Synergia Energy

# ANNUAL REPORT | 2023

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Dear Shareholder,

The past year has seen many positive events in your company including significant progress in existing core projects, the addition of a very substantial new opportunity, enhancement of the Company's corporate position and resolution of all legacy and long-standing issues. The Company's primary focus is on carbon reduction and contribution to the energy transition that is currently under way globally. Our strategy has two fundamental components, the production of gas as a key transition energy source and carbon capture and sequestration ("CCS").

In India, important steps leading to the development of the known large gas resource at the Cambay Field are underway, including a farmout / funding plan which is well advanced. In addition, the Company has developed early-stage plans for a CCS scheme in India. In the UK, the Company has been awarded a CCS licence in the Southern North Sea as the result of competitive bidding in an initiative set up by the UK government.

The ability to undertake these projects is underscored by the extensive experience of the management team in the design, construction and operation of UK-based gas production and storage projects. It is further demonstrated by the partnership with Wintershall Dea in the UK CCS licence. Wintershall Dea is among the leading CCS players in the North Sea with four licences in three North Sea countries.

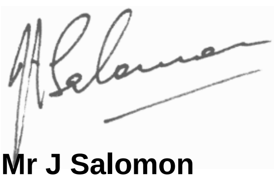
On the corporate side, the Company has delisted from the ASX and is now solely traded on the London AIM market. This brings into alignment the location of our assets and the location of the executive management team. The Company remains an Australian corporation subject to ASIC regulations. Indian operations are managed by an expert team of Indian nationals located in Gujarat, close to the Cambay project. The Company has appointed a new UK-based broker, Panmure Gordon, to assist the Company with achieving its short- and medium-term corporate objectives in reaching out to institutional investors to support the developing projects. Additionally, Panmure Gordon's in-house analyst will provide a third-party review of the Company and its projects.

Closing down of the legacy joint venture in Timor Leste is complete with payment of the final loan instalment now made.

The outlook for the Company is very positive with a focused strategy positioning our in-house expertise with the changing global energy and environmental requirements and opportunities.

The major shareholders of the Company, continue to provide essential support for the Company, and I am very pleased to report that Synergia Energy has a dedicated and highly experienced board of directors working closely with the executive management team who together provide the experience and direction needed for the current re-building stage of the Company.

On behalf of the Board, I wish to thank our staff, contractors, local communities, shareholders, and stakeholders for the ongoing support of the Company and I invite that continued support as we reach for realisation of value in our projects and plans.



**Mr J Salomon**
Non-Executive Chairman
21 September 2023

## Industry Overview

Global governmental energy policies continued to evolve in an attempt to reconcile the tensions between global gas shortages caused by the Ukraine war, sustained tightening of production quotas from OPEC members combined with the overriding need to address climate change by reducing dependence on fossil fuels.

In India, the inability to compete for increasingly costly LNG imports resulted in renewed emphasis on coal-fired power generation. Although global LNG prices eased during H1 2023, the India Directorate General of Hydrocarbons continued to emphasise the need for increased indigenous gas supplies.

The increase in oil and gas prices has caused a surge in oil and gas activity, particularly in the US and Middle East. This increased activity has resulted in global shortages of drilling services and equipment and generally increased costs.

In the UK, the government reversed the previous years' antipathy towards the oil and gas sector by launching the 33rd round of exploration licensing in recognition of the importance of energy supply self-sufficiency. Conversely, the UK government imposed a windfall tax on oil and gas company profits, further reducing the attractiveness of new field development on the UK Continental Shelf.

The UK government increased its resolve to implement carbon capture and storage schemes by launching the 1st Carbon Storage Licensing Round and by pledging £20 billion of investment over the next 5 years.

## Synergia Energy Strategy

The Company continued to execute two of its three strategic components:

- Focus on gas production from its Cambay, India gas field
- Development of CCS projects in the UK and India

The Company has temporarily ceased its attempt to acquire mature producing gas assets in the UKCS due to the reluctance of operators to dispose of producing gas assets in the current high gas price environment.

To reinforce its commitment to CCS activities, the Company launched its Cambay CCS scheme, the first end-to-end CCS scheme in India which has been well received by the Government of India regulators.

## Cambay Field, Onshore Gujarat, India

**(Synergia Energy: Operator and 100% Participating Interest)**

The Cambay licence area is located onshore in the state of Gujarat in the heart of one of India's most prolific hydrocarbon provinces. It is ideally located within a major industrial corridor and approximately 20 km from the existing national gas trunk pipeline grid. India's large energy market is currently dependent on gas imports. The Cambay operation is well-positioned to partially displace the need for imported gas with indigenous gas supplies.

The Cambay field development is centred on the successful exploitation of the gas resources held in the Eocene EP-IV reservoir which extends across the field and has been penetrated by over 30 wells. The EP-IV reservoir comprises low permeability ("tight") siltstones and requires fracture stimulation to provide economic gas production rates.

Having resumed production in April 2022 after a 3.5 year hiatus, the Company has been producing both gas and condensate from two gas wells (C-77H and C-73) in addition to oil from several intermittent legacy oilwells.

## Cambay Field, Onshore Gujarat, India (Continued)
**(Synergia Energy: Operator and 100% Participating Interest)**

**Cambay C-77H Well – Trialling New Fracking Methodology and Artificial Lift**
The re-fracture of the C-77H well in July 2022 has proven successful with the two new re-fracked zones having been on plateau production since September of 2022 at rates of 140-150 mscfd. This is despite the presence of a c.1500m column of gas condensate in the wellbore that inhibits gas production.

Prior to re-fracturing, the well's four fracked zones would produce for 4 to 5 days before fluid loading in the wellbore would stop production. The well would then have to be shut in for circa 1 week in order for the pressure to re-build after which the cycle was repeated. This intermittent production was an unsatisfactory basis for a full field development and attributed to a combination of less than optimum fracking methodology and absence of artificial lift to remove wellbore fluids.

The first step in installing a jet pump artificial lift solution was commenced in July 2023 to both remove gas condensate and to increase gas production. The jet pump installation is expected to be completed in September 2023. Artificial lift will be implemented on future new wells.

The successful re-fracturing operation gives the Company confidence that new wells can be drilled and fracked with initial production rates of 4-6 mmscfd in conjunction with the jet pump artificial lift.

**Cambay Full Field Development**
Based on the success of the C-77H well, the Company plans a full field development commencing in calendar quarter Q1 2024, subject to securing funding, to exploit the certified 205 BCF of P50 gas reserves together with the associated gas condensate.

The field development plan comprises an initial 10 new well drilling programme which will be supplemented by additional wells to fully exploit the field's reserves. All wells will be fracked incorporating artificial lift. The initial 10 wells will be drilled from the existing C-77H drilling pad and will share a common export tie-in point and common processing facilities. Due to the anticipated (greater than 30 mmscfd) gas volumes, a new export pipeline to connect to the high-pressure gas grid will be implemented together with enhanced processing facilities and compression.

## Carbon Capture and Storage ("CCS")

**UK**
The Company applied for two carbon storage licences under the NSTA's 1st Carbon Storage Licensing Round to complement its Medway Hub CCS project. Under this scheme, the Company plans to transport $CO_2$ emissions from three large CCGT power stations in liquid form in special marine tankers for permanent storage in depleted fields or aquifers in the Southern North Sea. The $CO_2$ tankers will offload liquid $CO_2$ onto a Floating Injection, Storage and Offloading ("FISO") vessel for subsequent injection into the $CO_2$ store via subsea manifolds. The target is to store c. 7.6 MTa (million tonnes per annum) of $CO_2$ which would make a major contribution towards the UK's Net Zero goals.

The Company and its joint venture partner, Wintershall Dea, via its UK branch, Wintershall Dea Carbon Management Solutions UK ("Wintershall Dea"), were successful in one of its two licensing round applications, with the award of Licence CS019 covering the now depleted Camelot gas field and the overlying BC18 saline aquifer. The licence was awarded jointly with Wintershall Dea in a 50:50 partnership with Synergia as operator. Wintershall Dea has a strong corporate CCS commitment with existing projects in Norway and Denmark. The carbon storage licence has a work program that incorporates an appraisal phase comprising seismic re-processing, technical evaluations and risk assessment, and a contingent FEED study leading to a potential storage licence application in 2028, following the final investment decision ("FID"). The CS019 licence also includes a contingent appraisal well. First $CO_2$ injection is anticipated for 2032. The Company's share of the initial work phase and FID is subject to funding, which will be addressed in due course.

## Carbon Capture and Storage ("CCS") (Continued)

**India**

The Company has developed the Cambay CCS scheme which comprises the transportation of $CO_2$ from emissions from the many significant gas- and coal-fired power stations surrounding the Cambay gas field, via onshore pipeline, to a CCS hub located at the Cambay field. The $CO_2$ would then be injected into the regionally extensive Olpad formation which underlies the Cambay Eocene gas reservoir. The initial goal is to provide a "Transportation and Storage" service to the power station emitters to sequester $CO_2$ emissions which total circa 45 MTa from the currently targeted power stations in the proximity of the Cambay field.

The Cambay CCS scheme has been well received by key Government of India regulators but its viability is contingent on, *inter alia,* the development of a regulatory framework that incentivises the $CO_2$ emitter customers. Synergia plans to assist the regulators in the development of such a framework based on its UK CCS experience.

## JPDA 06-103, Timor Sea

In August 2020, on behalf of its Joint Venture Participants, Synergia Energy Ltd announced a Deed of Settlement and Release ("Deed") with the Autoridade Nacional Do Petroleo E Minerais ("ANPM"). Under the terms of the Deed, Synergia Energy committed to a settlement of US$800,000 payable up to the financial year 2024. During the year, the final instalment payable of US$250,000 was made to ANPM on 7 September 2022, thereby fully extinguishing the Group's obligations to ANPM.

To fund the settlement to ANPM, Synergia Energy entered into an unsecured loan facility agreement with two of the JPDA joint venture partners, Japan Energy E&P JPDA Pty Ltd ("JX") and Pan Pacific Petroleum (JPDA 06 103) Pty Ltd ("PPP"). The portion which was owing to PPP was fully repaid in the previous financial year in December 2021. The portion which was owing to JX was repaid in instalments during the year in August 2022, February 2023 and April 2023 with the balance of the loan from JX being US$225,355 at year-end. This balance plus interest was repaid in the Company's final repayment of US$228,324 to JX on 14 August 2023 to settle the balance of the loan to nil. The details and movement in the loan payable during the period are detailed in Note 16 to the consolidated financial statements.

On 13 October 2022, the non-defaulting parties to the JPDA joint venture agreed to terminate the Joint Operating Agreement. Synergia Energy is in the process of progressing the final closure of the joint venture accounts to conclude this matter.

# Financial

### Treasury Policy

The funding requirements of the Group are reviewed on a regular basis by the Group's Chief Financial Officer and reported to the Board to ensure the Group can meet its financial obligations as and when they fall due. Internal cash flow models are used to review and test investment decisions. Until sufficient operating cash flows are generated from its operations, the Group remains reliant on equity or debt funding, as well as assets divestiture or farmouts to fund its expenditure commitments.

Formal control over the Group's activities is maintained through a budget and cash flow monitoring process with annual budgets considered in detail and monitored monthly by the Board and forming the basis of the Company's financial management strategy.

Cash flows are tested under various scenarios to ensure that expenditure commitments can be met under all reasonably likely scenarios. Expenditures are also carefully monitored against the budget. The Company continues to actively develop funding options in order to meet its expenditure commitments and its planned future discretionary expenditure.

During the year, the following debt and equity capital raisings were completed to provide working capital for the Company's activities:

September 2022 quarter

- Completion of the May 2022 Placement previously arranged and announced on 4 May 2022 via the issue of 174,831,394 fully paid ordinary shares at £0.002 (A$0.0035) per share; and

March 2023 quarter

- Issue of convertible notes to the value of £650,000 (6,500 convertible notes at a face value of £100 each). See Notes 16 and 17 to the consolidated financial statements for further information on the convertible notes.

# Corporate

The Company maintained a dual listing on the Australian Securities Exchange ("ASX") and the Alternative Investment Market ("AIM") of the London Stock Exchange ("LSE") up until the Company's delisting on the ASX on 30 December 2022. After the Company's delisting on the ASX the Company's shares remain publicly traded on AIM.

As at 30 June 2023 the Company had:

- Available cash resources of A$938,589;
- Borrowings (excluding derivative liability component of convertible notes) of A$774,666 (refer to Note 16 to the consolidated financial statements);
- Derivative liabilities (from convertible notes) of A$1,050,334 (refer to Note 17 to the consolidated financial statements); and
- Issued capital of 8,417,790,704 fully paid ordinary shares and 449,928,560 unlisted options.

# Executive and Board Changes

On 29 June 2023, Mr. Joe Salomon, the previous Executive Chairman, moved into the role of Non-Executive Chairman. There were no other board changes during the year.

## Risk Management

The full Board undertakes the function of the Audit and Risk Committee and is responsible for the Group's internal financial control system and the Company's risk management framework. Management of business risk, particularly exploration, development and operational risk is essential for success in the oil and gas business. The Group manages risk through a risk identification and risk management system.

## Health, Safety, Security and Environment

Synergia Energy is committed to protecting the health and safety of everybody who plays a part in our operations or lives in the communities where we operate. Wherever we operate, we will conduct our business with respect and care for both the local and global, natural and social environment and systematically manage risks to drive sustainable business growth. We will strive to eliminate all injuries, occupational illness, unsafe practices and incidents of environmental harm from our activities. The safety and health of our workforce and our environmental stewardship are just as important to our success as operational and financial performance and the reputation of the Company.

Synergia Energy respects the diversity of cultures and customs that it encounters and endeavours to incorporate business practices that accommodate such diversity and that have a beneficial impact through our working involvement with local communities. We strive to make our facilities safer and better places in which to work and our attention to detail and focus on safety, environmental, health and security issues will help to ensure high standards of performance. We are committed to a process of continuous improvement in all we do and to the adoption of international industry standards and codes wherever practicable. Through implementation of these principles, Synergia Energy seeks to earn the public's trust and to be recognised as a responsible corporate citizen.

**Qualified Person**

The technical information contained in the above disclosure has been prepared by or under the supervision of Mr Jonathan Salomon (B App Sc (Geology), GAICD), Non-Executive Chairman employed by Synergia Energy Ltd. Mr Salomon has over 37 years' experience in petroleum geology and is a member of the American Association of Petroleum Geologists, and the Society of Petroleum Engineers. Mr Salomon meets the requirements of and acts as the Qualified Person under the Alternative Investment Market Rules – *AIM Note for Mining and Oil & Gas Companies*, and consents to the inclusion of this information in this report in the form and context in which it appears.

| PETROLEUM AND CCS PERMIT SCHEDULE – 30 JUNE 2023 | | | | | |
|---|---|---|---|---|---|
| ASSET | LOCATION | ENTITY | CHANGE IN INTEREST DURING THE YEAR % | EQUITY % | OPERATOR |
| Cambay Field PSC | Gujarat, India | Synergia Energy Ltd | - | 85 | Synergia Energy Ltd |
| | | Oilex N.L. Holdings (India) Limited | - | 15 | |
| CS019 – SNS Area 4 (Camelot Area) [1] | Southern North Sea (United Kingdom) | Synergia Energy CCS Limited | - | - | Synergia Energy CCS Limited |

[1] *The NSTA granted the CS019 licence for the Camelot area to Synergia Energy CCS Limited and its 50% joint venture partner, Wintershall Dea Carbon Management Solutions UK, with Synergia Energy CCS Limited as operator. The licence was effective from 1 August 2023 (after year-end).*

**For the Year Ended 30 June 2023**

The directors of Synergia Energy Ltd present their report (including the Remuneration Report) together with the consolidated financial statements of the group comprising Synergia Energy Ltd (the "Company" or "Synergia Energy") and its subsidiaries (together collectively referred to as the "Group") for the financial year ended 30 June 2023 and the auditors' report thereon. Unless otherwise indicated, the directors' report is presented in Australian dollars ("$" or "A$"), which is the Company's functional and presentation currency (see Note 2(e) of the Notes to the Consolidated Financial Statements).

## DIRECTORS

The directors of Synergia Energy Ltd in office at any time during or since the end of the financial year are:

**Mr Jonathan Salomon (B App Sc (Geology), GAICD)**
(Executive Chairman until moved to Non-Executive Chairman role on 29 June 2023)

Mr Salomon was appointed as a Non-Executive Director in November 2015, Managing Director on 18 March 2016, and Interim Chairman on 5 May 2020. Mr Salomon continued as Managing Director and Interim Chairman until he was appointed as Executive Chairman on 16 June 2021. On 29 June 2023 Mr Salomon moved to a Non-Executive Chairman role.

Mr Salomon has a Bachelor Degree in Applied Science and is a member of the American Association of Petroleum Geologists and the Society of Petroleum Engineers, and has over 37 years of experience working for upstream energy companies. Mr Salomon has worked for a number of oil and gas companies in various senior positions including General Manager Exploration and New Ventures at Murphy Oil Corporation and Global Head of Geoscience at RISC PL, in addition to a number of Executive Director roles including Strategic Energy Resources, Norwest Energy and Nido Petroleum. At several times in his career, Mr Salomon has acted as an independent consultant for various oil and gas companies, including New Standard Energy and Pacrim Energy. Mr Salomon first worked on Indian projects in 1994 while at Ampolex and since that time has maintained a connection with the Indian industry, at various times bidding in India's exploration and field development rounds and working with Indian companies as joint venture partners, both in India and internationally.

During the last three financial years and up to the date of this report, Mr Salomon has not been a director of any other listed companies.

**Mr Roland Wessel**
(Chief Executive Officer and Director)

Mr Wessel was appointed Chief Executive Officer and Director on 16 June 2021. Mr Wessel is a geologist with over 40 years' experience in all of the world's major oil and gas regions. Further details of Mr Wessel's qualifications and experience can be found in the Executive Management section of the Directors' Report.

During the last three financial years and up to the date of this report, Mr Wessel has not been a director of any other listed companies.

**Mr Colin Judd**
(Chief Financial Officer and Director)

Mr Judd was appointed as Chief Financial Officer on 1 July 2021 and as Director on 27 January 2022. Mr Judd is a chartered accountant with over 40 years' experience in corporate financial management. Further details of Mr Judd's qualifications and experience can be found in the Executive Management section of the Director's Report.

During the last three financial years and up to the date of this report, Mr Judd has not been a director of any other listed companies.

## DIRECTORS (CONTINUED)

**Mr Mark Bolton (B Business)**
(Non-Executive Director)

Mr Bolton was appointed Chief Financial Officer and Company Secretary on 3 June 2016, and as Executive Director on 26 March 2020. Mr Bolton continued as Chief Financial Officer until 1 July 2021 transitioning to a Non-Executive Director. Mr Bolton resigned as Company Secretary on 25 August 2021.

Mr Bolton has significant experience in the resource sector in Australia, having worked as Chief Financial Officer and Company Secretary for a number of resource companies since 2003. Prior to this, Mr Bolton worked with Ernst & Young as an Executive Director in Corporate Finance. Mr Bolton has experience in the areas of commercial management and the financing of resource projects internationally. He also has extensive experience in capital and equity markets in a number of jurisdictions including ASX, AIM and the TSX. Mr Bolton has significant experience in the development and financing of new resources projects, particularly in emerging economies.

Mr Bolton is the Managing Director of Panthera Resources PLC (AIM:PAT) and a Non-Executive Director of West Cobar Metals Limited (ASX:WC1). During the last three financial years and up to the date of this report, Mr Bolton has not been a director of any other listed company.

**Mr Paul Haywood**
(Non-Executive Director)

Mr Haywood was appointed as a Non-Executive Director in May 2017. Mr Haywood has over 19 years of international experience in delivering value for his investment network through a blended skill set of corporate and operational experience, including more than six years in the Middle East, building early stage and growth projects. More recently, Mr Haywood has held senior management positions with UK and Australian public companies in the natural resource and energy sectors including oil and gas exploration and development in UK, EU and Central Asia. Mr Haywood's expertise stretches across UK and Australian public markets, with a cross-functional skill set encompassing research, strategy, implementation, capital and transactional management. Mr Haywood is currently Chief Executive Officer of Block Energy Plc.

Mr Haywood is the Director and CEO of Block Energy plc (AIM:BLOE). During the last three financial years and up to the date of this report, Mr Haywood has not been a director of any other listed companies.

**Mr Peter Schwarz (B Sc (Geology), M Sc (Petroleum Geology))**
(Non-Executive Director)

Mr Schwarz was appointed as a Non-Executive Director in September 2019. A former director of BG Exploration and Production Limited and CEO of independent exploration company Virgo Energy Ltd, Mr Schwarz is an AAPG Certified Petroleum Geologist and business development professional with over 45 years' experience in the oil and gas industry. Mr Schwarz has previously held various senior management roles with Amerada Hess, BG, and Marubeni and is currently a director of Finite Energy Limited, an oil and gas consultancy business he founded over 15 years ago, specialising in strategy and business development advice in the UK and Europe.

During the last three financial years and up to the date of this report, Mr Schwarz has not been a director of any other listed companies.

## COMPANY SECRETARY

Ms Lisa Wynne was the Company Secretary from the beginning of the financial year until 28 September 2022, and Mr Jack Rosagro was the Company Secretary from 28 September 2022 to 8 September 2023. Synergia Energy's current Company Secretary, Ms Anshu Raghuvanshi was appointed on 8 September 2023.

Ms Raghuvanshi leads the company secretarial services for Computershare Governance Services, Melbourne, Australia. She has over 12 years' experience in company secretarial roles, working with listed companies to ensure their compliance with annual and ad-hoc reporting, and to guide them in their governance processes. Ms Raghuvanshi supports clients with the administration of their board, committee, and annual general meetings, including notices, agendas and minutes.

## CORPORATE GOVERNANCE STATEMENT

In establishing its corporate governance framework, the Company (during the year up to March 2023) referred to the recommendations set out in the ASX's Corporate Governance Council's *Corporate Governance Principles and Recommendations (4th Edition)* ("Principles"). From March 2023, the Company adopted the recommendations of the Quoted Companies Alliance Corporate Governance Code for Small and Mid-Size Quoted Companies ("QCA Code").

To the extent they are applicable to the Company, and to the extent possible, the Board considers that the Company has complied with each recommendation of the Principles and the QCA Code during the year.

The Company's Corporate Governance Statement, which reports on Synergia Energy's key governance principles and practices, and provides detailed information on the Board and committee structure, diversity and risk management, is available on the Synergia Energy website in the "Corporate Governance" section (see https://www.synergiaenergy.com/about-us/corporate-governance).

