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# Finder Energy Holdings Limited

## Half Yearly Report

### December 2022

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Finder Energy Holdings Limited  
ABN 70 656 811 719



# Corporate Directory

**FINDER ENERGY HOLDINGS LIMITED**  
**ABN 70 656 811 719**

## Directors

Bronwyn Barnes  
*Independent Non-Executive Chairman*

Damon Neaves  
*Managing Director and Chief Executive Officer*

Shane Westlake  
*Technical Director*

Fred Wehr  
*Independent Non-executive Director*

## Company Secretary

Anthony Benino

## Registered Office

Suite 1, Level 4  
South Shore Centre  
85 South Perth Esplanade  
South Perth WA 6151  
Phone: +61 8 9327 0100  
Email: [info@finderenergy.com](mailto:info@finderenergy.com)

## Listings

Securities for Finder Energy Holdings Limited are listed on the Australian Securities Exchange  
ASX:FDR

## Share Registry

Automic Group  
Level 5  
191 St Georges Terrace  
Perth WA 6000  
Phone: 1300 288 664  
General enquiries: +61 2 8072 1400

## Auditor

KPMG  
235 St Georges Terrace  
Perth WA 6000

## Investor Relations

Citadel-Magnus  
Level 9, 190 St Georges Terrace  
Perth WA 6000  
Australia  
Phone: +61 8 6160 4900  
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## Directors Report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Finder Energy Holdings Limited (referred to hereafter as the 'Company' or 'Parent entity') and the entities it controlled at the end of, or during, the half year ended 31 December 2022 ('Finder' or 'Group').

### Directors

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

### Directors for Finder Energy Holdings Limited Appointment / Resignation

Damon Neaves	Appointed 25 January 2022
Shane Westlake	Appointed 25 January 2022
Bronwyn Barnes	Appointed 25 January 2022
Frederick Wehr	Appointed 25 January 2022

### Principal activities

The principal activities of Finder during the course of the financial year were oil and gas exploration in the North West Shelf off the coast of Western Australia and in the North Sea in the United Kingdom.

There were no significant changes in the nature of the activities of Finder during the half year ended 31 December 2022.

### Dividends

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

### Review of operations

#### Overview

Net cash outflow of \$185,558 for the six months ended 31 December 2022. The Group's loss after income tax for the period amounted to \$1,112,940 (2021: Loss \$2,702,464). Closing cash and term deposits were \$10,513,861. Actual cash outflows to 31 December 2022 are in line with budget estimates. As announced on 8 November 2022, as a result of farmouts completed in 2022, the Company's cash runway has been extended beyond the original guidance contained in the Prospectus by more than 12 months.

An update on activities in each region during the period is provided below.

#### UK North Sea

Finder holds interests in 5 licences in the North Sea where we are pursuing an Infrastructure-Led Exploration (ILX) Strategy which targets prospects close to existing infrastructure to facilitate industry partnerships and farmouts and to accelerate the pathway to first production.

Finder is Operator of each of its UK licences, has established partnerships with key strategic partners, including owners of nearby infrastructure. Finder is actively running farmout processes to secure partners to fund drilling activity within its UK portfolio.

During the period, Finder announced three farmout deals with Dana Petroleum acquiring a 40% interest in P2527, P2528 and P2530 (refer ASX announcements on 8 and 22 November 2022). Finder retains a 60% interest and operatorship in each of these licences. Retaining a 60% interest allows for secondary farmouts to secure funding for exploration wells whilst still retaining meaningful levels of participation in any discovery.

Interpretation and prospect generation on the new Big Buzz and Big Bird reprocessed data is ongoing. Once complete, Finder will commence a secondary farmout process to secure a partner(s) for the drilling of the key prospect(s) that emerge from our evaluation.

In November, Finder announced a maiden resource report for prospectivity within P2524 (refer ASX announcement of 21 November 2022). The highlights of the report were the:

- Barracuda oil prospect with 67 MMboe gross mean prospective resource and 31% geological chance of success (COS);
- low-risk Amberjack (72% COS) and Trevally (57% COS) Prospects ideally positioned to tie back to nearby infrastructure; and
- follow-up potential of the Bass Lead with any exploration success within the licence.

P2524 offers a range of opportunities with multiple value creation pathways. Finder is pursuing multiple workstreams to unlock this value.

In P2502, technical evaluation of the licence was progressed during the period with interpretation of the licenced 3D seismic data and integration with geological studies.

Changes in the UK portfolio during the period include the farmdown of a 40% interest in each of P2527, P2528 and P2530 to Dana Petroleum.

#### *Australia – North West Shelf*

The Company progressed various studies during the reporting period with positive results announced in September 2022 leading to the high grading of the Gem Prospect in the AC/P 61 permit in the Vulcan Sub-basin. These studies included a comprehensive analysis of the results of all wells in the area (over 50 wells), charge migration modelling as well as evaluation of the tie back potential of nearby stranded oil fields. These studies will be incorporated into the dataroom as part of the farmout process to secure a farmin partner to fund an exploration well.

