D3 ENERGY LIMITED

ACN 649 276 808

ANNUAL REPORT

For the year ended 30 June 2023

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CORPORATE INFORMATION

This financial report includes the financial statements and notes on the consolidated entity (referred to hereafter as the "consolidated entity" or "group") consisting of D3 Energy Limited ("D3 Energy" or "the Company") and its subsidiary. The Company's functional and presentation currency is AUD ($).

A description of the Company'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 financial report.

Directors
Mr Gregory Columbus – Non-Executive Chairperson
Mr David Casey – Director
Mr Matthew Worner – Director

Company Secretary
Mr Cameron O'Brien

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945 Wellington Steet,
West Perth WA 6005

Share Registry
Automic Registry Services
Level 5, 191 St Georges Terrace
Perth WA 6000
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Auditors
BDO Audit (WA) Pty Ltd
Level 9
Mia Yellagonga Tower 2
5 Spring Street
Perth WA 6000

Bankers
Westpac Banking Corporation
Level 13, 109 St Georges Terrace
Perth WA 6000

Solicitors
Poplar Legal
1202 Hay Street
West Perth WA 6005

DIRECTORS' REPORT

The Directors present the following report on the consolidated entity (referred to hereafter as the "consolidated entity" or "group") consisting of D3 Energy Limited ("D3" or "the Company") and its subsidiary for the year ended 30 June 2023.

Directors

The persons who were Directors of D3 Energy Limited during the reporting period and up to the date of this report are:

NAME		APPOINTMENT/RESIGNATION DATE
Mr Gregory Columbus	Non-Executive Chairman	Appointed on 07 April 2021
Mr Matthew Worner	Managing Director/ Chief Executive Officer	Appointed on 07 April 2021
Mr David Casey	Executive Director	Appointed on 07 April 2021
Mr Cameron O'Brien	Company Secretary/ Chief Financial Officer	Appointed on 07 April 2021

Principal Activities

During the year the Group identified several prospective tenements to target for acquisition.

Dividends

There were no dividends paid or proposed during the period.

Significant Change in State of Affairs

During financial period, D3 Energy Limited issued 21,053,900 ordinary shares at an issue price of $0.16 each and 7,500,000 Performance shares, in consideration for the acquisition of Motuoane Energy Pty Ltd. With deferred consideration of 3,216,100 shares to be issued.

Matters Subsequent to Reporting Date

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future years.

Likely developments and expected results of operations

Information on likely developments in the operations of the company and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the company.

Environmental Regulation

The company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Review of Operations

The company was incorporated on 28 January 2021, and the Statement of Profit or Loss and other Comprehensive Income shows the Group's operating loss for the year ended 30 June 2023 was $1,771,844 (Period ended 30 June 2022: loss of $576,510).

DIRECTORS' REPORT

MATERIAL BUSINESS RISKS

The Group considers the following to be the key material business risks:

Additional requirements for capital

The Company's capital requirements depend on numerous factors. The Company may require further financing in addition to amounts raised under the Offer. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

Risk of failure in exploration, development or production

Payment of compensation is ordinarily necessary to acquire participating interests. Also, surveying and exploratory drilling expenses (exploration expenses) become necessary at the time of exploration activities for the purpose of discovering resources. When resources are discovered, it is necessary to further invest in substantial development expenses.

There is, however, no guarantee of discovering resources on a scale that makes development and production feasible. The probability of such discoveries is considerably low despite various technological advances in recent years, and even when resources are discovered the scale of the resource does not necessarily make commercial production feasible. For this reason, the Group conservatively recognizes expenses related to exploration investment in our consolidated financial statements.

To increase recoverable resources and production, the Group plans to always take an interest in promising properties and plans to continue exploration investment. Although exploration and development (including the acquisition of interests) are necessary to secure the resources essential to the Group's future sustainable business development, each type of investment involves technological and economic risks, and failed exploration or development could have an adverse effect on the results of the Group's operations.

Overseas Business Activities and Country Risk (Geopolitical Risk)

The Group engages in exploration activities outside of Australia, mainly in South Africa. The success of the Group's operation depends on the political stability in this country and the availability of qualified and skilled workforce to support operations. While the operations of the Group in this country is currently stable, a change in the government may result in changes to the foreign investment laws and these assets could have an adverse effect on the Group's operational results.

To manage this risk, the Group ensures that all significant transactions in these countries are supported by robust contracts between the company and third parties. We have a system in place for parent company level to continuously check the country risk management before any significant investment is made. Furthermore, we have developed a mechanism to counter legal risk, where foreign subsidiaries and management can receive appropriate legal guidance regarding matters such as important agreements and lawsuits in foreign locations.