## DIRECTORS' MEETINGS

Directors in office and directors' attendance at meetings during the financial year ended 30 June 2023 are as follows:

| | Board Meetings [1] | | Remuneration Committee Meetings [1] | |
|---|---|---|---|---|
| | Held [2] | Attended | Held [2] | Attended |
| **Non-Executive Directors** | | | | |
| J Salomon [3] | 12 | 12 | - | - |
| M Bolton | 12 | 11 | 1 | 1 |
| P Haywood | 12 | 11 | 1 | 1 |
| P Schwarz | 12 | 11 | 1 | 1 |
| **Executive Directors** | | | | |
| R Wessel | 12 | 12 | - | - |
| C Judd | 12 | 11 | - | - |

(1) The full Board performs the role of the Audit and Risk Committee. The Company does not have a Nomination Committee.

(2) Held indicates the number of meetings available for attendance by the director during the tenure of each director.

(3) Mr Salomon moved to a Non-Executive Chairman role from 29 June 2023.

## EXECUTIVE MANAGEMENT

**Mr Roland Wessel**
(Chief Executive Officer and Director)

Mr Wessel was appointed as Chief Executive Officer and Director on 16 June 2021. Mr Wessel is a geologist with over 40 years' experience in all of the world's major oil and gas regions. Mr Wessel founded and built Star Energy, the UK onshore operator of 25 oil and gas fields, through to its listing on AIM in 2004 and its sale to Petronas in 2008. During its evolution, Star Energy grew rapidly through acquisitions and diversification, culminating in it becoming a major gas storage developer and operator. During his career, Mr Wessel has founded and managed a drilling services company and has developed and patented several key oilfield technologies. He has extensive experience in both project and corporate management.

**Mr Colin Judd**
(Chief Financial Officer and Director)

Mr Judd was appointed as Chief Financial Officer on 1 July 2021 and as Director on 27 January 2022. Mr Judd qualified as a chartered accountant with Price Waterhouse in 1979, where he fulfilled various professional accounting positions in the UK, Europe and the Far East. Mr Judd joined Christian Salvesen plc in 1987, undertaking senior financial management roles culminating in the position of European Financial Controller. In 1994, Mr Judd moved to Aberdeen where he undertook Chief Financial Officer roles for two private-equity-backed oil service businesses. In 1999, Mr Judd joined Star Energy Limited as a founder member and Chief Financial Officer and was instrumental in the company's successful listing on AIM in 2004, various subsequent share placings and the company's ultimate sale to Petronas. Mr Judd cofounded Trans European Oil & Gas Limited, a company backed by KKR, with the strategy to develop a pan-European oil and gas business.

**Mr Ashish Khare**
**(Bachelor of Engineering (BE in Chemical Engineering, including Petroleum Management))**
(Head of India Assets)

Mr Khare was appointed Head of India Assets on 8 November 2016 and is based in India. Mr Khare has over 22 years of experience in the petroleum industry. Mr Khare's area of expertise include upstream oil and gas, as well as midstream and downstream project implementation and operations management. Mr Khare originally worked for Synergia Energy Ltd as GM Operations & Business Development; and has experience working for various Indian companies including Cairn India Ltd and Reliance Petroleum.

## PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the financial year included:

- exploration for oil and gas;
- appraisal and development of oil and gas prospects; and
- production and sale of oil and gas.

The Group is now also focused on carbon-neutral gas production and aims to become a major contributor to $CO_2$ emission reduction by developing CCS projects, leveraging the extensive management experience in this sector.

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

## OPERATING RESULTS

The Group incurred a consolidated loss after income tax of A$5,382,902 for the year (2022: loss of A$2,061,924)

During the year, production continued on the Cambay field together with oil and gas sales following recommencement of production which happened in the previous financial year in April 2022. Gas sales during the year amounted to A$755,589 (2022: A$141,435) and oil sales amounted to A$540,561 (2022: A$nil), providing total revenues of A$1,296,150 during the year (2022: A$141,435). Cost of sales including production costs incurred during the year amounted to A$2,563,873 (2022: A$754,365), which included re-fraccing costs of A$1,850,924 (2022: A$687,184). This resulted in the Group incurring a gross loss of A$1,267,723 during the year (2022: A$612,930).

The prior year results included care and maintenance expenditure of A$441,338 (which included re-fraccing costs of A$335,717). There was no care and maintenance expenditure during the current year due to the recommencement of production in April 2022.

During the year, A$34,853 of expected credit losses ("ECLs") was reversed (2022: A$3,131,282 reversed). The 2022 ECLs reversed included A$3,187,168 of ECLs relating to the share of balances directly receivable from the Cambay operation to the Group, which were reversed as part of the Cambay Acquisition which occurred during the previous financial year ended 30 June 2022.

Net finance costs of A$769,981 (2022: A$377,812) includes interest from the unwinding of discount on the Group's site restoration provision which increased to A$289,540 (2022: A$76,753), interest expense from the Group's loan from JX which increased to A$54,525 (2022: A$19,836), interest expense from the Group's convertible note (debt component) of A$19,178 (2022: A$nil) and a loss of A$227,668 (2022: A$nil) resulting from the fair value revaluation of the derivative liability component of the Group's convertible note.

## FINANCIAL POSITION

The net assets of the Group totalled A$10,337,516 at 30 June 2023 (2022: A$14,583,598) and included the following balances:

- Cash and cash equivalents of A$938,589 (2022: A$4,838,459);
- Borrowings (excluding derivative liability component of convertible notes) of A$774,666 (2022: A$451,355); and
- Derivative liabilities (from convertible notes) of A$1,050,334 (2022: A$nil).

## DIVIDENDS

No dividend was paid or declared during the year and the directors do not recommend the payment of a dividend.

## REVIEW OF OPERATIONS

A review of the operations of the Group during the financial year and the results of those operations are set out in the Review of Operations on pages 3 to 7 of this report.

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The Review of Operations details those changes that have had a significant effect on the Group.

Other than those matters, there have been no other significant changes in the state of affairs of the Group that occurred during the financial year.

## LIKELY DEVELOPMENTS

Additional comments on expected results on operations of the Group are included in the Review of Operations on pages 3 to 7.

Further disclosure as to likely developments in the operations of the Group and expected results of those operations have not been included in this report as, in the opinion of the Board, these would be speculative and as such, disclosure would not be in the best interests of the Group.

## ENVIRONMENTAL ISSUES

The Group's oil and gas exploration and production activities are subject to environmental regulation under the legislation of the respective states and countries in which they operate. The majority of the Group's activities involve low level disturbance associated with its drilling programmes and production from existing wells. The Board actively monitors compliance with these regulations and as at the date of this report is not aware of any material breaches in respect of these regulations.

The Group also has an active program of education, monitoring and reporting within the Group's business to identify and mitigate any other environmental risks.

## SIGNIFICANT EVENTS AFTER BALANCE DATE

On 27 July 2023, the Group submitted a bank guarantee of US$124,000 relating to the Cambay field. A further US$124,000 is expected to be submitted in calendar Q1 2024. See Note 19 to the notes to the consolidated financial statements for further details on the bank guarantee.

Effective on 1 August 2023, the NSTA granted the CS019 licence for the Camelot area to Synergia Energy CCS Limited and its 50% joint venture partner, Wintershall Dea, with Synergia Energy CCS Limited as operator.

On 7 August 2023, the Company issued 704,545,454 shares at £0.0011 (A$0.0021) per ordinary share pursuant to the placement announced on 25 July 2023. As part of this placement, the Company will also be issuing 13,636,363 unquoted options (exercisable at £0.0011 and expiring on 31 July 2026) to Novum Securities Limited ("Novum"), pursuant to the capital raising advisory agreement relating to this placement. These options are expected to be issued in the coming months.

On 10 August 2023, the Company made its final repayment to JX of US$228,324, settling the Company's liability payable to JX to nil.

There were no other significant subsequent events occurring after the year-end.

## CAPITAL STRUCTURE AND TREASURY POLICY

As at 30 June 2023 the Group had unsecured loans, excluding the derivative liability component of convertible notes, at face value A$774,666 (2022: A$451,355). Refer to Note 16 of the Consolidated Financial Statements for details of the carrying amount, terms and conditions, repayment schedule, and options attached to the loans.

The Group's balance of the derivative liability component of convertible notes at 30 June 2023 is A$1,050,334 (refer to Note 17 to the consolidated financial statements).

## CAPITAL STRUCTURE AND TREASURY POLICY (CONTINUED)

Details of transactions involving ordinary shares during the financial year are as follows:

| | Number of Shares Issued | Gross Amount Raised (A$) |
|---|---|---|
| July/August 2022 | | |
| • Share Placements (approved at GM 13 July 2022) | 174,831,394 | 608,378 |
| **Total** | **174,831,394** | **608,378** |

As at the date of this report the Company had a total issued capital of 9,122,336,158 ordinary shares (following a placement completed in August 2023) and 449,928,560 unlisted options exercisable at weighted average price of £0.0019 (A$0.0037) per option.

## DIRECTORS' INTERESTS

The relevant interest of each director in shares and unlisted options issued by the Company at the date of this report is as follows:

| | Number of Ordinary Shares | | Number of Unlisted Options Over Ordinary Shares | |
|---|---|---|---|---|
| | Direct Interest | Indirect Interest | Direct Interest | Indirect Interest |
| **Non-Executive Directors** | | | | |
| J Salomon | - | 14,987,013 | - | 96,626,905[(1)] |
| M Bolton | - | - | - | - |
| P Haywood | 12,933,513 | - | - | - |
| P Schwarz | 10,611,250 | 10,611,250 | - | - |
| **Executive Directors** | | | | |
| R Wessel | - | - | 163,636,363[(2)] | - |
| C Judd | - | - | 118,200,000[(3)] | - |

(1) 88,311,688 options exercisable at £0.0022, expiring 12 August 2027. Two thirds (2/3) of these options were exercisable at reporting date; and
8,315,217 options exercisable at nil cost, expiring 1 April 2028. All of these options were exercisable at reporting date.

(2) 136,363,636 options exercisable at £0.0022, expiring 12 August 2027. Two thirds (2/3) of these options were exercisable at reporting date; and
27,272,727 options exercisable at nil cost, expiring 1 April 2028. All of these options were exercisable at reporting date.

(3) 100,000,000 options exercisable at £0.0022, expiring 12 August 2027. Two thirds (2/3) of these options were exercisable at reporting date; and
18,200,000 options exercisable at nil cost, expiring 1 April 2028. All of these options were exercisable at reporting date.

## SHARE OPTIONS

### Unissued Shares under Option

At the date of this report, unissued ordinary shares of the Company under option (with an exercise price) are:

| Expiry Date | Number of Shares | Exercise Price |
|---|---|---|
| **Unlisted Options** | | |
| **Granted and Issued in 2022:** | | |
| 31 May 2024 | 25,210,084 | £0.00238 (A$0.0045) |
| **Granted and Issued in 2023:** | | |
| 30 April 2024 | 30,000,000 | £0.00200 (A$0.0034) |
| 12 August 2027 | 324,675,324 | £0.00220 (A$0.0037) |
| 1 April 2028 | 70,043,152 | £0.00000 (A$0.0000) |
| Total | 449,928,560 | |

These options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

### Unissued Shares under Option that Expired

During or since the end of the financial year, the following unlisted options expired:

| Date Lapsed | Number | Exercise Price |
|---|---|---|
| 31 December 2022 | 711,295,152 | £0.0028 (A$0.0052) |
| Total | 711,295,152 | £0.0028 (A$0.0052) |

### Shares Issued on Exercise of Unlisted Options

No ordinary shares were issued, during or since the end of the financial year, as a result of the exercise of unlisted options.

## INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the Group paid a premium in respect of insurance cover for the directors and officers of the Group. The Group has not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' liability and legal expense insurance contracts, as such disclosure is prohibited under the terms of the insurance contract.

## PROCEEDINGS ON BEHALF OF THE COMPANY

No proceedings have been brought on behalf of the Company, nor has any application been made in respect of the Company under Section 237 of the *Corporations Act 2001*.

## NON-AUDIT SERVICES

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

The Board has considered the non-audit services provided during the year and is satisfied that the provision of the non-audit services is compatible with, and did not compromise, the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Group and these have been reviewed by the Board to ensure they do not impact the impartiality and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

Refer Note 28 of the Consolidated Financial Statements for details of the amounts paid to the auditors of the Group, PKF Perth and their network firms for audit and non-audit services provided during the year.

## ROUNDING OF AMOUNTS

The Company is a company of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and therefore the amounts contained in this report and in the financial report have been rounded to the nearest dollar, unless otherwise indicated.

## LEAD AUDITOR'S INDEPENDENCE DECLARATION

The Lead Auditor's Independence Declaration for the year ended 30 June 2023 has been received and can be found on page 29.

## REMUNERATION REPORT – AUDITED

On 24 November 2021, the Board established a Remuneration Committee, in accordance with the Company's *Remuneration Committee Charter*, comprising Messrs Paul Haywood (Independent Chair), Peter Schwarz (Independent Non-Executive Director) and Mark Bolton (Non-Independent Non-Executive Director).The Remuneration Committee is responsible for the review and recommendation to the Board, of the Company's Remuneration Policy, senior executives' remuneration and incentives, the remuneration framework for directors, superannuation arrangements, incentive plans and remuneration reporting.

## 1. PRINCIPLES OF COMPENSATION

Remuneration is referred to as compensation throughout this report. The Remuneration Report explains the remuneration arrangements for directors and senior executives of Synergia Energy Ltd who have authority and responsibility for planning, directing and controlling the activities of the Group (key management personnel).

The compensation structures explained below are designed to attract, retain and motivate suitably qualified candidates, reward the achievement of strategic objectives and achieve the broader outcome of the creation of value for shareholders. The compensation structures take into account:

- the capability and experience of the key management personnel;
- the ability of key management personnel to control the performance of the relevant segments;
- the current downturn and uncertainty within the resources industry;
- the Company's performance including:
  - the Group's earnings; and
  - the growth in share price and delivering constant returns on shareholder wealth;
- exploration success; and
- development of projects.

Compensation packages include a mix of fixed compensation and long-term performance-based incentives. In specific circumstances, the Group may also provide short-term cash incentives based upon the achievement of Company performance hurdles or in recognition of specific achievements.

### 1.1 Fixed Compensation

Fixed compensation consists of base compensation and employer contributions to superannuation funds. Compensation levels are reviewed annually through a process that considers individual, sector and overall performance of the Group. In addition, reviews of available data on oil and gas industry companies provide comparison figures to ensure the directors' and senior executives' compensation is competitive in the market.

Remunerations for Executive, Non-Executive Directors and staff members impacted were reviewed early in the 2022 financial year. Remuneration increases were implemented for certain individuals with effect from 1 September 2021.

Compensation for senior executives is separately reviewed at the time of promotion or initial appointment.

## REMUNERATION REPORT – AUDITED (CONTINUED)

## 1. PRINCIPLES OF COMPENSATION (CONTINUED)

### 1.2 Performance Linked Compensation

Performance linked compensation includes both short-term and long-term incentives designed to reward key management personnel for growth in shareholder wealth. The short-term incentive ("STI") is an "at risk" bonus provided in the form of cash or shares, while the long-term incentive plan ("LTI") is used to reward performance by granting options over ordinary shares of the Company.

*Short-Term Incentives*

The Group has introduced a short-term incentive scheme for key management personnel with effect from 1 January 2022.

The short-term incentive scheme has been designed by the Remuneration Committee and approved by the Board, having regard to the business plans as well as the achievement of performance targets as determined by the Board. These targets include a combination of key strategic, financial and personal performance measures which have a major influence over company performance in the short term.

On 3 April 2023, the Company issued unlisted nil-cost options over 70,043,152 shares as a non-cash settlement of amounts due to the Company's three executive directors and the Head of India Assets in accordance with the Company's short-term incentive plan and recommendations by the Company's Remuneration Committee for the 12-month period ended 31 December 2022. The options are fully vested with the holder on 3 April 2023; and are exercisable on or before 1 April 2028.

*Long-Term Incentives*

On 13 July 2022, following shareholder approval, the Company released its Employee Incentive Plan. The shareholders approved the issue of up to a maximum of 388,559,703 shares under the Company's Employee Incentive Plan.

The primary objectives of the Employee Incentive Plan are to:

- establish a method by which eligible participants can participate in the future growth and profitability of the Company;
- to provide an incentive and reward for eligible participants for their contribution to the Company; and
- attract and retain a high standard of managerial and technical personnel for the benefit of the Company.

Under the Employee Incentive Plan, an award (i.e. options or performance rights, etc.) may be awarded to an eligible participant.

The Board, at its sole and absolute discretion, may invite an eligible person selected by it to complete an application relating to a specified number of awards allocated to that eligible person by the Board. The Board may offer an award (as applicable) to any eligible person it elects and determine the extent of that person's participation in the Employee Incentive Plan (Participant).

An offer by the Board is required to specify, among other things, the type of award offered, the date and total number of awards granted, the exercise price and exercise period and any other matters the Board determines necessary, including the exercise conditions and disposal restrictions attaching to the awards.

At the General Meeting held on 13 July 2022, the shareholders approved the issue of 324,675,324 unlisted options as long term incentives to the Executive Directors. The options are to vest with the holder over a period of three (3) years, commencing on 1 July 2021. The Company issued the 324,675,324 unlisted options on 12 August 2022. No other long-term incentives were issued to senior executives or staff during the year ended 30 June 2023.

## REMUNERATION REPORT - AUDITED (CONTINUED)

## 1. PRINCIPLES OF COMPENSATION (CONTINUED)

### 1.3 Non-Executive Directors

Total compensation for all Non-Executive Directors is based on a comparison with external data with reference to fees paid to Non-Executive Directors of comparable companies. Directors' fees cover all main Board activities and membership of committees, if applicable.

The annual fee for Mr Salomon has been set at A$105,000 plus statutory superannuation per annum effective from the date of his appointment as Non-Executive Chairman on 29 June 2023.

The annual fee for Mr Bolton was set at A$55,381 plus statutory superannuation per annum effective from 1 July 2021 when he was appointed as Non-Executive Director and remains unchanged.

The annual fee for Mr Haywood, the Company's UK based Non-Executive Director was set at £30,000 per annum on commencement in May 2017 and remains unchanged.

The annual fee for Mr Schwarz, the Company's UK based Non-Executive Director was set at £30,000 per annum on commencement in September 2019 and remains unchanged.

The aggregate maximum fixed annual amount of remuneration available for Non-Executive Directors of A$500,000 per annum was approved by Shareholders on 9 November 2011.

In addition to the fixed component, the Company can remunerate any director called upon to perform extra services or undertake any work for the Company beyond their general duties. This remuneration may either be in addition to, or in substitution for, the director's share of remuneration approved by Shareholders.

### 1.4 Clawback Policy

The Board has adopted the following Clawback Policy applicable from August 2015.

In relation to circumstances where an employee acts fraudulently or dishonestly, or wilfully breaches his or her duties to the Company or any of its subsidiaries, the Board has adopted a clawback policy in relation to any cash performance bonuses (including deferred share awards) or LTIs. The Board reserves the right to take action to reduce, recoup or otherwise adjust an employee's performance based remuneration in circumstances where in the opinion of the Board, an employee has acted fraudulently or dishonestly or wilfully breached his or her duties to the Company or any of its subsidiaries. The Board may:

- deem any bonus payable, but not yet paid, to be forfeited;
- require the repayment by the employee of all or part of any cash bonus received;
- determine that any unvested and/or unexercised LTIs will lapse;
- require the repayment of all or part of the cash amount received by the employee following vesting and subsequent sale of a LTI;
- reduce future discretionary remuneration to the extent considered necessary or appropriate to take account of the event that has triggered the clawback;
- initiate legal action against the employee; and/or
- take any other action the Board considers appropriate.

### 1.5 Remuneration Consultants

There were no remuneration recommendations made in relation to key management personnel by remuneration consultants in the financial year ended 30 June 2023.

### 1.6 Adoption of year ended 30 June 2022 Remuneration Report

At the AGM held 23 November 2022 shareholders adopted the 30 June 2022 Remuneration Report with a clear majority of 1,458,204,495 votes in favour, being 99.90% of the votes cast.

## REMUNERATION REPORT - AUDITED (CONTINUED)

## 2. EMPLOYMENT CONTRACTS

The following table summarises the terms and conditions of contracts between key executives and the Company:

| Executive | Position | Contract Start Date | Contract Termination Date | Resignation Notice Required | Unvested Options on Resignation | Termination Notice Required from the Company [(1)] | Termination Payment |
|---|---|---|---|---|---|---|---|
| J Salomon [(2)] | Non-Executive Chairman [(2)] | 18 March 2016 | n/a | 3 months | Forfeited | 3 months | For termination by the Company, three months' salary plus any accrued leave entitlement. If a Material Change Event occurs, employee may give notice to the Company within one month of the Material Change Event, terminating the Contract of Employment and following that effective date, the Company will pay a Termination Payment equal to six months' fixed annual remuneration. Subject to the *Corporations Act 2001* and any necessary approvals required thereunder. |
| R Wessel | Chief Executive Officer and Director | 15 June 2021 | n/a | 3 months | Forfeited | 3 months | For termination by the Company, 1 month's salary plus any accrued leave entitlement. |
| C Judd | Chief Financial Officer and Director | 1 July 2021 | n/a | 3 months | Forfeited | 3 months | For termination by the Company, 1 month's salary plus any accrued leave entitlement. |
| A Khare | Head of India Assets | 1 May 2015 | n/a | 90 days | Forfeited | 90 days | For termination by the Company, 1 month's salary plus any accrued leave entitlement. |

(1) The Company may terminate the contract immediately if serious misconduct has occurred. In this case the termination payment is only the fixed remuneration earned until the date of termination and any unvested options will immediately be forfeited.

(2) Mr Salomon was the Executive Chairman until he moved to the Non-Executive Chairman role on 29 June 2023. There were no changes to the terms of Mr Salomon's employment, as listed above, upon his move to the Non-Executive Chairman role.

