



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

16 March 2021

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

Dear Sir/Madam

**RE: LODGEMENT OF HALF-YEAR FINANCIAL REPORT AT 31 DECEMBER 2020**

Please find attached the Interim Financial Report of Prominence Energy NL for the half-year ended 31 December 2020.

Yours faithfully  
**PROMINENCE ENERGY NL**

Anna MacKintosh  
**Company Secretary**



## **INTERIM FINANCIAL REPORT**

**FOR THE HALF-YEAR ENDED 31 DECEMBER 2020**

**Prominence Energy NL**

West Perth, Western Australia 6005  
ASX Code: PRM  
ABN: 69 009 196 810

# CONTENTS

Corporate Directory	2
Directors' Report	3
Directors' Declaration	6
Auditors' Independence Declaration	7
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income	8
Condensed Consolidated Statement of Financial Position	9
Condensed Consolidated Statement of Changes in Equity	10
Condensed Consolidated Statement of Cash Flows	11
Notes to and Forming Part of the Condensed Consolidated Financial Statements	12
Independent Auditor's Review Report to the Members	22

# CORPORATE DIRECTORY

## Directors

### Mr Ian McCubbing

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

### Mr Alexander Parks

GAICD, MEng  
Chief Executive Officer and Managing Director

### Mr Patrick Glovac

B.Com , Dip Mngt  
Non-Executive Director

## Company Secretary and CFO

### Mrs Anna MacKintosh

BComm, CPA

## Registered Office

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

## Corporate Manager

### United States

#### Vistra San Francisco

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

## Auditors

### HLB Mann Judd (WA Partnership)

Level 4, 30 Stirling street  
Perth, Western Australia 6000

## Solicitors

### Australia

#### GTP Legal

68 Aberdeen Street,  
Northbridge, Western Australia 6003

### United States

#### Mr Faisal A. Shah, PLLC

#### Attorney at Law

2100 West Loop South.  
Suite 1601  
Houston, TX 77027

## Share Registry

### Computershare Investor Services Pty Limited

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

## Bankers

### National Australia Bank Limited

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

## Home Exchange

### Australian Stock Exchange Limited

Exchange Plaza  
2 The Esplanade  
Perth, Western Australia 6000

**ASX Code: PRM**

**ABN: 69 009 196 810**

## DIRECTORS' REPORT

The Directors of Prominence Energy NL present their report on the Consolidated Entity consisting of Prominence Energy NL ("Prominence" or "Company") and the entities it controlled ("Consolidated Entity" or "Group") at the end of, or during, the half-year ended 31 December 2020.

### DIRECTORS

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

Mr I J McCubbing	Director – Chairman and Non-Executive (appointed 25 <sup>th</sup> October 2016)
Mr A B Parks	Managing Director – Executive (appointed 2 <sup>nd</sup> November 2017)
Mr P Glovac	Director – Non-Executive (appointed 23 <sup>rd</sup> August 2019)
Mr W F Bloking	Director – Non-Executive (appointed 25 <sup>th</sup> October 2016, resigned 10 <sup>th</sup> August 2020)

Unless otherwise stated each Director held their office from 1 July 2020 until the date of this report.

### PRINCIPAL ACTIVITIES

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

### DIVIDENDS

No dividends have been declared, provided for or paid in respect of the half-year to 31 December 2020.

### CONSOLIDATED RESULTS

The consolidated net profit for the Consolidated Entity for the period under review was \$897,719 (2019: (\$714,430)).

### EVENTS OCCURRING AFTER REPORTING PERIOD

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

In January 2021, the Company has agreed to place 114,285,714 shares at an issue price of \$0.007 per share to raise \$800,000 before costs. The placement was made to a combination of existing major shareholders and new sophisticated investors using the Company's placement capacity under listing rule 7.1 and 7.1A.

The funds will be used for working capital, advancement of the Bowsprit farm-out and to fund reviews of prospective new assets for the Company. As disclosed in the Prospectus dated 8 September 2020 and our subsequent quarterly report, the Company is reviewing prospective assets to add to the portfolio.

The Bowsprit Leases have been extended to March 2022- The Pinnacle buy-out deal has had the Completion date also extended to the earlier of the first well being drilled or March 2022.

Other than as disclosed above, no event has occurred since 31 December 2020 that would materially affect the operations of the Consolidated Entity, the results of the Consolidated Entity, or the state of affairs of the Consolidated Entity not otherwise disclosed in the Consolidated Entity's financial statements.

# DIRECTORS' REPORT

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

## REVIEW OF OPERATIONS

The Prominence Board has been focussed on identifying oil and gas development asset opportunities that deliver near-term oil production with breakeven economics below a US\$40 per barrel benchmark price in today's dollars.

