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Half Year Financial Report
For Half Year Ended
31 December 2021



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Directors' Report

Your directors submit herewith their report together with the half year Financial Report of Byron Energy Limited ("the consolidated entity" or "Group"), being Byron Energy Limited ("Byron" or the "Company") and its subsidiaries for the half year ended 31 December 2021.

Directors

The names of the Company's directors in office at any time during or since the end of the half year ended 31 December 2021 are:

Douglas G. Battersby
Maynard V. Smith
Prent H. Kallenberger
William R. Sack
Charles J. Sands
Paul A. Young

The above named directors held office during and since the end of the financial period unless otherwise stated.

Principal activities

The principal activities of the consolidated entity during the half financial year were oil and gas exploration, development and production in the shallow waters in the Gulf of Mexico ("GOM"), USA.

Consolidated results

The profit for the consolidated entity after income tax was US\$7,039,143 (31 December 2020: US\$736,787).

Dividends

No dividends in respect of the current half financial year have been paid, declared or recommended for payment (2020: nil).

Auditor independence declaration

A copy of the auditor's independence declaration under s.307C of the *Corporation Act 2001* in relation to the review of the half year is included in this report.

Review of Operations

Financial Summary

The Group recorded a net profit after income tax of US\$7,039,143 for the half year ended 31 December 2021, compared to a net profit of US\$736,787 for the half year ended 31 December 2020.

Earnings before interest, tax, amortisation, share based payments, impairment, realised oil hedge price losses and depreciation and exploration expense ("EBIDAX") for the half year ended 31 December 2021 totalled \$16,652,820, an increase of 89% compared to \$8,807,017 for the half year ended 31 December 2020, primarily as a result of higher realised oil and gas prices and higher oil production partly offset by lower gas production.

	Half year ended 31 December 2021	Half year ended 31 December 2020
EBITDAX (US\$)		
Profit for the half year from continuing operations	7,039,143	736,787
Net financial expenses	1,440,149	1,777,110
Depreciation & amortisation	5,524,624	5,928,831
Share based payments	1,527,681	-
Impairment expense and dry hole expense	639,762	25,729
Realised loss on forward commodity price contracts	481,461	338,560
EBITDAX	16,652,820	8,807,017

Directors' Report continued

Production, Prices and Revenue

Production (sales) for the half year ended 31 December 2021 was 234,377 barrels of oil and 1,401,767 mmbtu of gas compared to 210,796 barrels of oil and 2,271,684 mmbtu of gas for the half year ended 31 December 2020. The increase in oil production was due to a full six months of production from SM58 G1 and G2 wells during the 2021 half year and a contribution from SM69 E2 well which commenced production on late October 2021. The decrease in gas production was mainly due to lower gas production from the SM58 G1 well. Production for the half year ended 31 December 2021 was impacted by Hurricane Ida which resulted in 14 days of production being deferred into 2022.

For the half year ended 31 December 2021, Byron realised an average crude oil sales price of US\$65.36 per barrel (after transportation and quality adjustments) and an average realised gas price of US\$4.51 (after transportation and quality adjustments), an increase of 56% and 119% respectively compared to the half year ended 31 December 2020 where average prices of US\$41.80 per barrel of oil and US\$2.06 per mmbtu were realised.

Revenues (net of royalties) for the half year ended 31 December 2021 of US\$22,145,234, comprising approximately 69% oil and 31% gas, were up approximately 55% compared to US\$14,296,170 for the first half of 2020. The increase in the 2021 half year was driven primarily by increased realised oil and gas prices and higher oil production partly offset by lower gas production.

Byron's share of oil and gas production and sales for the December 2021 half year compared to the corresponding period in 2020 is summarised in the table below.

Production (sales)	YTD 31 December 2021	YTD 31 December 2020
Net production Byron share (NRI basis) SM71		
Oil (bbls)	162,017	181,282
Gas (mmbtu)	147,682	234,810
Net production Byron share (NRI basis) SM58		
Oil (bbls)	61,643	25,957
Gas (mmbtu)	1,251,475	2,035,606
Net production Byron share (NRI basis) SM58 E1 well		
Oil (bbls)	10,717	3,557
Gas (mmbtu)	2,610	1,268
Total Net production (NRI basis)		
Oil (bbls)	234,377	210,796
Gas (mmbtu)	1,401,767	2,271,684

Cost of sales

Cost of sales, which includes base lease operating expenses, insurance premiums, amortisation and depreciation and gas transportation charges, were US\$8,879,531 for the half year ended 31 December 2021 compared to US\$9,264,892 for the comparable period in 2020. The decrease is primarily due to reduced gas production resulting in lower amortisation and lower gas transportation charges partly offset by higher base operating expenses and insurance premiums.

Corporate and administration costs

Corporate and administration costs were US\$1,280,477 for the half year ended 31 December 2021, compared to US\$1,254,958 for the half year ended 31 December 2020.

Impairment charges

Impairment charges of US\$639,762 for the half year ended 31 December 2021 were higher in comparison to the half year ended 31 December 2020 of US\$25,729 mainly due to the write off of the SM57 lease upon its relinquishment in October 2021 compared to residual drilling costs of the SM74 D14 well dry hole in 2020.

Directors' Report continued

Financial expense

Financial expense of US\$1,492,706 for the half year ended 31 December 2021 was lower than financial expense of US\$1,778,523 in 2020 as a result of lower average loan balances during the 2021 half year.

Share based payment expenses

Share based payment expenses in the December 2021 half year were US\$1,527,681 compared to nil share-based payment expenses in the December 2020 half year. Share based payment expenses in the December 2021 half year comprise expenses in relation to the interest free loans granted to executive directors, senior staff and contractors to be used solely for the funding of the conversion of 41,100,000 share options over unissued shares in the Company that were due to expire on 31 December 2021. These shares were issued on 7 January 2022.