## REMUNERATION REPORT - AUDITED (CONTINUED)

## 3. DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION

Details of the nature and amount of each major element of remuneration of each director of the Company and other key management personnel of the consolidated entity are:

| | Year | Short-Term | | | | Post-Employment Super-annuation Benefits | Other Long-Term Benefits (2) | Termination Benefits | Share-Based Payments | Total | Proportion of Remuneration Performance Related (3)(4) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Salary & Fees | STI Cash Bonus | Benefits (Including Non-Monetary) (1) | Total | | | | Shares, Options and Rights (3) | | |
| | | A$ | A$ | A$ | A$ | A$ | A$ | A$ | A$ | A$ | % |
| **Non-Executive Directors (4)** | | | | | | | | | | | |
| J Salomon (8) | **2023** | **134,213** | **-** | **2,233** | **136,446** | **17,861** | **15,423** | **-** | **60,028** | **229,758** | **6%** |
| Non-Executive Chairman | 2022 | 166,586 | - | 3,039 | 169,625 | 16,659 | 20,176 | - | 45,747 | 252,207 | - |
| M Bolton (5) | **2023** | **55,381** | **-** | **-** | **55,381** | **5,815** | **-** | **-** | **-** | **61,196** | **-** |
| Non-Executive Director | 2022 | 55,381 | - | - | 55,381 | 5,538 | - | - | - | 60,919 | - |
| P Haywood (6) | **2023** | **53,589** | **-** | **-** | **53,589** | **-** | **-** | **-** | **-** | **53,589** | **-** |
| Non-Executive Director | 2022 | 51,471 | - | - | 51,471 | - | - | - | 3,750 | 55,221 | - |
| P Schwarz (7) | **2023** | **53,589** | **-** | **-** | **53,589** | **-** | **-** | **-** | **-** | **53,589** | **-** |
| Non-Executive Director | 2022 | 45,970 | - | - | 45,970 | - | - | - | 9,376 | 55,346 | - |
| **Executive Directors** | | | | | | | | | | | |
| R Wessel (9) | **2023** | **273,386** | **-** | **-** | **273,386** | **-** | **-** | **-** | **117,478** | **390,864** | **12%** |
| Chief Executive Officer and Director | 2022 | 273,657 | - | - | 273,657 | - | - | - | 70,639 | 344,296 | - |
| C Judd (10) | **2023** | **200,483** | **-** | **-** | **200,483** | **-** | **-** | **-** | **83,059** | **283,542** | **11%** |
| Chief Financial Officer and Director | 2022 | 201,651 | - | - | 201,651 | - | - | - | 51,802 | 253,453 | - |
| **Executives** | | | | | | | | | | | |
| A Khare (11) | **2023** | **202,472** | **-** | **-** | **202,472** | **4,121** | **-** | **-** | **27,918** | **234,511** | **12%** |
| Head of India Assets | 2022 | 173,380 | - | 10,929 | 184,309 | 3,914 | - | - | - | 188,223 | - |
| **Total** | **2023** | **973,113** | **-** | **2,233** | **975,346** | **27,797** | **15,423** | **-** | **288,483** | **1,307,049** | |
| Total | 2022 | 968,096 | - | 13,968 | 982,064 | 26,111 | 20,176 | - | 181,314 | 1,209,664 | - |

The Directors and Executives of the Company may be Directors or Executives of the Company's subsidiaries. No remuneration is received for directorships of subsidiaries. All key management personnel other than Mr Wessel, Mr Judd and Mr Khare are employed by the parent entity.

Refer to the following explanatory notes for additional information.

## REMUNERATION REPORT - AUDITED (CONTINUED)

## 3. DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION (CONTINUED)

### Notes in Relation to Directors' and Executive Officers' Remuneration

(1) Benefits, including non-monetary include relocation costs and related expenses, as well as minor benefits, such as payments on behalf of employees considered personal, insurance premiums, car parking and any associated fringe benefits tax.

(2) Includes, where applicable, accrued employee leave entitlement movements.

(3) At the General Meeting held on 13 July 2022, the shareholders approved the issue of 324,675,324 unlisted options as long term incentives to the Executive Directors. The options are to vest with the holder over a period of three (3) years, commencing on 1 July 2021. The Company issued the 324,675,324 unlisted options on 13 July 2022. No other long-term incentives were issued to senior executives or staff during the year ended 30 June 2023.

On 3 April 2023, the Company issued unlisted nil-cost options over 70,043,152 shares as a non-cash settlement of amounts due to the Company's three executive directors and the Head of India Assets in accordance with the Company's short-term incentive plan and recommendations by the Company's Remuneration Committee for the 12-month period ended 31 December 2022. The options are fully vested with the holder on 3 April 2023; and are exercisable on or before 1 April 2028.

Further details of the terms and conditions of the options is included in section 4.2.

(4) The options issued as long-term incentives to the Executive Directors are not linked to the performance of the Group.

Fees for Non-Executive Directors are not linked to the performance of the Group.

(5) Mr Bolton resigned as Executive Director and Chief Financial Officer and was appointed as Non-Executive Director on 1 July 2021, with his annual remuneration negotiated to A$55,381 plus statutory superannuation per annum effective from this date.

(6) Mr Haywood was appointed a Non-Executive Director on 29 May 2017. Mr Haywood is based in the United Kingdom and is paid £30,000 per annum. The amount disclosed is converted into Australian dollars at the applicable exchange rate at the date of payment.

(7) Mr Schwarz was appointed a Non-Executive Director on 4 September 2019. Mr Schwarz is based in the United Kingdom and is paid £30,000 per annum. The amount disclosed is converted into Australian dollars at the applicable exchange rate at the date of payment.

(8) Mr Salomon was appointed Managing Director in March 2016 with an initial fixed annual remuneration of A$350,000 per annum, inclusive of statutory superannuation, which was reduced to A$271,950 inclusive of statutory superannuation effective from 1 October 2016, following the implementation of cost reductions by the Company. A reduction in Mr Solomon's working hours to further reduce costs was implemented on 1 April 2020. Mr Salomon was appointed as Interim Chairman on 5 May 2020 and continued as Managing Director and Interim Chairman until he was appointed as Executive Chairman on 16 June 2021. His annual remuneration was renegotiated to A$170,100 effective from 1 September 2021.

Mr Salomon was appointed as Non-Executive Chairman on 29 June 2023. His annual remuneration was renegotiated to A$105,000 plus superannuation, effective from his date of appointment for this new role.

On 12 August 2022, the Company issued 88,311,688 unlisted options as a long-term incentive to Mr Salomon, following approval by shareholders at the General Meeting held on 13 July 2022. Two-thirds of the unlisted options were vested as at 30 June 2023.

## REMUNERATION REPORT - AUDITED (CONTINUED)

## 3. DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION (CONTINUED)

### Notes in Relation to Directors' and Executive Officers' Remuneration (Continued)

On 3 April 2023, the Company issued unlisted nil-cost options over 8,315,217 shares to Mr Salomon as part a non-cash settlement of amounts due to the Company's three executive directors and the Head of India Assets in accordance with the Company's short-term incentive plan and recommendations by the Company's Remuneration Committee for the 12-month period ended 31 December 2022. The options were fully vested on 3 April 2023.

Further details of the terms and conditions of the options is included in section 4.1.

(9) Mr Wessel was appointed as Chief Executive Officer and Director on 16 June 2021 at a fixed annual remuneration of £150,000 per annum, plus 14% UK National Insurance.

On 12 August 2022, the Company issued 136,363,636 unlisted options as a long-term incentive to Mr Wessel, following approval by shareholders at the General Meeting held on 13 July 2022. Two-thirds of the unlisted options were vested as at 30 June 2023.

On 3 April 2023, the Company issued unlisted nil-cost options over 27,272,727 shares to Mr Wessel as part a non-cash settlement of amounts due to the Company's three executive directors and the Head of India Assets in accordance with the Company's short-term incentive plan and recommendations by the Company's Remuneration Committee for the 12-month period ended 31 December 2022. The options were fully vested on 3 April 2023.

Further details of the terms and conditions of the options is included in section 4.1.

(10) Mr Judd was appointed as Chief Financial Officer on 1 July 2021 and Executive Director on 27 January 2022 at fixed annual remuneration of £110,000 per annum, plus 14% UK National Insurance.

On 12 August 2022, the Company issued 100,000,000 unlisted options as a long-term incentive to Mr Judd, following approval by shareholders at the General Meeting held on 13 July 2022. Two-thirds of the unlisted options were vested as at 30 June 2023.

On 3 April 2023, the Company issued unlisted nil-cost options over 18,200,000 shares to Mr Judd as part a non-cash settlement of amounts due to the Company's three executive directors and the Head of India Assets in accordance with the Company's short-term incentive plan and recommendations by the Company's Remuneration Committee for the 12-month period ended 31 December 2022. The options were fully vested on 3 April 2023.

Further details of the terms and conditions of the options is included in section 4.1.

(11) Mr Khare became key management personnel on 8 November 2016 and is based in India. The amount paid during the year ended 30 June 2021 reflects the reduced working hours implemented 1 October 2017 to facilitate a 20% reduction in salaries together with a further reduction in working hours which was implemented on 1 May 2020. Mr Khare's terms and conditions of employment were revised with effect from 1 September 2022, which included an ex-gratia joining bonus of INR 595,546 (A$10,929) as a full time employee (previously engaged as a consultant from 1 May 2020); with a subsequent revision to his remuneration effective on 1 April 2023. Mr Khare's remuneration has been converted from Indian Rupees at the average exchange rate for the year.

On 3 April 2023, the Company issued unlisted nil-cost options over 16,255,208 shares to Mr Khare as part a non-cash settlement of amounts due to the Company's three executive directors and the Head of India Assets in accordance with the Company's short-term incentive plan and recommendations by the Company's Remuneration Committee for the 12-month period ended 31 December 2022. The options were fully vested on 3 April 2023.

Further details of the terms and conditions of the options is included in section 4.1.

## REMUNERATION REPORT - AUDITED (CONTINUED)

## 3. DIRECTORS' AND EXECUTIVE OFFICERS' REMUNERATION (CONTINUED)

### Analysis of Bonuses Included in Remuneration

There were no short-term incentive cash bonuses awarded as remuneration to key management personnel during the financial year.

## 4. EQUITY INSTRUMENTS

All rights and options refer to rights and unlisted options over ordinary shares of the Company, which are exercisable on a one-for-one basis.

### 4.1 Rights and Options Over Equity Instruments Granted as Compensation

a) At the General Meeting held on 13 July 2022, shareholders approved the issue of:

- 88,311,688 options to Mr Salomon (and/or his nominee(s));
- 136,363,636 options to Mr Wessel (and/or his nominee(s)); and
- 100,000,000 options to Mr Judd (and/or his nominee(s)).

The above options were issued on 12 August 2022, with one third (1/3) of the options vesting on 30 June 2022, one third (1/3) of the options vesting on 30 June 2023 and one third (1/3) of the options vesting on 30 June 2024. The fair value of the options issued to the Executive Directors were calculated at A$0.0016 each using the Black-Scholes valuation model, based on the following inputs:

| Grant Date | Expiry Date | Fair Value Per Option | Exercise Price | Price of Shares on Grant Date | Expected Volatility | Risk Free Interest Rate | Dividend Yield |
|---|---|---|---|---|---|---|---|
| 13 July 2022 | 12 August 2027 | £0.0009 (A$0.0016) | £0.0022 (A$0.0039) | £0.0016 (A$0.0028) | 75.15% | 1.35% | - |

Based on the above, the value of the options granted to the Executive Directors, as well as the number and percentages of options vested (or otherwise) were as follows:

| | No. Options Granted | Value of Options Granted at the Grant Date | No. Options Vested on 30 June 2023 | % of Granted Options Vested on 30 June 2023 | % of Granted Options Forfeited |
|---|---|---|---|---|---|
| J Salomon | 88,311,688 | A$137,241 | 58,874,459 | 66.66% | N/A |
| R Wessel | 136,363,636 | A$211,916 | 90,909,091 | 66.66% | N/A |
| C Judd | 100,000,000 | A$155,405 | 66,666,667 | 66.66% | N/A |

b) On 3 April 2023, the Company issued unlisted nil-cost options over 70,043,152 shares as a non-cash settlement of amounts due to the Company's three executive directors and the Head of India Assets in accordance with the Company's short-term incentive plan and recommendations by the Company's Remuneration Committee for the 12-month period ended 31 December 2022; as follows:

- 8,315,217 options to Mr Salomon (and/or his nominee(s));
- 27,272,727 options to Mr Wessel (and/or his nominee(s));
- 18,200,000 options to Mr Judd (and/or his nominee(s)); and
- 16,255,208 options to Mr Khare (and/or his nominee(s)).

The above options were issued as fully-vested on 3 April 2023. The fair value of the options issued to the Executive Directors and Head of India Assets were calculated at A$0.0017 each using the Black-Scholes valuation model, based on the following inputs:

## REMUNERATION REPORT - AUDITED (CONTINUED)

## 4. EQUITY INSTRUMENTS

### 4.1 Rights and Options Over Equity Instruments Granted as Compensation (Continued)

| Grant Date | Expiry Date | Fair Value Per Option | Exercise Price | Price of Shares on Grant Date | Expected Volatility | Risk Free Interest Rate | Dividend Yield |
|---|---|---|---|---|---|---|---|
| 2 April 2023 | 1 April 2028 | £0.0009 (A$0.0017) | £0.0000 (A$0.0000) | £0.0009 (A$0.0017) | 97.92% | 3.60% | - |

Based on the above, the value of the options granted to the Executive Directors and Head of India Assets, as well as the number and percentages of options vested (or otherwise) were as follows:

| | No. Options Granted | Value of Options Granted at the Grant Date | No. Options Vested on 30 June 2023 | % of Granted Options Vested on 30 June 2023 | % of Granted Options Forfeited |
|---|---|---|---|---|---|
| J Salomon | 8,315,217 | A$14,281 | 8,315,217 | 100.00% | N/A |
| R Wessel | 27,272,727 | A$46,840 | 27,272,727 | 100.00% | N/A |
| C Judd | 18,200,000 | A$31,258 | 18,200,000 | 100.00% | N/A |
| A Khare | 16,255,208 | A$27,918 | 16,255,208 | 100.00% | N/A |

### 4.2 Rights and Options Over Equity Instruments Granted as Compensation Granted Since Year End

No other rights and options over ordinary shares in the Company were granted as compensation to key management personnel and executives since the end of the financial year.

### 4.3 Modification of Terms of Equity-Settled Share-based Payment Transactions

No terms of equity-settled share-based payment transactions (including options granted as compensation to key management personnel) have been altered or modified by the issuing entity during the financial year.

### 4.4 Exercise of Options Granted as Compensation

During the financial year no shares were issued on the exercise of options previously granted as compensation.

### 4.5 Details of Equity Incentives Affecting Current and Future Remuneration

There are no rights or options currently held by key management personnel at year end other than those disclosed above in Section 1.4 (2022: nil).

Details of the terms of the options, the value of the options as well as the number of options vested during the year are detailed in Section 4.1.

### 4.6 Analysis of Movements in Equity Instruments

There were no shares, rights or options over ordinary shares in the Company granted to or exercised by key management personnel in the current year.

### 4.7 Options or Rights over Equity Instruments Granted as Compensation

There are no rights or options held by key management personnel, or their related parties as at 1 July 2022 through to 30 June 2023, other than those disclosed in Section 4.1.

## REMUNERATION REPORT - AUDITED (CONTINUED)

## 5. KEY MANAGEMENT PERSONNEL TRANSACTIONS

### 5.1 Other Transactions with Key Management Personnel

There were no other transactions with entities associated with key management personnel in the year ended 30 June 2023 (2022: nil).

### 5.2 Movements in Shares

The movement during the financial year in the number of ordinary shares in the Company held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

| | Held at 1 July 2022 | Received on Exercise of Options | Other Changes [(1)] | Held at 30 June 2023 |
|---|---|---|---|---|
| **Non-Executive Directors** | | | | |
| M Bolton | - | - | - | - |
| P Haywood | 12,933,513 | - | - | 12,933,513 |
| P Schwarz | 21,222,500 | - | - | 21,222,500 |
| **Executive Directors** | | | | |
| J Salomon | 14,987,013 | - | - | 14,987,013 |
| R Wessel | - | - | - | - |
| C Judd | - | - | - | - |
| **Executives** | | | | |
| A Khare | - | - | - | - |

(1) Other changes represent shares that were granted, purchased or sold during the year.

### 5.3 Movements in Options

The movement during the financial year in the number of options in the Company held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

| | Held at 1 July 2022 | Issued During the Year | Exercised During the Year | Held at 30 June 2023 | Vested and Exercisable at 30 June 2023 |
|---|---|---|---|---|---|
| **Non-Executive Directors** | | | | | |
| M Bolton | - | - | - | - | - |
| P Haywood | - | - | - | - | - |
| P Schwarz | - | - | - | - | - |
| **Executive Directors** | | | | | |
| J Salomon | - | 96,626,905 | - | 96,626,905 | 67,189,675 |
| R Wessel | - | 163,636,363 | - | 163,636,363 | 118,181,817 |
| C Judd | - | 118,200,000 | - | 118,200,000 | 84,866,666 |
| **Executives** | | | | | |
| A Khare | - | 16,255,208 | - | 16,255,208 | 16,255,208 |

## END OF REMUNERATION REPORT - AUDITED

Signed in accordance with a resolution of the Directors.

Mr Jonathan Salomon
Non-Executive Chairman

Mr Roland Wessel
Chief Executive Officer

Perth
Western Australia
21 September 2023

Advisory • Audit
Business Solutions

## AUDITOR'S INDEPENDENCE DECLARATION

## TO THE DIRECTORS OF SYNERGIA ENERGY LTD

In relation to our audit of the financial report of Synergia Energy Ltd for the year ended 30 June 2023, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

PKF PERTH

SHANE CROSS
PARTNER

21 September 2023
WEST PERTH,
WESTERN AUSTRALIA

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## 2023 CONSOLIDATED FINANCIAL REPORT

## CONTENTS

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2023

| | Note | **2023 A$** | 2022 A$ |
|---|---|---|---|
| Revenue | 4(a) | **1,296,150** | 141,435 |
| Cost of sales | 4(b) | **(2,563,873)** | (754,365) |
| **Gross Loss** | | **(1,267,723)** | (612,930) |
| Other income | 4(c) | **-** | 24,588 |
| Exploration expenditure and write-off | 4(d) | **(608,592)** | (937,181) |
| Care and maintenance expenditure | 4(e) | **-** | (441,338) |
| Administration expense | 4(f) | **(2,473,982)** | (2,578,317) |
| Reversal of expected credit losses | 8 | **34,853** | 3,131,282 |
| Share-based payments expense | 22 | **(288,484)** | (187,677) |
| Other expenses | 4(g) | **(8,993)** | (82,539) |
| **Results from Operating Activities** | | **(4,612,921)** | (1,684,112) |
| Finance income | 4(h) | **3,862** | 1,829 |
| Finance costs | 4(i) | **(630,295)** | (356,113) |
| Foreign exchange loss | 4(j) | **(143,548)** | (23,528) |
| **Net Finance Costs** | | **(769,981)** | (377,812) |
| **Loss Before Tax** | | **(5,382,902)** | (2,061,924) |
| Tax expense | 5 | **-** | - |
| **Loss After Tax for the Year** | | **(5,382,902)** | (2,061,924) |
| **Other Comprehensive Income** | | | |
| ***Items that may be reclassified to profit or loss*** | | | |
| Foreign operations - foreign currency translation differences | | **187,425** | 480,791 |
| **Other Comprehensive Income, Net of Tax** | | **187,425** | 480,791 |
| **Total Comprehensive Loss** | | **(5,195,477)** | (1,581,133) |
| **Loss per Share from Continuing Operations** | | | |
| Basic loss per share (cents per share) | 6 | **(0.06)** | (0.03) |
| Diluted loss per share (cents per share) | 6 | **(0.06)** | (0.03) |

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

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION
## AS AT 30 JUNE 2023

| | Note | 2023 A$ | 2022 A$ |
|---|---|---|---|
| **Assets** | | | |
| Cash and cash equivalents | 7 | **938,589** | 4,838,459 |
| Trade and other receivables | 8 | **220,331** | 127,058 |
| Prepayments | | **89,507** | 15,617 |
| Inventories | 9 | **113,819** | 387,685 |
| **Total Current Assets** | | **1,362,246** | 5,368,819 |
| Exploration and evaluation | 10 | **-** | - |
| Development assets | 11 | **17,558,182** | 20,310,614 |
| Plant and equipment | 12 | **24,217** | 29,830 |
| Investments | 13 | **34,593** | 69,185 |
| **Total Non-Current Assets** | | **17,616,992** | 20,409,629 |
| **Total Assets** | | **18,979,238** | 25,778,448 |
| **Liabilities** | | | |
| Trade and other payables | 14 | **485,968** | 1,729,185 |
| Employee benefits | 15 | **174,116** | 180,827 |
| Borrowings | 16 | **774,666** | 451,355 |
| Derivative financial liability | 17 | **1,050,334** | - |
| **Total Current Liabilities** | | **2,485,084** | 2,361,367 |
| Provisions | 15 | **6,156,638** | 8,833,483 |
| **Total Non-Current Liabilities** | | **6,156,638** | 8,833,483 |
| **Total Liabilities** | | **8,641,722** | 11,194,850 |
| **Net Assets** | | **10,337,516** | 14,583,598 |
| **Equity** | | | |
| Issued capital | 21(a) | **192,817,143** | 192,181,384 |
| Reserves | 21(b) | **8,299,925** | 7,798,864 |
| Accumulated losses | | **(190,779,552)** | (185,396,650) |
| **Total Equity** | | **10,337,516** | 14,583,598 |

The above Consolidated Statement of Financial Position is to be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
# FOR THE YEAR ENDED 30 JUNE 2023

| | Note | Issued Capital A$ 21(a) | Share-Based Payments Reserve A$ 21(b) | Foreign Currency Translation Reserve A$ 21(b) | Accumulated Losses A$ | Total Equity A$ |
|---|---|---|---|---|---|---|
| | | Attributable to Owners of the Company | | | | |
| **Balance at 1 July 2022** | | **192,181,384** | **221,321** | **7,577,543** | **(185,396,650)** | **14,583,598** |
| **Comprehensive Income/(Loss)** | | | | | | |
| Loss after tax for the year | | - | - | - | (5,382,902) | (5,382,902) |
| ***Other Comprehensive Income*** | | | | | | |
| Foreign currency translation differences | | - | - | 187,425 | - | 187,425 |
| **Total Comprehensive Income/(Loss) for the Year** | | - | - | 187,425 | (5,382,902) | (5,195,477) |
| **Transactions with Owners of the Company** | | | | | | |
| ***Contributions and Distributions*** | | | | | | |
| Shares issued for cash | 21(a) | 608,378 | - | - | - | 608,378 |
| Capital raising costs [1] | 21(a) | 27,381 | - | - | - | 27,381 |
| Share-based payment transactions | 22 | | 313,636 | | | 313,636 |
| **Total Transactions with Owners of the Company** | | 635,759 | 313,636 | | | 949,395 |
| **Balance at 30 June 2023** | | **192,817,143** | **534,957** | **7,764,968** | **(190,779,552)** | **10,337,516** |
| | | | | | | |
| **Balance at 1 July 2021** | | **185,355,925** | **-** | **7,096,752** | **(183,469,774)** | **8,982,903** |
| **Comprehensive Income/(Loss)** | | | | | | |
| Loss after tax for the year | | - | - | - | (2,061,924) | (2,061,924) |
| ***Other Comprehensive Income*** | | | | | | |
| Foreign currency translation differences | | - | - | 480,791 | - | 480,791 |
| **Total Comprehensive Income/(Loss) for the Year** | | - | - | 480,791 | (2,061,924) | (1,581,133) |
| **Transactions with Owners of the Company** | | | | | | |
| ***Contributions and Distributions*** | | | | | | |
| Shares issued for cash | 21(a) | 7,503,616 | - | - | - | 7,503,616 |
| Capital raising costs [1] | 21(a) | (834,039) | - | - | - | (834,039) |
| Shares issued on exercise of options | 21(a) | 136,393 | - | - | - | 136,393 |
| Transfer on exercise of options | | - | (135,048) | - | 135,048 | - |
| Share-based payment transactions | 21(a) 22 | 19,489 | 356,369 | - | - | 375,858 |
| **Total Transactions with Owners of the Company** | | 6,825,459 | 221,321 | - | 135,048 | 7,181,828 |
| **Balance at 30 June 2022** | | **192,181,384** | **221,321** | **7,577,543** | **(185,396,650)** | **14,583,598** |

[1] Capital raising costs include cash payments and the fair value of options granted to the underwriter.

