</b>			
Contributed equity	5	139,510,834	139,510,834
Share-based payment reserve		14,111,951	14,110,636
Foreign exchange translation reserve		17,926,047	17,929,174
Accumulated losses		(163,456,317)	(163,061,816)
<b>Total Equity</b>		<b>8,092,515</b>	<b>8,488,828</b>

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Attributable to equity holders of the Company				Total equity
	Contributed Equity	Accumulated losses	Share-based payments reserve	Foreign exchange translation reserve	
	\$	\$	\$	\$	\$
<b>2022</b>					
<b>Balance at the 1 July 2022</b>	<b>139,510,834</b>	<b>(163,061,816)</b>	<b>14,110,636</b>	<b>17,929,174</b>	<b>8,488,828</b>
Total comprehensive loss for the year					
Loss for the year	-	(394,501)	-	-	(394,501)
Other comprehensive income:					
Exchange differences on translation of Foreign Entities	-	-	-	(3,127)	(3,127)
<b>Total other comprehensive income/(loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,127)</b>	<b>(3,127)</b>
<b>Total comprehensive income/(loss)</b>	<b>-</b>	<b>(394,501)</b>	<b>-</b>	<b>(3,127)</b>	<b>(397,628)</b>
Transactions with owners, in their capacity as owners:					
Share-based payment transactions	-	-	1,315	-	1,315
Contributions by and distributions to owners:					
Contributions of equity	-	-	-	-	-
Equity transaction costs	-	-	-	-	-
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>1,315</b>	<b>-</b>	<b>1,315</b>
<b>Balance at the 31 December 2022</b>	<b>139,510,834</b>	<b>(163,456,317)</b>	<b>14,111,951</b>	<b>17,926,047</b>	<b>8,092,515</b>
	Attributable to equity holders of the Company				Total equity
	Contributed Equity	Accumulated losses	Share-based payments reserve	Foreign exchange translation reserve	
	\$	\$	\$	\$	\$
<b>2021</b>					
<b>Balance at the 1 July 2021</b>	<b>124,076,671</b>	<b>(152,346,688)</b>	<b>13,180,169</b>	<b>17,965,094</b>	<b>2,875,246</b>
Total comprehensive loss for the year					
Loss for the year	-	(460,673)	-	-	(460,673)
Other comprehensive income:					
Exchange differences on translation of Foreign Entities	-	-	-	(15,847)	(15,847)
<b>Total other comprehensive income/(loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(15,847)</b>	<b>(15,847)</b>
<b>Total comprehensive income/(loss)</b>	<b>-</b>	<b>(460,673)</b>	<b>-</b>	<b>(15,847)</b>	<b>(476,520)</b>
Transactions with owners, in their capacity as owners:					
Share-based payment transactions	-	-	300,159	-	300,159
Contributions by and distributions to owners:					
Contributions of equity	5,212,000	-	-	-	5,212,000
Equity transaction costs	(470,739)	-	-	-	(470,739)
<b>Total transactions with owners</b>	<b>4,741,261</b>	<b>-</b>	<b>300,159</b>	<b>-</b>	<b>5,041,420</b>
<b>Balance at the 31 December 2021</b>	<b>128,817,932</b>	<b>(152,807,361)</b>	<b>13,480,328</b>	<b>17,949,247</b>	<b>7,440,146</b>

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Consolidated	
	Note	
	31 December 2022 \$ Inflows (Outflows)	31 December 2021 \$ Inflows (Outflows)
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees	(406,054)	(385,282)
Interest received	5,634	-
Interest paid	(2,376)	(555)
<b>Net cash flow (used in) operating activities</b>	<b>(402,796)</b>	<b>(385,837)</b>
<b>Cash flows from investing activities</b>		
Payments for exploration costs	(454,834)	(3,895,844)
Receipt of settlement funds	203,980	-
<b>Net cash flow (used in) investing activities</b>	<b>(250,854)</b>	<b>(3,895,844)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	-	3,818,870
Share issue costs	-	(236,250)
Proceeds from Loans	-	750,000
<b>Net cash inflow from financing activities</b>	<b>-</b>	<b>4,332,620</b>
<b>Net increase/ (decrease) in cash and cash equivalents held</b>	<b>(653,650)</b>	<b>50,939</b>
Cash and cash equivalents at the beginning of the financial year	2,813,064	2,671,488
Effects of exchange rate changes on cash and cash equivalents	10,865	-
<b>Cash and cash equivalents at the end of the financial half year</b>	<b>2,170,279</b>	<b>2,722,427</b>

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

# NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

## 1. BASIS OF PREPARATION OF HALF-YEAR FINANCIAL STATEMENTS

The financial report consists of consolidated financial statements for Prominence Energy Ltd and its subsidiaries (“Group” or “Consolidated Entity”).

