



ENERGY WORLD CORPORATION LTD.

Level 8, 210 George Street,
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Lachlan Morley
Adviser, Listings Compliance
Australian Securities Exchange
20 Bridge Street
Sydney NSW 2000

20 November 2024

ListingsComplianceSydney@asx.com.au

CC: lachlan.morley@asx.com.au

Dear Mr Morley,

Energy World Corporation Ltd - ASX Query

Energy World Corporation Limited ACN 009 124 994 (**EWC** or the **Company**) refers to ASX's Aware letter dated 12 November 2024 and further request via email dated 19 November 2024 and provides responses to the specific queries set out in that letter and email.

Capitalised terms used in this letter have the same meaning given in ASX's query letter and the Orders unless otherwise defined.

Queries

1. ***When EWC first became aware with a reasonable degree of certainty that an additional impairment expense of \$744,300,000 is to be recognised in respect of EWC's exploration and evaluation assets, Assets under construction and Property, plant and equipment related to the Senggang Gas Field and the Gilmore LNG Project (together, the 'Projects')?***
 - (a) The Directors have reviewed the developments related to the Projects and carefully considered the requirements set out by the Australian Accounting Standards and Australian Auditing Standards regarding the appropriate calculation of the carrying values for the purposes of the unaudited financial statements. After extensive discussion during the Audit Committee and EWC board (**Board**) meeting held on 19 September 2024, which included a review and consideration of the Auditor's preliminary report, the Directors considered and discussed the impairment of the Projects, and management was tasked to update the information and forecasts linked to the carrying value of the Projects which led to the decision to impair the Projects, as reflected in the Annual Report and Accounts. The Auditor's final closing report was provided to the Board on 28 September 2024. The decision that led to the impairment as outlined above was promptly communicated through the release of the Annual Report on 30 September 2024.
 - (b) The circumstances leading to the impairment decisions on the Projects are detailed on pages 85 to 87 of the Company's Annual Report. The Reconciliation and Reclassification comparisons between the unaudited Appendix 4E and the audited financial statements are explained on pages 66 to 69.

REGISTERED OFFICE ADDRESS

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2. **When EWC first became aware with a reasonable degree of certainty that an additional interest expense of \$13,400,000 and gain on debt modification of \$6,800,000 is to be recognised in respect of the recalculation of the carrying value of the Slipform loan?**
- (a) Similar to the impairment as outlined above, discussions in relation to the debt modification were discussed during the Audit Committee and Board meeting, which included a review and consideration of the Auditor's preliminary report held on 19 September 2024, and the resulting change was promptly communicated following the Board meeting held on 30 September 2024, through the release of the Annual Report on the same day. The additional interest expense accrued as a consequence of recalculating the interest accruals on a compound interest basis as opposed to a simple interest basis
3. **If the entity first became aware of the additional impairment expense of \$744,300,000, finance expense of \$13,400,000 and gain on debt modification of \$6,800,000 before the release of the Annual Report, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe EWC was obliged to release the information under Listing Rules 3.1, 3.1A and 4.3D and what steps EWC took to ensure that the information was released promptly and without delay.**
- (a) The additional impairment expenses and finance expenses (**Adjustments**) were recorded within the draft Annual Report and Accounts released on 28 September 2024 for consideration by Directors at the Board meeting held on 30 September 2024, when the Adjustments were approved. Until that time, the Company's draft Annual Report and Accounts were not final. Details regarding material differences between the Preliminary Final Report and Audited Accounts were incomplete and confidential. It would not have been reasonable for the information about the Adjustments to have been disclosed prior to that date. The premature announcement of the Adjustments prior to its finalisation may have misled the market if further changes were subsequently made.
- (b) The note to Listing Rule 4.3D refers to an "entity should be aware of this information by no later than the time it lodged its statutory full year information with ASIC. It may be aware of this information earlier than that time". Given the timing as discussed above, EWC became "aware" of the Adjustments during the weekend starting 28 September 2024, that is within 2 days (weekend) of the time of lodgement of the Audited Accounts, which was lodged as soon as EWC's board approval was obtained. Therefore, EWC has at all times been compliant with its continuous disclosure obligations.
- (c) The resulting changes were promptly communicated through the release of the Annual Report on 30 September 2024. EWC was not in a position to make any disclosure under Listing Rule 4.3D prior to the lodgement of its Annual Report.
4. **Please provide details of factors and conditions including changes in such factors and conditions from the prior reporting period (FY2023) that are considered by Directors in assessing the impairment of the assets related to the Projects.**