Finder progressed environmental approvals for the Superbowl 3D seismic survey in WA-547-P located in the Dorado play trend. The survey is designed to high grade the key prospects to drill ready status and satisfy work program commitments. During October 2022 the National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA) notified all offshore companies, including Finder, of additional stakeholder consultation requirements for all environmental approvals going forward. Finder has begun to incorporate these changes into its approvals however it will likely result in a delay to the Superbowl 3D acquisition. Given the heightened exploration activity in the area, the Group is pursuing synergies to reduce the cost of its planned operations.

Refer to note 21 to the financial statements for further detail on Finder's permit portfolio.

#### *New Ventures*

Finder continued to review and progress several new opportunities to add to the portfolio. We are focussed on opportunities consistent with our strategy to utilise our subsurface capabilities and data libraries to access low entry cost opportunities with high value creation potential. These opportunities include both offshore oil and gas exploration and Carbon Capture and Storage (CCS).

#### **Review of prospects for future financial years**

Finder's strategy is to create value in the exploration stage of the oil and gas asset lifecycle. Finder will continue to progress its activities in the NWS and has recently expanded into the UK North Sea where Finder has built a position proximate to existing infrastructure as part of its ILX strategy focused on low cost rapid tie-back potential.

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

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

### **Significant changes in the state of affairs**

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

### **Matters subsequent to the end of the half year**

There are no material developments impacting the Company since the end of the half year.

### **Likely developments and expected results of operations**

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

### **Environmental regulation**

The operations of the Group are subject to environmental regulation under relevant Australian, Western Australian and UK legislation in relation to its exploration activities.

NOPSEMA is the primary regulator for offshore petroleum operational activities in Australian Commonwealth waters and the Oil and Gas Authority (OGA) regulates the exploration and development of the UK's offshore and onshore oil and gas resources.

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

### **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 half year, the Company 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.

### **Indemnity and insurance of auditor**

The Company has not, during or since the end of the half year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the period ended 31 December 2022, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

### **Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after 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 the directors



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Damon Neaves  
Director

14 March 2023  
Perth

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## Auditor's Independence Declaration



### Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Finder Energy Holdings Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Finder Energy Holdings Limited for the half-year ended 31 December 2022 there have been:

- i. No contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. No contraventions of any applicable code of professional conduct in relation to the review.

KPMG.

A handwritten signature in black ink that reads 'Glenn Diedrich'.

KPMG

Glenn Diedrich  
*Partner*  
Perth  
14 March 2023

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

	Note	Consolidated	
		31 December 2022 \$	31 December 2021* \$
Other Income	5	2,613,248	885,190
Evaluation and exploration expenditure		(2,524,069)	(1,348,838)
Corporate expenses	6	(358,301)	-
Share-based payment expense	7	(905,537)	-
<b>Operating Loss</b>		<b>(1,174,659)</b>	<b>(463,648)</b>
Finance income	8	99,062	19
Finance costs	8	(37,343)	(57,014)
<b>Net finance (loss)/income</b>		<b>61,719</b>	<b>(56,995)</b>
<b>Loss before tax</b>		<b>(1,112,940)</b>	<b>(520,643)</b>
Income tax benefit/(expense)	9	-	(2,181,821)
<b>Loss for the year</b>		<b>(1,112,940)</b>	<b>(2,702,464)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign operations – foreign currency translation differences, net of tax		7,003	7,741
Other comprehensive income for the year, net of tax		7,003	7,741
<b>Total comprehensive loss for the year</b>		<b>(1,105,937)</b>	<b>(2,694,723)</b>
<b>Total comprehensive loss attributable to Owners of the Company</b>		<b>(1,105,937)</b>	<b>(2,694,723)</b>
<b>Loss per share</b>			
Basic loss per share	10	(0.01)	(0.03)
Diluted loss per share	10	(0.01)	(0.03)

\* 2021 relates to the consolidated financial results of the Group comprising Finder Operations Pty Ltd (formerly known as Finder Exploration Pty Ltd) and its subsidiaries. Refer to Note 2 for description of common control transaction and basis of preparation.