These interim financial statements for the half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard 134 “Interim Financial Reporting” and the Corporations Act 2001. The half-year financial statements do not include all of the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2022 and any public announcements made by Prominence during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The same accounting policies and methods of computation have generally been followed in these half-year financial statements as compared to the most recent financial statements except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

### Adoption of new and revised Accounting Standards

#### *Standards and Interpretations applicable to 31 December 2022*

In the half-year ended 31 December 2022 the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group’s operations and effective for annual reporting periods beginning on or after 1 July 2022.

#### *Standards and Interpretations in issue not yet adopted*

The Directors have also reviewed all new Standards and Interpretations in issue not yet adopted for the half-year ended 31 December 2022. As a result of this the Directors have determined that there is no impact, material or otherwise, of the new and revised standards and interpretations and, standards and interpretations in issue not yet adopted on the Group’s business and, therefore, no change is necessary to the Group’s accounting policies.

### Going Concern

The Group recorded a net loss of \$394,501 (2021: loss of \$460,673) and recorded operating cash outflows of \$402,796 (2021: \$385,837) for the half-year ended 31 December 2022. At 31 December 2022 the Group has net assets of \$8,092,515 (June 2022: net assets \$8,488,828). Cash balance as at 31 December 2022 is \$2,170,279.

The Board has implemented cost reductions and believe that the measures it has taken, enables the Company to prepare the financial reports on a going concern basis.

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

## 2. Segment Information

### a Description of segments

The business is analysed in two geographical segments namely, Australia and the United States of America (USA). The principal activity in these locations is the exploration, development and production of oil and gas projects.

### b Segment information provided to the Board

The following tables present, revenue, expenditure and certain asset information regarding geographical segments for the half-year ended 31 December 2022.

<b>31 December 2022</b>	Australia \$	USA \$	Unallocated \$	Consolidated \$
Revenue - oil and gas sales	-	-	-	-
Other income	20,257	-	-	20,257
<b>Total segment revenue</b>	<b>20,257</b>	-	-	<b>20,257</b>
Segment result after income tax	(173,670)	(220,831)	-	(394,501)
Total segment assets	2,282,798	6,415,909	-	8,698,707
Segment liabilities	196,401	409,791	-	606,192
Segment amortisation and depreciation	-	-	-	-

<b>31 December 2021</b>	Australia \$	USA \$	Unallocated \$	Consolidated \$
Revenue - oil and gas sales	-	-	-	-
Other income	-	-	-	-
<b>Total segment revenue</b>	-	-	-	-
Segment result after income tax	460,673	-	-	460,673
Total segment assets	2,722,427	5,579,963	-	8,302,390
Segment liabilities	479,619	382,625	-	862,244
Segment amortisation and depreciation	-	-	-	-

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

### 3. Exploration and Evaluation Expenditure

	Consolidated	
	31 December 2022 \$	30 June 2022 \$
Carried forward	6,168,138	1,474,200
Net expenses incurred in the year and capitalised	247,771	11,529,793
Asset Acquisition Sasanof Prospect <sup>(d)</sup>	-	1,710,000
Pinnacle Energy International (USA) LLC acquisition <sup>(c)</sup>	-	225,766
Expenditure impairment <sup>(b)</sup>	-	(8,771,621)
Net carrying value	<b>6,415,909</b>	6,168,138

#### a) Carrying value of capitalised expenditure

The carrying value of the Group's project was reviewed, and impairment recognised where the facts and circumstances identified the carrying amount to be greater than the recoverable amount. Exploration expenditure is carried forward in accordance with the accounting policy and comprises expenditure incurred on the acquisition and exploration of tenement interests for oil and gas.

Recoverability of the carrying amount of exploration assets is dependent on the successful exploration and sale of oil and gas or alternatively sale of the respective area of interest.

#### b) Impairment

##### 2022

During the 2022 financial year, exploration and evaluation expenditure totalling \$8,771,621 was impaired (2021: \$28,317) due to a lack of geological results produced by the WA-519-P (PRM 12.5%) project. The Directors assessed the carrying value of the remaining projects and deemed that no impairment indicators were present and further impairment was not necessary.