Environmental

The operations and proposed activities of the Company are subject to laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

Mining operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of mineral exploration and production. The occurrence of any such safety or environmental incident could delay production or increase production costs. Events, such as unpredictable rainfall or bushfires may impact on the Company's ongoing compliance with environmental legislation, regulations and licences. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.

The disposal of mining and process waste and mine water discharge are under constant legislative scrutiny and regulation. There is a risk that environmental laws and regulations become more onerous making the Company's operations more expensive.

DIRECTORS' REPORT

MATERIAL BUSINESS RISKS (Continued)

Climate risk

There are a number of climate-related factors that may affect the operations and proposed activities of the Company. The climate change risks particularly attributable to the Company include:

1. the emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy and market changes related to climate change mitigation. The Company may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage. These examples sit amongst an array of possible restraints on industry that may further impact the Company and its profitability. While the Company will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Company will not be impacted by these occurrences; and

2. climate change may cause certain physical and environmental risks that cannot be predicted by the Company, including events such as increased severity of weather patterns and incidence of extreme weather events and longer-term physical risks such as shifting climate patterns. All these risks associated with climate change may significantly change the industry in which the Company operates.

DIRECTORS' REPORT

Information on Directors

The names of the directors of D3 Energy who held office during the financial period and at the date of this report are:

Mr Gregory Columbus
Non-Executive Chairman

Appointed

Non-Executive Chairman since 7 April 2021

Experience

Mr Columbus has over 30 years business experience in delivering large complex Oil & Gas projects. He has along the course of his career developed a reputation for strong strategic vision and has been involved in numerous M&A activities.

Interest in Shares and Options

3,187,500 Ordinary fully paid shares

Other current directorships

Non-executive Director– Galilee Energy Limited

Non-Executive Chairman: Talon Petroleum

Non-Executive Director: Clarke Energy

Executive Director: Port of Adelaide Football Club

Non-Executive Director: Noble Helium Limited

Former directorships held in past three years

Non-Executive Chairman: Warrego Energy

Mr Matthew Worner
Managing Director/ Chief Executive Officer

Appointed

Executive Director since 7 April 2021

Experience

Matt is a former lawyer with a long history of work in the oil and gas industry in both legal and commercial roles and board roles. He has worked extensively around Africa over the course of his career. Matt also works as an Advisor with Grange Consulting Group, a boutique corporate advisory firm based in Perth.

Interest in Shares and Options

5,000,050 Ordinary fully paid shares.

Other current directorships

Non-Executive Director: Talon Petroleum

Non-Executive Director: RBR Group Limited

Former directorships held in past three years

Non-Executive Director: Patriot Lithium Limited and Lykos Metals Limited

DIRECTORS' REPORT

Mr David Casey
Executive Director

Appointed

Director since 7 April 2021

Experience

Mr Casey was the former Managing Director and CEO of Eastern Star Gas Limited (ESG) and was instrumental in the appraisal, development and commercialisation of the Narrabri Gas Project in Northern NSW. ESG grew to be an ASX 200 company until it was taken over by Santos Limited for AU$924 million.

Interest in Shares and Options

5,312,500 Ordinary fully paid shares

Other current directorships

Managing Director and CEO: Galilee Energy Limited

Non-Executive Director: Talon Petroleum

Managing Director and CEO: Eastern Star Gas Limited (ESG)

Former directorships held in past three years

Warrego Energy limited

DIRECTORS' REPORT

DIRECTOR MEETINGS

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2023, and the number of meetings attended by each director were:

	Board Meetings	
	Attended	Held
Mr Greg Columbus	2	2
Mr David Casey	2	2
Mr Matthew Worner	2	2

Held: represents the number of meetings held during the time the director held.

COMPANY SECRETARY

Cameron O'Brien was appointed on appointed on 7 April 2021. Mr O'Brien is a corporate finance and company secretarial executive with a broad experience across the resources and industrial sector. Mr O'Brien is a qualified chartered accountant with experience at leading international audit and tax advisory firms and has also provided services and advice relating to due diligence, expert reports, valuations and ASX listings. He currently works as a Corporate Adviser at Grange Consulting Group Pty Ltd and provides company secretarial and financial services to several ASX listed companies.

INDEMNITY AND INSURANCE OF OFFICERS

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year the company has not paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

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

NON-AUDIT SERVICES

The Company may decide to employ its auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company is important.

