



HARTSHEAD
RESOURCES

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Annual Report 2023

HARTSHEAD RESOURCES NL
ACN 150 624 169



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Corporate Directory

DIRECTORS

Mr Bevan Tarratt - Non-Executive Chairman
Mr Christopher Lewis - Chief Executive Officer
Mr Nathan Lude - Executive Director

COMPANY SECRETARY

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Chief Executive Officer Review of Activities

Dear Shareholders,

The Reporting Period ending 30 June 2023 has been transformative for the Company. Since my last CEO address to shareholders, the Company has made significant achievements, from the submission of the Phase I Field Development Plan, to the completion of the Farm-Out Agreement with RockRose Energy, marking a major and material milestone in the Company's development of its UK Southern Gas Basin assets.

The Southern Gas Basin holds a pivotal position in the UK's energy landscape, especially as the nation grapples with increasing gas import dependency and a growing reliance on LNG volumes. As the UK strives to meet its ambitious 2050 net zero target, the significance of domestically produced gas, which is less carbon-intensive, becomes even more pronounced.

The Company's multi-phased development of Seaward Production License P2607 emerges as a key player in the Southern Gas Basin, ensuring that the UK has a steady supply of domestic gas, which is not only cost-effective but also aligns with the nation's environmental goals.

Hartshead Resources, in its commitment to operational excellence and strategic growth, has made significant progress, especially in its Phase I development of the Anning and Somerville gas fields. The year ending 30 June 2023 stands as a testament to the company's operational, corporate, and financial achievements.



A handwritten signature in blue ink that reads "Chris Lewis".

Chris Lewis
Chief Executive Officer

29 September 2023

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Director's Report

The Directors of Hartshead Resources NL (**Company or Hartshead**) and the entities it controls (**Consolidated Entity or Group**) present their report for the financial year ended 30 June 2023.

Seaward Production License P2607, Offshore United Kingdom

(Rockrose Energy 60%, Hartshead Resources 40% and Current Operator)

During the Financial Year ending 30 June 2023, the Company continued to make significant progress across all three phases of its multi-phased development of the Seaward Production License P2607, offshore United Kingdom.

The Company's portfolio of assets and opportunities ranges from developable reserves (Phase I - Somerville Gas Field, Anning Gas Field) through discovered contingent resources (Phase II - Lovelace Gas Field, Hodgkin Gas Field) to prospective resources (Phase III).

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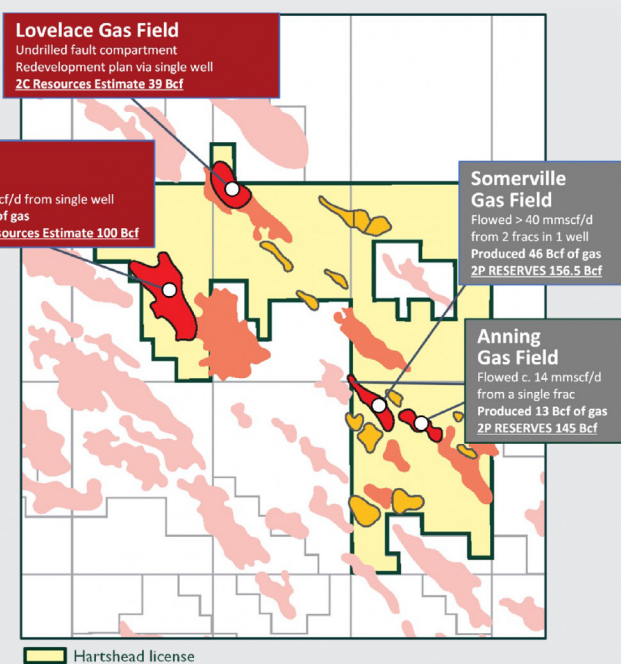
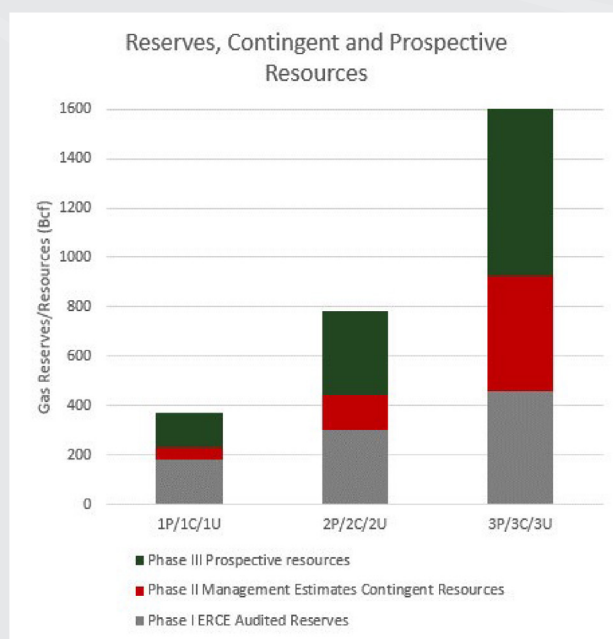


Figure 1. Location of Seaward License P2607 in the Southern Gas Basin, United Kingdom



Operational update on UK Southern Gas Basin – Phase I:

During the FY23 period, the primary focus for the Company was advancement towards the Phase I development of Seaward Production License P2607.

Completion of Farm-Out Agreement with RockRose Energy:

In FY23 Hartshead successfully finalised the Farm-Out Agreement with the established UK North Sea independent, RockRose Energy. This agreement led to the divestment of 60% of its UK Southern Gas Basin assets under License P2607. The gross consideration from this agreement is up to \$205m¹ in consideration with \$196.3 million associated with the development of Phase I. This sum encompasses various reimbursements, bonus milestone payments, and a significant UK government Investment & Capital Allowance of \$48.4 million.

This pivotal agreement has materially de-risked the project, paving the way for full financing and subsequent development. The Farm-out provides a defined and value-accretive pathway to production for Hartshead and its South Basin Gas assets.

A Final Investment Decision (“**FID**”) encompassing the renovation and drilling of the Anning and Somerville fields, is anticipated in the second half of 2023. The plan includes the establishment of six production wells, with operations expected to commence during 2025. These wells are projected to achieve peak production rates of 140 mmcf/d, with Hartshead’s net share being up to 56 mmcf/d, equivalent to over 9,000 boepd, (ASX announcement dated 23 June 2022).

As announced in the June quarterly report, the Company is in advanced discussions with several groups relating to further equity divestment or to provide the debt financing to ensure sufficient funding of its remaining share of development costs, with the Company aiming to successfully concluding these discussions by calendar year end.

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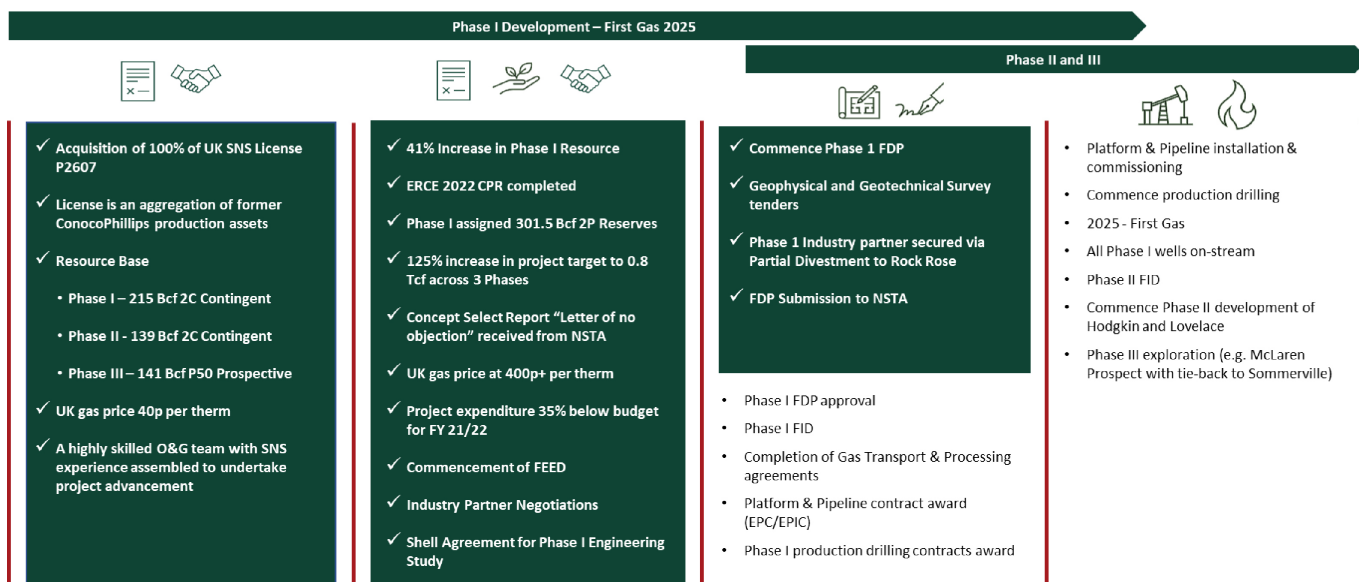


Figure 2. Portfolio milestones and outlook to Phase I development first gas and beyond.

Agreement with Shell U.K. Limited.

Hartshead announced that the Company entered into an agreement with Shell U.K. Limited (Shell), which sets out the key commercial terms for the transportation and processing of Hartshead's Phase I gas field production via Shell's Southern North Sea infrastructure. Gas will be transported to the Shell infrastructure via a planned Hartshead owned pipeline and subsea connection. Following which, gas will be onward transported to the Shell Leman Alpha platform before being delivered to the Bacton Gas Terminal for processing and delivery to the UK National Gas Transmission System.

The agreement provides the basis for the tie-in, transportation, and processing of Phase I gas production through Shell's infrastructure.

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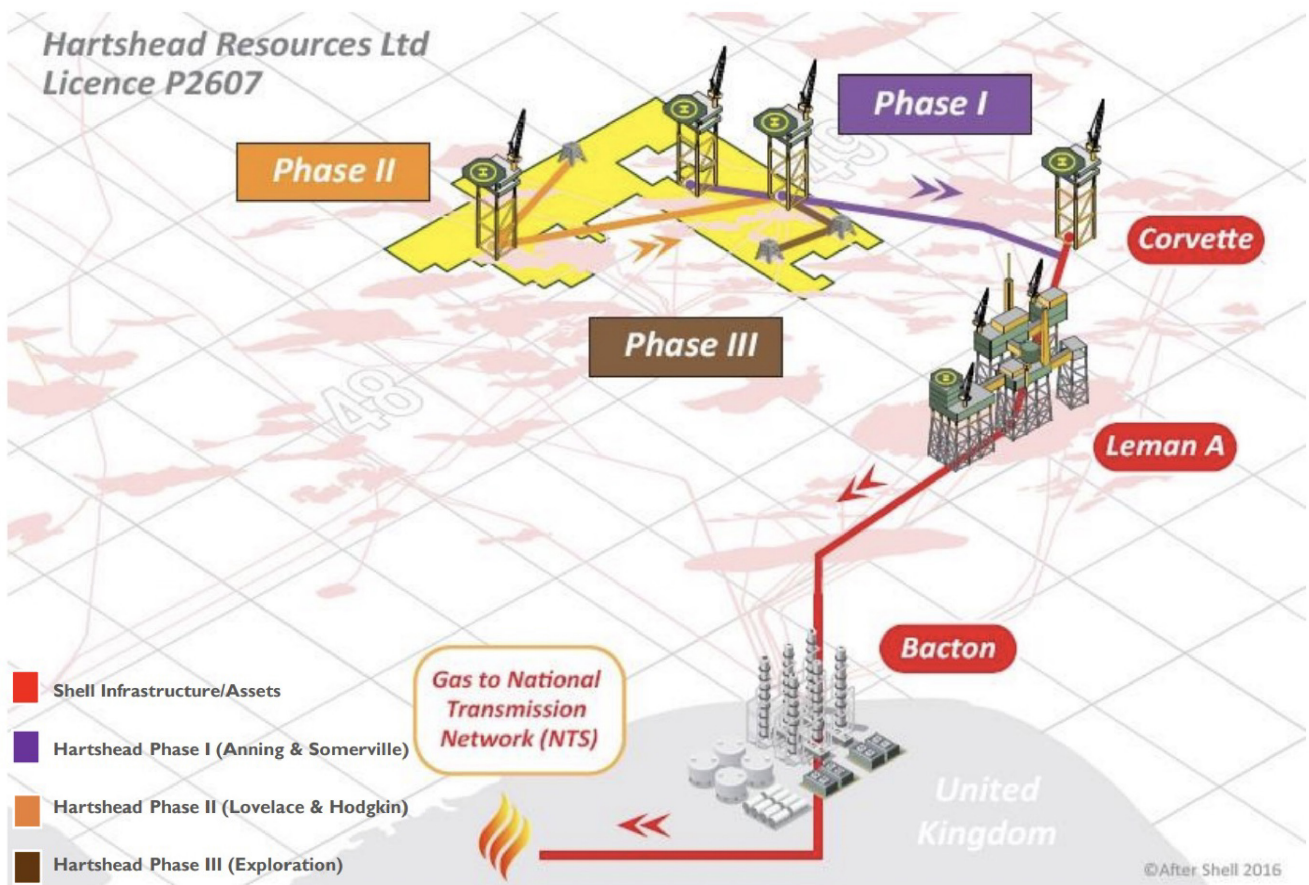


Figure 3: Schematic of Hartshead's License P2607 and Assets with proposed Gas Transportation Route via Shell's Southern North Sea Infrastructure to the Bacton Gas Processing Terminal.

Submission of Phase I Field Development Plan

A significant stride was made with the submission of the Field Development Plan (“**FDP**”) for the Phase I development of the Anning and Somerville gas fields to the North Sea Transition Authority (“**NSTA**”). The vision for this development encompasses six production wells. These wells are slated to be produced through two state-of-the-art, unmanned minimum facilities platforms. These platforms will be strategically connected via subsea pipeline to third party host infrastructure for export to market, with a 40km export pipeline leading to the Shell-operated Corvette facility. From there the Anning and Somerville gas production will be transported to the onshore Bacton Gas Terminal via Shell's Leman system and pipeline.

Other noteworthy operational developments during the reporting period include:

- Invitations To Tender (ITTs) for Phase I platforms Engineering, Procurement, Installation, and Commissioning (EPIC) contracts being finalised for issue.
- The Company has recently issued ITTs for the pipeline route survey for the Phase I export pipeline.
- Pre-qualification process for ITTs for Phase I export pipeline EPIC.
- Successful completion of HHR's first offshore operations – the geophysical and environmental base-line survey of the Anning and Somerville platform locations.

Geotechnical and Geophysical Surveys:

In FY23 Hartshead undertook and completed a Geophysical Survey covering the Anning and Somerville field developments. Notably, all operations were executed seamlessly within the stipulated budget, without any incidents. The insights derived from this survey are poised to be instrumental, forming a foundational component of the Environmental Statement. This will further enhance the understanding of the seabed conditions, pivotal for future operations. In tandem, Hartshead initiated the pipeline Seabed Geotechnical Survey at the Anning & Somerville Fields. This endeavour was entrusted to Geoquip Marine Operations, a leader in the domain.

First Offshore Operations Completed

During the FY23 reporting period, Hartshead initiated its inaugural offshore operations using the Geo Ocean III, a state-of-the-art 77-meter Dynamic Positioning Offshore Survey Vessel equipped with specialized Cone Penetration Testing (CPT) and vibrocoring capabilities.

This geophysical survey aimed to interpret the seabed's geomechanical and engineering conditions around the Anning and Somerville field locations. Additionally, it sought to provide an environmental baseline survey and habitat assessment, aligning with the company's progression towards achieving First Gas.

The survey's scope included a comprehensive analogue and 2D high-resolution survey spanning a 1,000-meter square area centered on the Anning and Somerville jacket sites, complemented by a more focused 400-meter square analogue survey to pinpoint the jackets' precise placement.

Seabed samples collected during the survey are currently undergoing laboratory testing. Crucially, the survey's findings will be integrated into the Environmental Statement, a pivotal element of the Field Development Plan submission, and will also inform the Platform's Front-End Engineering Design (“**FEED**”) for jacket design verification.

Pipeline Seabed Geotechnical Survey

Mobilisation of the Geotechnical Survey across the Anning and Somerville fields and pipeline locations occurred during FY23, using Geoquip Marine Operations (Geoquip Marine), to complete a pipeline pipeline Seabed Geotechnical Survey.

The Geoquip Seehorn, an 83 metre Class 2 Dynamic Positioning (DP2) Multi-Disciplined Offshore Survey Vessel, with specialist deep seabed testing and borehole testing capability, was used for the work program.

The main objectives of the geotechnical survey were to provide the Company with confirmation of the seabed and sub seabed soil conditions to finalise the design and the efficient installation of the offshore facilities and to ensure the safe location of the jack-up drilling rig at the Anning and Somerville locations.

Understanding of the seabed conditions at the Phase I field locations and along the pipeline route is instrumental in completing the subsea and platform FEED design assumptions.

Invitation to Tender for Production Platforms:

Hartshead issued the Invitation to Tender ("ITT") for the Anning and Somerville Southern North Sea gas field production platforms. This invitation was extended to four industry-leading fabricators, each with a proven track record of excellence.

The platforms are a significant part of the field development, which consists of two unmanned platforms with gas transportation via pipeline and a subsea tie-in to the offtake route.

The ITT package, containing comprehensive information about the project requirements, technical specifications, bidding procedures and evaluation criteria, requests proposals from the suppliers to provide an Engineering, Procurement, Installation and Commissioning (EPIC) service for the two platforms.

The ITT process is expected to take several months prior to award of the contract when the detailed engineering design of the platforms can begin.

Operational update on UK Southern Gas Basin – Phase 2:

The Company has advanced the multi-phased strategy on Seaward Product License P2607. Subsurface work on Phase II has continued on the Hodgkin and Lovelace fields and further work will be initiated on Phase III to identify high grade prospects to advance towards more detailed planning, thereby ensuring that Hartshead continues to push ahead with a balanced portfolio of risk and reward in License P2607.

