

D3 ENERGY LIMITED

ACN 649 276 808

Financial Report for the Period from Incorporation 7 April 2021 to 30 June 2021

The Directors present their report, together with the financial statements, of D3 Energy Limited ("the Company" or "D3 Energy") since incorporation 7 April 2021 to 30 June 2021.

Directors

The following persons were directors of the Company during the whole of the financial period and up to the date of this report, unless otherwise stated:

- David Casey – Director (appointed 7 April 2021)
- Matthew Worner – Director (appointed 7 April 2021)
- Gregory Columbus – Director (appointed 7 April 2021)

Principal activities and review of operations

During the period the Company identified several tenements to target for acquisition.

Operating results

The net loss after income tax for the period was \$(19,856).

Dividends

No dividends were paid during the Period and no dividend has been declared for the period ended 30 June 2021.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Company during the financial period.

Matters subsequent to the end of the financial Period

Subsequent to period end, D3 Energy Limited (D3 Energy) has entered into a Share Purchase Agreement (SPA) pursuant to which D3 Energy has agreed, subject to satisfaction of certain conditions precedent, to acquire Motuoane Energy LTD (the Acquisition).

On 23 August 2021, the Company issued 5,000,000 founder shares at \$0.001 per share to raise \$5,000.

On 23 August 2021, the Company issued 7,500,000 shares at \$0.10 per share to raise \$750,000.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the Company up to 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect, the Company's operations, the results of those operations, or the Company's state of affairs in the future financial years.

Future Developments

Brief discussion included in the 'review of operations'. More detailed information on likely developments in the operations of the Company and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the Company.

Environmental Regulation

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

Information on directors

Name: Matthew Woner

Title: Director (appointed 7 April 2021)

Experience and expertise: Mr Woner is a former lawyer, with extensive experience in the oil and gas sector having worked in various legal, commercial and Company Secretarial positions with ASX listed companies. He is presently a director of Talon Energy Limited (ASX:TPD), Lykos Metals Limited (ASX:LYK) and RBR Group Limited (ASX:RBR).

Special responsibilities: None

Information on directors (cont.)

Name: David Casey

Title: Director (appointed 7 April 2021)

Experience and expertise: David is currently and Executive Director of Talon Energy Limited (ASX:TPD) and Managing Director/CEO of Galilee Energy Limited (ASX:GLL) and has around 30 years' experience in the oil and gas sector. Mr Casey was the former Managing Director and CEO of Eastern Star Gas Limited (ESG) and was instrumental in the appraisal, development and commercialisation of the Narrabri Gas Project in Northern NSW. ESG grew to be an ASX 200 company until it was taken over by Santos Limited for A\$924 million. Most recently, Mr Casey was CEO Australia and Asia Pacific at Warrego Energy Limited (ASX:WGO). Warrego is a 50% joint venture partner with Strike in the prolific West Erregulla gas discovery in the Perth Basin.

Special responsibilities: None

Name: Gregory Columbus

Title: Director (appointed 7 April 2021)

Experience and expertise: Mr Columbus has 15 years' experience as managing director and main board Director for Clarke Energy Limited, being a privately owned multinational company in the sale, engineering, installation and maintenance of power plants that utilise gas compressors and gas engines. Clarke Energy is a wholly owned company of the Kohler Group and operates in over 28 countries today. He is also Chairman of Warrego Energy Limited (ASX:WGO), an oil and gas exploration company with assets in Western Australia and Spain. Warrego's main asset is a 50% interest in the West-Erregulla gas discovery in Western Australia. Warrego has a Market Cap of around \$230mm. Additionally, Greg is a Non-exec Director of Galilee Energy Limited a CSG focussed E&P company whose flagship asset is its Glenaras Gas Project in Queensland. Galilee is listed on ASX and has a market cap of around \$220mm.

Special responsibilities: None

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') held during the period ended 30 June 2021, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Matthew Worner	1	1
David Casey	1	1
Gregory Columbus	1	1

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

Indemnity and insurance of officers

The Company has entered into deeds of indemnity with each director and the company secretary whereby, to the extent permitted by the Corporations Act 2001, the Company agreed to indemnify each director against all loss and liability incurred as an officer of the Company, including all liability in defending any relevant proceedings.