Details of the amounts paid or payable to the auditor for audit and non-audit services provided were disclosed in Note 17. The Board of Directors has considered the position and is satisfied that the provision on non-audit services is compatible with the general standard of independence of auditors imposed by the Corporation Act 2001. The Directors also satisfied that the provision on non-audit services by the auditor, did not compromise the auditor independence requirements of the Corporation Act 2001.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on the page following this Directors' Report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of Directors

Matthew Worner
Managing Director
Perth

28 November 2023

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DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF D3 ENERGY LIMITED

As lead auditor of D3 Energy Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of D3 Energy Limited and the entities it controlled during the period.

Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth

28 November 2023

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INDEPENDENT AUDITOR'S REPORT

To the members of D3 Energy Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of D3 Energy Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of D3 Energy Limited, 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 2023 and of its financial performance for the year ended on that date; 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 *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Directors' report, 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.

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 on the other information obtained prior to the date of this auditor's report, 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf

This description forms part of our auditor's report.

BDO Audit (WA) Pty Ltd

BDO

Jarrad Prue

Director

Perth

28 November 2023

2023
FINANCIAL STATEMENTS

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2023

	Note	30 June 2023 $	30 June 2022 $
Revenue from continuing operations			
Interest received & other income		29,646	298
Administration expenses		(102,541)	(49,575)
Public company expenses	2	(228,636)	(161,233)
Exploration expenses	2	(944,231)	(300,000)
Employee benefit expenses		(178,155)	(66,000)
Interest expense		(305)	-
Loss before income tax		**(1,424,222)**	**(576,510)**
Income tax expense	3	-	-
Loss after income tax		**(1,424,222)**	**(576,510)**
Other Comprehensive Income			
Items that may be reclassified to profit or loss			
Exchange difference on translation of foreign operations		(347,622)	-
Other comprehensive loss for the year, net of tax		**(1,771,844)**	**(576,510)**
Total comprehensive loss for the year		**(1,771,844)**	**(576,510)**
Loss per share from continuing operations attributable to the ordinary equity holders of D3 Energy Limited:			
Basic and diluted profit/(loss) per share (cents)	4	(3.68)	(3.93)

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 2023

	Note	2023 $	2022 $
ASSETS			
Current assets			
Cash and cash equivalents	6	1,885,105	3,534,587
Trade and other receivables	7	659,885	2,635
Total current assets		**2,544,990**	**3,537,222**
Non-current assets			
Property, plant and equipment		39,027	-
Exploration and evaluation expenditure	8	4,584,097	-
Total non-current assets		**4,623,125**	**-**
TOTAL ASSETS		**7,168,115**	**3,537,222**
LIABILITIES			
Current liabilities			
Trade and other payables	9	113,040	78,503
Consideration Payable	10	1,714,576	-
Total current liabilities		**1,827,616**	**78,503**
Non-current liabilities			
Total non-current liabilities		**-**	**-**
TOTAL LIABILITIES		**1,827,616**	**78,503**
NET ASSETS		**5,340,499**	**3,458,719**
EQUITY			
Issued capital	11	7,708,710	4,055,085
Reserves		(347,622)	-
Accumulated losses		(2,020,588)	(596,366)
TOTAL EQUITY		**5,340,499**	**3,458,719**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2023

	Issued Capital	Reserves	Accumulated Losses	Total
	$	$	$	$
Balance at 1 July 2022	**4,055,085**	**-**	**(596,366)**	**3,458,719**
Total comprehensive income for the year				
Loss for the year	-	-	(1,424,222)	(1,424,223)
Other comprehensive loss for the year, net of tax	-	(347,622)	-	(347,622)
Total comprehensive income/(loss) for the year	-	**(347,622)**	**(1,424,222)**	**(1,771,844)**
Transactions with owners, recorded directly in equity				
Issue of shares, net of costs (note 11)	285,001	-	-	285,001
Share issued as consideration	3,368,624	-	-	3,368,624
Balance at 30 June 2023	**7,708,710**	**(347,622)**	**(2,020,588)**	**5,340,499**

	Issued Capital	Reserves	Accumulated Losses	Total
	$	$	$	$
Balance on the 1 July 2021	100	**-**	(19,856)	(19,756)
Total comprehensive income for the period				
Loss for the period	-	-	(576,510)	(576,510)
Other comprehensive loss for the year net of tax	-	-	-	-
Total comprehensive income/(loss) for the period	-	**-**	**(576,510)**	**(576,510)**
Transactions with owners, recorded directly in equity				
Issue of shares, net of costs (note 11)	-	-	-	**-**
Contributions of equity, net of transaction costs	4,054,985	-		4,054,985
Balance at 30 June 2022	**4,055,085**	**-**	**(596,366)**	**3,458,719**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2023