The key assumptions made for 30 June 2023 Annual Report and Accounts to support the carrying values of the assets at that time were also those disclosed to the Auditor as follows:

- (a) Philippines LNG Hub Terminal – Value in Use (VIU) Calculations

The prognosis was and remains that 50% or more of the throughput of the Hub Terminal will be for third parties within the Philippines. The Company also disclosed at that time that it did not have any third party contracts in place in respect of these sales through the Hub Terminal and there were no comparable assets operating in the Philippines to benchmark the financial forecasts.

For the report covering the period up to 30 June 2024 the Directors took the view that pending the completion of the LNG Hub and the confirmation of the third party sales this component of the VIU forecasted revenue should be excluded from the current valuation of the LNG Hub and hence the resulting impairment.

(b) Sengkang LNG Facility

The key calculations that impacted the VIU calculation for the Sengkang LNG Facility were disclosed as follows:

- (i) LNG Sale Prices
- (ii) Feedstock Gas Prices
- (iii) Availability of Feedstock Gas

Despite best efforts during the course of the 12 month period, discussions with SKKMigas have not yet resulted in the “gas allocation” (as foreseen) by SKKMigas and the relevant authorities. In view of this development the Directors took the view that until the gas allocation is obtained the economics of the Sengkang LNG Facility are not possible to calculate and hence the impairment made to this investment.

Clearly, given these matters may change in the course year, then the carrying value of the Sengkang LNG Plant will be re-evaluated.

(c) Gilmore LNG Facility

The key calculations that impacted the VIU calculation for the Gilmore LNG Facility were:

- (i) LNG Sale Prices
- (ii) Feedstock Gas Prices

However, during the course of the past 12 months it has not been possible to make the progress necessary on the plant project construction to justify entering into these longer term commitments. In the circumstances, the Directors made the decision to impair the carrying value of the Gilmore Project. Once matters improve and subject to available funding, the carrying value of the plant will be re-evaluated.

(d) Australian Gas – Gilmore & Eromanga Gas Fields

The recoverable amounts of the Gilmore and Eromanga Gas Fields was determined with reference to Fair Value Less Costs to Sell (FVLCS). The amounts impaired this year in connection with these developments were these costs incurred during the financial year that were charged against these developments.

The Directors considered that since no tangible progress had been made to bring the gas to market, the costs incurred during the year in connection with these gas fields should be impaired accordingly.

It should be noted that the Auditor Report for the 30 June 2023 Annual Report and Accounts contained a qualified opinion in connection with the Gilmore LNG Facility, Sengkang LNG Facility and Philippines LNG Hub assets where the Auditors made the following statement:

“We have not been able to obtain reliable external evidence that would enable us to form a view regarding the appropriateness of the assumptions used in respect of completing the construction of and subsequently operating each of the aforementioned assets for the purpose of the respective value in use impairment tests that were performed”.

The decision taken by the Directors in regard to the impairment of these assets therefore take into account the views expressed in the report for 30 June 2023 and the progress in connection with the Projects under development made during the course of the 12 month period up to 30 June 2024.

The Auditors, in the report for the 30 June 2023 accounts also made references to the qualified opinion. In the circumstances, the Directors are of the view that the discussions taken with regards to the impairments are fair and reasonable.

- (e) The factors impacting the Directors decisions to impair the Projects are also detailed on pages 85 to 87 of the Annual Report.

5. ***What evidence was provided to the auditor to support that no adjustments to the amounts recorded in respect of the assets related to the Projects were necessary at 30 June 2023?***

- (a) Management provided the Auditors with its impairment models and also engaged a third-party specialist (**Top Consult**) to assist with its impairment test of the Philippines Power Plant as of 31 December 2022.
- (b) Management also obtained an estimate of the fair value less costs to sell (**FVLCS**) of the Australian Gas cash generating unit (comprised of the Gilmore & Eromanga AuC noted above and gas reserves/resources included within exploration & evaluation assets) from an independent third party specialist (**Fluid Energy Consultants**) at 31 December 2022.
- (c) As a result of the estimated FVLCS of Australian Gas being less than the carrying amount, management recognised impairment totalling \$35m as of 31 December 2022.
- (d) Due to the lack of substantive progress during FY23, management suspended the capitalisation of borrowing costs to the carrying values of Sengkang LNG, Philippines Hub Terminal and Gilmore LNG. Due to the lack of substantive progress during the second half of FY23 management also suspended capitalisation of interest for the Philippines Power Plant during this period.
- (e) All of the above impairment models demonstrated headroom and no changes were made to carrying values at 30 June 2023.