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with accompanying notes

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE HALF YEAR ENDED 31 DECEMBER 2022

	Note	Consolidated	
		31 December 2022 \$	30 June 2022 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	11	5,438,861	10,699,419
Cash term deposits	12	5,075,000	-
Other receivables	13	440,879	500,731
<b>Total current assets</b>		<b>10,954,740</b>	<b>11,200,150</b>
<b>Non-current assets</b>			
Deferred tax asset	9	-	-
<b>Total non-current assets</b>		<b>-</b>	<b>-</b>
<b>Total assets</b>		<b>10,954,740</b>	<b>11,200,150</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	14	272,242	429,613
Employee benefits	15	226,472	181,361
Loans and borrowings	16	67,250	-
Provisions	17	9,247,926	-
<b>Total current liabilities</b>		<b>9,813,890</b>	<b>610,974</b>
<b>Non-current liabilities</b>			
Provisions	17	-	9,247,926
<b>Total non-current liabilities</b>		<b>-</b>	<b>9,247,926</b>
<b>Total liabilities</b>		<b>9,813,890</b>	<b>9,858,900</b>
<b>Net assets</b>		<b>1,140,850</b>	<b>1,341,250</b>
<b>Equity</b>			
Share capital	18	29,474,893	29,474,893
Reserves	19	(23,390,704)	(24,303,244)
Retained earnings / (accumulated losses)		(4,943,339)	(3,830,399)
<b>Total Equity</b>		<b>1,140,850</b>	<b>1,341,250</b>

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

	Share Capital \$	Retained earnings/ (accumulated losses) \$	Share- Based Payment Reserve \$	Foreign exchange reserve \$	Other Reserve \$	Total equity \$
<b>Balance at 1 July 2022</b>	<b>29,474,893</b>	<b>(3,830,399)</b>	<b>1,090,413</b>	<b>10,170</b>	<b>(25,403,827)</b>	<b>1,341,250</b>
<b>Total comprehensive loss</b>						
Loss for the period		(1,112,940)				(1,112,940)
Other comprehensive income				7,003		7,003
<b>Total comprehensive loss for the period</b>		<b>(1,112,940)</b>		<b>7,003</b>		<b>(1,105,938)</b>
<b>Share-based payment</b>			<b>905,537</b>			<b>905,537</b>
<b>Balance at 31 December 2022</b>	<b>29,474,893</b>	<b>(4,943,339)</b>	<b>1,995,950</b>	<b>17,173</b>	<b>(25,403,827)</b>	<b>1,140,850</b>

	Share Capital \$	Retained earnings/ (accumulated losses) \$	Share- Based Payment Reserve \$	Foreign exchange reserve \$	Other Reserve \$	Total equity \$
<b>Consolidated</b>						
Balance at 1 July 2021*	16,500,000	2,434,318	-	4,311	(16,250,000)	2,688,629
<b>Total comprehensive loss</b>						
Loss for the period		(2,702,464)				(2,702,464)
Capital raising costs	(29,500)					(29,500)
Other comprehensive income				7,741		7,741
<b>Total comprehensive income/(loss) for the period</b>	<b>(29,500)</b>	<b>(2,702,464)</b>		<b>7,741</b>		<b>(2,724,223)</b>
<b>Balance at 31 December 2021</b>	<b>16,470,500</b>	<b>(268,146)</b>	<b>-</b>	<b>12,052</b>	<b>(16,250,000)</b>	<b>(35,594)</b>

\* 2021 relates to the consolidated financial results of the Group comprising Finder Operations Pty Ltd (formerly known as Finder Exploration Pty Ltd) and its subsidiaries. Refer to Note 2 for description of common control transaction and basis of preparation.

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

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

	Note	Consolidated	
		31 December 2022 \$	31 December 2021* \$
<b>Cash flows from operating activities</b>			
Receipts from exploration and evaluation services		243,250	795,516
Joint operation reimbursements		548,040	601,258
Payments for suppliers and employees		(3,421,873)	(743,345)
<b>Net cash from / (used in) operating activities</b>		<b>(2,630,583)</b>	<b>653,429</b>
<b>Cash flows from investing activities</b>			
Interest received		29,294	19
Term deposit		(5,075,000)	-
Proceeds from disposal of investments		-	727,172
Proceeds from disposal of tenements		2,348,481	-
<b>Net cash from / (used in) investing activities</b>		<b>(2,697,225)</b>	<b>727,191</b>
<b>Cash flows from financing activities</b>			
Proceeds from loans and borrowings		67,250	-
Repayment of loans and borrowings to related parties		-	(2,140,600)
<b>Net cash from / (used in) financing activities</b>		<b>67,250</b>	<b>(2,140,600)</b>
Net decrease in cash and cash equivalents		(5,260,558)**	(759,980)
Cash and cash equivalents at the beginning of the period		10,699,419	2,122,568
Cash and cash equivalents at the end of the period	11	<b>5,438,861**</b>	<b>1,362,588</b>

\* 2021 relates to the consolidated financial results of the Group comprising Finder Operations Pty Ltd (formerly known as Finder Exploration Pty Ltd) and its subsidiaries. Refer to Note 2 for description of common control transaction and basis of preparation.

\*\* The Company deposited \$5,075,000 in term deposits during the period, this is shown as a cash outflow under 'Cash flows from investing activities' as the term of the deposit is greater than 3 months. With the inclusion of this term deposit, net decrease in cash for the period is \$185,558 and cash at the end of the period is \$10,513,861.

