XCD ENERGY LIMITED

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Annual Report 2019

XCD ENERGY LIMITED ABN 43 108 403 425

Contents

Corporate Directory

DIRECTORS

Peter Stickland (Non-Executive Chairman)
Dougal Ferguson (Managing Director)
Anthony Walsh (Non-Executive Director)

COMPANY SECRETARY

Arron Canicais

ABN

43 108 403 425

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This annual financial report covers both XCD Energy Limited as an individual entity and the Group comprising XCD Energy Limited and its subsidiaries. The Group's presentation currency is Australian Dollars ($). The functional currency of XCD Energy Limited is Australian Dollars ($) and the functional currency of all other subsidiaries of XCD Energy Limited is United States Dollars (US$). A description of the Group's operations and of its principal activities is included in the review of operations and activities in the Directors' Report. The Directors' Report is not part of the annual financial report.

Dear fellow Shareholder

It is with pleasure that I write my first Chairman's letter to you and can directly communicate the change in direction of your Company and the forward strategy we are pursuing in Alaska, our new area of focus following the completion of the acquisition of Emerald House LLC earlier this year.

The move into Alaska was the culmination of a new venture review process that the Company began in 2017. Of the many projects reviewed during that process, the Alaskan acquisition, named Project Peregrine, was determined by the Board to provide shareholders with the greatest leverage to a large scale 100% owned oil exploration target.

Project Peregrine exposes shareholders of the Company to a potential billion-barrel Nanushuk oil play that is being appraised and developed at the large Willow discovery by ConocoPhillips, which is only 35km to the north of where Project Peregrine lies and has the potential to be transformational to the Company in the event of exploration success.

Since the acquisition was completed in April of this year, your Company has been through many other changes, including a change of management, a change of name from Entek Energy to XCD Energy and more recently, completion of a $2M capital raise to secure ongoing funding for the Company through what will be an active 12 months.

Operationally, the Company has hit the ground running in Alaska and in a relatively short timeframe has significantly progressed its geological understanding of Project Peregrine. As further detailed in the Operations Review, the Company has already completed the reprocessing of around 365 miles of 2D seismic and is nearing completion of its 2019 technical program and expects to release a maiden independent prospective resource for the Project Peregrine area in the near future.

The next phase of exploration at Project Peregrine will be the launch of a farm-out campaign in early 2020. Introducing partners into our 100% owned 149,580 acre lease position is one of our key strategies, along with pursuing either an innovative and relatively low cost drilling option that is currently under consideration or further seismic acquisition. Delivering on these strategies in the near term is something your Board is very focussed on and we look forward to an active 12 months now that the necessary funding is in place.

In conclusion, the Board is very pleased to have secured Project Peregrine which has all the basic elements small exploration companies are seeking, being 100% ownership and operatorship, long tenure, low holding costs (no expenditure commitments), large scale prospective resources and proximity to existing discoveries – a rare combination.

There are without question challenges ahead, but the Company is now well placed to face these challenges head on. Your Company is now well funded to achieve its short term objectives and has an experienced group of individuals who have the enthusiasm and expertise to take Project Peregrine to the next level within the next 12-18 months.

As always, I would like to thank the new XCD Energy management and my fellow past and present directors for their efforts during the year. With this new acquisition bedded down, I am certain the Company and its shareholders can look forward to exciting times ahead.

Yours sincerely

Peter Stickland

Non-Executive Chairman

Overview

XCD Energy Limited ("XCD" or "Company") is a US focussed oil exploration company with operations in Alaska, United States of America.

The acquisition of the Alaskan portfolio was completed on 15 April 2019 after initially being announced in November 2018. Emerald House LLC ("Emerald") was acquired from Elixir Energy Limited (ASX:EXR) ("Elixir") for consideration of 185 million shares in XCD, in addition to approximately US$1.35 million in cash. Further details of the acquisition are provided in the Operations Review.

Since the acquisition was completed, the Company has changed its name from Entek Energy Limited to XCD Energy Limited, marking a new chapter in the Company's history. Mr Dougal Ferguson joining as Managing Director as of 15 April 2019 and other Board changes were enacted with the appointment of Mr Peter Stickland as non-executive Chairman, replacing Mr Mark McAuliffe who was Executive Chairman prior to the acquisition of Emerald. Mr Strickland and Mr Ferguson have extensive oil and gas experience and have both previously been Managing Director's of other ASX listed oil and gas companies.

The Alaskan assets consist of 149,590 acres within the National Petroleum Reserve of Alaska ("NPRA") located on the north slope of Alaska. The leases lie approximately 35km south of the large Willow oil discovery currently being appraised and developed by ConocoPhillips. The Company interprets the same play type (being the shallow Nanushuk play) to be present in the lease area, which the Company has named Project Peregrine. Further details on the future exploration plans are provided below in the Operations Review.

In the last few weeks, the Company announced that it had successfully received commitments to raise an additional $2 million in new equity, which will supplement its existing cash reserves, to assist with the funding of the Company's exploration programme at Project Peregrine. The capital raise has been structured via a two tranche placement for which shareholder approval will be sought at the Annual General Meeting on 29 November 2019.

Project Peregrine provides the Company exposure to high impact oil exploration acreage in an area that contains one of the most exciting new oil plays in North America. This exploration asset has the potential to add significant shareholder value due to a combination of factors including the size of the prospective resource (oil) and the high (100%) equity interest that the Company has in the project. This should enable XCD to introduce industry partners at the appropriate time to fund larger amounts of capital required for exploration.

More details of the Alaskan operations are provided in the Operations Review.

Alaskan Acquisition Summary

On 29 November 2018 XCD entered into an Option Agreement with Elixir to acquire Emerald, which at the time held 3 leases in Alaska totalling 35,423 acres in the NPRA. To secure the option, XCD paid the sum of $50,000 and acquired the right to exercise its' option at any time before 31 January 2019.

On 13 December 2018, Elixir announced that Emerald was the successful high bidder on further leases covering 114,167 acres within the National Petroleum Reserve - Alaska ("NPRA"), following the 2018 Bureau of Land Management - NPRA bid round. This was in addition to the existing 35,423 acres held on three leases previously acquired by Emerald.

On 31 January 2019, XCD exercised its option to acquire Emerald from Elixir and on 18 February 2019, Elixir, on behalf of XCD, accepted all 10 NPRA leases for which it had been declared the successful high bidder. To assist Elixir in funding all 10 leases, XCD agreed to provide Elixir with an interim bridging loan of US$500,000 whilst various shareholder approvals were sought to allow the transaction to complete.

Elixir and XCD both sought and received shareholder approvals to proceed with the transaction in late March and early April respectively, and on 15 April 2019, XCD completed the transaction through the issue of 185 million XCD shares to Elixir and the payment of US$1.35M in cash consideration, being the balance (80%) of the bonus bids due on the additional 10 NPRA leases acquired in late 2018 and the annual lease rentals (US$3/acre) for the year ending March 2020. Offset against the cash consideration was the interim loan, which was deemed repaid on completion, resulting in a net cash payment to Elixir of approximately US$850,000.

On 29 April 2019, the 185 million XCD shares issued to Elixir were distributed to Elixir shareholders via an in-specie distribution, resulting in Elixir having no ongoing shareholding in XCD and most of Elixir shareholders becoming shareholders of XCD.

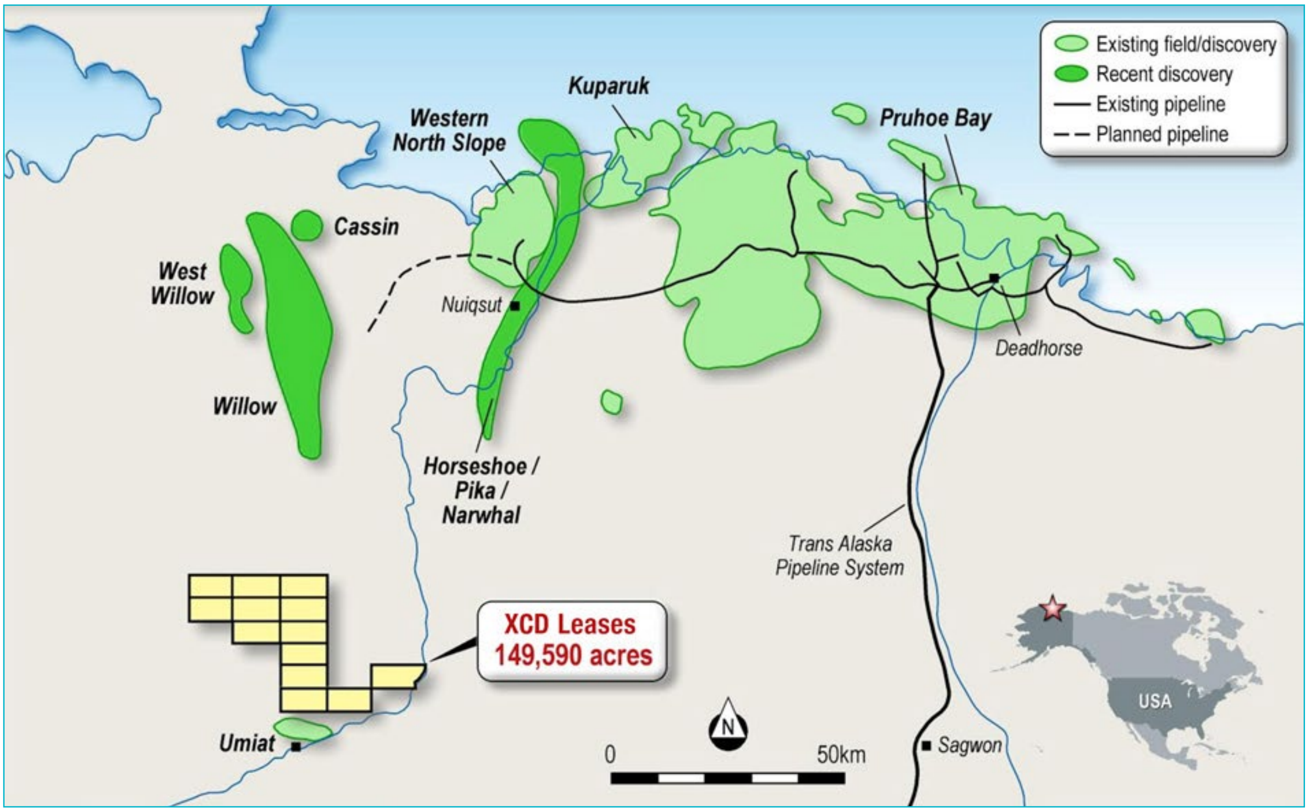

Figure 1: XCD's Alaskan Lease location map.

Operations Review

Project Peregrine

Upon completion of the acquisition of Emerald, the Company initiated the Integrated Nanushuk Technical Regional Overview ("INTRO Project") utilising as much of the existing data over the area that the Company was able to reasonably acquire. This included the reprocessing of approximately 600km (365 miles) of 2D seismic data originally acquired by the United States Geological Survey (USGS) in the 1970's and 1980's. The reprocessed lines cover both the XCD Leases and the ConocoPhillips operated Willow field and show a significant improvement in data quality as depicted in the pre and post reprocessing images below

The remapped dataset resulted in the identification of several leads which were developed by using the recently reprocessed 2D seismic data mapped both in time and depth, RMS amplitude extraction and open file regional well data. Reservoir parameters (porosity, oil saturation and recovery factors) were determined from both open file well data and data gathered from publicly available information published by local operators (e.g. ConocoPhillips). XCD used its own proprietary study (the INTRO project) which included techniques such as basin modelling and petrophysical interpretation to assist in its prospective resource estimations.