	Note	2023 $	2022 $
Cash flows from operating activities			
Payments to suppliers and employees		(1,084,080)	(220,796)
Interest received		29,646	298
Exploration and evaluation expenditure		(990,920)	(300,000)
Net cash outflow from operating activities	6	**(2,045,354)**	**(520,498)**
Cash flows from investing activities			
Payment for acquisition of projects		(112)	-
Acquisition of Subsidiary		110,983	-
Net cash outflow from investing activities		**110,872**	**-**
Cash flows from financing activities			
Proceeds from share issue (net of costs)		510,000	4,054,985
Capital raising costs		(224,999)	-
Net cash inflow from financing activities		**285,001**	**4,054,985**
Net increase in cash and cash equivalents		(1,649,482)	3,534,487
Cash and cash equivalents at beginning of the financial year		3,534,587	100
Cash and cash equivalents at end of the year	6	**1,885,105**	**3,534,587**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

1. Summary of significant accounting policies

(a) Basis of preparation

The financial report is a general-purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the Corporation Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. The financial statements and notes also comply with International Financial Reporting Standards as issued by the International Accounting Standard Board (IASB). Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. The consolidated financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in relevant notes below.

Going concern

The Company is currently undertaking a listing process with the Australian Stock Exchange.

The ability of the D3 Energy to continue as a going concern is dependent on the ability to secure additional funding through an initial public offering ('IPO') on the Australian Securities Exchange ('ASX').

For the year ended 30 June 2023 the Group made a loss of $1,771,844 (2022: loss of $576,510) and had cash outflows from operating activities of $2,045,354 (2022: cash outflows of $520,498). As at 23 November 2023, the Group has Cash and Cash equivalents on hand of $1,292,507.

These conditions indicate a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern, and therefore, that it may be unable to realise its assets and discharge liabilities in the normal course of business The Directors believe there are sufficient funds to meet the Company's working capital requirements as at the end of the financial period. The financial statements have been prepared on the basis that the Company is a going concern, which contemplates the continuity of normal course of business activity, realisation of assets and settlement of liabilities in the normal course of business. The basis of this reasoning is the Directors confidence in the Company's ability to raise additional funding from capital raisings.

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

(b) New and amended standards adopted by the entity

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

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

(c) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by D3 Energy at the end of the reporting period. A controlled entity is any entity over which D3 Energy has the ability and right to govern the financial and operating policies so as to obtain benefits from the entity's activities.

1. Summary of significant accounting policies (continued)

Where controlled entities have entered or left the Group during the year, the financial performance of those entities in included only for the period of the year that they were controlled. A list of controlled entities is contained in note 15 to the financial statements.

In preparing the consolidated financial statements, all intragroup balances and transactions between entities in the consolidated Group have been eliminated in full on consolidation.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are reported separately within the equity section of the Consolidated Statement of Financial Position and the Consolidated Statement of Profit or Loss and Other Comprehensive Income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

(d) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

(e) Good and Services Tax (GST)

Revenues, expenses and assets are recognised net of GST except where 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.

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 statement of financial position.

Cash flows are included in the statement of cash flow on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authorities are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(f) Impairment of Assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Financial Assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Non-Financial Assets

The carrying amounts of the non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the statement of financial performance. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

1. Summary of significant accounting policies (continued)

(g) Share-based payment transactions

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instrument at the date at which they are granted when the fair value of goods and/or services cannot be determined. The fair value of options granted is measured using the Black-Scholes option pricing model. The fair value of performance rights granted is measured using the trinomial barrier model where required. The model uses assumptions and estimates as inputs. Some performance rights value is determined with reference to the share price on the grant date.

The cost of the equity settled transactions is recognised, together with a corresponding increase in equity, over the year 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 year has expired and (ii) the number of awards that, in the opinion of the Directors of the Company, will ultimately vest. This opinion is formed based on the best available information at balance date.

No adjustment is made for the likelihood of the market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a year represents the movement in cumulative expense recognised at the beginning and end of the year. 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 the modification.

Where an equity settled award is cancelled, it is treated as if it had vested on the date of the 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 cost of equity-settled transactions with non-employees is measured by reference to the fair value of goods and services received unless this cannot be measured reliably, in which case the cost is measured by reference to the fair value of the equity instruments granted.