**Note 1. Reporting entity**

Finder Energy Holdings Limited is a Company domiciled in Australia.

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

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

**Note 2. Basis of preparation****Statement of compliance**

The consolidated interim financial statements are general purpose financial statements which have been prepared in accordance with *Corporations Act 2001* and *AASB 134 'Interim Financial Reporting'*, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with *IAS 34 'Interim Financial Reporting'*. The consolidated interim financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB),

These interim financial statements do not include full disclosures of the type normally included in an annual financial report. It should be read in conjunction with the most recent annual financial report and any public announcements made during the period.

These consolidated interim financial statements were authorised for issue by the Directors on 14 March 2023.

**Functional and presentation currency**

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

**Use of judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

*Coronavirus (COVID-19) pandemic and geopolitical events*

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic and geopolitical events has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the COVID-19 pandemic and geopolitical events.

*Going concern*

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to satisfy its liabilities as and when they become due. The Group has recognised a net loss after tax of \$1,112,940 for the period ended 31 December 2022 and, as at that date, current assets exceed current liabilities by \$1,706,814 and total assets exceed total liabilities by \$1,140,850. The Group incurred net cash outflows from operations of (\$2,630,583).

The Company continues to have expected expenditure across its permits and licences and for corporate purposes, which are expected to be funded in part by its agreements under existing joint operation agreements and existing cash reserves. Forecast expenditure relating to the WA-542-P, including the provision of \$9,247,926 relates to Beagle No.1 Pty Ltd which is a controlled entity as a result of a call option the Group holds over the entity, refer to notes 17 and 20. No cash outflow in relation to this provision is expected by the Group unless the call option is exercised.

The Group monitors its cash flow requirements to ensure it has sufficient funds to meet its expected expenditure. Supported by the cash assets at 31 December 2022 of \$10,513,861, the Group forecasts that it will have sufficient funds to meet its commitments and continue to pay its debts as and when they fall due for at least 12 months from the date of these financial statements.

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Based on these factors, the Directors have a reasonable expectation that the Group has and will have adequate funding and accordingly the interim financial statements have been prepared on a going concern basis.

### **Common Control Transaction**

Effective 25 January 2022, Finder Energy Holdings Limited was formed with the intention to list on the ASX. On 22 March 2022, as part of the internal restructure undertaken by the Finder Energy Holdings group pursuant to listing, Finder Operations Pty Ltd and its controlled entities were acquired by Finder Energy Holdings Limited to form the Group. At the time of the restructure, Finder Energy Holdings Limited and Finder Operations Pty Ltd were subsidiaries of Longreach Capital Investment Pty Ltd. The acquisition was funded through the issue of 82,499,990 at \$0.20 per share (total consideration of \$16,499,998) shares in Finder Energy Holdings Limited to Longreach Capital Investment Pty Ltd (Longreach).

Details of the businesses acquired and disposed are included below.

The Group has accounted for the acquisition of Finder Operations Pty Ltd and its subsidiaries as a common control transaction at book value. As a consequence, no acquisition accounting in the form of a purchase price allocation was undertaken and therefore the assets and liabilities have not been remeasured to fair value nor has any goodwill arisen. All the assets and liabilities acquired by the Company as a result of the internal restructure were recognised at values consistent with the carrying value of those assets and liabilities in the Finder Operations Pty Ltd group accounts immediately prior to the internal restructure.

The statutory interim financial information for the Group has been presented for the period ended 31 December 2022 and for the comparative half year ended 31 December 2021 on the basis the Company was incorporated, and the common control transaction has occurred from 1 July 2020. As a result, there has been an increase in share capital and other reserves as at 1 July 2020 of \$16,500,000 reflecting the consideration paid to acquire the Finder Operations group (as noted above) less Finder Operations existing share capital of \$250,000.

The total carrying value of the assets and liabilities that were acquired by the Finder Energy Holdings group as part of the internal restructure were as follows:

Carrying value of net asset table:

Total assets: \$18  
Total liabilities: \$9,247,926

### **Note 3. Significant accounting policies**

Except as described below, the accounting policies applied by the Company in the interim financial statements are the same as those applied by the Company in its financial statements as at and for the year ended 30 June 2022.

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

(a) **New standards and interpretations applicable for the half-year ended 31 December 2022**

In the period ended 31 December 2022, the Company has reviewed all of the new and revised standards and interpretations issued by the AASB that are relevant to the Company and effective for the current reporting period. As a result of this review, the Company has determined that there is no material impact of the new and revised standards and interpretations on the Company and, therefore, no material change is necessary to the Company's accounting policies.

### **Note 4. Operating segments**

#### **Basis for segmentation**

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

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

The Group has a strategic division for exploration, which is its reportable segment. The operations of the exploration segment are oil and gas exploration on the NWS of Australia and North Sea in UK.