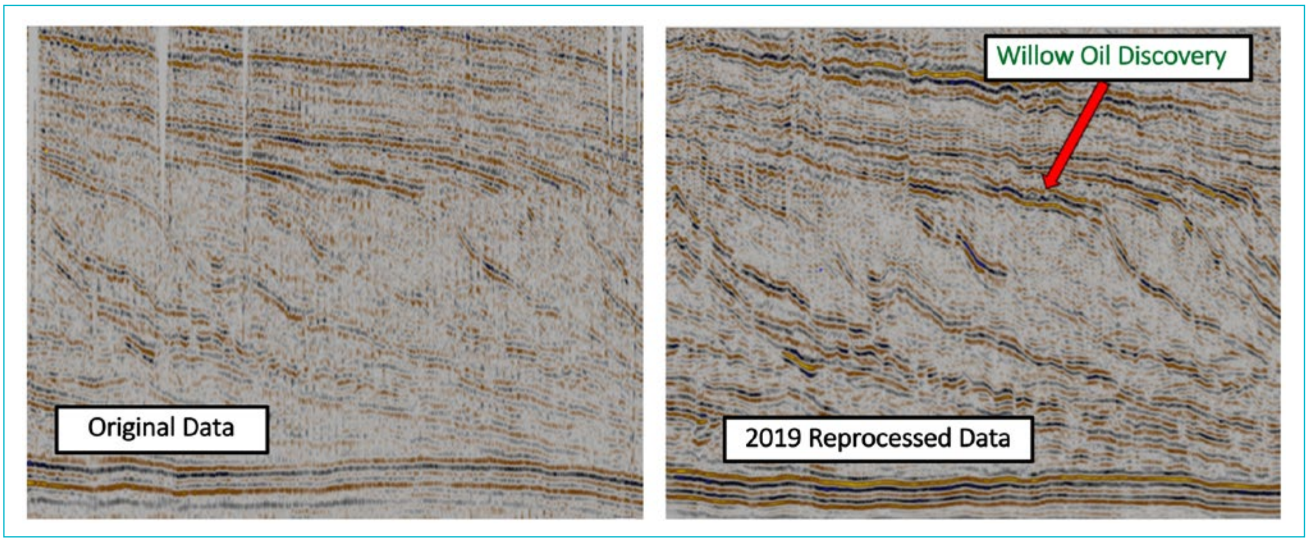

Figure 2: Original versus reprocessed 2D data over the Willow field.

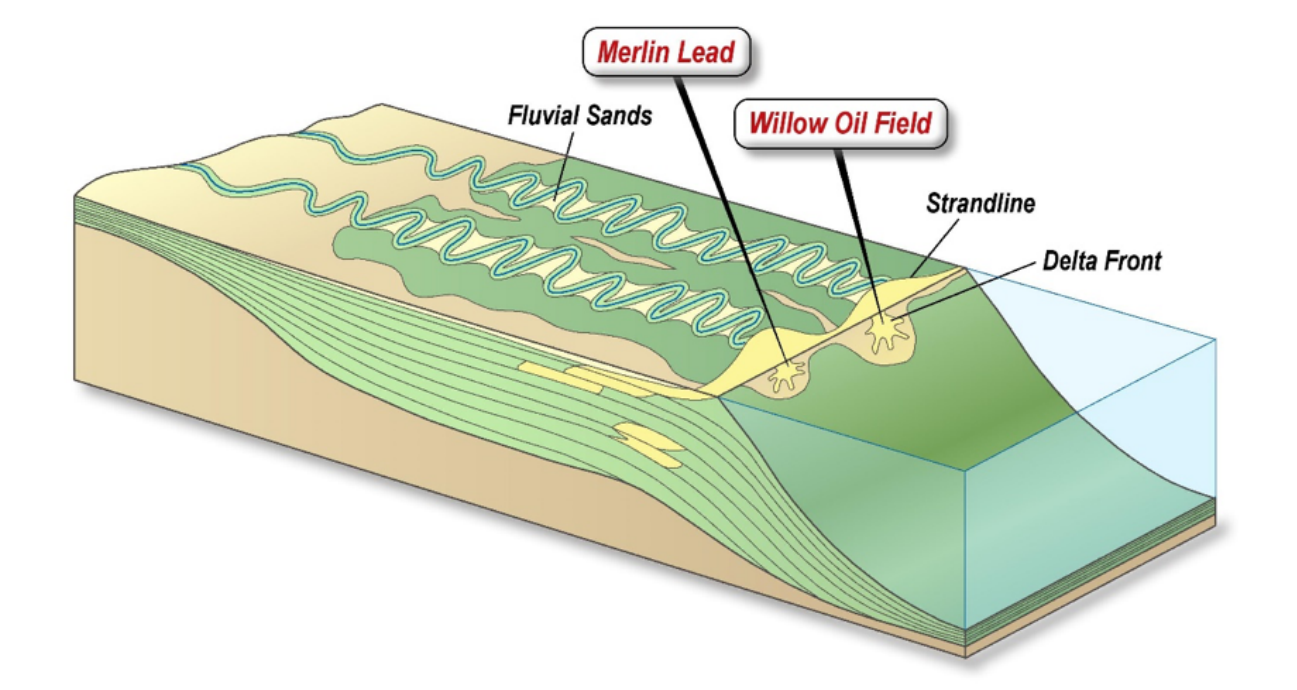

Figure 3: Regional setting of the Merlin lead relative to Willow

Merlin Lead and Initial Prospective Resource Assessment

The initial lead for which a prospective resource has been assigned, named the Merlin lead, sits on the same sequence boundary as the Willow oil filed which is approximately 35km to the North of Merlin (refer to Figure 3).

The following prospective resource distribution was calculated for the Merlin lead and was estimated by XCD to have a chance of technical success of 13%, calculated using industry standard risk elements. Please refer to the Company's ASX release dated 10 September 2019 for further disclosures.

Merlin Lead (100% XCD)	Prospective Resource Distribution		
Nanushuk (N20 Level)	Low	Best	High
OOIP (MMbbls)	275	1112	4503
Recovery Factor	15%	23%	35%
Recoverable Oil (MMbbls)	**59**	**255**	**1099**
Net Recoverable Oil (MMbbls)*	**51**	**219**	**945**

* The Net Recoverable Oil is the Company's economic interest net of royalties. Total royalties are 14%, being 12.5% payable to the United States Federal Government and a 1.5% overriding royalty payable to the original vendors of the initial leases acquired. The amount stated above is net recoverable oil with no allowance for or conversion of natural gas.

The Chance of Discovery for the Merlin Lead has been calculated at 13% and the Chance of Development has been assessed at 50%. The numbers in the Table above have not been adjusted for this risk factor.

Cautionary Statement: The estimated quantities of petroleum that may be potentially recovered by the application of a future development project relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration, appraisal and evaluation are required to determine the existence of a significant quantity of potentially movable hydrocarbons.

Prospective resource assessments in this release were estimated using probabilistic methods in accordance with 2018 SPE-PRMS standards. The data used to compile the prospective resource includes reprocessed 2D seismic data, regional well data and other publicly available information with respect to the Willow discovery to the north and the Umiat oil accumulation to the south. The data was compiled and interpreted by XCD and the prospective resource numbers have been calculated by XCD using industry standard probabilistic input parameters.

Independent Prospective Resource Assessment

Leading on from the encouraging results of the initial internal resource assessment for Merlin, XCD commissioned an Independent Prospective Resource Report from ERC Equipoise Pte Ltd ("ERCE") which is expected to be completed early November 2019. This report will review not only the Merlin lead, but also look at multiple other leads identified within the Project Peregrine lease area.

Alaskan Lease Terms and Tenure

XCD holds 13 leases in the NPRA via its Alaskan subsidiary Emerald House LLC. The leases have a term of 10 years from the date of issue, have no work commitments but attract an annual fee of US$3/acre which must be paid each year to maintain the leases in good standing.

Three of the 13 leases (approximately 35,423 acres) were acquired from an Alaskan consortium of owners for consideration consisting of reimbursement of the sellers back costs (which totalled US$803,859), together with the assignment of a 5% overriding royalty interest ("ORRI") on the leases being acquired. Emerald also entered into an Area of Mutual Interest ("AMI") with the sellers whereby the sellers could not compete with Emerald for new leases within the AMI. In consideration of entering into the AMI, if Emerald acquired any additional leases in the AMI, the sellers 5% ORRI on the Leases decreased (to a minimum of 1.5%) proportional to the total lease acreage position in the AMI. The recalculated proportional ORRI will then apply to all leases within the AMI.

In late 2018, Emerald was the winning bidder on a further 10 leases consisting of an additional 114,167 acres, most of which were within the AMI. Based on the agreement in the AMI, the ORRI across all leases within the AMI will adjust to the minimum ORRI of 1.5%. The Company is currently in discussions with the original sellers to further reduce this ORRI in consideration of XCD normalising the ORRI across all 13 leases in order to align all parties moving forward.

The Leases lie within the National Petroleum Reserve of Alaska ("NPRA") which is managed by the United States Bureau of Land Management ("BLM"). XCD is required to lodge a US$300,000 lease bond with the BLM which is refundable upon cessation or relinquishment of the Leases in good standing. Annual rentals are US$3/acre which must be paid on or before the lease anniversary date in order to retain the leases. The Lessor is the BLM which is entitled to receive a 12.5% royalty if and when production commences.

CORPORATE GOVERNANCE STATEMENT

The Directors of the Group support and adhere to the principles of corporate governance, recognising the need for the highest standard of corporate behaviour and accountability. Please refer to the corporate governance statement released to ASX and posted on the Company website at ***https://xcdenergy.com/company/corporate-governance/***.

The Directors of XCD Energy Limited ABN 45 108 403 425 ("Parent Entity" or "Company" or "XCD Energy") present their report including the consolidated annual financial report of the Company and its controlled entities ("Group") for the year ended 30 June 2019. The Company is a listed public company limited by shares, incorporated and domiciled in Australia.

DIRECTORS

The names of the directors of the Group in office at any time during or since the financial year and up to the date of this financial report are as follows. Directors were in office for the entire year unless otherwise stated.

Peter Stickland	(Non-Executive Chairman) appointed 31 August 2018
Dougal Ferguson	(Managing Director) appointed 15 April 2019
Anthony Walsh	(Non-Executive Director)
Mark McAuliffe	(Non-Executive Director) resigned 30 June 2019
Nerida Schmidt	(Non-Executive Director) resigned 1 September 2018

PRINCIPAL ACTIVITIES

XCD Energy is an oil exploration company focussed on early stage exploration assets. Shareholders approved a change in the nature and scale of activities of the Company on 3 April 2019 which allowed the Company to proceed with a material acquisition during the year, details of which are provided below.

Following receipt of shareholder approval, the Company acquired Emerald House LLC ("Emerald") from Elixir Energy Limited ("Elixir"). Emerald owns 13 National Petroleum Reserve of Alaska ("NPR-A") leases covering 149,590 acres over the highly prospective Nanushuk trend on the North Slope of Alaska ("Project Peregrine"). See below in the Operations Review for more details on the acquisition.

Project Peregrine is located on the North Slope of Alaska and is located approximately 35km to the South of the Willow discoveries currently being appraised and developed by ConocoPhillips. The NPR-A leases have no expenditure commitments other than annual lease rentals of US$3 per acre per annum and the majority of the leases are valid through to 2029.