Balance sheet, cash flow and liquidity

At 31 December 2021, the consolidated entity had total assets of US\$125,598,983 (30 June 2021: US\$114,832,843) and total liabilities of US\$35,373,118 (30 June 2021: US\$33,599,978) resulting in net assets of US\$90,225,865 (30 June 2021: US\$81,232,865). The increase in net assets was primarily due to the increase in oil and gas properties (drilling and completion of the SM58 E-2 well) and a reduction in borrowings partly offset by higher trade and other payables as at 31 December 2021.

Net cash provided by operating activities for the half year ended 31 December 2021 was US\$16,824,463 compared to half year ended 31 December 2020 of US\$6,155,362.

At 31 December 2021, the consolidated entity held cash and cash equivalents of US\$1,596,853 (30 June 2021: US\$4,143,411).

Borrowings at 31 December 2021 were US\$18,241,505, primarily comprising the Crescent Promissory Note and loans from directors and one longstanding shareholder and prepaid oil revenues compared to US\$21,942,370 as at 30 June 2021.

Borrowings (US\$)	31 December 2021	30 June 2021
Promissory Note (Crescent Midstream)	10,294,465	15,082,997
Directors and Shareholder	3,523,760	3,578,780
Insurance Premium Financing	423,280	1,530,593
Prepaid Oil Revenue (Unearned Revenue)	4,000,000	1,750,000
Total	18,241,505	21,942,370

The reduction in borrowings is due to repayment of the Crescent Promissory Note in line with the agreement and the amortisation of the insurance premium funding, partly offset by higher prepaid oil revenues.

During the December 2021 quarter outstanding borrowings of approximately US\$3.52 million as of 31 December 2021, from entities associated with Doug Battersby, Maynard Smith, Charles Sands, Paul Young, all directors of the Company, and a longstanding shareholder were extended by 12 months and are now due to be repaid on 31 March 2023.

Prepaid oil revenue (unearned revenue) as at 31 December 2021 was US\$4,000,000, compared to US\$1,750,000 as at 30 June 2021. The oil revenue prepayment represents amounts received in advance of revenue recognition and is recognised as revenue in future periods when transfer of control to the buyer of Byron's oil production has occurred. The buyer of Byron's oil production and hedging counterparty under the existing forward sale agreement is one of the world's oil supermajors (the "Buyer").

The prepaid oil revenue balance as at 31 December 2021, of US\$4.0 million, will be deducted from Byron's future oil revenues by the Buyer in four equal monthly instalments commencing in January 2022.

To enhance liquidity, post balance date Byron has secured access, pending execution of final documents, to short term funding of up to US\$11.0 million through a prepayment of future oil revenue, beginning at any time after April 2022 from the Buyer. The prepayment will have a 12-month repayment term, including a 3-month non-repayment grace period, followed by nine equal instalments (i.e. deductions from future oil revenue receipts). The prepayment will be largely secured by the existing forward sale agreement of 400 barrels of oil per day ("bopd") through to December 2022 plus a small add-on of approximately 300 bopd during the January 2023-April 2023 period. The fee for this prepayment is approximately US\$1 per produced barrel during the one year term.

Directors' Report continued

Capital Expenditure

Capital expenditure for the half year ended 31 December 2021 was US\$18,716,987 comprising exploration and evaluation expenditure of US\$18,104,325, reflecting the drilling, completion and hook-up of the SM58 E-2 well and US\$612,662 on the recompletion of SM71 F4 well and an acid job on F2 well. In comparison, capital expenditure for the half year ended 31 December 2020 was US\$32,482,841 comprising expenditure on development properties of US\$31,432,130, primarily SM58 G1, G2 wells and SM58 G platform, pipelines and expenditure of US\$1,050,711 on exploration and evaluation assets.

Hedging

Byron's realised prices for oil are a combination of hedged and unhedged volumes. The Company's oil hedging position as at 31 December 2021 is governed by a forward sale agreement ("Forward Sale Agreement"), which specifies a price per barrel in advance for each delivery period during the term of the contract. The derivative hedge in the form of oil put options ("Put Options") expired on 31 December 2021.

The hedging counterparty for the Forward Sale Agreement and the Put Options, is one of the global oil industry's "supermajors" and is also the purchaser of Byron's oil production under a mutually agreed long term purchase arrangement, which provides Byron with a stable, aligned counterparty.

Byron's hedged oil production as at 31 December 2021 is as follows:

Period	Daily Hedged Volume (bopd)	Period Hedged Volume (bbl)	NYMEX WTI Fixed Base Price Crude Oil*	NYMEX Roll Adjust	LLS/WTI Price Differential	Realised price on hedged production prior to transportation charges
Jan-Dec 2022 (Forward Sale Agreement)	400	146,000	US\$52.70	unhedged	unhedged	To be determined

* WTI CMA base price is adjusted for NYMEX Roll, LLS/WTI price differentials. Transportation (estimated at -US\$4.70/barrel +-0.20) to arrive at a realised price.

COVID-19

Byron's ability to maintain operations at the SM71 F and SM58 G platforms and the drilling of the SM69 E2 well in the Gulf of Mexico, was not materially impacted by COVID-19 during the half year ended 31 December 2021.

Byron's office in Lafayette, Louisiana continued to work in-line with recommendations of Louisiana State and Byron's Australian based team worked as advised by the Australian government(s), to comply with COVID-19 regulations.

Byron's offshore contractors have continued to work during the half year ended 31 December 2021 within the Louisiana State's and the Bureau of Safety and Environmental Enforcement guidelines.

Operations Update

South Marsh Island 71

The South Marsh Island block 71 ("SM71"), is a lease in the South Marsh Island 73 field ("SM73"). Byron is the designated operator of SM71 and owns a 50% Working Interest ("WI") and a 40.625% Net Revenue Interest ("NRI") in the block, with Otto Energy Limited ("Otto") group holding an equivalent WI and NRI in the block. As Otto did not participate in the drilling of the SM71 F4 well Byron is entitled to 100% WI and 81.25% NRI. Water depth in the area is approximately 137 feet.