The above Consolidated Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF CASH FLOWS
## FOR THE YEAR ENDED 30 JUNE 2023

| | Note | 2023 A$ | 2022 A$ |
|---|---|---|---|
| **Cash Flows from Operating Activities** | | | |
| Cash receipts from customers | | **1,462,911** | 141,435 |
| Recovery of prior period operating cost | | **94,923** | 554,487 |
| Payments to suppliers and employees | | **(5,678,985)** | (4,085,306) |
| Repayment of JPDA 06-103 PSC termination penalty | 14 | **(372,523)** | (697,045) |
| Cash outflow from operations | | **(4,493,674)** | (4,086,429) |
| Payments for exploration and evaluation expenses | | **(831,797)** | (706,841) |
| Interest received | | **3,862** | 1,829 |
| Interest paid | | **(52,462)** | (9,693) |
| **Net Cash Used in Operating Activities** | 7 | **(5,374,071)** | (4,801,134) |
| | | | |
| **Cash Flows from Investing Activities** | | | |
| Payment for deposit for Cambay Acquisition (paid to bank guarantee and called upon by GSPC) | | **-** | (2,903,141) |
| Cash acquired upon Cambay Acquisition | | **-** | 213,777 |
| Payments for capitalised exploration and evaluation | | **-** | (7,092) |
| Acquisition of plant and equipment | 12 | **(3,227)** | (26,834) |
| Proceeds from sale of investments | | **-** | 119,500 |
| Proceeds from sale of other assets | 4(c) | **-** | 24,589 |
| **Net Cash Used in Investing Activities** | | **(3,227)** | (2,579,201) |
| | | | |
| **Cash Flows from Financing Activities** | | | |
| Proceeds from issue of share capital | 21(a) | **608,378** | 7,503,616 |
| Proceeds from exercise of share options | 21(a) | **-** | 136,393 |
| Payment for share issue costs | | **(106,168)** | (487,156) |
| Proceeds from borrowings | | **1,530,101** | 697,045 |
| Repayment of borrowings | | **(488,984)** | (50,925) |
| **Net Cash from Financing Activities** | | **1,543,327** | 7,798,973 |
| | | | |
| **Net Increase in Cash and Cash Equivalents** | | **(3,833,971)** | 418,638 |
| Cash and cash equivalents at 1 July | | **4,838,459** | 4,310,767 |
| Effect of exchange rate fluctuations on cash held | | **(65,899)** | 109,054 |
| **Cash and Cash Equivalents at 30 June** | 7 | **938,589** | 4,838,459 |

The above Consolidated Statement of Cash Flows is to be read in conjunction with the accompanying notes.

## ABOUT THIS REPORT - OVERVIEW

### NOTE 1 – REPORTING ENTITY

Synergia Energy Ltd (the "Company") is a for-profit entity domiciled in Australia. These consolidated financial statements comprise the Company and its subsidiaries (collectively the "Group" and individually "Group Entities"). Synergia Energy Ltd is a company limited by shares incorporated in Australia whose shares are publicly traded on AIM of the LSE. The Company's shares were also publicly traded on the ASX until its delisting from the ASX on 30 December 2022.

The Group is primarily involved in the exploration, evaluation, development and production of hydrocarbons.

Unless otherwise indicated, these financial statements are presented in Australian dollars ("$" or "A$"), which is the Company's functional and presentation currency (see Note 2(e)) and are rounded to the nearest Australian dollar.

**Parent Entity Information**

In accordance with the *Corporations Act 2001*, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in Note 24.

### NOTE 2 – BASIS OF PREPARATION

#### (a) Statement of Compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian accounting standards, interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*. The AASB include Australian equivalents of the international financial reporting standards adopted by the International Accounting Standards Board ("IFRS"). Compliance with the AASB ensures compliance with the IFRS.

The consolidated financial statements were authorised for issue by the Board of Directors on 21 September 2023.

#### (b) Basis of Measurement

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities (including derivative financial liabilities) at fair value through profit or loss, share-based payment arrangements measured at fair value and the foreign currency translation reserve.

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for some measurement and/or disclosure purposes and where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

#### (c) Going Concern Basis

The Directors believe it is appropriate to prepare the consolidated financial statements on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The Group incurred a loss of A$5,382,902 (2022: A$2,061,924) and had cash outflows from operating activities of A$5,374,071 (2022: A$4,801,134). The Group also concluded the year with cash and cash equivalents of A$938,589 (2022: A$4,838,459), loans outstanding (excluding derivative liability component of convertible notes) of A$774,666 (2022: A$451,355), and derivative liabilities of A$1,050,334 (2022: A$nil).

## NOTE 2 – BASIS OF PREPARATION (CONTINUED)

### (c) Going Concern Basis (Continued)

The Group also requires further funding within the next twelve months in order to repay its loan balances, continue its exploration activities, progress the Cambay development and drilling programme, meet its ongoing administrative expenses, and for any new business opportunities that the Group may pursue.

The Directors believe that the Group will be able to secure sufficient funding to meet the requirements to continue as a going concern, due to its history of previous capital raisings, acknowledging that the structure and timing of any capital raising is dependent upon investor support, prevailing capital markets, shareholder participation, oil and gas prices and the outcome of planned exploration and evaluation activities, which creates uncertainty.

The Directors consider the going concern basis of preparation to be appropriate based on its forecast cash flows for the next twelve months and that the Group will be in a position to continue to meet its minimum administrative, evaluation and development expenditures and commitments for at least twelve months from the date of this report.

If further funds are not able to be raised or realised, then it may be necessary for the Group to sell or farmout its exploration and development assets and to reduce discretionary administrative expenditure.

The ability of the Group to achieve its forecast cash flows, particularly the raising of additional funds, represents a material uncertainty that may cast significant doubt about whether the Group can continue as a going concern, in which case it may not be able to realise its assets and extinguish its liabilities in the normal course of business and at the stated amounts in the financial statements.

### (d) Basis and Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Synergia Energy Ltd (the “Company” or “parent entity”) as at 30 June 2023 and the results of all subsidiaries for the year then ended. Synergia Energy Ltd and its subsidiaries together are referred to in these financial statements as the “consolidated entity” or the “Group”.

***Subsidiaries***

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

## NOTE 2 – BASIS OF PREPARATION (CONTINUED)

### (d) Basis and Principles of Consolidation (Continued)

***Subsidiaries (Continued)***

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

The list of entities controlled by the Group is contained in Note 23.

***Joint Ventures and Joint Arrangements for Joint Operations***

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement.

The interests of the Group in unincorporated joint operations and jointly controlled assets are brought to account by recognising, in its consolidated financial statements, the assets it controls, the liabilities that it incurs, the expenses it incurs and the share of income that it earns from the sale of goods or services by the joint operations.

The interests of the Group in unincorporated joint operations and jointly controlled assets are contained in Note 25.

### (e) Currency and Foreign Currency Translation

The financial statements are presented in Australian dollars, which is the Company's functional and presentation currency. The functional currency of the Company's subsidiaries is United States dollars or Pounds Sterling.

Foreign currency transactions are translated into Australian dollars (or the respective functional currencies of the Group entities) using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using historical exchange rates or the average exchange rate which approximate the rates at the dates of the transactions for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity. The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

### (f) Critical Accounting 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 estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

## NOTE 2 – BASIS OF PREPARATION (CONTINUED)

### (f) Critical Accounting Judgements, Estimates and Assumptions (Continued)

A key assumption underlying the preparation of the financial statements is that the entity will continue as a going concern. An entity is a going concern when it is considered to be able to pay its debts as and when they fall due, and to continue in operation, without any intention or necessity to liquidate or otherwise wind up its operations.

Judgement has been required in assessing whether the entity is a going concern as set out in Note 2(c).

Other judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as listed below (and discussed in the respective notes as indicated below):

- Income tax - refer Note 5
- Trade and other receivables - refer Note 8
- Exploration and evaluation assets - refer Note 10
- Development assets - refer Note 11
- Plant and equipment – refer Note 12
- Provisions - refer Note 15
- Share-based payments – refer Note 22

### (g) Rounding of Amounts

The Company is of a kind referred to in *Corporations Instrument 2016/191*, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar, unless otherwise indicated.

### (h) Accounting Policies

Other than as listed in Notes 2(i) and 2(j), significant accounting policies that are relevant to the understanding of the consolidated financial statements have been provided throughout the notes to the financial statements. Accounting policies that are determined to be non-significant have not been included in the consolidated financial statements.

The accounting policies disclosed have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by Group entities, except where there have been any changes in accounting policies.

***Changes in Significant Accounting Policies***
The Group has adopted all new or amended accounting standards, interpretations and other accounting pronouncements issued by the AASB that are effective for reporting periods beginning on or after 1 January 2022 and therefore mandatory for the current reporting period. The adoption of these accounting standards, interpretations and other accounting pronouncements did not have any significant impact on the financial performance or position of the Group.

Any new or amended accounting standards, interpretations and other accounting pronouncements issued by the AASB that are not yet mandatory for the current reporting period have not been early adopted.

## NOTE 2 – BASIS OF PREPARATION (CONTINUED)

### (h) Accounting Policies (Continued)

***Accounting Standards and Interpretations Issued But Not Yet Effective***

A number of new or amended accounting standards, interpretations and other accounting pronouncements issued by the AASB (as applicable to the Group) are effective for reporting periods beginning on or after 1 January 2023, and are as follows:

| Title | Application Date of Standard * | Issue Date |
|---|---|---|
| AASB 2014-10 *Amendments to AASs – Sale or Contributions of Assets between an Investor and its Associate or Joint Venture* | 1 January 2025 | December 2014 |
| AASB 2020-1 *Amendments to AASs – Classification of Liabilities as Current or Non-current* | 1 January 2024 | March 2020 |
| AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates* | 1 January 2023 | March 2021 |
| AASB 2021-5 *Amendments of AASs – Deferred Tax related to Assets and Liabilities arising from a Single Transaction* | 1 January 2023 | July 2021 |
| AASB 2021-7c *Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections [deferred AASB 10 and AASB 128 amendments in AASB 2014-10 apply]* | 1 January 2025 | December 2021 |
| AASB 2022-1 *Amendments of AASs –Initial Application of AASB 17 and AASB 9 – Comparative information* | 1 January 2023 | March 2022 |
| AASB 2022-7 *Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards* | 1 January 2023 | December 2022 |
| AASB 2022-8 *Amendments to Australian Accounting Standards – Insurance Contracts: Consequential Amendments* | 1 January 2023 | December 2022 |
| AASB 17 *Insurance Contracts* | 1 January 2023 | July 2017 |
| AASB 2023-1 *Amendments to Australian Accounting Standards – Supplier Finance Arrangements* | 1 January 2024 | June 2023 |

The above new or amended accounting pronouncements are not yet effective, with early application permitted. However, at the date of authorisation of these financial statements, the Group has not early adopted the above accounting pronouncements in preparing these consolidated financial statements.

The Group has not yet assessed the impact of these new or amended accounting pronouncements, however, none of the above accounting pronouncements are expected to have a significant impact on the financial performance or position of the Group in the current or future financial periods.

## NOTE 2 – BASIS OF PREPARATION (CONTINUED)

### (i) Current and Non-Current Classification

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

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities (if any) are always classified as non-current.

### (j) Goods and Services Tax (“GST”) and Other Similar Taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

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

## SYNERGIA'S RESULTS FOR THE YEAR

This section focuses on the results and performance of the Group.

### NOTE 3 – OPERATING SEGMENTS

An operating segment is a component of the 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.

Operating segments are presented using the "management approach", where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ("CODM"). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

The operating segments identified by management are generally based on the geographical location of the business. Each segment has responsible officers that are accountable to the Chief Executive Officer ("CEO") (the Group's chief operating decision maker). The operating results of all operating segments are regularly reviewed by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The Group's executive management team evaluates the financial performance of the Group and its segments principally with reference to revenues, production costs, expenditure on exploration evaluation and development costs. Financing requirements, finance income and expenses are managed at a Group level.

Corporate items include administration costs comprising personnel costs, head office occupancy costs and investor and registry costs. It may also include expenses incurred by non-operating segments, such as new ventures and those undergoing relinquishment. Assets and liabilities not allocated to operating segments and disclosed are corporate, and mostly comprise cash, plant and equipment, receivables as well as accruals for head office liabilities.

#### Major Customer

The Group's most significant customers are:

- Enertech Fuel Solutions Pvt Limited, with gas sales representing 58% of the Group's total revenues (2022: 100%); and
- Navkar Enterprise, with oil sales representing 42% of the Group's total revenues (2022: nil%).

#### Accounting Policies

**a) Revenue**

The Group recognises revenue as follows:

***Revenue from Contracts with Customers***

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

## NOTE 3 – OPERATING SEGMENTS (CONTINUED)

### Accounting Policies (Continued)

### (a) Revenue (Continued)

***Revenue from Contracts with Customers (Continued)***

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the "expected value" or "most likely amount" method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

***Sale of Goods***

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

***Interest***

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

***Other Revenue***

Other revenue is recognised when it is received or when the right to receive payment is established.

### b) Expenses

The Group recognises expenses as follows:

- Amortisation – refer to Note 11
- Impairment – refer to Notes 10 and 11
- Depreciation – refer to Note 12
- Expected credit losses – refer to Note 8
- Employee benefits – refer to Note 15
- Leases – refer to Note 18

## NOTE 3 – OPERATING SEGMENTS (CONTINUED)

| | India | | JPDA [1] | | Indonesia | | United Kingdom | | Corporate [2] | | Consolidated | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **2023 A$** | 2022 A$ | **2023 A$** | 2022 A$ | **2023 A$** | 2022 A$ | **2023 A$** | 2022 A$ | **2023 A$** | 2022 A$ | **2023 A$** | 2022 A$ |
| **Revenue** | | | | | | | | | | | | |
| External revenue | **1,296,150** | 141,435 | **-** | - | **-** | - | - | - | **-** | - | **1,296,150** | 141,435 |
| **Cost of Sales** | | | | | | | | | | | | |
| Production costs | **(2,250,046)** | (886,177) | **-** | - | **-** | - | **-** | - | **-** | - | **(2,250,046)** | (886,177) |
| Amortisation of development assets | **(24,112)** | (1,136) | **-** | - | **-** | - | **-** | - | **-** | - | **(24,112)** | (1,136) |
| Movement in oil stocks inventory | **(289,715)** | 132,948 | **-** | - | **-** | - | **-** | - | **-** | - | **(289,715)** | 132,948 |
| **Total Cost of Sales** | **(2,563,873)** | (754,365) | **-** | - | **-** | - | **-** | - | **-** | - | **(2,563,873)** | (754,365) |
| **Gross Loss** | **(1,267,723)** | (612,930) | **-** | - | **-** | - | **-** | - | **-** | - | **(1,267,723)** | (612,930) |
| **Care and Maintenance Expenditure** | | | | | | | | | | | | |
| Care and maintenance costs | **-** | (475,986) | **-** | - | **-** | - | **-** | - | **-** | - | **-** | (475,986) |
| Movement in oil stocks inventory | **-** | 34,648 | **-** | - | **-** | - | **-** | - | **-** | - | **-** | 34,648 |
| **Total Care and Maintenance Expenditure** | **-** | (441,338) | **-** | - | **-** | - | **-** | - | **-** | - | **-** | (441,338) |
| Exploration expenditure | **(537,047)** | (313,339) | **-** | - | **-** | - | **(71,545)** | (7,468) | **-** | - | **(608,592)** | (320,807) |
| Write-off of exploration and evaluation asset | **-** | (616,374) | **-** | - | **-** | - | **-** | - | **-** | - | **-** | (616,374) |
| Depreciation | **(1,051)** | (70,190) | **-** | - | **-** | - | **-** | - | **(6,405)** | (7,822) | **(7,456)** | (78,012) |
| Share-based payments | **-** | - | **-** | - | **-** | - | **-** | - | **(288,484)** | (187,677) | **(288,484)** | (187,677) |
| Other income | **-** | 24,588 | **-** | - | **-** | - | **-** | - | **-** | - | **-** | 24,588 |
| Reversal of (expected credit losses) | **(13,191)** | 3,188,806 | **11,255** | 102,194 | **-** | - | **-** | - | **36,789** | (159,718) | **34,853** | 3,131,282 |
| Other expenses | **(27,528)** | (25,388) | **(15,916)** | (131,449) | **52,807** | (3,121) | **(28,726)** | (2,687) | **(2,456,156)** | (2,420,199) | **(2,475,519)** | (2,582,844) |
| **Reportable Segment Profit/(Loss) Before Income Tax** | **(1,846,540)** | 1,133,835 | **(4,661)** | (29,255) | **52,807** | (3,121) | **(100,271)** | (10,155) | **(2,714,256)** | (2,775,416) | **(4,612,921)** | (1,684,112) |

## NOTE 3 – OPERATING SEGMENTS (CONTINUED)

| | India | | JPDA [1] | | Indonesia | | United Kingdom | | Corporate [2] | | Consolidated | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **2023 A$** | 2022 A$ | **2023 A$** | 2022 A$ | **2023 A$** | 2022 A$ | **2023 A$** | 2022 A$ | **2023 A$** | 2022 A$ | **2023 A$** | 2022 A$ |
| Reportable Segment Profit/(Loss) Before Income Tax | **(1,846,540)** | 1,133,835 | **(4,661)** | (29,255) | **52,807** | (3,121) | **(100,271)** | (10,155) | **(2,714,256)** | (2,775,416) | **(4,612,921)** | (1,684,112) |
| Net finance costs | | | | | | | | | | | **(626,433)** | (354,284) |
| Foreign exchange loss | | | | | | | | | | | **(143,548)** | (23,528) |
| Income tax expense | | | | | | | | | | | **-** | - |
| **Net Loss for the Year** | | | | | | | | | | | **(5,382,902)** | (2,061,924) |
| Segment Assets | **18,501,114** | 19,426,958 | **414** | 10,657 | - | - | **-** | - | **477,710** | 6,340,833 | **18,979,238** | 25,778,448 |
| Segment Liabilities | **6,436,301** | 9,823,249 | **9,199** | 372,034 | - | 86,190 | **15,568** | - | **2,180,654** | 913,377 | **8,641,722** | 11,194,850 |

There were no significant inter-segment transactions during the year.

[1] Joint Petroleum Development Area.
[2] Corporate represents a reconciliation of reportable segment revenues, profit or loss, assets and liabilities to the consolidated figure.

## NOTE 4 – REVENUE AND EXPENSES

Loss from ordinary activities before tax has been determined after the following revenues and expenses:

| | Note | 2023 A$ | 2022 A$ |
|---|---|---|---|
| (a) Revenue | | | |
| Gas sales | | **755,589** | 141,435 |
| Oil sales | | **540,561** | - |
| | | **1,296,150** | 141,435 |
| (b) Cost of sales | | | |
| Production costs | | **(2,250,046)** | (886,177) |
| Amortisation of development assets | | **(24,112)** | (1,136) |
| Movement in oil stocks inventory | | **(289,715)** | 132,948 |
| | | **(2,563,873)** | (754,365) |
| (c) Other income | | | |
| Profit from disposal of other assets | | **-** | 24,588 |
| (d) Exploration expenditure and write-off | | | |
| Exploration expenditure | | **(608,592)** | (320,807) |
| Write-off of exploration and evaluation asset | 12 | **-** | (616,374) |
| | | **(608,592)** | (937,181) |
| (e) Care and maintenance expenditure | | | |
| Care and maintenance expenditure | | **-** | (475,986) |
| Movement in oil stocks inventory | | **-** | 34,648 |
| | | **-** | (441,338) |
| (f) Administration expenses | | | |
| Employee benefits expense | | **(1,226,601)** | (1,023,136) |
| Administration expense | | **(1,247,381)** | (1,555,181) |
| | | **(2,473,982)** | (2,578,317) |
| (g) Other expenses | | | |
| Depreciation expense | 14 | **(7,456)** | (78,012) |
| Loss on disposal of plant and equipment | | **(1,537)** | (4,527) |
| | | **(8,993)** | (82,539) |
| (h) Finance income | | | |
| Interest income | | **3,862** | 1,829 |
| (i) Finance costs | | | |
| Interest expense – loan facility | 16 | **(54,525)** | (19,836) |
| Interest expense – convertible notes | 16 | **(19,178)** | - |
| Interest expense – other borrowings | | **(4,791)** | (5,407) |
| Unwinding of discount on site restoration provision | 15 | **(289,540)** | (76,753) |
| Equity securities designated at FVTPL – net change in fair value | 13 | **(34,593)** | (254,117) |
| Derivative liability – net change in fair value | 17 | **(227,668)** | - |
| | | **(630,295)** | (356,113) |
| (j) Foreign exchange loss – net | | | |
| Foreign exchange loss – realised | | **(44,647)** | - |
| Foreign exchange loss – unrealised | | **(98,901)** | (23,528) |
| | | **(143,548)** | (23,528) |

The Group's revenue policy is outlined in Note 3.