REVIEW OF OPERATIONS

Operating Results and Corporate Review

The operating loss after income tax for the Group amounted to $8,999,860 (2018: $586,023). The loss was a result of recognising a loss on deconsolidation of a foreign subsidiary of $8,133,982 (Entek GRB LLC was dissolved during the reporting period). The loss was largely attributable to the reclassification of foreign currency translation movement over the years when the subsidiary was consolidated for reporting purposes.

On 29 November 2018, the Company entered into an Option Agreement with Elixir to acquire its Alaskan lease portfolio via the acquisition of Emerald. On 13 December 2018, Elixir advised that Emerald had been announced as the successful high bidder for an additional 10 leases in the NPR-A. The Company then exercised its option to acquire Emerald from Elixir on 31 January 2019.

On 18 February 2019, the Company announced that it had agreed to provide Elixir with a short-term loan of US$500,000 to enable Emerald to acquire the additional 10 leases in the NPR-A.

On 3 April 2019, the Company held a General Meeting which approved the change in nature and scale of the Company's activities and also approved the issue of the convertible preference shares ("CPS") to Elixir as part of the consideration to acquire Emerald and on 15 April 2019, the Company completed the acquisition of Emerald.

The acquisition of Emerald resulted in the issue of 185 million CPS to Elixir and the payment of US$1.35M in cash consideration, with the cash component being a reimbursement of bonus bids due on the additional 10 NPR-A leases acquired in late 2018 and the annual lease rentals (US$3/acre) for the period up to March 2020. Offset against the cash consideration was the interim loan, which was deemed repaid on completion, resulting in a net cash payment to Elixir of approximately US$850,000.

The CPS were then immediately converted into ordinary shares and Elixir distributed these via an in-specie distribution to its shareholders, resulting in Elixir having no equity interest in the Company post completion of the acquisition of Emerald.

On 8 August 2019, Entek Energy Limited was renamed XCD Energy Limited (ASX: XCD) and the Company launched a new website (www.xcdenergy.com) following registration of the name change.

There were no changes to the capital structure during the financial year other than the issue of above CPS and seven million options. Details of these options are provided in this Directors' Report.

At 30 June 2019, the Group held cash totalling $1,624,016 (2018: $4,353,622).

Board and Management Changes

Effective 15 April 2019, the Board appointed Mr Dougal Ferguson as Managing Director following the completion of the acquisition of Emerald from Elixir. Details of Mr Ferguson's appointment and remuneration are provided in the Remuneration Report.

Mr Peter Stickland was appointed to the Board on 31 August 2018 as a Non-Executive Director and was subsequently appointed Non-Executive Chairman on 15 April 2019.

Prior to 15 April, Mr McAuliffe was the Company's Executive Chairman and following stepping down to a Non-Executive role on completion of the acquisition of Emerald, resigned as a Director effective 30 June 2019.

Ms Nerida Schmidt resigned as a Non-Executive Director on 1 September 2018 and as Company Secretary on 1 May 2019. Mr Arron Canicais was appointed as Company Secretary from 1 May 2019.

There were no other Board or Management changes during the year.

DIVIDENDS

No dividends have been paid or declared since the start of the financial year by the Group.

The directors have recommended that no dividend be paid by the Group in respect of the year ended 30 June 2019.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS AND REVIEW OF OPERATIONS

There have been no significant changes in the state of affairs of the Group at the date of this report that has not been disclosed elsewhere in the Directors' Report.

EVENTS SINCE THE END OF THE FINANCIAL YEAR

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Refer to Review of Operations on likely developments and future prospects of the Group.

ENVIRONMENTAL REGULATIONS

The Group's operations are subject to significant environmental regulation in relation to exploration and production activities conducted by the Group in the areas in which it operates, which is now primarily the North Slope of Alaska.

The Company intends to implement a policy of exceeding or at least complying with its environmental performance obligations. During the financial year, the Company was not aware of any material breach of any particular environmental law or any other regulation in respect to its operating activities

INFORMATION ON DIRECTORS AND COMPANY SECRETARY

PETER STICKLAND – Non-Executive Chairman
Qualifications: BSc, Hons (Geology), GDipAppFin (Finsia), GAICD
Board Committees: Member of Audit Committee and Remuneration Committee

Peter Stickland has over 25 years global experience in oil and gas exploration. He was the CEO and then Managing Director of Melbana from 2014 until early 2018 during which time he led the restructuring of the company and secured the Block 9 PSC in Cuba. Peter was also CEO and then Managing Director of Tap Oil Limited (ASX: TAP) from 2008 until late 2010 during which time he oversaw the evolution of the company into a South East Asia/Australia focused E&P Company. Earlier, Peter had a successful career with BHP Billiton including a range of technical and management roles. Peter is an Honorary Life Member of the Australian Petroleum Production and Exploration Association Limited (APPEA) and was a member of the APPEA Board from 2009 to 2017.

Other current Directorships of Australian listed companies:
- Melbana Energy Ltd (ASX: MAY)
- Talon Petroleum Limited (ASX: TPD)

Former directorships of Australian listed public companies in last three years:
- Nil

Interests in shares and Options over shares in Group companies at the date of this report:
- 2,800,000 fully paid ordinary shares
- 3,000,000 unlisted options

DOUGAL FERGUSON – Managing Director
Qualifications: B.Bus, GAICD

Mr Ferguson has over 25 years of experience in senior management positions in listed upstream oil and gas for both domestic and international companies. Mr Ferguson was Managing Director of Elixir Energy Limited since 2014 and has held senior positions with Salinas Energy Limited, ARC Energy Limited, Adelphi Energy Limited and Discovery Petroleum Limited, whilst also spending seven years in London with Premier Oil plc and Hess Corporation. He has gained broad commercial and technical experience working in business development and commercial roles in small to medium exploration and production companies.

Other current Directorships of Australian listed companies:
- Nil

Former directorships of Australian listed public companies in last three years:
- Elixir Energy Limited (ASX:EXR)

Interests in shares and Options over shares in Group companies at the date of this report:
- 11,625,658 shares (of which 7,875,769 shares are escrowed until 30 April 2020)
- 3,250,000 unlisted options
- 20,000,000 performance rights with various vesting conditions

ANTHONY WALSH – Non-Executive Director
Qualifications: BCom, MBA, FCA, FCIS, FFin
Board Committees: Member of Audit Committee and Remuneration Committee

Tony Walsh has over 35 years' experience in dealing with listed companies, ASX, ASIC and corporate transactions including 14 years with the ASX in Perth where he acted as ASX liaison with the JORC committee, four years as Chairman of an ASX listed mining explorer and as a director of a London AIM listed explorer.

Mr Walsh is the Company Secretary of two ASX listed companies and a member of the NOPSEMA audit committee. He is past member of the West Australian State Council of Governance Institute of Australia (formerly Chartered Secretaries Australia) and of Newman College school council. Mr Walsh is currently chairman of Acts2 Bible College and a director of the Womens and Infants Research Foundation.

Mr Walsh is a member of the Australian Institute of Company Directors, is a Fellow of both the Governance Institute of Australia, the Institute of Chartered Secretaries, FinSia and the Institute of Chartered Accountants in Australia.

Other current Directorships of Australian listed companies:
- Nil

Former directorships of Australian listed public companies in last three years:
- Atlas Iron Limited

Interests in shares and Options over shares in Group companies at the date of this report:
- 1,000,000 shares
- 3,000,000 unlisted options

MARK MCAULIFFE – Non-Executive Director (resigned 30 June 2019)

**NERIDA SCHMIDT – Non-Executive Director (resigned 1 September 2019)
and Company Secretary (resigned 1 May 2019)**

ARRON CANICAIS – Company Secretary (appointed 1 May 2019)
Qualifications: BCom, AGIA, CA

Mr Canicais is a corporate advisory executive of corporate advisory firm Smallcap Corporate Pty Ltd, which specialises in corporate advice and compliance administration to public companies. Mr Canicais has been involved in company secretarial, financial reporting and corporate compliance for over 12 years and is currently Company Secretary and Chief Financial Officer for several listed and unlisted entities.

Mr Canicais is an associate member of the Institute of Chartered Accountants and associate member of the Governance Institute of Australia.

DIRECTORS' MEETINGS

During the year ended 30 June 2019, eighteen meetings of directors were held and the attendance by each eligible Directors at each meeting is shown in the table below.

	Directors' Meetings	
	Eligible to attend	Attended
Mr Peter Stickland	14	14
Mr Dougal Ferguson	1	1
Mr Anthony Walsh	18	18
Mr Mark McAuliffe	18	18
Ms Nerida Schmidt	4	4

REMUNERATION REPORT (AUDITED)

(i) Key Management Personnel Disclosed in This Report

The names and positions of key management personnel of the Company and of the Group who have held office during the financial year are:

DIRECTORS

Peter Stickland	Non-Executive Chairman
Dougal Ferguson	Managing Director (appointed 15 April 2019)
Anthony Walsh	Non-Executive Director
Mark McAuliffe	Executive Chairman until 15 April 2019 then Non-Executive Director (resigned on 30 June 2019)
Nerida Schmidt	Non-Executive Director (resigned 1 September 2018)

OTHER KEY MANAGEMENT PERSONNEL

Nil

(ii) Remuneration Governance

The Remuneration Committee is a committee of the Board. It is primarily responsible for making recommendations to the Board on:

- The executive remuneration framework
- Operation of incentive plans which apply to executive directors and senior executives
- Remuneration levels of executives
- Non-executive directors' fees

Their objective is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Company. The Company does not currently have a separate Remuneration Committee. The Board carries out those functions that have been delegated to the Remuneration Committee Charter.

(iii) Remuneration Framework

The performance of the Company, among other things, depends upon the quality of its Directors and management. To prosper, the Company must attract, motivate and retain industry skilled Directors and key management personnel. To this end, the Board aims to align rewards with achievement of strategic objectives. The remuneration framework applied provides for a mixture of fixed and variable pay and a blend of short and long term incentives as appropriate.

No remuneration consultants are currently used by the Group in formulating remuneration policies.

(iv) Remuneration Structure

In accordance with best practice corporate governance, the structure of Non-Executive Director and key management personnel remuneration is separate and distinct.

Non-Executive Directors

Non-executive Directors Fees

The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders in a general meeting. As of 1 October 2017, Non-Executive director fees are currently set at $35,000 per annum (2018: $35,000) with the Non-Executive Chairman fees of $56,000 per annum (2018: $56,000).

Mr Peter Stickland was appointed a Non-Executive Director of the Company on 31 August 2018 and Non-Executive Chairman from 15 April 2019. He was paid $35,000 per annum as a Non-Executive Director and is paid $56,000 per annum as Non-Executive Chairman. In addition, Peter signed a service contract on 6 August 2018 to provide technical services at a daily rate of $2,000.

Mr Mark McAuliffe was appointed Executive Chairman on 19 October 2017 and stepped down to become Non-Executive Director on 15 April 2019. He was paid $56,000 per annum during his time as Chairman and $35,000 per annum as a Non-Executive Director. Mark also signed a contract to provide executive services at a daily rate of $1,200 dated 1 December 2017. Mark resigned on 30 June 2019.

The Group's policy is to remunerate Non-Executive Directors at market rates (for comparable companies) for time, commitment and responsibilities. Cash fees for Non-Executive Directors are not linked to the performance of the Group. However, to align Directors' interests with shareholders' interests, Directors are encouraged to hold shares in the Company.

Retirement benefits and allowances

No retirement benefits or allowances are paid or payable to Directors of the Company (other than statutory or mandatory superannuation contributions, where applicable).