#### c) Asset Acquisition

The Company secured a further 50%, totalling 100% working Interest in the Bowsprit Project via the acquisition of Pinnacle Energy International (USA) I LLC ("**Pinnacle**") executed on 20 August effective 1 August 2021. The Company issued 20.5 million PRM shares to Pinnacle to complete the buy-out. Pinnacle is not considered a business under AASB 3 Business combination; the acquisition is accounted for as an acquisition of exploration assets. Pinnacle Energy is a single purpose company with no other assets or liabilities. The value of this acquisition has been included in Exploration and Evaluation capitalised expenditure. Pinnacle is entitled to a Royalty of 5% (five percent) of gross production revenue (net revenue received after Tariffs and direct sale costs as per the calculation of State Royalty) ("Royalty"). PRM is entitled to collect the first US\$12 million in gross revenue before any Royalty payment is made to Pinnacle. The 5% Royalty remains payable on the first US\$12million of revenue and is accrued and payable, only when the Leases producing at least US\$12 million in gross production revenue. Therefore, if the Leases do not produce \$12million in gross revenue, no royalty is payable to Pinnacle. No provision has been made for this contingent liability as it cannot be estimated reliably. Consideration Paid was 20,524,144 PRM shares valued at \$225,766.

#### d) Asset Acquisition – Sasanof Prospect (WG-519)

PRM and Western Gas Corporation Pty Ltd had executed the formal agreements for PRM to acquire a 12.5% interest in the Multi-TCF potential Sasanof Gas Prospect located in exploration Permit WA-519-P on the Northwest Shelf, Australia via a 12.5% shareholding in Western Gas (519 P) Pty Ltd, the company which is the permit holder of WA-519-P containing the Sasanof Prospect. PRM had been issued the shares in Western Gas (519P) Pty Ltd and as approved by shareholders at PRM's EGM on 19 January 2022, Western Gas had been issued 90 million PRM shares and 30 million PRMOB options as part of the consideration.

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

**4. Trade and Other Payables – Current**

	<b>Consolidated</b>	
	<b>31 December 2022</b>	<b>30 June 2022</b>
	<b>\$</b>	<b>\$</b>
Trade and Other Payables (i)	190,438	417,050
Richland Bankruptcy (ii)	269,207	264,752
<b>Total Trade and Other Payables</b>	<b>459,645</b>	<b>681,802</b>

Trade and other payables are normally settled within 30 days from receipt of invoice unless otherwise agreed.

A significant portion of the total trade and other payables balance of \$448,486 (30 June 2022: \$681,802), is held in the US subsidiaries of Prominence Energy Ltd and are ring fenced to the Subsidiaries in which they are recorded. Sun Delta Inc, in particular, holds \$269,207 of the total trade payables as detailed below.

**(i) Trade and Other Payables**

Trade and other Payables represent liabilities for goods and services provided to the Group prior to the end of the December 2022 half year which remain unpaid.

**(ii) Richland Bankruptcy – Sun Delta Inc**

Sun Delta Inc, a wholly owned subsidiary Company of Prominence Energy NL, was previously involved in a dispute with the operator of the Beeler Oil Project, Richland Resources Corp. In 2013, Sun Delta Inc announced that Richland Resources Corp, a company operating in the United States of America was removed as operator by the non-operating working interest owners in the Beeler Oil Project. Richland Resources Corp. had failed to pay certain vendors and these vendors then filed liens against the entire Beeler Oil Project, including Sun Delta Inc's 16.67% non-operating working interest. Richland Resources Corp. subsequently filed for Bankruptcy. The Trustee obtained judgement against Sun Delta and Sun Delta Inc.'s liability to the Bankruptcy Trustee is US\$172,000 with no specified due date of payment. The Trustee has not taken action to recover the amount due. The Group has recognised a US\$172,000 (2019: US\$172,000) liability as part of trade and other payables. It should be noted that the Group is a potential beneficiary of the Richland bankruptcy settlement, which may offset or exceed this liability. US\$136,574 (net lawyer fees deducted) was received in partial settlement of the Richland Bankruptcy proceedings.

Sun Delta Inc. has no operating assets, cash or leases and has no capacity to make any payment. Any potential liability to the Prominence Group is limited to the subsidiary Sun Delta Inc.