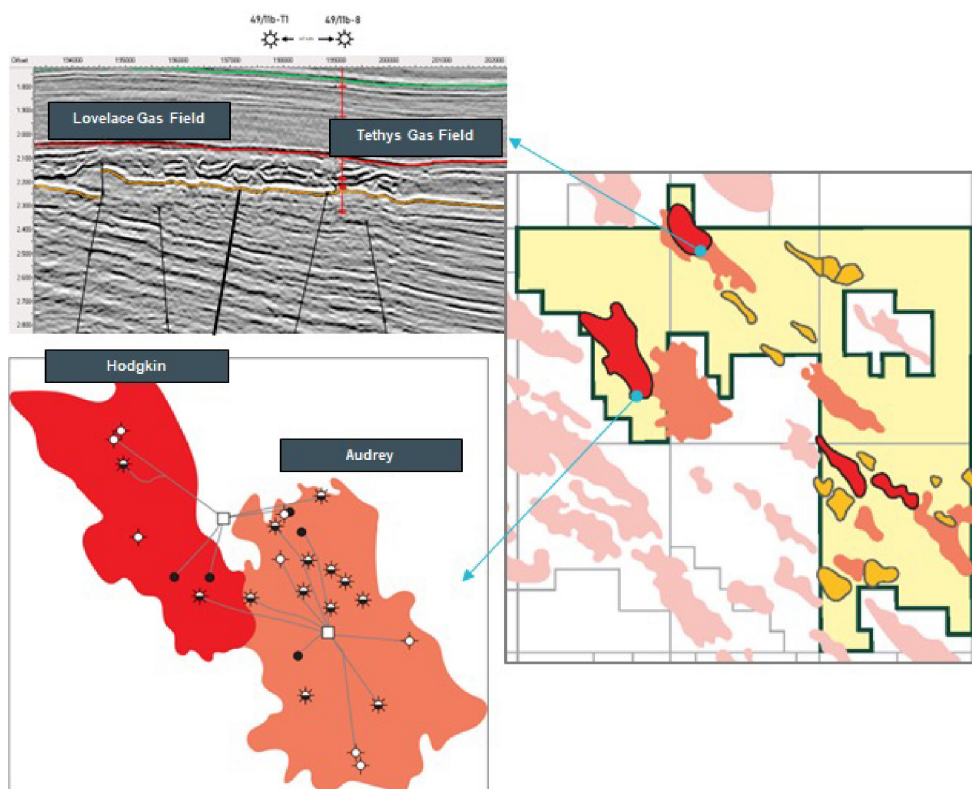


Figure 4. Location of the Phase II development Hodgkin and Lovelace fields within the License P2607 area.

The Phase II subsurface work programme covering the Hodgkin and Lovelace field developments continued during the financial period with work currently ongoing to refine the seismic interpretation and develop new models of both fields.

The Phase II workstreams have encompassed the construction of a new geological and geophysical database, detailed interpretation of the new 3D seismic data, petrophysical analysis and reservoir engineering to deliver revised in place gas volumes, recoverable 2C contingent resources and production profiles for both the Hodgkin and Lovelace gas fields.

The Hodgkin and Lovelace fields are located in the north-west part of License P2607 and are currently estimated to contain a combined 139Bcf of 2C Contingent Resources as detailed below (Table 1).

CONTINGENT RESOURCES (BCF) ¹			1C	2C	3C	GCoS
PHASE II	49/6c, 49/11c	Lovelace	14	39	70	100%
	48/15c	Hodgkin	35	100	387	100%

Table 1. Phase II Contingent Resources across the Hodgkin and Lovelace fields.

¹ Hartshead management estimates.

Director's Report

Hodgkin and Lovelace present the opportunity to utilise the Phase I infrastructure to monetise the Phase II gas production and a Field Development Plan will be assessed in the coming year. Transmission of the Phase II gas flow stream through the Phase I pipeline may lead to a potentially enhanced economic performance of the Hodgkin and Lovelace fields given the upfront investment in Phase I infrastructure.

Hodgkin field

The Hodgkin field has historically produced 26 Bcf of gas from a single well, with current mapping indicating 2C Contingent Resources of 100 Bcf¹. It is considered to be an extension of the Audrey field.

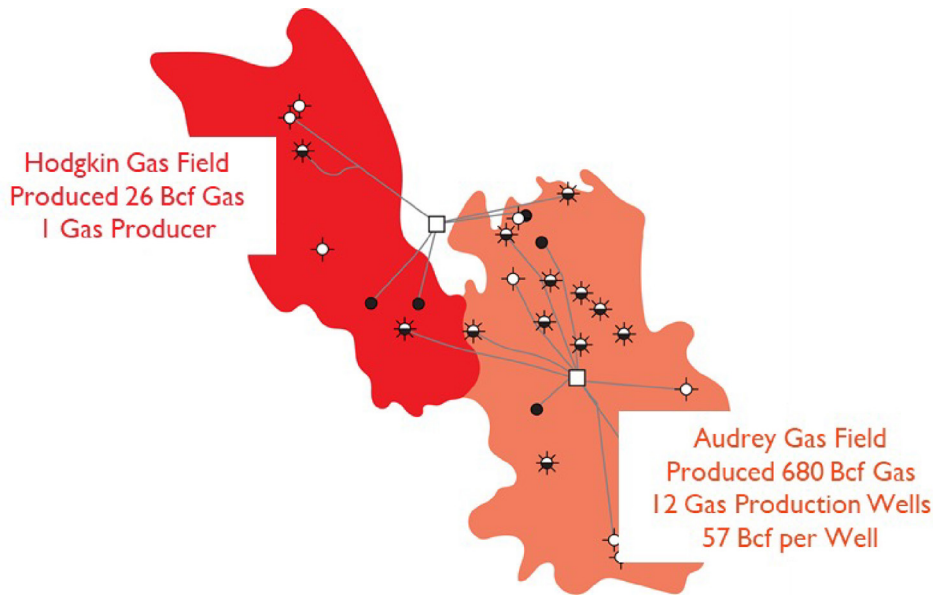


Figure 5. Audrey and Hodgkin gas fields with historical well locations and production history.

Seismic imaging of the reservoir at Hodgkin is challenging in places due to a complex overburden containing the Audrey Salt Wall. The pre-stacked depth migrated (PSDM) seismic data significantly improves the seismic image, removing many of the effects of the overburden, and will improve the mapping of the Hodgkin gas field to generate a new structural map. Subsurface work is currently underway to refine the seismic interpretation and reservoir model which will assist in determining the revised gas-in-place volumes.

Lovelace field

The Lovelace field is an undeveloped northern extension of the Tethys gas field and is currently estimated to contain 39 Bcf of 2C contingent resources which is planned to be development via a single production well. The Tethys field was developed with a single production well that produced 18 Bcf.

Seismic mapping and the production history from the Tethys production well indicates the presence of the northern structural compartment that contains 130 Bcf GIIP with an unrisks recoverable resource of 39 Bcf.

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Operational update on UK Southern Gas Basin – Phase 3:

Phase III is a low-risk infrastructure-led portfolio of exploration opportunities which will utilise the infrastructure assembled in Phase I and Phase II as an “enabler” to accelerate the development of certain exploration prospects in the event of drilling success, and yield a greater NPV per boe than would be the case in a stand-alone development scenario.

An exploration study across License P2607 was conducted during the FY 2022 reporting period by Xodus generating a new prospect inventory totalling 14 prospects and leads with un-risked 2U Prospective Resources of 344 Bcf (Figure 10). Twelve new prospects, in addition to the existing Garrod and Ayrton prospects, were identified on the license area. All the new prospects are undrilled structural traps within the Rotliegendes reservoir as summarised below along with their respective geological chance of success (GCoS) which ranges from 32% to 54% with an arithmetic average of 43%.

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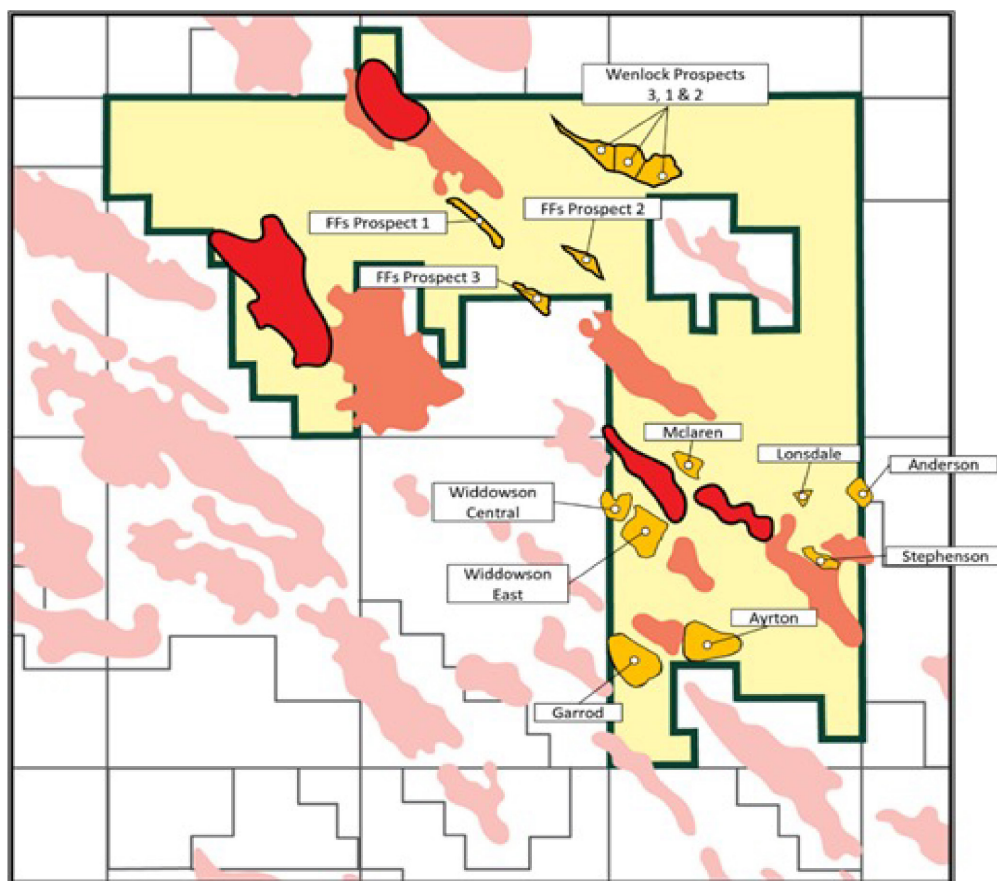


Figure 5. Phase III exploration portfolio prospects and leads map.

The prospects listed below (Table 2) will be economically evaluated and ranked prior to being short listed for further work, which will involve initial well planning for the drilling of exploration wells in the final selected prospect or prospects. Any prospects selected to be drilled would likely be drilled sometime following Phase I first gas which is scheduled for 2025. However, there is the potential for the McLaren prospect to be drilled as part of the Somerville development in 2024 or 2025 (Figure 11), given its proximity to Somerville, to crystallise early value from the exploration portfolio prior to the Phase II development of the Hodgkin and Lovelace fields.

Prospect	Recoverable Volume ² (Bcf)			GCoS
	IU	2U	3U	
McLaren	18	27	39	0.54
Stephenson	36	47	60	0.43
Widdowson East	6	29	79	0.32
Widdowson Central	11	21	40	0.50
Lonsdale	5	16	31	0.50
Anderson	5	12	29	0.45
Garrod	16	52	125	0.50
Ayrton	25	74	146	0.41
Wenlock Prospect 1	4	19	55	0.36
Wenlock Prospect 2	1	5	19	0.36
Wenlock Prospect 3	1	5	17	0.36
FFs Prospect 1	3	11	26	0.41
FFs Prospect 2	8	19	37	0.35
FFs Prospect 3	4	9	17	0.34
Arithmetic Total	143	344	719	

Table 2. Phase III exploration portfolio resource table highlighting 2U Prospective Resources.

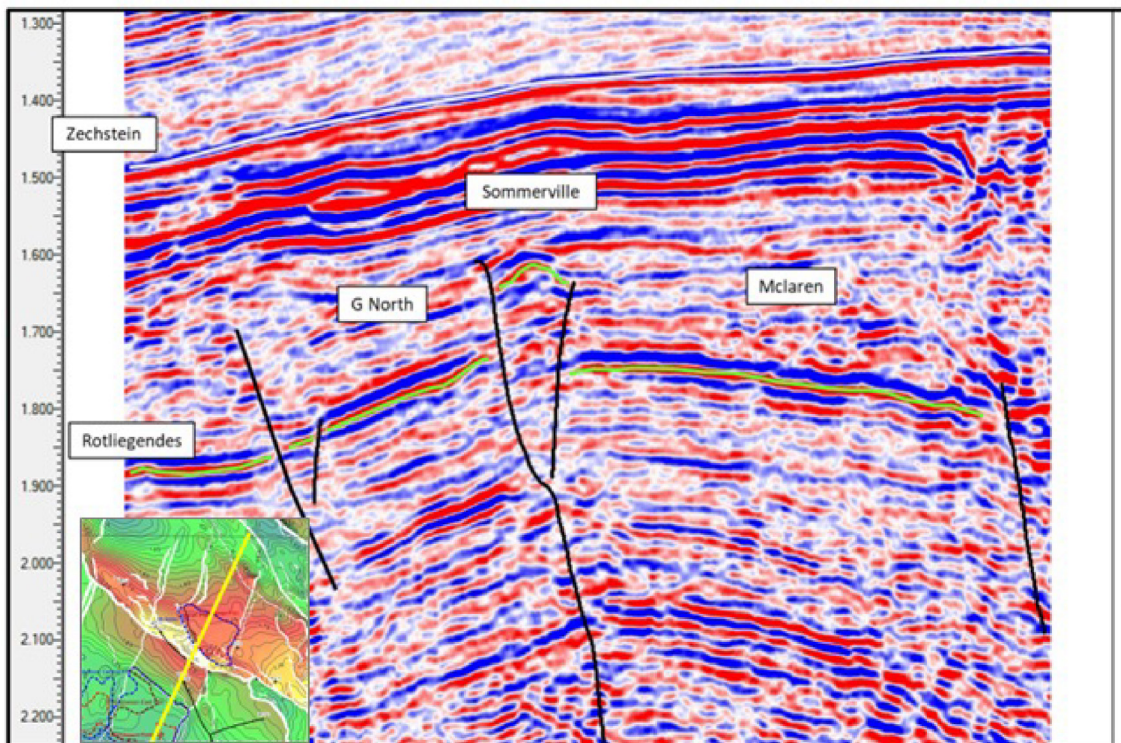


Figure 6. McLaren prospect seismic line showing its location adjacent to the Somerville field.

² Prospective resources are estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) and relate to undiscovered accumulations. These prospective resources estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

Director's Report

UK 33rd Offshore Licensing Round:

During the FY23 reporting period, the Company announced that submissions for a number of licences in the UK 33rd Offshore Licensing Round announced by the NSTA in 2022 were made by the Company. The results of the licensing round and awards are expected to be announced in H2 of 2023.

Strong Financial Position:

At the end of FY23 the Company announced a robust cash position of over \$32 million. This was further augmented by a strategic \$20 million placement undertaken during the quarter which saw the addition of international and domestic institutions joining the register.

Gabon NKEMBE N°G4-243:

Post the reporting period, Hartshead adeptly concluded its longstanding dispute with the Gabonese State. This pertained to the Nkembe n°G4-243 Petroleum Exploration & Production Sharing Contract (PSC). With the termination of the PSC, the company stands liberated from any future claims, obligations, or financial commitments.

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ESG REPORT

Hartshead are pleased to be incorporating their first ESG Report into the Company's 2023 Annual Report & Accounts and look forward to providing shareholders with further initiatives underway by Hartshead as our operations progress in the UK Southern North Sea.

COMMITMENT STATEMENT FROM CEO

"Hartshead is proud to be developing an impactful ESG strategy that applies across the entire business - building value for our stakeholders while delivering gas to the European market."

Chris Lewis – Chief Executive Officer

COMMITMENT STATEMENT FROM BOARD

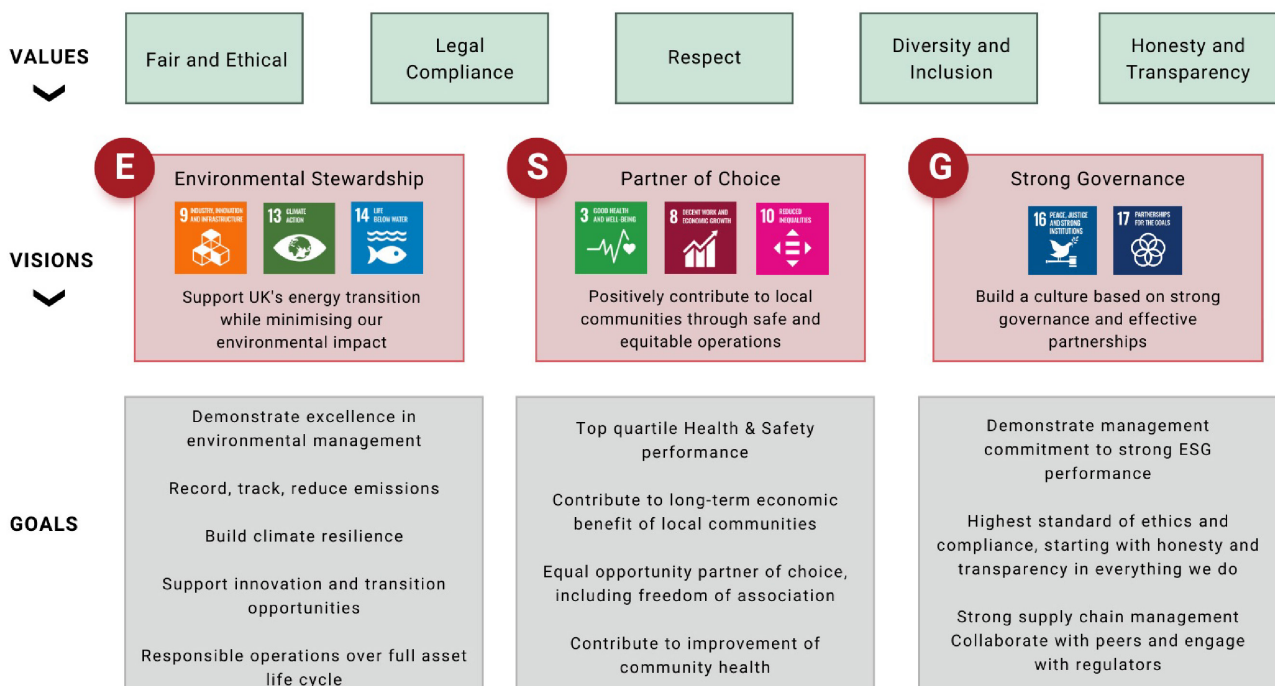
"Hartshead recognises the importance of its environmental and social responsibilities, which together with its compliance to the latest ASX guidance and reporting standards on corporate governance, are the basis of the Company's Environmental, Social and Governance (ESG) strategy. Our recent appointment of UK-based sustain:able to assist Hartshead with its ESG Strategy and Reporting is testament to the importance that the Board attaches to developing our ESG culture which is now a permanent agenda item at all Board meetings."

The Company regularly undertakes a review and update of all of its policies and procedures; including its corporate governance statement and adoption of the latest guidance issued by the ASX Corporate Governance Council. At the UK operating level our Business Management System (BMS) and Safety and Environmental Management System (SEMS) are constantly evolving and updated with new policies and procedures covering operations, risk, management and all aspects of HSE which adhere to the requirements of ISO45001 and ISO14001."

Bevan Tarratt – Non-Executive Chairman

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An ESG Strategy that is Aligned with Our Core Values:



Director's Report





As part of our ongoing commitment to an awareness of our impacts, we have reviewed the Materiality Assessment undertaken for the first time last year and determined that no changes were required as the company activities have not significantly changed.