Key Management Personnel

Base pay

Key management personnel receive a competitive level of base pay that comprises the fixed (unrisked) component of their pay and rewards. Base pay for senior key management personnel is reviewed annually to ensure market competitiveness. There are no guaranteed base pay increases included in any senior key management personnel contracts.

Short-term incentives

Payment of short-term incentives is at the sole and absolute discretion of the remuneration committee. The remuneration committee assess the achievement of key performance milestones to determine bonus payments. These milestones require performance in relation to key strategic, non-financial measures linked to drivers of performance in future reporting periods.

Short-term bonus payments may be adjusted up or down in line with under or over achievement relative to target performance levels at the discretion of the remuneration committee. For the year ended 30 June 2019, the Managing Director was not paid a short-term incentive payment (2018: Nil).

There have been no forfeitures of bonuses by key management personnel during the current or prior periods and no cash bonuses remained unvested at year end.

Long term Incentive - Share-based compensation

Options over shares in the Company and Performance Rights may be granted from time to time and are required to be approved by shareholders where option over shares or Performance Rights are issued to Directors. Participation in any incentive scheme is at the Board's discretion and no individual has a contractual right to participate in the incentive scheme or to receive any guaranteed benefits. Options or Performance Rights granted under incentive schemes carry no dividend or voting rights.

The Incentive Plan includes rules to prevent participants entering into transactions to remove the "at risk" aspect of the unvested Options or Performance Rights without the approval of the Board.

(v) Service Agreements

Remuneration and other terms of employment for the executives are formalised in service agreements specifying the components of remuneration, benefits and notice periods. Termination benefits are within limits set by the *Corporations Act 2001* such that they do not require shareholders approval.

Mr Ferguson's service agreement commenced on 15 April 2019. The contract includes a base salary of $260,000 per annum (including superannuation) and can be terminated by giving 6 months' notice in writing. The Company, may at the discretion of the Board, pay a bonus of up to 40% of the total fixed remuneration per annum. Mr Ferguson is eligible to participate in the Company's long-term incentive plan.

(vi) Details of Remuneration

REMUNERATION OF DIRECTORS BASED ON FEES APPROVED BY THE BOARD OF DIRECTORS	Total Remuneration 2019						
	Salary and Fees $	Annual Leave $	Super-annuation $	Total $	Share based payments Options $	Total $	Performance Based %
Peter Stickland [(1)]	62,922	-	-	62,922	9,668	72,590	13.3%
Dougal Ferguson [(2)]	49,467	7,344	4,699	61,510	-	61,510	-
Anthony Walsh [(3)]	35,000	-	-	35,000	5,580	40,580	13.7%
Mark McAuliffe [(4)]	150,238	-	-	150,238	8,429	158,667	5.3%
Nerida Schmidt [(5)]	13,833	-	-	13,833	9,465	23,298	40.6%
TOTAL	311,460	7,344	4,699	323,503	33,142	356,645	9.3%

(1) *Mr Stickland was appointed a Non-Executive Director of the Company on 31 August 2018.*
(2) *Mr Ferguson was appointed Managing Director of the Company on 15 April 2019.*
(3) *Mr Walsh was appointed a Non-Executive Director of the Company on 26 July 2017.*
(4) *Mr McAuliffe resigned from the board on 30 June 2019.*
(5) *Ms Schmidt resigned as a Non-Executive Director on 1 September 2018. She was also the Company Secretary for the Group and was paid $8,000 for corporate secretarial services during her appointment as a director of the Company.*

REMUNERATION OF DIRECTORS BASED ON FEES APPROVED BY THE BOARD OF DIRECTORS	Total Remuneration 2018						
	Salary and Fees $	Annual Leave $	Super-annuation $	Total $	Share based payments Options $	Total $	Performance Based %
Mark McAuliffe [(1)]	120,506	-	-	120,506	29,160	149,666	19.5%
Anthony Walsh [(2)]	32,648	-	-	32,648	14,580	47,228	30.9%
Nerida Schmidt [(3)]	26,105	-	-	26,105	-	26,105	-
Clare Pope [(4)]	20,981	-	-	20,981	-	20,981	-
Peter Stern [(5)]	12,231	-	-	12,231	-	12,231	-
Howard Dawson [(6)]	9,333	-	-	9,333	-	9,333	-
Graham Riley [(6)]	5,833	-	-	5,833	-	5,833	-
Kim Parsons [(6)]	5,833	-	-	5,833	-	5,833	-
TOTAL	233,470	-	-	233,470	43,740	277,210	15.8%

(1) *Mr McAuliffe was appointed a Non-Executive Director of the Company on 26 July 2017, Non-Executive Chairman on 1 September 2017 and Executive Chairman of the Company on 19 October 2017.*
(2) *Mr Walsh was appointed a Non-Executive Director of the Company on 26 July 2017.*
(3) *Ms Schmidt was appointed a Non-Executive Director of the Company on 7 March 2018. She is also the Company Secretary for the Group and was paid $15,097 for her corporate secretarial services since her appointment as a director of the Company.*
(4) *Ms Pope was appointed a Non-Executive Director of the Company on 26 July 2017 and resigned on 7 March 2018.*
(5) *Mr Stern was as appointed a Non-Executive Director of the Company on 26 July 2017 and resigned on 24 November 2017. During the year, Metropolis Pty Ltd, a Company associated with the Director, provided consulting services of $7,500.*
(6) *Mr Dawson, Mr Riley and Ms Parsons resigned as a Director of the Company on 1 September 2017.*

(vii) Details of Share Based Compensation and Bonuses

During the year, the Company issued 7 million unlisted options at various exercise prices to Directors and consultants of the Company after seeking shareholders' approval at the 2018 AGM. These options come with vesting conditions and a three year expiry from the date of issue.

Apart from the above, no other share based compensations or bonuses were granted or exercised as remuneration to key management personnel of the Group during the year.

(viii) Equity Instruments held by Key Management Personnel

The following tables show the number of equity instruments held during the financial year by key management personnel of the group including those close family members and entities related to them.

Options Held by Key Management Personnel	Number of Options			
	1 July 2018	Granted as Remuneration	Net Change Other	30 June 2019
Peter Stickland [1]	-	3,000,000	-	3,250,000
Dougal Ferguson [2]	-	-	3,250,000	3,000,000
Anthony Walsh	3,000,000	-	-	3,000,000
Mark McAuliffe [3]	6,000,000	-	(6,000,000)	-
Nerida Schmidt [4]	-	2,000,000	(2,000,000)	-
	9,000,000	5,000,000	(4,750,000)	9,250,000

[1] Mr Stickland was appointed a Director on 31 August 2018.
[2] Mr Ferguson was appointed Managing Director on 15 April 2019.
[3] Mr McAuliffe resigned on 30 June 2019.
[4] Ms Schmidt resigned on 1 September 2018.

Options Held by Key Management Personnel	Number of Options			
	1 July 2017	Granted as Remuneration	Net Change Other	30 June 2018
Mark McAuliffe [1]	-	6,000,000	-	6,000,000
Anthony Walsh [1]	-	3,000,000	-	3,000,000
Nerida Schmidt [2]	-	-	-	-
Peter Stern [3]	-	-	-	-
Clare Pope [4]	-	3,000,000	(3,000,000)	-
Howard Dawson [5]	-	-	-	-
Graham Riley [5]	-	-	-	-
Kimberly Parsons [5]	250,000	-	(250,000)	-
	250,000	12,000,000	(3,250,000)	9,000,000

[1] Mr McAuliffe and Mr Walsh were appointed as a Director on 26 July 2017.
[2] Ms Schmidt was appointed a Director on 7 March 2018.
[3] Mr Stern was appointed a Director on 26 July 2017 and resigned on 24 November 2017.
[4] Ms Pope was appointed a Director on 26 July 2017 and resigned on 7 March 2018. Upon resignation, her 3 million incentive options lapsed.
[5] Mr Dawson, Mr Riley and Ms Parsons resigned as a Director on 1 September 2017.

At 30 June 2019, 3 million options held by directors have vested. The balance 3 million options are still subject to vesting condition.

Shares held by Key Management Personnel	1 July 2018	Granted as Remuneration	Number of Shares Net Change Other	Balance at Resignation	30 June 2019
Peter Stickland (1)	-	-	2,800,000	-	2,800,000
Dougal Ferguson (2)	-	-	11,625,658	-	11,625,658
Anthony Walsh	-	-	1,000,000	-	1,000,000
Mark McAuliffe (3)	1,645,000	-	855,000	(2,500,000)	-
Nerida Schmidt (4)	-	-	-	-	-
	1,645,000	-	16,280,658	(2,500,000)	15,425,658

(1) *Mr Stickland was appointed a Director on 31 August 2018.*

(2) *Mr Ferguson was appointed Managing Director on 15 April 2019. He has 7,875,769 shares on escrow until 30 April 2020.*

(3) *Mr McAuliffe resigned as a Director on 30 June 2019.*

(4) *Ms Schmidt resigned as a Director on 1 September 2018.*

Shares held by Key Management Personnel	1 July 2017	Granted as Remuneration	Number of Shares Net Change Other	Balance at Appointment/ Resignation	30 June 2018
Mark McAuliffe (1)	-	-	1,645,000	-	1,645,000
Anthony Walsh (2)	-	-	-	-	-
Nerida Schmidt (3)	-	-	-	-	-
Clare Pope (4)	-	-	-	-	-
Peter Stern (5)	-	-	-	-	-
Howard Dawson (6)	2,500,000	-	-	(2,500,000)	-
Graham Riley (6)	10,000,000	-	-	(10,000,000)	-
Kimberly Parsons (6)	-	-	-	-	-
	12,500,000	-	1,645,000	(12,500,000)	1,645,000

(1) *Mr McAuliffe was appointed a Director on 26 July 2017.*

(2) *Mr Walsh was appointed a Director on 26 July 2017.*

(3) *Ms Nerida Schmidt was appointed a Director on 7 March 2018.*

(4) *Ms Pope was appointed a Director on 26 July 2017 and resigned as a Director on 7 March 2018.*

(5) *Mr Stern was appointed a Director on 26 July 2017 and resigned as a Director on 24 November 2017.*

(6) *Mr Dawson, Mr Riley and Ms Parsons resigned on 1 September 2017.*

(End of audited remuneration report)

SHARES UNDER OPTIONS

At the date of this report the following unlisted options have been granted over unissued capital:

Grant Date	Number	Exercise Price $	Expiry Date
8 February 2017	10,000.000	0.040	31/3/2020
28 November 2017	3,000,000	0.048	28/11/2020
28 November 2017	3,000,000	0.072	28/11/2020
28 November 2017	3,000,000	0.096	28/11/2020
4 December 2018	5,000,000	0.048	4/12/2021
4 December 2018	1,000,000	0.072	4/12/2021
4 December 2018	1,000,000	0.096	4/12/2021
	26,000,000		

During the year ended 30 June 2019 and up to the date of this report, no options were exercised or expired.

INDEMNIFYING AND INSURING DIRECTORS AND OFFICERS

During the financial year, the Group paid premiums for Directors and Officers liability insurance of $28,000 (2018: $22,740). Except as disclosed above, the Group has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the Group or a related body corporate:

a) indemnified or made any relevant agreement for indemnifying against a liability, including costs and expenses in successfully defending legal proceedings; or

b) paid or agreed to pay a premium in respect of a contract insuring against a liability for the costs or expenses to defend legal proceedings.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings. The Group was not a party to any such proceedings during the year.