6. ***What is the expected completion date of the Projects?***

- (a) The expected completion date of the Projects is outlined on page 95 of the Annual Report and Accounts, contingent upon the Company securing sufficient funding to complete them.

7. ***In relation to the Annual Report, did the Board receive the CEO and Executive Director declaration, as described in section 4.2 of EWC's corporate governance disclosure on page 40 of the Annual Report, that in the opinion of the CEO and Executive, the financial records of EWC have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of EWC and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively?***

- (a) The Board received the CEO and Executive Director Declaration s295 letter on 30 September 2024.

8. ***If the answer to Question 7 is 'no', why did the Board not receive the CEO and Executive Director declaration?***

- (a) N/A

9. ***What enquiries did the Board make of management to satisfy itself that the financial records of EWC have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of EWC?***

- (a) The Company has identified the relevant AASB standards that apply to its operations and is committed to implementing these standards within its accounting systems to ensure a smooth auditing process and accurate accounts. However, due to the unique nature of its projects—where no directly comparable projects exist to provide external evidence for the assumptions used in the impairment testing model, the Company have been facing the same challenge every year. Despite this difficulty, the Company has relied on management's judgment over the years which forms the basis of assumptions for impairment testing. These assumptions are thoroughly verified and finalised by the auditors before being presented to and approved by the directors at the Board meeting, just prior to the release of the Annual Report.

(b) The Audit Committee and the Board made appropriate enquiries on the financial statements from management. EWC is satisfied that its financial records have been properly maintained and that its latest financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of EWC.

10. ***Please confirm that EWC is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.***

(a) EWC confirms it is in compliance with the Listing Rules, in particular Listing Rule 3.1.

11. ***The Responses to the Question (1) to (10) above have been authorised and approved in accordance with the published continuous disclosure policy and the Board has delegated authority to the Managing Director to respond to ASX on the disclosure matters.***

(a) The responses have been authorised approved by the Board of EWC in accordance with its published disclosure policy and I am authorised by the board of EWC to response to ASX on disclosure matters.

If you have any queries, please do not hesitate to contact us.

Yours sincerely
For and on behalf of
Energy World Corporation



Brian Allen
Managing Director



19 November 2024

Reference: 101790

Ms Natalie Climo
Company Secretary
Boardroom Pty Ltd
8, 210 George Street
SYDNEY NSW 2000

By email

Dear Ms Climo

Energy World Corporation Ltd ('EWC'): ASX Aware Letter

ASX refers to the following:

- A. EWC's Preliminary Final Report for the year ended 30 June 2024 released on the ASX Market Announcements Platform ('MAP') at 11.43AM on 30 August 2024 (the 'Preliminary Report') which disclosed (relevantly) that for the year ended 30 June 2024:
 - (i) EWC's impairment expenses were \$11,014,000;
 - (ii) EWC's gain on debt modification was Nil; and
 - (iii) EWC's finance expenses were \$37,796,000.
- B. EWC's Annual Report for the year ended 30 June 2024 released on MAP at 4.08PM on 30 September 2024 (the 'Annual Report') which disclosed (relevantly) that for the year ended 30 June 2024:
 - (i) EWC's impairment expense was \$755,344,000;
 - (ii) EWC's gain on debt modification was \$6,866,000; and
 - (iii) EWC's finance expenses were \$51,560,000.
- C. The Independent Auditor's Report attached to the Annual Report ('Auditor's Report') which contained a qualified opinion and disclosed the following:

"Basis for Qualified Opinion

Note 6(d), Note 19 and Note 20 of the financial report refers to impairment expenses recognised in the year ending 30 June 2024 amounting to \$755.3 million (2023: \$35.8 million) in respect of the Group's exploration and evaluation assets, Assets under construction and Property, plant and equipment. \$729.5 million (2023: \$10.7million) of the impairment expense was recorded against the related assets under construction, \$22.5 million (2023: \$25.1 million) was recorded against the related exploration and evaluation assets and \$3.3 million (2023: Nil) was recorded against the related plant and equipment. We were unable to obtain sufficient appropriate evidence to determine whether any adjustments to the amounts recorded in respect of these assets were necessary at 30 June 2023. As a consequence, we are unable to determine whether any adjustments to the impairment expense recognised in the year ending 30 June 2024 are necessary, to record some or all of this expense in prior periods."

