# ANNUAL REPORT

# 30 JUNE 2024

# D3 ENERGY LIMITED

ACN 649 276 808

## CONTENTS

# CORPORATE INFORMATION

This financial report includes the consolidated financial statements and notes of D3 Energy Limited (**'D3 Energy' or 'Company'**) and its controlled entities (**'consolidated entity' or 'group'**). The Group's functional and presentation currency is Australian Dollars ('AUD').

A description of the Group's operations and of its principal activities is included in the review of operations and activities in the Directors' report. The Directors' report is not part of the financial report.

**Directors**

| | |
|---|---|
| Mr Gregory Columbus | Non-Executive Chairperson |
| Mr David Casey | Managing Director |
| Mr Matthew Worner | Executive Director |

**Company Secretary**
Mrs Emma Wates

**Registered Office & Principal Place of Business**
Level 14, 234 George Street
Sydney NSW 2000

**Share Registry**
Automic Registry Services
Level 5, 126 Phillip Street
Sydney NSW 2000
Telephone: +1300 288 664

**Auditors**
BDO Audit Pty Ltd
Level 9
Mia Yellagonga Tower 2
5 Spring Street
Perth WA 6000

**Bankers**
Westpac Banking Corporation
Level 13, 109 St Georges Terrace
Perth WA 6000

**Solicitors**
Poplar Legal
1202 Hay Street
West Perth WA 6005

**Stock Exchange**
Australian Securities Exchange Limited
Level 40, Central Park
152-158 St George's Terrace
Perth WA 6000
ASX Code: D3E

**Website**
Australian Securities Exchange Limited
www.d3energy.com.au

Dear D3 Energy Shareholder,

This Annual Report marks the Company's first as a listed entity since our successful IPO in May 2024.

D3 Energy continues to progress its exploration program at our 100% owned ER315 project in South Africa, which commenced prior to listing, allowing the Company to delineate a significant Contingent Resource and Prospective Resource for both helium and natural gas.

Post listing, we have undertaken a highly successful production testing program on two wells, RBD03 and RBD10. This testing program, along with our maiden two-well drilling campaign, has given us a strong understanding of the geology of ER315. Importantly, all operations were completed safely and with high levels of environmental compliance constantly front of mind.

As we move forward, it is most pleasing to see the amount of positive support we are receiving from within South Africa. This support has been received at each of local (landowners, farming and other community groups), regulatory (Petroleum Agency South Africa and Department of Minerals, Resources and Energy) and government (Ministerial) levels. This support is a direct result of the time and effort the Company has invested in growing strong relationships with these groups as well as developing the understanding of our project and our approach to our work.

It is a credit to our team to achieve what we have in such a short time and there is much to look forward to in the coming year.

We will continue to progress our exploration program with the drilling of multiple wells facilitated by a new seismic dataset planned for acquisition later in 2024.

The Company is making plans for an application for a Production Right over some or all of ER315 by the end of 2024 and is set to apply for the conversion of TCP235, TCP240 and ERA341 into on Exploration Right in the coming weeks. We believe our asset has the potential to become a globally significant helium project as well as an important provider of natural gas in South Africa, helping address energy deliverability challenges and supporting the country's sustainable energy transition.

I would like to thank my fellow Directors, David Casey and Matt Worner as well as the whole D3 Energy team and contractors in both Australia and in South Africa for their continuing efforts to drive the Company forward on behalf of shareholders.

To our shareholders, thank you for your support. The coming year is set to be an exciting period for your Company.

Greg Columbus

Non-executive Chairman

# REVIEW OF OPERATIONS

## Overview

D3 Energy was incorporated for the purpose of acquiring exploration and production assets which are prospective for the exploration and production of both natural gas and helium. The Company's primary focus is on its natural gas and helium assets located in the Free State Province, onshore South Africa where the Company's exploration work has identified an exciting natural gas and helium opportunity and where a significant Contingent Resource and Prospective Resource has been delineated.

D3 Energy Limited (**D3 Energy** or **Company)** commenced trading on the Australian Securities Exchange (**ASX**) on 13 May 2024 following the completion of a highly successful initial public offering that raised $10 million by the issue of 50,000,000 shares at a price of $0.20 per share.

## South African Helium and Natural Gas Project

The Company via its wholly owned subsidiary, Motuoane Energy (Pty) Ltd owns 100% of the following rights and permits:

- Exploration Right 315 (**ER 315**)
- Technical Cooperation Permit 235 (**TCP 235**)
- Technical Cooperation Permit 240 (**TCP 240**)
- Exploration Right Application 341 (**ERA341**)

The initial focus of the Company is the exploration and where possible, the development of the identified resources within ER315.  This gas resource is biogenic and a continuing regenerating resource.

D3 Energy's exploration areas are in an energy scarce area within the Free State and indeed, South Africa as a nation is experiencing severe energy supply difficulties making the identification of natural gas reserves an important part of the present energy supply as well as South Africa's energy transition.

Importantly for D3 Energy, gas samples taken at ER315 via historical boreholes and recently drilled exploration wells indicate the presence of helium within the natural gas and the Company intends, where possible, to separate helium from the methane for the purposes of potential commercial sale.

In August 2024, D3 Energy was granted a renewal of ER315 for a further period of 2 years.  The Company is preparing to submit an application for the grant of a Exploration Right over the areas covering TCP235, TCP240 and ERA341.

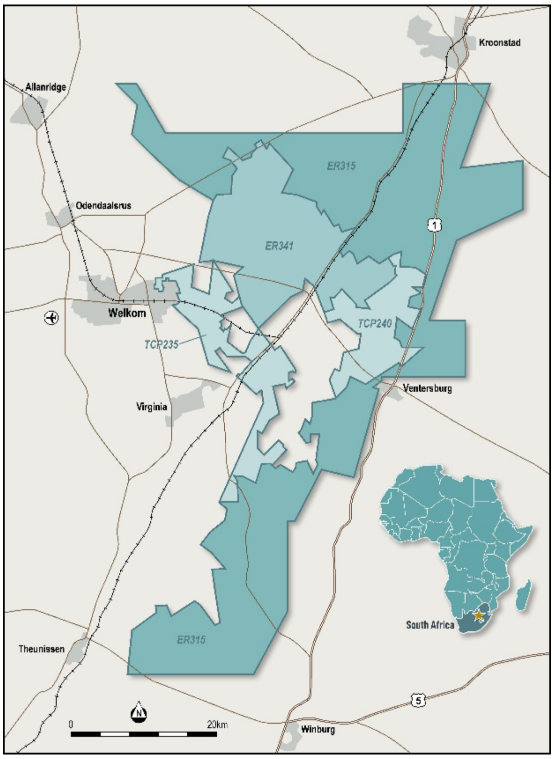



**Figure 1:** Map of D3 Energy Tenement Areas

## Exploration Activities

### First exploration wells completed

As announced to ASX on 13 May 2024, D3 Energy completed the drilling and testing of the Company's first two wells (RBD10 and RBD11) at ER315. The program was completed safely, on time and on budget.

Gas collected from RBD10 and RBD11 measured helium concentrations of 5.0% and 5.1% respectively[1] and both wells contained methane concentrations of 85%.

The primary purpose of the program was to confirm D3 Energy's geological model as well as the fact that gas (both helium and methane) migration was a function of faulting and associated fractures below the base of the Karoo Formation. To test this, each well was drilled on either side of the well documented Virginia Fault.

RBD10 drilled to the west of the Virginia Fault flowed gas on penetration, which RBD11 to the east produced gas, albeit at rates too low to measure. The obvious rate differences have provided critical confirmation in terms of validating the Company's geological model.

Given the discrepancy in flow rate between the two wells, only RBD10 was flow tested and flowed at a stabilised rate of 126 Mscfd for a 36-hour period with no evidence of decline. Total gas produced was 275.2 Mscf.

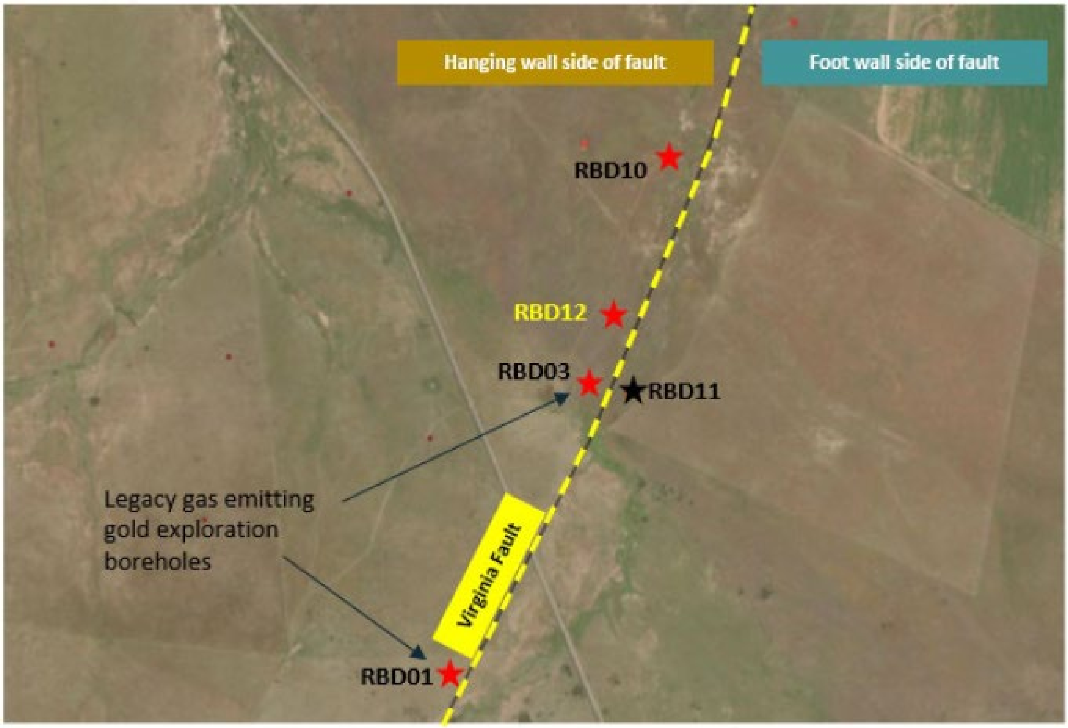
Additionally, the Company was pleased to note that in an area without obvious fracturing, such as at RBD11, and where rates were too small to measure, that world class helium concentrations were still recorded, indicating a potentially extensive helium and natural gas system.