## NOTE 5 – INCOME TAX EXPENSE

Numerical reconciliation between tax expense and pre-tax accounting loss:

| | 2023 A$ | 2022 A$ |
|---|---|---|
| Loss before tax | **(5,382,902)** | (2,061,924) |
| Tax using the domestic corporation tax rate of 25% (2022: 25%) | **(1,345,726)** | (515,481) |
| Effect of tax rate in foreign jurisdictions | **(932,253)** | (1,098,009) |
| Non-deductible expenses | | |
| Share-based payments | **72,121** | 46,919 |
| Foreign expenditure non-deductible | **777,723** | 1,855,187 |
| Other non-deductible expenses | **1,329** | 51,628 |
| Non assessable income | | |
| Other non-assessable income | **(12,500)** | - |
| Tax losses not brought to account as a deferred tax asset | **1,439,307** | - |
| | **-** | 340,244 |
| Unrecognised deferred tax assets (“DTA”) generated during the year and not brought to account at reporting date as realisation is not regarded as probable | **-** | - |
| Tax expense | **-** | 340,244 |
| Tax losses utilised not previously brought to account | **-** | (340,244) |
| Impact of reduction in future tax rates | **-** | - |
| Unrecognised DTA not brought to account | **-** | - |
| **Tax Expense for the Year** | **-** | - |

### Tax Assets and Liabilities

During the previous year ended 30 June 2022, A$340,244 of previously unrecognised DTA on tax losses were recognised and offset against the current tax liability resulting in nil income tax expense in the previous year.

| | 2023 A$ | 2022 A$ |
|---|---|---|
| **Unrecognised Deferred Tax Assets Not Brought to Account at Reporting Date as Realisation is Not Regarded as Probable – Temporary Differences** | | |
| Other | **20,348,421** | 20,086,534 |
| Losses available for offset against future taxable income | **9,496,896** | 7,427,740 |
| **Deferred Tax Asset Not Brought to Account** | **29,845,317** | 27,514,274 |

Indian-based tax losses are available to offset against future Indian-based assessable income for a period of up to 8 years, upon which they expire. All other deductible temporary differences and tax losses do not expire under current tax legislation.

## NOTE 5 – INCOME TAX EXPENSE (CONTINUED)

### Tax Assets and Liabilities (Continued)

The deferred tax asset not brought to account for the 2023 financial year will only be realised if:

- It is probable that future assessable income will be derived of a nature and of an amount sufficient to enable the benefit to be realised;
- The conditions for deductibility imposed by the tax legislation continue to be complied with; and
- The companies are able to meet the continuity of ownership and/or continuity of business tests.

The foreign component of the deferred tax asset not brought to account for the 2023 financial year will only be realised if the Group derives future assessable income of a nature and of an amount sufficient to enable the benefit to be realised and the Group continues to comply with the deductibility conditions imposed by the *Income Tax Act 1961* (India) and there is no change in income tax legislation adversely affecting the utilisation of the benefits.

### Tax Consolidation

In accordance with tax consolidation legislation the Company, as the head entity of the Australian tax-consolidated group, has assumed the deferred tax assets initially recognised by wholly-owned members of the tax-consolidated group with effect from 1 July 2004. Total tax losses of the Australian tax-consolidated group, available for offset against future taxable income are A$2,664,907 (2022: A$3,354,135).

### Accounting Policy

The income tax expense (or benefit) for the period is the tax payable (or receivable) on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

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

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

## NOTE 5 – INCOME TAX EXPENSE (CONTINUED)

### Accounting Policy (Continued)

Synergia Energy Ltd (the "head entity") and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the "separate taxpayer within group" approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

### *Critical Accounting Judgements, Estimates and Assumptions*

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

## NOTE 6 – LOSS PER SHARE

### (a) Basic Loss Per Share

| | | 2023 A$ cents | 2022 A$ cents |
|---|---|---|---|
| **Basic and Diluted Loss per Share** | | | |
| Total basic and diluted loss per share | | **(0.06)** | (0.03) |

| | | 2023 A$ | 2022 A$ |
|---|---|---|---|
| **Loss Used in Calculating Loss per Share** | | | |
| Loss for the year attributable to ordinary shareholders | | **(5,382,902)** | (2,061,924) |

| | Note | 2023 Number | 2022 Number |
|---|---|---|---|
| **Weighted Average Number of Ordinary Shares** | | | |
| Issued ordinary shares at 1 July | **21(a)** | **8,242,959,310** | 5,685,971,571 |
| Effect of shares issued | | **161,036,479** | 788,013,582 |
| Effect of share options exercised | | **-** | 15,925,900 |
| Weighted average number of ordinary shares at 30 June | | **8,403,995,789** | 6,489,911,053 |

### (b) Diluted Loss Per Share

The Company's potential ordinary shares, being its options granted, are not considered dilutive as the conversion of these instruments would result in a decrease in the net loss per share.

### Accounting Policy

Basic earnings or loss per share is calculated by dividing the profit or loss attributable to the owners of Synergia Energy Ltd, 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 financial year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings or loss per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares (which may comprise outstanding options, warrants, or their equivalents) and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

## ASSETS AND LIABILITIES

This section provides information on the assets employed to develop value for shareholders and the liabilities incurred as a result.

### NOTE 7 – CASH AND CASH EQUIVALENTS

| | **2023** | 2022 |
|---|---|---|
| | **A$** | A$ |
| Cash at bank and on hand | **938,589** | 4,838,459 |

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 27(d).

#### Accounting Policy

Cash and cash equivalents includes 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 changes in value.

#### Reconciliation of Cash Flows from Operating Activities

| | **2023** | 2022 |
|---|---|---|
| | **A$** | A$ |
| Loss after tax for the year | **(5,382,902)** | (2,061,924) |
| Amortisation of development assets | **24,112** | 1,136 |
| Depreciation | **7,456** | 78,012 |
| Interest expense accrued (including unwinding of discount on site restoration provision) | **315,571** | 92,303 |
| Reversal of expected credit losses | **(34,853)** | (3,131,282) |
| Write-off of exploration and evaluation asset | **-** | 616,374 |
| Equity securities designated at FVTPL – net change in fair value | **34,593** | 254,117 |
| Derivative liability – net change in fair value | **227,668** | - |
| Loss on disposal of plant and equipment | **1,537** | 4,527 |
| Profit from disposal of other assets | **-** | (24,588) |
| Equity settled share-based payments | **288,484** | 187,677 |
| Foreign exchange losses | **143,548** | 23,528 |
| **Operating Loss Before Changes in Working Capital and Provisions** | **(4,374,786)** | (3,960,120) |
| | | |
| Movement in trade and other receivables [1] | **(48,483)** | 566,737 |
| Movement in prepayments [1] | **(73,890)** | 1,321 |
| Movement in inventories [1] | **289,715** | (167,003) |
| Movement in trade and other payables [1] | **(1,159,916)** | (1,205,636) |
| Movement in employee benefits [1] | **(6,711)** | (36,433) |
| **Net Cash Used in Operating Activities** | **(5,374,071)** | (4,801,134) |

(1) Excludes movements related to the Cambay Acquisition.

## NOTE 8 – TRADE AND OTHER RECEIVABLES

| | 2023 A$ | 2022 A$ |
|---|---|---|
| **Current** | | |
| **Allocation of Receivables** | | |
| Joint operation receivables | **16,205** | 43,543 |
| Other receivables | **204,126** | 83,515 |
| | **220,331** | 127,058 |
| | | |
| ***Joint Operation Receivables*** | | |
| Joint operation receivables | **49,371** | 400,341 |
| Less: Provision for expected credit losses | **(33,166)** | (356,798) |
| | **16,205** | 43,543 |
| | | |
| ***Other Receivables*** | | |
| Corporate receivables | **234,903** | 114,859 |
| Less: Provision for expected credit losses | **(30,777)** | (31,344) |
| | **204,126** | 83,515 |

Joint operation receivables include the Group's share of outstanding cash calls and recharges owing from the joint operation partners, as well as other minor receivables as follows:

| | 2023 A$ | 2022 A$ |
|---|---|---|
| ***Schedule of Gross Joint Operation Receivables*** | | |
| Receivables relating to Cambay joint operation | **19,198** | 19,418 |
| Receivables relating to JPDA joint operation [(1)] | **-** | 314,074 |
| Other receivables | **30,173** | 66,849 |
| | **49,371** | 400,341 |

1) On 13 October 2022, the non-defaulting parties to the JPDA joint venture agreed to terminate the Joint Operating Agreement. As such, all of the receivables relating to the JPDA joint operation was written off during the year (see movement in provision for expected credit losses below).

The Group considers that there is evidence of impairment if any of the following indicators are present: financial difficulties of the debtor, probability that the debtor will dispute amounts owing and default or delinquency in payment (more than one year old). The movement in the Group's provision for expected credit losses ("ECLs") are detailed below:

| | 2023 A$ | 2022 A$ |
|---|---|---|
| ***Movement in Provision for Expected Credit Losses*** | | |
| Balance at 1 July | **(388,142)** | (4,941,011) |
| ECLs reversed during the year | **34,853** | 3,131,282 |
| Provision for ECLs offset against part of cost of Cambay Acquisition | **-** | 4,025,567 |
| Write-off of negative provisions related to previously transferred amounts to development assets | **-** | (2,365,658) |
| ECLs relating to additional portion of receivables acquired as part of Cambay Acquisition | **-** | (10,530) |
| Write-off of receivables previously provided for | **323,715** | - |
| Effect of movements in exchange rates | **(34,369)** | (227,792) |
| Balance at 30 June | **(63,943)** | (388,142) |
| | | |
| ***Allocation of Provision for Expected Credit Losses*** | | |
| Joint venture receivables | **(33,166)** | (356,798) |
| Other receivables | **(30,777)** | (31,344) |
| | **(63,943)** | (388,142) |

## NOTE 8 – TRADE AND OTHER RECEIVABLES (CONTINUED)

The carrying value of trade and other receivables approximates its fair value due to the assessment of recoverability. Details of the Group's credit risk are disclosed in Note 27(b).

### Accounting Policy

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days. Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Trade and other receivables are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

***Impairment of Receivables and Expected Credit Losses ("ECLs")***

The Group recognises loss allowances for "expected credit losses" ("ECLs") on trade and other receivables measured at amortised cost. The amount of ECLs is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective receivable.

The Group always recognises lifetime ECLs for trade and other receivables. The ECLs on these assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Lifetime ECL represents the ECLs that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a receivable that are possible within 12 months after the reporting date.

In assessing whether the credit risk on a receivable has increased significantly since initial recognition, the Group compares the risk of a default occurring on the receivable at the reporting date with the risk of a default occurring on the receivable at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

The Group assumes that the credit risk on a receivable has increased significantly if it is more than 30 days past due. The Group considers a financial asset to be in default when the financial asset is more than 90 days due past.

***Measurement and ECL Assessment***

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECL's are discounted at the effective interest rate of the financial asset.

The Group uses its allowance schedule to measure the ECLs of trade and other receivables. The allowance schedule is based on actual credit loss experience over the past years. The ECLs computed are purely derived from historical data; management is of the view that historical conditions are representative of the conditions prevailing at the reporting date.

***Critical Accounting Judgements, Estimates and Assumptions***

The allowance for ECLs assessment requires a degree of estimation and judgement. It is based on the lifetime ECLs, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates and forward-looking information that is available. The allowance for ECLs, as disclosed above, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

## NOTE 9 – INVENTORIES

| | 2023 | 2022 |
|---|---|---|
| | A$ | A$ |
| Oil on hand – net realisable value | **47,223** | 323,588 |
| Drilling inventory – net realisable value | **66,596** | 64,097 |
| | **113,819** | 387,685 |

### Accounting Policy

Inventories comprising materials and consumables and petroleum products are measured at the lower of cost and net realisable value, on a "weighted average" basis. Costs comprises direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate portion of variable and fixed overhead expenditure based on normal operating capacity. Given that oil activities have not achieved commercial levels of production, oil on hand is recognised at net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

## NOTE 10 – EXPLORATION AND EVALUATION

| | 2023 | 2022 |
|---|---|---|
| | A$ | A$ |
| Balance at 1 July | **-** | 549,778 |
| Capitalised exploration and evaluation expenditure, net of recovery | **-** | 46,926 |
| Write-off of exploration and evaluation assets | **-** | (616,374) |
| Effect of movements in foreign exchange rates | **-** | 19,670 |
| Balance at 30 June | **-** | - |

Exploration and evaluation assets are reviewed at each reporting date to determine whether there is any indication of impairment or reversal of impairment (as referred to in the accounting policy below). When exploration and evaluation expenditure does not result in the successful discovery of potentially economically recoverable reserves, or if sufficient data exists to indicate the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full, either by development or sale, it is impaired.

### Cambay Field

During the previous financial year, the balance of the exploration and evaluation costs were fully impaired following an internal evaluation which showed that these assets were unlikely to recover costs capitalised to date. As a consequence of this assessment, A$616,374 was impaired as at 30 June 2022. No further exploration and evaluation expenditures were capitalised during the current year.

### Subsequent Events – CCS Licence on Camelot Area

Effective on 1 August 2023, the NSTA granted the CS019 licence for the Camelot area ("CS019 – SNS Area 4") to Synergia Energy CCS Limited and its 50% joint venture partner, Wintershall Dea Carbon Management Solutions UK ("Wintershall Dea"), with Synergia Energy CCS Limited as operator. All costs incurred pertaining to obtaining the licence was expensed during the current and previous financial years (see United Kingdom "Exploration expenditure" as stated in Note 3).

## NOTE 10 – EXPLORATION AND EVALUATION (CONTINUED)

### Accounting Policy

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- The rights to tenure of the area of interest are current; and
- At least one of the following conditions is also met:
  - The exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
  - Exploration and evaluation activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Expenditure incurred prior to securing legal rights to explore or appraise an area is expensed. Once legal rights are obtained, exploration and appraisal costs are capitalised. The costs of drilling exploration and appraisal wells are initially capitalised pending the results of the well. Costs are expensed where the well does not result in a successful outcome.

An area of interest is an individual geological area that is considered to constitute a favourable environment for the presence of hydrocarbon resources, has been proven to contain such resources or is considered to be a suitable reservoir for $CO_2$ storage.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (or the cash-generating unit(s) to which it has been allocated, being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision is made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified as development assets.

### *Impairment of Exploration and Evaluation Expenditure*

The carrying value of exploration and evaluation assets are assessed at each reporting date to see if any of the following indicators of impairment exist:

- The Group's right to explore or appraise in the specific area has expired during the reporting period or will expire in the near future, and is not expected to be renewed;
- Substantive expenditure on further exploration and evaluation in the specific area is neither budgeted nor planned;
- Exploration and evaluation in the specific area have not led to the discovery of commercially viable quantities of resources or the discovery of suitable reservoirs for $CO_2$ injection and storage, or the entity has decided to discontinue such activities in the specific area; or
- Sufficient data exist to indicate that, regardless of whether a development in the specific area is likely to proceed or not, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full, either from successful development or by sale.

## NOTE 10 – EXPLORATION AND EVALUATION (CONTINUED)

### Accounting Policy (Continued)

***Critical Accounting Judgements, Estimates and Assumptions***

The application of the Group's accounting policy for exploration and evaluation expenditure necessarily requires management to make certain estimates and assumptions as to future events and circumstances, particularly the assessment of whether economic quantities of resources have been found, or that the sale of the respective areas of interest will be achieved. Critical to this assessment are estimates and assumptions as to contingent and prospective resources, the timing of expected cash flows, exchange rates, commodity prices and future capital requirements. These estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under this policy, it is determined that the expenditure is unlikely to be recovered by future exploitation or sale, then the relevant capitalised amount will be written off to the consolidated statement of profit or loss and other comprehensive income.

## NOTE 11 – DEVELOPMENT ASSETS

| | **2023 A$** | 2022 A$ |
|---|---|---|
| **Non-Current** | | |
| **Allocation of Development Assets** | | |
| Cambay development asset | **11,832,652** | 11,595,853 |
| Cambay restoration asset | **5,725,530** | 8,714,761 |
| | **17,558,182** | 20,310,614 |
| | | |
| ***Cambay Development Asset*** | | |
| *Cost* | | |
| Balance at 1 July | **33,617,561** | 15,974,727 |
| Development asset (cost) portion of Cambay Acquisition | **-** | 15,975,553 |
| Effect of movements in foreign exchange rates | **(226,118)** | 1,667,281 |
| Balance at 30 June | **33,391,443** | 33,617,561 |
| *Amortisation and Impairment Losses* | | |
| Balance at 1 July | **(22,021,708)** | (11,119,720) |
| Development asset (accumulated amortisation and impairment) portion of Cambay Acquisition | **-** | (9,786,419) |
| Amortisation charge for the year | **(9,170)** | (1,131) |
| Effect of movements in foreign exchange rates | **472,087** | (1,114,438) |
| Balance at 30 June | **(21,558,791)** | (22,021,708) |
| ***Carrying Amount – Cambay Development Asset*** | **11,832,652** | 11,595,853 |
| | | |
| ***Cambay Restoration Asset*** | | |
| *Cost* | | |
| Balance at 1 July | **8,714,761** | 3,855,483 |
| Restoration asset (cost) portion of Cambay Acquisition | **-** | 5,053,022 |
| Reduction due to reassessment of restoration provision | **(3,314,730)** | (635,263) |
| Effect of movements in foreign exchange rates | **340,441** | 441,519 |
| Balance at 30 June | **5,740,472** | 8,714,761 |
| *Amortisation and Impairment Losses* | | |
| Balance at 1 July | **-** | - |
| Amortisation charge for the year | **(14,942)** | - |
| Balance at 30 June | **(14,942)** | - |
| ***Carrying Amount – Cambay Restoration Asset*** | **5,725,530** | 8,714,761 |

## NOTE 11 – DEVELOPMENT ASSETS (CONTINUED)

| | 2023<br>A$ | 2022<br>A$ |
|---|---|---|
| **Carrying Amounts - Total** | | |
| At 1 July | **20,310,614** | 8,710,490 |
| At 30 June | **17,558,182** | 20,310,614 |

### Cambay Field Development Assets

Development assets are reviewed at each reporting date to determine whether there is any indication of impairment or reversal of impairment. Indicators of impairment can include changes in market conditions, future oil and gas prices and future costs.

No impairment indicators were identified during 2022 or during 2023. Upon impairment testing at both year ends, no impairment was found necessary and therefore no impairment charges were applied to the Cambay Field development assets for the financial year ended 30 June 2023 (30 June 2022: A$nil).

During the year, a reassessment was made of the restoration asset and provision, resulting in the reduction of the restoration asset and provision by A$3,314,730 (2022: A$635,263).

### Accounting Policy

Development expenditure is recognised at cost less accumulated amortisation and any impairment losses. Where commercial production in an area of interest has commenced, the associated costs are amortised over the estimated economic life of the field, based on the field's economically recoverable reserves, on a units-of-production basis.

Development expenditure includes past exploration and evaluation costs, pre-production development costs, development drilling, development studies and other subsurface expenditure pertaining to that area of interest. Costs related to surface plant and equipment and any associated land and buildings are accounted for as property, plant and equipment.

The definition of an area of interest for development expenditure is narrowed from the exploration permit for exploration and evaluation expenditure to the individual geological area where the presence of an oil or natural gas field exists, and in most cases will comprise an individual oil or gas field.

Restoration costs expected to be incurred are provided for as part of development mine assets that give rise to the need for restoration.

***Impairment of Development Assets***

The carrying value of development assets are assessed on a cash generating unit ("CGU") basis at each reporting date to determine whether there is any indication of impairment or reversal of impairment. Indicators of impairment can include changes in market conditions, future oil and gas prices and future costs. Where an indicator of impairment exists, the assets recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. A CGU is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. The CGU is the Cambay Field, India. Impairment losses are recognised in profit or loss.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell ("FVLCS"). As a market price is not available, FVLCS is determined by using a discounted cash flow approach. In assessing FVLCS, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Valuation principles that apply when determining FVLCS are that future events that would affect expected cash flows are included in the calculation of FVLCS.

## NOTE 11 – DEVELOPMENT ASSETS (CONTINUED)

### Accounting Policy (Continued)

***Impairment of Development Assets (Continued)***

Impairment losses are reversed when there is an indication that the loss has decreased or no longer exists and there has been a change in the estimate used to determine the recoverable amount. Such estimates include beneficial changes in reserves and future costs, or material increases in selling prices. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of amortisation, if no impairment loss had been recognised.

***Critical Accounting Judgements, Estimates and Assumptions***

Significant judgements and assumptions are required by management in estimating the present value of future cash flows particularly in the assessment of long life development assets. It should be noted that discounted cash flow calculations are subject to variability in key assumptions including, but not limited to, the expected life of the relevant area of interest, long-term oil and gas prices, currency exchange rates, pre-tax discount rates, number of future wells, production profiles and operating costs.

An adverse change in one or more of the assumptions used to estimate FVLCS could result in an adjustment to the development asset's recoverable amount.

Development costs are amortised on a units of production basis over the life of economically recoverable reserves, so as to write off costs in proportion to the depletion of the estimated reserves. The estimation of reserves requires the interpretation of geological and geophysical data. The geological and economic factors which form the basis of reserve estimates may change over reporting periods. There are a number of uncertainties in estimating resources and reserves, and these estimates and assumptions may change as new information becomes available.