**5. Contributed Equity**

	<b>Consolidated</b>	
	<b>31 December 2022</b>	<b>30 June 2022</b>
	<b>\$</b>	<b>\$</b>
<b>a) Contributed Capital</b>		
2,424,608,819 fully paid ordinary shares (June 2022: 2,424,608,819 )	139,510,834	139,510,834

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

<b>b) Movements in shares on issue</b>			
	<b>Date</b>	<b>Number of Shares</b>	<b>Capital \$</b>
<b>31 December 2022</b>			
<b>Ordinary shares</b>			
Opening balance	1 July 2022	2,424,608,819	139,510,834
Issue costs of share capital		-	-
Closing balance		<b>2,424,608,819</b>	<b>139,510,834</b>
<b>30 June 2022</b>			
<b>Ordinary shares</b>			
Opening balance	1 July 2021	753,572,233	124,076,671
Tranche 2 Placement	7 July 2021	172,485,553	1,724,856
Pinnacle settlement	26 August 2021	20,524,144	225,766
Convertible Note conversion	8 October 2021	47,603,331	506,119
Convertible Note conversion	18 November 2021	39,673,558	255,259
Tranche 1 Placement	15 December 2021	250,000,000	2,500,000
Conversion Performance Rights	15 December 2021	750,000	-
Directors' Placement	18 February 2022	5,000,000	50,000
Consideration Facilitation Services	16 March 2022	30,000,000	360,000
Brokers managing the Placement	16 March 2022	30,000,000	360,000
Tranche 2 – Placement	16 March 2022	950,000,000	9,500,052
Lead Manager Securities	16 March 2022	21,500,000	258,000
Western Gas Vendor Shares	30 March 2022	90,000,000	1,080,000
Shares for contract services	11 April 2022	13,500,000	189,000
Issue costs of share capital		-	(1,574,889)
Closing balance		<b>2,424,608,819</b>	<b>139,510,834</b>

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

**6. Share-based Payments**

**(a) Performance rights issued during 2020/21**

The Company issued a total of 17 million Performance rights to the Directors of the company, Mr Ian McCubbing, Mr Alexander Parks and Patric Glovac and the Company Secretary Anna MacKintosh:

Recipient	Position	Total Plan Performance Rights	Issue Date
Alexander Parks (or Nominee)	Managing Director Since 2017	8 million Plan Performance Rights comprising: <ul style="list-style-type: none"> <li>• 4 million Class A Plan Performance Rights</li> <li>• 4 million Class B Plan Performance Rights</li> </ul>	30 April 2021
Ian McCubbing (or nominee)	Chairman (resigned 16 May 2022, reappointed 9 December 2022)	5 million Plan Performance Rights comprising: <ul style="list-style-type: none"> <li>• 2.5 million Class A Plan Performance Rights</li> <li>• 2.5 million Class B Plan Performance Rights</li> </ul>	30 April 2021
Anna MacKintosh (or nominee)	Former Corporate Secretary (resigned 29 July 2022)	1 million Plan Performance Rights comprising: <ul style="list-style-type: none"> <li>• 0.5 million Class A Plan Performance Rights</li> <li>• 0.5 million Class B Plan Performance Rights</li> </ul>	30 April 2021
Patric Glovac (or nominee)	Former Non-Executive Director (resigned 16 July 2021)	3 million Plan Performance Rights comprising: <ul style="list-style-type: none"> <li>• 1.5 million Class A Plan Performance Rights</li> <li>• 1.5 million Class B Plan Performance Rights</li> </ul>	30 April 2021

**(b) Performance rights issued during 2021/22**

The Company issued a total of 3 million Performance rights to Director Troy Hayden:

Recipient	Position	Total Plan Performance Rights	Issue Date
Troy Hayden (or Nominee)	Non-executive Board Member since July 2021	3 million Plan Performance Rights comprising: <ul style="list-style-type: none"> <li>• 1.5 million Class A Plan Performance Rights</li> <li>• 1.5 million Class B Plan Performance Rights</li> </ul>	26 November 2021

**Vesting Conditions**

The Plan Performance Rights are all granted in two classes (Class A and Class B) with the vesting conditions and expiry dates set out in the table below. Each Plan Performance Right that vests will convert into one fully paid ordinary Share. Any of the Plan Performance Rights that have not vested three years after date of issue will lapse.

Tranche	Vesting Condition	Expiry Date
Class A	10-day VWAP of Shares is equal to or greater than \$0.025	3 years from date of grant
Class B	10-day VWAP of Shares is equal to or greater than \$0.035	3 years from date of grant

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

Inputs to determine the valuation of performance rights issued in the 2022 financial year are as follows:

Item	Class A	Class B
Valuation date	26/11/2021	26/11/2021
Spot price	\$0.012	\$0.012
Exercise price	Nil	Nil
Barrier Price	\$0.025	\$0.035
Expiry date	26/11/2024	26/11/2024
Expected future volatility	100%	100%
Risk free rate	0.08%	0.08%
Dividend yield	Nil	Nil

The company has recognised share based payments in relation to these performance rights of \$0 during this half-year period.