### Rig contract for RBD12 executed and drilling commenced

As announced on 19 June 2024, the Company executed a contract with Van Zyl Boorwerke (**VZB**) to undertake drilling operations at RBD12 located within ER315.

VZB was the drilling contractor for D3 Energy's maiden two well drilling program, which was completed on time and on budget.

1 Gas samples analysed by the South African Nuclear Energy Corporation SOC Limited (Necsa)




**Map 1:** RBD12 location and existing well positioning against the Virginia Fault

Based on the learnings from RBD10 and RBD11 (as noted above), the Company has located the RBD12 well to the west (hanging wall side) of the Virginia Fault and close to the RBD03 historical borehole, which is also flowing methane and helium at measurable rates and has been doing so since 1983.

Drilling at RBD12 commenced on 9 September 2024.

Upon successful intersection of gas, RBD12 will be production tested with samples collected to ascertain helium and methane concentrations. It is anticipated that this will form the basis of a larger and longer production testing program which kicked off recently with testing of legacy gold exploration borehole RBD03.

RBD12 is budgeted to cost around AU$200K to drill and complete, which notwithstanding costs will be much lower during development, clearly demonstrates the low-cost nature of D3 Energy's South African assets. As such, RBD12 will be a future potential development production well, which, because these wells flow naturally without artificial lift or pumping, have incredibly low to negligible operating costs throughout the extensive life of the well.

## Successful Initial Production Testing Program Completed

Post 30 June 2024, D3 Energy conducted a production testing program at two separate well locations, being RBD03 and RBD10. To undertake this testing program, the Company deployed more fit for purpose and accurate metering equipment, designed and manufactured in Australia to meeting API and AGA standards.

First testing was undertaken at RBD03, a legacy gold exploration drilled within the area of ER315 in 1983. The results from this testing work demonstrated an almost two-fold increased in the stabilised flow rate at RBD03 when compared to previous equipment used by Company, with a recorded flow rate of 147 Mcsfd for a 16-day period. Total gas produced over the initial testing period was 2,346 Mscf.

Gas samples were collected and show a helium and methane composition at RBD03 of 5.1% and methane of 87.1%.

At RBD10, gas was flowed at an average flow rate of 191 Mscfd for a 14-day period. This flow rate was 52% higher than the previous flow rate measured with previous testing equipment. World class helium concentrations of 4.7% were measured after 7-days of sustained production.

Total gas produced at RBD10 over the initial testing period was 2,674 Mscf.

### Compliance Statement

The information in this report that relates to prior Exploration Results for the Motuoane Project are extracted from the ASX Announcements listed below which is available on the Company website www.d3energy.com.au and the ASX website (ASX code: D3E):

| Ref | Date | Announcement title |
|---|---|---|
| 1. | 9 May 2024 | Prospectus |
| 2. | 13 May 2024 | First Wells Confirm World Class Helium Concentrations |
| 3. | 1 August 2024 | Outstanding Results from Initial Production testing at RBD03 |
| 4. | 12 August 2024 | Initial Production Testing at RBD03 now complete |
| 5. | 22 August 2024 | Outstanding Results from Production testing at RBD10 |
| 6. | 29 August 2024 | Production Testing at RBD10 now complete |

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in the market announcements continue to apply and have not materially changed. The Company confirm that form and context in which the Competent Person's finding are presented have not been materially modified from the original market announcements.

### Contingent and Prospective Resources[2]

The Company holds a significant, independently certified Contingent Resource and Prospective Resource at ER315 as set out below:

| Contingent Resource (BCF) | 1C | 2C | 3C |
|---|---|---|---|
| Recoverable Gas Resource | 336.65 | 547.45 | 858.03 |
| Recoverable Methane | 291.88 | 474.64 | 743.91 |
| Recoverable Helium | 13.803 | 22.445 | 35.179 |

**Table 1: ER315 Contingent Resource**

| Prospective Resource (BCF) | 1U | 2U | 3U |
|---|---|---|---|
| Recoverable Gas Resource | 228.44 | 661.32 | 1875.35 |
| Recoverable Methane | 198.06 | 573.36 | 1625.93 |
| Recoverable Helium | 9.366 | 27.114 | 76.889 |

**Table 2: ER315 Prospective Resource[3]**

### Tenements Schedule

The Group has an interest in the following tenements in the Free State Province, onshore South Africa.

| Name | Status | Holder | Ownership |
|---|---|---|---|
| ER315 | Granted | Motuoane Energy (Pty) Ltd | 100% |
| TCP235 | Granted | Motuoane Energy (Pty) Ltd | 100% |
| TCP240 | Granted | Motuoane Energy (Pty) Ltd | 100% |
| ERA341 | Application | Motuoane Energy (Pty) Ltd | 100% |

[2] Please refer to the D3 Energy Limited Prospectus dated 5 March 2024 (as supplemented by a supplementary prospectus dated 10 April 2024 and a second supplementary prospectus dated 17 April 2024) **(Prospectus)** for the statements and consents in relation to the Contingent Resources and Prospective Resources presented in this announcement. D3 Energy confirms that it is not aware of any new information or data that materially effects the information contained in the Prospectus and that all material assumptions and technical parameters underpinning the estimates contained in the Prospectus continue to apply and have not materially changed.

[3] **Prospective Resources.** The estimated quantities of gas that may be recovered by the application of a future development project(s) relate to undiscovered accumulations. Those estimates have both a risk of discovery and a risk of development. Further exploration, appraisal and development is required to determine the existence of a significant quantity of potentially recoverable hydrocarbons.

The Directors present the following report on the consolidated entity (referred to hereafter as the **"consolidated entity" or "group"**) consisting of D3 Energy Limited ("**D3 Energy" or "the Company"**) and its subsidiary for the year ended 30 June 2024.

**Directors**

The persons that were Directors of D3 Energy during the reporting period and up to the date of this report, unless otherwise stated are:

| NAME | POSITION | APPOINTMENT/RESIGNATION DATE |
|---|---|---|
| Mr Gregory Columbus | Non-Executive Chairperson | Appointed on 07 April 2021 |
| Mr David Casey | Managing Director | Appointed on 07 April 2021 |
| Mr Matthew Worner | Executive Director | Appointed on 07 April 2021 |

**Company Secretary**

Ms Emma Wates (appointed on 20 June 2024)
Mr Cameron O'Brien (appointed 7 April 2021, resigned 20 June 2024)

**Principal Activities**

During the financial year the principal continuing activities of the consolidated entity consisted of exploration, development and production activities at the consolidated entity's mining tenements predominately situated in the Free State Province, onshore South Africa

**Dividends**

There were no dividends paid or proposed during the period.

**Operating Results**

The Consolidated Statement of Profit or Loss and other Comprehensive Income shows a loss from continuing operations attributable to owners of $3,518,375 (30 June 2023: $1,424,222).

**Significant Change in State of Affairs**

D3 Energy commenced trading on the Australian Securities Exchange ('ASX') on 13 May 2024 following the completion of a highly successful initial public offering that raised $10 million by the issue of 50,000,000 shares at a price of $0.20 per share.

Other than noted in the operating and financial review, there were no other significant changes in the state of affairs of the consolidated entity during the financial year.

**Matters Subsequent to Reporting Date**

Other than noted in the operating and financial review, no other matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future years.

**Likely developments and expected results of operations**

The consolidated entity intends to continue its exploration activities on its existing projects and to acquire further suitable projects for exploration as opportunities arise.

**Environmental Regulation**

The consolidated entity is subject to and is compliant with all aspects of environmental regulation of its exploration and mining activities. The directors are not aware of any environmental law that is not being complied with.

**MATERIAL BUSINESS RISKS**

The Group considers the following to be the key material business risks:

**Additional requirements for capital**

The Group's capital requirements depend on numerous factors. The Group may require further financing in addition to amounts raised under its initial public offering. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Group is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programs as the case may be. There is however no guarantee that the Group will be able to secure any additional funding or be able to secure funding on terms favourable to the Group.

**Risk of failure in exploration, development or production**

Payment of compensation is ordinarily necessary to acquire participating interests. Also, surveying and exploratory drilling expenses (exploration expenses) become necessary at the time of exploration activities for the purpose of discovering resources. When resources are discovered, it is necessary to further invest in substantial development expenses.

There is, however, no guarantee of discovering resources on a scale that makes development and production feasible. The probability of such discoveries is considerably low despite various technological advances in recent years, and even when resources are discovered the scale of the resource does not necessarily make commercial production feasible. For this reason, the Group conservatively recognises expenses related to exploration investment in our consolidated financial statements.

To increase recoverable resources and production, the Group plans to always take an interest in promising properties and plans to continue exploration investment. Although exploration and development (including the acquisition of interests) are necessary to secure the resources essential to the Group's future sustainable business development, each type of investment involves technological and economic risks, and failed exploration or development could have an adverse effect on the results of the Group's operations.

**Overseas Business Activities and Country Risk (Geopolitical Risk)**

The Group engages in exploration activities outside of Australia, in South Africa. The success of the Group's operation depends on the political stability in this country and the availability of qualified and skilled workforce to support operations. While the operations of the Group in this country is currently stable, a change in the government may result in changes to the foreign investment laws and these assets could have an adverse effect on the Group's operational results.

To manage this risk, the Group ensures that all significant transactions in these countries are supported by robust contracts between the group and third parties. We have a system in place for parent company level to continuously check the country risk management before any significant investment is made. Furthermore, we have developed a mechanism to counter legal risk, where foreign subsidiaries and management can receive appropriate legal guidance regarding matters such as important agreements and lawsuits in foreign locations.

**Environmental**

The operations and proposed activities of the Group are subject to laws and regulations concerning the environment. As with most exploration projects and mining operations, the Group's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Group's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

Mining operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of mineral exploration and production. The occurrence of any such safety or environmental incident could delay production or increase production costs. Events, such as unpredictable rainfall or bushfires may impact on the Group's ongoing compliance with environmental legislation, regulations and licenses. Significant liabilities could be imposed on the Group for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.