Oil and gas production from the Byron operated SM71 F platform began on 23 March 2018 from three wells, F1, F2 and F3. Production from the F4 well, successfully drilled and completed in March 2020, commenced production in mid-March 2020 until it was shut in September 2020. F4 resumed production in November 2021.

Directors' Report continued

The F1 and F3 wells are producing in the primary D5 Sand reservoir, the F2 well is producing from the B55 Sand and F4 is producing from the Upper J1 sand.

As of 31 December 2021, the SM71 F facility has produced approximately 3.7 million barrels of oil ("Mmbo")(gross) since initial production began. The facility has also produced approximately 4.6 billion cubic feet of gas ("Bcfg")(gross).

During the December 2021 half year, Byron carried out a through tubing recompletion from the depleted D5 Upper Sand to the Upper J1 Sand in the SM71 F4 well.

During the recompletion operation at F4, difficulties were encountered in the setting of the cement packer resulting in the inability to perforate the full 10 feet interval across the multi lobe sand, as planned, and the lower 4 feet remains unperforated. After unloading the well of recompletion fluids and with the help of gas lift, Byron was able to begin oil production at a restricted rate of 10 barrels of oil per day (bopd). Following an injection test operation performed to identify the problem, it is apparent that the downhole screen and/or perforation tunnels are partially blocked or damaged, restricting production. Byron is currently planning remedial work to commence around mid 2022.

During the operation to recomplete the F4, an acid job was performed on the SM71 F2 well. The acid job resulted in an immediate twofold increase in daily total fluid production from the B55 Sand to 50 barrels of total fluid per day with an oil cut of 60%. Daily F2 rates increased to 31 bopd, 101 thousand cubic feet of gas per day (mcfcpd), and 21 barrels of water per day (bwpd). Prior to the acid job, production had fallen to 15 bopd with 5 bwpd.

Total December 2021 half year net sales volumes for all wells on the SM71 F Platform totalled approximately 162,017 barrels of oil and 147,682 mmbtu of gas (December 2020 half year 181,282 barrels and 234,810 mmbtu) due to natural field decline.

South Marsh Island 58

Byron holds all the operator's rights, title, and interest in and to the South Marsh Island block 58 ("SM58") lease to a depth of 13,639 feet subsea with 100% WI and 83.33% NRI. Below 13,639 feet subsea, Byron has a 50% WI (41.67% NRI) under a pre-existing exploration agreement. To date, all identified drilling opportunities on the SM58 lease are above 13,639 feet subsea.

Byron has also earned a 100% WI in the SM69 E2 well (E2) under the Joint Exploration Agreement ("JEA") with ANKOR group which provided for the drilling of the E2 exploration well operated by Byron. By funding 100% of the E2 well, Byron earned a 100% WI and 80.33% NRI until E2 Project Payout, at which time and at the leaseholder's election, Byron's NRI will either adjust to 77.33% or the leaseholders can convert to a 30% WI and Byron's interest in the project would adjust to 70% WI with an unburdened 58.33% NRI. Water depth in the area is approximately 132 feet.

As of 31 December 2021, the SM58 G facility has produced approximately 6.0 Bcfg and 0.16 million barrels of oil and condensate (gross) on a cumulative basis from three wells (G1, commenced production in September 2020, G2, commenced production in October 2020 and E2, commenced production on 21 October 2021).

The SM58 G1 well produces from the Upper O Sand and producing 56.5-degree gravity condensate and no formation water. Gas and oil production from the G1 well has continued to follow a natural and predictable pressure decline.

The SM58 G2 produces from the O Sand producing oil, gas and associated formation water.

Following the successful drilling and completion of the Company's SM69 E2 well, production began on 21 October 2021. The well has been in continuous production since then despite the normal challenges associated with commissioning a new production separator and associated production equipment on the host SM58 G platform. Production of oil, gas and any other liquids from the E2, located on SM69 E platform, flows to the Byron operated SM58 G platform where separation occurs before oil and gas are sent to sales pipelines.

Unlike the E1 well production, E2 production is not subject to any third-party processing fees. Byron's existing per unit FY2021 field level cash OPEX, of less than US\$5.50/boe during the FY2021 period, is expected to be further improved by the increase in production through the SM58 G Facility with minimal corresponding increase in cash operating expenses resulting in increased margins on existing investments.

Total half year net sales volumes for all wells on the SM58 G Platform, including the SM69 E2 well starting in late October 2021, totalled 1,251,475 mmbtu of gas and 61,643 barrels of oil (December 2020 half year 2,035,606 mmbtu of gas and 25,957 barrels of oil).

Directors' Report continued

South Marsh Island 58 E1 Well bore and SM69 E Platform

Byron holds a non-operated 53% WI (44.167% NRI) in the South Marsh Island 69 E platform with one active producing well, the SM58 E1 well. The well was drilled from a surface location in SM69 to a bottom hole location in SM58 in 2011 and is completed in the K4 Sand (B65 Sand) and has produced a total of 630,000 barrels of oil, 0.185 bcf of gas and 800,000 barrels of formation water.

For the six months ended 31 December 2021, Byron's share of net production was 10,717 barrels of oil and 2,610 mmbtu, compared to 3,557 barrels of oil and 1,268 mmbtu in the December 2020 half year.

In January 2021, the SM58 E1 well was making less than 50 bopd and was recompleted by sliding a sleeve covering existing perforations with sand control across the K Sand (B55 Sand).

Ankor Energy, LLC ("ANKOR") is the designated operator of this portion of the block to facilitate the surface operatorship of the jointly owned SM 58 E1 well and SM 69 E platform which is located in the NE corner of the SM 69 block. Byron also holds a farm-in right under the Joint Exploration Agreement ("JEA") with ANKOR group which provided for the successful drilling of a SM69 E2 exploration well in August/September 2021 with Byron owning a 100% WI less a 3.0% overriding royalty interest ("ORRI"), converting to a 6% ORRI after payout.