Prominence has made a strategic shift to development of oil reserves in a neglected portion of the Gulf of Mexico. The Company's current focus area is the Breton Sound area, Louisiana.

## UNITED STATES OF AMERICA

### OIL AND GAS EXPLORATION AND DEVELOPMENT

**Bowsprit Oil Project ("Bowsprit")** (Lease No. 21754 & 21787) - Prominence 50% working interest (100% on completion of buy out of Pinnacle).

The Bowsprit leases are located approximately 70km southeast of New Orleans in approximately 3m of water. Bowsprit is assessed to contain an undeveloped conventional Miocene aged oil sand at a depth of approximately 7,400ft (2,255m) that is located above a deeper, 9,500ft gas field that was developed in 1960s by Shell. Consequently, the Bowsprit field contains 14 vertical well penetrations and has demonstrated producible oil from an upper Miocene sand. The 30ft thick oil sand was flowed successfully in 1960s from four wells and produced approximately 75,000 bbls of oil, but full field development was not practical with the vertical well technology of the time (~100bopd declining to 40 bopd / well).

PRM plans to drill a vertical pilot hole to evaluate the prospective reservoirs and then pull back and deviate the well to place a horizontal well between former production wells in the proven (flowed) Upper Miocene Sand. The field will be rapidly placed on production either by low cost tie-back to a near-by facility for early cashflow and/or, if the Lower Miocene reservoir (prospective resources) are present and the accumulation is sizable, via a dedicated new unmanned production facility with additional development drilling.

#### Farm-Out Progress

Subject to completion of the Pinnacle buyout, PRM now has a 100% working interest and is Operator of the Leases. PRM is seeking a new partner(s) to join the project. The Company and its agents are now re-engaging with interested parties (activity was curtailed due to COVID 19).

#### Land Status (net acres of mineral leases)

Below is a table showing PRM's net acres of oil and gas mineral leases in the project area.

Oil Project Area	PRM's Working Interest (%WI)	PRM's Net Revenue Interest (%NRI)	Project area Gross Acres (1ha = 2.471ac)	PRM's Net Acres (1ha = 2.471ac)
Bowsprit SL21754	50%	39.5%	1,000	500
Bowsprit SL21787	50%	39.5%	154	77
<b>TOTAL</b>	-	-	<b>1,154</b>	<b>577</b>

*(Total acres as at 31 December 2020)*

In July 2019, PRM announced a buyout of the co-lessee to move to 100% Working interest and 74% net revenue interest in both leases and thus increase the Company's net interest to 1154 net acres. This deal is not yet completed. During the December 2020 half, the deadline for completion was extended with Pinnacle to March 2021 and subsequently to March 2022.

# DIRECTORS' REPORT

## REVIEW OF OPERATIONS (CONTINUED)

### Forward Plan

Whilst seeking to progress the farm-out and drilling of Bowsprit, the Company is also actively reviewing potential new projects to add to the portfolio.

## CORPORATE

### Annual General Meeting

The Company held the AGM on 27 November 2020, seven resolutions were put to shareholders and all were passed.

### Rights Issue

The company conducted a Rights Issue during the December 2020 half which closed in October 2020, and the shortfall was successfully placed. A total of 240,791,173 shares were issued to raise \$1,203,956 before costs. The Rights offer allowed for one free attaching option for every 2 shares allotted, exercisable at \$0.02 each on or before September 2023. The Rights Issue entitlement applications for 158,922,395 shares represented a 66% take up of entitlements, with shareholders applying for the remaining shortfall.

Part of the funds raised were used to repay loans and settle a convertible note with Winform Nominees. PRM was able to clear a majority of its debt.

## CASH MANAGEMENT

Prominence held net cash of \$518,018 at the end of December 2020.

## ENVIRONMENTAL REGULATION

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

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

## LIKELY DEVELOPMENTS

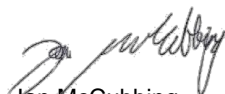
The review of operations of the Consolidated Entity provides an indication, in general terms of the likely developments and the expected results of future operations for the remainder of 2021.

## AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 on page 7 forms part of the Directors' Report for the half-year ended 31 December 2020.