NON-AUDIT SERVICES

No non-audit services were provided by the Group's auditors during the year (or by any other person or firm on the auditors' behalf) and accordingly the Directors are satisfied that the auditor has complied with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

AUDITOR'S INDEPENDENCE DECLARATION

In accordance with Section 307C of the *Corporations Act 2001*, the auditors of the Group, Stantons International have provided a signed Auditor's Independence Declaration to the directors in relation to the year ended 30 June 2019. This declaration has been included in this document.

CORPORATE GOVERNANCE

The directors of the Group support and adhere to the principles of corporate governance, recognising the need for the highest standard of corporate behaviour and accountability. Please refer to the corporate governance statement to be released to ASX and posted on the Company website at www.xcdenergy.com.au/company/corporate-governance when the Group's Annual Report is lodged.

Signed in accordance with a resolution of the Directors

Dougal Ferguson
Managing Director

27 September 2019
Perth, Western Australia

In accordance with a resolution of the directors of XCD Energy Limited ABN 43 108 425 ("Company"), I state that:

In the opinion of the directors:

1) the financial statement and notes of the Company and of the Group to these statements are in accordance with the *Corporations Act 2001* including:

   a) complying with Accounting Standards and the Corporations Regulations 2001; and

   b) giving a true and fair view of the financial position as at 30 June 2019 and of the performance for the year ended on that date of the Company and the Group;

2) the Managing Director and Company Secretary have each declared that:

   a) the financial records of the Company for the year ended 30 June 2019 have been properly maintained in accordance with Section 286 of the *Corporations Act 2001*;

   b) the financial statements and notes for the financial year comply with the Accounting Standards;

   c) the financial statements and notes for the financial year give a true and fair view;

3) the financial statements and notes for the financial year also comply with International Financing Reporting Standards as disclosed in Note 1; and

4) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board of Directors

Dougal Ferguson
Managing Director

27 September 2019
Perth, Western Australia

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2019

	Note	2019 $	2018 $
Revenue	2	**62,598**	67,487
Foreign currency gains		**44,035**	63,639
Expenses	2	**(972,511)**	(714,416)
(Loss) from continuing operations before income tax		**(865,878)**	(583,290)
Income tax	3	**-**	-
(Loss) from continuing operations after income tax	5	**(865,878)**	(583,290)
(Loss) from discontinued operations	24	**-**	(2,733)
(Loss) on deregistration of foreign subsidiary		**(8,133,982)**	-
(Loss) from after income tax	4	**(8,999,860)**	(586,023)
Other comprehensive income			
Items which are subsequently transferred to Profit and Loss:			
Foreign currency translation differences		**3,897**	(8,964)
Reclassification of gain/loss to P&L on deregistration of foreign subsidiary		**8,367,368**	-
Income tax on other comprehensive income	3	**-**	-
Total comprehensive (loss) for the year, net of income tax		**8,371,265**	(8,964)
Total comprehensive (loss) for the year		**(628,595)**	(594,987)
Basic and diluted loss from continuing operations per share (cents per share)	5	**(0.18)**	(0.19)
Basic and diluted earnings/(loss) from discontinued operations per share (cents per share)	5	**-**	(0.001)
Basic and diluted loss per share (cents per share)	5	**(0.18)**	(0.19)

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

Consolidated Statement of Financial Position

As at 30 June 2019

	Note	2019 $	2018 $
CURRENT ASSETS			
Cash and cash equivalents	13	**1,624,016**	4,353,622
Trade and other receivables	6	**75,090**	136,827
Total Current Assets		**1,699,106**	4,490,449
NON CURRENT ASSETS			
Plant and equipment	7	**16,993**	17,199
Capitalised exploration expenditure	8	**3,809,479**	-
Other receivables	6	**426,821**	-
Total Non Current Assets		**4,253,293**	17,199
Total Assets		**5,952,399**	4,507,648
CURRENT LIABILITIES			
Trade and other payables	9	**134,409**	331,013
Provisions	10	**7,344**	-
Total Current Liabilities		**141,753**	331,013
Total Liabilities		**141,753**	331,013
Net Assets		**5,810,646**	4,176,635
EQUITY			
Issued capital	11	**65,259,579**	63,039,578
Reserves	12	**18,806,019**	10,392,148
Accumulated losses	4	**(78,254,952)**	(69,255,091)
Total Equity		**5,810,646**	4,176,635

The above Consolidated statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2019

	Note	2019 $	2018 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers & employees		**(860,378)**	(649,679)
Interest received		**61,820**	69,593
Net Cash (used in) Operating Activities	13	**(798,558)**	(580,086)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capitalised exploration expenditure		**(2,024,185)**	(136,423)
Purchase of plant and equipment		**(9,490)**	(15,194)
Proceeds from sale of assets/subsidiaries		**-**	112,731
Placement of bank guarantee/corporate security		**-**	(44,724)
Refund of security bond		**36,653**	23,160
Proceeds from sale of plant and equipment		**-**	1,573
Net Cash (used in) Investing Activities		**(1,997,022)**	(58,877)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from equity issues (net of issue expenses)		**-**	-
Loan to Elixir Energy		**(700,486)**	-
Repayment of loan from Elixir Energy		**700,486**	-
Net Cash from Financing Activities		**-**	-
Net (Decrease) in Cash Held		**(2,795,580)**	(638,963)
Net foreign exchange differences		**65,974**	(63,637)
Cash and cash equivalents at beginning of year		**4,353,622**	4,928,948
Cash and cash equivalents at end of Year	13	**1,624,016**	4,353,622

The above Consolidated statement of Cashflows should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes In Equity

For the Year Ended 30 June 2019

ATTRIBUTABLE TO MEMBERS OF THE GROUP	Issued Capital $	Option Premium Reserve $	Currency Translation Reserve $	Accumulated Losses $	Total Equity $
At 1 July 2017	63,039,578	5,697,522	4,659,850	(68,669,068)	4,727,882
Loss for year	-	-	-	(586,023)	(586,023)
Foreign currency translation differences	-	-	(8,964)	-	(8,964)
Total other comprehensive (loss)	-	-	(8,964)	-	(8,964)
TOTAL COMPREHENSIVE (LOSS) FOR THE YEAR	-	-	(8,964)	(586,023)	(594,987)
Share based payments	-	43,740	-	-	43,740
At 30 June 2018	63,039,578	5,741,262	4,650,886	(69,255,091)	4,176,635
Loss for year	-	-	-	(8,999,860)	(8,999,860)
Foreign currency translation differences	-	-	3,897	-	3,897
Deregistration of foreign subsidiary	-	-	8,367,368	-	8,367,368
Total other comprehensive (loss)	-	-	8,371,265	-	8,371,265
TOTAL COMPREHENSIVE (LOSS) FOR THE YEAR	-	-	8,371,265	(8,999,860)	(628,595)
Issue of shares	2,220,000	-	-	-	2,220,000
Share based payments	-	42,606	-	-	42,606
At 30 June 2019	65,259,578	5,783,868	13,022,151	(78,254,951)	5,810,646

The above Consolidated statement of Changes in Equity should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2019

NOTE 1. BASIS OF PREPARATION OF THE FINANCIAL REPORT

The following is a summary of the significant accounting policies adopted by XCD Energy Limited A.C.N. 108 403 425 ("Parent Entity" or "Company") and by the Parent Entity and its controlled entities ("Group") in the preparation of these financial statements. The financial report was approved by the Board of Directors on 27 September 2019.

Basis of Preparation of Accounts

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) and the Corporations Act 2001. The consolidated financial report of the Group also complies with the International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board.

Separate financial statements for XCD Energy Limited as an individual entity are no longer presented as the consequence of a change to the *Corporations Act 2001*, however, required financial information for XCD Energy Limited as an individual entity is included in Note 26.

The financial report has been prepared on an accruals basis and is based on a historical cost basis, except for available-for-sale financial assets that have been measured at fair value. The presentation currency used in this financial report is Australian Dollars.

Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies adopted by the Group in the preparation of these financial statements. The Company is a listed public company limited by shares, incorporated and domiciled in Australia.

a) Basis of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (XCD Energy Limited) and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent 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. A list of the subsidiaries is provided in Note 18.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of profit or loss and other comprehensive income.

b) Going Concern

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

The ability of the Group to continue as a going concern is dependent upon the rationalisation of assets through the outright sale or farm-down of onshore assets or future capital raising. The directors believe that at the date of signing the financial report they have reasonable grounds to believe the group will have sufficient funds to meet its obligations as and when they fall due.

c) Foreign Currency Translation

The presentation currency of the Company and its Australian subsidiaries is Australian dollars. The functional currency of the Company is Australian dollars. Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. All differences in the consolidated financial report are taken to the Consolidated Statement of Profit or Loss and other Comprehensive Income. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in the Consolidated Statement of Profit or Loss and other Comprehensive Income. Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The functional currency of overseas subsidiaries is United States dollars. As at the reporting date the assets and liabilities of these overseas subsidiaries are translated into the presentation currency of the Company at the rate of exchange ruling at the reporting date and the Consolidated Statement of Profit or Loss and other Comprehensive Income are translated at the average exchange rates for the period. The exchange differences arising on the retranslation are taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

d) Taxes

Income Tax

Deferred income tax is provided on all temporary differences at the Consolidated Statement of Financial Position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Income taxes relating to items recognised directly in equity are recognised in equity and not in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

e) Employee Benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave. Employee benefits, expenses and revenues arising in respect of wages and salaries; non-monetary benefits; annual leave; long service leave and other leave and other employee entitlements are charged against profits on a net basis.

Contributions are made by the Group to employee superannuation funds and are charged as expenses when incurred. The Group has no legal obligation to cover any shortfall in any superannuation fund's obligation to provide benefits to employees on retirement.

f) Cash and Cash Equivalents

Cash and short term deposits in the Consolidated Statement of Financial Position comprise cash at bank and in hand and short term deposits with a maturity of three months or less. For the purpose of the statement of cash flows, cash includes cash on hand and at call deposits with banks or financial institutions, net of bank overdrafts and investments in money market instruments with less than 14 days to maturity.

g) Revenue Recognition

Revenue from services rendered is recognised upon the delivery of goods or services to customers. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

h) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except: where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Consolidated Statement of Financial Position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority. Cash flows are included in the consolidated statement of cash flows on a gross basis and the GST component of cash flows arising from the investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

i) Impairment of Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount. 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. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at a revalued amount (in which case the impairment loss is treated as a revaluation decrease). An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount.

That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the financial statements unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase/decrease. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

j) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership. The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight-line basis. Contingent rentals are recognised as an expense in the financial year in which they are incurred.

k) Issued Capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

l) Property, Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Land and buildings are measured at fair value less accumulated depreciation. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

Buildings – over 20 years
Plant and equipment – over 2 to 15 years
Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If any indication of impairment exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. 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.