Portfolio Optimisation

Byron Energy Inc, a wholly owned subsidiary of the Company, was the apparent high bidder on the South Marsh Island 61 lease ("SM61"), the only bid placed by the Company at the Gulf of Mexico, Outer Continental Shelf ("OCS") Lease Sale 257 held in New Orleans, Louisiana on Wednesday, 17 November 2021. An apparent high bid is subject to OCS bid adequacy review and under Bureau of Ocean Energy Management ("BOEM") rules may be rejected if deemed inadequate. The BOEM review process can take up to 90 days or longer.

The Company was sole bidder on the block with a bid of approximately US\$130k on SM61. SM61 lies within the area of Byron's RTM reprocessing project which was used to evaluate the prospect potential on the block.

With Byron's SM57 lease due to expire in June 2022, Byron took the opportunity to optimise its portfolio of exploration opportunities and relinquish SM57 in October 2021 and replace it with SM61, assuming it is awarded to Byron. The SM57 lease did not have any 3P reserves attributed to it in Byron's last annual reserves report.

As at 31 December 2021 or subsequently, Byron had not yet been awarded the SM61 block by the BOEM. On 27 January 2021 (US time) the United States District Court of Columbia ruled that the Biden administration did not sufficiently take climate change into account when it auctioned the leases at Lease Sale 257, and declared the results invalid. At this stage it is not clear what steps the US Department of the Interior will take. However, industry groups are expected to appeal the ruling.

Lease Sale 257 generated US\$191,688,984 in high bids for 308 blocks in federal waters of the Gulf of Mexico, according to the BOEM. Thirty-three companies submitted 317 bids totalling US\$198,511,834.

Directors' Report continued

Properties

As at 31 December 2021, Byron's portfolio of properties in the shallow waters of the Gulf of Mexico, USA comprised:

Properties	Operator	Interest WI/NRI (%) [*]	Lease Expiry Date	Lease Area (Km ²)
South Marsh Island				
Block 71	Byron	50.00/40.625	Production	12.16
Block 59	Byron	100.00/81.25	June 2022	20.23
Block 60	Byron	100.00/87.50	June 2024	20.23
Block 58 (excluding E1 well)	Byron	100.00/83.33 ^{**}	Production	20.23
Block 58 (E1 well in S ½ of SE ¼ of SE ¼ and associated production infrastructure in NE ¼ of NE ¼ of SM69)	Ankor	53.00/44.16667		
SM69 (NE ¼ of NE ¼)(E-2 well)	Byron	100.00/77.33-80.33	Production	1.30
Block 66	Byron	100.00/87.50	December 2025	20.23
Block 70	Byron	100.00/87.50	June 2023	22.13
Eugene Island				
Block 62	Byron	100.00/87.50	June 2023	20.23
Block 63	Byron	100.00/87.50	June 2023	20.23
Block 76	Byron	100.00/87.50	June 2023	20.23
Block 77	Byron	100.00/87.50	June 2023	20.23
Main Pass				
Block 293	Byron	100.00/87.50	October 2023	18.46
Block 305	Byron	100.00/87.50	October 2023	20.23
Block 306	Byron	100.00/87.50	October 2023	20.23

^{*} Working Interest ("WI") and Net Revenue Interest ("NRI").

^{**} 100.00% WI to a depth of 13,639 ft TVD and 50% WI below 13,639 ft TVD.

Directors' Report continued

This report is signed in accordance with a resolution of directors made pursuant to section 306(3) of the *Corporations Act 2001*.

On behalf of the directors



D. G. Battersby
Chairman

15th March 2022

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Auditor's Independence Declaration

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15 March 2022

The Board of Directors
Byron Energy Limited
Level 4, 480 Collins Street
MELBOURNE VIC 3000

Dear Board Members


Byron Energy Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Byron Energy Limited.

As lead audit partner for the review of the half-year financial report of Byron Energy Limited for the half-year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely


DELOITTE TOUCHE TOHMATSU



Craig Bryan
Partner
Chartered Accountants

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Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half Year Ended 31 December 2021

	Note	Consolidated	
		31 December 2021 US\$	31 December 2020 US\$
Continuing operations			
Revenues from sale of oil and gas		26,951,343	17,238,891
Royalty expense		(4,806,109)	(2,942,721)
Cost of sales	2	(8,879,531)	(9,264,892)
Gross profit		13,265,703	5,031,278
Recoupment of operator overheads and government grants		140,114	175,914
Realised loss on forward commodity price contracts	12	(481,461)	(338,560)
Corporate and administration costs		(1,280,477)	(1,254,958)
Impairment expense and dry hole expense	(7a)	(639,762)	(25,729)
Share based payments		(1,527,681)	-
Depreciation/amortisation of property, plant & equipment		(254,588)	(259,554)
Other expenses		(742,556)	(814,494)
Financial income		52,557	1,413
Financial expense		(1,492,706)	(1,778,523)
Profit before tax		7,039,143	736,787
Income tax expense		-	-
Profit for the half year from continuing operations		7,039,143	736,787
Other comprehensive income, net of income tax			
<i>Items that may subsequently be reclassified to profit and loss</i>			
Cumulative loss on oil price cashflow hedges reclassified to profit & loss		-	123,570
Oil price financially settled swaps written down to fair value reclassified to profit & loss	12	428,596	-
Exchange differences on translating the parent entity group		(2,420)	95,070
Total comprehensive profit for the half year		7,465,319	955,427
Earnings per share			
Basic (cents per share)		0.676	0.071
Diluted (cents per share)		0.676	0.070