(h) Right of use assets

A right of use assets is recognized at the commencement date of a lease. The right of use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right of use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expect to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

1. Summary of significant accounting policies (continued)

The Group has elected not to recognize a right of use asset and corresponding lease liability for short term leases with terms of 12 months or less and leases of low value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(i) Lease liabilities

A lease liability is recognized at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right of use asset, or to profit or loss if the carrying amount of the right of use asset is fully written down.

(j) Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(k) Earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares;
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares (Note 4).

(l) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

(m) Parent entity information

The financial information for the parent entity, D3 Energy Limited, disclosed in Note 18 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries and associates are accounted for at cost in the financial statements of D3 Energy Limited. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(ii) Financial guarantees

Where the parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

(iii) Share-based payments

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

1. Summary of significant accounting policies (continued)

(n) Critical accounting estimates and judgments

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates & judgements will, by definitions, seldom equal the related actual results.

(i) Share based payment transactions

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted.

(ii) Carrying value of Exploration and evaluation expenditure

Acquired exploration and evaluation assets are carried at acquisition value less any subsequent impairment for each identifiable area of interest. All ongoing exploration and evaluation expenditure, subsequent to initial acquisition, is expensed and recognised in the Statement of Profit or Loss. These costs are only carried forward to the extent that the Group's rights of tenure to that area of interest are current and that the costs are expected to be recouped through the successful commercial development or sale 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.

Costs in relation to an abandoned area are written off in full against profit in the period in which the decision to abandon the area is made.

Each area of interest is also reviewed annually, and acquisition costs written off to the extent that they will not be recoverable in the future.

Asset Acquisition

Determination of fair values on exploration and evaluation assets acquired in asset acquisition.

On initial recognition, the acquired assets and liabilities are included in the statement of financial position at their fair values. In measuring fair value of exploration projects, management considers generally accepted technical valuation methodologies and comparable transactions in determining the fair value. Due to the subjective nature of valuation with respect to exploration projects with limited exploration results, management have determined the price paid to be indicative of its fair value.

On 28 October 2022, D3 Energy Limited acquired Motuoane Energy Pty Ltd, with the issue of shares as consideration. Director's judgement was required to be used in classifying this transaction as an asset acquisition rather than a business combination. As the acquisition of the acquired assets is not deemed a business combination the transactions were accounted for as a share-based payment for the net assets acquired. Refer to Note 8 for further details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

2. Material profit and loss items for the year

Profit/(Loss) for the year includes the following items:

	2023 $	2022 $
Consultants and corporate advisory fees:		
Audit and Legal Fees	35,247	93,261
Consulting Fees	94,934	39,900
Other public company expenses	98,455	28,072
Total consultants and corporate advisory fees expense	**228,636**	**161,233**
Exploration expense:		
Exploration expenses	944,231	300,000
Total exploration expenses	**944,231**	**300,000**

3. Income tax

	2023 $	2022 $
Income tax expense		
Current tax expense	-	-
Deferred tax expense	-	-
	-	**-**
(b) The prima facie tax benefit on loss from ordinary activities before income tax is reconciled to the income tax as follows:		
Prima facie tax benefit on loss from ordinary activities before income tax at 30% from ordinary operations:	433,473	172,953
Add/ (less) tax effect of:		
- Other non-allowable items	22,671	8,820
- Revenue losses not recognised	427,001	164,133
- Other deferred tax balances not recognised	(16,200)	-
Income Tax Expense / (Benefit) reported in the consolidated statement of profit or loss and other comprehensive income from ordinary operations	-	-
(c) Unrecognised deferred tax assets at 30% (Note 1)		
Carry forward revenue losses	202,686	164,133
Capital raising costs	54,000	13,500
Other temporary differences	-	-
	256,686	**177,633**

The benefit for tax losses will only be obtained if:

(i) the Group derives future assessable income in Australia of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;
(ii) the Group continues to comply with the conditions for deductibility imposed by tax legislation in Australia; and
(iii) there are no changes in tax legislation in Australia which will adversely affect the Group in realising the benefit from the deductions for the losses.

At 30 June 2023, there is no recognised or unrecognised deferred income tax liability for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiary as the Group has no liability for additional taxation should such amounts be remitted.