We will continue to review this on an annual basis as our business and operations evolve to ensure relevant Material Topics are identified and the associated risks and opportunities are integrated into our decision-making processes. Each of our Material Topics are discussed in more detail in the table below. We have also revisited those topics that were previously deemed non-material; the description of why we have selected these to be non-material are included below.










In order to demonstrate alignment with and performance against our Material Topics, we are working to define a set of metrics that we will report once our development activities commence with fabrication and installation of our facilities. These metrics will include key topics including GHG emissions Scopes 1 and 2, health and safety statistics, environmental metrics including waste management, and governance oversight such as anti-bribery and anti-corruption training. As we do not currently have any active operations, all activities are office-based during the planning phase of the development and the operational metrics are not yet relevant to report until after FID and the development activities get underway.

Hartshead continue to work with UK-based ESG advisors, "sustain:able", in further developing and implementing our ESG strategy, support on ESG and emissions topics relating to the development planning, and starting towards alignment to the TCFD reporting framework.

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Material Topic	UN SDGs	Impact on Stakeholders	Impact on Hartshead	Materiality
Climate change, transition and GHG emissions	 	High	High	As a responsible operator, Hartshead acknowledge the threat of climate change and the challenge of delivering secure, low cost energy to drive the energy transition towards a net zero future. Our development planning is focussed on reducing GHG emissions to be among the lowest of facilities in the North Sea once operations commence. We are planning to implement renewable energy and biodiesel options to power our facilities and optimise logistics in order to minimise emissions and align with the NSTA Stewardship Expectations and North Sea Transition Deal for decarbonisation of the North Sea Basin.
Occupational health and safety		High	High	One of our top priorities is that everyone who works for us goes home safely to their loved ones at the end of every day. We view health and safety in a holistic manner that addresses both physical and mental wellness.
Waste & emissions		Medium	High	A focus on minimising waste and emissions in the planning phase of our development means we can ensure we reduce the impacts of our operations from day 1. Power options, fuel type and produced water treatment are all high-priority topics throughout the design phase of the development to minimise discharge of pollutants to the environment. Management and disposal of waste during our operations will be carried out in accordance with all relevant laws and regulations.

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Material Topic	UN SDGs	Impact on Stakeholders	Impact on Hartshead	Materiality
Full lifecycle asset management	 	Medium	High	We believe full lifecycle asset management is heavily influenced during the design phase. Planning to ensure safe operations during the planning phase is a high priority, as is consideration of decommissioning impacts at the end of the field's life.
Strong governance	 	Medium	High	Hartshead are listed on the Australian Stock Exchange and operate solely within the UK and are therefore bound by UK legislation in our business conduct and operational activities in the North Sea. Both jurisdictions are highly regulated, providing a strong governance framework that we take very seriously.
Economic impacts	 	High	Medium	Our mission is to build a responsible and safe European energy business to support the UK's energy security and energy transition. We are actively engaging in a number of Special Interest Groups as part of the Bacton Energy Hub, which is a key part of the UK Government's Net Zero plan and will provide the local communities with job opportunities supporting the local economy.
Employment practices and freedom of association		High	Medium	Fair employment practices, including the right to freedom of association, reflects our core values of respect, fairness, and ethical treatment of everyone we do business with. Hartshead is a nonunionised workforce, however this does not preclude employees from becoming union members or engaging in collective bargaining where appropriate.
Equality		High	Medium	As we build our company, equality in all its forms is important to develop a strong culture and diverse, effective team.
Biodiversity		Medium	Medium	Hartshead's assets are located in the offshore UK sector of the Southern North Sea. All of the development planning approvals and offshore operations are regulated by UK Environmental legislation. We are making significant efforts to plan our development to have lowest possible impact on the marine environment in which we operate.

Non-Material Topics

Local communities, land and resource rights: Hartshead operate in the offshore UK Southern North Sea, which is a highly regulated environment. No local communities are directly impacted by our offshore operations and we comply with all necessary legislation and regulations in respect to obtaining land and resource rights, therefore this topic is not material to us.

Anti-competitive behaviour, government lobbying: Anti-competitive behaviour goes against our core values of fair and ethical behaviour. Our strong governance ensures transparent and compliant conduct in all aspects of our business. Additionally, as a small operator, Hartshead has limited influence on anti-competitive behaviour or government lobbying, therefore this topic is not materially relevant.

Forced labour and modern slavery: While Hartshead is vehemently against any form of slavery or forced labour, our operations in the UK and procurement predominantly from the UK and EU under strict employment and human rights laws, makes this topic a low risk for our business. We have procurement processes in place to ensure our suppliers are not engaging in, or supporting, slavery of any type.

Conflict and security: The offshore North Sea is a safe operating environment and no private security forces are required for our projects. Therefore, this topic is not materially relevant to us.

Rights of indigenous peoples: The UK regions where Hartshead operate are not home to any communities or peoples who would be classified as indigenous and therefore this topic is not materially relevant to us.

A wider ESG approach

We are committed to ensuring our ESG strategy is considered in all areas in which we work and right across all of our projects.

Emissions Reduction Plan

During this development planning phase, Hartshead are working towards alignment with the NSTA's Stewardship Expectations (SE) 11 on Net Zero. We are in the process of reviewing and updating our Emissions Reduction Plan, with a Gap Analysis completed against SE 11, and an action plan defined to assure alignment with the expectations.

Our Sommerville and Anning development is currently modelled to have very low operating emissions owing to a number of initiatives already incorporated into the Development Plan, including using Normally Unmanned Installations (NUI), no routine flaring, implementing renewable energy to power offshore facilities, utilising gas from produced water to avoid venting, minimising flaring during well clean-up, and planning for biofuel-capable generators to support additional power requirements.

Environmental Statement

The Environmental Statement, which is required for project sanction for the Sommerville and Anning development, will be prepared during H2 2023 and will assess all aspects of environmental impact of the development activities, engage with relevant stakeholders, and enable Hartshead to identify and mitigate any additional impacts as far as possible.

Progress towards TCFD reporting

Hartshead have chosen to begin to align with the Taskforce for Climate-related Financial Disclosures (TCFD). Whilst this is not compulsory for Hartshead at this time, the company see this as excellent guidance for how they consider and address climate-related risks, opportunities and their impact on the company's assets and business resilience as the business grows.

What is TCFD?

TCFD was created by the Financial Stability Board (FSB) which released climate-related financial disclosure recommendations in 2017. These disclosures were designed to help companies provide decision-useful, climate-related information to support informed capital allocation.

The disclosure recommendations are structured around four thematic areas: governance, strategy, risk management, and metrics and targets. Topics in each of the four areas are interrelated and supported by 11 recommended disclosures that build out the framework with information that should help investors and others understand how reporting organizations think about and assess climate-related risks and opportunities. More information on TCFD can be found on their website: <https://www.fsb-tcf.org/>.

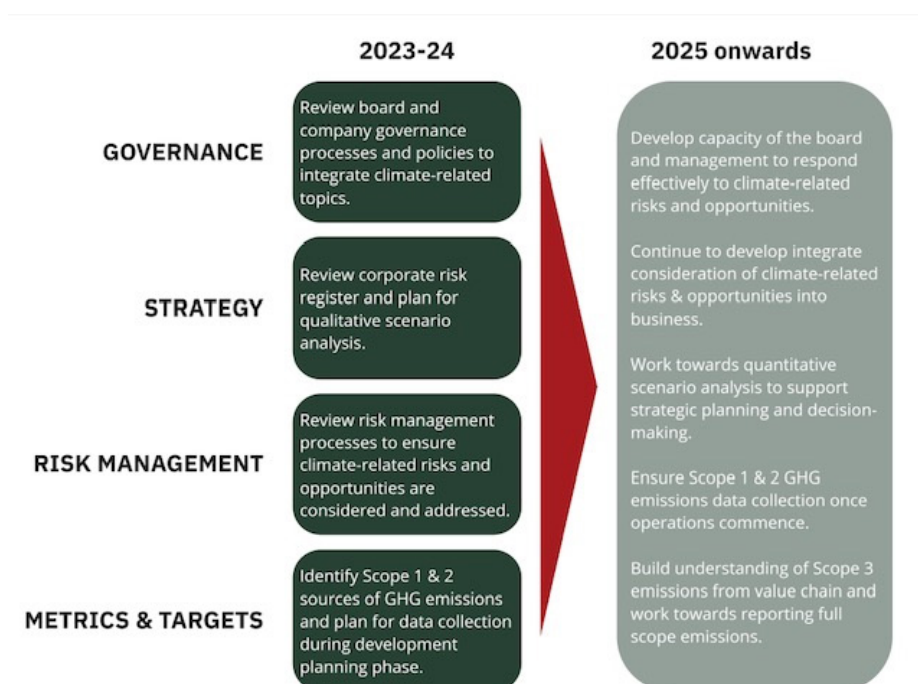
A phased approach towards alignment with TCFD

Hartshead are following a phased approach to build towards full alignment with the TCFD recommendations. A number of fundamental activities being put in place during 2023 and into 2024 include formalising an ESG committee, setting up a TCFD working group, updating relevant corporate policies, and reviewing the company Risk Management processes. Further actions aligned with the TCFD recommendations are planned for 2024 and into 2025.

It is anticipated that Hartshead will provide an update regarding TCFD implementation in 2024, with a goal to report fully to TCFD during the 2025-26 financial year.

Hartshead are currently monitoring the latest advice with regards to the recent International Sustainability Standards Board (ISSB) launch of the sustainability-related reporting standards: the General Requirements for Disclosure of Sustainability-related financial information (IFRS S1), and the requirements for Climate-related Disclosures (IFRS S2). Hartshead do not currently plan to start reporting against ISSB, however through their plan to implement TCFD, they will be working towards this should it become mandatory for them in the future.

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Overview of TCFD implementation plan.

Material Business Risk

The Group makes every effort to identify materials risks and to manage these effectively. This section does not attempt to provide an exhaustive list of risks faced by the Group or by investors in the Group, nor are they in order of significance. Actual events may be different to those described.

The Board aims to manage these risks by carefully planning its activities and implementing risk control measures. Some of the risks are, however, highly unpredictable and the extent to which the Board can effectively manage them is limited.

Oil & Gas Pricing Risk

It is impossible to accurately predict future oil and gas price movements. Sustained lower oil and gas prices or price declines may lead to a material decrease in the Company's future production revenues. The Company may from time to time enter into agreements to receive fixed prices on future oil and gas production to offset the risk of revenue losses if commodity prices decline. However, if commodity prices increase beyond the levels set out in such agreements, the Company will not benefit from such increases and may nevertheless be obligated to pay suppliers and others in the market based on such higher prices. Furthermore, there can be no assurance that hedging will be available or continue to be available on commercially reasonable terms, and in addition, hedging itself carries certain risks, including expenses associated with terminating any hedging agreements. Further, sustained lower oil and gas prices may also cause the Company to make substantial downward adjustments to its oil and gas reserves. If this occurs, or the Company's estimates of production or economic factors change, the Company may be required to write-down the carrying value of its proved oil and gas properties to reflect these impairments. Furthermore, certain development projects could become unprofitable as a result of a decline in oil and gas prices and could result in the Company having to postpone or cancel a planned project, or if it is not possible to cancel the project, carry out the project with negative economic impact. Additionally, if oil and gas prices remain depressed, it could reduce the Company's ability to refinance any outstanding loans at maturity.

Tax Regulation

Future political and fiscal conditions in the countries in which the Company operates its business (in particular, the UK) may result in governments adopting materially different taxation policies which could affect the petroleum industry. Furthermore, the level of taxes the Company must pay could change significantly as a result of new interpretations of tax laws and regulations or changes to such laws and regulations. In the event there are any such changes, it could lead to new investments being less attractive, prevent the Company from achieving further growth, or adversely affect the Company's current and future tax position, net income after tax and financial condition. In addition, tax authorities could challenge the Company's filed tax returns leading to additional taxes and tax penalties. In the UK tax authorities may under certain conditions change a tax payer's tax assessment up to twenty years after the tax year.

Climate Change Risk

Climate change continues to attract considerable public, governmental and scientific attention. As a result, various proposals have been made and could continue to be made at the international, national and regional levels of government to monitor and limit emissions of CO₂ and progress towards net zero carbon emission economies. Consequently, legislation and regulatory programs to reduce emissions of CO₂, introduce carbon capture and storage projects and move to net zero carbon could have an adverse effect on the oil and gas industry generally and adversely affect the Company's business, financial condition and results of operations.

The North Sea Transition Authority (NSTA) views oil & gas as an important component of the UK's energy mix going forward, but is also fully committed to the UK Government's commitment to reach net zero emissions by 2050 and therefore has put net zero considerations at the heart of its oil & gas strategy.

The growth of alternative energy supply options, such as renewables and nuclear, could also present a change to the energy mix that may reduce the value of oil and gas assets.

In addition, climate change activists could bring legal challenges to the Company's activity to develop its gas assets resulting in operational delays and legal costs to deal with such litigation.

Exploration Risk

Oil & gas exploration is a speculative endeavour and the nature of the business carries a degree of risk associated with the discovery of hydrocarbons in commercial quantities. Exploration risk may be adversely influenced by a number of different factors including, amongst other things, new subsurface geological and geophysical data (e.g. seismic data), drilling results from either wells drilled by the Company or other industry players, where the well drilled has direct relevance to the plays and prospects being pursued in its licence permits. This information impacts knowledge of the fundamental geological factors that are required to be present in order to have a hydrocarbon accumulation. These fundamental elements require there to be an effective; trap, reservoir, seal, source rock presence, maturity of source rock for hydrocarbon generation and migration of hydrocarbon charge from the source rocks into a trap. Each of these elements are required and their presence needs to be effective in order to have a hydrocarbon discovery that may or may not be able to be commercialised.

The business of oil & gas exploration involves risks and hazards. For example, in an exploration context, no assurance can be given that hydrocarbons will be detected and if they are, whether they are in quantities likely to be commercialised under conventional conditions within the term of the licence permit. High risk and substantial expense can be incurred without the requisite or expected degree of reward. Even if commercial quantities of oil & gas are discovered unforeseen risks can arise in the development and production phases.

Development Risk

Development projects require complex engineering, procurement, construction, and drilling work, as well as government permits and approval. Development of oil and gas assets are risky activities, requiring high levels of capital expenditure without a commensurate degree of certainty of a return on that investment. The complexity of offshore development projects also makes them very sensitive to delays or costs increases. Projected target dates for production may be delayed and significant cost overruns may occur. Estimated exploration, development and production costs are subject to a number of assumptions that may not materialize. Such factors may affect the extent to which oil and gas fields remain commercially viable, and consequently could result in breach by the Company of its obligations and/or require the Company to raise additional debt and/or equity. Any delays, cost increases or other negative impact relating to development projects of the Company, may have a material adverse effect on its business, results of operations, cash flow, financial condition and prospects.

Operational Risk

The business of oil & gas exploration, development and production, by its nature, contains elements of significant risk with no guarantee of success. Ultimate and continuous success of these activities is dependent on, amongst other things:

- i. the discovery and/or acquisition of economically recoverable reserves;
- ii. access to adequate capital for project development;
- iii. securing and maintaining licence permits;
- iv. obtaining consents and approvals necessary for the conduct of oil & gas exploration;
- v. access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants; and
- vi. availability of equipment, such as seismic vessels or drilling rigs, within the necessary time frame.

Whether or not income will result from licence permits depends on successful exploration, appraisal and establishment of production facilities.

There is no assurance that any exploration on current or future licence permits will result in the discovery of economic reserves. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically developed.

Other Operational Risks

In addition to the risks listed above, industry operating risks include fire, explosions, blow outs, pipe failures, abnormally pressured formations and environmental hazards such as accidental spills or leakage of petroleum liquids, gas leaks, ruptures, or discharge of toxic gases. The occurrence of any of these risks could result in substantial losses to the Company due to injury or loss of life; damage to or destruction of property, natural resources, or equipment; pollution or other environmental damage; clean-up responsibilities; regulatory investigation and penalties or suspension of operations. Damages occurring to third parties as a result of such risks may also give rise to claims against the Company.

Uncertainty of Exploration and Development Programs

Among the many uncertainties inherent in any exploration and development program is the location of oil & gas, the development of appropriate processes, the receipt of necessary governmental permits, access to permits and the construction of processing facilities. Assuming the discovery of oil & gas, several years may lapse from the initial phases of drilling until commercial operations commence and, during such time, the economic feasibility of production may change.

Petroleum Tenements Held as at 30 June 2023

	% Interest	Tenement	Location
Held at 30 June 2023	100%	Seaward Production License P2607	Offshore United Kingdom
	100% ³	Ambilobe Block	Offshore Madagascar

Petroleum Reporting Statements

**UK SOUTHERN NORTH SEA SEAWARD PRODUCTION LICENSE P2607
– RESERVES, CONTINGENT AND PROSPECTIVE RESOURCES**

Please refer to the qualified person's statement relating to the reporting of reserves on Hartshead Resources Southern North Sea License P2607 in Hartshead's ASX announcements dated 23 June 2022. The volumetric estimates used to derive the estimates below have been made by combining probabilistically derived estimates of initial in place gas volumes With assumptions regarding the gas recovery factors from analogous fields, such as the Clipper South and Babbage gas fields located in the UK Southern Gas Basin.

Please refer to the qualified person's statement relating to the reporting of contingent and prospective resources on Hartshead Resources Southern North Sea License P2607 in Hartshead's ASX announcements dated 6 April 2022 and 8 March 2022.

The Company is not aware of any new information or data that materially affects the information about the contingent resource or prospective resource estimates included in this report and all the material assumptions and technical parameters underpinning those estimates in this announcement continue to apply and have not materially changed.

Contingent resources reported herein have been estimated and prepared using the probabilistic method.

RESERVES⁴

			IP	2P	3P	
PHASE I	49/17b	Anning	Sales Gas (Bcf)	73	145.0	245
			Condensate (MMbbl)	0.081	0.192	0.375
	49/17b	Somerville	Sales Gas (Bcf)	107.0	156.5	213
			Condensate (MMbbl)	0.119	0.208	0.325
			Total (MMboe)	31.2	52.4	79.7

CONTINGENT RESOURCES⁵ (BCF)

			1C	2C	3C	GCoS
PHASE II	49/6c, 49/11c	Lovelace	14	39	70	100%
	48/15c	Hodgkin	35	100	387	100%

³ Subject to relinquishment as per the terms of the Ambilobe PSC.

⁴ Reserves estimates are from ERC Equipoise Limited, Independent Competent Persons Report (CPR) entitled "Hartshead Resources NL Somerville and Anning Competent Persons Report" dated June 2022. See Qualified Persons Statement for reserves reporting notes.