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

## ON BEHALF OF THE DIRECTORS



Ian McCubbing

### Chairman

Perth, Western Australia

Dated this 16<sup>th</sup> day of March 2021

## DIRECTORS' DECLARATION

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

- a) the consolidated financial statements and notes that are set out on pages 8 to 20 are in accordance with the Corporations Act 2001, including:
    - (i) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the financial year ended on that date; and
    - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the half year ended 31 December 2020.
  3. The Directors draw attention to Note 1 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with the resolution of the Directors:



**Mr Alexander Parks**  
**Managing Director**  
Perth, Western Australia  
16 March 2021



**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of the consolidated financial report of Prominence Energy NL for the half-year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Perth, Western Australia  
16 March 2021



**B G McVeigh**  
Partner

**h**l**b.com.au**

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

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

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

Liability limited by a scheme approved under Professional Standards Legislation.

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2020

	Note	Consolidated	
		31 December 2020 \$	31 December 2019 \$
Other income	14	39,078	3,053
Forgiveness of Directors fees and Winform loan	14	1,212,856	-
Administration expense		(181,038)	(238,613)
Depreciation expense		-	(3,051)
Employee benefits expense		(166,679)	(392,379)
Finance expense		23,262	(33,138)
Occupancy expense		(9,442)	(17,489)
Share based payment expense	8	(20,318)	(32,813)
<b>Profit/(Loss) before income tax expense</b>		<b>897,719</b>	<b>(714,430)</b>
Income tax expense		-	-
<b>Profit/(Loss) for the year after income tax</b>		<b>897,719</b>	<b>(714,430)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign exchange translation reserve movement		120,179	(22,609)
<b>Other comprehensive income/(loss) for the period, net income tax</b>		<b>120,179</b>	<b>(22,609)</b>
<b>Total profit/(loss) and other comprehensive income/(loss) for the period attributable to owners of Prominence Energy NL</b>		<b>1,017,898</b>	<b>(737,039)</b>
<b>Profit/(Loss) per share attributable to the members of Prominence Energy NL</b>			
Basic Profit/(Loss) per share (cents)		0.27	(0.06)
Diluted Profit/(Loss) per share (cents)		0.27	-

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2020

	Note	Consolidated	
		31 December 2020 \$	30 June 2020 \$
<b>Current assets</b>			
Cash and cash equivalents		518,018	58,501
Other receivables		10,611	27,599
<b>Total current assets</b>		<b>528,629</b>	<b>86,100</b>
<b>Non-current assets</b>			
Exploration and evaluation expenditure	3	1,251,447	1,150,351
<b>Total non-current assets</b>		<b>1,251,447</b>	<b>1,150,351</b>
<b>Total assets</b>		<b>1,780,076</b>	<b>1,236,451</b>
<b>Current liabilities</b>			
Trade and other payables	5	1,170,059	1,706,111
Borrowings	6	1,863	1,705,164
Provisions	15	72,158	29,726
<b>Total current liabilities</b>		<b>1,244,080</b>	<b>3,441,001</b>
<b>Total liabilities</b>		<b>1,244,080</b>	<b>3,441,001</b>
<b>Net assets/(liabilities)</b>		<b>535,996</b>	<b>(2,204,550)</b>
<b>Equity</b>			
Contributed equity	7	122,056,200	120,483,368
Share-based payment reserve		13,145,288	12,995,472
Foreign exchange translation reserve		17,989,109	17,868,930
Accumulated losses		(152,654,601)	(153,552,320)
<b>Total Equity/(Deficiency)</b>		<b>535,996</b>	<b>(2,204,550)</b>