An item of property, plant and equipment is written off upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on writing off of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

m) Trade and Other Receivables

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectible debts. An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

n) Trade and Other Payables

Trade payables and other payables are carried at amortised cost which represents future liabilities for goods and services received, whether or not billed to the Group.

o) Inventories

Inventories are measured at the lower of cost and net realisable value.

p) Exploration and Development Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Accumulated costs in relation to an abandoned area are written off in full in the year in which the decision to abandon the area is made. When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. Due diligence costs associated with exploration and development expenditure are fully written off. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the relevant permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis. Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

q) Share-based Payment Transactions

The Group provides benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions'). There is currently an Employee Share Option Plan in place to provide these benefits, which provides benefits to directors and executives. The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using the Black & Scholes method. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ('market conditions'). The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition. Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph. The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

r) Earnings Per Share

Basic earnings per share is calculated as net profit attributable to members of the Group, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element. Diluted earnings per share is calculated as net profit attributable to members of the Group, adjusted for: costs of servicing equity; and other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

s) Interests in Joint Ventures

The Group's share of the assets, liabilities, revenue and expenses of joint venture operations are included in the appropriate items of the consolidated financial statements. The Group's interests in joint venture entities are brought to account using the proportionate method of accounting in the consolidated financial statements. The Parent Entity's interests in joint venture entities are brought to account using the cost method.

t) Comparatives

Comparatives are restated where necessary to ensure disclosure is consistent with the current year.

u) Fair Value of Assets and Liabilities

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

Valuation techniques

In the absence of an active market for an identical asset or liability, the Group selects and uses one or more valuation techniques to measure the fair value of the asset or liability, The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Group are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Group gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

Fair value hierarchy

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3

Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The Group would change the categorisation within the fair value hierarchy only in the following circumstances:

(i) if a market that was previously considered active (Level 1) became inactive (Level 2 or Level 3) or vice versa; or
(ii) if significant inputs that were previously unobservable (Level 3) became observable (Level 2) or vice versa.

When a change in the categorisation occurs, the Group recognises transfers between levels of the fair value hierarchy (i.e. transfers into and out of each level of the fair value hierarchy) on the date the event or change in circumstances occurred.

v) Significant Accounting Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Exploration and evaluation assets

The Group's accounting policy for exploration and development expenditure is set out in Note 1(p). The application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves are found. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under other policy, it is concluded that the Company is unlikely to recover the expenditure by future exploitation or sale, then the relevant capitalised amount will be written off to the Consolidated Statement of Profit or Loss and other Comprehensive Income.

Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Recovery of deferred assets

Deferred tax assets are recognised for deductible temporary differences when management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The Group measures the cost of cash-settled share-based payments at fair value at the grant date using the Black & Scholes model, taking into account the terms and conditions upon which the instruments were granted.

w) New and Revised Accounting Standards adopted by the Group

The Group has adopted AASB 15 Revenue from Contracts with Customers and AASB 9 Financial Instruments which became effective for financial reporting periods commencing on or after 1 January 2018.

AASB 15 *Revenue from contracts with customers*

AASB 15 replaces AASB 118 Revenue, AASB 111 Construction Contracts and several revenue-related Interpretations. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue to be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group has applied the new Standard effective from 1 July 2018 using the modified retrospective approach. Under this method, the cumulative effect of initial application is recognised as an adjustment to the opening balance of retained earnings at 1 July 2018 and comparatives are not restated.

The adoption of AASB 15 does not have a significant impact on the Group as the Group does not currently have any revenue from customers.

AASB 9 Financial Instruments

AASB 9 *Financial Instruments* replaces AASB 139 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment, and hedge accounting.

As a result of adopting AASB 9 Financial Instruments, the Group has amended its financial instruments accounting policies to align with AASB 9. AASB 9 makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an 'expected credit loss' model for impairment of financial assets.

There were no financial instruments which the Group designated at fair value through profit or loss under AASB 139 that were subject to reclassification. The Board assessed the Group's financial assets and determined the application of AASB 9 does not result in a change in the classification of the Group's financial instruments.

The adoption of AASB 9 does not have a significant impact on the financial report.

New and revised Accounting Standards for Application in Future Periods

AASB 16: Leases applies to annual reporting periods beginning on or after 1 January 2019.

This Standard supersedes AASB 117 Leases, Interpretation 4 Determining whether an Arrangement contains a Lease, AASB intrpretation 115 Operating Leases-Incentives and AASB intrpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of lease. AASB 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under AASB 117.

The key features of AASB 16 are as follows:

- Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.
- A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities.
- Assets and Liabilities arising from the lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be mad in optional periods if the lessee is reasonably certain to exercise an option to extend to lease, or not to exercise an option to terminate the lease.
- AASB 16 contains disclosure requirements for leases.

Lessor accounting

- AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.
- AASB 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk.

The Group would have recognized a lease asset and liability of approximately $92,229 before any discount rate, should AASB 16 be adopted. The Group's operating profit will improve, while its interest expense will increase. This is due to the change in the accounting for expenses of leases that were classified as operating leases under AASB 117.

Other standards not yet applicable

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

NOTE 2. REVENUE AND EXPENSES

	2019 $	2018 $
Net loss before Income tax expense include the following revenues and expenses where disclosure is relevant in explaining the performance of the Group:		
Revenue		
Interest received from other persons	**62,598**	67,192
Others	**-**	295
	62,598	67,487
Charging as Expenses		
Depreciation	**(3,705)**	(2,040)
Consultancy fees	**(76,888)**	(102,398)
Remuneration of officers and employees	**(370,153)**	(273,623)
Cost of share based payments	**(42,606)**	(43,740)
Other operating expenses	**(479,159)**	(292,615)
	(972,511)	(714,416)

NOTE 3. INCOME TAX

Reconciliation of the prima facie income tax on operating loss from ordinary activities with the income tax expense in the financial statements:

	2019 $	2018 $
Prima facie income tax benefit on operating loss calculated at 30%	**(2,699,958)**	(175,808)
Cost of share based payments	**12,787**	13,122
	(2,687,171)	(162,686)
Movement in unrecognised temporary differences	**3,233,878**	(91,535)
Income tax benefit not brought to account as realisation of the benefit is not virtually certain	**(546,707)**	254,221
Income Tax Expense from Ordinary Activities	**-**	-
Unrecognised deferred tax balances		
Deferred Tax Assets		
Tax losses	**21,650,730**	21,383,467
Tax losses on capital account	**383,162**	383,162
Capitalised expenses	**1,826**	1,826
Accrued expenses	**8,195**	10,500
Provisions for expenses	**8,705**	-
Capital raising costs	**32,601**	32,601
Capitalised drilling acquisition costs	**-**	2,302,156
Total deferred tax assets	**22,085,219**	24,113,712
Deferred Tax Liabilities		
Prepayments	**6,571**	7,549
Total deferred tax liabilities	**6,571**	7,549
Net deferred tax asset not brought to account	**22,091,790**	24,121,261

The net future income tax benefit not brought to account includes provisions and capital raising costs that will realise a benefit to the Company only if the Company derives future assessable income of a nature and amount sufficient to enable the benefits to be realised, the Company continues to comply with the conditions for deductibility imposed by law, and no changes in tax legislation adversely affect the ability of the Company to realise the benefits.

NOTE 4. ACCUMULATED LOSSES

	2019 $	2018 $
Accumulated losses at the beginning of the financial year	**(69,255,091)**	(68,669,068)
Net loss for the financial year	**(8,999,860)**	(586,023)
Accumulated losses at the end of the financial year	**(78,254,951)**	(69,255,091)

NOTE 5. (LOSS) PER SHARE

	2019	2018
Basic and diluted (loss) from continuing operations (cents per share) (1)	**(0.18)**	(0.19)
Basic and diluted (loss) from discontinued operations (cents per share) (1)	**-**	(0.001)
Basic and diluted (loss) (cents per share) (1)	**(0.18)**	(0.19)
Loss from continued operations used in the calculation of basic EPS	**(865,878)**	(583,290)
Loss from discontinued operations used in the calculation of diluted EPS (1)	**-**	(2,733)
Loss from deregistration of foreign subsidiary	**(8,133,982)**	-
Loss used in the calculation of basic and diluted EPS (1)	**(8,999,860)**	(586,023)
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share	**489,728,934**	304,728,934
Weighted average number of ordinary shares outstanding during the year used in the calculation of diluted earnings per share	**489,728,934**	304,728,934

During the year ended 30 June 2019, 7 million net incentive options were issued to the directors of the Company (Note 16).

(1) Share options issued during the year have not been included in the calculation of diluted loss per share as they are anti-dilutive.

NOTE 6. TRADE & OTHER RECEIVABLES

	2019 $	2018 $
(A) Trade & Other Receivables (Current)		
Trade debtors	**778**	2,700
Other debtors and prepayments	**49,588**	52,559
Deposits	**24,724**	81,568
	75,090	136,827
(B) Other Receivables (Non-Current)		
Bureau of Land Management Bond (Alaskan Leases)	**426,821**	-

Other debtors are non-interest bearing and generally on 30 to 60 day terms.

Deposits include a bank guarantee in place for office premises, a lease deposit and a deposit secured for a corporate credit card facility.

A cash bond of US$300,000 is required by the Bureau of Land Management ("BLM") to hold leases in the NPR-A Alaska.

None of these receivables are part due or impaired.

NOTE 7. PLANT AND EQUIPMENT

	2019 $	2018 $
At cost	**30,383**	140,420
Accumulated depreciation	**(13,390)**	(123,221)
	16,993	17,199
At the beginning of the financial year	**17,199**	5,368
Additions	**3,499**	15,194
Depreciation expense	**(3,705)**	(2,040)
Written down value of assets sold or written off	**-**	(1,323)
Total Plant and Equipment	**16,993**	17,199

NOTE 8. CAPITALISED EXPLORATION EXPENDITURE

	2019 $	2018 $
Cost at the beginning of the financial year	**-**	-
Additions	**-**	156,991
Acquisition of Asset (see details below)	**3,732,841**	-
Exploration and acquisition expenditure at cost	**76,638**	-
Impairment	**-**	(156,991)
Cost at the end of the financial year	**3,809,479**	-

The ultimate recoupment of cost carried forward for capitalised exploration expenditure is dependent on the successful development and commercial exploitation or sale of the respective lease areas.

On 15 April 2019, the Group finalised the acquisition of 100% of the issued capital of Emerald House LLC for the issue of 185,000,000 convertible preference shares ("CPS") and the reimbursement of cost amounting to $1,512,841 to Elixir Energy Limited. The acquisition of Emerald House LLC has been assessed and it was determined this was an acquisition of oil and gas leases (acquisition of asset).

The breakdown of the acquisition of asset of $3,732,841 is as follows:

Shares issued to Elixir Energy shareholders	2,200,000
Option fee paid to Elixir Energy	50,000
Reimbursement of cost incurred by Elixir Energy	1,462,841

	2019 $	2018 $

NOTE 9. TRADE AND OTHER PAYABLES

	2019 $	2018 $
Trade creditors and accrued expenses	**134,409**	331,013
	134,409	331,013

Trade creditors are non-interest bearing and generally on 30 day terms.

An amount of $231,814 for year ending 30 June 2018 relates to the Battle Mountain AMI joint venture and is disputed by the Company. The Company in turn has made a counter claim for $260,000.

NOTE 10. PROVISIONS

	2019 $	2018 $
Employee entitlements	**7,344**	-
	7.344	-

NOTE 11. ISSUED CAPITAL

	2019 $	2018 $
489,728,934 (2018: 304,728,934) fully paid ordinary shares	**65,259,579**	63,039,578
Movements in Ordinary Shares		
At the beginning of the financial year	**63,039,579**	63,039,578
185 million shares issued for the acquisition of new project	**2,220,000**	-
Share issue costs	**-**	-
At the End of the Financial Year	**65,259,579**	63,039,578

During the year ended 30 June 2019, the Company issued 185,000,000 convertible preference shares to Elixir Energy Limited for the acquisition of the Alaskan leases. Those convertible preference shares were converted into fully paid ordinary shares on 30 April 2019. There was no movement for 2018.

Terms and conditions of contributed equity

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Company, to participate in the proceeds from sale of all surplus assets in proportion to the number of, and amounts paid up, of shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at any meeting of the Company.