⁵ Hartshead management estimates



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PROSPECTIVE RESOURCES ⁶ (BCF)		IU	2U	3U	GCoS
PHASE III EXPLORATION	49/17b Garrod	16	52	125	50%
	49/17b Ayrton	25	74	146	41%
	49/17b McLaren	18	27	39	54%
	49/17b Stephenson	36	47	60	43%
	49/17b Widdowson East	6	29	79	32%
	49/17b Widdowson Central	11	21	40	50%
	49/17b Lonsdale	5	16	31	50%
	49/17b Anderson	5	12	29	45%
	49/12d Wenlock Prospect 1	4	19	55	36%
	49/12d Wenlock Prospect 2	1	5	19	36%
	49/11c Wenlock Prospect 3	1	5	17	36%
	49/11c FFs Prospect 1	3	11	26	41%
	49/11c FFs Prospect 2	8	19	37	35%
	49/11c FFs Prospect 3	4	9	17	34%

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⁶ Prospective resources are estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) and relate to undiscovered accumulations. These prospective resources estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

Competent Persons Statement

The Reserves estimated in this report have been made by Dr Adam Law, Director, ERC Equipoise (ERCE), a post-graduate in Geology, a Fellow of the Geological Society and a member of the Society of Petroleum Evaluation Engineers. Dr Adam Law is qualified in accordance with ASX listing rule 5.41 and has consented to the use of Reserves estimates, and to the form and context in which these statements appear.

ERC Equipoise Ltd. (ERCE) is a leading, employee owned, global energy consultancy headquartered in London with offices in Singapore, Kuala Lumpur and Perth. It's fully integrated team of Geoscientists, Engineers and Economists are specialists in Competent Persons reporting, reserves and resources auditing, technical services, commercial analysis and Expert advisory services. ERCE supports companies in traditional energy sectors as well as providing energy transition and sustainability services.

The Reserves estimates presented in this report were originally disclosed to the market in announcement released on 23 June 2022.

The information in this report that relates to Reserves estimates is based on information compiled or reviewed by Mr Christopher Lewis. Mr Lewis has consented to the form and context in which the estimated Reserves and the supporting material are presented.

Hartshead has prepared the Contingent Resource and Prospective Resource information in this announcement in accordance with the ASX Listing Rules and the 2007 Petroleum Resources Management System published by the Society of Petroleum Engineers (SPE-PRMS). The Contingent Resource estimates and Prospective Resource estimates presented in this report were originally disclosed to the market in announcement released on 14 December 2020 and updated 8 March 2022 and 6 April 2022. Hartshead confirms that it is not aware of any new information or data that materially affects the information included in the aforesaid market announcements and that all the material assumptions and technical parameters underpinning the estimates in the aforesaid market announcement continue to apply and have not materially changed. The information in this report that relates to Contingent Resource information in relation to the Phase II Hodgkin and Lovelace fields and the Prospective Resource information in relation to the Phase III exploration portfolio is based on information compiled by Mr Christopher Lewis and information compiled by technical consultants contracted to Hartshead which has been subsequently reviewed by Mr Christopher Lewis. Mr Lewis has consented to the inclusion of such information in this report in the form and context in which it appears and the resources information in this report is based on, and fairly represents, information and supporting documentation reviewed by, or prepared under the supervision of, Mr Christopher Lewis.

Mr Lewis is a Director of Hartshead and holds a BSc from the Imperial College, University of London and is a member of The American Association of Petroleum Geologists (AAPG) and the European Association of Geoscientists and Engineers (EAGE). Mr Lewis is qualified in accordance with the requirements in ASX Listing Rule 5.41.

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Risk Management and Corporate Governance

The Board of Hartshead are committed to conducting its business in accordance with a high standard of corporate governance commensurate with its size, operations, and the industry within which it participates. The Directors of Hartshead are responsible for corporate governance of the Company and support the principles of the ASX Corporate Governance Council's Principles and Recommendations (4th edition – February 2019) published by the ASX Corporate Governance Council.

The Company's Corporate Governance Statement as at September 2023 was approved by the Board on the date of this report. The Company's Corporate Governance Statement can be viewed www.hartshead-resources.com.au under the Corporate menu tab.

Following completion of the HRL transaction, the Company undertook a review of all of its Corporate Governance policies, including Anti-Bribery & Corruption, Statement of Values and the Whistleblower Policy, to ensure that they remained current and compliant.

Events After the Reporting Period

Subsequent to year end, Hartshead adeptly concluded its longstanding dispute with the Gabonese State. This pertained to the Nkembe n°G4-243 Petroleum Exploration & Production Sharing Contract (PSC). With the termination of the PSC, the company stands liberated from any future claims, obligations, or financial commitments.

In the opinion of the Directors, no other event of a material nature or transaction, has arisen since year end and the date of this report that has significantly affected, or may significantly affect, the Company's operations, the results of those operations, or its state of affairs.

Financial Performance

The Group made a net profit after tax of \$1,515,604 for the year ended 30 June 2023 (30 June 2022: loss of \$3,670,239).

At 30 June 2023, the Group had net assets of \$35,520,435 (30 June 2022: \$3,914,699) and cash assets of \$32,879,390 (30 June 2022: \$2,500,537).

Principal Activities

Hartshead is an Australian-listed oil and gas exploration and development company. The Company has an interest in the Seaward Production License P2607, offshore United Kingdom and the Ambilobe block, offshore Madagascar. The Company's strategy is to extract value from the Company's assets and to build a diversified portfolio of assets over time.

Other than those already noted in the report, there were no other significant changes in the nature of these activities during the year.

Information on Directors

The following information is current as at the date of this report.

Mr Bevan Tarratt, Non-Executive Chairman

BBus

Appointment date	24 May 2018	
Experience and expertise	Mr Tarratt has an extensive background in the accounting industry primarily focused on small cap resource companies. This experience has allowed Mr Tarratt to develop an in-depth understanding of the resource sector within Western Australia and globally, allowing Mr Tarratt to systematically evaluate project and corporate opportunities. Mr Tarratt has extensive equity capital markets experience with Paterson's Securities Ltd.	
Directorships held in other ASX listed entities	<p>Current directorships</p> <p>None</p> <p>Former directorships</p> <ul style="list-style-type: none"> • Fenix Resources Ltd – from August 2015 to December 2019 • Protean Energy Limited – from June 2007 to December 2020 • SSH Group Limited – from August 2018 to September 2021 	
Committee Memberships	None	
Interest in shares, options, performance rights	Fully paid ordinary shares	19,767,244
	Partly paid shares	1,075,000

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Information on Directors

Mr Chris Lewis, Executive Director and Chief Executive Officer
BSc

Appointment date	23 September 2019 (appointed Chief Executive Officer on 3 February 2021)	
Experience and expertise	<p>Mr Lewis is a geophysicist with over 28 years' experience in the oil and gas industry having worked for major E&P companies, junior and small cap companies and service companies and was the Chief Executive Officer of Hartshead Resources Limited. Over the last 17 years Mr Lewis has held a variety of executive and senior management positions, has managed oil and gas operations in Europe and Africa and has been instrumental in the start-up and rejuvenation of multiple small companies.</p> <p>Mr Lewis has been involved in multiple, small oil and gas ventures including successful exits from:</p> <ul style="list-style-type: none"> • Zeta Petroleum: Built a portfolio of assets in Romanian and sold to GMI Limited (CEO: 2005-2009); • Centric Energy: Awarded license in the Kenya Tertiary Rift Basin, farmed out to Tullow Oil and then sold to Africa Oil (VP Exploration: 2010); • Lion Petroleum: The company had two blocks onshore Kenya and was successfully reversed into TSX listed Taipan Resources (VP Exploration: 2011); • Black Star Petroleum: Awarded exploration licenses offshore Guinea Bissau and Namibia and sold company to Impact Oil and Gas (Co-Founder: 2013-2014). <p>Mr Lewis's technical strengths are in exploration and development subsurface management and delivering effective and valuable sub-surface projects. Commercially he has been involved in license applications, negotiations with government bodies, new ventures transactions and capital raising for a variety of organisations</p>	
Directorships held in other ASX listed entities	None	
Committee Memberships	None	
Interest in shares, options, performance rights	Fully paid ordinary shares	235,704,481

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Information on Directors

Dr Andrew Matharu, Executive Director and Chief Financial Officer
BEng(Hons), PhD, CEng

Appointment date	23 September 2019 (appointed Chief Financial Officer on 3 February 2021)
Resignation date	31 March 2023
Experience and expertise	<p>Dr Matharu has over 27 years' experience in the oil and gas industry and equity capital markets having commenced his career as a Petroleum Engineer with Chevron and Kerr McGee in the UK North Sea and was the Chief Financial Officer of Hartshead Resources Limited.</p> <p>Following a move into investment banking he focused on oil & gas equity research and corporate finance within roles at Cazenove, Bridgewell Securities, Numis and Westhouse Securities where he advised a number of AIM listed companies.</p> <p>Dr Matharu has a wide experience of financing private and publicly listed small and mid-cap companies in the oil and gas sector and also served as Vice President of Corporate Development at AIM-listed Tower Resources plc where he was involved in a series of corporate and asset transactions and capital raisings.</p> <p>Andrew holds a BEng(Hons) degree in Chemical Engineering from the University of Sheffield, a PhD in Chemical Engineering from the University of Cambridge and is a Chartered Engineer.</p>
Directorships held in other ASX listed entities	None
Committee Memberships	None

Mr Nathan Lude, Executive Director
BBus, Msud

Appointment date	Appointed Non-Executive Director 16 May 2016, assumed Executive role 1 May 2017
Experience and expertise	<p>Mr Lude has broad experience working in Asset Management, Mining and the Energy Industry, and is well experienced in project identification and project development across multiple ASX listed companies.</p> <p>He is the founding Director of corporate advisory firm Advantage Management which specialises in business growth and project development of ASX listed companies or private companies aspiring to become listed. Previously Nathan worked for ATCO Gas Australia and has previously held Executive and Managing Director positions for various ASX listed companies. Nathan is currently the Chairman for ASX listed, GTI Resources.</p> <p>Since 2007 Mr Lude been involved in Asset and Fund Management and formerly operated a publicly unlisted business development fund. Nathan's business network spreads across Australia and Asia and has strong ties with Australian broking firms, institutions and also Asian Investors.</p> <p>Nathan has completed a Masters of Asset Management at Bond University, a Post Graduate Diploma in Asset Management and has a Bachelor of Business degree.</p>
Directorships held in other ASX listed entities	<p>Current directorships</p> <ul style="list-style-type: none"> • GTI Resources Limited – from July 2018 <p>Former directorships</p> <ul style="list-style-type: none"> • Frontier Resources Limited – from July 2019 to May 2020
Committee Memberships	None
Interest in shares, options, performance rights	Fully paid ordinary shares 23,025,243

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Director's Report

Company Secretary

Mr Matthew Foy, Appointed 11 December 2020
BCom, GradDipAppFin, GradDipACG, SAFin, AGIA, ACIS

Mr Foy is a contract Company Secretary and active member of the WA State Governance Council of the Governance Institute Australia (GIA). He spent four years at the ASX facilitating the listing and compliance of companies and possesses core competencies in publicly listed company secretarial, operational and governance disciplines.

Directors' Meetings

The table sets out the number of Directors' meetings (including meetings of committees of the Board of Directors of Hartshead) held during the financial year, which each Director of the Company was eligible to attend, and the number of meetings attended by each Director of the Company (while they were a Director or committee member).

Directors	Board of Directors	
	Held	Attended
B Tarratt	8	8
N Lude	8	8
A Matharu	6	6
C Lewis	8	8

Audit Committee

At the date of this report, the Company does not have a separately constituted Audit Committee as all matters normally considered by an audit committee are dealt with by the full Board.

Remuneration and Nomination Committee

At the date of this report, the Company does not have separately constituted Remuneration and Nomination Committees and as such, no separate committee meetings were held during the year. All resolutions made in respect of remuneration and nomination matters were dealt with by the full Board.

Indemnifying Officers and Auditor

During the financial year, the Company paid a premium in respect of a policy insuring the Company's Directors, Secretaries, Executive Officers and any related body corporate against a liability incurred as such a Director, Secretary or Officer to the extent permitted by the Corporations Act 2001. The policy of insurance prohibits disclosure of the nature of the liability and the amount of the premium. The Company has entered into Deeds of Indemnity, Insurance and Access with the Company's Directors, Secretary, and Executive Officers.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or any of the related body corporates against a liability incurred as such an officer or auditor.

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor. During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Director's Report

Dividends and Distributions

No dividends or distributions have been declared, recommended, provided for or paid in respect of the financial year or prior financial year.

Options Over Unissued Shares

The Company has no options on issue as at the date of this report.

Changes in State of Affairs

There were no significant changes in the state of affairs of the Consolidated Entity that occurred during the financial year not otherwise disclosed in this report or the financial statements.

Proceedings on Behalf of Company

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

No proceedings have been brought or intervened in on behalf of Hartshead with leave of the Court under section 237 of the Corporations Act 2001.

Likely Developments and Expected Results

The Company intends to continue its present range of activities during the forthcoming year. In accordance with its strategy, the Company may participate in exploration and appraisal wells and new projects and may grow its exploration portfolio by farming into or acquiring new exploration licenses. There are no likely developments of which the Directors are aware other than that disclosed in this report which could be expected to significantly affect the results of the Company's operations in subsequent financial periods not otherwise disclosed in this report.

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Remuneration Report (Audited)

The Directors of Hartshead Resources NL (**Company** or **Hartshead**) present the Remuneration Report of the Company and the entities it controlled (**Consolidated Entity** or **Group**) for the year ended 30 June 2023. The report outlines the remuneration arrangements for the Company's key management personnel (**KMP**) in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

This report is presented in the following sections:

1. Introduction
2. Governance
3. Key Management Personnel
4. 2023 Remuneration
 - Remuneration related to Performance
 - Non-Executive Directors' Remuneration Structure
5. Executive Service Agreements
6. Details of Remuneration
7. Share-Based Compensation
8. Other Transactions
9. Voting and Comments – 2022 Annual General Meeting

I. INTRODUCTION

Remuneration paid to Directors and Officers of the Company is set by reference to such payments made by other ASX listed companies of a similar size and operating in the oil and gas exploration industry. In addition, reference is made to the specific skills and experience of the Directors and Officers.

The objective of the Company's reward structure is to ensure reward for performance is competitive and appropriate for the results delivered. The structure aligns individual reward with achievement of strategic objectives and the creation of value for shareholders and reflects current market practice for delivery of reward.

The Board aims to ensure that individual reward practices are aligned with the following key criteria:

- competitive and reasonable, enabling the Company to attract and retain key talent;
- aligned to the Company's strategic and business objectives, and the creation of shareholder value; and
- transparent.

Details of the nature and amount of remuneration of each Director, and other Key Management Personnel if applicable, are disclosed annually in the Company's Annual Report.

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2. GOVERNANCE

The Board has adopted the Formal Remuneration Committee Charter which provides a framework for the consideration of remuneration matters.

The Company did not have a separate Remuneration Committee for the full year and as such all remuneration matters are considered by the Board as a whole, with no Member deliberating or considering such matter in respect of their own remuneration.

In the absence of a separate Remuneration Committee, the Board is responsible for:

1. Setting remuneration packages for Executive Directors, Non-Executive Directors and other Key Management Personnel; and
2. Implementing employee incentive and equity-based plans and making awards pursuant to those plans.

3. KEY MANAGEMENT PERSONNEL

The KMP disclosed in this report are as follows:

Executive

- C Lewis – appointed 23 September 2019
- A Matharu – appointed 23 September 2019, resigned 31 March 2023
- N Lude – appointed 1 May 2017

Non-Executive Directors

- B Tarratt (Chairman) – appointed 24 May 2018

4. 2023 REMUNERATION

The Board remuneration policy is to ensure that packages offered properly reflect a person's duties and responsibilities and that remuneration is competitive and attracts, retains, and motivates people of the highest quality. The Board has consciously focused on conserving funds and the remuneration policy reflects this.

Remuneration related to Performance

Given the Company's size, stage of development, and the need to attract and retain Directors of high calibre, whilst still maintaining cash reserves the Board may from time to time consider the issue of equity instruments to Directors, subject to shareholder approval.

The Consolidated Entity's earnings results and shareholders' returns for this reporting period and the previous two reporting periods, against which key management personnel remuneration and the Consolidated Entity's remuneration principles and policies can be discussed, are detailed below.

	30 June 2023	30 June 2022	30 June 2021	30 June 2020
	\$	\$	\$	\$
Other income	8,339,935	3,164	6,044	-
Net profit loss after income tax	1,515,604	(3,670,239)	(6,013,144)	(467,430)
Dividends	-	-	-	-
Share price changes	0.026	0.025	0.016	-

Remuneration Report

Short-term incentive payment

During the year, the Board approved a one-off Short-Term Incentive Payments comprising \$125,000 to each Director.

The STIP was related to the work attributed in the successful approval of the Concept Select Report by NSTA and the delivery of 2P Reserves associated with the Phase 1 Resources and Reserves for P2607 and was awarded based on Board discretion.

Non-Executive Directors' Remuneration Structure

While noting that corporate governance principles recommend that Non-Executive Directors be remunerated solely by way of fees and statutory superannuation. The annual fee is set to reflect current market levels based on the time, responsibilities and commitments associated with the proper discharge of their duties as members of the Board.

Non-Executive Directors' fees and payments are reviewed annually by the Board and for the year ended 30 June 2023, is \$25,000 per annum, excluding superannuation. Fees provided to Non-Executive Directors are exclusive of superannuation. There are no termination or retirement benefits paid to Non-Executive Directors (other than statutory superannuation). The aggregate amount of remuneration for Non-Executive Directors approved by shareholders at the 2014 Annual General Meeting is \$400,000 per annum.

In addition, the Directors are entitled to receive additional remuneration at a rate of \$1,000 per day or part thereof (or as otherwise approved by the Board) in addition to their fees for performing additional duties as requested by the Board.

Participation in equity-based remuneration schemes by Non-Executive Directors is subject to consideration and approval by the Company's shareholders.

5. EXECUTIVE SERVICE AGREEMENTS

Remuneration and other terms of employment for key management personnel are formalised in service agreements. The service agreements specify the components of remuneration, benefits, and notice periods. Participation in the share and performance rights plans are subject to the Board's discretion. Other major provisions of the agreements relating to remuneration are set out below. Termination benefits are within the limits set by the *Corporations Act 2001* such that they do not require shareholder approval.

Contractual arrangement with key management personnel

Executives – Current

Name	Effective date	Term of agreement	Notice period	Base per annum ⁽¹⁾ \$	Termination payments
C Lewis ⁽²⁾ , Chief Executive Officer	1-Jun-21	No fixed term	6 months	412,034	6 months
A Matharu ⁽³⁾ , Chief Financial Officer	1-Jun-21	No fixed term	6 months	309,025	6 months

The Company has agreed to pay Dr Matharu and Mr Lewis a guaranteed fixed retainer amount per calendar month equivalent to 120 hours. The retainer is payable regardless of the hours worked. Any hours worked in excess of 120 hours in any calendar month will be charged at the contractual rates. The fees payable are deemed to be inclusive of all other amounts in respect of wages, superannuation, bonuses and other costs associated.

Nathan Lude – Executive Director

Mr Lude supports the company in the areas of strategy, business development and investor relations in his role as an Executive Director of the Company. Mr Lude is entitled to receive \$1,000 per day or part thereof for his Executive duties in addition to his Non-Executive Director fees.

¹ GBP:AUD exchange rate of 1.9076 as at 30 June 2023 has been used to calculate the base.