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Financial Position

As at 31 December 2021

	Note	Consolidated	
		31 December 2021 US\$	30 June 2021 US\$
Assets			
Current assets			
Cash and cash equivalents		1,596,853	4,143,411
Trade and other receivables		5,435,395	4,197,380
Other		1,195,489	2,291,909
Total current assets		8,227,737	10,632,700
Non-current assets			
Exploration and evaluation assets	7(a)	4,616,504	5,150,621
Oil and gas properties	7(b)	109,574,387	95,433,081
Other (refundable bonds)		1,782,778	1,925,000
Right-of-use assets	8	1,228,322	1,454,296
Trade and other receivables		141,366	180,398
Property, plant and equipment		27,889	31,472
Other intangible assets		-	25,275
Total non-current assets		117,371,246	104,200,143
Total assets		125,598,983	114,832,843
Liabilities			
Current liabilities			
Trade and other payables		6,962,794	2,022,359
Provisions	11	171,953	173,682
Derivative financial instruments	12	77,438	476,913
Lease liabilities	9	538,180	509,143
Borrowings	10	14,717,745	16,302,006
Total current liabilities		22,468,110	19,484,103

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Financial Position

continued

As at 31 December 2021

	Note	Consolidated	
		31 December 2021 US\$	30 June 2021 US\$
Non-current liabilities			
Trade and other payables		325,000	-
Provisions	11	8,042,815	7,183,789
Lease liabilities	9	1,013,433	1,291,722
Borrowings	10	3,523,760	5,640,364
Total non-current liabilities		12,905,008	14,115,875
Total liabilities		35,373,118	33,599,978
Net assets			
		90,225,865	81,232,865
Equity			
Issued capital	13	139,093,311	139,093,311
Foreign currency translation reserve		(49,138)	(46,718)
Cashflow hedge reserve		-	(428,596)
Share option reserve		7,832,750	6,305,069
Accumulated losses		(56,651,058)	(63,690,201)
Total equity		90,225,865	81,232,865

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Changes in Equity

For the Half Year Ended 31 December 2021

Consolidated entity	Ordinary share capital US\$	Share option reserve US\$	Other reserves US\$	Accumulated losses US\$	Total US\$
Balance at 1 July 2020	137,560,738	6,305,069	(270,210)	(69,544,576)	74,051,021
Profit for the half year	-	-	-	736,787	736,787
Change in value of cashflow hedges	-	-	123,570	-	123,570
Exchange differences arising on translation of the parent entity group	-	-	95,070	-	95,070
Total comprehensive profit for the half year	-	-	218,640	736,787	955,427
The placement of 16,745,771 shares to directors at a subscription price of A\$0.13 cents per share following approval at an EGM	1,532,573	-	-	-	1,532,573
Balance at 31 December 2020	139,093,311	6,305,069	(51,570)	(68,807,789)	76,539,021
Balance at 1 July 2021	139,093,311	6,305,069	(475,314)	(63,690,201)	81,232,865
Profit for the half year	-	-	-	7,039,143	7,039,143
Change in value of cashflow hedges	-	-	428,596	-	428,596
Exchange differences arising on translation of the parent entity group	-	-	(2,420)	-	(2,420)
Total comprehensive profit for the half year	-	-	426,176	7,039,143	7,465,319
Share based payments	-	1,527,681	-	-	1,527,681
Balance at 31 December 2021	139,093,311	7,832,750	(49,138)	(56,651,058)	90,225,865

The accompanying notes form part of these financial statements.

Condensed Consolidated Statement of Cash Flows

For the Half Year Ended 31 December 2021

	Consolidated	
	31 December 2021 US\$	31 December 2020 US\$
Cash flows from operating activities		
Receipts from customers	27,564,465	14,559,185
Payments to suppliers and employees	(9,428,034)	(6,867,261)
Interest paid	(1,361,163)	(1,537,975)
Interest received	49,195	1,413
Net cash flows from operating activities	16,824,463	6,155,362
Cash flows from investing activities		
Payments for development of oil and gas properties	(72,662)	(25,331,791)
Payments for exploration and evaluation assets	(14,223,869)	(501,039)
Net cash flows used in investing activities	(14,296,531)	(25,832,830)
Cash flows from financing activities		
Proceeds from issues of ordinary shares	-	1,532,573
Payment of equity raising costs	-	(35,919)
Repayment of lease liabilities	(279,698)	(220,389)
Repayment of borrowings	(4,788,531)	(351,488)
Proceeds from borrowings	-	3,500,000
Net cash flows from financing activities	(5,068,229)	4,424,777
Net (decrease) in cash and cash equivalents held	(2,540,297)	(15,252,691)
Cash and cash equivalents at the beginning of the period	4,143,411	16,644,701
Effect of exchange rate changes on the balance of cash held in foreign currencies	(6,261)	105,666
Cash and cash equivalents at the end of the period	1,596,853	1,497,676

The accompanying notes form part of these financial statements.

Notes to the Condensed Financial Statements

For the Half Year Ended 31 December 2021

1. Summary of accounting policies
2. Cost of sales
3. Foreign currency translation
4. Segment information
5. Financial instruments
6. Expenditure commitments
7. (a). Exploration and evaluation assets
(b). Oil and gas properties
8. Right of use assets
9. Lease liabilities
10. Borrowings
11. Provisions
12. Derivative financial instruments
13. Issued capital
14. Related party transactions
15. Subsequent events
16. Key management personnel

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Notes to the Condensed Financial Statements continued

For the Half Year Ended 31 December 2021

1. Summary of accounting policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in United States of America dollars (US\$), unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2021 annual financial report for the financial year ended 30 June 2021, 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

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") and none are relevant and/or have a material impact on the Group in the current half year.

Standards and Interpretations issued not yet effective – IASB and IFRIC Interpretations

At the date of authorisation of the financial statements, the following IASB Standards and IFRIC Interpretations (for which Australian equivalent Standards and Interpretations have not yet been issued) were in issue but not yet effective:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current and AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – deferral of effective date	1 January 2023	30 June 2024
AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates	1 January 2023	30 June 2024

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

Notes to the Condensed Financial Statements continued

For the Half Year Ended 31 December 2021

1. Summary of accounting policies (continued)

Critical accounting judgments and key sources of estimation uncertainty

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

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 and in any future periods effected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are the amounts recognised in the financial statements are described in Note 7 Exploration and evaluation assets/Oil and gas properties.