The disposal of mining and process waste and mine water discharge are under constant legislative scrutiny and regulation. There is a risk that environmental laws and regulations become more onerous making the Group's operations more expensive.

**Climate risk**

There are a number of climate-related factors that may affect the operations and proposed activities of the Group. The climate change risks particularly attributable to the Group include:

- the emergence of new or expanded regulations associated with the transitioning to a lower-carbon economy and market changes related to climate change mitigation. The Group may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for carbon emissions or environmental damage. These examples sit amongst an array of possible restraints on industry that may further impact the Group and its profitability. While the Group will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Group will not be impacted by these occurrences; and
- climate change may cause certain physical and environmental risks that cannot be predicted by the Group, including events such as increased severity of weather patterns and incidence of extreme weather events and longer-term physical risks such as shifting climate patterns. All these risks associated with climate change may significantly change the industry in which the Group operates.

## INFORMATION ON DIRECTORS

The names of the directors of D3 Energy who held office during the financial period and at the date of this report are:

| **Mr Gregory Columbus** | **Non-Executive Chairperson** |
|---|---|
| Qualifications: | MBA |
| Appointed: | 7 April 2021 |
| Experience: | Mr Columbus has over 30 years business experience in delivering large complex Oil & Gas projects. He has along the course of his career developed a reputation for strong strategic vision and has been involved in numerous M&A activities. |
| Interest in Shares, Options and Performance Rights: | 4,081,875 Ordinary fully paid shares<br>1,000,000 Options<br>1,020,000 Performance Rights |
| Other current directorships: | Non-executive Director: Galilee Energy Limited (ASX: GLL) Appointed 17 September 2020<br>Non-Executive Director: Noble Helium Limited (ASX: NHE) Appointed 24 September 2023<br>Director: Port Adelaide Football Club Appointed 2022 |
| Former directorships held in past three years: | Non-Executive Chairman: Warrego Energy Ltd (ASX: WGO) Appointed 22 October 2018, Resigned 6 March 2023<br>Non-Executive Chairman: Talon Energy Ltd (ASX: TPD) Appointed 3 April 2023, Resigned 27 December 2023 |

| **Mr David Casey** | **Managing Director** |
|---|---|
| Qualifications: | BSc Honours (Geology) |
| Appointed: | 7 April 2021 to 3 March 2024 – Non Executive Director<br>3 March 2024 – Managing Director |
| Experience: | Mr Casey was the former Managing Director and CEO of Eastern Star Gas Limited (ASX: ESG, delisted) and was instrumental in the appraisal, development and commercialisation of the Narrabri Gas Project in Northern NSW. ESG grew to be an ASX 200 company until it was taken over by Santos Limited for AU$924 million. |
| Interest in Shares, Options and Performance Rights: | 6,214,925 Ordinary fully paid shares<br>1,500,000 Options<br>2,400,000 Performance Rights |
| Other current directorships: | None |
| Former directorships held in past three years: | Non-Executive Director: Talon Energy Ltd (ASX: TPD) Appointed 19 July 2020, Resigned 27 December 2023<br>Managing Director and CEO: Galilee Energy Limited (ASX: GLL) Appointed 1 December 2021, Resigned 6 December 2023 |

| Mr Matthew Worner | Executive Director |
|---|---|
| Qualifications: | LLB; B.Bus |
| Appointed: | 7 April 2021 to 3 March 2024 – Non Executive Director<br>3 March 2024 – Executive Director |
| Experience: | Mr Worner is a former lawyer with a long history of work in the oil and gas industry in both legal and commercial roles and board roles. He has worked extensively around Africa over the course of his career. |
| Interest in Shares, Options and Performance Rights: | 5,000,050 Ordinary fully paid shares<br>1,500,000 Options<br>2,400,000 Performance Rights |
| Other current directorships: | Non-Executive Director: RBR Group Limited (RBR) Appointed 25 October 2021 |
| Former directorships held in past three years: | Non-Executive Director: Patriot Lithium Limited (ASX: PAT) Appointed 8 February 2022, Resigned 3 October 2023<br>Non-Executive Director: Lykos Metals Limited (ASX: LYK) Appointed 16 September 21, Resigned 24 March 2022<br>Non-Executive Director: Talon Energy Ltd (ASX: TPD) Appointed 4 December 2017, Resigned 27 December 2023 |

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships held in past three years' quoted above are current directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

## DIRECTOR MEETINGS

The number of directors' meetings and number of meetings attended by each of the directors of the Company during the year are:

| | Number of Director Meetings Eligible to Attend | Number of Director Meetings Attended |
|---|---|---|
| Mr Greg Columbus | - | - |
| Mr David Casey | - | - |
| Mr Matthew Worner | - | - |

## COMPANY SECRETARY

Ms Wates has over 15 years' experience providing corporate advisory and company secretarial services, including capital raising, compliance, governance and valuation advice. Ms Wates has advised on a number of successful ASX listings as well as being involved in various secondary and seed capital raisings for public and private companies. Ms Wates has acted as Company Secretary for a number of ASX listed companies. Ms Wates is a Chartered Accountant and a senior associate of FINSIA.

Mr O'Brien specialises in corporate advisory, company secretarial and financial management services. Mr O'Brien is a qualified Chartered Accountant and spent four years in external audit at one of the leading international Audit, Tax & Advisory firms focused on engagements across the natural resources and industrial sectors. Following this he spent two years in the firm's Corporate Finance division where he was focused on due diligence, expert reports, valuations and ASX listings.

## SHARES UNDER OPTION AND PERFORMANCE RIGHTS

Unissued ordinary shares of D3 Energy under option and performance rights at the date of this report are as follows:

| Security Code | Grant date | Expiry date | Exercise price | Number under option | Number under performance rights |
|---|---|---|---|---|---|
| D3EOPT01 | 8 May 2024 | 8 May 2027 | $0.30 | 2,225,000 | - |
| D3EOPT02 | 8 May 2024 | 8 May 2027 | $0.30 | 4,000,000 | - |
| D3EOPT03 | 8 May 2024 | 8 May 2028 | $0.30 | 4,000,000 | - |
| D3EPR01 | 8 May 2024 | 8 May 2029 | - | - | 3,000,000 |
| D3EPR02 | 8 May 2024 | 8 May 2029 | - | - | 5,820,000 |
| D3EPR03 | 8 May 2024 | 8 May 2028 | - | - | 2,500,000 |
| | | | | **10,225,000** | **11,320,000** |

## SHARES ISSUED ON THE EXERCISE OF OPTIONS OR PERFORMANCE RIGHTS

5,000,000 shares were issued on the exercise of performance rights following achievement of performance milestones during the year ended 30 June 2024 and up to the date of this report. No performance rights were cancelled during the year ended 30 June 2024.

## INDEMNITY AND INSURANCE OF OFFICERS

The group has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings.  This does not include such liabilities that arise from conduct involving a willful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for them or someone else or to cause detriment to the Group.  The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

## INDEMNITY AND INSURANCE OF AUDITOR

The group 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.

## PROCEEDINGS ON BEHALF OF THE COMPANY

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

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

## NON-AUDIT SERVICES

The Company may decide to employ its auditor on assignments in addition to their statutory audit duties where the auditor's expertise and experience with the Company is important.

The amounts paid or payable to the auditor for non-audit services provided was $50,470 and is disclosed in note 18 (2023: $Nil).

The Board of Directors has considered the position and is satisfied that the provision on non-audit services is compatible with the general standard of independence of auditors imposed by the *Corporations Act 2001*. The Directors are also satisfied that the provision on non-audit services by the auditor, did not compromise the auditor independence requirements of the *Corporations Act 2001*.

## REMUNERATION REPORT (AUDITED)

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional disclosures relating to key management personnel

## PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

### Non-Executive Directors

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the board. The Chair's fees are determined independently to the fees of non-executive directors based on comparative roles in the external market.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 30 November 2023, where the shareholders approved a maximum annual aggregate remuneration of $500,000.

### Directors' fees

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting.

Remuneration of executives consists of an un-risked element (base pay) and performance-based cash bonuses based on performance in relation to key strategic, non-financial measures linked to drivers of performance in future reporting periods. No performance-based cash bonuses were paid during the year ended 30 June 2024.

### Additional fees

A Director may also be paid fees or other amounts as the Directors determine if a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

A Director may also be reimbursed for out-of-pocket expenses incurred as a result of their directorship or any special duties.

### Retirement allowances for directors

Superannuation contributions required under the Australian Superannuation Guarantee Legislation continue to be made and are deducted from the directors' overall fee entitlements where applicable.

### Executive pay

In determining executive remuneration, the Board aims to ensure that remuneration practices are:

- 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;
- transparent; and
- acceptable to shareholders.

The executive remuneration framework has three components:

- base pay and benefits, including superannuation;
- short-term performance incentives; and
- long-term incentives through participation in the D3 Energy Employee Securities Incentive Plan.

### Base pay

Executives receive their base pay and benefits structured as a total employment cost (TEC) package which may be delivered as a combination of cash and prescribed non-financial benefits at the executives' discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards.

Base pay for executives is reviewed annually to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed on promotion.

There are no guaranteed base pay increases included in any executives' contracts.

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

### Benefits

No benefits other than noted above are paid to Directors or management except as incurred in normal operations of the business.

### Short term incentives

No benefits other than remuneration disclosed in the remuneration report are paid to Directors or management except as incurred in normal operations of the business.

### Long term incentives

Directors and KMP are entitled to participate in the employee share and option arrangements.

### Remuneration consultants

The Company did not engage any remuneration consultants during the period.

The Company will engage independent remuneration consultants should it look to make any changes to director fee levels to ensure they are in line with market conditions and any decisions are made free from undue influence from members of the Company's KMP's.