² Mr Lewis, Executive Director, is a Director of Lewis Petroleum Consulting Limited which received Mr Lewis's Director fees during the year.

³ Dr Matharu, Executive Director, is a Director of Firitas Energy Advisers Limited, which received Dr Matharu's Director fees during the period. Dr Matharu resigned 31 March 2023.



6. DETAILS OF REMUNERATION

Remuneration of KMP for the 2023 financial year is set out below:

Cash salary \$	Short-term benefits			Post-employment benefits		Share-based payments \$	Total remuneration \$	Performance related %
	Additional fees ⁽¹⁾ \$	Non-cash benefit ⁽²⁾ \$	Bonus ⁽³⁾ \$	Super-annuation \$	Term-ination \$			
Executive Directors – Current								
N Lude								
25,000	202,500	2,181	125,000	37,012	-	7,571	399,264	33%
C Lewis								
575,591	-	-	125,000	-	-	12,249	712,840	26%
Non-Executive Directors – Current								
B Tarratt								
25,000	223,500	2,181	125,000	39,218	-	7,571	422,470	19%
Executive Directors – Former								
A Matharu ⁽⁴⁾								
267,160	-	-	125,000	-	130,440	12,249	534,849	31%
892,751	426,000	4,362	500,000	76,230	130,440	39,640	2,069,423	

1 Mr Lude and Mr Tarratt are entitled to receive additional remuneration at a rate of \$1,000 per day or part thereof (or as otherwise approved by the Board) in addition to their fees for performing additional duties as requested by the Board.

2 Other benefits include the provision Working Directors' Personal Accident & Sickness insurance.

3 In November 2022, the Board approved a one-off Short-Term Incentive Payments comprising \$125,000 cash paid to each Director. The STIP was related to the work attributed in the successful approval of the Concept Select Report by NSTA and the delivery of 2P Reserves associated with the Phase 1 Resources and Reserves for P2607.

4 Dr Matharu resigned 31 March 2023.

Remuneration of Hartshead Resources NL, KMP for the 2022 financial year is set out below:

Cash salary \$	Short-term benefits			Post-employment benefits		Share-based payments \$	Total remuneration \$	Performance related %
	Additional fees ⁽¹⁾ \$	Non-cash benefit ⁽²⁾ \$	Super-annuation \$	Term-ination \$				
Executive Directors – Current								
N Lude								
25,000	164,000	1,975	19,045	-	30,038	240,058	13%	
A Matharu								
329,054	-	-	-	-	48,596	377,650	13%	
C Lewis								
533,484	-	-	-	-	48,596	582,080	8%	
Non-Executive Directors – Current								
B Tarratt								
25,000	166,000	1,975	19,255	-	30,038	242,268	12%	
912,538	330,000	3,950	38,300	-	157,268	1,442,056		

1 Mr Lude and Mr Tarratt are entitled to receive additional remuneration at a rate of \$1,000 per day or part thereof (or as otherwise approved by the Board) in addition to their fees for performing additional duties as requested by the Board.

2 Other benefits include the provision Working Directors' Personal Accident & Sickness insurance.



Remuneration Report

The following table sets out a reconciliation of each KMP's relevant interest in ordinary shares and options, performance rights and retention rights to acquire shares in the Company:

KMP	Balance at start of the year	Granted	Acquired ⁽¹⁾	Exercised	Lapsed ⁽²⁾	Balance at year end
Executive						
N Lude						
Fully paid ordinary shares	16,079,788	-	6,945,455	-	-	23,025,243
Performance rights	5,000,000	-	-	-	(5,000,000)	-
C Lewis						
Fully paid ordinary shares	231,159,026	-	4,545,455	-	-	235,704,481
Performance rights	8,089,161	-	-	-	(8,089,161)	-
Non-Executive Directors						
B Tarratt						
Fully paid ordinary shares	8,721,789	-	11,045,455	-	-	19,767,244
Partly paid shares	1,075,000	-	-	-	-	1,075,000
Performance rights	5,000,000	-	-	-	(5,000,000)	-

1 Shares purchased in shareholder approved placement and purchased on market.

2 Expired unexercised on 1 October 2022. Performance rights were subject to various milestone which were not met by the expiry date.

7. SHARE-BASED COMPENSATION

Performance rights

The following table reflects performance rights that were granted in prior years which impact current or future years. No performance rights were granted during the year ended 30 June 2023:

Grant date	Grant value ⁽¹⁾ \$	Number granted	Balance at start of the year	Number lapsed during the year ⁽²⁾	Balance at end of the year	Expense recognised during the year ⁽³⁾	Maximum value yet to expense \$
N Lude - Executive Director							
02-Sep-19	138,750	7,500,000	5,000,000	(5,000,000)	-	7,571	-
A Matharu - Executive Director							
02-Sep-19	224,474	12,133,741	8,089,161	(8,089,161)	-	12,249	-
C Lewis – Technical Director							
02-Sep-19	224,474	12,133,741	8,089,161	(8,089,161)	-	12,249	-
B Tarratt - Non-Executive Director							
02-Sep-19	138,750	7,500,000	5,000,000	(5,000,000)	-	7,571	-

1 The value of performance rights is calculated as the fair value of the rights at grant date and allocated to remuneration equally over the period from grant date to expected vesting date.

2 Expired unexercised on 1 October 2022. Performance rights were subject to various milestone which were not met by the expiry date.

3 Expense recognised reflects the portion of the vesting period, over which the expense has been recognised, that the person was a Director.

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8. OTHER TRANSACTIONS

During the period, the following related party transactions have occurred:

Payment of fees – Hartshead Resources NL

Dr Andrew Matharu, Executive Director, is a Director of Firmitas Energy Advisers Limited, which received Dr Matharu's Director fees during the period. At year end the Company had no outstanding balance payable (30 June 2022: \$33,776).

Mr Christopher Lewis, Executive Director, is a Director of Lewis Petroleum Consulting Limited which received Mr Lewis's Director fees during the period. At year end the Company had an outstanding balance payable of \$61,039 (30 June 2022: \$41,061)

Purchases of services

The Group acquired the following services from entities in which the group's key management personnel have an interest:

- Rent and share office services.

Directors, Mr Lude and Mr Tarratt are Directors of AVUT Pty Ltd atfThe Advantage Ventures Unit Trust (AVUT). AVUT have been a partner to Hartshead in providing rent and share office services. All services provided have been on normal commercial terms and conditions. The amount recognised as an expense during the year was \$47,787 (30 June 2022: \$24,449).

There are no other outstanding loans or other transaction arising to or from with key management personnel during the year related parties (30 June 2022: Nil).

9. VOTING AND COMMENTS - 2022 ANNUAL GENERAL MEETING

At the 2022 Annual General Meeting (AGM) held on 31 October 2022, the adoption of the remuneration report for the year ended 30 June 2022 was carried and received more than 99.76% of 'yes' votes. There were no comments made on the remuneration report at the Company's last AGM.

This concludes the Remuneration Report which has been audited.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration, as required under section 307C of the *Corporations Act 2001* for the year ended 30 June 2023 has been received and can be found on page 39.

NON-AUDIT SERVICES

From time to time the Consolidated Entity may decide to employ an external auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Consolidated Entity are important.

The Board is satisfied that the provision of non-audit services during the period is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The Directors are of the opinion that the services as disclosed below do not compromise the external auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocates for the Company or jointly sharing economic risks and rewards.

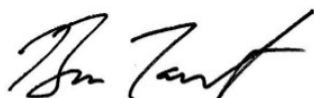
During the year ended 30 June 2023, the following amounts were paid or payable for non-audit services provided to the Group by the auditor:

	2023 \$	2022 \$
Taxation services		
Tax compliance services	9,991	11,330
Total remuneration for taxation services	9,991	11,330

BDO Audit (WA) Pty Ltd continues in office in accordance with section 327 of the *Corporations Act 2001*.

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

On behalf of the Directors



Bevan Tarratt
Non-Executive Chairman

Perth, Western Australia
29 September 2023

Auditor's Independence Declaration



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DECLARATION OF INDEPENDENCE BY ASHLEIGH WOODLEY TO THE DIRECTORS OF HARTSHEAD RESOURCES NL

As lead auditor of Hartshead Resources NL for the year ended 30 June 2023, 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.

This declaration is in respect of Hartshead Resources NL and the entities it controlled during the period.

Ashleigh Woodley
Director

BDO Audit (WA) Pty Ltd
Perth
29 September 2023

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation.

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 \$	2022 \$
Income from continuing operations			
Other income	2	8,128,975	-
Interest income		210,960	3,164
Total income		8,339,935	3,164
Expenses			
Project costs	3	(1,374,882)	(739,511)
Depreciation expenses		(14,362)	(9,398)
Administrative expenses	3	(5,268,595)	(1,908,705)
Finance costs		(9,920)	(1,483)
Share-based payments expense	3	(186,157)	(974,468)
Unrealised foreign exchange gain/(loss)	3	29,585	(39,838)
Impairment of investment	8	(212,528)	-
Profit/(Loss) before income tax		1,515,604	(3,670,239)
Income tax expense	4	-	-
Profit/(Loss) attributable to the owners of the Company		1,515,604	(3,670,239)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		758,709	(165,060)
<i>Items that will not be reclassified to profit or loss</i>			
Changes in the fair value of financial assets at fair value through other comprehensive income (FVOCI)		(199,721)	(10,817)
Other comprehensive income/(loss) for the year, net of tax		558,988	(175,877)
Total comprehensive income/(loss) for the year attributable to the owners of Hartshead Resources NL		2,074,592	(3,846,116)
Earnings per share for loss from continuing operations attributable to the ordinary equity holders			
Basic and diluted loss per share (cents per share)	17	0.07	(0.20)

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



Consolidated Statement of Financial Position

AS AT 30 JUNE 2023

	Note	2023 \$	2022 \$
Current assets			
Cash and cash equivalents	5	32,879,390	2,500,537
Other receivables	6	1,955,669	184,655
Total current assets		34,835,059	2,685,193
Non-current assets			
Plant and equipment		64,084	12,591
Financial assets at FVOCI	8	15,358	215,079
Exploration assets	9	3,402,012	1,871,665
Total non-current assets		3,481,454	2,099,335
Total assets		38,316,513	4,784,528
Current liabilities			
Trade and other payables	10	2,796,078	869,829
Total current liabilities		2,796,078	869,829
Total liabilities		2,796,078	869,829
Net assets		35,520,435	3,914,699
Equity			
Issued capital	12(a)	42,295,809	12,950,822
Share-based payment reserve	12(c)	1,427,925	1,241,768
Financial assets at FVOCI reserve	12(c)	(182,103)	17,619
Foreign exchange reserve	12(c)	614,013	(144,697)
Accumulated losses	12(b)	(8,635,209)	(10,150,813)
Total equity		35,520,435	3,914,699

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

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Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2023

	Issued capital \$	Reserves \$	Accumulated loss \$	Total equity \$
Balance at 1 July 2021	12,950,822	297,669	(6,480,574)	6,767,917
Loss for the year	-	-	(3,670,239)	(3,670,239)
Other comprehensive income for the year	-	(157,447)	-	(157,447)
Total comprehensive profit/(loss) for the year	-	(157,447)	(3,670,239)	(3,827,686)
Transactions with owners in their capacity as owners				
Contributed equity	-	-	-	-
Share issue costs	-	-	-	-
Performance rights expense recognised during the year	-	974,468	-	974,468
Balance at 30 June 2022	12,950,822	1,114,690	(10,150,813)	3,914,699
Loss for the year	-	-	1,515,604	1,515,604
Other comprehensive loss for the year	-	558,988	-	558,988
Total comprehensive loss for the year	-	558,988	1,515,604	2,074,592
Transactions with owners in their capacity as owners				
Contributed equity	31,257,525	-	-	31,257,525
Share issue costs	(1,912,538)	-	-	(1,912,538)
Performance rights expense recognised during the year	-	186,157	-	186,157
Balance at 30 June 2023	42,295,809	1,859,835	(8,635,209)	35,520,435

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

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Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 \$	2022 \$
Cash flows from operating activities			
Payments to suppliers, consultants, and employees		(5,732,648)	(2,983,255)
Operator fees		1,369,066	-
Interest received		179,580	3,164
Net cash outflow from operating activities	14	(4,184,002)	(2,980,091)
Cash flows from investing activities			
Payments for plant and equipment		(61,715)	(7,249)
Payments for exploration and evaluation expenditure		(7,676,725)	(1,390,839)
Exploration costs recouped under joint arrangement		4,803,191	-
Funds received on completion of Farmout		8,338,473	-
Net cash (outflow)/inflow from investing activities		5,403,224	(1,398,088)
Cash flows from financing activities			
Proceeds from issue of shares	12	31,065,025	-
Share issue costs		(1,912,538)	-
Net cash inflow from financing activities		29,152,487	-
Net increase in cash and cash equivalents		30,371,709	(4,378,179)
Cash and cash equivalents at the beginning of the year		2,500,537	6,899,356
Effects of exchange rate changes on cash and cash equivalents		7,144	(20,640)
Cash and cash equivalents at the end of the year	5	32,879,390	2,500,537

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

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Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023

I. SEGMENT INFORMATION

Management has determined that the Group has three reportable segments. The first being an interest to develop and explore for gas fields in the UK North Sea in Seaward Production License P2607. Hartshead's Seaward Production License P2607 was formally awarded in January 2021, with an effective date of 1st December 2020. The second being an interest to explore for oil in acreage known as, the Nkembe block, located at offshore Gabon. The third interest being at the Ambilobe block, located at offshore Madagascar. This determination is based on the internal reports that are reviewed and used by the Board (chief operating decision maker) in assessing performance and determining the allocation of resources. As the Group is focused on oil and gas development and exploration, the Board monitors the Group based on actual versus budgeted development and exploration expenditure incurred by area of interest. This internal reporting framework is the most relevant to assist the Board with making decisions regarding the Group and its ongoing development and exploration activities, while also taking into consideration the results of development and exploration work that has been performed to date.

Subsequent to the end of the Reporting Period the Company concluded the dispute with the Gabonese State in relation to the Nkembe n0G4-243 Petroleum Exploration & Production Sharing Contract (PSC). The Company confirms that the Nkembe PSC has been terminated and the company is free from any further claim, obligation or payment.

	Income from external sources \$	Reportable segment profit/(loss) \$	Reportable segment assets ⁽¹⁾ \$	Reportable segment liabilities \$
For the year ended 30 June 2023				
<i>Exploration activities</i>				
United Kingdom	8,139,977	37,471	5,213,871	(2,058,177)
Gabon	-	(2,295)	41,900	(2,216)
Madagascar	-	(121,691)	12,572	(557,592)
<i>Other corporate activities</i>	199,958	1,602,119	33,048,170	(178,093)
Total	8,339,935	1,515,604	38,316,513	(2,796,078)
For the year ended 30 June 2022				
<i>Exploration activities</i>				
United Kingdom	-	(1,481,826)	3,537,364	(208,109)
Gabon	-	(2,294)	40,622	-
Madagascar	-	(18,400)	12,764	(426,658)
<i>Other corporate activities</i>	3,164	(2,167,719)	1,193,778	(235,062)
Total	3,164	(3,670,239)	4,784,528	(869,829)

¹ Other corporate activities includes cash held of \$32,832,751 for 30 June 2023 and \$929,610 for 30 June 2022.

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2. OTHER INCOME

	2023 \$	2022 \$
Other income		
Funds received on completion of Farmout	6,440,076	-
Operator fees	1,688,899	-
	<u>8,128,975</u>	<u>-</u>

In April 2023, Hartshead announced the completion of the Farm-Out Agreement with established IJK North Sea independent RockRose Energy for a divestment of a 60% equity interest in its UK Southern Gas Basin License P2607.

As operator, the Company earns fees pertaining to its Joint Operating Agreement which reflects the contribution by the farminee for their share of costs incurred by the Company. The operator fee income is recognised as costs are incurred on the exploration activities.

3. EXPENSES

	2023 \$	2022 \$
Profit/(Loss) before income tax includes the following specific items:		
Project costs		
Southern North Sea costs ⁽¹⁾	1,260,970	745,227
Polish JV costs ⁽²⁾	-	(5,716)
Madagascar project	113,912	-
Total project costs	<u>1,374,882</u>	<u>739,511</u>
Share-based payments expense		
Performance rights expense -issued to Directors and employees	136,692	778,221
Performance rights expense -issued to Advisors	49,465	196,247
Total share-based payments expenses	<u>186,157</u>	<u>974,468</u>
Administrative expense includes		
Employee benefits expense	1,302,043	432,178
Advisory and audit fees	1,541,822	156,447
Other expenses	2,424,730	1,320,080
Total administrative expense	<u>5,268,595</u>	<u>1,908,705</u>
Unrealised foreign exchange (gain)/loss ⁽³⁾	<u>(29,585)</u>	<u>39,838</u>

¹ Group has capitalised exploration and evaluation expenditure for the UK project on the basis that this is expected to be recouped through future successful development (or alternatively sale). Corporate overhead costs allocated to exploration activities are ineligible to be capitalised per AASB 6.

² Refund of funds following withdrawal from the Polish project.

³ Foreign exchange gain was recognised in relation to the retranslation of British Pound, United States and Euro dollar denominated balances.

4. TAXATION

	2023 \$	2022 \$
(a) Income tax expense		
Current tax	-	-
Deferred tax	-	-
Income tax expense	-	-
(b) Reconciliation of income tax to prima facie tax payable		
Profit/(Loss) before income tax	1,515,604	(3,670,239)
Income tax expense/(benefit) at 25% (30 June 2022: 30%)	378,941	(1,101,072)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share-based payments	94,664	292,340
Other	74,696	4,814
Foreign tax rate differential	80,366	-
Deferred tax assets relating to tax losses and timing differences not recognised	(94,247)	803,918
Timing differences previously unrecognised now recognised	(534,420)	-
Total income tax expense	-	-
Unrecognised deferred tax assets		
Deferred tax assets and liabilities not recognised relate to the following:		
Tax loss	1,048,569	2,968,191
Exploration assets	-	-
Other temporary differences	912,728	290,786
Net deferred tax assets unrecognised	1,961,297	3,258,977

Significant accounting judgment*Deferred tax assets*

The Group expects to have carried forward tax losses, which have not been recognised as deferred tax assets, as it is not considered sufficiently probable that these losses will be recouped by means of future profits taxable in the relevant jurisdictions. The utilisation of the tax losses is subject to the Group passing the required Continuity of Ownership and Same Business Test rules at the time the losses are utilised. Net deferred tax assets have not been brought to account as it is not probable within the immediate future that tax profits will be available against which deductible temporary difference can be utilised.

Income taxes

The Group is subject to income taxes in Australia and overseas and at times significant judgement is required in determining the Group's provision for income taxes. The Group estimates its tax liabilities based on the Group's understanding of the tax law in the local jurisdiction in which it operates. During the prior period, the Group has treated the cash component with respect to the Mazagan farmout as being non-assessable based upon tax advice received from its Moroccan tax advisors. Should the final tax outcome of these matters be different from the initial assessment, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

5. CASH AND CASH EQUIVALENTS

(a) Risk exposure

Refer to Note 16 for details of the risk exposure and management of the Group's cash and cash equivalents.