Another area of estimation uncertainty relates to the future cost to remove oil and gas production facilities, abandonment of wells and restoring the affected areas. The provision for future restoration is the best estimate of the present value of the expenditure required to settle the obligation at the reporting date, based on current legal requirements and technology.

Working capital management

As at 31 December 2021 the consolidated entity has reported a net current asset deficiency of US\$14,240,373 (US\$8,851,403 net current asset deficiency as at 30 June 2021). This deficiency principally arises due to the requirement to present the Crescent promissory note as a current liability as it matures within 12 months, the outstanding creditor invoices related to the SM69 E2 well drilling and completion activities that concluded in the December 2021 quarter and the prepaid oil revenue that was secured in the December 2021 quarter and will be repaid over the four months ending 30 April 2022. Subsequent to half year end, this deficiency has reduced due to the positive cashflows generated from operating activities being applied to reduce unpaid trade and other payables, the mandatory amortisation of the Crescent promissory note as well as the prepaid oil revenues. As at 28 February 2022, these current liabilities have been reduced as follows:

- A reduction in the prepaid oil revenues of US\$ 2.0 million;
- Promissory note repayments of approximately US\$ 1.9 million; and
- a reduction in trade and other payables of approximately US\$ 3.1 million.

The consolidated entity has prepared a Board approved cashflow forecast for the 12 months ending 31 March 2023, which highlights that the consolidated entity has sufficient cash reserves to continue normal business operations including the planned drilling program and the continued repayment of all debt obligations as scheduled.

2. Cost of Sales

	Consolidated	
	31 December 2021 US\$	31 December 2020 US\$
Lease operating costs	3,102,760	2,812,819
Amortisation of oil and gas properties	5,270,036	5,669,277
Gas transportation costs	506,735	782,796
	8,879,531	9,264,892

Notes to the Condensed Financial Statements continued

For the Half Year Ended 31 December 2021

3. Foreign currency translation

The exchange rate utilised in the translation of the parent entity group Australia Dollar figures to United States of America Dollars are as follows:

	31 Dec 2021 (half year)	30 June 2021 (full year)	31 Dec 2020 (half year)
Spot rate	0.7256	0.7518	0.7702
Average rate for the period	0.7319	0.7468	0.7227

4. Segment information

The Group determines operating segments based on the information that is internally provided to the executive management team. Using this 'management approach' segment information is on the same basis as information used for internal reporting purposes. As such, there are no significant classes of business, either singularly or in aggregate. The Group therefore operates within one business segment of oil and gas exploration, development and production and one geographical segment, The United States of America.

5. Financial instruments

The directors consider the carrying amounts of financial assets and liabilities recognised in the consolidated financial statements to approximate their fair values.

6. Expenditure commitments

There has been no material change to the leasing or financing commitments disclosed in the financial statements for the half year ended 31 December 2021.

The Group has no exploration lease commitments at the end of the half-year ended 31 December 2021 as the leasing arrangements for the Gulf of Mexico blocks do not require firm work programme commitments.

7 (a). Exploration and evaluation assets

	Consolidated	
	31 December 2021 US\$	30 June 2021 US\$
Costs carried forward in respect of areas in the exploration and/or evaluation phase at cost:	4,616,504	5,150,621
<i>Reconciliation of movements:</i>		
Carrying amount at the beginning of the financial year	5,150,621	4,695,861
Additions at cost	18,104,325	1,050,711
Transfers of exploration and evaluations assets to oil and gas properties	(17,998,680)	-
Impairment expense	(639,762)	(595,951)
Carrying amount at the end of the financial year	4,616,504	5,150,621

Ultimate recovery of deferred exploration and evaluation costs is dependent upon success in exploration and evaluation or the full or partial sale (including farm-out) of the exploration interests.

For the half year ended 31 December 2021, impairment charges were US\$639,762 for costs related to the relinquishment of the SM57 lease.

Notes to the Condensed Financial Statements continued

For the Half Year Ended 31 December 2021

7 (b). Oil and gas properties

	Consolidated	
	31 December 2021 US\$	30 June 2021 US\$
Costs carried forward in respect of areas in the oil and gas properties:	109,574,387	95,433,081
<i>Reconciliation of movements:</i>		
Carrying amount at the beginning of the financial year	95,433,081	37,224,157
Additions at cost	612,662	31,432,130
Additions for site restoration	800,000	2,047,252
Transfers from exploration and evaluation assets	17,998,680	-
Transfers from non-producing properties	-	37,967,434
Amortisation of oil and gas properties included in cost of sales	(5,270,036)	(13,237,892)
Carrying amount at the end of the half financial year	109,574,387	95,433,081

Recoverable amount

The estimated recoverable amount of all cash generating units in the development or production phase is determined by discounting the estimated future cash flows to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets. The consolidated entity utilises future cash flows as estimated by independent petroleum engineers for this assessment. The key assumptions used include: (i) estimated future production based on proved and probable reserves (2P reserves), (ii) hydrocarbon prices that the consolidated entity estimates to be reasonable, taking into account historical prices, current prices, and prices used in making its exploration and development decisions, and (iii) future operating and development costs as estimated by the Company and reviewed for reasonableness by the independent petroleum engineers. The estimated recoverable amount of Byron's oil and gas properties is sensitive to a change in estimated recoverable reserves, oil and gas prices, discount rates and cost estimates.

At half year end, the Company's oil and gas properties were assessed for impairment indicators in accordance with AASB 136. Following this assessment, no impairment was required or recognised on the oil and gas properties during the 31 December 2021 half financial year.

During the half year, the SM58 E-2 exploration well was drilled, completed and commenced production. As such, the E-2 well expenditure was reclassified from exploration and evaluation assets to oil and gas properties post successful financial impairment testing.