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

31 December 2022	Reportable Segments		
	Exploration \$	Corporate* \$	Total \$
Other income	2,613,248	-	2,613,248
Exploration and evaluation expenditure	(2,524,069)	-	(2,524,069)
Corporate expenses	-	(358,301)	(358,301)
Share-based payment expense	-	(905,537)	(905,537)
<b>Operating profit/(loss)</b>	<b>89,179</b>	<b>(1,263,838)</b>	<b>(1,174,659)</b>
Interest income	-	99,062	99,062
Other finance costs	-	(37,343)	(37,343)
<b>Reportable segment profit/(loss) before tax</b>	<b>89,179</b>	<b>(1,202,119)</b>	<b>(1,112,940)</b>
<b>Income tax benefit (expense)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Reportable segment profit/(loss) after tax</b>	<b>89,179</b>	<b>(1,202,119)</b>	<b>(1,112,940)</b>
<b>Segment assets - 31 December 2022</b>	<b>176,895</b>	<b>10,777,845</b>	<b>10,954,740</b>
<b>Segment liabilities - 31 December 2022</b>	<b>100,362</b>	<b>9,713,528</b>	<b>9,813,890</b>

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

31 December 2021	Reportable Segments		
	Exploration \$	Corporate* \$	Total \$
Other income	885,190	-	885,190
Exploration and evaluation expenditure	(1,348,838)	-	(1,348,838)
<b>Operating profit/(loss)</b>	<b>(463,648)</b>	<b>-</b>	<b>(463,648)</b>
Interest income	-	19	19
Other finance costs	-	(57,014)	(57,014)
<b>Reportable segment profit/(loss) before tax</b>	<b>(463,648)</b>	<b>(56,995)</b>	<b>(520,643)</b>
<b>Income tax benefit (expense)</b>	<b>-</b>	<b>(2,181,821)</b>	<b>(2,181,821)</b>
<b>Reportable segment profit/(loss) after tax</b>	<b>(463,648)</b>	<b>(2,238,816)</b>	<b>(2,702,464)</b>
<b>Segment assets – 30 June 2022</b>	<b>346,406</b>	<b>10,853,744</b>	<b>11,200,150</b>
<b>Segment liabilities – 30 June 2022</b>	<b>9,216,746</b>	<b>642,153</b>	<b>9,858,900</b>

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

### Geographic information

The Group operates in the NWS of Australia and North Sea in the UK and has no customers. All assets held by the Group are also located within Australia (\$10,441,844) and United Kingdom (\$512,896) as at 31 December 2022.

### Major customer

The Group has no external customers.

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**Note 5. Other Income**

	Consolidated	
	31 December 2022	31 December 2021
	\$	\$
Permit fees from partners	262,500	525,000
Farm out proceeds	2,348,481	193,236
Gain on sale of investment	-	92,975
Other income	2,267	73,979
	<b>2,613,248</b>	<b>885,190</b>

**Note 6. Corporate expenses**

	Consolidated	
	31 December 2022	31 December 2021
	\$	\$
Corporate fees	358,301	-
	<b>358,301</b>	<b>-</b>

Corporate fees relate to the expenses associated with maintaining the Company as a listed entity.

**Note 7. Share-based payment expenses**

The share-based payment expense recognized for employee services received during the half year period is set out below. 2,750,000 Performance Rights (\$432,361) held by management and staff, as disclosed in the Company's initial public offering prospectus dated 25 February 2022 have vested in accordance with their terms during the period.

	Consolidated	
	31 December 2022	31 December 2021
	\$	\$
Performance rights	905,537	-
	<b>905,537</b>	<b>-</b>

**Note 8. Finance income/(loss)**

	Consolidated	
	31 December 2022	31 December 2021
	\$	\$
Interest income	99,062	19
<b>Finance income</b>	<b>99,062</b>	<b>19</b>
Foreign currency losses	(37,343)	(57,014)
<b>Finance costs</b>	<b>(37,343)</b>	<b>(57,014)</b>
<b>Net finance costs</b>	<b>61,719</b>	<b>(56,995)</b>