Significant accounting policy

The income tax expense (revenue) for the period comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the period as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

3. Income tax (continued)

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

4. Earnings per share

Basic earnings per share amounts are calculated by dividing net profit/(loss) for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in the total operations basic and diluted earnings per share computations:

Basic and diluted profit/(loss) per share	**2023**	**2022**
Loss used to calculate basic and diluted profit/(loss) per share	(1,771,844)	(576,510)
Basic and diluted profit/(loss) per share from continuing operations (cents per share)	(3.68)	(3.93)

Weighted average number of ordinary shares	**2023 No.**	**2022 No.**
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	48,041,491	14,663,562
Weighted average number of ordinary shares outstanding during the year used in calculating diluted EPS		

5. Dividends paid or proposed

The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

6. Cash and cash equivalents

	2023 $	2022 $
Current		
Cash at bank and in hand	1,885,105	3,534,587
Total cash and cash equivalents	**1,885,105**	**3,534,587**

Cash at bank and in hand earns interest at both floating rates based on daily bank rates.

Refer to Note 12 on financial instruments for details on the Company's exposure to risk in respect of its cash balance.

Significant accounting policy

For cashflow statement presentation proposed, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in rate.

Operating cash flow reconciliation

	2023 $	2022 $
Reconciliation of operating cash flows to net profit/(loss)		
Profit/(loss) for the year	(1,424,223)	(576,510)
FX	(20,686)	-
Increase in Trade and Other Payables	34,538	56,711
Increase in Trade and Other Receivables	(634,883)	(700)
Cash flow from operations	**(2,045,354)**	**(520,498)**

Non-cash investing activities

No non-cash investing activities during the year.

7. Trade and other receivables

	2023 $	2022 $
Current		
Prepayments	2,635	2,635
Other Debtors[1]	513,365	-
GST Receivable	143,885	-
Total Trade and Other Receivables	**659,885**	**2,635**

[1] Other Debtors balance relates to cash in transit between D3 Energy and its subsidiary at year end.

Significant accounting policy

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment, once they become over due by more than 60 days. A separate account records the impairment.

An allowance for a doubtful debt is made when there is objective evidence that the Group will not be able to collect the debts. The criteria used to determine that there is objective evidence that an impairment loss has occurred include whether the Financial Asset is past due and whether there is any other information regarding increased credit risk associated with the Financial Asset. Bad debts which are known to be uncollectible are written off when identified.

Past due but not impaired

The Group did not have any receivables that were past due as at 30 June 2023. The Group did not consider a credit risk on the aggregate balances as at 30 June 2023. For more information, please refer to Note 12 Financial Instruments, Risk Management Objectives and Policies.

8. Exploration and evaluation expenditure

	2023 $	2022 $
Opening balance	-	-
Acquisition costs of Motuoane Energy Pty Ltd(i)	4,885,029	-
FX revaluation reserve	(326,936)	
Total exploration and evaluation expenditure	**4,584,097**	**-**

(i) Tenement acquisition

In October 2022, D3 Energy Limited issued 21,053,900 ordinary shares at an issue price of $0.16 each, in consideration for the acquisition of Motuoane Energy Pty Ltd. With deferred consideration of 3,216,100 shares and 7,500,000 Performance shares to be issued. The 3,216,100 deferred consideration shares have been fair valued at $0.16 per share with a total value of 514,576. The Company has assumed there is a more probable than not assessment of reaching milestone of the performance shares. The 7,500,000 performance shares have a been fair valued at $0.16 per share, with a total value of $1,200,000.

TRANCHE	Allotment	No. of Performance Rights	Vesting Condition to convert into one share in the Company per Performance Right	Expiry Date	Vested (Yes/No)
Tranche A	On IPO	2,500,000	Performance Rights will vest upon a successful well test being completed on the Permit which either: A. Flows at not less than 75mscf/d for a period of 5 consecutive days; or B. Tests Gas with helium of not less the 5%	4 years from Allotment	Yes
Tranche B	On IPO	2,500,000	Performance Rights will vest upon independent certification of a 2C Contingent Resource of not less than 100Bcf of gas on the Permit	4 years from Allotment	Yes
Tranche C	On IPO	2,500,000	Performance Rights will vest upon cumulative Gas sales from the Permit on not less than US$25,000 being achived	4 years from Allotment	No

For asset acquisitions settled via share-based payment arrangements, the Group measures the cost of the asset at the fair value of the asset acquired, or if this cannot be determined, at the fair value of the equity instruments. Consideration settled via issue of shares has been accounted under AASB 2 Share-based Payment.

Given the nature of the assets acquired, the fair value of the assets was unable to be determined and the transactions were recorded at the fair value of the equity instruments granted at acquisition date.

The total of $4,885,030 pertaining to the value of shares and performance shares issued has been capitalised to the area of interest in accordance with applicable accounting standards.