(b) Deposits at call

Deposits at call are presented as cash equivalents if they have a maturity of three months or less and include the term deposit held by the company as an office bond. Refer Note 26(k) for the Group's other accounting policies on cash and cash equivalents. Deposits at call held with Australian banks and financial institutions and are bearing interest rates at 0.15%.

	2023 \$	2022 \$
Cash at bank	4,223,061	2,460,537
Deposits at call	28,656,329	40,000
	32,879,390	2,500,537

6. OTHER RECEIVABLES

The Group has no impairments to other receivables or have receivables that are past due but not impaired. Refer to Note 16 for detail of the risk exposure and management of the Group's other receivables.

Due to the short-term nature of the current receivables, their carrying amount is assumed to be the same as their fair value.

	2023 \$	2022 \$
Other receivables	1,550,240	128,434
Prepayments	85,596	56,221
JV receivable	319,833	-
	1,955,669	184,655

7. WORKING INTERESTS IN OPERATIONS

At the reporting date, the Group has operator working interests in the following projects:

Project	Activity	Working interest ⁽¹⁾			
		Exploration phase		Exploitation phase	
		2023 %	2022 %	2023 %	2022 %
UK North Sea	Development/Exploration	40	100	100	100
Ambilobe block (Madagascar)	Exploration	100	100	100	100
Nkembe block (Gabon)	Exploration	100	100	100 ⁽²⁾	100 ⁽²⁾

¹ Working interest denotes the percentage share of costs to be borne by the Group in relation to its interests in the projects.

² Subject to the right of the State of Gabon to participate in any development for up to a 20% interest under the Production Sharing Contract.

In April 2023, Hartshead announced the completion of the Farm-Out Agreement with established IJK North Sea independent RockRose Energy for a divestment of a 60% equity interest in its UK Southern Gas Basin License P2607.

Subsequent to the end of the Reporting Period the Company concluded the dispute with the Gabonese State in relation to the Nkembe n0G4-243 Petroleum Exploration & Production Sharing Contract (PSC). The Company confirms that the Nkembe PSC has been terminated and the company is free from any further claim, obligation or payment.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**Significant accounting estimates, assumptions, and judgements***Classification of financial assets at fair value through other comprehensive income*

Investments are designated at fair value through other comprehensive income where management have made the election in accordance with AASB 9: Financial Instruments.

Fair value for financial assets at fair value through other comprehensive income

Information about the methods and assumptions used in determining fair value is provided in Note 11.

Financial assets at fair value through other comprehensive income (FVOCI) comprise of unlisted equity securities.

	2023 \$	2022 \$
<i>Unlisted equity securities</i>		
Opening balance	215,079	207,465
Movement in fair value	(199,721)	7,614
Closing balance	15,358	215,079

On disposal of these equity investments, any related balance within the FVOCI reserve remain within other comprehensive income.

Hartshead remains a holder of 69,637 shares in the capital of Gemini Resources Limited, equating to 1.6% ownership in Gemini. At 30 June 2023, management determined that the investment's fair value was nil.

9. EXPLORATION AND EVALUATION ASSETS

	Note	2023 \$	2022 \$
<i>UK North Sea</i>			
Opening balance		1,871,665	432,769
Partial consideration received from JV party		(1,871,665)	-
Exploration expenditure incurred		7,971,905	1,511,545
JV cost contribution		(4,783,143)	-
Foreign exchange movements		213,250	(72,649)
Closing balance		3,402,012	1,871,665

Significant accounting estimates and assumptions*UK North Sea Farmout Arrangement*

In April 2023, Hartshead announced the completion of the Farm-Out Agreement with established IJK North Sea independent RockRose Energy for a divestment of a 60% equity interest in its UK Southern Gas Basin License P2607.

From the Group's perspective, proceeds received from RockRose relating to exploration spend or consideration for the arrangement is credited against the carrying amount of existing exploration and evaluation asset with the excess accounted for as a gain on disposal.

During the exploration phase, Hartshead's share of exploration expenditure is capitalised as incurred.

9. EXPLORATION AND EVALUATION ASSETS (continued)*Impairment of capitalised exploration and evaluation expenditure*

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

The carrying values of items of exploration and evaluation expenditure are reviewed for impairment indicators at each reporting date and are subject to impairment testing when events or changes in circumstances indicate that the carrying values may not be recoverable. There were no impairment indicators or impairment for the year ended 30 June 2023.

Significant accounting judgement*Capitalisation of exploration and evaluation expenditure*

The Group has capitalised significant exploration and evaluation expenditure on the basis that this is expected to be recouped through future successful development (or alternatively sale) of the areas of interest concerned or on the basis that it is not yet possible to assess whether it will be recouped. Refer to Note 26(j) for the Group's accounting policy on exploration and evaluation expenditure.

10. TRADE AND OTHER PAYABLES

All amounts recognised as trade and other payables, but not yet invoiced, are expected to settle within 12 months.

Refer to Note 16 for details of the risk exposure and management of the Group's trade and other payables.

	2023 \$	2022 \$
Trade payables	2,090,629	784,517
Other payables	705,449	85,312
	2,796,078	869,829

11. FAIR VALUE MEASUREMENTS

This note provides an update on the judgements and estimates made by the group in determining the fair values of the financial instruments since the last annual financial report.

Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

11. FAIR VALUE MEASUREMENTS (continued)

The following table presents the group's financial assets and financial liabilities measured and recognised at fair value at 30 June 2023 and 30 June 2022 on a recurring basis.

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
As at 30 June 2023				
Financial assets at FVOCI – Equity securities	15,358	-	-	15,358
As at 30 June 2022				
Financial assets at FVOCI – Equity securities	18,430	196,649	-	215,079

There were no transfers between levels during the year. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels at balance date.

The fair value of financial assets and liabilities held by the Group must be estimated for recognition, measurement and/or disclosure purposes. The Group measures fair values by level, per the following fair value measurement hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Valuation techniques used to determine fair values

The Group did not have any financial instruments that are recognised in the financial statements where their carrying value differed from the fair value. The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The carrying amounts of cash and short-term trade and other receivables, trade payables and other current liabilities approximate their fair values largely due to the short-term maturities of these payments.

Financial assets at fair value through other comprehensive income – equity securities

Fair Value in Active Market (Level 1)

The fair value of the equity holdings held in ASX listed companies are based on the quoted market prices from the ASX on the last traded price prior to year-end.

Fair value in an inactive or unquoted market (Level 2 and Level 3)

The fair value of financial assets that are not traded in an active market is determined using valuation techniques. These include the use of a recent share price from completed or planned capital raising that provides a reliable estimate of prices obtained in actual market transactions.

12. ISSUED CAPITAL**(a) Contributed equity**

	2023 Securities	2022 Securities	2023 \$	2022 \$
Fully paid ordinary shares	2,808,682,128	1,854,772,127	42,238,773	12,893,786
Partly paid ordinary shares	5,703,550	5,703,550	57,036	57,036
			42,295,809	12,950,822

12. ISSUED CAPITAL (continued)

(i) Fully paid ordinary shares

Fully paid ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Group in proportion to the number of shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. At 30 June 2023, there are no ordinary shares subject to escrow (30 June 2022: Nil).

Movement in fully paid ordinary shares

	Date	Number of Securities	Issue price \$	\$
Balance at 1 July 2021		1,849,772,127		12,893,786
Issue of shares - conversion of performance rights	12-Feb-21	5,000,000	-	-
Share issue costs				-
Balance at 30 June 2022		1,854,772,127		12,893,786
Issue of shares - placement	2-Sep-22	382,728,181	0.0275	10,525,025
Conversion of performance rights	30-Sep-22	30,000,000	-	-
Issue of shares - placement	2-Nov-22	18,181,820	0.0275	500,000
Share based payment ⁽¹⁾	2-Nov-22	7,000,000	0.0275	192,500
Issue of shares - placement	14-Apr-23	501,000,000	0.040	20,040,000
Conversion of performance rights	14-Apr-23	15,000,000	-	-
Share issue costs				(1,912,538)
Balance at 30 June 2023		2,808,682,128		42,238,773

¹ Share-based payment on the settlement of advisory fee, made at the value of the benefit, see Note 13(c).

(ii) Partly paid ordinary shares

Partly paid ordinary shares have an issue price of \$0.20 of which \$0.01 is paid. The balance of the issue price is payable at the election of the holder at any time by the issue of a payment notice in writing and delivered to the registered office of the Group. Partly paid shares participate in any dividends on the same basis as if the partly paid share were fully paid and are not listed.

Movement in partly paid shares

	Date	Number of Securities	Issue price \$	\$
Balance at 1 July 2021		5,703,550		57,036
		-	-	-
Balance at 30 June 2022		5,703,550		57,036
		-	-	-
Balance at 30 June 2023		5,703,550		57,036

12. ISSUED CAPITAL (continued)**(iii) Options**

Information relating to the Hartshead Incentive Option Scheme, including details of options issued, exercised, and lapsed during the financial year and options outstanding at the end of the reporting period, is set out in Note 13.

(iv) Performance rights and Retention rights

Information relating to the Hartshead Performance Rights Plan, including details of performance and retention rights issued, vested, and lapsed during the financial year and rights outstanding at the end of the reporting period, is set out in Note 13.

(b) Accumulated losses

	2023 \$	2022 \$
Balance at 1 July	(10,150,813)	(6,480,574)
Net profit/(loss) attributable to owners of the Company	1,515,604	(3,670,239)
Balance at 30 June	(8,635,209)	(10,150,813)

(c) Reserves

The following table shows a breakdown of the reserves and the movements in these reserves during the year. A description of the nature and purpose of each reserve is provided.

		2023 \$	2022 \$
Foreign currency translation reserve	Balance at 1 July	(144,697)	20,364
	Currency translation differences arising during the year	758,710	(165,061)
	Balance at 30 June	614,013	(144,697)
Exchange differences arising on translation of the foreign controlled entities are recognised in other comprehensive income as described in Note 26(c) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.			
Share-based payments reserve	Balance at 1 July	1,241,768	267,300
	Performance rights expense	186,157	974,468
	Balance at 30 June	1,427,925	1,241,768
The share-based payments reserve is used to recognise: (a) the grant date fair value of options issued to employees and directors but not exercised; (b) the grant date fair value of market-based performance rights granted to employees but not yet vested; and (c) the fair value non-market based performance and retention rights granted to employees but not yet vested.			
Fair value through other comprehensive income reserve	Balance at 1 July	17,619	10,005
	Movement during the year	(199,722)	7,614
	Balance at 30 June	(182,103)	17,619
The Group has elected to recognise changes in the fair value of certain investments in equity securities in OCI, as explained in Note 8. These changes are accumulated within the FVOCI reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.			

13. SHARE-BASED PAYMENT TRANSACTIONS

Share-based payment transactions are recognised at fair value in accordance with AASB 2.

	Note	2023 \$	2022 \$
<i>As part of share-based payments expense:</i>			
Performance rights issued	13(b)	186,157	974,468
<i>As part of advisory fees:</i>			
Shares issued	13(c)	192,500	-
		378,657	974,468

During the year, the Group had the following share-based payments arrangements:

(a) Share options

Hartshead Resources NL share options are used to reward Directors, Employees, Consultants and Vendors for their performance and to align their remuneration with the creation of shareholder wealth through the performance requirements attached to the options. Options are granted at the discretion of the Board of Directors and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits. Options granted to Directors are approval from the shareholders.

The options are not listed and carry no dividend or voting right. Upon exercise, each option is convertible into one ordinary share to rank pari passu in all respects with the Company's existing fully paid ordinary shares.

Set out below are summaries of options granted:

	2023		2022	
	Average exercise price per option	Number of options	Average exercise price per option	Number of options
Opening balance	\$0.040	20,000,000	\$0.040	20,000,000
Granted during the year	-	-	-	-
Options on reverse acquisition	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	\$0.040	20,000,000	-	-
Closing balance	-	-	\$0.040	20,000,000
Vested and exercisable	-	-	\$0.040	20,000,000

No expense arose from the options issued during the reporting period (30 June 2022: nil).

(b) Performance rights*Performance Rights Plan*

Performance rights are issued under the long-term incentive plan and will vest as an entitlement to one fully paid ordinary share provided that certain performance milestones are met. If the performance milestones are not met, the performance rights will lapse, and the eligible participant will have no entitlement to any shares.

During the prior year, the Company granted performance rights as a long-term incentive to Employees and Advisors which have been issued under the Company's Performance Rights Plans approved by shareholders on 2 September 2011 and 31 October 2014. Each performance right will vest as an entitlement to one fully paid ordinary share upon achievement of certain performance milestones. If the performance milestones are not met, the performance rights will lapse, and the eligible participant will have no entitlement to any shares.

13. SHARE-BASED PAYMENT TRANSACTIONS (continued)

Performance rights are not listed and carry no dividend or voting rights. Upon exercise each right is convertible into one ordinary share to rank pari passu in all respects with the Company's existing fully paid ordinary shares.

No performance rights have been issued during the current period.

Movement in the performance rights for the current period is shown below:

Grant date	Expiry date	Exercise price	Balance on reverse acquisition	Expired during the period	Converted during the period	Balance at end of period	Vested at end of period
02-Sep-19 ⁽¹⁾	30-Sep-22	-	58,844,991	(58,844,991)	-	-	-
21-May-21	02-Jun-24	-	45,000,000	-	(45,000,000)	-	-
Total			103,844,991	(58,844,991)	(45,000,000)	-	-

Key inputs used in the fair value calculation of the performance rights which were granted during the year ended 30 June 2021 were as follows:

Number granted	Exercise price	Expected vesting dates	Expiry date	Share price at grant date	Fair value per performance right	Total fair value
Grant date: 21-May-21 ⁽¹⁾						
45,000,000	-	31-Mar-22 to 31-May-22	02-Jun-24	\$0.018	\$0.018	\$810,000

1. Upon achieving either Milestone 1, Milestone 2, Milestone 3, Milestone 4, Milestone 5 or Milestone 6, a third of the Performance Rights will be eligible to be converted into Shares upon exercise by the holder:

2. Milestones are as follows:

Milestone 1	Final Selection of preferred development concept and offtake route for the Somerville and Anning Gas Field Development and a positive decision to proceed through the Concept Select Stage Gate;
Milestone 2	Oil and Gas Authority (OGA) approval of the Concept Select Report detailing the selected development concept and offtake route for the Somerville and Anning Fields Development;
Milestone 3	Updated Competent Persons Report (CPR) for the Somerville and Anning Gas Field Development demonstrating that this development project is commercially viable and justified for development;
Milestone 4	Award of Front-End Engineering and Design (FEED) Contract for the Somerville and Anning Gas Field Development;
Milestone 5	Award of Drilling Management Contract Somerville and Anning Gas Field Development; and
Milestone 6	Execution of Third-Party Agreements for transportation of produced gas from Hartshead owned Infrastructure to an onshore gas sales point.

During the prior period, Milestone 3 was achieved on 23 June 2022. During the current year, Milestone 1 was achieved on 20 July 2022 and Milestone 4 was achieved on 11 December 2022. As three milestones have been met, all share-based payment expense has been recognised.

13. SHARE-BASED PAYMENT TRANSACTIONS (continued)

Key inputs used in the fair value calculation of the performance rights which were granted during the year ended 30 June 2020 were as follows:

Number granted	Exercise price	Expected vesting dates	Expiry date	Share price at grant date	Fair value per performance right	Total fair value
Grant date: 02-Sep-19 ⁽¹⁾						
88,267,482	-	17-Dec-19 to 30-Sep-22	30-Sep-22	\$0.0185	\$0.0185	\$1,632,948

1. Upon achieving either Milestone 1, Milestone 2, Milestone 3, Milestone 4, Milestone 5, Milestone 6 or Milestone 7, a third of the Performance Rights will be eligible to be converted into Shares upon exercise by the holder.

2. Milestones are as follows:

Milestone 1	Completion of an initial feasibility study that derives a Net Present Value (NPV) (utilising a discount rate of 10%) of the Gora project of not less than based on a 2C Contingent Resource;
Milestone 2	Securing necessary funding to undertake the drilling of an additional well at the Gora project or Nowa Sol project, including via equity or debt (or a combination of both) or other funding mechanism such as joint farm-out or forward payments on a supply venture, agreement;
Milestone 3	The Company's VWAP over 10 consecutive trading days being at least \$0.05;
Milestone 4	The Company's VWAP over 10 consecutive trading days being at least \$0.08;
Milestone 5	Securing necessary funding to commence production at the Gora project or Nowa Sol project, including via equity or debt (or a combination of both) or other funding mechanism such as joint venture, farm-out or forward payments on a supply agreement;
Milestone 6	Execution of a binding gas sale agreement on the Gora project or oil sale agreement on the Nowa Sol project with a third party; or
Milestone 7	Successful completion of Fracking and/or Flow Testing on the Gora and Nowa Sol project, including flowing of oil and gas to surface and all necessary data acquisition for project evaluation.

The Board determined that Milestone 1 was achieved in December 2019 and a third of the rights vested.

Following the Group's exit of the Polish project, Milestones 2, 5, 6 and 7 are no longer eligible to be met.

On 30 September 2022, Milestones 3 and 4 had not been met and the rights expired.

The total expense arising from performance rights transactions recognised during the year were as follows:

	2023	2022
	\$	\$
Performance rights issued under the Performance Rights Plan	186,157	974,468
	186,157	974,468

(c) Share capital to vendors

During the year:

- On 2 November 2022, 7,000,000 shares were issued in consideration for corporate advisory services. The fair value of the shares recognised was by direct reference to the fair value of service received. This was determined by the invoices issued and amounted to \$192,500. This amount has been recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income as an administrative expense.

Significant accounting estimates and assumptions*Share-based payment transactions*

The Group measures the cost of equity-settled transactions with employees and vendors by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black-Scholes or Monte-Carlo model taking into account the assumptions detailed within this note.

13. SHARE-BASED PAYMENT TRANSACTIONS (continued)

Probability of vesting conditions being achieved

Inputs to pricing models may require an estimation of reasonable expectations about achievement of future vesting conditions. Vesting conditions must be satisfied for the counterparty to become entitled to receive cash, other assets, or equity instruments of the entity, under a share-based payment arrangement.

Vesting conditions include service conditions, which require the other party to complete a specified period of service, and performance conditions, which require specified performance targets to be met (such as a specified increase in the entity's profit over a specified period of time).

The Company recognises an amount for the goods or services received during the vesting period based on the best available estimate of the number of equity instruments expected to vest and shall revise that estimate, if necessary, if subsequent information indicates that the number of equity instruments expected to vest differs from previous estimates. On vesting date, the entity shall revise the estimate to equal the number of equity instruments that ultimately vested.

The achievement of future vesting condition is reassessed every reporting period.