- D. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- E. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:

“an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity.”

- F. Section 4.4 in *Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B* titled “When does an entity become aware of information?”
- G. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure as follows.

“3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:

3.1A.1 One or more of the following 5 situations applies:

- It would be a breach of a law to disclose the information;*
- The information concerns an incomplete proposal or negotiation;*
- The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- The information is generated for the internal management purposes of the entity; or*
- The information is a trade secret; and*

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and

3.1A.3 A reasonable person would not expect the information to be disclosed.”

- H. The concept of “confidentiality” detailed in section 5.8 of *Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B*. In particular, the Guidance Note states that:

“Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it is no longer a secret and it ceases to be confidential information for the purposes of this rule.”

- I. Listing Rule 4.3D which states:

“Once an entity is or becomes aware of any circumstances which are likely to materially affect the results or other information contained in the preliminary final report given to ASX under Listing Rules 4.3 or 4.3A the entity must immediately give ASX an explanation of the circumstances and the effects the circumstances are expected to have on the entity’s current or future financial performance or financial position.”

- J. Listing Rule 19.11A which states:

19.11A If a listing rule requires an entity to give ASX accounts, the following rules apply.

(b) The accounts must be prepared to Australian accounting standards. If the entity is a foreign entity the accounts may be prepared to other standards agreed by ASX.

Request for information

In light of the information contained in the Preliminary Report, the Annual Report and the Auditor's Report, and the application of the Listing Rules stated above, please respond to each of the following questions:

1. When EWC first became aware with a reasonable degree of certainty that an additional impairment expense of \$744,300,000 is to be recognised in respect of EWC's exploration and evaluation assets, Assets under construction and Property, plant and equipment related to the Sengkang Gas Field and the Gilmore LNG Project (together, the 'Projects')?
2. When EWC first became aware with a reasonable degree of certainty that an additional interest expense of \$13,400,000 and gain on debt modification of \$6,800,000 is to be recognised in respect of the recalculation of the carrying value of the Slipform loan?
3. If the entity first became aware of the additional impairment expense of \$744,300,000, finance expense of \$13,400,000 and gain on debt modification of \$6,800,000 before the release of the Annual Report, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe EWC was obliged to release the information under Listing Rules 3.1, 3.1A and 4.3D and what steps EWC took to ensure that the information was released promptly and without delay.
4. Please provide details of factors and conditions including changes in such factors and conditions from the prior reporting period (FY2023) that are considered by Directors in assessing the impairment of the assets related to the Projects.
5. What evidence was provided to the auditor to support that no impairment adjustments to the amounts recorded in respect of the assets related to the Projects were necessary at 30 June 2023?
6. What is the expected completion date of the Projects?
7. In relation to the Annual Report, did the Board receive the CEO and Executive Director declaration, as described in section 4.2 of EWC's corporate governance disclosure on page 40 of the Annual Report, that in the opinion of the CEO and Executive, the financial records of EWC have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of EWC and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively?
8. If the answer to Question 7 is 'no', why did the Board not receive the CEO and Executive Director declaration?
9. What enquiries did the Board make of management to satisfy itself that the financial records of EWC have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of EWC?
10. Please confirm that EWC is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
11. Please confirm that EWC's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of EWC with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9.00 AM AEDT Friday, 22 November 2024**.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, EWC's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before

the deadline set out above and may require EWC to request a trading halt immediately if trading in EWC's securities is not already halted or suspended.

Your response should be sent by e-mail to **ListingsComplianceSydney@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow us to review your response to confirm that it is in a form appropriate for release to the market, before it is published on MAP.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in EWC's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to EWC's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that EWC's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release all or any part of this letter, your reply and any other related correspondence between us to the market under listing rule 18.7A. The usual course is for the correspondence to be released to the market.

Kind regards

ASX Compliance