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Attributable to equity holders of the Company				Total equity
	Share capital	Accumulated losses	Share-based payments reserve	Foreign exchange translation reserve	
	\$	\$	\$	\$	\$
<b>2020</b>					
<b>Balance at the 1 July 2020</b>	<b>120,483,368</b>	<b>(153,552,320)</b>	<b>12,995,472</b>	<b>17,868,930</b>	<b>(2,204,550)</b>
Total comprehensive loss for the year					
Profit for the year	-	897,719	-	-	897,719
Other comprehensive income:					
Exchange differences on translation of Foreign Entities	-	-	-	120,179	120,179
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>120,179</b>	<b>120,179</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>897,719</b>	<b>-</b>	<b>120,179</b>	<b>1,017,898</b>
Transactions with owners, in their capacity as owners:					
Share-based payment transactions	-	-	149,816	-	149,816
Contributions by and distributions to owners:					
Contributions of equity	1,711,909	-	-	-	1,711,909
Equity transaction costs	(139,077)	-	-	-	(139,077)
<b>Total transactions with owners</b>	<b>1,572,832</b>	<b>-</b>	<b>149,816</b>	<b>-</b>	<b>1,722,648</b>
<b>Balance at the 31 December 2020</b>	<b>122,056,200</b>	<b>(152,654,601)</b>	<b>13,145,288</b>	<b>17,989,109</b>	<b>535,996</b>
	Attributable to equity holders of the Company				Total equity
	Share capital	Accumulated losses	Share-based payments reserve	Foreign exchange translation reserve	Total equity
	\$	\$	\$	\$	\$
<b>2019</b>					
<b>Balance at the 1 July 2019</b>	<b>119,786,868</b>	<b>(152,515,941)</b>	<b>12,811,165</b>	<b>17,914,013</b>	<b>(2,003,895)</b>
Total comprehensive loss for the year					
Loss for the year	-	(714,430)	-	-	(714,430)
Other comprehensive loss:					
Exchange differences on translation of Foreign Entities	-	-	-	(22,609)	(22,609)
<b>Total other comprehensive loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(22,609)</b>	<b>(22,609)</b>
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>(714,430)</b>	<b>-</b>	<b>(22,609)</b>	<b>(737,039)</b>
Transactions with owners, in their capacity as owners:					
Share-based payment transactions	-	-	197,080	-	197,080
Contributions by and distributions to owners:					
Contributions of equity	827,000	-	-	-	827,000
Equity transaction costs	(38,788)	-	-	-	(38,788)
<b>Total transactions with owners</b>	<b>788,212</b>	<b>-</b>	<b>197,080</b>	<b>-</b>	<b>985,292</b>
<b>Balance at the 31 December 2019</b>	<b>120,575,080</b>	<b>(153,230,371)</b>	<b>13,008,245</b>	<b>17,891,404</b>	<b>(1,755,642)</b>

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Note	Consolidated	
		31 December 2020 \$ Inflows (Outflows)	31 December 2019 \$ Inflows (Outflows)
<b>Cash flows from operating activities</b>			
Receipts from rental and other income		42,508	2,936
Payments to suppliers and employees		(536,600)	(551,805)
Interest received		-	117
<b>Net cash flow (used in) operating activities</b>		<b>(494,092)</b>	<b>(548,752)</b>
<b>Cash flows from investing activities</b>			
Payments for exploration costs		(112,704)	(252,554)
Capital Expenditure		-	(1,545)
<b>Net cash flow (used in) investing activities</b>		<b>(112,704)</b>	<b>(254,099)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		1,338,261	827,000
Share issue costs		(14,517)	(38,788)
Proceeds from Loans		-	257,500
Repayment of Loans		(256,629)	(85,204)
<b>Net cash inflow from financing activities</b>		<b>1,067,115</b>	<b>960,508</b>
<b>Net increase/ (decrease) in cash and cash equivalents held</b>		<b>460,319</b>	<b>157,657</b>
Cash and cash equivalents at the beginning of the financial year		58,501	40,136
Effects of exchange rate changes on cash and cash equivalents		(802)	-
<b>Cash and cash equivalents at the end of the financial half year</b>		<b>518,018</b>	<b>197,793</b>

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

# NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

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

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

These interim financial statements for the half-year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard 134 “Interim Financial Reporting” and the Corporations Act 2001. The half-year financial statements do not include all of the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial statements. Accordingly, these half-year financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2020 and any public announcements made by Prominence during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

### Adoption of new and revised Accounting Standards

#### *Standards and Interpretations applicable to 31 December 2020*

In the half-year ended 31 December 2020 the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group’s operations and effective for annual reporting periods beginning on or after 1 July 2020.

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

The Directors have also reviewed all new Standards and Interpretations in issue not yet adopted for the half-year ended 31 December 2020. As a result of this the Directors have determined that there is no impact, material or otherwise, of the standards and interpretations in issue not yet adopted on the Group’s business and, therefore, no change is necessary to the Group’s accounting policies.

### Going Concern

The Group recorded a net profit of \$897,719 [2019: loss of \$714,430] and recorded operating cash outflows of \$494,092 (2019: \$548,752) for the half-year ended 31 December 2020. At 31 December 2020 the Group has net assets of \$535,996 (June 2020: net liabilities of \$2,204,550) and a net current liability position of \$715,451 (June 2020: net current liabilities of \$3,354,901) and no contractual commitments in 2020 (June 2019: \$Nil). A significant portion of the total trade and other payables balance of \$1,009,651 is held in the US subsidiaries of Prominence Energy NL and are being fenced to the Subsidiaries in which they are recorded. (Note 5).

The ability of the Group to continue as a going concern is dependent on securing additional funding through farming out a percentage of the Bowsprit Oil project and capital raisings as and when required. These conditions indicate a material uncertainty that may cast a significant doubt about the Group’s ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Notwithstanding the above, the Directors of the Group have prepared the financial statements on a going concern basis. Fund raising efforts in the 2020 calendar year and a further placement raising \$800,000 (before costs) in January 2021 supports this. The Company is planning to farm out a percentage of the Bowsprit Oil Project to fund the appraisal drilling program planned for the Project.