## DETAILS OF REMUNERATION

*Amounts of remuneration*

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the following directors of D3 Energy:

| NAME | POSITION |
|---|---|
| Mr Gregory Columbus | Non-Executive Chairperson |
| Mr David Casey | Managing Director |
| Mr Matthew Worner | Executive Director |

| | Short-term benefits | Post-employment benefits | Share-based payments | |
|---|---|---|---|---|
| **2024** | **Cash salary and fees** | **Super-annuation** | **Options/ performance rights** | **Total** |
| **Non-Executive Directors** | | | | |
| Mr Gregory Columbus | 11,666 | - | 116,848 | 128,514 |
| **Executive Directors** | | | | |
| Mr David Casey | 182,639 | 20,090 | 179,966 | 382,695 |
| Mr Matthew Worner | 149,702 | 16,467 | 179,966 | 346,135 |
| **Total** | **344,007** | **36,557** | **476,780** | **857,344** |

| | Short-term benefits | Post-employment benefits | Share-based payments | |
|---|---|---|---|---|
| **2023** | **Cash salary and fees** | **Super-annuation** | **Options/ performance rights** | **Total** |
| **Executive Directors** | | | | |
| Mr David Casey | 73,083 | 7,674 | - | 80,757 |
| Mr Matthew Worner | 73,083 | 7,674 | - | 80,757 |
| **Total** | **146,166** | **15,348** | **-** | **161,514** |

The proportion of remuneration linked to performance and the fixed proportion are as follows:

| | Performance based remuneration | | Fixed remuneration | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| **Non-Executive Directors** | | | | |
| Mr Gregory Columbus | 91% | - | 9% | - |
| **Executive Directors** | | | | |
| Mr David Casey | 47% | - | 53% | 100% |
| Mr Matthew Worner | 52% | - | 48% | 100% |

### SERVICE AGREEMENTS

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

| Mr Gregory Columbus | Non-Executive Chairperson |
|---|---|
| Agreement commenced: | 7 April 2021 |
| Term of agreement: | No set term and the agreement will continue until the Chairperson is no longer re-elected. |
| Details: | Base Salary of $70,000 inclusive of superannuation from admission of the Company to the Official List of the Australian Securities Exchange (ASX). D3 Energy was admitted to the ASX on 13 May 2024. |
| Equity based remuneration: | 340,000 Class A Performance Rights, vesting with the milestone of a 20 Day VWAP exceeding $0.40, expiry 5 years from the date of issue.<br>340,000 Class B Performance Rights, vesting with the milestone of a 20 Day VWAP exceeding $0.50, expiry 5 years from the date of issue.<br>340,000 Class C Performance Rights, vesting with the milestone of a 20 Day VWAP exceeding $0.60, expiry 5 years from the date of issue.<br>1,000,000 Options, exercisable at $0.30 on or before the date which is 3 years from the date of issue. |

| Mr David Casey | Non-Executive Director |
|---|---|
| Agreement commenced: | 7 April 2021 to 3 March 2024 |
| Term of agreement: | No set term and the agreement will continue until the Non-Executive Director is no longer re-elected. |
| Details | Base Salary of $36,000 exclusive of superannuation from 1 September 2021.<br>Base Salary of $125,000 exclusive of superannuation from 1 February 2023. |

| Mr Matthew Worner | Non-Executive Director |
|---|---|
| Agreement commenced: | 7 April 2021 to 3 March 2024 |
| Term of agreement: | No set term and the agreement will continue until the Non-Executive Director is no longer re-elected. |
| Details: | Base Salary of $36,000 exclusive of superannuation from 1 September 2021.<br>Base Salary of $125,000 exclusive of superannuation from 1 February 2023. |

| Mr David Casey | Managing Director and CEO |
|---|---|
| Agreement commenced: | 3 March 2024 |
| Term of agreement: | The employment will continue until the agreement is validly terminated in accordance with its terms |
| Details: | Base Salary of $300,000 exclusive of superannuation. |
| Performance based bonuses: | Performance Based Bonuses may be paid as determined by the Company over and above the Salary in cash or shares or as a combination. |
| Equity based remuneration: | 800,000 Class A Performance Rights, vesting with the milestone of a 20 Day VWAP exceeding $0.40, expiry 5 years from the date of issue.<br>800,000 Class B Performance Rights, vesting with the milestone of a 20 Day VWAP exceeding $0.50, expiry 5 years from the date of issue.<br>800,000 Class C Performance Rights, vesting with the milestone of a 20 Day VWAP exceeding $0.60, expiry 5 years from the date of issue.<br>1,500,000 Options, exercisable at $0.30 on or before the date which is 3 years from the date of issue. |

| Mr Matthew Worner | Executive Director |
|---|---|
| Agreement commenced: | 3 March 2024 |
| Term of agreement: | The employment will continue until the agreement is validly terminated in accordance with its terms |
| Details: | Base Salary of $200,000 exclusive of superannuation. |
| Performance based bonuses: | Performance Based Bonuses may be paid as determined by the Company over and above the Salary in cash or shares or as a combination. |
| Equity based remuneration: | 800,000 Class A Performance Rights, vesting with the milestone of a 20 Day VWAP exceeding $0.40, expiry 5 years from the date of issue.<br>800,000 Class B Performance Rights, vesting with the milestone of a 20 Day VWAP exceeding $0.50, expiry 5 years from the date of issue.<br>800,000 Class C Performance Rights, vesting with the milestone of a 20 Day VWAP exceeding $0.60, expiry 5 years from the date of issue.<br>1,500,000 Options, exercisable at $0.30 on or before the date which is 3 years from the date of issue. |

Key management personnel have no entitlement to termination payments in the event of removal for misconduct

**SHARE-BASED COMPENSATION**

*Issue of shares*

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2024

*Options*

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

| Name | Number of options granted | Grant date | Vesting date and exercisable date | Expiry date | Exercise price | Fair value per option at grant date |
|---|---|---|---|---|---|---|
| **Non-Executive Directors** | | | | | | |
| Mr Gregory Columbus | 1,000,000 | 8 May 2024 | 8 May 2024 | 8 May 2027 | $0.30 | $0.11 |
| **Executive Directors** | | | | | | |
| Mr David Casey | 1,500,000 | 8 May 2024 | 8 May 2024 | 8 May 2027 | $0.30 | $0.11 |
| Mr Matthew Worner | 1,500,000 | 8 May 2024 | 8 May 2024 | 8 May 2027 | $0.30 | $0.11 |

Options granted carry no dividend or voting rights.

All options were granted over unissued fully paid ordinary shares in the company. Options are exercisable by the holder as from the vesting date. There has not been any alteration to the terms or conditions of the grant since the grant date. There are no amounts paid or payable by the recipient in relation to the granting of such options other than on their potential exercise. The options are subject to 24 months escrow from quotation until 8 May 2026. There are no service conditions and there were no performance conditions to be met for the options to vest.

Values of options over ordinary shares granted, exercised and lapsed for directors and other key management personnel as part of compensation during the year ended 30 June 2024 are set out below:

| Name | Value of options granted during the year $ | Value of options exercised during the year $ | Value of options lapsed during the year $ | Remuneration consisting of options for the year % |
|---|---|---|---|---|
| **Non-Executive Directors** | | | | |
| Mr Gregory Columbus | 111,344 | - | - | 87% |
| **Executive Directors** | | | | |
| Mr David Casey | 167,016 | - | - | 44% |
| Mr Matthew Worner | 167,016 | - | - | 48% |

*Performance Rights*

The terms and conditions of each grant of performance right over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

| Name | Class | Number of performance rights granted | Grant date | Expiry date | Exercise price | Fair value per performance right at grant date |
|---|---|---|---|---|---|---|
| **Non-Executive Directors** | | | | | | |
| Mr Gregory Columbus | A | 340,000 | 8 May 2024 | 8 May 2029 | Nil | $0.190 |
| Mr Gregory Columbus | B | 340,000 | 8 May 2024 | 8 May 2029 | Nil | $0.186 |
| Mr Gregory Columbus | C | 340,000 | 8 May 2024 | 8 May 2029 | Nil | $0.182 |
| **Executive Directors** | | | | | | |
| Mr David Casey | A | 800,000 | 8 May 2024 | 8 May 2029 | Nil | $0.190 |
| Mr David Casey | B | 800,000 | 8 May 2024 | 8 May 2029 | Nil | $0.186 |
| Mr David Casey | C | 800,000 | 8 May 2024 | 8 May 2029 | Nil | $0.182 |
| Mr Matthew Worner | A | 800,000 | 8 May 2024 | 8 May 2029 | Nil | $0.190 |
| Mr Matthew Worner | B | 800,000 | 8 May 2024 | 8 May 2029 | Nil | $0.186 |
| Mr Matthew Worner | C | 800,000 | 8 May 2024 | 8 May 2029 | Nil | $0.182 |

Vesting conditions

- Class A - 20-day VWAP of $0.40
- Class B - 20-day VWAP of $0.50
- Class C - 20-day VWAP of $0.60

Performance rights granted carry no dividend or voting rights.

All performance rights were granted over unissued fully paid ordinary shares in the company. Performance rights are exercisable by the holder based on vesting conditions. There has not been any alteration to the terms or conditions of the grant since the grant date. There are no amounts paid or payable by the recipient in relation to the granting of such performance rights. The performance rights are subject to 24 months escrow from quotation until 8 May 2026. There are no service conditions.

Values of performance rights over ordinary shares granted, exercised and lapsed for directors and other key management personnel as part of compensation during the year ended 30 June 2024 are set out below:

| Name | Value of performance rights granted during the year $ | Value of performance rights exercised during the year $ | Value of performance rights lapsed during the year $ | Remuneration consisting of performance rights for the year % |
|---|---|---|---|---|
| **Non-Executive Directors** | | | | |
| Mr Gregory Columbus | 189,625 | - | - | 4% |
| **Executive Directors** | | | | |
| Mr David Casey | 446,176 | - | - | 3% |
| Mr Matthew Worner | 446,176 | - | - | 4% |

**ADDITIONAL DISCLOSURES RELATING TO KEY MANAGEMENT PERSONNEL**

*Shareholding*

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

| Ordinary shares | Balance at the start of the year | Received as part of remuneration | Additions | Disposals/ other | Balance at the end of the year |
|---|---|---|---|---|---|
| **Non-Executive Directors** | | | | | |
| Mr Gregory Columbus | 3,187,500 | - | 894,375 | - | 4,081,875 |
| **Executive Directors** | | | | | |
| Mr David Casey | 5,312,550 | - | 902,375 | - | 6,214,925 |
| Mr Matthew Worner | 5,000,050 | - | - | - | 5,000,050 |
| **Total** | **13,500,100** | **-** | **1,796,750** | **-** | **15,296,850** |

Additions represent acquisitions through IPO and on market.