The Company has paid premiums to insure each of the directors and the company secretary against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The disclosure of the amount of the premium is prohibited by the insurance policy.

Indemnity and insurance of auditor

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

During the financial period, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the Company

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

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

The lead auditor's independence declaration is set out on the next page and forms part of the Directors' Report for the period ended 30 June 2021.

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

On behalf of the directors



Matthew Worner

Director

11 January 2022

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

As lead auditor of D3 Energy Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

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



Jarrad Prue
Director

BDO Audit (WA) Pty Ltd

11 January 2022

D3 ENERGY LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2021

	7 April 2021 to 30 June 2021 \$
Finance & Administration expenditure	(19,856)
LOSS BEFORE INCOME TAX EXPENSE	(19,856)
Income tax expense	-
LOSS FROM CONTINUING OPERATIONS FOR THE PERIOD	(19,856)
Other comprehensive income, net of tax	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(19,856)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

D3 ENERGY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

		2021
	Notes	\$
CURRENT ASSETS		
Cash and cash equivalents		100
Trade and other receivables	2	1,935
TOTAL CURRENT ASSETS		2,035
NON-CURRENT ASSETS		
Property, plant & equipment		-
Other non-current assets		-
TOTAL NON-CURRENT ASSETS		-
TOTAL ASSETS		2,035
CURRENT LIABILITIES		
Trade and other payables	3	21,791
Provision for employee entitlements		-
Other current liabilities		-
TOTAL CURRENT LIABILITIES		21,791
TOTAL LIABILITIES		21,791
NET ASSETS/(LIABILITIES)		(19,756)
EQUITY		
Issued capital	4	100
Accumulated losses		(19,856)
TOTAL EQUITY/(DEFICIENCY IN EQUITY)		(19,756)

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

D3 ENERGY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2021

	Issued Capital \$	Accumulated Losses \$	Total \$
Incorporated on the 1 July 2021	100	-	100
Profit/(Loss) for the Period	-	(19,856)	(19,856)
Other comprehensive loss	-	-	-
Total Comprehensive Loss for the Period	-	(19,856)	(19,756)
Transactions with owners in their capacity as owners			
Contributions of equity, net of transaction costs	-	-	-
Balance At 30 June 2021	100	(19,856)	(19,756)

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

D3 ENERGY LIMITED
STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2021

	2021
	\$
CASH FLOWS FROM FINANCING ACTIVITIES	
Net proceeds from issue of shares	100
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	100
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD	100
Cash and cash equivalents at beginning of financial period	-
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	100

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

1. CORPORATE INFORMATION & STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Corporate Information

The financial report of D3 Energy Limited for the period ended 30 June 2021 was authorised for issue in accordance with a resolution of the Directors on 13 December 2012.

The nature of the operations and principal activities of the Company are the proposed acquisition of several exploration tenements with a view to list on the ASX.

Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as applicable for for-profit oriented entities. These financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

The following are the accounting policies adopted by the Company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

New and amended standards adopted by the Company

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

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

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

a) Going concern

In context of this operating environment, the ability of the Company to continue as a going concern is dependent on securing additional funding through debt or equity to continue to fund its operational activities. These conditions indicate a material uncertainty that may cause a significant doubt about the entity's ability to continue as a going concern and therefore, that may be unable to realise its assets and discharge its liabilities in the normal course of business.

The directors believe that there are reasonable grounds to believe that the Company will continue as a going concern, after consideration of the following factors:

- o The company is pursuing an initial public offering to the Official List of the Australian Securities Exchange to raise funds to continue commercialisation of the business;
- o In accordance with the Corporations Act 2001, the Company has plans to raise further working capital through the issue of equity during the financial year ended 30 June 2022; and
- o The Company continues to keep costs at a minimum in order to conserve cash reserves for the financial period ended 30 June 2022.