Over the course of the next 12 months, the Directors consider that there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable and that the going concern basis of preparation remains appropriate when preparing the half year financial report.

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

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

## 2. Segment Information

### a Description of segments

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

### b Segment information provided to the Board

The following tables present, revenue, expenditure and certain asset information regarding geographical segments for the half-year ended 31 December 2020.

<b>31 December 2020</b>	Australia \$	USA \$	Unallocated \$	Consolidated \$
Revenue - oil and gas sales	-	-	-	-
Other income	1,251,934	-	-	1,251,934
<b>Total segment revenue</b>	<b>1,251,934</b>	-	-	<b>1,251,934</b>
Segment result after income tax	897,719	-	-	897,719
Total segment assets	528,629	1,251,447	-	1,780,076
Segment liabilities	234,429	1,009,651	-	1,244,080
Segment amortisation and depreciation	-	-	-	-

<b>31 December 2019</b>	Australia \$	USA \$	Unallocated \$	Consolidated \$
Revenue - oil and gas sales	-	-	-	-
Other income	3,053	-	-	3,053
<b>Total segment revenue</b>	<b>3,053</b>	-	-	<b>3,053</b>
Segment result after income tax	(714,430)	-	-	(714,430)
Total segment assets	238,784	1,029,042	-	1,267,826
Segment liabilities	1,913,515	1,109,953	-	3,023,468
Segment amortisation and depreciation	3,051	-	-	3,051

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

**3. Exploration and Evaluation Expenditure**

	<b>Consolidated</b>	
	<b>31 December 2020 \$</b>	<b>30 June 2020 \$</b>
Carried forward	1,150,351	775,495
Net expenses incurred in the year and capitalised	101,096	374,856
Foreign exchange movement	-	-
Net carrying value	<b>1,251,447</b>	<b>1,150,351</b>

**a) Carrying value of capitalised expenditure**

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

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

**4. Investments**

	<b>Consolidated</b>	
	<b>31 December 2020 \$</b>	<b>30 June 2020 \$</b>
Carrying value - opening	12,762	12,762
Write down to fair value	(12,762)	(12,762)
Foreign Exchange movement	-	-
Net carrying value - closing	-	-

The Company acquired 500,000 shares in Pinnacle Exploration Pte Ltd ("Pinnacle") for \$48,204 on the 14 July 2017. Prominence acquired an additional 1,500,000 shares in Pinnacle for \$144,274 on the 4 January 2018. The acquisition of the shares in Pinnacle was linked to the acquisition of the Bowsprit Oil Project Lease SL 21754. On 25<sup>th</sup> July 2019 the Company signed a binding MOU to acquire the Subsidiary of Pinnacle that owns the 50% share of the Bowsprit Lease for USD250,000. This agreement was extended to March 2021 during the December 2020 half year and subsequently to March 2022. Management has assessed the current value of the Pinnacle investment remains as A\$ Nil as reported in the 30 June 2020 Financial accounts.



NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

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

	<b>Consolidated</b>	
	<b>31 December 2020</b>	<b>30 June 2020</b>
	<b>\$</b>	<b>\$</b>
Trade and Other Payables	284,071	711,811
Richland Bankruptcy	236,735	265,756
Weatherford Dispute	649,253	728,544
<b>Total Trade and Other Payables</b>	<b>1,170,059</b>	<b>1,706,111</b>

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

A significant portion of the total trade and other payables balance of \$1,170,059 (30 June 2020: \$1,706,111), is held in the US subsidiaries of Prominence Energy NL and are ring fenced to the Subsidiaries in which they are recorded. Sun Delta Inc, in particular, holds \$885,988 of the total trade payables as detailed below.

**(i) Trade and Other Payables**

Trade and other Payables represent liabilities for goods and services provided to the Group prior to the end of the December 2020 half year which remain unpaid. The balance includes trade creditors of \$129,583, accrued charges \$34,560, and superannuation payable \$23,494

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

Sun Delta Inc, a wholly owned subsidiary Company of Sun Resources NL, was previously involved in a dispute with the operator of the Beeler Oil Project, Richland Resources Corp. In 2013, Sun Delta Inc announced that Richland Resources Corp, a company operating in the United States of America was removed as operator by the non-operating working interest owners in the Beeler Oil Project. Richland Resources Corp. had failed to pay certain vendors and these vendors then filed liens against the entire Beeler Oil Project, including Sun Delta Inc's 16.67% non-operating working interest. Richland Resources Corp. subsequently filed for Bankruptcy. The Trustee obtained judgement against Sun Delta and Sun Delta Inc.'s liability to the Bankruptcy Trustee is US\$172,000 with no specified due date of payment. The Trustee has not taken action to recover the amount due. The Group has recognised a US\$172,000 (30 June 2020: US\$172,000) liability as part of trade and other payables.