## NOTE 12 – PLANT AND EQUIPMENT

| | Motor Vehicles A$ | Plant and Equipment A$ | Office Furniture A$ | Total A$ |
|---|---|---|---|---|
| **Cost** | | | | |
| Balance at 1 July 2021 | 8,357 | 845,201 | 77,765 | 931,323 |
| Plant and equipment (cost) portion of Cambay Acquisition | 9,906 | 117,270 | - | 127,176 |
| Other additions | - | 26,834 | - | 26,834 |
| Disposals | (826) | (423,049) | (71,310) | (495,185) |
| Currency translation differences | 894 | 38,107 | 5,638 | 44,639 |
| Balance at 30 June 2022 | 18,331 | 604,363 | 12,093 | 634,787 |
| Additions | - | 3,227 | - | 3,227 |
| Disposals | - | (217,765) | (12,093) | (229,858) |
| Currency translation differences | 716 | 8,505 | - | 9,221 |
| **Balance at 30 June 2023** | **19,047** | **398,330** | **-** | **417,377** |
| | | | | |
| **Depreciation and Impairment Losses** | | | | |
| Balance at 1 July 2021 | 8,265 | 775,111 | 69,042 | 852,418 |
| Plant and equipment (accumulated depreciation) portion of Cambay Acquisition | 9,892 | 113,034 | - | 122,926 |
| Depreciation charge for the year | 115 | 69,877 | 8,020 | 78,012 |
| Disposals | (826) | (418,522) | (71,310) | (490,658) |
| Currency translation differences | 885 | 35,893 | 5,481 | 42,259 |
| Balance at 30 June 2022 | 18,331 | 575,393 | 11,233 | 604,957 |
| Depreciation charge for the year | - | 7,062 | 394 | 7,456 |
| Disposals | - | (216,694) | (11,627) | (228,321) |
| Currency translation differences | 716 | 8,352 | - | 9,068 |
| **Balance at 30 June 2023** | **19,047** | **374,113** | **-** | **393,160** |
| | | | | |
| **Carrying amounts** | | | | |
| At 1 July 2022 | - | 28,970 | 860 | 29,830 |
| **At 30 June 2023** | **-** | **24,217** | **-** | **24,217** |

## NOTE 12 – PLANT AND EQUIPMENT (CONTINUED)

### Accounting Policy

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located and an appropriate proportion of overheads.

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses on disposal are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net in the consolidated statement of profit or loss and other comprehensive income.

Depreciation is calculated using the reducing balance or straight-line method over the estimated useful life of the assets, with the exception of software which is depreciated at prime cost. The estimated useful lives in the current and comparative periods are as follows:

- Motor vehicles 4 to 7 years
- Plant and equipment 2 to 8 years
- Office furniture 2 to 10 years

Depreciation methods, useful lives and residual values are reviewed and adjusted, if appropriate, at each reporting date.

***Impairment of Property, Plant and Equipment***

The carrying value of assets are assessed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the assets recoverable amount is estimated.

***Critical Accounting Judgements, Estimates and Assumptions:***
***Estimation of Useful Lives of Assets***

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

## NOTE 13 – INVESTMENTS

| | **2023** **A$** | 2022 A$ |
|---|---|---|
| **Non-Current Investments** | | |
| Equity securities – designated as at FVTPL | **34,593** | 69,185 |
| | **34,593** | 69,185 |

At 30 June 2023 and as at 30 June 2022, the Group had 11,530,847 Armour Energy Limited shares on hand. The balance of the investment has been reclassified from current to non-current as the Company has no plans to sell these shares.

### Fair Value Measurement

The fair value measurement of the equity securities has been determined using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets that the Group can access at the measurement date;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly; and

Level 3: Unobservable inputs for the asset.

Equity securities – designated as at FVTPL have been valued using quoted market rates (Level 1). This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates.

### Dividends

Dividends received are recognised as other income by the Company when the right to receive payment is established.

### Accounting Policy

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss ("FVTPL"). Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

***Financial Assets at FVTPL***
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at FVTPL. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

***Financial Assets at Fair Value Through Other Comprehensive Income***
Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

## NOTE 13 – INVESTMENTS (CONTINUED)

### Accounting Policy (Continued)

***Impairment of Financial Assets***

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

## NOTE 14 – TRADE AND OTHER PAYABLES

| | **2023 A$** | 2022 A$ |
|---|---|---|
| Trade creditors | **78,481** | 285,127 |
| Accruals | **407,487** | 1,081,161 |
| Termination penalty payable (JPDA 06-103 PSC) | **-** | 362,897 |
| | **485,968** | 1,729,185 |

### Trade and Other Payables

The carrying value of trade and other payables is considered to approximate its fair value due to the short-term nature of these financial liabilities.

| **Termination Penalty Payable (JPDA 06-103 PSC)** | **2023 A$** | 2022 A$ |
|---|---|---|
| ***Movement in Termination Penalty Balance*** | | |
| Balance at 1 July | **362,897** | 997,605 |
| Repayment of termination penalty (2023: US$250,000; 2022: US$500,000) | **(372,523)** | (697,045) |
| Effect of movements in exchange rates | **9,626** | 62,337 |
| Balance at 30 June | **-** | 362,897 |

The termination penalty payable was payable to Autoridade Nacional Do Petroleo E Minerais (“ANPM”). The final instalment of the termination penalty (US$250,000) was paid to ANPM on 7 September 2022, thereby fully extinguishing the Group’s obligations to ANPM.

## NOTE 14 – TRADE AND OTHER PAYABLES (CONTINUED)

### Accounting Policy

Trade and other payables are recorded at the value of the invoices received and subsequently measured at amortised cost and are non-interest bearing. The liabilities are for goods and services provided before year end, that are unpaid and arise when the Group has an obligation to make future payments in respect of these goods and services. The amounts are unsecured. Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

## NOTE 15 – PROVISIONS

| | **2023**<br>**A$** | 2022<br>A$ |
|---|---|---|
| ***Current*** | | |
| Employee Benefits | **174,116** | 180,827 |
| | | |
| ***Non-Current*** | | |
| ***Site Restoration, Well Abandonment and Other Provisions*** | | |
| Balance at 1 July | **8,833,483** | 3,855,483 |
| Unwinding of discount on site restoration provision | **289,540** | 76,753 |
| Site restoration and well abandonment provision portion of Cambay Acquisition | **-** | 5,090,457 |
| Reduction of provision due to reassessment of restoration asset and provision (refer Note 11) | **(3,314,730)** | (635,263) |
| Effect of movements in exchange rates | **348,345** | 446,053 |
| Balance at 30 June | **6,156,638** | 8,833,483 |

### Accounting Policy

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

***Provision for Employee Benefits***

Liabilities for wages and salaries, superannuation and other short-term benefits (including non-monetary benefits), annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments (including relevant on-costs) to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels (including through pay increases and inflation), experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

## NOTE 15 – PROVISIONS (CONTINUED)

### Accounting Policy (Continued)

***Provision for Site Restoration and Rehabilitation***

A provision for restoration and rehabilitation is recognised when there is a present obligation as a result of exploration, development, production or other related activities undertaken, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the provision can be measured reliably. The estimated future obligations include the costs of plug and abandonment operations (the field plant closure phase), site preparation, removing equipment, structures and debris, establishment of compatible contours and drainage, replacement of topsoil, re-vegetation, slope stabilisation, in-filling of excavations, monitoring activities and other site restoration activities.

The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date, based on current legal, technological and other requirements. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at each reporting date.

The initial estimate of the restoration and rehabilitation provision relating to exploration, development, and production facilities is capitalised into the cost of the related asset and amortised on the same basis as the related asset, unless the present obligation arises from the production of inventory in the period, in which case the amount is included in the cost of production for the period. Changes in the estimate of the provision for restoration and rehabilitation are treated in the same manner, except that the unwinding of the effect of discounting on the provision is recognised as a finance cost rather than being capitalised into the cost of the related asset.

***Key Estimates and Assumptions***

In relation to restoration and rehabilitation provisions, the Group estimates the future removal costs of onshore oil and gas production facilities, wells and pipelines at the time of installation of the assets. In most instances, the removal of assets occurs many years into the future. This requires judgemental assumptions regarding removal date, future environmental legislation, the extent of reclamation activities required, the engineering methodology for estimating the cost, future removal technologies in determining the removal cost, and discount rates to determine the present value of these cash flows.

## NOTE 16 – BORROWINGS

| | **2023**<br>**A$** | 2022<br>A$ |
|---|---:|---:|
| Unsecured loans (US$800,000 loan facility) | **339,902** | 451,355 |
| Convertible notes – debt component | **434,764** | - |
| | **774,666** | 451,355 |

### Terms and Repayment Schedule of US$800,000 Loan Facility

The unsecured loan relates to an unsecured loan facility agreement for US$800,000, which the Company entered into during the financial year ended 30 June 2021 with two of its JPDA joint venture partners, and which was restricted to fund the settlement of the termination penalty payable to ANPM (see Note 14). At 30 June 2023, the loan balance was payable to Japan Energy E&P JPDA Pty Ltd ("JX") as the loan balance to the other joint venture partner was fully repaid during the previous financial year. The interest rate of the loan facility is 11%.

## NOTE 16 – BORROWINGS (CONTINUED)

### Terms and Repayment Schedule of US$800,000 Loan Facility (Continued)

At 30 June 2023, the terms and conditions of the US$800,000 loan facility is as follows:

| | | | | **2023 A$** | | 2022 A$ | |
|---|---|---|---|---|---|---|---|
| **Unsecured Loan** | **Currency** | **Nominal Interest Rate** | **Year of Maturity** | **Face Value** | **Carrying Amount** | Face Value | Carrying Amount |
| US$800,000 loan facility | USD | 11.0% | 2023 | **339,902** | **339,902** | 451,355 | 451,355 |
| | | | | **339,902** | **339,902** | 451,355 | 451,355 |

The movement of the loan facility balance during the period was as follows:

| | **2023 A$** | 2022 A$ |
|---|---|---|
| ***Movement in US$800,000 Loan Facility*** | | |
| Balance at 1 July | **451,355** | (215,274) |
| Amounts drawn down to pay termination penalty | **372,523** | 697,045 |
| Repayments made to lenders | **(536,656)** | (55,211) |
| Interest on facility balance | **54,525** | 19,836 |
| Effect of movements in exchange rates | **(1,845)** | 4,959 |
| Balance at 30 June (2023: US$225,355 ; 2022: US$310,938) | **339,902** | 451,355 |

***Subsequent Event***

The balance of the loan at 30 June 2023, plus interest, was repaid to JX on 10 August 2023 in a final repayment of US$228,324 (A$348,853) settling the balance of the loan to A$nil.

### Convertible Notes

Effective 9 March 2023, the Company entered into a convertible loan agreement with certain sophisticated and/or professional existing and new shareholders to secure a new convertible loan facility of £650,000. 6,500 convertible notes at a face value of £100 each ("Notes") were issued as part of this agreement and all convertible note proceeds were received by the Company by 9 March 2023.

***Summary of Key Terms of the Convertible Loan Facility:***

| | |
|---|---|
| Interest Rate: | 5% |
| Option Date: | 9 December 2023 |
| Maturity Date: | 9 March 2024 |
| Conversion Rate | £0.0008 per share (fixed rate) |
| Conversion Terms: | Option to convert the loan and interest payable (to that point) into shares at the Conversion Rate, in the period between the Option Date and the Maturity Date. |
| Repayment Terms: | If conversion not elected, holders can elect to redeem their convertible notes in cash no earlier than the Maturity Date.<br>Holders can also elect to have the interest payable repaid by the Company in cash concurrent to either the conversion of the Notes into shares or the redemption of the Notes in cash.<br>No option for the Company to elect to repay ahead of Maturity Date, or for the Company to elect repayment to be made in cash. |
| Security: | Unsecured |
| Arrangement Fee: | None |
| Other Terms: | If no notice is received from the Note holders before 26 February 2024, the Notes and interest accrued will automatically convert into shares in the Company on the Maturity Date. |

## NOTE 16 – BORROWINGS (CONTINUED)

### Convertible Notes (Continued)

***Reconciliation of Convertible Notes – Debt Component:***

| | 2023<br>A$ | 2022<br>A$ |
|---|---|---|
| Balance at 1 July | - | - |
| Proceeds from issue of convertible notes (£650,000) | 1,157,578 | - |
| Derivative liability at inception of convertible notes | (774,570) | - |
| | 383,008 | - |
| Interest on convertible notes | 19,178 | - |
| Effect of movements in exchange rates | 32,578 | - |
| Balance at 30 June | 434,764 | - |

### Accounting Policy

All borrowings are initially recognised when the Group becomes a party to the contractual provisions of the lending instrument. All borrowings are initially recognised at fair value less transaction costs. Borrowings are subsequently carried at amortised cost using the effective interest method.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs. This is calculated net of the valuation of the option to convert the notes (see Note 17).

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

## NOTE 17 – DERIVATIVE FINANCIAL LIABILITY

| | 2023<br>A$ | 2022<br>A$ |
|---|---|---|
| Convertible notes – derivative liability component | 1,050,334 | - |

The holders of the convertible notes have the option to convert into ordinary share capital of the Company. Refer to Note 16 for further details.

### Fair Value Measurement

The fair value measurement of the derivative liability component has been determined using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets that the Group can access at the measurement date;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly; and

Level 3: Unobservable inputs for the liability.

The derivative liability is determined to be Level 2 and has been valued using quoted market prices at the end of the reporting period. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates.

## NOTE 17 – DERIVATIVE FINANCIAL LIABILITY (CONTINUED)

### Reconciliation of Convertible Notes – Derivative Liability Component:

| | **2023 A$** | 2022 A$ |
|---|---|---|
| Balance at 1 July | **-** | - |
| Derivative liability at inception of convertible notes | **774,570** | - |
| Change in fair value | **227,668** | - |
| Effect of movements in exchange rates | **48,096** | - |
| Balance at 30 June | **1,050,334** | - |

### Accounting Policy

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

On the issue of the convertible notes the fair value of the derivative liability component is determined using observable quoted market prices. The derivative liability is then subsequently remeasured to its fair value at each reporting date.

## NOTE 18 – LEASES

### Short-Term Leases and Leases of Low Value Assets

Lease rentals are payable as follows:

| | **2023 A$** | 2022 A$ |
|---|---|---|
| Within one year | **29,626** | 36,480 |
| One year or later and no later than five years | **-** | - |
| | **29,626** | 36,480 |

During the current and previous financial years, the Group leased its head office premises at Level 1, 11 Lucknow Place, West Perth, Australia on a monthly rolling basis, until the lease for this premise was terminated in April 2023.

Up until December 2021, the Group leased office premises in Gandhinagar, Gujarat, India. On 10 December 2021, the Group signed a new lease for its new Indian premises at 2nd Floor, Shreeji Complex, next to Rituraj Complex, Vasna Road, Village Akota, Vadodara, Gujarat, India. This lease was renewed during the year on 20 December 2022, which extended its one-year “lock-in period” to 11 December 2023. After 11 December 2023, the lease continues on a 3-month rolling basis until 11 December 2025. After 11 December 2025, the Group has the option to negotiate an extension to the lease at a 12% rent increment, with other terms yet to be determined between the Group and the lessor should this option be taken up.

| | **2023 A$** | 2022 A$ |
|---|---|---|
| **Expenses Related to Short-Term Leases** | | |
| Operating lease rentals expensed during the financial year | **71,067** | 44,723 |

## NOTE 18 – LEASES (CONTINUED)

### Accounting Policy

***Definition of a Lease***

The Group assesses whether a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. At inception or on the reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their stand-alone prices. However, for leases of properties in which it is a lessee, the Group has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

***As a Lessee***

As a lessee, the Group recognises right-of-use assets and lease liabilities for most leases – i.e. these leases are on the balance sheet. However, the Group has elected not to recognise right-of-use assets and lease liabilities for some leases of low-value assets and short-term leases (lease term of 12 months or less). The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the term lease.

For leases of medium to large-value assets and long-term leases, the Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses; and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group’s incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made.  It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is certainly reasonable certain to be exercised or a termination option is reasonably certain not to be exercised.

The Group shall apply judgement to determine the lease term for some lease contracts in which it is a lessee that includes renewal options.  The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

***Leases of Low-Value Assets and Short-Term Leases***

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment.  The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

## NOTE 19 – EXPENDITURE COMMITMENTS

### Exploration and Evaluation Expenditure Commitments

In order to maintain rights of tenure to exploration permits, the Group is required to perform exploration work to meet the minimum expenditure requirements specified by various state and national governments. These obligations are subject to renegotiation when an application for an exploration permit is made and at other times. These obligations are not provided for in the financial report. The expenditure commitments are currently estimated to be A$nil (2022: A$nil).

For the extended Cambay PSC period (which started from September 2019), the Group is required to submit a bank guarantee equivalent to 10% of total estimated annual expenditure in respect to the work programme approved by the Ministry of Petroleum and Natural Gas (the Government of India) ("MOPNG"). This amount is reassessed every year according to aspects of the work programme that have been fulfilled during the year. As at 30 June 2023, the required bank guarantee amount was US$248,000, out of which US$124,000 was submitted on 27 July 2023, and the other US$124,000 is expected to be submitted in calendar Q1 2024. The amounts are guaranteed by Synergia Energy Ltd in favour of MOPNG (Government of India). This includes 15% which was guaranteed on behalf of Oilex N.L. Holdings (India) Limited ("OHIL") for OHIL's share of the bank guarantee. There are no other commitments for the Cambay PSC.

When obligations expire, are re-negotiated or cease to be contractually or practically enforceable, they are no longer considered to be a commitment.

Further expenditure commitments for subsequent permit periods are contingent upon future exploration results. These cannot be estimated and are subject to renegotiation upon the expiry of the existing exploration leases.

***Subsequent Events – CCS Licence on Camelot Area***

Effective on 1 August 2023, the NSTA granted the CS019 licence for the Camelot area ("CS019 – SNS Area 4") to Synergia Energy CCS Limited and its 50% joint venture partner, Wintershall Dea Carbon Management Solutions UK ("Wintershall Dea"), with Synergia Energy CCS Limited as operator. The carbon storage licence has a work program that incorporates an appraisal phase comprising seismic re-processing, technical evaluations and risk assessment, and a contingent FEED study leading to a potential storage licence application in 2028, following the final investment decision ("FID"). The CS019 licence also includes a contingent appraisal well. The Group had no other commitments for the CCS licence.

### Capital Expenditure Commitments

The Group had no capital commitments as at 30 June 2023 (2022: A$nil).

## NOTE 20 – CONTINGENT ASSETS, CONTINGENT LIABILITIES AND GUARANTEES

### Contingent Assets and Contingent Liabilities at Reporting Date

The Directors are of the opinion that, except as noted in Note 15, there were no contingent assets or contingent liabilities as at 30 June 2023 and as at 30 June 2022.

### Guarantees

Synergia Energy Ltd has issued guarantees in relation to corporate credit cards. The bank guarantees amount to A$15,000 (2022: A$50,000). After year-end on 27 July 2023, Synergia Energy Ltd also entered into bank guarantee for US$124,000 relating to the Cambay field, with another US$124,000 which is expected to be added to the bank guarantee in calendar Q1 2024 (refer to Note 19).

## EQUITY, GROUP STRUCTURE AND RISK MANAGEMENT

This section addresses the Group's capital structure, the Group structure and related party transactions, as well as including information on how the Group manages various financial risks.

## NOTE 21 – ISSUED CAPITAL AND RESERVES

The reconciliation of the movement in capital, reserves and accumulated losses for the consolidated entity can be found in the consolidated statement of changes in equity.

### (a) Issued Capital

| Ordinary Shares | **2023** Number of Ordinary Shares | **2023** Issued Capital A$ | 2022 Number of Ordinary Shares | 2022 Issued Capital A$ |
|---|---|---|---|---|
| On issue at 1 July – fully paid | **8,242,959,310** | **192,181,384** | 5,685,971,571 | 185,355,925 |
| Issue of share capital | | | | |
| Shares issued for cash (1) | **174,831,394** | **608,378** | 2,497,758,909 | 7,503,616 |
| Shares issued for non-cash | **-** | **-** | 4,389,645 | 19,489 |
| Exercise of unlisted options | **-** | **-** | 54,839,185 | 136,393 |
| Capital raising costs (2) | **-** | **27,381** | - | (834,039) |
| Balance at 30 June – fully paid | **8,417,790,704** | **192,817,143** | 8,242,959,310 | 192,181,384 |

Refer to the following notes for additional information and Note 22 for details of unlisted options:

1) Following shareholder approval received at the 13 July 2022 General Meeting, 174,831,394 fully paid ordinary shares were issued at £0.002 (A$0.0035) per share. The shares were the final instalment of the placement previously arranged and announced on 4 May 2022. 69,932,558 shares out of 174,831,394 shares were issued on 21 July 2022 and the remaining 104,898,836 shares were issued on 3 August 2022.

2) The overall credit "inflow" of capital raising costs during the half-year period is a result of reversals of capital raising costs which were over-accrued in previous financial periods, and which were more than other capital raising costs incurred during the period (including those for options granted to Novum during the period). Refer to Note 22 (footnote (3)) with regards to the fair value of options granted to Novum.

The Company does not have authorised capital or par value in respect of its issued shares. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

### Subsequent Event

On 7 August 2023, the Company issued 704,545,454 shares at £0.0011 (A$0.0021) per ordinary share pursuant to the placement announced on 25 July 2023. As part of this placement, the Company will also be issuing 13,636,363 unquoted options (exercisable at £0.0011 and expiring on 31 July 2026) to Novum, pursuant to the capital raising advisory agreement relating to this placement. These options are expected to be issued in the coming months.

### Accounting Policy

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.

## NOTE 21 – ISSUED CAPITAL AND RESERVES (CONTINUED)

### (b) Reserves

| | **2023 A$** | 2022 A$ |
|---|---|---|
| Foreign currency translation reserve | **7,764,968** | 7,577,543 |
| Share-based payments reserve | **534,957** | 221,321 |
| | **8,299,925** | 7,798,864 |

**Foreign Currency Translation Reserve ("FCTR")**

The FCTR is comprised of all foreign currency differences arising from the translation of the financial statements of foreign operations from their functional currency to Australian dollars.

The assets and liabilities of foreign operations are translated to Australian dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR. When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income and are presented within equity in the FCTR.

**Share-Based Payments Reserve**

The share-based payments reserve recognises the fair value of options issued but not exercised. Upon the exercise, lapsing or expiry of options, the balance of the share-based payments reserve relating to those options is transferred to accumulated losses.

## NOTE 22 – SHARE-BASED PAYMENTS

| | **2023 A$** | 2022 A$ |
|---|---|---|
| **Shares and Rights – Equity Settled** | | |
| Non-Executive Directors – remuneration shares | **-** | 19,489 |
| Executive Directors – options (1) | **168,187** | 168,188 |
| Executive Management – nil cost options (2) | **120,297** | - |
| Total share-based payments expense and amount recognised in the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income | **288,484** | 187,677 |
| | | |
| **Share-Based Payments Recognised Directly in Equity** | | |
| Options granted to brokers and advisors during the period (3) | **25,152** | 188,181 |
| Total share-based payments recognised directly in equity | **25,152** | 188,181 |
| | | |
| **Total Share-Based Payment Transactions** | **313,636** | 375,858 |

## NOTE 22 – SHARE-BASED PAYMENTS (CONTINUED)

Additional information on share-based payment transactions during the period:

1) Relates to the issue of 324,675,324 unlisted options to Executive Directors (Messrs Salomon, Wessel and Judd) on 12 August 2022 following shareholder approval at the General Meeting held on 13 July 2022. The options are exercisable at £0.0022 (A$0.0039) and expire on 12 August 2027, with one third (1/3) vesting on 30 June 2022, one third (1/3) vesting on 30 June 2023 and one third (1/3) vesting on 30 June 2024.