Significant accounting policy

Exploration and Evaluation Expenditure

Acquired exploration and evaluation assets are carried at acquisition value less any subsequent impairment for each identifiable area of interest. All ongoing exploration and evaluation expenditure, subsequent to initial acquisition, is expensed and recognised in the Statement of Profit or Loss. These costs are only carried forward to the extent that the Group's rights of tenure to that area of interest are current and that the costs are expected to be recouped through the successful commercial development or sale 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.

Costs in relation to an abandoned area are written off in full against profit in the period in which the decision to abandon the area is made.

Each area of interest is also reviewed annually, and acquisition costs written off to the extent that they will not be recoverable in the future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

9. Trade and other payables

	2023 $	2022 $
Current		
Trade Creditors	18,138	35,121
Accruals	-	29,400
GST/VAT Payable	18,454	-
Other Payables	76,448	13,981
	113,040	**78,502**

Significant accounting policy

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 2 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method. Trade payables are non-interest bearing and are normally settled on 30-day terms. Other payables are non-interest bearing and have an average term of 2 months. All amounts are expected to be settled within 12 months. Please refer to Note 12 on Financial Instruments for further discussion on risk management.

10. Consideration Payable

	2023 $	2022 $
Current		
Deferred consideration[1]	1,714,576	-
	1,714,576	**-**

[1] Refer to Note 8 for additional information

11. Issued capital

(a) Issued and fully paid

	30 June 2023		30 June 2022	
	$	No.	$	No.
Ordinary shares	7,708,710	62,578,906	4,055,085	17,500,100
	7,708,710	**62,578,906**	**4,055,085**	**17,500,100**

(b) Movement reconciliation

Ordinary Shares	No. of Shares	$
Opening Balance at 1 July 2021	**100**	**100**
Issue of seed capital - Aug 2021	**10,000,000**	10,000
Issue of seed capital – Sep 2021	7,400,000	740,000
Issue of seed capital[1]	-	3,348,567
Share issue costs	-	(43,482)
Closing Balance at 30 June 2022	**17,400,100**	**4,055,085**

[1] The ordinary shares were subsequently issued on 21 October 2022

Ordinary Shares	No. of Shares	$
Opening Balance at 1 July 2022	**17,400,100**	**4,055,085**
Issue of seed capital – Oct 2022	24,124,906	510,207
Acquisition of Motuoane Energy Pty Ltd – Nov 2022	21,053,900	3,368,624
Share issue costs	-	(225,000)
Closing Balance at 30 June 2023	**62,578,906**	**7,708,710**

The share capital of the Group as at 30 June 2023 was 62,578,906 ordinary shares.

(c) Terms and conditions of issued capital

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Group, to participate in proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Group.

(d) Capital risk management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group's capital includes ordinary share capital, partly paid shares and financial liabilities, supported by financial assets.

The Group's capital includes mainly ordinary share capital and financial liabilities supported by financial assets.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

The net working capital position of the Group at 30 June 2023 $717,374 was (2022: $3,458,720) and the net increase/(decrease) in cash held during the year was 2023 $(1,649,482) (2022: $3,534,487). The Group had at 30 June 2023 $1,885,105 (2022: $3,534,587) of cash and cash equivalents.

12. Financial instruments

Financial risk management

The Group's activities expose it to a variety of financial risks including market risk (interest rate risk, foreign exchange risk and price risk), credit risk and liquidity risk. The Groups overall risk management program focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group does not use derivative financial instruments; however the Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks and aging analysis for credit risk.

Risk management is carried out by the Board of Directors with assistance from suitably qualified external and internal advisors. The Board provides written principles for overall risk management and further policies will evolve commensurate with the evolution and growth of the Group.

(a) Market risk

(i) Interest Rate Risk

The Group hold cash at bank with variable interest rates. The interest rate is low and changes in the interest rates will have minimal impact to the Group.

(ii) Foreign exchange risk

The Group operated predominantly in Australia in the year ended 30 June 2023 and had minimal exposure to foreign exchange risk.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted the policy of dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company measures credit risk on a fair value basis. The Company does not have any significant credit risk exposure to a single counterparty or any Group of counterparties having similar characteristics.

The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Company's maximum exposure to credit risk without taking account of the fair value of any collateral or other security obtained.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings:

	2023 $	2022 $
Cash and cash equivalents AA-	1,885,105	3,534,587
Total	**1,885,105**	**3,534,587**

12. Financial instruments (continued)

(c) Maturity analysis of financial liabilities

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profits of financial assets and liabilities. As at reporting date the Group had sufficient cash reserves to meet its requirements. The Group therefore had no credit standby facilities or arrangements for further funding in place.