Notes to the Condensed Financial Statements continued

For the Half Year Ended 31 December 2021

8. Right-of-use assets

	Consolidated	
	31 December 2021 US\$	30 June 2021 US\$
Office lease		
Opening balance	485,819	673,878
Amortisation	(94,030)	(188,059)
Carrying amount at the end of the financial period	391,789	485,819
Compressor leases		
Opening balance	968,477	314,822
Additions	-	871,666
Amortisation	(131,944)	(218,011)
Carrying amount at the end of the financial period	836,533	968,477
Total Right-of-use assets	1,228,322	1,454,296

9. Lease liabilities

Not later than one year	667,307	664,821
Later than one year and not later than 5 years	1,119,087	1,452,871
Minimum lease payments	1,786,394	2,117,692
Less: Future finance charges	(234,781)	(316,827)
Provided for in the financial statements	1,551,613	1,800,865
Representing lease liabilities:		
Current	538,180	509,143
Non-current	1,013,433	1,291,722
	1,551,613	1,800,865

The Group does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Group's treasury function.

Notes to the Condensed Financial Statements continued

For the Half Year Ended 31 December 2021

10. Borrowings

	Consolidated	
	31 December 2021 US\$	30 June 2021 US\$
Current unsecured		
Loans from directors and shareholder*	-	3,578,780
Prepaid oil revenues**	4,000,000	1,750,000
Insurance premium financing (interest bearing)	423,280	1,530,593
Current secured		
Promissory note – debt liability***	10,294,465	9,442,633
Total current borrowings	14,717,745	16,302,006
Non-current unsecured		
Loans from directors and shareholder*	3,523,760	-
Non-current secured		
Promissory note – debt liability***	-	5,640,364
Total non-current borrowings	3,523,760	5,640,364

* The loan facility was fully drawn during March 2019, is unsecured and the loan repayment date was amended during the current half year and is now payable by 31 March 2023 (unless otherwise agreed) and bears interest from time of drawdown, at a rate of 10% per annum, payable every quarter. The decrease in the loan balance for the period is solely due to the weakness in the Australia dollar relative to the USA dollar.

** Prepaid oil revenues incur a US\$ 74 cents a barrel charge on Byron's oil production from initial prepayment date to full repayment. The current prepayment balance will be repaid over a 4 month period in equal instalments commencing in January 2022.

*** Crescent (formerly Crimson) Promissory Note: key terms of the Promissory note include: (i) facility amount US\$18.5 million; (ii) will be fully repaid by November 2022 and (iii) senior secured debt over the Company's SM71 and SM58 assets and guaranteed by the Company.

11. Provisions

Current

Accumulated employee entitlements	171,953	173,682
	171,953	173,682

Non-current

Accumulated employee entitlements	89,706	89,170
Site restoration	7,953,109	7,094,619
	8,042,815	7,183,789

Notes to the Condensed Financial Statements continued

For the Half Year Ended 31 December 2021

11. Provisions (continued)

	Consolidated	
	31 December 2021 US\$	30 June 2021 US\$
Site restoration provisions		
<i>Reconciliation of movements:</i>		
Carrying amount at the beginning of the financial year	7,094,619	5,004,912
Additions to site restoration	800,000	2,047,252
Unwinding of discount on site restoration	58,490	42,455
Carrying amount at the end of the financial half year	7,953,109	7,094,619

The additions to the Group's restoration obligations for the half year ended 31 December 2021 represent the plugging and abandonment costs for the SM69 E-2 well and removal of the SM69 to SM58 pipeline.

12. Derivative financial liabilities

Derivative financial liabilities

December 2021 oil price financially settled hedges due for settlement in January 2022	77,438	-
Oil price financially settled hedges at fair value	-	476,913
Total oil price financially settled hedge liabilities	77,438	476,913

In March 2021, Byron hedged 200 barrels of oil per day for the period March to December 2021 in the form of financially settled swaps with an average strike price of US\$62 per barrel on the West Texas Intimidate (WTI) base price.

Oil price financially cash settled swaps – unrealised loss

Carrying amount at the beginning of the financial year	476,913	-
Reverse write down of unrealised loss on oil price financially settled swaps to fair value on 30 June 2021 through other comprehensive income	(428,596)	-
June 2021 oil price cash settled hedges payment made in July 2021	(48,317)	-
Unrealised loss on oil price financially settled swaps to fair value on 30 June 2021 through other comprehensive income	-	476,913
Net amount	-	476,913

	Consolidated	
	31 December 2021 US\$	31 December 2020 US\$
Oil price financially cash settled swaps – realised loss		
Realised loss on oil price cashflow hedges for the half year ended 31 December 2021	481,461	338,560

Notes to the Condensed Financial Statements continued

For the Half Year Ended 31 December 2021

13. Issued capital

(a) Movement for period

	31 December 2021		30 June 2021	
	Number	US\$	Number	US\$
Fully paid ordinary shares	1,040,295,102	139,093,311	1,040,295,102	139,093,311
<i>Movements in ordinary share capital for the period:</i>				
Balance as at 1 July 2021	1,040,295,102	139,093,311		
Balance as at 31 December 2021	1,040,295,102	139,093,311	1,040,295,102	139,093,311

As at 31 December 2021, 41,100,000 share options were converted to ordinary shares and these shares were issued on 7 January 2022 and no share options expired unexercised during the half year.

(b) Terms and conditions of contributed equity

Ordinary shares

Ordinary shares have the right to receive dividends as declared and in the event of winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

The issued capital of the Company as at 31 December 2021 comprises 1,040,295,102 ordinary shares and all of the shares are quoted on the ASX.

(c) Share options

Options over ordinary shares

As at 31 December 2021, there were nil unlisted share options over unissued ordinary shares comprising:

Expiry date	Number	Securities	Exercise price
31 December 2021	28,350,000	Unlisted options	A\$0.12
31 December 2021	2,000,000	Unlisted options	A\$0.16
31 December 2021	9,500,000	Unlisted options	A\$0.40
31 December 2021	1,250,000	Unlisted options	A\$0.40
Less exercised as at 31 December 2021	(41,100,000)		
Total	-		

As at 31 December 2021, 41,100,000 share options were converted to ordinary shares and these shares were issued on 7 January 2022 and no share options expired unexercised during the half year.