The total fair value of the unlisted options issued to Executive Directors (A$504,564, with one third (1/3) of the amount, A$168,188, being expensed at 30 June 2022 and another third (1/3), A$168,187, being expensed at 30 June 2023) was calculated at the grant date of 13 July 2022 using the Black-Scholes Model. Expected volatility was estimated by considering historical volatility of the Company's share price over the period commensurate with the expected term. The following factors and assumptions were used to determine the fair value of the 324,675,324 unlisted options granted to Executive Directors on 13 July 2022:

| Grant Date | Vesting Date | Expiry Date | Fair Value Per Option | Exercise Price | Price of Shares on Grant Date | Expected Volatility | Risk Free Interest Rate | Dividend Yield |
|---|---|---|---|---|---|---|---|---|
| 13 July 2022 | As indicated above | 12 August 2027 | £0.0009 (A$0.0016) | £0.0022 (A$0.0039) | £0.0016 (A$0.0028) | 75.15% | 1.35% | - |

2) Relates to the issue of 70,043,152 nil cost unlisted options to executive management (Messrs Salomon, Wessel, Judd and Khare) on 3 April 2023 which was a non-cash settlement amount in accordance with the Company's short-term incentive plan for the 12-month period ended 31 December 2022. The options are exercisable on or before 1 April 2028.

The total fair value of the nil cost unlisted options was calculated at the grant date of 2 April 2023 using the Black-Scholes Model. Expected volatility was estimated by considering historical volatility of the Company's share price over the period commensurate with the expected term. The following factors and assumptions were used to determine the fair value of the 70,043,152 nil cost options granted to executive management on 2 April 2023:

| Grant Date | Vesting Date | Expiry Date | Fair Value Per Option | Exercise Price | Price of Shares on Grant Date | Expected Volatility | Risk Free Interest Rate | Dividend Yield |
|---|---|---|---|---|---|---|---|---|
| 2 April 2023 | 2 April 2023 | 1 April 2028 | £0.0009 (A$0.0017) | - | £0.0009 (A$0.0017) | 97.92% | 3.60% | - |

3) On 13 September 2022, following shareholder approval on 13 July 2022, the Company issued 30,000,000 unlisted Broker Fee Options, exercisable at £0.0020 (A$0.0034) on or before 30 April 2024 to Novum, pursuant to a capital raising advisory agreement the Company had with Novum related to the May 2022 Placement.

The fair value of the Broker Fee Options (A$25,152) was calculated at the grant date of 13 July 2022 using the Black-Scholes Model. Expected volatility was estimated by considering historical volatility of the Company's share price over the period commensurate with the expected term. The following factors and assumptions were used to determine the fair value of the 30,000,000 Broker Fee Options granted to Novum during the year:

| Grant Date | Vesting Date | Expiry Date | Fair Value Per Option | Exercise Price | Price of Shares on Grant Date | Expected Volatility | Risk Free Interest Rate | Dividend Yield |
|---|---|---|---|---|---|---|---|---|
| 13 July 2022 | 13 July 2022 | 30 April 2024 | £0.0005 (A$0.0008) | £0.0020 (A$0.0035) | £0.0016 (A$0.0028) | 75.15% | 1.35% | - |

## NOTE 22 – SHARE-BASED PAYMENTS (CONTINUED)

### Number and Weighted Average Exercise Prices (“WAEP”) of Unlisted Options

The number and weighted average exercise prices (WAEP) of unlisted share options are as follows:

| | **WAEP 2023** | **Number 2023** | WAEP 2022 | Number 2022 |
|---|---|---|---|---|
| Outstanding at 1 July | **A$0.005** | **736,505,236** | A$0.009 | 603,403,361 |
| Lapsed during the year [4] | **A$0.005** | **(711,295,152)** | A$0.009 | (603,403,361) |
| Exercised during the year | **-** | **-** | A$0.002 | (54,839,185) |
| Granted during the year | | | | |
| - Granted as part of placements | **-** | **-** | A$0.005 | 711,295,152 |
| - Granted to brokers and advisors [5] | **A$0.003** | **30,000,000** | A$0.003 | 80,049,269 |
| - Granted to executive directors and management [6] | **A$0.003** | **394,718,476** | - | - |
| Outstanding at 30 June | **A$0.003** | **449,928,560** | A$0.005 | 736,505,236 |
| | | | | |
| Exercisable at 30 June | **A$0.003** | **449,928,560** | A$0.005 | 736,505,236 |

The unlisted options outstanding at 30 June 2023 have an exercise price in the range of £nil to £0.0024 (A$nil to A$0.0045) (2022: £0.0024 to £0.0028 (A$0.0045 to A$0.0052)) and a weighted average remaining contractual life of 3.82 years (2022: 0.55 years).

4) 711,295,152 unlisted options lapsed during the period on 31 December 2022.

5) See footnote (3) as detailed on the previous page. These remain exercisable at year-end.

6) See footnotes (1) and (2) as detailed on the previous page. These remain exercisable at year-end.

### Accounting Policy

Options allow directors, employees and advisors to acquire shares of the Company. The fair value of options granted to employees is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using the Black-Scholes Model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

Options may also be provided as part of the consideration for services by brokers and underwriters. Any unlisted options issued to the Company’s AIM broker are treated as a capital raising cost.

When the Group grants options over its shares to employees of subsidiaries, the fair value at grant date is recognised as an increase in the investments in subsidiaries, with a corresponding increase in equity over the vesting period of the grant.

The fair value of unlisted options is calculated at the date of grant using the Black-Scholes Model. Expected volatility is estimated by considering the historical volatility of the Company’s share price over the period commensurate with the expected term.

## NOTE 22 – SHARE-BASED PAYMENTS (CONTINUED)

### Accounting Policy (Continued)

***Critical Accounting Judgements, Estimates and Assumptions:***
***Share-Based Payment Transactions***

The Group measures the cost of equity-settled transactions with directors, employees, financiers and advisors by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

## NOTE 23 – CONSOLIDATED ENTITIES

| | Country of Incorporation | Ownership Interest % 2023 | 2022 |
|---|---|---|---|
| **Parent Entity** | | | |
| Synergia Energy Ltd | Australia | | |
| | | | |
| **Subsidiaries** | | | |
| Oilex (JPDA 06-103) Ltd | Australia | 100 | 100 |
| Merlion Energy Resources Private Limited | India | 100 | 100 |
| Oilex N.L. Holdings (India) Limited | Cyprus | 100 | 100 |
| Oilex (West Kampar) Limited | Cyprus | 100 | 100 |
| Synergia Energy CCS Limited | United Kingdom | 100 | 100 |
| Synergia Energy Services UK Limited (1) | United Kingdom | 100 | 100 |

Additional information regarding the changes in the composition of the Group:

1) On 28 July 2023, Oilex Services UK Limited changed its name to Synergia Energy Services UK Limited.

### Accounting Policy

The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

## NOTE 24 – PARENT ENTITY DISCLOSURE

As at, and throughout, the financial year ended 30 June 2023 the parent entity of the Group was Synergia Energy Ltd.

| | 2023<br>A$ | 2022<br>A$ |
|---|---|---|
| **Result of the Parent Entity** | | |
| Loss for the year | **(5,923,850)** | (2,033,911) |
| Other comprehensive income/(loss) | **80,854** | 301,460 |
| **Total Comprehensive Loss for the Year** | **(5,842,996)** | (1,732,451) |
| | | |
| **Financial Position of the Parent Entity at Year End** | | |
| Current assets | **585,643** | 2,681,328 |
| Total assets | **17,257,205** | 23,791,407 |
| | | |
| Current liabilities | **2,389,186** | 1,704,692 |
| Total liabilities | **7,622,328** | 9,262,928 |
| | | |
| **Net Assets** | **9,634,877** | 14,528,479 |
| | | |
| **Total Equity of the Parent Entity Comprising Of:** | | |
| Issued capital | **192,817,143** | 192,181,384 |
| Option reserve | **534,957** | 221,321 |
| Foreign currency translation reserve | **(1,137,620)** | (1,218,474) |
| Accumulated losses | **(182,579,603)** | (176,655,752) |
| **Total Equity** | **9,634,877** | 14,528,479 |

### Parent Entity Contingent Assets, Contingent Liabilities and Guarantees

The Directors are of the opinion that Synergia Energy Ltd has no contingent assets or contingent liabilities as at 30 June 2023 and as at 30 June 2022.

Synergia Energy Ltd has issued a guarantee in relation to corporate credit cards. The bank guarantee amounts to A$15,000. An equal amount is held in cash and cash equivalents as security by the bank (2022: A$50,000).

After year-end on 27 July 2023, Synergia Energy Ltd also entered into a bank guarantee for US$124,000 in relation to DGH approved budgeted activity on the Cambay field for the financial year ending 31 March 2024, with a further US$124,000 which is expected to be added to the bank guarantee in calendar Q1 2024 (refer to Note 19). 15% of the amounts are guaranteed by Synergia Energy Ltd on behalf of Oilex N.L. Holdings (India) Limited (“OHIL”) for OHIL’s share of the bank guarantee.

### Parent Entity Capital Commitments for Acquisition of Property Plant and Equipment

Synergia Energy Ltd had no capital commitments as at 30 June 2023 (2022: A$nil).

### Parent Entity Guarantee (in Respect of Debts of its Subsidiaries)

On 7 November 2006, Synergia Energy Ltd issued a Deed of Parent Company Performance Guarantee in relation to the JPDA 06-103 PSC entered into with the Timor Sea Designated Authority dated 15 November 2006. Although the PSC was terminated on 15 July 2015, the Deed of Parent Company Performance Guarantee was in effect until 13 October 2022 when the Joint Operating Agreement was terminated by the non-defaulting parties to the JPDA joint venture.

As noted above, Synergia Energy Ltd also entered into a bank guarantee for US$124,000 after year-end, plus US$124,000 which is expected to be added to the bank guarantee in calendar Q1 2024. Also as noted above, 15% of the amounts are guaranteed by Synergia Energy Ltd on behalf of Oilex N.L. Holdings (India) Limited (“OHIL”) for OHIL’s share of the bank guarantee.

Synergia Energy Ltd has issued no other guarantees in respect of the debts of its subsidiaries.

## NOTE 25 – JOINT ARRANGEMENTS

The Group's interests in joint arrangements as at 30 June 2023 are detailed below. The principal activities of the joint arrangements are oil and gas exploration, evaluation, development and production.

### (a) Joint Operations Interest

| Permit | | **2023 %** | 2022 % |
|---|---|---|---|
| **OFFSHORE** | | | |
| JPDA 06-103 [1] | Timor Leste and Australia (JPDA) | - | - |
| **ONSHORE** | | | |
| Cambay Field | India (Cambay Basin) | 100 | 100 |

[1] The JPDA 06-103 PSC was terminated on 15 July 2015. The Joint Operating Agreement between the Joint Venture participants was in effect until 13 October 2022 when the non-defaulting parties to the JPDA joint venture agreed to terminate the Joint Operating Agreement.

### (b) Joint Operations

The aggregate of the Group's interests in all joint operations is as follows:

| | **2023 A$** | 2022 A$ |
|---|---|---|
| **Current Assets** | | |
| Cash and cash equivalents | **188,976** | 1,310,897 |
| Trade and other receivables [1] | **163,794** | 208,326 |
| Inventories | **113,821** | 387,682 |
| Prepayments | **51,408** | 7,208 |
| **Total Current Assets** | **517,999** | 1,914,113 |
| **Non-Current Assets** | | |
| Development assets | **17,558,182** | 20,310,614 |
| Plant and equipment | **4,059** | 3,630 |
| **Total Non-Current Assets** | **17,562,241** | 20,314,244 |
| **Total Assets** | **18,080,240** | 22,228,357 |
| **Current Liabilities** | | |
| Trade and other payables | **(1,603,710)** | (1,968,280) |
| **Total Current Liabilities** | **(1,603,710)** | (1,968,280) |
| **Non-Current Liabilities** | | |
| Provisions | **(6,156,638)** | (8,833,483) |
| **Total Non-Current Liabilities** | **(6,156,638)** | (8,833,483) |
| **Total Liabilities** | **(7,760,348)** | (10,801,763) |
| **Net Assets** | **10,319,892** | 11,426,594 |

[1] The balance of trade and other receivables of the joint operations is before any impairment and provisions.

## NOTE 25 – JOINT ARRANGEMENTS (CONTINUED)

### (c) Joint Operations Commitments

In order to maintain the rights of tenure to exploration permits, the Group is required to perform exploration work to meet the minimum expenditure requirements specified by various state and national governments. These obligations are subject to renegotiation when an application for an exploration permit is made and at other times. These obligations are not provided for in the financial report.

The Group has no exploration expenditure commitments attributable to joint operations during the year (2022: A$nil).

There are no minimum exploration work commitments in the Cambay PSC.

### Accounting Policy

Joint arrangements are arrangements in which two or more parties have joint control. Joint control is the contractual agreed sharing of control of the arrangements which exists only when decisions about the relevant activities required unanimous consent of the parties sharing control. Joint arrangements are classified as either a joint operation or joint venture, based on the rights and obligations arising from the contractual obligations between the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the individual assets and obligations arising from the joint arrangement, the arrangement is classified as a joint operation and as such, the Group recognises its:

- Assets, including its share of any assets held jointly;
- Liabilities, including its share of any liabilities incurred jointly;
- Revenue from the sale of its share of the output arising from the joint operation;
- Share of revenue from the sale of the output by the joint operation; and
- Expenses, including its share of any expenses incurred jointly.

The Group’s interest in unincorporated entities are classified as joint operations.

Joint ventures provide the Group a right to the net assets of the venture and are accounted for using the equity method.

## NOTE 26 – RELATED PARTIES

### Identity of Related Parties

The Group has a related party relationship with its subsidiaries (refer Note 23), joint operations (refer Note 25) and with its key management personnel.

### Key Management Personnel

The following were key management personnel of the Group at any time during the current and previous financial years and unless otherwise indicated were key management personnel for the entire period:

| Non-Executive Directors | Position |
|---|---|
| Joe Salomon (1) | Non-Executive Chairman |
| Mark Bolton (2) | Non-Executive Director |
| Paul Haywood | Non-Executive Director |
| Peter Schwarz | Non-Executive Director |

| Executive Directors | Position |
|---|---|
| Roland Wessel | Chief Executive Officer and Director |
| Colin Judd (appointed 1 July 2021) | Chief Financial Officer |

| Executives | Position |
|---|---|
| Ashish Khare | Head of India Assets |

(1) Mr Salomon was appointed Executive Chairman on 16 June 2021, then his role changed to Non-Executive Chairman on 29 June 2023.

(2) Executive Director and Chief Financial Officer until 1 July 2021, Company Secretary during the previous financial period until 25 August 2021, and appointed as Non-Executive Director on 1 July 2021.

### Key Management Personnel Compensation

Key management personnel compensation comprised the following:

| | **2023**<br>**A$** | 2022<br>A$ |
|---|---|---|
| Short-term employee benefits | **973,113** | 968,096 |
| Other long-term benefits | **15,423** | 20,176 |
| Non-monetary benefits | **2,233** | 13,968 |
| Post-employment benefits | **27,797** | 26,111 |
| Equity compensation benefits | **288,483** | 181,314 |
| | **1,307,049** | 1,209,664 |

### Individual Directors' and Executives' Compensation Disclosures

Information regarding individual Directors' and Executives' compensation is provided in the Remuneration Report section of the Directors' Report. Apart from the details disclosed in this note or in the Remuneration Report, no Director has entered into a material contract with the Company since the end of the previous financial year and there were no material contracts involving Directors' interests existing at year end.

### Key Management Personnel Transactions with the Company or its Controlled Entities

There were no transactions in the current year between the Group and entities controlled by key management personnel.

## NOTE 27 – FINANCIAL INSTRUMENTS

### (a) Financial Risk Management

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

i) Credit risk

ii) Liquidity risk

iii) Market risk

This note presents qualitative and quantitative information in relation to the Group's exposure to each of the above risks and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework and the development and monitoring of risk management policies. Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

### (b) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations; and arises principally from the Group's receivables from customers and joint ventures.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset. The maximum exposure to credit risk at the reporting date was:

| | **2023 A$** | 2022 A$ |
|---|---|---|
| Cash and cash equivalents | **938,589** | 4,838,459 |
| Trade and other receivables - current | **220,331** | 127,058 |
| | **1,158,920** | 4,965,517 |

The Group's cash and cash equivalents are held with major banks and financial institutions.

The Group's gross share of outstanding cash calls and recharges owing from joint venture partners and joint operations at 30 June 2023 is A$49,371 (2022: A$400,341).

**Impairment Losses**

The aging of the trade and other receivables at the reporting date was:

| | **2023 A$** | 2022 A$ |
|---|---|---|
| **Consolidated Gross** | | |
| Not past due | **234,903** | 176,142 |
| Past due 0-30 days | **-** | - |
| Past due 31-120 days | **-** | - |
| Past due 121 days to one year | **-** | 74,486 |
| More than one year | **49,371** | 264,572 |
| | **284,274** | 515,200 |
| Provision for doubtful debts | **(63,943)** | (388,142) |
| **Trade and Other Receivables Net of Provision** | **220,331** | 127,058 |

Receivable balances are monitored on an ongoing basis. The Group may at times have a high credit risk exposure to its joint venture partners arising from outstanding cash calls.

## NOTE 27 – FINANCIAL INSTRUMENTS (CONTINUED)

### (b) Credit Risk (Continued)

The Group considers an allowance for ECLs for all debt instruments. The Group applies a simplified approach in calculating ECLs. The Group bases its ECL assessment on its historical credit loss experience, adjusted for factors specific to the debtors and the economic environment including, but not limited to, financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and delinquency in payments.

### (c) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity by monitoring present cash flows and ensuring that adequate cash reserves, financing facilities and equity raisings are undertaken to ensure that the Group can meet its obligations.

The table below analyses the Group's financial liabilities by relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

| | | | Contractual Cash Flows | | | |
|---|---|---|---|---|---|---|
| | **Carrying Amount** | **Face Value** | **Total** | **2 Months or Less** | **2 – 12 Months** | **Greater Than 1 Year** |
| | **A$** | **A$** | **A$** | **A$** | **A$** | **A$** |
| **2023** | | | | | | |
| Trade and other payables | **485,968** | **485,968** | **485,968** | **485,968** | **-** | **-** |
| Borrowings | **774,666** | **774,666** | **774,666** | **339,902** | **434,764** | **-** |
| Total financial liabilities | **1,260,634** | **1,260,634** | **1,260,634** | **825,870** | **434,764** | **-** |
| 2022 | | | | | | |
| Trade and other payables | 1,729,185 | 1,729,185 | 1,729,185 | 1,729,185 | - | - |
| Borrowings | 451,355 | 451,355 | 451,355 | 203,824 | 247,531 | - |
| Total financial liabilities | 2,180,540 | 2,180,540 | 2,180,540 | 1,933,009 | 247,531 | - |

## NOTE 27 – FINANCIAL INSTRUMENTS (CONTINUED)

### (d) Market Risk

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

#### *i) Currency Risk*

An entity is exposed to currency risk on sales and purchases that are denominated in a currency other than the functional currency of the entity. The currencies giving rise to this risk are the United States dollar ("USD"), Indian rupee ("INR") and the British pound ("GBP").

The amounts in the table below represent the Australian dollar equivalent of balances in the entities within the Synergia Energy Group that are held in a currency other than the functional currency in which they are measured in those entities. The exposure to currency risk at balance date was as follows:

**In Australian Dollar Equivalents**

| | USD A$ | INR A$ | GBP A$ |
|---|---|---|---|
| **2023** | | | |
| Cash and cash equivalents | **171,131** | **403,695** | **180,359** |
| Trade and other receivables [1] | **170,558** | **87,815** | **-** |
| Trade and other payables | **71,470** | **(392,398)** | **(45,773)** |
| Loans | **(339,902)** | **-** | **(434,764)** |
| Net balance sheet exposure | **73,257** | **99,112** | **(300,178)** |
| 2022 | | | |
| Cash and cash equivalents | 124,151 | 1,426,330 | 1,345,899 |
| Trade and other receivables [1] | 142,464 | 102,340 | - |
| Trade and other payables | (502,024) | - | (213,263) |
| Loans | (451,355) | - | - |
| Net balance sheet exposure | (686,764) | 1,528,670 | 1,132,636 |

[1] Trade and other receivables of joint operations are before any impairment and provisions.

The following significant exchange rates applied during the year:

| | Average Rate | | Reporting Date Spot Rate | |
|---|---|---|---|---|
| **AUD** | **2023** | 2022 | **2023** | 2022 |
| USD | **0.6736** | 0.7258 | **0.6630** | 0.6889 |
| INR | **54.9359** | 54.6773 | **54.3859** | 54.3500 |
| GBP | **0.5595** | 0.5455 | **0.5250** | 0.5671 |

*Foreign currency sensitivity*

A 10% strengthening/weakening of the Australian dollar against the following currencies at 30 June would have (increased)/ decreased the loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

| | 2023 A$ | 2022 A$ |
|---|---|---|
| **10% Strengthening** | | |
| United States dollars (USD) | **(6,660)** | 62,433 |
| Indian rupees (INR) | **(9,010)** | (138,970) |
| British pounds (GBP) | **27,289** | (102,967) |
| **10% Weakening** | | |
| United States dollars (USD) | **8,140** | (76,307) |
| Indian rupees (INR) | **11,012** | 169,852 |
| British pounds (GBP) | **(33,353)** | 125,848 |

## NOTE 27 – FINANCIAL INSTRUMENTS (CONTINUED)

### (d) Market Risk (Continued)

#### *ii) Interest Rate Risk*

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments were:

| | Carrying Amount | |
|---|---|---|
| | **2023** | 2022 |
| | **A$** | A$ |
| **Fixed Rate Instruments** | | |
| Financial assets (short-term deposits included in trade receivables) | **15,000** | 50,000 |
| Financial liabilities (borrowings) | **(774,666)** | (451,355) |
| | **(759,666)** | (401,355) |
| **Variable Rate Instruments** | | |
| Financial assets (cash and cash equivalents) | **938,589** | 4,838,459 |

*Cash flow sensitivity analysis for variable rate instruments*
An increase of 100 basis points in interest rates at the reporting date would have decreased the loss by the amounts shown below. A decrease of 100 basis points in interest rates at the reporting date would have had the opposite impact by the same amount. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

| | **2023** | 2022 |
|---|---|---|
| | **A$** | A$ |
| Impact on profit or loss | **9,386** | 48,385 |

#### *iii) Equity Price Risk*

*Exposure*
The Group's exposure to equity securities price risk arises from the Group's equity securities designated as at FVTPL (refer Note 13). The Group's equity securities are publicly traded on the ASX.