Accordingly, the directors believe that the Company will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

Should the Company 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 or raise additional capital through equity or debt raisings and that the financial reports does not include any adjustments relating to the recoverability and classification or recorded asset amounts or liabilities that might be necessary should the Company not continue as a going concern and meet its debts as and when they become due and payable. The directors plan to continue the Company's operations on the basis as outlined above and believe there will be sufficient funds for the Company to meet its obligations and liabilities for at least twelve months from the date of this report.

b) Reporting basis and conventions

The financial information has been prepared on an accruals basis and is based on historical costs.

c) Cash and cash equivalents

Cash and cash equivalents include cash on hand.

d) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost when the Company becomes obliged to make payments resulting from the purchase of goods and services. The amounts are non-interest-bearing, unsecured and are usually paid within 30 days of recognition.

e) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown as a deduction from the equity proceeds.

f) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of an item 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 taxation authority is included with other receivables or payables in the Statement of Financial Position.

g) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the statement of financial position date.

Deferred income tax is provided on all temporary differences at the statement of financial position date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

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

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

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

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred tax assets and liabilities are reassessed at each statement of financial position date and reduced to the extent that it is no longer probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

h) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data.

2. TRADE AND OTHER RECEIVABLES

	2021 \$
Other receivables	1,935
	1,935

3. TRADE AND OTHER PAYABLES

	2021 \$
Trade Payables	21,791
	21,791

4. ISSUED CAPITAL

	2021 \$
Fully paid ordinary shares	100

5. CONTINGENT LIABILITIES AND ASSETS

The Board is not aware of any other circumstances or information which leads them to believe there are any material contingent liabilities or assets outstanding as at 30 June 2021.

6. EVENTS AFTER BALANCE DATE

Subsequent to period end, D3 Energy Limited (D3 Energy) has entered into a Share Purchase Agreement (SPA) pursuant to which D3 Energy has agreed, subject to satisfaction of certain conditions precedent, to acquire Motuoane Energy LTD (the Acquisition).

On 23 August 2021, the Company issued 5,000,000 founder shares at \$0.001 per share to raise \$5,000.

On 23 August 2021, the Company issued 7,500,000 shares at \$0.10 per share to raise \$750,000.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the Company up to 30 June 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian

Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect, the Company's operations, the results of those operations, or the Company's state of affairs in the future financial years.

7. FINANCIAL INSTRUMENTS

Financial risk management objectives

The entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the entity. The entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the entity's operating units. Finance reports to the Board on a monthly basis.

Credit risk

Price risk

The entity is not exposed to any significant price risk.

Interest rate risk

The entity is not exposed to any significant interest rate risk at reporting period.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the entity. The entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial

assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The entity does not hold any collateral.

The entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the entity based on recent sales experience, historical collection rates and forward-looking information that is available.

8. RELATED PARTY TRANSACTIONS

No transactions occurred with related parties during the period.

9. REMUNERATION OF AUDITORS

During the period the following fees were paid or payable for services provided by BDO Audit (WA) Pty Ltd as the auditor of the company.

	2021
Audit Services – BDO Audit (WA) Pty Ltd	\$
Audit of the financial report	6,000
	6,000

10. CAPITAL AND OTHER COMMITMENTS

No capital or other commitments recognised at the reporting date.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the entity's financial position as at 30 June 2021 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001

On behalf of the directors

A handwritten signature in blue ink, appearing to read 'M. Worner', with a stylized flourish at the end.

Matthew Worner

Director

11 January 2022

INDEPENDENT AUDITOR'S REPORT

To the members of D3 Energy Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of D3 Energy Limited (the Entity), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of D3 Energy Limited, is in accordance with the Corporations Act 2001, including:

- (i) Giving a true and fair view of the Company's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the Financial Report section of our report. We are independent of the Company in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Material uncertainty related to going concern

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

Other information

Those charged with governance are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Directors' report, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

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



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

http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'J Prue', is written over a light grey rectangular background.

Jarrad Prue
Director

Perth, 11 January 2022