Notes to the Condensed Financial Statements continued

For the Half Year Ended 31 December 2021

14. Related party transactions

The following related party transactions were entered into during the half financial year ended 31 December 2021:

In March 2019, the Company entered into unsecured loan agreements, bearing interest at 10% per annum, with four of the Company's directors, for a total drawdown of US\$2,000,000 and A\$1,750,000. The loans were due for repayment in November 2019, however the directors agreed to extend the loan repayment date to March 2023 and interest payments have been made on a quarterly basis. The individual directors' transactions and balances for these loans were:

- i. Veruse Pty Ltd, a company controlled by Mr Douglas Battersby, a director of the Company, provided an unsecured loan of A\$1,400,000 to the Company and interest paid for the half financial year to 31 December 2021 was A\$70,192, plus A\$11,890 has been accrued as at 31 December 2021;
- ii. Clapsy Pty Ltd, a company controlled by Mr Paul Young, a director of the Company, provided an unsecured loan of A\$175,000 to the Company and interest paid for the half financial year to 31 December was A\$8,774, plus A\$1,486 has been accrued as at 31 December 2021;
- iii. Poal Pty Ltd, a company controlled by Mr Paul Young, a director of the Company, provided an unsecured loan of A\$175,000 to the Company and interest paid for the half financial year to 31 December was A\$8,774, plus A\$1,486 has been accrued as at 31 December 2021;
- iv. Geogeny Pty Ltd, a company controlled by Mr Maynard Smith, a director of the Company, provided an unsecured loan of US\$1,000,000 to the Company and interest paid for the half financial year to 31 December was US\$50,137, plus US\$8,493 has been accrued as at 31 December 2021; and
- v. Mr Charles Sands, a director of the Company, provided an unsecured loan of US\$1,000,000 to the Company and interest paid for the half financial year to 31 December was US\$45,123 (net of withholding taxes), plus US\$7,644 (net of withholding taxes) has been accrued as at 31 December 2021.

15. Subsequent events

Subsequent to the half year ended 31 December 2021, the following events occurred:

- i. on 1 February 2022, Byron announced to the ASX that it has:
 - committed to a two well program at SM58 commencing April 2022;
 - agreed to terms on a 3-year extension of its existing oil offtake agreement with one of the oil industry's supermajors, the sole purchaser of Byron's GOM oil production and hedge counterparty since inception; and
 - secured access, pending execution of final documents, to short term funding of up to US\$11.0 million through a prepayment of future oil revenue, beginning at any time after April 2022;
- ii. on 7 January 2022, Byron announced the issue of 41,100,000 new shares to executive directors, senior staff and consultants following exercise of 41,100,000 unlisted options at various exercise prices and the Company provided 3 year interest free loans to the option holders to fund the exercise of the options; and
- iii. on 11 January 2022, Byron announced the issue of 2,000,000 new unlisted share options at an exercise price of A\$ 16 cents, exercisable at any time before 31 December 2024.

Except for the above, there have not been any other matters or circumstances occurring subsequent to the end of the half-financial year that have significantly affected, or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the company in future financial periods.

Notes to the Condensed Financial Statements continued

For the Half Year Ended 31 December 2021

16. Key Management Personnel

Remuneration arrangements of key management personnel ("KMP") are disclosed in the 2021 annual report, pp. 41–46.

In addition, during the half year KMP, other senior staff and consultants exercised 41,100,000 unlisted share options at varying exercise prices exercise of 41,100,000 unlisted options at varying strike prices. The exercise of these option was funded by interest free loans from the Company.

Share-based payment expenses in the 2021 half year of US\$ 1,527,681 comprise expenses in relation to the interest free loans granted to KMP, other senior staff and consultants used solely for the funding of conversion of 41,100,000 options over unissued shares in the Company which expired on 31 December 2021.

On 7 January, 2022 Byron issued 41,100,000 new shares to KMP, other senior staff and consultants following exercise of 41,100,000 unlisted options.

The amount of interest free loans and attributable share based payment expenses for each KMP are shown below.

Key management personnel (borrower)	Principal sum (A\$)	Interest rate %	Term	Share based payment value (A\$)
Maynard Smith	1,596,000	Nil	3 years	432,938
Prent Kallenberger	1,596,000	Nil	3 years	432,938
William Sack	1,596,000	Nil	3 years	432,938
Nick Filipovic	1,013,600	Nil	3 years	263,649

At the end of the term, each borrower is required to repay the amounts outstanding under the loans. If a borrower does not repay a loan, the Company may demand that a borrower dispose of sufficient loan funded shares to satisfy up to the total amount owing under the loan. The Company's recourse against each borrower for repayment of the loans is limited to the proceeds of the loan funded shares.

Directors' Declaration

The directors of Byron Energy Limited declare that in the opinion of the directors:

- a) 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
- b) the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with Accounting Standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors of Byron Energy Limited made pursuant to section 303(5) of the *Corporations Act 2001*.

On behalf of the directors



D. G. Battersby
Chairman

15th March 2022

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Independent Auditor's Review Report



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Independent Auditor's Review Report to the Members of Byron Energy Limited

Conclusion

We have reviewed the half-year financial report of Byron Energy Limited (the "Company") and its subsidiaries (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2021, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes and, the directors' declaration as set out on pages 11 to 27.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2021 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 Half-year Financial Report* section of our report. We are independent of the Group in accordance with 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.

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 review report.

Directors' Responsibility for the Half-Year Financial Report

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

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Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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



DELOITTE TOUCHE TOHMATSU



Craig Bryan

Partner

Chartered Accountants

Melbourne, 15 March 2022

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Corporate Directory

Directors

Doug Battersby (Non-Executive Chairman)

Maynard Smith (Executive Director & CEO)

Prent Kallenberger (Executive Director)

William Sack (Executive Director)

Charles Sands (Non-Executive)

Paul Young (Non-Executive)

Chief Executive Officer

Maynard Smith

Chief Financial Officer and Company Secretary

Nick Filipovic

Registered and principal Australian office

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Principal office (USA)

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