Capital Management

Management controls the capital of the Group in order to maintain an appropriate debt to equity ratio, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern. The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets. There are no externally imposed capital requirements. Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues. There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

NOTE 12. RESERVES

	2019 $	2018 $
Option premium reserve	**5,783,869**	5,741,262
Currency translation reserve	**13,022,150**	4,650,886
	18,806,019	10,392,148
Movements in option premium reserve		
At the beginning of the financial year	**5,741,262**	5,697,522
Share based payments expense [1]	**42,606**	43,740
Share issue cost	**-**	-
At the end of the financial year	**5,783,868**	5,741,262
Movements in currency translation reserve		
At the beginning of the financial year	**4,650,886**	4,659,850
Movement for the year [2]	**3,897**	(8,964)
Deregistration of foreign subsidiary	**8,367,368**	-
At the end of the financial year	**13,022,151**	4,650,886

(1) The option premium reserve is used to accumulate the fair value of options issued. During the year, 7,000,000 incentive options were issued to Directors and consultants of the Company.

(2) The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

NOTE 13. CASH FLOW INFORMATION

	2019 $	2018 $
Reconciliation of cash flow from operations with loss after income tax		
(Loss) after tax	**(8,999,860)**	(586,023)
Non cash flows in loss		
Depreciation of plant and equipment	**3,705**	2,040
Foreign exchange differences	**(84,869)**	(63,639)
Deregistration of subsidiary	**8,367,368**	-
Exploration expenditure written off	**-**	5,134
Gain on sale of assets / production assets	**-**	(295)
Cost of share based payment	**42,606**	43,740
Changes in assets and liabilities		
Decrease/ (increase) in trade and other receivables	**61,737**	170,352
Increase/ (decrease) in other creditors and accruals	**(213,563)**	(133,638)
Increase/ (decrease) in provisions	**24,318**	(17,757)
Net cash (used in) operating activities	**(798,558)**	(580,086)

Reconciliation of cash and cash equivalents

Cash and cash equivalents at the end of the financial year is shown in the accounts as:

	2019 $	2018 $
Cash	**1,624,016**	4,353,622
Cash and cash equivalents at the end of the financial year	**1,624,016**	4,353,622

As per the policy of the Company for cash flow purposes, cash and cash equivalents are made up of all cash on hand and cash at bank.

Non-cash financing and investing activities

During the year ended 30 June 2019, the Company incurred share based payments of $42,606 (2018 - $43,740).

There are no financing facilities in place for the Company.

NOTE 14. AUDITOR'S REMUNERATION

	2019 $	2018 $
Remuneration of the auditor of the Company for:		
Auditing or reviewing the financial report	**33,000**	31,000
	33,000	31,000

NOTE 15. KEY MANAGEMENT PERSONNEL

	2019 $	2018 $
Compensation of Key Management Personnel		
Compensation by category:		
Primary remuneration	**316,160**	233,470
Equity remuneration	**33,141**	43,740
	349,301	277,210

Detailed remuneration disclosures are provided in the remuneration report on pages 9 to 13.

NOTE 16. SHARE BASED PAYMENTS

The following share based payments were issued to employees and consultants by the Company and by the Group during the year.

	2019		2018	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding at beginning of year	**9,000,000**	**$0.07**	1,000,000	$0.028
Expired	**-**	**-**	(1,000,000)	$0.28
Issued	**7,000,000**	**$0.06**	12,000,000	$0.07
Lapsed	**-**	**-**	(3,000,000)	$0.07
Outstanding and exercisable at year end	**16,000,000**	**$0.06**	9,000,000	$0.07

The fair value of the options granted to employees and consultants is deemed to represent the value of the employee services received over the vesting period.

3 million incentive options were issued to a Director during the year.

NOTE 17. SEGMENT INFORMATION

Primary Reporting Business Segments

During the year ended 30 June 2019 and also during the year ended 30 June 2018, the Group operated entirely in the oil and gas industry.

Secondary Reporting Geographical Segments:

	Total Revenue $	Segment Profit/(Loss) $	Segment Assets $	Segment Liabilities $
Year to 30 June 2019				
Australia	62,598	(865,877)	5,448,940	(141,753)
North America	-	(8,133,987)	503,459	-
Total	62,598	(8,999,864)	5,952,399	(141,753

	Revenue $	Segment Profit/(Loss) $	Segment Assets $	Segment Liabilities $
Year to 30 June 2018				
Australia	67,487	(583,290)	4,504,615	(99,198)
North America	2,401	(2,733)	3,033	(231,815)
Total	69,888	(586,023)	4,507,648	(331,013)

Segment revenues, expenses and results may include transfers between segments. The prices charged on intersegment transactions are the same as those charged for similar goods to parties outside of the economic entity at an arm's length. These transfers are eliminated on consolidation.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2019

NOTE 18. CONTROLLED ENTITIES

	% Owned	
	2019	**2018**
Subsidiaries of XCD Energy Limited		
Entek USA Inc	**100%**	100%
Entek GRB LLC	**-**	100%
Entek Alaska LLC	**100%**	-
Emerald House LLC	**100%**	-

All the subsidiaries listed above are incorporated in the USA. Entek GRB LLC was deregistered during the year.

The Company acquired 100% of Emerald House LLC from Elixir Energy Limited.

NOTE 19. COMMITMENTS

Superannuation

The Company makes contributions to complying superannuation funds based on the requirements of the Australian Superannuation Guarantee Charge or such higher amount as has been agreed with individual employees. There is a legally enforceable obligation on the Company to contribute to the superannuation plan for those contributions that have been agreed with individual employees as part of their conditions of employment. During the year ended 30 June 2019, there was one employee under the Company's payroll.

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	2019 $	2018 $
Capital		
Capital Expenditure Commitments Payable:		
Rental and Lease Payments (1)		
Not later than 1 year	**29,178**	29,178
Later than 1 year but not later than 2 years	**58,355**	87,534
Later than 2 years but not later than 5 years	**-**	-
Total Commitments	**87,533**	116,712

(1) A bank guarantee in favour of the lessor of the office premises has been issued for $24,724 as security over the office lease.

Oil and Gas leases

Annual lease rentals for the Alaskan leases of US$3/acre are required to be paid in February of each year to maintain the leases in good standing. The Group intends to maintain good tenure over the leases of interest whilst exploration is ongoing. The Group will review the leases for prospectivity on an annual basis and may elect not to renew some or all of the leases without penalty.

NOTE 20. CONTINGENT LIABILITIES

During the year ended 30 June 2019, the Company deregistered its US subsidiary, Entek GRB LLC (see note 24). The deregistration resulted in several security bonds being forfeited by the Group. These security bonds were put in place by Entek GRB LLC to cover any rehabilitation costs associated with the assets of Entek GRB LLC. The Directors are of the opinion that the agreements made by Entek GRB LLC as part of the de-registration process relieves the Group of any further liability, however, there is a risk that a claim will be made against the Group and accordingly, the Directors consider this to be a contingent liability as at 30 June 2019. At this stage, it is not possible to quantify an amount of any potential claim.

Apart from the above, there are no other contingent liabilities as at 30 June 2019.

NOTE 21. CONTINGENT ASSETS

Other than the future income tax benefit (not brought to account) as disclosed in Note 3, no other contingent assets exist as at 30 June 2019.

NOTE 22. FINANCIAL INSTRUMENTS

Financial Risk Management Policies

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable and loans to and from subsidiaries, which arise directly from its operations. The Group's policy is that no trading in financial instruments shall be undertaken. The main purpose of non-derivative financial instruments is to finance group operations. Derivatives are not used by the Group and the Group does not speculate in the trading of derivative instruments.

Treasury Risk Management

The Board considers the Group's financial risk exposure and treasury management strategies in the context of the Group's operations. The Board's overall risk management strategy seeks to assist the Group in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are interest rate risk, foreign currency risk, liquidity risk, credit risk and price risk. The Board reviews each of these risks on an on-going basis.

Interest Rate Risk

The Group has no debt that requires the payment of interest.

Financial Instruments	Terms and Conditions and Interest Rate Risk
Bank Deposits	Bank deposits are either held at call, subject to notice of withdrawal or subject to maturity after a specified period of time. All cash held is subject to floating interest rate risk.
Receivables	There are no specific terms and conditions that may affect the amount, timing and certainty of future cash flows as they are all managed on a case by case basis. These are non-interest bearing and there is no exposure to interest rate risk.
Accounts Payable	There are no specific terms and conditions that may affect the amount, timing and certainty of future cash flows as they are all managed on a case by case basis. These are non-interest bearing and there is no exposure to interest rate risk.
Equity	Details of equity securities issued and outstanding are disclosed separately in these financial statements. These are non-interest bearing and there is no exposure to interest rate risk.

Foreign Currency Risk

The Group is exposed to fluctuations in foreign currencies arising from the sale and purchase of goods and services in currencies other than the Group's measurement currency. The Group is also exposed to fluctuations in foreign currencies arising from deposits with banks denominated in foreign currencies. The Group has reviewed this position and is of the view that it is not economic to hedge this exposure.

Liquidity Risk

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate funds are available.

Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the Statement of Financial Position and notes to the financial statements. There are no material amounts of collateral held as security at 30 June 2019. Credit risk is managed on a Group basis and reviewed by the Board. It arises from exposures to customers as well as through deposits with financial institutions. The Board monitors credit risk by actively assessing the quality and liquidity of counter parties, consequently only "A" rated banks are utilised for deposits and all potential customers are assessed for credit worthiness taking into account their size, market position and financial standing. The counterparties included in trade and other receivables at 30 June 2019 are not rated, however, given the amount and nature of these financial instruments, the Board is satisfied that they represent a low credit risk for the Group. There are no significant concentrations of credit risk within the Group.

Price Risk

The Group is exposed to commodity price risk through its joint venture interests. The Group does not currently hedge the price it sells oil and gas at. The Group is conscious of the fluctuations in the commodity price and monitors such fluctuations with a view to take appropriate actions as and when foreseeable.

Financial Instrument Composition and Maturity Analysis

The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the Statement of Financial Position.

	2019 $	2018 $
Trade and sundry payables are expected to be paid as follows:		
Less than 6 months	**134,409**	64,199
6 months to 1 year	**-**	-
Later than 1 year but not later than 5 years	**-**	-
Over 5 years	**-**	-
	134,409	64,199

Fair Values

The aggregate net fair values of the Group's financial assets and financial liabilities both recognised and unrecognised are as follows:

	Carrying amount in the financial statements 2019 $	Aggregate net fair value 2019 $	Carrying amount in the financial statements 2018 $	Aggregate net fair value 2018 $
Financial Assets				
Cash assets	**1,624,016**	**1,624,016**	4,353,622	4,353,622
Receivables	**75,090**	**75,090**	2,700	2,700
Financial Liabilities				
Payables	**134,409**	**134,409**	64,199	64,199

The following methods and assumptions are used to determine the net fair value of financial assets and liabilities:

Cash assets, borrowings and financial assets are carried at amounts approximating fair value because of their short term nature to maturity. Receivables and payables are carried at amounts approximating fair value.

Listed investments held at balance date have been valued at the quoted market bid price at balance date, adjusted for transaction costs expected to be incurred. For unlisted investments where there is no organised financial market, the net fair value has been based on a reasonable estimation of the underlying net assets or discounted cash flows of the investment.