*Option holding*

The number of options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

| Options over Ordinary shares | Balance at the start of the year | Granted | Exercised | Expired/ forfeited/ other | Balance at the end of the year |
|---|---|---|---|---|---|
| **Non-Executive Directors** | | | | | |
| Mr Gregory Columbus | - | 1,000,000 | - | - | 1,000,000 |
| **Executive Directors** | | | | | |
| Mr David Casey | - | 1,500,000 | - | - | 1,500,000 |
| Mr Matthew Worner | - | 1,500,000 | - | - | 1,500,000 |
| **Total** | **-** | **4,000,000** | **-** | **-** | **4,000,000** |

*Performance rights holding*

The number of performance rights over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

| Performance rights over Ordinary shares | Balance at the start of the year | Granted | Exercised | Expired/ forfeited/ other | Balance at the end of the year |
|---|---|---|---|---|---|
| **Non-Executive Directors** | | | | | |
| Mr Gregory Columbus | - | 1,020,000 | - | - | 1,020,000 |
| **Executive Directors** | | | | | |
| Mr David Casey | - | 2,400,000 | - | - | 2,400,000 |
| Mr Matthew Worner | - | 2,400,000 | - | - | 2,400,000 |
| **Total** | **-** | **5,820,000** | **-** | **-** | **5,820,000** |

**OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL AND THEIR RELATED PARTIES**

There were no other transactions with key management personnel and their related parties during the financial year ending 30 June 2024.

**This concludes the remuneration report, which has been audited.**

**AUDITOR'S INDEPENDENCE DECLARATION**

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on the page following this Directors' Report.

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

On behalf of Directors

**Matthew Worner**
Executive Director
Perth

27 September 2024

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

Level 9, Mia Yellagonga Tower 2
5 Spring Street
Perth, WA 6000
PO Box 700 West Perth WA 6872
Australia

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

As lead auditor of D3 Energy Limited for the year ended 30 June 2024, 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 D3 Energy Limited and the entity it controlled during the period.

**Jarrad Prue**

**Director**

**BDO Audit Pty Ltd**

Perth

27 September 2024

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

Level 9, Mia Yellagonga Tower 2
5 Spring Street
Perth, WA 6000
PO Box 700 West Perth WA 6872
Australia

# INDEPENDENT AUDITOR'S REPORT

To the members of D3 Energy Limited

## Report on the Audit of the Financial Report

### Opinion

We have audited the financial report of D3 Energy Limited (the Company) and its subsidiary (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, 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 material accounting policy information, the consolidated entity disclosure statement 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 2024 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.

**Carrying value of Exploration and Evaluation Assets**

| Key audit matter | How the matter was addressed in our audit |
|---|---|
| At 30 June 2024, the carrying value of capitalised exploration and evaluation expenditure represents a significant asset of the Group, as disclosed in Note 8.<br><br>In accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources* ("AASB 6"), the recoverability of exploration and evaluation expenditure requires significant judgement by management in determining whether there are any facts or circumstances that exist to suggest that the carrying amount of this asset may exceed its recoverable amount. As a result, this is considered a key audit matter. | Our procedures included, but were not limited to the following:<br><br>• Obtaining a schedule of the capitalised tenement acquisition costs for the area of interest held by the Group and assessing whether the rights to tenure remained current at reporting date, which included obtaining and assessing supporting documentation such as license status records;<br><br>• Considering the status of the ongoing exploration programmes in the respective area of interest by holding discussions with management, and reviewing the Group's exploration budgets, ASX announcements and directors' minutes;<br><br>• Considering whether the area of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed;<br><br>• Considering whether any facts or circumstances existed to suggest impairment testing was required; and<br><br>• Assessing the adequacy of the related disclosures in Note 8 to the Financial Report. |

**Other information**

The directors are responsible for the other information. The other information comprises the information contained in the Group's annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

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

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

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

**Responsibilities of the directors for the Financial Report**

The directors of the Company are responsible for the preparation of:

a) the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and

b) the consolidated entity disclosure statement that is true and correct in accordance with the Corporations Act 2001, and

for such internal control as the directors determine is necessary to enable the preparation of:

i) the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii) the consolidated entity disclosure statement that is true and correct and is free of 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 at:

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

This description forms part of our auditor's report.

## Report on the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 19 of the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of D3 Energy Limited, for the year ended 30 June 2024, 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 Pty Ltd**

BDO

**Jarrad Prue**

**Director**

Perth, 27 September 2024

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

## For the year ended 30 June 2024

| | Note | 2024<br>$ | 2023<br>$ |
|---|---|---|---|
| **Income from continuing operations** | | | |
| Interest received & other income | 3 | 40,808 | 29,646 |
| | | | |
| Administration expenses | | (328,105) | (102,541) |
| Public company expenses | | (1,087,427) | (228,636) |
| Exploration expenses | | (881,149) | (944,231) |
| Employee benefit expenses | | (496,803) | (178,155) |
| Share based payment expenses | 25 | (740,707) | - |
| Depreciation expenses | 7 | (24,966) | - |
| Interest expense | | (26) | (305) |
| **Loss before income tax** | | **(3,518,375)** | **(1,424,222)** |
| Income tax expense | 4 | - | - |
| **Loss after income tax** | | **(3,518,375)** | **(1,424,222)** |
| | | | |
| **Other Comprehensive Income** | | | |
| *Items that may be reclassified to profit or loss* | | | |
| Exchange difference on translation of foreign operations | | 89,889 | (347,622) |
| **Other comprehensive loss for the year, net of tax** | | **(3,428,486)** | **(1,771,844)** |
| | | | |
| **Total comprehensive loss for the year** | | **(3,428,486)** | **(1,771,844)** |
| | | | |
| **Loss per share from continuing operations attributable to the ordinary equity holders of D3 Energy Limited:** | | | |
| Basic and diluted loss per share (cents) | 24 | (4.95) | (3.68) |

*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 2024



| | Note | 2024 $ | 2023 $ |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 5 | 8,586,734 | 1,885,105 |
| Trade and other receivables | 6 | 340,034 | 659,885 |
| **Total current assets** | | **8,926,768** | **2,544,990** |
| | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 7 | 71,619 | 39,027 |
| Exploration and evaluation expenditure | 8 | 4,625,016 | 4,584,097 |
| Other assets | 9 | 21,560 | - |
| **Total non-current assets** | | **4,718,195** | **4,623,125** |
| **TOTAL ASSETS** | | **13,644,963** | **7,168,115** |
| | | | |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 10 | 110,275 | 113,040 |
| Consideration Payable | 11 | - | 1,714,576 |
| **Total current liabilities** | | **110,275** | **1,827,616** |
| | | | |
| **Non-current liabilities** | | | |
| **Total non-current liabilities** | | **-** | **-** |
| **TOTAL LIABILITIES** | | **110,275** | **1,827,616** |
| | | | |
| **NET ASSETS** | | **13,534,688** | **5,340,499** |
| | | | |
| **EQUITY** | | | |
| Issued capital | 12 | 17,676,731 | 7,708,710 |
| Reserves | 13 | 1,396,920 | (347,622) |
| Accumulated losses | 14 | (5,538,963) | (2,020,588) |
| **TOTAL EQUITY** | | **13,534,688** | **5,340,499** |

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
## For the year ended 30 June 2024



| | Issued Capital $ | Share Based Payments Reserves $ | FX Reserves $ | Accumulated Losses $ | Total $ |
|---|---|---|---|---|---|
| **Balance at 1 July 2023** | **7,708,710** | **-** | **(347,623)** | **(2,020,588)** | **5,340,499** |
| **Total comprehensive income for the year** | | | | | |
| Loss for the year | - | - | - | (3,518,375) | (3,518,375) |
| Other comprehensive loss for the year, net of tax | - | - | 89,889 | - | 89,889 |
| **Total comprehensive income/(loss) for the year** | **-** | **-** | **89,889** | **(3,518,375)** | **(3,428,486)** |
| **Transactions with owners, recorded directly in equity** | | | | | |
| Issue of shares, net of costs (note 12) | 9,167,392 | - | - | - | 9,167,392 |
| Share issued as deferred consideration (note 12) | 800,629 | - | - | - | 800,629 |
| Share based payments (note 13) | - | 1,654,654 | - | - | 1,654,654 |
| **Balance at 30 June 2024** | **17,676,731** | **1,654,654** | **(257,734)** | **(5,538,963)** | **13,534,688** |

| | Issued Capital $ | Share Based Payments Reserves $ | FX Reserves $ | Accumulated Losses $ | Total $ |
|---|---|---|---|---|---|
| **Balance at 1 July 2022** | **4,055,085** | **-** | **-** | **(596,366)** | **3,458,719** |
| **Total comprehensive income for the year** | | | | | |
| Loss for the year | - | - | - | (1,424,222) | (1,424,222) |
| Other comprehensive loss for the year, net of tax | - | - | (347,623) | - | (347,623) |
| **Total comprehensive income/(loss) for the year** | **-** | **-** | **(347,623)** | **(1,424,222)** | **(1,771,845)** |
| **Transactions with owners, recorded directly in equity** | | | | | |
| Issue of shares, net of costs (note 12) | 285,001 | - | - | - | 285,001 |
| Share issued as consideration (note 12) | 3,368,624 | - | - | - | 3,368,624 |
| **Balance at 30 June 2023** | **7,708,710** | **-** | **(347,623)** | **(2,020,588)** | **5,340,499** |

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

## For the year ended 30 June 2024

| | Note | 2024<br>$ | 2023<br>$ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Payments to suppliers and employees | | (1,595,275) | (1,084,080) |
| Interest received | | 40,808 | 29,646 |
| Exploration and evaluation expenditure | | (881,149) | (990,920) |
| **Net cash outflow from operating activities** | 5 | **(2,435,616)** | **(2,045,354)** |
| | | | |
| **Cash flows from investing activities** | | | |
| Payment for acquisition of projects | | - | (112) |
| Acquisition of Subsidiary | | - | 110,983 |
| Payments for property plant and equipment | 7 | (57,558) | - |
| Payments for security deposits | 9 | (21,560) | - |
| **Net cash inflow (outflow) from investing activities** | | **(79,118)** | **110,872** |
| | | | |
| **Cash flows from financing activities** | | | |
| Proceeds from share issue | 12 | 10,000,000 | 510,000 |
| Capital raising costs | 12 | (832,608) | (224,999) |
| **Net cash inflow from financing activities** | | **9,167,392** | **285,001** |
| | | | |
| Net increase (decrease) in cash and cash equivalents | | 6,652,658 | (1,649,482) |
| Cash and cash equivalents at beginning of the financial year | | 1,885,105 | 3,534,587 |
| Effects of exchange rate changes on cash and cash equivalents | | 48,971 | - |
| **Cash and cash equivalents at end of the year** | 5 | **8,586,734** | **1,885,105** |

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

## 1. Material accounting policy information

The accounting policies that are material to the Group are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

### (a) New or amended Accounting Standards and Interpretations adopted

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

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

### (b) Basis of preparation

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

*Historical cost convention*

The financial statements have been prepared under the historical cost convention.

*Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in relevant notes below.

*Going concern*

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

For the year ended 30 June 2024 the Group made a loss of $3,518,375 (2023: loss of $1,424,222) and had cash outflows from operating activities of $2,435,616 (2023: cash outflows of $2,045,354). At 30 June 2024, the Group has a working capital surplus of $9,037,043 (2023: $717,374).

The directors have prepared a cash flow forecast, which indicates that the Group will have sufficient cash to meet all commitments and working capital requirements for the 12 months period from the date of signing this financial report.

Based on the cash flow forecasts and other factors referred to above, the directors are satisfied that the going concern basis of preparation is appropriate.

Should the Company be unable to raise funds, there exists a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Company be unable to continue as a going concern and meet its debts as and when they fall due.

### (c) Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 22.

### (d) Foreign currency translation

The financial statements are presented in Australian dollars, which is D3 Energy Limited's functional and presentation currency.

*Foreign currency transactions*

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

*Foreign operations*

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

### (e) Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset’s fair value less costs to sell and value in use, is compared to the asset’s carrying value. Any excess of the asset’s carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

*Financial Assets*

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

*Non-Financial Assets*

The carrying amounts of the non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset’s recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the statement of financial performance. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

### (f) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2024. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

**(g) Share-based payment transactions**

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instrument at the date at which they are granted when the fair value of goods and/or services cannot be determined. The fair value of options granted is measured using the Black-Scholes option pricing model. The fair value of performance rights granted is measured using the trinomial barrier model where required. The model uses assumptions and estimates as inputs. Some performance rights value are determined with reference to the share price on the grant date.

The cost of the equity settled transactions is recognised, together with a corresponding increase in equity, over the year in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting year has expired and (ii) the number of awards that, in the opinion of the Directors of the Company, will ultimately vest. This opinion is formed based on the best available information at balance date.

No adjustment is made for the likelihood of the market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a year represents the movement in cumulative expense recognised at the beginning and end of the year. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition. Where the terms of an equity settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of the modification.

Where an equity settled award is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The cost of equity-settled transactions with non-employees is measured by reference to the fair value of goods and services received unless this cannot be measured reliably, in which case the cost is measured by reference to the fair value of the equity instruments granted.

**(h) Critical accounting estimates and judgments**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

*Share based payment transactions*

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Trinomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Refer to note 25 for further information.

**(h) Critical accounting estimates and judgments (continued)**

*Carrying value of Exploration and evaluation expenditure*

Acquired exploration and evaluation assets are carried at acquisition value less any subsequent impairment for each identifiable area of interest. All ongoing exploration and evaluation expenditure, subsequent to initial acquisition, is expensed and recognised in the Statement of Profit or Loss. These costs are only carried forward to the extent that the Group's rights of tenure to that area of interest are current and that the costs are expected to be recouped through the successful commercial development or sale of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Costs in relation to an abandoned area are written off in full against profit in the period in which the decision to abandon the area is made.

Each area of interest is also reviewed annually, and acquisition costs written off to the extent that they will not be recoverable in the future.

*Income tax*

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

*Recovery of deferred tax assets*

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

*Determination of fair values on exploration and evaluation assets acquired in asset acquisition.*

On initial recognition, the acquired assets and liabilities are included in the statement of financial position at their fair values. In measuring fair value of exploration projects, management considers generally accepted technical valuation methodologies and comparable transactions in determining the fair value. Due to the subjective nature of valuation with respect to exploration projects with limited exploration results, management have determined the price paid to be indicative of its fair value.

On 28 October 2022, D3 Energy Limited acquired Motuoane Energy (Pty) Ltd, with the issue of shares as consideration. Director's judgement was required to be used in classifying this transaction as an asset acquisition rather than a business combination. As the acquisition of the acquired assets is not deemed a business combination the transactions were accounted for as a share-based payment for the net assets acquired. Refer to Note 8 for further details.

## 2. Operating segments

*Identification of reportable operating segments*

The Group is organised into one operating segment, being exploration of both natural gas and helium. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

*Geographical information*

The group has one geographical segment which is South Africa.

## 3. Other Income

| | 2024 $ | 2023 $ |
|---|---|---|
| Interest | 40,808 | 29,646 |
| **Total Other Income** | **40,808** | **29,646** |

## 4. Income tax

| | | 2024 $ | 2023 $ |
|---|---|---|---|
| (a) | **Income tax expense** | | |
| | Current tax expense | - | - |
| | Deferred tax expense | - | - |
| | | **-** | **-** |
| (b) | **Reconciliation of income tax expense to prima facie tax payable:** | | |
| | Profit/(loss) from ordinary activities before income tax | (3,518,375) | (1,424,222) |
| | The prima facie tax payable on profit from ordinary activities before income tax is reconciled to the income tax expense as follows: | | |
| | Prima facie tax on operating profit at 30 % (2023: 30%): | (1,055,513) | (427,267) |
| | Add/ (less) tax effect of: | | |
| - | Other non-allowable items | 536,849 | 22,671 |
| - | Revenue losses not recognised | 478,117 | 420,796 |
| - | Other deferred tax balances not recognised | 10,450 | (16,200) |
| - | Tax impact of overseas jurisdictions | 30,097 | - |
| | | - | - |
| (c) | **Unrecognised deferred tax assets at 30%** | | |
| | Carry forward revenue losses | 765,281 | 174,653 |
| | Capital raising costs | 10,971 | 54,000 |
| | Other temporary differences | 16,877 | 13,983 |
| | | **793,129** | **256,686** |

At 30 June 2024, there is no recognised or unrecognised deferred income tax liability for taxes that would be payable on the unremitted earnings of the Group’s subsidiary as the Group has no liability for additional taxation should such amounts be remitted.

## 4. Income tax (continued)

The benefit for tax losses will only be obtained if:

(i) the Group derives future assessable income in Australia of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;
(ii) the Group continues to comply with the conditions for deductibility imposed by tax legislation in Australia; and
(iii) there are no changes in tax legislation in Australia which will adversely affect the Group in realising the benefit from the deductions for the losses.

## 5. Cash and cash equivalents

| | 2024<br>$ | 2023<br>$ |
|---|---|---|
| **Current** | | |
| Cash at bank and in hand | 8,586,734 | 1,885,105 |
| **Total cash and cash equivalents** | **8,586,734** | **1,885,105** |

Refer to Note 16 on financial instruments for details on the Group's exposure to risk in respect of its cash balance.

**Operating cash flow reconciliation**

| | 2024<br>$ | 2023<br>$ |
|---|---|---|
| **Reconciliation of operating cash flows to net profit/(loss)** | | |
| Loss for the year | (3,518,375) | (1,424,222) |
| *Adjustments for non-cash items:* | | |
| Share-based payments | 740,707 | - |
| Depreciation and amortisation expenses | 24,966 | - |
| FX | - | (20,686) |
| *Change in operating assets and liabilities:* | | |
| Increase (Decrease) in Trade and Other Payables | (2,766) | 34,437 |
| (Increase) Decrease in Trade and Other Receivables | 319,852 | (634,883) |
| **Cash flow from operations** | **(2,435,616)** | **(2,045,354)** |

**Non-cash investing activities**

No non-cash investing activities during the year.

**Non-cash financing activities**

No non-cash financing activities during the year.

**Material accounting policy**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## 6. Trade and other receivables

| | 2024 $ | 2023 $ |
|---|---|---|
| **Current** | | |
| Trade Debtors | 12,980 | - |
| Prepayments | 2,635 | 2,635 |
| GST Receivable | 324,419 | 143,885 |
| Other Debtors[1] | - | 513,365 |
| **Total Trade and Other Receivables** | **340,034** | **659,885** |

[1] Other Debtors balance relates to cash in transit between D3 Energy and its subsidiary at year end.

**Past due but not impaired**
The Group did not have any receivables that were past due as at 30 June 2024. The Group did not consider a credit risk on the aggregate balances as at 30 June 2024. For more information, please refer to Note 16 Financial Instruments, Risk Management Objectives and Policies.