14. RECONCILIATION OF PROFIT/(LOSS) AFTER INCOME TAX TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	Note	2023 \$	2022 \$
Profit/(Loss) for the year		1,515,604	(3,670,239)
Add/(Less) non-cash items:			
Depreciation		14,362	9,398
Share-based payments	13	378,657	974,468
Unrealised foreign exchange gain		(7,144)	20,640
Add/ (less) items classified as invested/financing activities:			
Funds received on completion of farmout		(8,338,473)	-
Changes in assets and liabilities during the financial year:			
Increase in receivables		(1,451,181)	(99,401)
Decrease in payables		2,335,108	(214,957)
Net cash outflow from operating activities		(5,553,067)	(2,980,091)

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15. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity and items which are more likely to be materially adjusted. Detailed information about each of these estimates and judgements is included in the notes together with information about the basis of calculation for each affected line item in the financial statements.

Significant accounting estimates and judgements

The areas involving significant estimates or judgements are:

- recognition of deferred tax asset for carried forward tax losses – Note 4;
- income taxes – Note 4;
- classification of financial assets – Note 8;
- estimation of fair value of financial assets – Note 8;
- accounting under the Farmout Arrangement – Note 9;
- estimation of fair value of share-based payments – Note 13;
- estimation of probability of vesting conditions being satisfied – Note 13;
- disclosure of commitments – Note 19; and
- disclosure of contingencies – Note 20.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

There have been no actual adjustments this year as a result of an error and of changes to previous estimates.

16. FINANCIAL AND CAPITAL RISK MANAGEMENT

Overview

The financial risks that arise during the normal course of the Group's operations comprise market risk, credit risk and liquidity risk. In managing financial risk, it is policy to seek a balance between the potential adverse effects of financial risks on financial performance and position, and the "upside" potential made possible by exposure to these risks and by taking into account the costs and expected benefits of the various risk management methods available to manage them.

General objectives, policies, and processes

The Board is responsible for approving policies on risk oversight and management and ensuring management has developed and implemented effective risk management and internal control. The Board receives reports as required from the Chief Financial Officer and Chief Executive Officer in which they review the effectiveness of the processes implemented and the appropriateness of the objectives and policies it sets. The Board oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced.

These disclosures are not, nor are they intended to be an exhaustive list of risks to which the Group is exposed.

16. FINANCIAL AND CAPITAL RISK MANAGEMENT(continued)*Financial Instruments*

The Group has the following financial instruments:

	2023 \$	2022 \$
Financial assets		
Cash and cash equivalents	32,879,390	2,500,537
Other and JV receivables	1,870,073	128,434
Financial assets at FVOCI	15,358	215,079
	34,764,821	2,844,050
Financial liabilities		
Trade and other payables	2,796,078	869,829
	2,796,078	869,829

(a) Market Risk

Market risk can arise from the Group's use of interest-bearing financial instruments, foreign currency financial instruments and exposure to commodity prices. It is a risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rate (currency risk), equity securities price risk (price risk) and fluctuations in commodity prices (commodity price risk).

(i) Interest rate risk

As at the year ended 30 June 2023, the Group has interest-bearing assets and liabilities being liquid funds on deposit and unsecured funds. As such, the Group's income and operating cash flows (other than interest income from funds on deposit and interest expense from the senior secured revolving credit facility) are somewhat dependent on changes in market interest rates. The Board manages the Group's exposure to interest rate risk by regularly assessing exposure, taking into account funding requirements and selecting appropriate instruments to manage its exposure.

Sensitivity analysis

Based on the financial instruments held at the reporting date, with all other variables assumed to be held constant, the table sets out the notional effect on consolidated profit after tax for the year and on equity at the reporting date under varying hypothetical changes in prevailing interest rates.

	2023 \$	2022 \$
Impact on post-tax profits and equity		
Hypothetical basis points increase in interest	133,274	3,659
Hypothetical basis points decrease in interest	(133,274)	(3,659)

A hypothetical change of 50 basis points was used to calculate the Group's sensitivity to future interest rate movements as this figure approximates the movement in bond yields published by the Reserve Bank of Australia for bonds with a 12-month maturity.

The weighted average effective interest rate of funds on deposit is 4.12% (30 June 2022: 0.11%).

16. FINANCIAL AND CAPITAL RISK MANAGEMENT(continued)

(ii) Currency risk

The Group operates in the UK, Poland, Madagascar, and Gabon, however, maintains a corporate listing in Australia. As a result of various operating locations, the Group is exposed to foreign exchange risk arising from fluctuations in primarily the British pounds and US dollar:

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency. The Group manages risk by matching receipts and payments in the same currency and monitoring movements in exchange rates. The exposure to risks is measured using sensitivity analysis and cash flow forecasting.

The Group's exposure to foreign currency risk at the end of the reporting year, expressed in Australian dollars, was as follows:

	GBP \$	US \$	Euro \$	XAF \$	Other \$	Total \$
At 30 June 2023						
Financial assets						
Cash	13,013,667	7,173	-	41,900	186	13,062,926
Other receivables	1,697,008	-	-	-	-	1,697,008
Financial liabilities						
Trade and other payables	1,858,220	759,097	64,379	-	-	2,681,696
At 30 June 2022						
Financial assets						
Cash	1,641,579	7,573	-	40,622	179	1,689,953
Other receivables	128,140	-	-	-	-	128,140
Financial liabilities						
Trade and other payables	290,550	484,341	-	-	-	774,891

Sensitivity analysis

The following table demonstrates the estimated sensitivity to a 10% increase/decrease in the GBP/Australian dollar exchange rate and a 10% increase/decrease in the US\$/Australian dollar exchange rate, with all variables held consistent, on post tax profit and equity. These sensitivities should not be used to forecast the future effect of movement in the Australian dollar exchange rate on future cash flows.

	2023		2022	
	%	\$	%	\$
Impact on post-tax profits and equity				
GBP/A\$ + %	10	673,763	10	83,910
GBP/A\$ - %	10	(673,763)	10	(83,910)
US\$/A\$ + %	10	(49,918)	10	(32,855)
US\$/A\$ - %	10	49,918	10	32,855

A hypothetical change of 10% in the GBP and US dollar exchange rates was used to calculate the Group's sensitivity to foreign exchange rate movements as the Company's estimate of possible rate movements over the coming year taking into account current market conditions and past volatility.

16. FINANCIAL AND CAPITAL RISK MANAGEMENT(continued)**(iii) Price risk**

The Group holds two equity investments, one is in a private company and the other is publicly traded on the ASX.

To manage its price risk arising from investments in equity securities, management monitors the price movements of the investment and ensures that the investment risk falls within the Group's framework for risk management.

The Group's exposure to equity securities price risk arises from investments held by the Group and classified in the statement of financial position as financial assets at fair value (Note 8).

Sensitivity analysis

The following table demonstrates the estimated sensitivity to a 10% increase/decrease in the share price of investments in equity securities, with all variables held consistent, on post tax profit and equity. These sensitivities should not be used to forecast the future effect of movement in the share price of investments on future cash flows.

A hypothetical change of 10% in share price of investments was used to calculate the Group's sensitivity to price risk as the Company's estimate of possible rate movements over the coming year taking into account current market conditions and past volatility.

	%	\$
30 June 2023		
+ %	10	1,536
- %	10	(1,536)
30 June 2022		
+ %	10	21,508
- %	10	(21,508)

(iv) Commodity price risk

As the Group has not yet entered into production, the risk exposure to changes in commodity price is not considered significant.

(b) Credit risk

Credit risk arises from cash and cash equivalents and deposits with financial institutions, as well as trade receivables. Credit risk is managed on a Group basis. For cash balances held with bank or financial institutions, independently rated parties with a minimum rating of 'A' are preferred.

The Board are of the opinion that the credit risk arising as a result of the concentration of the Group's assets is more than offset by the potential benefits gained.

The maximum exposure to credit risk at the reporting date is the carrying amount of the assets as summarised, none of which are impaired or past due.

16. FINANCIAL AND CAPITAL RISK MANAGEMENT(continued)*Exposure to credit risk*

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	2023 \$	2022 \$
Cash and cash equivalents	32,879,390	2,500,537
Other and JV receivables	1,870,073	128,434
	34,749,463	2,628,971

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

	2023 \$	2022 \$
Cash at bank and short-term deposits		
<i>Held with Australian banks and financial institutions</i>		
AA S&P rating	32,830,129	2,452,161
A S&P rating	4,739	5,218
B S&P rating	41,900	40,622
Unrated	2,622	2,536
Total	32,879,390	2,500,537
Other receivables		
<i>Counterparties with external credit ratings</i>	1,402,717	-
<i>Counterparties without external credit ratings⁽¹⁾</i>		
Group 1	319,833	-
Group 2	147,523	128,434
Group 3	-	-
Total	1,870,073	128,434

¹ Group 1 — new customers (less than 6 months).

Group 2 — existing customers (more than 6 months) with no defaults in the past.

Group 3 — existing customers (more than 6 months) with some defaults in the past. All defaults were fully recovered.

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Through continuous monitoring of forecast and actual cash flows the Group manages liquidity risk by maintaining adequate reserves to meet future cash needs. The decision on how the Group will raise future capital will depend on market conditions existing at that time.

16. FINANCIAL AND CAPITAL RISK MANAGEMENT(continued)*Maturities of financial liabilities*

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

	Less than 6 months \$	6 - 12 months \$	1 - 5 years \$	Over 5 years \$	Total contractual cash flows \$	Carrying amount liabilities \$
At 30 June 2023						
Trade and other payables	2,796,078	-	-	-	2,796,078	2,796,078
At 30 June 2022						
Trade and other payables	869,829	-	-	-	869,829	869,829

(d) Capital risk management

The Group's objective when managing capital is to safeguard the ability to continue as a going concern. This is to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Board monitors capital on an ad-hoc basis. No formal targets are in place for return on capital, or gearing ratios, as the Group has not derived any income from exploration.

(e) Fair value measurements

The Group did not have any financial instruments that are recognised in the financial statements where their carrying value differed from the fair value. The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The carrying amounts of cash and short-term trade and other receivables, trade payables and other current liabilities approximate their fair values largely due to the short-term maturities of these payments.

Fair value hierarchy

The fair value of financial assets and liabilities held by the Group must be estimated for recognition, measurement and/or disclosure purposes. The Group measures fair values by level, per the following fair value measurement hierarchy:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

17. LOSS PER SHARE**Information concerning the classification of securities**

- (i) Partly paid ordinary shares

Partly paid ordinary shares carry the right to participate in dividends and have been recognised as ordinary share equivalents in the determination of earnings per share.

- (ii) Options

Options granted to employees and Directors under the Incentive Option Scheme are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive.

The options have not been included in the determination of basic earnings per share. Details relating to the options are set out in Note 13.

- (iii) Deferred shares

Rights to deferred shares granted to employees under the Performance Rights Plan are included in the calculation of diluted earnings per share assuming all outstanding rights will vest. The rights are not included in the determination of basic earnings per share. Further information about the rights is provided in Note 13.

	2023 \$	2022 \$
Basic earning/(loss) per share		
Net profit/(loss) after tax attributable to the members of the Company	\$ 1,515,604	(\$ 3,670,239)
Weighted average number of ordinary shares	2,323,946,416	1,857,489,377
Basic loss per share (cents)	0.07	(0.20)
Net profit/(loss) after tax attributable to the members of the Company		
Weighted average number of ordinary shares	\$ 1,515,604	
Adjustments for calculation of diluted earnings per share	2,323,946,416	
Options	-	
Performance rights	-	
Weighted average number of ordinary shares and potential ordinary shares	2,323,946,416	
Diluted earnings per share (cents)	0.07	(0.20)

No dilutive calculation has been performed for the prior year. As a result of the loss position of the Group the diluted earnings per share is equal to the basic earnings per share.

18. DIVIDENDS

No dividend has been paid or is proposed in respect of the year ended 30 June 2023 (30 June 2022: Nil).

19. COMMITMENTS**(a) Capital commitments***UK North Sea, Seaward Production License P2607*

The Group has certain obligations to perform minimum work on tenements held. These obligations may vary over time, depending on the Group's work programmes and priorities. As at reporting date, there are no minimum financial commitments.

Gabon, Nkembe block

During a prior period a dispute had with the Directeur Général des Hydrocarbures (DGH) over the Nkembe n0G4-243 Petroleum Exploration & Production Sharing Contract (Nkembe PSC). As a consequence of this dispute Hartshead has claimed force majeure in relation to the Nkembe PSC since 1 April 2018 until such time as the dispute is resolved.

The work commitments under the Nkembe PSC included the acquisition and processing of 3D seismic data and an exploration well. The Nkembe PSC included an estimate of US\$17 million for the work commitments for the first exploration phase and Hartshead has expended approximately US\$1.4 million towards these work commitments.

Separately to the committed work program an additional US\$8.6 million of allowable costs have been incurred during the first exploration phase. The effect of the dispute with the DGH meant that Hartshead had been unable to make any progress with potential funding partners for an exploration well.

Subsequent to the end of the year the Company concluded the dispute with the Gabonese State in relation to the Nkembe PSC. The Company confirms that the Nkembe PSC has been terminated and the company is free from any further claim, obligation or payment.

Madagascar, Ambilobe block

The third phase of the Ambilobe block began in January 2017, the work commitments for the third phase includes drilling one exploration well (to be funded by a future farminee) prior to the expiry of the third phase which reached its anniversary in July 2019. The third phase may be extended, at Hartshead's option, to July 2021, a representative of the Company's subsidiary has presented the final relinquishment proposal to the Madagascar Government (OMNIS) and the Company has applied for the 2nd special two (2) year extension of the Ambilobe PSC. Discussions with OMNIS are ongoing and at the date of this report the Company has not reached agreement with OMNIS on the terms of the 2nd special two (2) year extension of the Ambilobe PSC.

The Ambilobe PSC includes an estimate of US\$2.5 million for the work commitments of the third phase. The remaining portion of the work commitment as at the reporting date has been included in the table below (30 June 2022: US\$2.5 million).

The capital expenditure estimated within the PSC's noted above, less any amounts already spent, for the end of the reporting period but not recognised as a liability are as follows:

	2023 ⁽¹⁾	2022 ⁽²⁾
	\$	\$
Within one year	-	-
Later than one year but no later than five years	3,765,781	3,627,778
Later than five years	-	-
	3,765,781	3,627,778

1 The US\$ commitments have been translated at a rate of 0.6639 to AUD.

2 The US\$ commitments have been translated at a rate of 0.6891 to AUD.

20. CONTINGENCIES

(a) Contingent liabilities

Gabon, Nkembe block

During a prior period, a dispute had with the Directeur Général des Hydrocarbures (DGH) over the Nkembe n0G4-243 Petroleum Exploration & Production Sharing Contract (Nkembe PSC). As a consequence of this dispute Hartshead has claimed force majeure in relation to the Nkembe PSC since 1 April 2018 until such time as the dispute is resolved.

Hartshead has received legal advice that its obligations to make the fund contributions under the Nkembe PSC commenced on the issue of the Presidential Decree, being 4 December 2014. Based on this advice, no fund contributions are outstanding and consequently have not been provided for on the statement of financial position as at 30 June 2023.

Subsequent to the end of the year the Company concluded the dispute with the Gabonese State in relation to the Nkembe PSC. The Company confirms that the Nkembe PSC has been terminated and the company is free from any further claim, obligation or payment.

Moroccan settlement

During a prior period, the Group completed a settlement agreement with Freeport-McMoRan and the Moroccan regulatory authorities which resulted in the Company receiving US\$7 million and taking possession of surplus drilling inventory in January 2017. There is a potential liability attached to this payment however no provision has been booked at 30 June 2023 as the Company is currently seeking advice in relation to the matter.

The Group currently has no other contingent liabilities as at 30 June 2023.

(b) Contingent assets

The Group has no contingent assets as at 30 June 2023 (30 June 2022: Nil).

Significant judgments

Contingencies & commitments

As the Group is subject to various laws and regulations in the jurisdictions in which it operates, significant judgment is required in determining whether any potential contingencies are required to be disclosed and/or whether any capital or operating leases require disclosure (refer to Note 20).

21. RELATED PARTY TRANSACTIONS

Transactions with related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

(a) Parent entities

The ultimate parent entity and ultimate controlling party is Hartshead Resources NL (incorporated in Australia) which at 30 June 2023 owns 100% of the issued ordinary shares of the subsidiaries set out in Note 22.

21. RELATED PARTY TRANSACTIONS (continued)**(b) Subsidiaries**

Interests in subsidiaries are set out in Note 22.

(c) Key management personnel compensation

	2023 \$	2022 \$
Short-term employee benefits	1,823,113	1,246,488
Post-employment benefits	206,670	38,300
Share-based payments	39,640	157,268
	2,069,423	1,442,056

Detailed remuneration disclosures are provided within the Remuneration Report.

(d) Transaction with other related parties*Payment of fees*

Dr Andrew Matharu, Executive Director, is a Director of Fimitas Energy Advisers Limited, which received Dr Matharu's Director fees during the period. At year end the Company had no outstanding balance payable (30 June 2022: \$33,776).

Mr Christopher Lewis, Executive Director, is a Director of Lewis Petroleum Consulting Limited which received Mr Lewis's Director fees during the period. At year end the Company had an outstanding balance payable of \$61,039 (30 June 2022: \$41,061).

Purchases of services

The Group acquired the following services from entities in which the group's key management personnel have an interest:

- Rent and share office services.

Directors, Mr Lude and Mr Tarratt are Directors of AVUT Pty Ltd at The Advantage Ventures Unit Trust (AVUT). AVUT have been a partner to Hartshead in providing rent and share office services. All services provided have been on normal commercial terms and conditions. The amount recognised as an expense during the year was \$47,787.

(e) Outstanding balances arising from sales/purchases of goods and services

There are no other outstanding balances arising from sales/purchases of goods and services (30 June 2022: Nil).

(f) Loan to/from related parties

There are no outstanding loans arising to or from related parties (30 June 2022: Nil).

22. CONSOLIDATED ENTITIES**(a) Investments in controlled entities**

The consolidated financial statements incorporate the assets, liabilities, and results of the following subsidiaries in accordance with the accounting policy described in Note 26(a):

Name of entity	Country of incorporation	2023 Equity holding	2022 Equity holding
Pura Vida Mazagan Pty Ltd	Australia	100%	100%
Pura Vida Nkembe Pty Ltd	Australia	100%	100%
Pura Vida Energy Sdn Bhd	Malaysia	100%	100%
PVD Exploration Morocco SARL AU	Morocco	100%	100%
PVD Gabon SARL	Gabon	100%	100%
Pura Vida Africa Pty Ltd	Australia	100%	100%
Pura Vida Mauritius	Mauritius	100%	100%
Pura Vida Gabon SARL	Gabon	100%	100%
Ansila Energy Polska Pty Ltd ⁽¹⁾	Australia	-	-
Gora Australia Pty Ltd ⁽²⁾	Australia	-	100%
Hartshead Resources Limited	UK	100%	100%

1 Dormant subsidiary deregistered on 20 Oct 2021.

2 Dormant subsidiary deregistered on 10 Sep 2022.

23. REMUNERATION OF AUDITORS

During the year, the following fees were paid or payable for services provided by the auditor of the parent entity, its related parties and non-related audit firms:

	2023 \$	2022 \$
(a) BDO Australia		
Audit and assurance services		
Audit and review of financial statements	63,909	42,760
Taxation services		
Tax compliance services	9,991	11,330
Total remuneration for BDO Australia	73,900	54,090
(b) Network firms of BDO ⁽¹⁾		
Audit and assurance services		
Audit and review of financial statements	40,913	6,152
Tax Compliance Advice	-	-
Total auditors' remuneration	114,813	60,242

1 Fees incurred from BDO PLT and BDO LLP in relation to the audit of the Groups subsidiaries.

From time to time the Consolidated Entity may decide to employ an external auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Consolidated Entity are important. These assignments are principally tax advice and due diligence on acquisitions, which are awarded on a competitive basis. It is the Group's policy to seek competitive tenders for all major consulting projects. The Board is satisfied that the provision of non-audit services during the period is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

24. PARENT ENTITY INFORMATION

The following information relates to the parent entity, Hartshead Resources NL as at 30 June 2023. The information presented here has been prepared using consistent accounting policies as presented in Note 26.