Sensitivity Analysis

The Group has performed a sensitivity analysis relating to its exposure to interest rate risk and foreign currency risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Interest Rate Sensitivity Analysis

At 30 June 2019, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	2019 $	2018 $
Change in profit/ (loss) due to:		
Increase in interest rate by 2%	**56,695**	71,877
Decrease in interest rate by 2%	**(56,695)**	(71,877)
Change in equity due to:		
Increase in interest rate by 2%	**56,695**	71,877
Decrease in interest rate by 2%	**(56,695)**	(71,877)

Foreign Currency Risk Sensitivity Analysis

The sensitivity analysis below details the Group's sensitivity to an increase/decrease in the Australian dollar against the United States dollar. The sensitivity analysis includes only outstanding foreign currency denominated monetary items.

A 100 basis point is the sensitivity rate used when reporting foreign currency risk internally to management and represents management's assessment of the possible change in foreign exchange rates.

At balance date, if foreign exchange rates had been 100 basis point higher or lower and all other variables were held constant, the Group's profit and loss would have (decrease) / increase by $(1,754) and $1,435 (2018: $(162,508) and $198,621) respectively.

NOTE 23. RELATED PARTY TRANSACTIONS

A number of key management persons, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. Transactions between related parties are on normal commercial terms and conditions unless otherwise stated.

	2019 $	2018 $
Executive services based on agreed daily rate, provided by McAuliffe Legal Pty Ltd, a company associated with Chairman, Mark McAuliffe. Mark resigned as a director of the Company on 30 June 2019.	**98,610**	70,355
Corporate secretarial services provided by Edge Corporate Services, a business controlled by Nerida Schmidt, since her appointment as Non-Executive Director of the Company on 7 March 2018. Nerida resigned as a director of the Company on 1 September 2018.	**8,000**	15,097
Technical consulting services provided by Springhead Petroleum Pty Ltd, a company controlled by Peter Stickland, since his appointment as Non-Executive Director of the Company on 31 August 2018. Peter became Non-Executive Chairman on 15 April 2019.	**29,375**	-

NOTE 24. DISCONTINUED OPERATIONS

During the year ended 30 June 2019, the Company deregistered its US subsidiary, Entek GRB LLC, which was separately disclosed as a discontinued operation in the previous year.

	2019 $	2018 $
Financial Performance		
Revenue	-	2,401
Total expenses including impairment	-	(5,134)
Gross loss	-	(2,733)
Income tax expense	-	-
Net loss attributable to discontinued operations	-	(2,733)
Loss from discontinued operations after tax	-	(2,733)

Information relating to the financial position of the Producing Interests on discontinued operations is set out below:

	2019 $	2018 $
Carrying amounts of assets and liabilities:		
Current assets	-	3,033
Capitalised exploration expenses – written down value	-	-
Total assets	-	3,033
Trade Creditors	-	231,815
Provision for restoration	-	-
Total liabilities	-	231,815
Net (liability)	-	(228,782)
Cash flow information for the period:		
Net cash outflow from operating activities	-	(17,021)
Net cash inflow from investing activities	-	-
Net cash inflow from financing activities	-	-
Net cash used for the period	-	(17,021)

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2019

NOTE 25. PARENT FIGURES DISCLOSURES

	2019 $	2018 $
Assets		
Current Assets	**2,117,409**	4,487,417
Non-current assets	**3,829,486**	17,198
Total assets	**5,946,895**	4,504,615
Liabilities		
Current liabilities	**141,750**	99,198
Total liabilities	**141,750**	99,198
Net Assets	**5,802,145**	4,405,417
Equity		
Issued capital	**65,259,579**	63,039,578
Accumulated losses	**(65,241,303)**	(64,375,423)
Reserves		
Option premium reserve	**5,783,869**	5,741,262
Total equity	**5,802,145**	4,405,417
(Loss) for the year	**(865,878)**	(583,290)
Other comprehensive income	**-**	-
Total comprehensive Income	**(865,878)**	(583,290)

At the reporting date net amounts receivable from controlled entities at cost totalled nil after the recognition of an impairment against the amount receivable in the current year of $418,303 (2018: $3,250,692). The loans have no fixed terms for repayment.

Guarantees

There are no guarantees entered into by the parent entity in relation of the debts of the subsidiaries.

Contingent liabilities of the parent entity

Apart from contingent liabilities disclosed in note 20 for the Group, the parent entity did not have any other contingent liabilities as at 30 June 2019 and 2018.

NOTE 26. SUBSEQUENT EVENTS

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the parent entity, the results of those operations, or the state of affairs of the parent entity in subsequent financial years.

Stantons International Audit and Consulting Pty Ltd
trading as
Stantons International
Chartered Accountants and Consultants

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ABN: 84 144 581 519
www.stantons.com.au

27 September 2019

Board of Directors
XCD Energy Limited
Level 1, 35 Outram Street
West Perth, WA 6005

Dear Directors

RE: XCD ENERGY LIMITED

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of XCD Energy Limited.

As Audit Director for the audit of the financial statements of XCD Energy Limited for the year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Samir R Tirodkar
Director

Stantons International Audit and Consulting Pty Ltd
trading as
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INDEPENDENT AUDITOR’S REPORT
TO THE MEMBERS OF
XCD Energy Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of XCD Energy Limited, the Company and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the 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 (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material Uncertainty Relating to Going Concern

Without modification to the audit opinion expressed above, attention is drawn to the following matter.

As referred to in note 1(b) to the financial report, the financial report has been prepared on a going concern basis. At 30 June 2019, the Group had net assets of $5,810,646 cash and cash equivalents of $1,624,016 and net working capital surplus of $1,557,353. The Group had incurred a loss for the year ended 30 June 2019 of $628,595.

The ability of the Group to continue as a going concern and meet its administration and other commitments is dependent upon the Company receiving the minimum cash proceeds from the sale of its exploration assets, or raising further working capital or commercialization of its exploration assets. In the event the Company does not receive the minimum proceeds from the sale of its exploration assets or the Company is unable to raise further working capital or commercialize its exploration assets, the company may not be able to meet its liabilities as they fall due, or realise its assets at their stated values.

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Key Audit Matters

We have determined the matter below to be a Key Audit Matter communicated in our report.

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How the matter was addressed in the audit
Carrying Value of Exploration and Evaluation Assets As at 30 June 2019, Exploration and Evaluation Assets totalled $3,809,479 (refer to Note 8 of the financial report). The carrying value of exploration and evaluation assets is a key audit matter due to: • The expenditure capitalised is material in amount and are the largest asset other than cash and cash equivalents; • The necessity to assess management's application of the requirements of the accounting standard Exploration for and Evaluation of Mineral Resources ("AASB 6"), in light of any indicators of impairment that may be present; and • The assessment of significant judgements made by management in relation to the capitalised exploration and evaluation expenditure.	Inter alia, our audit procedures included the following: i. Assessing the Group's right to tenure over exploration assets by corroborating the ownership of the relevant licences for mineral resources to government registries and relevant third-party documentation; ii. Reviewing the directors' assessment of the carrying value of the capitalised exploration and evaluation costs, ensuring the veracity of the data presented and assessing management's consideration of potential impairment indicators, commodity prices and the stage of the Group's projects also against AASB 6; iii. Evaluation of Group documents for consistency with the intentions for continuing exploration and evaluation activities in areas of interest and corroborated in discussions with management. The documents we evaluated included: ▪ Minutes of the board and management; and ▪ Announcements made by the Group to the Australian Securities Exchange; and iv. Consideration of the requirements of accounting standard AASB 6 and reviewed the financial statements to ensure appropriate disclosures are made.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

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In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in Internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 5 to 10 of the directors' report for the year ended 30 June 2019.

In our opinion the Remuneration Report of XCD Energy Limited for the year ended 30 June 2019 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit and Consulting Pty Ltd

Samir R Tirodkar
Director

West Perth, Western Australia
27 September 2019

Additional ASX Information

The shareholder information set out below was applicable as at 24 October 2019

1. TWENTY LARGEST SHAREHOLDERS

	Ordinary Shares	Number of Shares	Percentage of Total
1	David James Wall <The Reserve A/C>	20,695,800	4.23%
2	Scintilla Strategic Investments Limited	16,000,000	3.06%
3	Alexander Holdings (WA) Pty Ltd	15,000,000	3.00%
4	Dougal James Ferguson	11,625,658	2.37%
5	Crying Rock Pty Ltd <Crying Rock A/C>	10,313,415	2.11%
6	HSBC Custody Nominees (Australia) Limited	10,071,185	2.06%
7	GDR Pty Ltd <The Riley Super Fund A/C>	10,000,000	2.04%
8	Hilary Somerville Statham + Thomas Charles Statham <Merlin Super Fund A/C>	10,000,000	2.04%
9	Yea-Sayer Pty Ltd	10,000,000	2.04%
10	Mr Jason Alexander Bond and Ms Jennifer Kate Langdon <J Bond Super Fund A/C>	10,000,000	2.04%
11	Too Good Enterprises Pty Ltd <Eugene Arocca Super Fund A/C>	9,000,000	1.84%
12	Didcal Pty Ltd <AB Chapman Family S/F A/C>	8,964,653	1.83%
13	Neil Alexander Inglis Young	8,117,904	1.66%
14	Pulner Pty Ltd <Satobe A/C>	8,000,000	1.63%
15	CBMP LLC	7,594,352	1.55%
16	Mr Gavin Jeremy Dunhill	7,000,000	1.43%
17	Medserv Medical Couriers Pty Ltd <Gallagher Super A/C>	6,920,344	1.41%
18	UBS Nominees Pty Ltd	6,245,100	1.28%
19	Mr Hugo Richard Hammersley <Greenidge A/C>	6,000,000	1.23%
20	Icon Holdings Pty Ltd <The KJ Paganin Family A/C>	5,817,000	1.19%
	Total Top 20	**197,365,411**	**43.5%**
	Other	256,218,558	56.5%
		489,728,934	100.00%

2. SUBSTANTIAL SHAREHOLDERS

The Company has no substantial shareholders.

3. DISTRIBUTION OF EQUITY SECURITIES

			Ordinary Shares	Unlisted Options	Performance Rights
1	-	1,000	141	-	-
1,001	-	5,000	166	-	-
5,001	-	10,000	117	-	-
10,001	-	100,000	590	-	-
100,001	-	and over	405	5	1
Total number of holders			**1,419**	**5**	**1**
Holdings of less than a marketable parcel			824		

4. UNQUOTED SECURITIES

The total number of unquoted securities on issue and the number of holders for each class of unquoted securities are set out below.

	Number of Options	Number of Holders
Unlisted options issued	10,000,000	1
Unlisted options issued under an employee share option plan	16,000,000	4
	26,000,000	**4**

5. VOTING RIGHTS

For all ordinary shares, voting rights are one vote per member on a show of hands and one vote per share in a poll.

6. ON-MARKET BUY BACK

There is currently no on-market buy-back program for any of the Company's securities.

Additional ASX Information

REGISTERED OFFICE OF THE COMPANY

Level 1, 35 Outram Street
West Perth, Western Australia 6005
Tel: +61 (8) 9381 4975

STOCK EXCHANGE LISTING

Quotation has been granted for all ordinary shares on the Australian Securities Exchange. The State Office of the Australian Securities Exchange in Perth, Western Australia has been designated the Home Branch of XCD Energy Limited.

There are no current on-market buy-back arrangements for the Company.

SHARE REGISTRY

The registers of shares and options of the Company are maintained by:-

Computershare Registry Services Pty Limited
Level 11
172 St Georges Terrace
Perth, Western Australia 6000

Tel: 1300 850 505 (Within Australia)
+61 3 9415 4000 (Outside Australia)
Fax: +61 3 9473 2500 (Within Australia)

COMPANY SECRETARY

The name of the company secretary is Mr Arron Canicais.

TAXATION STATUS

XCD Energy Limited is taxed as a public company.

xcdenergy.com