**Material accounting policy**
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

## 7. Property, Plant and Equipment

| | 2024 $ | 2023 $ |
|---|---|---|
| Plant and equipment | 71,619 | 39,027 |
| **Total plant and equipment** | **71,619** | **39,027** |

Reconciliation of movements in property, plant and equipment:

| | 2024 $ | 2023 $ |
|---|---|---|
| Opening balance | 39,027 | - |
| Additions on acquisition of Motuoane Energy (Pty) Ltd | | 33,968 |
| Additions | 57,558 | 5,059 |
| Depreciation expense | (24,966) | - |
| **Total Property, Plant and Equipment** | **71,619** | **39,027** |

## 8. Exploration and evaluation expenditure

| | 2024 $ | 2023 $ |
|---|---|---|
| Exploration and evaluation expenditure | 4,625,016 | 4,584,097 |
| **Total exploration and evaluation expenditure** | **4,625,016** | **4,584,097** |

Reconciliation of movements in exploration and evaluation expenditure:

| | 2024 $ | 2023 $ |
|---|---|---|
| Opening balance | 4,584,097 | - |
| Acquisition costs of Motuoane Energy (Pty) Ltd(i) | - | 4,885,029 |
| FX revaluation reserve | 40,919 | (300,932) |
| **Total exploration and evaluation expenditure** | **4,625,016** | **4,584,097** |

The value of the Group's interest in exploration expenditure is dependent upon:

- the continuance of the Company's rights to tenure of the areas of interest;
- the results of future exploration; and
- the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

**(i) Tenement acquisition**

In October 2022, D3 Energy Limited issued 21,053,900 ordinary shares at an issue price of $0.16 each, in consideration for the acquisition of Motuoane Energy (Pty) Ltd. In addition, deferred consideration of 3,216,100 shares and 7,500,000 Performance rights were to be issued at the time of the Company listing on the Australian Stock Exchange ("ASX"). The 3,216,100 deferred consideration shares were fair valued at $0.16 per share with a total value of 514,576. The 7,500,000 performance rights (refer below for the vesting conditions) were fair valued at $0.16 per performance right, with a total value of $1,200,000.

On 8 May 2024 D3 Energy listed on the ASX, with the 3,216,100 deferred consideration shares being issued (Refer note 12). 5,000,000 performance rights (Tranche A and Tranche B) were issued and immediately converted into ordinary shares as the related vesting conditions had been met prior to listing (Refer note 12), with the remaining 2,500,000 performance rights (Tranche C) being issued as the vesting conditions have not been met for this Tranche (Refer note 13).

| Tranche | Allotment | No. of Performance Rights | Vesting Condition to convert into one share in the Company per Performance Right | Expiry Date | Vested (Yes/No) |
|---|---|---|---|---|---|
| Tranche A | On IPO | 2,500,000 | Performance Rights will vest upon a successful well test being completed on the Permit which either:<br>A. Flows at not less than 75mscf/d for a period of 5 consecutive days; or<br>B. Tests Gas with helium of not less the 5% | 4 years from Allotment | Yes |
| Tranche B | On IPO | 2,500,000 | Performance Rights will vest upon independent certification of a 2C Contingent Resource of not less than 100Bcf of gas on the Permit | 4 years from Allotment | Yes |
| Tranche C | On IPO | 2,500,000 | Performance Rights will vest upon cumulative Gas sales from the Permit on not less than US$25,000 being achieved | 4 years from Allotment | No |

## 8. Exploration and evaluation expenditure (continued)

For asset acquisitions settled via share-based payment arrangements, the Group measures the cost of the asset at the fair value of the asset acquired, or if this cannot be determined, at the fair value of the equity instruments. Consideration settled via issue of shares has been accounted under AASB 2 Share-based Payment.

Given the nature of the assets acquired, the fair value of the assets was unable to be determined and the transactions were recorded at the fair value of the equity instruments granted at acquisition date.

The total of $4,885,030 pertaining to the value of shares and performance rights issued has been capitalised to the area of interest in accordance with applicable accounting standards.

**Material accounting policy**
Acquired exploration and evaluation assets are carried at acquisition value less any subsequent impairment for each identifiable area of interest. All ongoing exploration and evaluation expenditure, subsequent to initial acquisition, is expensed and recognised in the Statement of Profit or Loss. These costs are only carried forward to the extent that the Group's rights of tenure to that area of interest are current and that the costs are expected to be recouped through the successful commercial development or sale of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Costs in relation to an abandoned area are written off in full against profit in the period in which the decision to abandon the area is made.

Each area of interest is also reviewed bi -annually, and acquisition costs written off to the extent that they will not be recoverable in the future.

## 9. Other assets

| | 2024<br>$ | 2023<br>$ |
|---|---|---|
| **Non Current** | | |
| Security Deposits | 21,560 | - |
| **Total Security Deposits** | **21,560** | **-** |

## 10. Trade and other payables

| | 2024<br>$ | 2023<br>$ |
|---|---|---|
| **Current** | | |
| Trade Creditors | 105 | 18,138 |
| Accruals | 33,000 | - |
| Other Payables | 77,170 | 94,902 |
| | **110,275** | **113,040** |

Please refer to Note 16 on Financial Instruments for further discussion on risk management.

## 11. Consideration Payable

| | 2024 $ | 2023 $ |
|---|---|---|
| **Current** | | |
| Deferred consideration[1] | - | 1,714,576 |
| | **-** | **1,714,576** |

[1] Refer to Note 8 for additional information

## 12. Issued capital

### (a) Issued and fully paid

| | 30 June 2024 $ | 30 June 2024 No. | 30 June 2023 $ | 30 June 2023 No. |
|---|---|---|---|---|
| Ordinary shares | 17,676,731 | 120,795,006 | 7,708,710 | 62,578,906 |
| | **17,676,731** | **120,795,006** | **7,708,710** | **62,578,906** |

### (i) Movement reconciliation

| **Ordinary Shares** | **No. of Shares** | **$** |
|---|---|---|
| Opening Balance at 1 July 2022 | **17,400,100** | **4,055,085** |
| Issue of seed capital – Oct 2022 | 24,124,906 | 510,207 |
| Acquisition of Motuoane Energy (Pty) Ltd – Nov 2022 | 21,053,900 | 3,368,624 |
| Share issue costs | - | (225,000) |
| **Closing Balance at 30 June 2023** | **62,578,906** | **7,708,710** |

| **Ordinary Shares** | **No. of Shares** | **$** |
|---|---|---|
| Opening Balance at 1 July 2023 | **62,578,906** | **7,708,710** |
| Issue of capital (IPO) – May 2024 | 50,000,000 | 10,000,000 |
| Conversion of Deferred Consideration Shares – May 2024 | 3,216,100 | 514,576 |
| Conversion of Deferred Consideration Performance Shares – May 2024 | 5,000,000 | 800,000 |
| Share issue costs | - | (1,346,555)[(i)] |
| **Closing Balance at 30 June 2024** | **120,795,006** | **17,676,731** |

(i) Share issue costs include share-based payment expense of $513,946 in relation to options issued to D3 Energy's lead broker for the IPO. Refer to note 25 for relevant terms.

The share capital of the Group as at 30 June 2024 was 120,795,006 ordinary shares.

41,320,000 shares of the Group were subject to 24 months escrow from quotation until 8 May 2026.

**Ordinary shares**
Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Group, to participate in proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Group.

**Share buy-back**
There is no current on-market share buy-back.

## 12. Issued capital (continued)

Unissued ordinary shares of D3 Energy Limited under option and performance rights at 30 June 2024 are as follows:

| Grant Date | Expiry Date | Exercise Price | Number Under Option | Number Under Performance Rights |
|---|---|---|---|---|
| 08 May 2024 | 08 May 2027 | $0.30 | 2,225,000 | - |
| 08 May 2024 | 08 May 2027 | $0.30 | 4,000,000* | - |
| 08 May 2024 | 08 May 2028 | $0.30 | 4,000,000* | - |
| 08 May 2024 | 08 May 2029 | Nil | - | 3,000,000 |
| 08 May 2024 | 08 May 2029 | Nil | - | 5,820,000* |
| 08 May 2024 | 08 May 2028 | Nil | - | 2,500,000* |
| | | | **10,225,000** | **11,320,000** |

* Subject to 24 months escrow from quotation until 8 May 2026.

**Capital risk management**

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group's capital includes ordinary share capital, partly paid shares and financial liabilities, supported by financial assets.

Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet exploration programs and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

The net working capital position of the Group at 30 June 2024 $8,816,493 was (2023: $717,374) and the net increase/(decrease) in cash held during the year was $6,652,658 (2023: decrease $1,649,482). The Group's cash and cash equivalents at 30 June 2024 were $8,586,734 (2023: $1,885,105).

The capital risk management policy remains unchanged from the 30 June 2024 Annual Report.

## 13. Reserves

| | 2024 $ | 2023 $ |
|---|---|---|
| Share based payments reserve (a) | 1,654,654 | - |
| Foreign currency reserve | (257,734) | (347,622) |
| | **1,396,920** | **(347,622)** |

**(a) Share-based payments reserve**

| | 30 June 2024 | | 30 June 2023 | |
|---|---|---|---|---|
| | $ | No. | $ | No. |
| Option reserve | 1,207,060 | 10,225,000 | | |
| Performance rights reserve | 447,594 | 11,320,000 | - | - |
| | **1,654,654** | **21,545,000** | **-** | **-** |

## 13. Reserves (continued)

### (j) Movement reconciliation

| Options | No. | $ |
|---|---|---|
| Opening Balance at 1 July 2023 | - | - |
| Issue of management and consultant options – May 2024 | 2,225,000 | 247,740 |
| Issue of management and consultant options (KMP) – May 2024 | 4,000,000 | 445,375 |
| Issue of Advisor options – May 2024 | 4,000,000 | 513,945 |
| **Closing Balance at 30 June 2024** | **10,225,000** | **1,207,060** |

| Performance rights | No. | $ |
|---|---|---|
| Opening Balance at 1 July 2023 | - | - |
| Issue of management and consultant performance rights – May 2024 | 3,000,000 | 16,189 |
| Issue of management and consultant performance rights (KMP) – May 2024 | 5,820,000 | 31,405 |
| Issue of Vendor rights – May 2024 (i) | 2,500,000 | 400,000 |
| **Closing Balance at 30 June 2024** | **11,320,000** | **447,594** |

(i) The vendor rights were valued as part of the asset acquisition of Motuoane Energy (Pty) Ltd on 28 October 2022. They were subject to the listing of D3 Energy on the ASX. The amount was recognised as consideration payable in FY 2023 and was transferred to Reserves in FY 2024.

### (k) Share based payments reserve

The share-based payment reserve records the value of option and performance rights and performance shares issued to the Group's directors, employees, and third parties. The value of the amount disclosed during the year reflects the value of options and performance shares issued by the Group.