(a) Summary of financial information

The individual aggregate financial information for the parent entity is shown in the table.

	Company	
	2023 \$	2022 \$
Financial position		
Current assets	20,202,951	978,579
Total assets	35,558,062	4,550,385
Current liabilities	180,309	654,116
Total liabilities	180,309	654,116
Equity		
Contributed equity	42,295,809	12,950,822
Reserves	1,266,186	1,261,320
Accumulated losses	(8,184,242)	(10,315,873)
Total equity	35,377,753	3,896,269
Financial performance		
Loss for the year	2,131,631	(3,567,536)
Total comprehensive loss	1,931,910	(3,567,536)

(b) Guarantees entered into by the parent entity

The parent entity did not have any guarantees as at 30 June 2023 or 30 June 2022.

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2023 or 30 June 2022.

(d) Contractual commitments for the acquisition of property, plant, and equipment

The parent entity did not have any contractual commitments for the acquisition of property, plant and equipment as at 30 June 2023 or 30 June 2022.

25. EVENTS OCCURRING AFTER REPORTING DATE

Subsequent to year end, Hartshead adeptly concluded its longstanding dispute with the Gabonese State. This pertained to the Nkembe n°G4-243 Petroleum Exploration & Production Sharing Contract (PSC). With the termination of the PSC, the company stands liberated from any future claims, obligations, or financial commitments.

In the opinion of the Directors, there are no other events of a material nature or transaction has arisen since year-end and the date of this report that has significantly affected, or may significantly affect, the Group's operations, the results of those operations, or its state of affairs in subsequent financial years.

26. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Hartshead Resources NL (Company or Hartshead) is a company incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. Hartshead is the ultimate parent entity of the Group.

The consolidated financial statements of Hartshead Resources NL for the year ended 30 June 2023 comprise the Company and its controlled subsidiaries (together referred to as the Group and individually as **Group entities**).

Statement of compliance

This general-purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Company Interpretations and the Corporations Act 2001. Hartshead is a for-profit entity for the purpose of preparing the financial statements.

The financial statements of the Company also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis of preparation

The financial statements of the Group are presented in Australian dollars, which is the Company's functional currency.

Historical cost convention

These financial statements have been prepared under the historical cost convention, except for costs and do not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Critical accounting estimates and significant judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires Management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed within Note 15.

New and amended standards adopted by the Group

The Group has adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to their operations and effective for the current annual reporting period.

The adoption of all the new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior years.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2023 reporting periods and have not been early adopted by the group. The group's assessment of the impact of these new standards and interpretations is set out below. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

There are no other standards that are not yet effective and that are expected to have a material impact on the Group in the current or future reporting period and in the foreseeable future.

Accounting policies

In order to assist in the understanding of the accounts, the following summary explains the principle accounting policies that have been adopted in the preparation of the financial report. These policies have been applied consistently to all of the periods presented, unless otherwise stated.

26. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of subsidiaries of the Company at the end of the reporting period. Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. Where a subsidiary has entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of subsidiaries is contained in Note 22 to the financial statements.

Intercompany transactions, balances, and unrealised gains on transactions between Group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Joint arrangements

Under AASB 11 *Joint Arrangements* investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group only has joint operations.

Joint operations

The Group recognises its direct right to, and its share of jointly held assets, liabilities, revenues, and expenses of joint operations. These have been incorporated into the financial statements under the appropriate headings. Details of joint operations are set out in Note 7.

(c) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency monetary assets and liabilities at the reporting date are translated at the exchange rate existing at reporting date. Exchange differences are recognised in profit or loss in the period in which they arise.

No dividends were paid or proposed during the period.

26. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange difference is reclassified to profit or loss, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(d) Segment reporting

Operating segments are reported in a manner that is consistent with the internal reporting to the chief operating decision maker, which has been identified by the Group as the Executive Director and other members of the Board.

(e) Revenue recognition

Revenue is measured as the fair value of the consideration received or receivable. The Group recognises revenue when the amount of revenue can be reliably measured it is probable that future economic benefits will flow to the entity.

Revenue for other business activities is recognised on the following basis:

Operator fees

Operator fees are earned on expenditure incurred on behalf of joint venture parties. Revenue from providing operator services is recognised in the period in which the services are rendered.

Interest income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(f) Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs.

26. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at re-valued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had the impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at the re-valued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(g) Property, plant, and equipment

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the statement of profit or loss comprehensive income during the reporting period in which they are incurred.

Depreciation is calculated using the diminishing value or straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

- Office furniture and equipment 4 - 15 years
- Computer software and equipment 2 - 4 years

Assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset carrying amount is written down immediately to its recoverable amount if the asset's carrying value is greater than its estimated recoverable amount (Note 26(f)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statements of profit or loss.

26. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**(h) Income tax and other taxes**

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

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

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The Group may be entitled to claim special tax deductions for investments in qualifying assets (investment allowances). The Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

(i) Goods and services tax

Revenues, expenses, and assets are recognised net of the amount of GST except where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST component of cash flow arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

26. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Exploration and evaluation expenditure

Exploration and Evaluation expenditure

Exploration for and evaluation of mineral resources is the search for mineral resources after the entity has obtained legal rights to explore in a specific area as well as the determination of the technical feasibility and commercial viability of extracting mineral resource.

UK North Seas

The Groups UK North Sea project is accounted for as a joint arrangement (joint operation whereby the Group recognised its share of assets and liabilities, relating to the arrangement), see Note 26(b).

Exploration lease acquisition costs relating to exploration provinces are initially capitalised and then amortised over the shorter term of the lease or the expected life of the project.

All other exploration and evaluation costs, including general permit activity, geological and geophysical costs and new venture activity costs are charged as expenses as incurred except where:

- such evaluation costs are expected to be recouped through successful development and exploitation of the area of interest or alternatively, by its sale; or
- exploration and/or evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in relation to the area are continuing.

Areas of interest are recognised at permit level. Subsequent to the recognition of an area of interest, all further costs relating to the Area of Interest are initially capitalised. Each area of interest is reviewed at least bi-annually to determine whether economic quantities of reserves exist or whether further exploration and evaluation work is required to support the continued carry forward of capitalised costs. To the extent it is considered that the relevant expenditure will not be recovered, it is written off.

In the statement of cash flows, those cash flows associated with the capitalised exploration and evaluation expenditure are classified as cash flows used in investing activities exploration and evaluation expenditure expensed is classified as cash flows used in operating activities.

Other Projects

Exploration and evaluation expenditure are expensed to the profit or loss as incurred except when existence of a commercially viable oil and/or gas reserve has been established and it is anticipated that future economic benefits are more likely than not to be generated as a result of the expenditure.

(k) Cash and cash equivalents

For the purposes of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, cash in bank accounts, money market investments readily convertible to cash within two working days, and bank bills but net of outstanding bank overdrafts.

(l) Investments and other financial assets

Classification

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

26. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

The Group classifies its financial assets in the following categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- those to be measured at amortised cost.

For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

Investments in equity instruments

The Group subsequently measures all equity investments at fair value.

Fair value in active market (Level 1)

The fair value of financial assets and liabilities traded in active markets (such as publicly traded derivatives and listed equity securities) are based on quoted market prices at the close of trading at the end of the reporting period without any deduction for estimated future selling costs.

Fair value in an inactive or unquoted market (Level 2 and Level 3)

The fair value of financial assets that are not traded in an active market is determined using valuation techniques. These include the use of a recent share price from capital raising and option pricing models that provides a reliable estimate of prices obtained in actual market transactions.

Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the statement of financial position date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

Recognition and de-recognition

Investments are initially recognised at fair value plus transactions costs for all financial assets not carried at fair value through profit or loss. Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

26. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent measurement

Loans and receivables are carried at amortised cost using the effective interest method and available for sale assets are carried at fair value.

(m) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured.

Provisions are measured at the present value of Management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as an interest expense.

(n) Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including short-term incentive payments, non-monetary benefits and accumulating annual leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

Other long-term employee benefits

Provision is made for long service leave and annual leave estimated to be payable to employees on the basis of statutory and contractual requirements. The liability for long service leave and annual leave which is not expected to be settled within twelve months after the end of the period in which the employees render the related service is recognised in the provision for employee entitlements and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Expected future payments are discounted using market yields at the end of the reporting period on government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows.

Share-based payments

The Group has provided benefits to its employees (including key management personnel) in the form of share-based payments, whereby services were rendered partly or wholly in exchange for shares or rights over shares. The Remuneration Committee has also approved the grant of options, retention rights or performance rights as incentives to attract executives and to maintain their long-term commitment to the Company. These benefits were awarded at the discretion of the Board or following approval by shareholders.

The costs of these equity settled transactions are measured by reference to the fair value of the equity instruments at the date on which they are granted. Retention rights and performance rights granted under the Hartshead performance rights plans are determined at their fair value and can be valued by either using the share price of the Company as at the date of grant, a Monte-Carlo simulation valuation model, or other appropriate valuation methodologies. The fair value of options granted is determined by using the Black-Scholes option pricing technique. Further details of options and performance rights granted are disclosed in Note 13.

26. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The cost of these equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period).

At each subsequent reporting date until vesting, the cumulative charge to the profit or loss is the product of: (i) the fair value at grant date of the award; (ii) the current best estimate of the number of equity instruments that will vest, taking into account such factors as the likelihood of employee turnover during the vesting period and the likelihood of non-market performance conditions being met; and (iii) the expired portion of the vesting period.

The charge to the profit or loss for the period is the cumulative amount as calculated above less the amounts already charged in previous periods. There is a corresponding credit to equity.

Until an equity instrument has vested, any amounts recorded are contingent and will be adjusted if more or fewer equity instruments vest than were originally anticipated to do so. Any equity instrument subject to a market condition is valued as if it will vest irrespective of whether or not that market condition is fulfilled, provided that all other conditions are satisfied.

If the terms of an equity-settled award are modified, as a minimum, an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement or is otherwise beneficial to the recipient of the award, as measured at the date of modification.

If an equity-settled transaction is cancelled (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied), it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new equity instrument is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new equity instrument are treated as if they were a modification of the original award, as described in the preceding paragraph.

The dilutive effect, if any, of outstanding performance rights and options is reflected as additional share dilution in the computation of diluted earnings per share (refer Note 17).

(o) Earnings per share

Basic earnings per share

Basic earnings per share is determined by dividing the operating loss attributable to the equity holders of the Company after income tax by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(p) Trade and other receivables

Receivables are initially recognised at fair value and subsequently measured at amortised cost, less loss allowances. Current receivables for GST are due for settlement within 30 days and other current receivables within 12 months.

26. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Trade and other payables

Trade payables and other payables are carried at cost and represent liabilities for goods and services provided to the Group prior to the end of the financial period that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and usually paid within 30 days of recognition.

(r) Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised as well as through the effective interest rate amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in profit or loss.

Transaction costs are included in borrowings and measured at amortised cost using the effective interest rate method.

Borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset form part of the cost of that asset, and therefore are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale.

(s) Parent entity financial information

The financial information for the parent entity, Hartshead Resources NL, disclosed in Note 24 has been prepared on the same basis as the consolidated financial statements, except as set out below:

Investments in subsidiaries, associates, and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost.

Director's Declaration

In the Directors' opinion:

1. the financial statements, and accompanying notes set out above, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - b. giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2023 and its performance for the financial year ended on that date.
2. there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable; and
3. the financial statements and accompanying notes are presented in compliance with International Financial Reporting Standards as issued by the International Accounting Standards Board, as stated in Note 27 to the financial statements.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

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

On behalf of the Directors



Bevan Tarratt
Non-Executive Chairman

Perth, Western Australia
29 September 2023

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Independent Auditor's Report



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INDEPENDENT AUDITOR'S REPORT

To the members of Hartshead Resources NL

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Hartshead Resources NL (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, 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 the Group, is in accordance with the *Corporations Act 2001*, including:

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2023 and of its 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 Group 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.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Independent Auditor's Report



Accounting for Farm-Out Arrangement

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>During the year, the Company entered into a farm-out arrangement for its UK Southern Gas Basin assets. This arrangement involves the dilution of the company's interests in the asset and the receipt of contributions from its joint venture partner.</p> <p>This transaction was deemed a key audit matter arising from the complexity of estimating and judging the appropriate accounting treatment for the contractual arrangement and subsequent contributions.</p> <p>Accounting for farm-out arrangements are complex due to the assessment as to whether the contributions received from the joint venture partner should be classified as exploration asset contributions or operator fee income, as well as their fair valuation.</p> <p>Refer to Notes 2 and 9 to the Financial Report for a description of the accounting policy and significant judgments applied to these transactions.</p>	<p>Our work included but was not limited to the following:</p> <ul style="list-style-type: none">• Reviewing the relevant agreements to obtain an understanding of the contractual terms and conditions of the transactions;• Assessing the Company's methodology for estimating the dilution of its interests in the asset;• Assessing whether the contributions received from the joint venture partner should be appropriately classified as contributions towards the exploration asset or as operator fee income;• Testing a sample of transactions related to the farm-out arrangement to ensure that they were recorded and accounted for in accordance with relevant Accounting Standards;• Reviewing the Director's minutes, ASX announcements and enquiring with management as to whether there were any changes to the nature of the arrangement during the year;• Assessing the adequacy of the related disclosures in Note 2 and 9 to the Financial Report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and the auditor's report thereon.

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

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Independent Auditor's Report



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

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

Responsibilities of 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 ability of the group 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 Group 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:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

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Independent Auditor's Report



Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 32 to 37 of the directors' report for the year ended 30 June 2023.

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

Responsibilities

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

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'Ashleigh Woodley', is written over a faint, light blue BDO logo watermark.

Ashleigh Woodley

Director

Perth, 29 September 2023

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Additional Information

The following additional information is required by ASX in respect of listed public companies only.

Information as at 22 August 2023:

I Distribution of shareholders

Category	Ordinary Shares		Partly Paid Shares	
	Holders	% of securities in class	Holders	% of securities in class
1 - 1,000	40	0.00	-	-
1,001 - 5,000	28	0.00	-	-
5,001 - 10,000	29	0.01	-	-
10,001 - 100,000	1,062	1.88	2	2.96
100,001 and above	1,304	98.10	10	97.04
Total	2,463	100.00	12	100.00

The number of shareholders holding less than marketable parcel at a share price of \$0.026 is 190.

2 Voting rights

The voting rights attached to each class of equity security are as follows:

<i>Fully paid ordinary shares</i>	Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.
<i>Partly paid shares</i>	The holder will be entitled to exercise any vote attaching to a partly paid share at general meetings of members in accordance with the Constitution of the Company. Under the Constitution, on a poll, partly paid shares have a vote pro rata to the proportion of the total issue price paid up. Amounts paid in advance of a call will be ignored when calculating the proportion.
<i>Performance rights</i>	There are no voting rights attached to any class of performance right on issue.

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Additional Information

3 20 largest shareholders - ordinary shares as at 22 August 2023:

Name	Number of Fully Paid Ordinary Shares	% Issued Ordinary Capital
1 BNP PARIBAS NOMS PTY LTD <DRP>	351,906,241	12.53
2 MR CHRISTOPHER LEWIS	211,249,233	7.52
3 CITICORP NOMINEES PTY LIMITED	109,687,814	3.91
4 JALBAR PTY LTD	92,488,606	3.29
5 GULF NATURAL RESOURCES PTY LTD	87,670,170	3.12
6 ALITIME NOMINEES PTY LTD <HONEYHAM FAMILY A/C>	67,500,000	2.40
7 BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	51,948,783	1.85
8 NATIONAL NOMINEES LIMITED	50,644,839	1.80
9 CITYSCAPE ASSET PTY LTD <CITYSCAPE FAMILY A/C>	32,000,000	1.14
10 NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	31,801,949	1.13
11 J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	30,200,000	1.08
12 J & TW DEKKER PTY LTD <J & TW DEKKER FAMILY A/C>	22,885,701	0.81
13 MR SEBASTIAN ANDREW MARR	20,945,454	0.75
14 ING INVESTMENT FUND PTY LTD <ING INVESTMENT FUND A/C>	20,025,243	0.71
15 GRAPHITE ADVANCEMENTS PTY LTD	20,000,000	0.71
16 KLOSTERS HOLDINGS PTY LTD <MILBON HOLDINGS A/C>	20,000,000	0.71
16 MR KEVIN DANNI + MRS NATALIE LOUISE DANNI	19,631,034	0.70
18 HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	18,566,739	0.66
19 VANGUARD SUPERANNUATION PTY LTD <VANGUARD INVESTMENT A/C>	17,871,886	0.64
20 NEW ENERGY MINERALS AFRICA PTY LTD	17,195,851	0.61
Totals: Top 20 holders of Ordinary Fully Paid Shares (Total)	1,294,219,543	46.08
Total Remaining Holders Balance	1,514,462,585	53.92
Total	2,808,682,128	100.00

4 Substantial Shareholders of Ordinary Shares

As at **22 August 2023** the following shareholders held more than 5% of issued capital in the company as per substantial shareholder notices lodged with ASX:

Holder of Fully Paid Ordinary Shares	No of Shares	% held
MR CHRISTOPHER LEWIS	235,704,045	8.39

5 There are no securities subject to escrow

6 Unquoted securities on issue at 22 August 2023

- 5,703,550 Partly paid shares with an issue price of \$0.20 of which \$0.01 was paid upon issue.

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Additional Information

7 Unquoted equity securities holders with greater than 20% of an individual class

As at **22 August 2023**, the following classes of unquoted securities had holders with greater than 20% of the class on issue.

Partly paid shares

Holder	No securities held	% held
David Ormerod <Ormerod Family Inv A/C>	2,225,000	39.01

8 Other

The Company is not currently conducting an on-market buy-back. There are no issues of securities approved for the purposes of item 7 of section 611 of the Corporations Act which have not yet been completed. No securities were purchased on-market during the reporting period in respect of an employee incentive scheme. There are no holders with a substantial holding in the Company.

9 Corporate Governance

Pursuant to the ASX Listing Rules, the Company's Corporate Governance Statement will be released in conjunction with this report. The Company's Corporate Governance Statement is available on the Company's website at: <https://hartshead-resources.com.au/corporate-governance/>

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