*Equity Price Risk Sensitivity Analysis*
The Group's equity securities designated as at FVTPL are listed on the ASX. For such investments classified as at FVTPL, the impact of a 5% increase in the price of the listed investment would have increased profit or loss by A$1,730 after tax (2022: increased profit or loss by A$3,459 after tax). An equal change in the opposite direction would have decreased profit or loss by A$1,730 after tax (2022: decreased profit or loss by A$3,459 after tax).

*Amounts Recognised in Profit or Loss and Other Comprehensive Income*
The amounts recognised in profit or loss and other comprehensive income in relation to the Group's equity securities designated as at FVTPL are disclosed in Note 4(i).

### (e) Capital Risk Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The capital structure of the Group consists of equity attributable to equity holders of the Company, comprising issued capital, reserves and accumulated losses as disclosed in the consolidated statement of changes in equity.

### (f) Fair Values of Financial Assets and Liabilities

The net fair values of financial assets and liabilities of the Group approximate their carrying values. The Group has no off-balance sheet financial instruments, and no amounts are offset.

## OTHER DISCLOSURES

This section provides information (not already disclosed) on items that are required to be disclosed to comply with Australian Accounting Standards, other regulatory pronouncements and the *Corporations Act 2001*.

### NOTE 28 – AUDITORS' REMUNERATION

| | 2023 A$ | 2022 A$ |
|---|---|---|
| **Audit and review services** | | |
| *Auditors of the Company – PKF Perth* | | |
| Audit and review of financial reports | **114,166** | 69,500 |
| Audit of Joint Operations operated by Synergia Energy Ltd | | |
| Operator proportion only | **-** | 600 |
| | **114,166** | 70,100 |
| *Other Auditors* | | |
| Audit and review of financial reports (India Statutory) | **7,635** | 5,151 |
| Audit and review of financial reports (Cyprus Statutory) | **22,905** | 20,986 |
| | **144,706** | 96,237 |
| **Other services** | | |
| *Auditors of the Company – PKF Perth* | | |
| Taxation compliance services | **7,000** | 9,620 |
| Other consulting services | **-** | 12,000 |
| | **7,000** | 21,620 |
| *Other Auditors* | | |
| Taxation compliance services (India Statutory) | **13,389** | 6,594 |
| Other consulting services | **3,788** | - |
| | **24,177** | 28,214 |
| **Total Auditor Remuneration** | **168,883** | 124,451 |

### NOTE 29 – SUBSEQUENT EVENTS

On 27 July 2023, the Group submitted a bank guarantee of US$124,000 relating to the Cambay field. A further US$124,000 is expected to be submitted by in calendar quarter Q1 2024. See Note 19 for further details on the bank guarantee.

Effective on 1 August 2023, the NSTA granted the CS019 licence for the Camelot area to Synergia Energy CCS Limited and its 50% joint venture partner, Wintershall Dea, with Synergia Energy CCS Limited as operator.

On 7 August 2023, the Company issued 704,545,454 shares at £0.0011 (A$0.0021) per ordinary share pursuant to the placement announced on 25 July 2023. As part of this placement, the Company will also be issuing 13,636,363 unquoted options (exercisable at £0.0011 and expiring on 31 July 2026) to Novum, pursuant to the capital raising advisory agreement relating to this placement. These options are expected to be issued in the coming months.

On 10 August 2023, the Company made its final repayment to JX of US$228,324, settling the Company's liability payable to JX to nil.

Other than the above disclosure, there has not arisen in the interval between the end of the financial year and the date of this report an 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.

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

(a) the consolidated financial statements and notes thereto, as set out on pages 31 to 82, and the Remuneration Report in the Directors' Report, as set out on pages 18 to 27, are 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 performance for the financial year ended on that date; and

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

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

(2) The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2023.

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

Signed in accordance with a resolution of the Directors.

Mr Jonathan Salomon
Non-Executive Chairman

Mr Roland Wessel
Chief Executive Officer

Perth
Western Australia
21 September 2023

# INDEPENDENT AUDITOR'S REPORT

# TO THE MEMBERS OF

# SYNERGIA ENERGY LTD

## Report on the Financial Report

### Opinion

We have audited the accompanying financial report of Synergia Energy Ltd (the Company), 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, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' Declaration of the Company and the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

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

i) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its 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 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

Without modifying our opinion, we draw attention to Note 2(c) in the financial report, which indicated that the consolidated entity incurred a net loss after tax of $5,382,902 during the year ended 30 June 2023 (2022: net loss after tax of $2,061,924). This, along with other matters as set forth in Note 2(c), indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial report of the consolidated entity does not include any adjustments in relation to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

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## Independence

We are independent of the consolidated entity 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

## Key Audit Matters

Key audit matters are matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be key audit matters to be communicated in our report.

**1 – Valuation of Convertible Note**

| Why significant | How our audit addressed the key audit matter |
|---|---|
| As at 30 June 2023, the Company had issued 6,500 convertible notes effective 9 March 2023 at a face value of £100 each totalling £650,000 with a fixed interest rate of 5% pa. In accordance with the terms of the notes issued the investors have an option from 9 December 2023 to convert the loan and interest payable to shares in the Company at a fixed conversion rate of £0.0008 per share.<br><br>Refer to notes 16 and 17 in the consolidated financial statements.<br><br>These conversion features, and the fact that the notes were issued in Great British Pounds (which differs from the Group's functional Australian dollar functional currency) mean that the notes are a compound financial instrument with embedded derivatives which must be separated from the underlying debt component of the issue and accounted for on an individual basis.<br><br>Accounting for embedded derivatives is complex and requires the use of valuation methodologies that rely upon observable and unobservable inputs and assumptions. This creates estimation uncertainty for the amounts recognised in the financial statements.<br><br>For these reasons, we consider the valuation of convertible notes to be a key audit matter. | Our work included, but was not limited to, the following procedures:<br><br>• Reviewed the subscription agreement and other documents related to the convertible notes to obtain an understanding of the underlying terms and conditions;<br>• Reviewing and challenging management's position paper in relation to their assessment of the recognition of the compound financial instrument as a financial liability and/or equity in accordance with the relevant suite of Financial Instrument Accounting Standards;<br>• Reviewing and challenging the valuation methodology utilised and the key assumptions adopted for appropriateness and reasonableness;<br>• Reviewing the accounting treatment at initial recognition and subsequent measurement is in accordance with the relevant suite of Financial Instrument Accounting Standards;<br>• Assessing the appropriateness of the related disclosures in Notes 16 and 17. |

**2 - Carrying value of mine development assets**

| Why significant | How our audit addressed the key audit matter |
| --- | --- |
| At 30 June 2023 the carrying value of development assets was $17,558,182 (2022: $20,310,614), as disclosed in Note 11.<br><br>This amount is comprised by the Project development assets of $11,832,852 (2022: $11,595,853) and Restoration Asset of $5,725,530 (2022: $8,714,761).<br><br>Each year management is required to assess whether there are any indicators that the total project may be impaired in accordance with AASB 136 *Impairment of Assets*. Management's impairment assessment indicated that no impairment was required.<br><br>There is a level of judgement applied in determining the treatment of the development asset in accordance with AASB 138 *Intangible Assets* and whether the asset is impaired in accordance with AASB 136 *Impairment of Assets*.<br><br>The evaluation of the recoverable amount of the development asset requires significant judgement in determining the key assumptions supporting the expected future cash flows of the Project. | Our work included, but was not limited to, the following procedures:<br><br>• Reviewing and challenging management's assessment of the indicators of impairment as at the reporting date;<br>• Reviewing and challenging management's fair value less cost to sell assessment of impairment of the Project;<br>• Ensuring current and valid legal documentation is held for the Project including environmental clearance and government approval obtained; and<br>• Assessing the appropriateness of the related disclosures in Note 11. |

## Other Information

Those charged with governance are responsible for the other information. The other information comprises the information included in the consolidated entity's annual report for the year ended 30 June 2023, 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, with the exception of the Remuneration Report.

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

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

## Responsibilities of 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 consolidated entity's ability 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 consolidated entity or to cease operations, or have 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 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the consolidated entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

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

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

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

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

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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

## Report on the Remuneration Report

### Opinion

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Synergia Energy Ltd for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

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

PKF PERTH

SHANE CROSS
PARTNER

21 September 2023
WEST PERTH,
WESTERN AUSTRALIA

**Shareholder Information as at 5 September 2023**

The address of the principal registered office is Level 24, 44 St Georges Terrace, Perth, Western Australia 6000, Australia (Telephone +61 8 9485 3200).

The name of the Company Secretary is Ms Anshu Raghuvanshi.

Detailed schedules of exploration and production permits held are included in the Business Review.

Directors' interest in share capital options are disclosed in the Directors' Report.

There is currently no on-market buy-back in place.

## Shareholding

(a) Distribution of Shareholdings:

| Size of Holding | Number of Holders | Number of Shares | % of Issued Capital |
|---|---|---|---|
| 1 - 1,000 | 74 | 14,213 | 0.00 |
| 1001 - 5,000 | 36 | 119,324 | 0.00 |
| 5001 - 10,000 | 35 | 267,660 | 0.00 |
| 10,001 - 100,000 | 121 | 6,203,438 | 0.07 |
| 100,001 - 250,000 | 184 | 34,801,067 | 0.38 |
| 250,001 - 500,000 | 150 | 58,797,583 | 0.64 |
| 500,001 - 1,000,000 | 117 | 92,821,639 | 1.02 |
| 1,000,001 and over | 220 | 8,929,311,234 | 97.88 |
| **Total** | **937** | **9,122,336,158** | **100.00** |

(b) Distribution of Optionholdings:

| Size of Holding | Number of Holders | Number of Options | % of Options |
|---|---|---|---|
| 1 - 1,000 | - | - | - |
| 1001 - 5,000 | - | - | - |
| 5001 - 10,000 | - | - | - |
| 10,001 - 100,000 | - | - | - |
| 100,001 - 250,000 | - | - | - |
| 250,001 - 500,000 | - | - | - |
| 500,001 - 1,000,000 | - | - | - |
| 1,000,001 and over | 12 | 449,928,560 | 100.00 |
| **Total** | **12** | **449,928,560** | **100.00** |

(c) Voting Rights:

The voting rights attached to the ordinary shares are governed by the Constitution.

On a show of hands every person present who is a member or representative of a member shall have one vote and on a poll, every member present in person or by proxy or by attorney or duly authorised representative shall have one vote for each share held. None of the options give an entitlement to voting rights.

## Stock Exchange Listing

Quotation has been granted for all the ordinary shares of the Company on the Alternative Investment Market ("AIM") of the London Stock Exchange and trades under the symbol SYN.

**Shareholder Information as at 5 September 2023 (Continued)**

**Register of Securities**

The register of securities is held by Computershare:

- UK branch:
  The Office of the Depositary, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE, United Kingdom (Telephone +44 (0) 370 707 1210)
- Australian branch:
  Computershare Investor Services Pty Limited, Level 17, 221 St Georges Terrace, Perth, Western Australia 6000, Australia (Telephone: 1300 850 505 (within Australia) / +61 (0)3 9415 4000 (outside Australia))

**Unquoted Securities – Options**

Total unlisted options on issue are 449,928,560.

| Class | Number of Unquoted Equity Securities | Number of Holders | Number of Holders Holding 10% or More in the Class |
|---|---|---|---|
| Unlisted options exercisable at £0.0020 expiring 30 April 2024 | 30,000,000 | 1 | 1 |
| Unlisted options exercisable at £0.00238 expiring 31 May 2024 | 25,210,084 | 6 | 6 |
| Unlisted options exercisable at £0.0022 expiring 12 August 2027 | 324,675,324 | 3 | 3 |
| Unlisted options exercisable at £nil expiring 1 April 2028 | 70,043,152 | 4 | 4 |
| **Total** | **449,928,560** | | |

**Unquoted Equity Security Holdings Greater Than or Equal to 10%**

| Unlisted Options Exercisable at £0.0020 Expiring 30 April 2024 | Number of Unlisted Options | Percentage |
|---|---|---|
| Intertrader Limited | 30,000,000 | 100.00 |
| **Total** | **30,000,000** | **100.00** |

| Unlisted Options Exercisable at £0.00238 Expiring 31 May 2024 | Number of Unlisted Options | Percentage |
|---|---|---|
| Colin Rowbury | 4,201,681 | 16.67 |
| Gavin Burnell | 4,201,681 | 16.67 |
| Jon Belliss | 4,201,681 | 16.67 |
| Mike Staten | 4,201,681 | 16.67 |
| Charlie Brook-Partridge | 4,201,680 | 16.67 |
| Hugh McAlister | 4,201,680 | 16.67 |
| **Total** | **25,210,084** | **100.00** |

| Unlisted Options Exercisable at £0.0022 Expiring 12 August 2027 | Number of Unlisted Options | Percentage |
|---|---|---|
| Roland Wessel | 136,363,636 | 42.00 |
| Colin Judd | 100,000,000 | 30.80 |
| Jonathan Salomon <Salomon Family A/C> | 88,311,688 | 27.20 |
| **Total** | **324,675,324** | **100.00** |

### Shareholder Information as at 5 September 2023 (Continued)

### Unquoted Equity Security Holdings Greater Than or Equal to 10% (Continued)

| Unlisted Options Exercisable at £Nil Expiring 1 April 2028 | Number of Unlisted Options | Percentage |
|---|---|---|
| Roland Wessel | 27,272,727 | 38.94 |
| Colin Judd | 18,200,000 | 25.98 |
| Ashish Khare | 16,255,208 | 23.21 |
| Mrs Sharyn Lesley Salomon & Mr Jonathan Arnold Salomon <J A Salomon Super Fund A/C> | 8,315,217 | 11.87 |
| **Total** | **70,043,152** | **100.00** |

### Twenty Largest Shareholders

| Shareholders | Shares Held | % of Issued Capital |
|---|---|---|
| HSBC Global Custody Nominee (UK) Limited <698392> | 1,708,602,497 | 18.73 |
| Hargreaves Lansdown (Nominees) Limited <15942> | 771,218,567 | 8.45 |
| Interactive Investor Services Nominees Limited <SMKTISAS> | 590,269,544 | 6.47 |
| Hargreaves Lansdown (Nominees) Limited <VRA> | 406,859,793 | 4.46 |
| Interactive Investor Services Nominees Limited <SMKTNOMS> | 378,725,546 | 4.15 |
| Hargreaves Lansdown (Nominees) Limited <HLNOM> | 338,147,976 | 3.71 |
| HSBC Global Custody Nominee (UK) Limited <346513> | 327,818,181 | 3.59 |
| Barclays Direct Investing Nominees Limited <Client1> | 301,175,355 | 3.30 |
| HSDL Nominees Limited | 292,136,168 | 3.20 |
| Vidacos Nominees Limited <IGUKCLT> | 215,990,703 | 2.37 |
| HSDL Nominees Limited <Maxi> | 196,766,313 | 2.16 |
| Aurora Nominees Limited <2288700> | 192,310,518 | 2.11 |
| Lawshare Nominees Limited <ISA> | 177,339,118 | 1.94 |
| Vidacos Nominees Limited <FGN> | 161,519,404 | 1.77 |
| Freetrade Nominees Limited <FTPOOL> | 153,214,802 | 1.68 |
| Cantor Fitzgerald Europe <CFE> | 147,136,364 | 1.61 |
| HSBC Client Holdings Nominee (UK) Limited <731504> | 132,438,173 | 1.45 |
| Jim Nominees Limited <Jarvis> | 117,600,559 | 1.29 |
| Spreadex Limited | 113,636,364 | 1.25 |
| HSDL Nominees Limited <IWMAXI> | 112,201,882 | 1.23 |
| **Total** | **6,835,107,827** | **74.93** |
| **Total Issued Shares as at 5 September 2023** | **9,122,336,158** | **100.00** |

**Shareholder Information as at 5 September 2023 (Continued)**

**Substantial Shareholders**

Substantial shareholders of the Company are as follows:

| Substantial Shareholders | Shares Held | % of Issued Capital | Unlisted Options Held |
|---|---|---|---|
| Republic Investment Management Pte Ltd | 1,708,602,497 | 18.73 | - |

| | |
|---|---|
| Associated Gas | Natural gas found in contact with or dissolved in crude oil in the reservoir. It can be further categorised as Gas-Cap Gas or Solution Gas. |
| Barrels/Bbls | Barrels of oil or condensate - standard unit of measurement for all oil and condensate production. One barrel is equal to 159 litres or 35 imperial gallons. |
| BBO | Billion standard barrels of oil or condensate. |
| BCF | Billion cubic feet of gas at standard temperature and pressure conditions. |
| BCFE | Billion cubic feet equivalent of gas at standard temperature and pressure conditions. |
| BOE | Barrels of Oil Equivalent. Converting gas volumes to the oil equivalent is customarily done on the basis of the nominal heating content or calorific value of the fuel. Common industry gas conversion factors usually range between 1 barrel of oil equivalent ("BOE") = 5,600 standard cubic feet ("scf") of gas to 1 BOE = 6,000 scf. (Many operators use 1 BOE = 5,620 scf derived from the metric unit equivalent 1 $m^3$ crude oil = 1,000 $m^3$ natural gas). |
| BOEPD | Barrels of oil equivalent per day. |
| BOPD | Barrels of oil per day. |
| CCGT | Combined cycle gas turbines. |
| CCS | "Carbon Capture and Sequestration" or "Carbon Capture and Storage". |
| $CO_2$ | Carbon dioxide. |
| Contingent Resources | Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable due to one or more contingencies.<br>Contingent Resources may include, for example, projects for which there are currently no viable markets, or where commercial recovery is dependent on technology under development, or where evaluation of the accumulation is insufficient to clearly assess commerciality. Contingent Resources are further categorised in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterised by their economic status. |
| Discovered in place volume | Is that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations prior to production. |
| FISO | Floating injection, storage and offloading. |
| FEED | Front End Engineering Design. |
| GOI | The Government of India. |
| GOR | Gas to oil ratio in an oil field, calculated using measured natural gas and crude oil volumes at stated conditions. The gas/oil ratio may be the solution gas/oil, symbol Rs; produced gas/oil ratio, symbol Rp; or another suitably defined ratio of gas production to oil production. Volumes measured in scf/bbl. |
| LNG | Liquefied natural gas. |
| MMBO | Million standard barrels of oil or condensate. |
| mD | Millidarcy – unit of permeability. |
| MD | Measured Depth. |
| MMbbls | Million barrels of oil or condensate. |

| | |
|---|---|
| MMscfd | Million standard cubic feet (of gas) per day. |
| MSCFD | Thousand standard cubic feet (of gas) per day. |
| MTa | Million tonnes per annum. |
| NSTA | North Sea Transition Authority |
| PI | Participating Interest. |
| Prospective Resources | Those quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations. |
| PSC | Production Sharing Contract. |
| Reserves | Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions.<br>Proved Reserves are those quantities of petroleum, which by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods and government regulations.<br>Probable Reserves are those additional Reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves.<br>Possible Reserves are those additional reserves which analysis of geoscience and engineering data indicate are less likely to be recoverable than Probable Reserves. Reserves are designated as 1P (Proved), 2P (Proved plus Probable) and 3P (Proved plus Probable plus Possible).<br>Probabilistic methods:<br>• P90 refers to the quantity for which it is estimated there is at least a 90% probability the actual quantity recovered will equal or exceed.<br>• P50 refers to the quantity for which it is estimated there is at least a 50% probability the actual quantity recovered will equal or exceed.<br>• P10 refers to the quantity for which it is estimated there is at least a 10% probability the actual quantity recovered will equal or exceed. |
| SCF/BBL | Standard cubic feet (of gas) per barrel (of oil). |
| SCFD | Standard cubic feet (of gas) per day. |
| TCF | Trillion cubic feet of gas at standard temperature and pressure conditions. |
| Tight Gas Reservoir | The reservoir cannot be produced at economic flow rates or recover economic volumes of natural gas unless the well is stimulated by a large hydraulic fracture treatment, a horizontal wellbore, or by using multilateral wellbores. |
| UKCS | The United Kingdom Continental Shelf. |
| Undiscovered in place volume | Is that quantity of petroleum estimated, as of a given date, to be contained within accumulations yet to be discovered. |

**Directors**
Jonathan Salomon
(B APP SC (Geology), GAICD)
*Non-Executive Chairman*

Roland Wessel
*Chief Executive Officer and Director*

Colin Judd
*Chief Financial Officer and Director*

Mark Bolton (B Business)
*Non-Executive Director*

Paul Haywood
*Independent Non-Executive Director*

Peter Schwarz
(B Sc (Geology),
M Sc (Petroleum Geology))
*Independent Non-Executive Director*

**Company Secretary**
Ms Anshu Raghuvanshi
(FCS, FGIA, LLB)

**Registered and Principal Office**
Level 24, 44 St Georges Terrace
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Fax +61 8 9485 3290

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Western Australia 6872
Australia

**India Operations**
**Gujarat Project Office**
2nd Floor, Shreeji Complex
Next to Rituraj Complex
Vasna Road, Village Akota
Vadodara - 390015
Gujarat, India.

**Website**
www.synergiaenergy.com

**Email**
synergiaenergy@synergiaenergy.com

**Synergia Energy Ltd**
ACN 078 652 632
ABN 50 078 652 632

**Stock Exchange Listings**
Synergia Energy Ltd's shares are listed under the code SYN on the Alternative Investment Market ("AIM") of the London Stock Exchange ("LSE").

**AIM Nominated Adviser**
Strand Hanson Limited
26 Mount Row
London W1K 3SQ
United Kingdom

**AIM Joint Brokers**

Novum Securities Limited
2nd Floor, 7-10 Chandos Street
London W1G 9DQ
United Kingdom

Panmure Gordon
40 Gracechurch Street
London EC3V 0BT
United Kingdom

**Share Registries**

The Office of the Depositary
Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS13 8AE
United Kingdom
Ph. +44 (0) 370 707 1210
Website: www.computershare.com/uk

Computershare Investor Services Pty Limited
Level 17
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Perth, Western Australia 6000
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Ph: 1300 850 505 (within Australia)
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Website: www.computershare.com/au

**Auditors**
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SynergiaEnergy

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