**(c) Performance rights issued during 2022/23**

The Company issued a total of 34 million Performance rights to the Directors of the company, Mr Alexander Parks and Troy Hayden and the Company Secretary Sonu Cheema:

Recipient	Position	Total Plan Performance Rights	Issue Date
Alexander Parks (or Nominee)	Managing Director Since 2017	22.5 million Plan Performance Rights comprising: • 11.25 million Class A Plan Performance Rights • 11.25 million Class B Plan Performance Rights	14 November 2022
Troy Hayden (or Nominee)	Non-executive Board Member since July 2021	8.5 million Plan Performance Rights comprising: • 4.25 million Class A Plan Performance Rights • 4.25 million Class B Plan Performance Rights	14 November 2022
Sonu Cheema (or nominee)	Corporate Secretary	3 million Plan Performance Rights comprising: • 1.5 million Class A Plan Performance Rights • 1.5 million Class B Plan Performance Rights	14 November 2022

**Vesting Conditions**

The Plan Performance Rights are all granted in two classes (Class A and Class B) with the vesting conditions and expiry dates set out in the table below. Each Plan Performance Right that vests will convert into one fully paid ordinary Share. Any of the Plan Performance Rights that have not vested three years after date of issue will lapse.

Tranche	Vesting Condition	Expiry Date
Class A	10-day VWAP of Shares is equal to or greater than \$0.005	3.08 years from date of grant
Class B	10-day VWAP of Shares is equal to or greater than \$0.005	3.08 years from date of grant

## NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

Inputs to determine the valuation of performance rights issued in 2022 are as follows:

Item	Class A	Class B
Valuation date	14/11/2022	14/11/2022
Spot price	\$0.001	\$0.001
Exercise price	Nil	Nil
Barrier Price	\$0.0076	\$0.0122
Expiry date	12/12/2025	12/12/2025
Expected future volatility	187%	187%
Risk free rate	3.21%	3.21%
Dividend yield	Nil	Nil
Fair Value	\$15,980	\$15,470

The company has recognised share based payments in relation to these performance rights of \$1,315 during the period:

Class A	\$668
Class B	\$647
Total	<u>\$1,315</u>

### 7. Contingent Liabilities

There are no other contingent liabilities or assets as at 31 December 2022 other than those mentioned throughout this report .

### 8. Capital and Leasing Commitments

There have been no changes to capital and leasing commitments since the last annual reporting date.

### 9. Related Parties Transactions

During the period the following related party transaction occurred:

Other than share based payment transactions disclosed in Note 6c for Performance Rights granted to Directors, transactions with related parties are consistent with those disclosed in 30 June 2022 Annual Report.

### 10. Events Subsequent to Reporting Date

The following events occurred subsequent to the end of the period:

The Company has extended SL 21754 on the Bowsprit project until March 2024 to allow for drilling of the horizontal side track of Bowsprit-1.

Other than as disclosed above, no event has occurred since 31 December 2022 that would materially affect the operations of the Consolidated Entity, the results of the Consolidated Entity, or the state of affairs of the Consolidated Entity not otherwise disclosed in the Consolidated Entity's financial statements.

### 11. Financial Instruments

This note provides information about how the Group determines fair value of various financial assets and financial liabilities.

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required).

All carrying values approximate their fair values.

The Group holds the following financial instruments:

	31 December 2022	30 June 2022
	\$	\$
<b>Financial Assets</b>		
Cash and cash equivalents	2,170,279	2,813,064
Financial assets (Level 2)	100,000	100,000
	<b>2,270,279</b>	<b>2,913,064</b>
<b>Financial Liabilities</b>		
Trade and other payables (at amortised cost)	448,486	681,802
Total Payables	<b>448,486</b>	<b>681,802</b>

**12. Other Income**

	31 December 2022	31 December 2021
	\$	\$
Other Income	20,257	-
	<b>20,257</b>	-

**INDEPENDENT AUDITOR'S REVIEW REPORT**

To the members of Prominence Energy Limited

**Report on the Condensed Half-Year Financial Report**

*Conclusion*

We have reviewed the accompanying half-year financial report of Prominence Energy Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2022, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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

- (a) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

*Basis for conclusion*

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review of the financial report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

*Responsibility of the directors for the financial report*

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

**hlb.com.au**

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

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

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

Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

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

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

*HLB Mann Judd*

**HLB Mann Judd**  
**Chartered Accountants**

**Perth, Western Australia**  
**13 March 2023**



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