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

**(iii) Weatherford Dispute – Sun Delta Inc**

In May 2015, Sun Delta Inc. assigned to Amerril Energy LLC ("Amerril"), then Operator of the Seale Production unit, its claims against Weatherford Inc. ("Weatherford") for related damages concerning the Seale #1H well, with Amerril to keep all awarded damages, if any. If Weatherford obtained damages or other compensation against an Amerril Entity of less than one million US dollars, Sun Delta agreed to pay 50% of such amount. If any compensation amount due to Weatherford from an Amerril Entity was in excess of one million dollars, Sun Delta agreed to pay Amerril US\$500,000 with Amerril retaining the rights to seek additional damages and compensation from Sun Delta. Any such claim by Amerril would, however require a lawsuit by Amerril against Sun Delta and Sun Delta would have all of its rights and defences in such a lawsuit. The Group has recognised a US\$500,000 (2019: US\$500,000) liability as part of trade and other payables.

On 18 April 2017, Sun Delta Inc received a Notice of Demand from Amerril. This Notice informed Sun Delta Inc of a judgement obtained by Weatherford Inc. against Amerril for more than US\$1,000,000 in January 2017. The Notice demanded that Sun Delta Inc. pay Amerril US\$500,000 within 15 days, in accordance with terms of a Settlement Agreement executed between Sun Delta Inc. and Amerril on the 8 May 2015. In terms of the Notice Amerril also reserved its rights to possibly take further legal action.

Sun Delta Inc. has no operating assets, cash or leases and has no capacity to make any payment. Any potential liability to the Sun Group is limited to the subsidiary Sun Delta Inc. Therefore, there is a potential claim by Amerril against Sun Delta Inc. for an amount in excess of the \$500,000 already provided.

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

## 6. Borrowings

### Current

	Consolidated	
	31 December 2020 \$	30 June 2020 \$
Director Loans <sup>(1)</sup>	-	103,549
Principal value of convertible loans <sup>(2)</sup>	-	1,535,217
Derivative Liability	-	50,000
Credit Card facility	1,863	16,398
<b>Current liability</b>	<b>1,863</b>	<b>1,705,164</b>

- (1) During the December 2020 half year all Director loans were repaid and partially forgiven resulting in a nil balance at 31 December 2020.  
Refer also Note 11 for details of amounts repaid
- (2) All Convertible Note facility agreements were settled during the December 2020 half year (see below).

### Convertible loans

	Consolidated	
	31 December 2020 \$	30 June 2020 \$
Reconciliation of movement in convertible notes		
<b>Movement in convertible notes on issue</b>		
Balance at the beginning of the year	1,265,026	957,806
Issued during the year	-	275,000
Capitalised borrowing costs	17,781	(17,780)
Accreted interest	-	50,000
Forgiven amount	(1,019,872)	-
Converted amount (29 July 2020 and 12 October 2020)	(341,253)	-
Converted amount – other settlement (cash and options)	(195,000)	-
Non-current liability	<b>(273,318)</b>	<b>1,265,026</b>
<b>Movement in interest payable on convertible notes on issue</b>		
Balance at the beginning of the year	270,191	209,011
Interest on convertible notes for the period	3,127	61,180
	<b>273,318</b>	<b>270,191</b>
<b>Closing Balance Convertible Notes</b>	<b>-</b>	<b>1,535,217</b>

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

**6. Borrowings cont.**

**Winform Convertible Loan Facility**

In August 2020, the Company has reached an agreement with Winform Nominees Pty Ltd (ACN 152 706 717) (**Winform**) in respect of the loan the subject of the Converting Loan Agreement entered into in February 2015 that is repayable on the earlier of 31 March 2021 and the Company entering into a “Transaction” (capital raising of at least \$15 million or takeover). Due to the delay in the Company finalising a farm-out of its interest in the Bowsprit Project due to COVID-19, the debt the subject of the Converting Loan Agreement has been restructured in a deal that is acceptable to both parties. Under this deal, Winform agreed to accept the following consideration of releasing the Company of its obligations under the Converting Loan Agreement and as consideration for the release of the security provided for the loan:

- \$150,000 payable by the Company to Winform from the proceeds of the Rights Issue.
- the issue by the Company of 15 million Options at deemed issue price of \$0.003 for a total value of \$45,000 (exercise price of 2c per option, expiry date of 1 October 2023; and
- a 1% royalty granted by its subsidiary, Sun Louisiana LLC, on the Company’s net production of hydrocarbons produced from the Bowsprit Project.