The financial liabilities of the Group at reporting date were trade payables incurred in the normal course of the business. These were non-interest bearing and were due within the normal 30-60 days terms of creditor payments. The Group does not consider this to be material to the Group and have therefore not undertaken any further analysis of risk exposure.

2023 Contractual maturities of financial liabilities	Less than 6 months	1 year or less	Over 1 to 5 years	More than 5 years	Over 5 years	Total contractual cash flows	Carrying amount of liabilities
Financial liabilities							
Trade payables	29,464	-	-	-	-	29,464	29,464
Other payables	83,576	-	-	-	-	83,576	83,576
Total financial liabilities	**113,040**	**-**	**-**	**-**	**-**	**113,040**	**113,040**

2022 Contractual maturities of financial liabilities	Less than 6 months	1 year or less	Over 1 to 5 years	More than 5 years	Over 5 years	Total contractual cash flows	Carrying amount of liabilities
Financial liabilities							
Trade payables	35,121	-	-	-	-	35,121	35,121
Other payables	43,381	-	-	-	-	43,381	43,381
Total financial liabilities	**78,502**	-	-	-	-	**78,502**	**78,502**

13. Operating segments

Operating segments that meet the quantitative criteria of AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to the users of the financial statements.

The Group operates within the mineral exploration industry within South Africa.

The Group determines its operating segments by reference to internal reports that are reviewed and used by the Board of Directors (the chief operating decision maker) in assessing performance and in determining the allocation of resources. The Board of Directors currently receive Statement of Financial Position and Statement of Comprehensive Income information that is prepared in accordance with Australian Accounting Standards.

The Statement of Financial Position and Statement of Comprehensive Income information received by the Board of Directors does not include any information by segment. The executive team manages each exploration activity of each exploration concession through review and approval of statutory expenditure requirements and other operational information. Based on this criterion, the Group has only one operating segment, being exploration, and the segment operations and results are the same as the Group results.

14. Commitments and contingent liabilities

The Board is not aware of any circumstances or information which leads them to believe there are any material contingent liabilities or assets outstanding as at 30 June 2023.

15. Related party disclosure

(a) Parent entity

D3 Energy Limited is the ultimate Australian parent entity.

(b) Subsidiary

The consolidated financial statements include the financial statements of D3 Energy Limited and the subsidiary listed in the following table.

	Country of Incorporation	30 June 2023 % Equity Interest	30 June 2022 % Equity Interest	Principal Activity
Motuoane Energy Proprietary Limited	Republic of South Africa	100	-	Holding Subsidiary

(c) Key management personnel compensation

	2023 $	2022 $
Short-term employee benefits	146,167	60,000
Post-employment long term benefits	15,348	6,000
Long term benefits (annual leave and long service leave)	-	-
Share based payments	-	-
Total	**161,514**	**66,000**

16. Events after the reporting date

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future years.

17. Auditor's remuneration

	2023 $	2022 $
Audit Services		
Amounts received or due and receivable by BDO Audit (WA) Pty Ltd		
- An audit and review of the financial reports of the Group (including subsidiaries)	18,025	10,000
Total	**18,025**	**10,000**

18. Parent entity information

The following details information related to the parent entity, D3 Energy Limited, as at 30 June 2023. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

	2023 $	2022 $
Current assets	2,306,341	3,537,222
Non-current assets	5,162,707	-
Total assets	**7,469,048**	**3,537,222**
Current liabilities	48,349	78,502
Non-current liabilities	-	-
Total liabilities	**48,349**	**78,502**
Net Assets	**7,420,699**	**3,458,719**
Contributed equity	7,708,710	4,055,085
Reserves	25,060	-
Accumulated losses	(313,071)	(596,366)
Total equity	**7,420,699**	**3,458,719**
Loss after income tax	1,044,018	576,510
Other comprehensive income/ (loss) for the year	20,686	-
Total comprehensive loss for the year	**1,064,705**	**576,510**

DIRECTOR'S DECLARATION

The directors of the Company declare that:

(a) the financial statements and notes are in accordance with the Corporations Act 2001, and:

complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

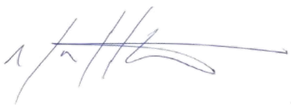
give a true and fair view of the financial position as at 30 June 2023 and of the performance for the year ended on that date of the Group.

are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as stated in note 1 to the financial statements; and

(b) In the Directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and

(c) The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer as required by section 295A, of the C*orporations Act 2001*.

This declaration is made in accordance with a resolution of the Board of Directors and is signed on behalf of the Directors by:



Matthew Worner
Managing Director