## Note 9. Income taxes

	Consolidated		
	31 December 2022	31 December 2021	
	\$	\$	
<b>(a) Amounts recognised in profit or loss</b>			
<b>Current tax benefit</b>			
Current year (benefit) / expense	-	2,118,508	
<b>Deferred tax expense</b>			
Origination and reversal of temporary differences	-	63,313	
<b>Total tax (benefit)/expense</b>	<b>-</b>	<b>2,181,821</b>	
<b>(b) Reconciliation of effective tax rate</b>			
Loss before income tax expense	(1,112,940)	(520,643)	
Tax at the Australian rate 25% (2021: 25%)	(278,235)	(130,161)	
Tax effect of the amounts which are not deductible/(taxable) in calculating tax income:			
Temporary differences not recognized	-	2,311,982	
Other non deductible expenses	226,384	-	
Current period deferred tax losses not recognized	51,851	-	
<b>Total tax (benefit)/expense</b>	<b>-</b>	<b>2,181,821</b>	
<b>(c) Movement in deferred tax balances</b>			
	<b>Assets</b>	<b>Liabilities</b>	<b>Net</b>
	<b>31 December 2022</b>	<b>31 December 2022</b>	<b>31 December 2022</b>
	\$	\$	\$
Provision for WA-542-P	2,311,982	-	2,311,982
Section 40-880 costs	428,927	-	428,927
Employee provision	56,356	-	56,356
Accruals	18,125	-	18,125
Tax losses not recognized	655,926	-	655,926
Prepayments	-	(20,903)	(20,903)
<b>Tax assets before set-off</b>	<b>3,471,316</b>	<b>(20,903)</b>	<b>3,450,413</b>
Set-off of tax	(20,903)	20,903	-
<b>Less: DTA not recognized</b>	<b>(3,450,413)</b>	<b>-</b>	<b>(3,450,413)</b>
<b>Net tax assets</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Assets</b>	<b>Liabilities</b>	<b>Net</b>
	<b>2021</b>	<b>2021</b>	<b>2021</b>
	\$	\$	\$
Initial public offering - 2020	5,327	-	5,327
Initial public offering - 2019	186,744	-	186,744
<b>Tax assets before set-off</b>	<b>192,071</b>	<b>-</b>	<b>192,071</b>
Set-off of tax	-	-	-
<b>Net tax assets</b>	<b>192,071</b>	<b>-</b>	<b>192,071</b>

The Group has not recognised net DTAs of \$3,450,412 as taxable profits are not sufficiently probable to recognise tax assets in excess of tax liabilities.

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**Note 10. Loss per share****Basic loss per share**

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

**(i) Loss used in calculating loss per share**

	Consolidated	
	31 December 2022	31 December 2021
	\$	\$
Loss attributable to ordinary equity holders of the Company used in calculating		
- Basic loss	(1,105,937)	(2,694,723)
- Diluted loss	(1,105,937)	(2,694,723)

**(ii) Weighted average number of shares**

	31 December 2022	31 December 2021
Weighted-average number of ordinary shares used in the calculation of basic earnings per share	157,500,000	82,500,000

The number of shares on issue has been presented for the financial period ended 31 December 2021 on the basis the Company was incorporated and the common control transaction had occurred from the beginning of period.

**Diluted loss per share**

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

**Note 11. Cash and cash equivalents**

	Consolidated	
	31 December 2022	30 June 2022
	\$	\$
Cash on hand	18	18
Cash at bank	5,438,843	10,699,401
	<b>5,438,861</b>	<b>10,699,419</b>

**Note 12. Cash term deposits**

	Consolidated	
	31 December 2022	30 June 2022
	\$	\$
Cash term deposits	5,075,000	-
	<b>5,075,000</b>	<b>-</b>

Cash term deposits includes \$5,000,000 which matured on 23 Jan 2023 and \$75,000 maturing 18 July 2023.

**Note 13. Other receivables**

	Consolidated	
	31 December 2022	30 June 2022
	\$	\$
Prepayment	190,252	270,211
Other receivables	250,627	230,520
	<b>440,879</b>	<b>500,731</b>

**Note 14. Trade and other payables**

	Consolidated	
	31 December 2022	30 June 2022
	\$	\$
Trade payables	192,563	38,726
Other payables	79,679	390,887
	<b>272,242</b>	<b>429,613</b>

**Note 15. Employee benefits**

	Consolidated	
	31 December 2022	30 June 2022
	\$	\$
Annual leave provision	79,098	46,337
Long service leave provision	147,374	135,024
	<b>226,472</b>	<b>181,361</b>

**Note 16. Loans and borrowings**

	Consolidated	
	31 December 2022	30 June 2022
	\$	\$
Related party loans		
Longreach Capital Investment Pty Ltd	67,250	-
	<b>67,250</b>	<b>-</b>

**Note 17. Provisions**

	Consolidated	
	31 December 2022	30 June 2022
	\$	\$
Balance at 1 July 2022	9,247,926	-
Provision made during the period	-	9,247,926
	<b>9,247,926</b>	<b>9,247,926</b>
<b>Current</b>	<b>9,247,926</b>	<b>-</b>
<b>Non-current</b>	<b>-</b>	<b>9,247,926</b>
	<b>9,247,926</b>	<b>9,247,926</b>

On 1 June 2021 Beagle No. 1 Pty Ltd executed a Sale and Purchase agreement with Equinor Australia B.V (Equinor) to acquire its 100% interest in WA-542-P. On 18 June 2021 Beagle No. 1 Pty Ltd submitted an application for the transfer of Equinor's interest in the title to the National Offshore Petroleum Titles Administrator (NOPTA). NOPTA approved the transfer on 23 July 2021.