Settlement of this Converting Loan Agreement occurred in December 2020. A total of \$1,019,872 was recorded as forgiveness of debt, refer note 14

**7. Contributed Equity**

**a) Contributed Capital**

490,572,072 fully paid ordinary shares (June 2020: 131,955,682 on consolidated basis)

<b>Consolidated</b>	
<b>31 December 2020</b>	<b>30 June 2020</b>
<b>\$</b>	<b>\$</b>
122,056,200	126,879,386

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

**b) Movements in shares on issue**

	<b>Date</b>	<b>Number of Shares</b>	<b>Capital \$</b>
<b>31 December 2020</b>			
<b>Ordinary shares</b>			
Opening balance (consolidated)	1 July 2020	131,955,682	120,483,368
Convertible note Conversion	29 July 2020	78,823,491	315,294
Share Placement	11 August 2020	30,000,000	150,000
Option conversion	14 September 2020	12,000	1,200
Rights Issue	7 October 2020	155,547,395	777,737
Issue of shares to Director	7 October 2020	3,375,000	16,875
Shortfall to rights Issue	9 October 2020	81,868,778	409,344
Convertible Note conversion	12 October 2020	6,489,726	25,959
Shares in lieu of Fee for services	12 October 2020	2,000,000	12,000
Shares in lieu of Fee for services	22 December 2020	500,000	3,500
Issue costs of share capital			(139,077)
Closing balance		<b>490,572,072</b>	<b>122,056,200</b>

	<b>Date</b>	<b>Number of Shares</b>	<b>Capital \$</b>
<b>30 June 2020</b>			
<b>Ordinary shares</b>			
Opening balance	1 July 2019	881,057,588	119,786,868
Share Placement	18 July 2019	60,000,000	120,000
Share Placement	31 July 2019	15,000,000	30,000
Share Placement	26 August 2019	363,500,000	727,000
Funds received in advance		-	(50,000)
Issue costs of share capital			(130,500)
Closing balance		<b>1,319,557,588</b>	<b>120,533,368</b>
Consolidated Closing Balance		<b>131,955,682</b>	<b>120,533,368</b>

# NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

## 8. Share-based Payments

### (a) Performance Rights issued in the prior year

The Company has on issue 2,250,000 performance rights (on a consolidated basis) to Mr. Alexander Parks on the following terms:

Number of rights issued	: 2,250,000
Grant Date	: 30 November 2017
Expiry/Exercise date	: 30 November 2022
Exercise price	: Nil
Rights life	: 5 years
Value at grant date	: \$0.03 (consolidated basis)

One performance right can be converted into one ordinary share.

The total fair value of the performance rights was calculated to be \$67,750 at grant date (\$0.03 per right, on a consolidated basis) which is the spot share price at grant date. This share based expense will be apportioned over the estimated period to achieve the various milestones.

The performance rights will vest on achieving the following milestones in the Bowsprit Oil Project:

- Tranche A – successful farming out of the first well
- Tranche C – achieving 60 days of commercial production within 75 days

The Company has assessed the probability of achieving these milestones by the exercise date and the date when they will be achieved as follows:

- Tranche A – Probable – 30 June 2021
- Tranche B - Lapsed
- Tranche C – Probable – 31 December 2021

As a result the Company has recognised share based payments of \$4,817 during the period:

- Tranche A – \$1,222
- Tranche C – \$3,595

The probability is reassessed at each reporting date.

### (b) Share based Payments to Consultants in lieu of fees (expensed)

The following share based payments were made to Consultants of the Company in lieu of fees

- 12 October 2020 issue of 2 million shares (valued at closing share price 12 October \$0.006) - \$12,000
- 23 December 2020 issue of 500,000 shares (valued at closing share price 23 Dec 2020 \$0.007) - \$3,500

### (c) Share based Payment to Lead manager /Corporate Advisor

A total of 50 million listed options were issued to the GTT Ventures Pty Ltd as the Lead Manager and Corporate Advisor in the Placement and Rights Issue conducted during the December 2020 half. These options were approved by shareholders at the AGM held 27 November 2020. The options were valued at \$0.002 which was the trading price of the listed options on the day of grant.(27 November 2020).

This share based payment amounted to \$100,000.

# NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

## (d) Share based Payment to Winform

A total of 15 million listed options were issued to Winform as part settlement of the loan. These options were approved by shareholders at the AGM held 27 November 2020. The options were valued at \$0.003 which was the trading price of the listed options on the date of issue.

This share-based payment amounted to \$45,000.

## 9. Contingencies

Other than the potential claim from Amerril for an amount in excess of \$500,000 as described in Note 5, there are no other contingent liabilities or assets as at 31 December 2020.

## 10. Capital and Leasing Commitments

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

## 11. Related Parties Transactions

During the period the following related party transaction occurred:

### Directors Loans

The Directors in the previous financial year entered into loans to support the Company with short term working capital. The following loan amounts were in place and repaid during the December 2020 half year:

I McCubbing \$67,500 principal repaid October 2020 \$84,114.35 (includes interest \$16,614.35)

W Bloking \$15,000 principal repaid October 2020 \$22,514.59 (includes interest \$7,514.59)

### Convertible Notes

I McCubbing loaned the Company \$50,000 via a Convertible Note facility agreement in the previous financial year. The agreement was settled on the 29<sup>th</sup> July 2020 via the issue of 12,717,596 shares at a deemed price of \$0.004 for a total value of \$50,870. This included the interest component of \$870 which was repaid in shares.

Patric Glovac via GTT Global Opportunities Pty Ltd loaned the Company \$150,000 via a convertible Note facility agreement in the previous financial year. The agreement was settled in July and October 2020 via the issue of 39,648,222 shares at a deemed price of \$0.004 for a total value of \$158,593. This included the interest component of \$8,593 which was repaid in shares.

All Convertible Notes on issue were settled during the December 2020 half, on the same terms and conditions as detailed above.

## 12. Events Subsequent to Reporting Date

In January 2021, the Company has agreed to place 114,285,714 shares at an issue price of \$0.007 per share to raise \$800,000 before costs. The placement was made to a combination of existing major shareholders and new sophisticated investors using the Company's placement capacity under listing rule 7.1 and 7.1A.

The funds will be used for working capital, advancement of the Bowsprit farm-out and to fund reviews of prospective new assets for the Company. As disclosed in the Prospectus dated 8 September 2020 and our subsequent quarterly report, the Company is reviewing prospective assets to add to the portfolio.

The Bowsprit Leases have been extended to March 2022- The Pinnacle buy-out deal has had the Completion date also extended to the earlier of the first well being drilled or March 2022.

Other than as disclosed above, no event has occurred since 31 December 2020 that would materially affect the operations of the Consolidated Entity, the results of the Consolidated Entity, or the state of affairs of the Consolidated Entity not otherwise disclosed in the Consolidated Entity's financial statements.

NOTES TO AND FORMING PART OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

### 13. Financial Instruments

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

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

The Group holds the following financial instruments:

	31 December 2020	30 June 2020
	\$	\$
<b>Financial Assets</b>		
Cash and cash equivalents	518,018	58,501
Other receivables	10,611	27,599
	<b>528,629</b>	<b>86,100</b>
<b>Financial Liabilities</b>		
Trade and other payables (at amortised cost)	1,206,293	1,706,111
Borrowings	1,863	1,705,164
Total Payables	<b>1,208,156</b>	<b>3,411,275</b>

### 14. Revenue

	31 December 2020	31 December 2019
	\$	\$
Other Income	-	3,053
Job Keeper and ATO Cash boost stimulus	39,078	-
Forgiveness Winform loan	1,019,872	-
Forgiveness of Directors fees and salaries	192,984	-
	<b>1,251,934</b>	<b>3,053</b>

### 15. Provisions

	31 December 2020	30 June 2020
	\$	\$
Provisions	72,158	29,726

(i) Approximately \$36,000 of this provision relates to a dispute with a creditor.

## **INDEPENDENT AUDITOR'S REVIEW REPORT**

To the members of Prominence Energy NL

### **Report on the Condensed Interim Financial Report**

#### *Conclusion*

We have reviewed the accompanying interim financial report of Prominence Energy NL ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2020, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### *Basis for conclusion*

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

#### *Material uncertainty related to going concern*

We draw attention to Note 1 in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

#### *Responsibility of the directors for the financial report*

The directors of the company are responsible for the preparation of the interim 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 interim financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

**hlb.com.au**

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

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

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

Liability limited by a scheme approved under Professional Standards Legislation.



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

Our responsibility is to express a conclusion on the interim financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and its performance for the period ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

*Independence*

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

*HLB Mann Judd*

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

**Perth, Western Australia**  
**16 March 2021**



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