On completion of the transfer, Equinor paid Beagle No. 1 Pty Ltd base consideration of US\$6.8 million (AUD\$9.2 million). All of the issued capital of Beagle No. 1 Pty Ltd together with the consideration received from Equinor was transferred to Longreach Capital Investment Pty Ltd as part of the pre-IPO restructure. The work program remaining on WA-542-P rests with Beagle No. 1 Pty Ltd which is wholly owned by Longreach. The provision is recorded in the Group financial statements due to the consolidation of Beagle No. 1 Pty Ltd consistent with the call option the Group holds over Beagle No. 1 Pty Ltd (refer to note 21). The exercise of the call option is solely at Finder's discretion.

The Group has determined that the transaction does not constitute a business combination in accordance with AASB 3 Business Combinations. The transaction has therefore been accounted for as an asset acquisition. When an asset acquisition does not constitute a business combination, the assets and liabilities are allocated a carrying amount based on their relative fair values in an asset purchase transaction. Consideration received was \$9,247,926. The value of the obligations of work commitments associated with WA-542-P acquired from the purchase consideration was \$9,247,926.

The provision at 31 December 2022 continues to represent the Group's best estimate of the fair value of the obligations noting that Beagle No. 1 Pty Ltd continues to evaluate procedures and the actual cost of any actions may differ from this amount.

Additionally,

- if Beagle No. 1 Pty Ltd farmout any equity in the Permit, then it is required to make an additional payment to Equinor of US\$3.5m; and
- if Beagle No. 1 Pty Ltd complete an exploration well drilling program, then it is required to make an additional payment to Equinor of US\$3.5m.

If these payments are required and the Company does not exercise its option to acquire Beagle No. 1 Pty Ltd they will not be funded out of the Group's cash reserves but rather by Beagle No. 1 Pty Ltd and its owners, Longreach Capital Investment Pty Ltd.

The Group has assessed that as at 31 December 2022 there is insufficient evidence regarding the achievement of these activities to recognise any contingent consideration liabilities.

As at 31 December 2022, no work program commitment is expected to be incurred within the 12 months ending 31 December 2023 however, as the work program commitment is required to be undertaken by October 2023, this provision has been recognized as current liability in the half year report.

The Company reiterates this commitment does not involve an application of Finder's cash resources at the date of this report, as it does not intend to exercise the call option.

## Note 18. Share capital

### (a) Share capital

	Consolidated	
	31 December 2022	30 June 2022
	\$	\$
On issue at the start of the period	29,474,893	16,500,000
Issue of fully paid ordinary shares	-	15,000,000
<b>Less:</b>		
Transaction costs arising on share issue	-	(1,330,532)
Lead Manager Options	-	(694,575)
<b>On issue at the end of period</b>	<b>29,474,893</b>	<b>29,474,893</b>

	No. of ordinary shares	
	31 December 2022	30 June 2022
On issue at the start of the period	\$ 157,500,000	\$ 82,500,000
Initial public offering	-	75,000,000
<b>On issue at the end of the period</b>	<b>157,500,000</b>	<b>157,500,000</b>

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

#### (b) Dividends

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

#### Note 19. Reserves

	Consolidated	
	31 December 2022	30 June 2022
Foreign currency Translation Reserve	\$ 17,173	\$ 10,170
Other reserve	(25,403,827)	(25,403,827)
Share-based Payment Reserve	1,995,950	1,090,413
	<b>(23,390,704)</b>	<b>(24,303,244)</b>

#### Note 20. List of subsidiaries

Subsidiary	Country	31 December 2022 Ownership Interest	30 June 2022 Ownership Interest
Finder No 1 Pty Ltd	Australia	100%	100%
Finder No 3 Pty Ltd	Australia	100%	100%
Finder No 4 Pty Ltd	Australia	100%	100%
Finder No 7 Pty Ltd	Australia	100%	100%
Finder No 9 Pty Ltd	Australia	100%	100%
Finder No 10 Pty Ltd	Australia	100%	100%
Finder No 11 Pty Ltd	Australia	100%	100%
Finder No 13 Pty Ltd	Australia	100%	100%
Finder No 14 Pty Ltd	Australia	100%	100%
Finder No 16 Pty Ltd	Australia	100%	100%
Beagle No. 1 Pty Ltd	Australia	0%**	0%**
Finder Operations Pty Ltd	Australia	100%	100%
Finder Energy UK Limited	UK	100%	100%

\*\* The Group has a call option to acquire 100% of the issued capital of Beagle No. 1 Pty Ltd (Formerly named Finder 17 Pty Ltd). As such the Group continues to record the entity as a subsidiary for accounting purposes.

**Note 21. Interest in exploration licenses**

The Group had interests in the following exploration licenses as at 31 December 2022, whose principal activities were oil and gas exploration and development.

Exploration permits and licences	Country	31 December 2022 Ownership Interest	30 June 2022 Ownership Interest
WA-520-P <sup>5</sup>	Australia	100% <sup>1</sup>	100% <sup>1</sup>
AC/P 61 <sup>5</sup>	Australia	50%	50%
WA-412-P <sup>2,5</sup>	Australia	15%	15%
WA-547-P	Australia	100%	100%
WA-542-P	Australia	0% <sup>3</sup>	0%
P2502 <sup>5</sup>	UK	50%	50%
P2527 <sup>5</sup>	UK	60% <sup>4</sup>	100%
P2528 <sup>5</sup>	UK	60% <sup>4</sup>	100%
P2530 <sup>5</sup>	UK	60% <sup>4</sup>	100%
P2524 <sup>5</sup>	UK	40%	40%

<sup>1</sup> 50% of Finder's economic interest in the Permit is held on trust for Fugro Exploration Pty Ltd pursuant to the Implementation and Variation Deed executed on 20 December 2019 and is deemed to be controlled by Fugro for accounting purposes. The Group's interests in assets/liabilities and income/expenditure employed in the above joint operations are included in the financial statements as the Group has joint control in these joint operations. This permit was surrendered on 3 January 2023.

<sup>2</sup> NOPTA approved the surrender of this permit on behalf of all participants on 14 February 2023.

<sup>3</sup> On 22 March 2022, the Group sold Beagle No. 1 Pty Ltd to a related party Longreach Capital Investment Pty Ltd for nil consideration. The Group retained a call option over Beagle No. 1 Pty Ltd to acquire all the issued capital of Beagle No. 1 Pty Ltd for nil consideration. This option is available to the Group until 9 October 2026, as the same may be extended from time to time pursuant to the terms of the Offshore Petroleum and Greenhouse Gas Storage Act 2006 (Cth). As a result of this transaction, the Group has determined that it retained control of Beagle No. 1 Pty Ltd, which continues to hold a 100% interest in WA-542-P.

<sup>4</sup> Finder has farmed out 40% of interests on UK License P2527, P2528 and P2530 to Dana Petroleum (E&P) Limited. OGA approval was obtained on 16 November 2022.

<sup>5</sup> These permits and licences are held with other parties under joint contract and accounted as joint operations based on controlled ownership percentage.

**Note 22. Exploration commitments**

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

	Consolidated	
	31 December 2022 \$	30 June 2022 \$
Exploration expenditure commitments		
Less than one year*	5,503,556	6,920,600
Between one and five years*	22,410,000	23,237,324
	<u>27,913,556</u>	<u>30,157,924</u>

\* Excludes the commitments related to WA-542-P. Refer to note 17 for the provision related to WA-542-P.

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**Note 23. Contingent assets and liabilities**

Following the pre-IPO restructure, Finder granted Longreach a 3% royalty on sale of petroleum from WA-547-P and a 1.5% royalty on sale of petroleum from AC/P 61. Given the permits are currently in the exploration phase, the value of any contingent royalty liabilities are currently not able to be estimated.

The Group is unaware of any other contingent asset or liability that may have a material impact on the Company's financial position other than disclosed in this financial report.

**Note 24. Subsequent events**

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

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## Directors' declaration

In the opinion of the directors of Finder Energy Holdings Limited (the "Company"):

- (a) the financial statements and notes, set out on pages 7 to 21:
  - (i) presents fairly the financial position of the Company and the Group as at 31 December 2022 and of their performance for the period ended on that date in accordance with the basis of preparation described in Notes 1 to 3; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) to the extent described in Notes 1 to 3; and
- (b) there are reasonable grounds to believe that the Company and the Group will be able to pay their debts as and when they become due and payable.

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

Signed in accordance with a resolution of the directors:



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Damon Neaves  
Director

14 March 2023  
Perth



# Independent Auditor's Review Report

To the shareholders of Finder Energy Holdings Limited

## Report on the Half-Year Financial Report

### Conclusion

We have reviewed the accompanying **Half-Year Financial Report** of Finder Energy Holdings Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Half-Year Financial Report of Finder Energy Holdings Limited does not comply with the *Corporations Act 2001*, including:

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

The **Half-Year Financial Report** comprises:

- Consolidated statement of financial position as at 31 December 2022;
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity and Consolidated statement of cash flows for the half-year ended as at that date;
- Notes 1 to 24 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The **Group** comprises the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

### Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report.

We are independent of the 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with these requirements.

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### Responsibilities of the Directors for the Half-Year Financial Report

The Directors of the Company are responsible for:

- The preparation of the Half-Year Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- Such internal control as the Directors determine is necessary to enable the preparation of the Half-Year Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### Auditor's responsibilities for the review of the Consolidated Interim Financial Report

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

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

KPMG.

KPMG

Glenn Diedrich

Partner

Perth

14 March 2023