**Foreign currency reserve**

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

## 14. Retained profits

| | 2024<br>$ | 2023<br>$ |
|---|---|---|
| Retained profits at the beginning of the financial year | (2,020,588) | (596,366) |
| Loss after income tax expense for the year | (3,518,375) | (1,424,222) |
| **Retained profits at the end of the financial year** | **(5,538,963)** | **(2,020,588)** |

## 15. Dividends paid or proposed

The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

## 16. Financial instruments

**Financial risk management**

The Group's activities expose it to a variety of financial risks including market risk (interest rate risk, foreign exchange risk and price risk), credit risk and liquidity risk. The Groups overall risk management program focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group does not use derivative financial instruments; however the Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks and aging analysis for credit risk.

## 16. Financial instruments (continued)

Risk management is carried out by the Board of Directors with assistance from suitably qualified external and internal advisors. The Board provides written principles for overall risk management and further policies will evolve commensurate with the evolution and growth of the Group.

**(a) Market risk**

(i) Interest Rate Risk

The Group hold cash at bank with variable interest rates. The interest rate is low and changes in the interest rates will have minimal impact to the Group.

(ii) Foreign exchange risk

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The carrying amount of the Group's foreign currency denominated financial assets at the reporting date were as follows:

| | 2024 $ | 2023 $ |
|---|---|---|
| South African Rand (ZAR) | 147,469 | 98,065 |
| **Total** | **147,469** | **98,065** |

The Group had net assets denominated in foreign currencies of $147,469 as at 30 June 2024 (2023: $98,065. Based on this exposure, had the Australian dollar weakened by 10%/strengthened by 5% (2023: weakened by 10%/strengthened by 5%) against these foreign currencies with all other variables held constant, the Group's profit before tax for the year would have been $14,747, lower/$7,373 higher (2023: $9,807 lower/$4,903 higher) and equity would have been $14,747 lower/$7,373 higher (2023: $9,807 lower/$4,903 higher). The percentage change is the expected overall volatility of the significant currencies, which is based on management’s assessment of reasonable possible fluctuations taking into consideration movements over the last 6 months each year and the spot rate at each reporting date. The actual foreign exchange loss for the year ended 30 June 2024 was $28,320 (2023: loss of $20,686).

**(b) Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted the policy of dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group measures credit risk on a fair value basis. The Group does not have any significant credit risk exposure to a single counterparty or any Group of counterparties having similar characteristics.

The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Company’s maximum exposure to credit risk without taking account of the fair value of any collateral or other security obtained.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings:

| | 2024 $ | 2023 $ |
|---|---|---|
| Cash and cash equivalents AA | 8,586,734 | 1,885,105 |
| **Total** | **8,586,734** | **1,885,105** |

## 16. Financial instruments (continued)

### (c) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profits of financial assets and liabilities. As at reporting date the Group had sufficient cash reserves to meet its requirements. The Group therefore had no credit standby facilities or arrangements for further funding in place.

### (d) Maturity analysis of financial liabilities

The financial liabilities of the Group at reporting date were trade payables, accruals and employee benefits incurred in the normal course of the business. These were non-interest bearing and were due within the normal 30-60 days terms of creditor payments. The Group does not consider this to be material to the Group and have therefore not undertaken any further analysis of risk exposure.

**Contractual maturities of financial liabilities**

| 2024 | Less than 6 months | 1 year or less | Over 1 to 5 years | More than 5 years | Over 5 years | Total contract-ual cash flows | Carrying amount of liabilities |
|---|---|---|---|---|---|---|---|
| **Financial liabilities** | | | | | | | |
| Trade payables | 105 | - | - | - | - | 105 | 105 |
| Other payables | 110,170 | - | - | - | - | 110,170 | 110,170 |
| **Total financial liabilities** | **110,275** | **-** | **-** | **-** | **-** | **110,275** | **110,275** |

| 2023 | Less than 6 months | 1 year or less | Over 1 to 5 years | More than 5 years | Over 5 years | Total contract-ual cash flows | Carrying amount of liabilities |
|---|---|---|---|---|---|---|---|
| **Financial liabilities** | | | | | | | |
| Trade payables | 29,464 | - | - | - | - | 29,464 | 29,464 |
| Other payables | 83,576 | - | - | - | - | 83,576 | 83,576 |
| **Total financial liabilities** | **113,040** | **-** | **-** | **-** | **-** | **113,040** | **113,040** |

## 17. Key management personnel disclosures

**Compensation**

The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

| | 2024 $ | 2023 $ |
|---|---|---|
| Short-term employee benefits | 344,008 | 146,166 |
| Post-employment long term benefits | 36,557 | 15,348 |
| Long term benefits (annual leave and long service leave) | - | - |
| Share based payments | 476,779 | - |
| **Total** | **857,344** | **161,514** |

## 18. Auditor's remuneration

During the financial year the following fees were paid or payable for services provided by BDO, the auditor of the company, its network firms and unrelated firms:

| | 2024 $ | 2023 $ |
|---|---|---|
| **Audit Services** | | |
| Amounts received or due and receivable by BDO | | |
| - Audit or review of the financial statements | 53,085 | 18,025 |
| **Other Services** | | |
| - Preparation of the tax return | 14,420 | - |
| - Independent Limited Assurance Report | 36,050 | - |
| **Total** | **103,555** | **18,025** |

The BDO entity performing the audit of the group transitioned from BDO Audit (WA) to BDO Audit Pty Ltd on 4 July 2024. The disclosures include amounts received or due and receivable by BDO Audit (WA) Pty Ltd, BDO Audit Pty Ltd and their respective related entities.

## 19. Contingent assets and liabilities

At the date of the report no other material contingent assets or contingent liabilities exist that the Company is aware of.

## 20. Commitments

**Exploration expenditure**
In order to maintain mining tenements, the economic entity is committed to meet the prescribed conditions under which tenements were granted. These commitments may be met in the normal course of operations by future capital raisings and/or farm-out and under certain circumstances are subject to the possibility of adjustment to the amount and timing of such obligations or by tenement relinquishment.

| | 2024 $ | 2023 $ |
|---|---|---|
| Exploration expenditure commitments | | |
| Not later than 12 months | 1,080,260 | 892,577 |
| Between 12 months and 5 years | 1,112,489 | - |
| Greater than 5 years | - | - |
| **Total** | **2,192,749** | **892,577** |

## 21. Related party disclosure

**(a) Parent entity**
D3 Energy Limited is the parent entity.

**(b) Subsidiary**
The consolidated financial statements include the financial statements of D3 Energy Limited and the subsidiary listed in the following table.

| | | Ownership interests | |
|---|---|---|---|
| **Name** | **Country of Incorporation** | **2024 %** | **2023 %** |
| Motuoane Energy (Pty) Ltd | Republic of South Africa | 100 | 100 |

## 21. Related party disclosure (continued)

**(c) Key management personnel**
Disclosures relating to key management personnel are set out in note 17 and the remuneration report included in the director's report.

**(d) Transactions with related parties**
There are no other transactions with related parties.

**(e) Loans to/from related parties**
There are no loans to/from related parties.

## 22. Parent entity information

The following details information related to the parent entity, D3 Energy Limited.

| | 2024<br>$ | 2023<br>$ |
|---|---|---|
| Current assets | 8,569,171 | 2,306,341 |
| Non-current assets | 5,045,369 | 5,162,707 |
| **Total assets** | **13,614,540** | **7,469,048** |
| Current liabilities | (79,852) | (48,349) |
| Non-current liabilities | - | - |
| **Total liabilities** | **(79,852)** | **(48,349)** |
| **Net Assets** | **13,534,688** | **7,420,699** |
| Contributed equity | 17,676,731 | 7,708,710 |
| Reserves | 1,654,654 | 25,060 |
| Accumulated losses | (5,796,697) | (313,071) |
| **Total equity** | **13,534,688** | **7,420,699** |
| Loss after income tax | 3,721,840 | 1,044,018 |
| Other comprehensive income/ (loss) for the year | - | 20,686 |
| **Total comprehensive loss for the year** | **3,721,840** | **1,064,705** |

**Contingent liabilities**
The parent entity had no contingent liabilities as at 30 June 2024 and 30 June 2023.

**Capital commitments**
The parent entity had no capital commitments as at 30 June 2024 and 30 June 2023.

**Material accounting policy information**
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

## 23. Events after the reporting date

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future years.

## 24. Earnings per share

Basic and diluted earnings per share amounts are calculated by dividing net profit/(loss) for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. When calculating diluted earnings per share the potential ordinary shares have not been considered as they are anti-dilutive.

The following reflects the income and share data used in the total operations basic and diluted earnings per share computations:

| **Basic and diluted profit/(loss) per share** | **2024 $** | **2023 $** |
|---|---|---|
| Loss used to calculate basic and diluted loss per share | (3,518,375) | (1,424,222) |
| Basic and diluted loss per share from continuing operations (cents per share) | (4.95) | (3.68) |

| **Weighted average number of ordinary shares** | **No.** | **No.** |
|---|---|---|
| Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS | 71,032,203 | 48,041,491 |

## 25. Share based payments

Share-based payments during the year ended 30 June 2024 are summarised below.

| | **2024 $** | **2023 $** |
|---|---|---|
| Expense arriving from option share-based payment transactions | 693,115 | - |
| Expense arriving from performance rights share-based payment transactions | 47,592 | - |
| **Total expenses arriving from equity settled share-based payment transactions** | **740,707** | **-** |

Set out below are a summary of options granted

| Grant date | Expiry date | Exercise price | Balance at the start of the year | Granted | Exercised | Balance at the end of the year |
|---|---|---|---|---|---|---|
| 8 May 2024 | 8 May 2027 | $0.30 | - | 2,225,000 | - | 2,225,000 |
| 8 May 2024 | 8 May 2027 | $0.30 | - | 4,000,000 | - | 4,000,000 |
| 8 May 2024 | 8 May 2028 | $0.30 | - | 4,000,000 | - | 4,000,000 |
| | | | | **10,225,000** | | **10,225,000** |

Set out below are a summary of performance rights granted

| Grant date | Expiry date | Exercise price | Balance at the start of the year | Granted | Exercised | Balance at the end of the year |
|---|---|---|---|---|---|---|
| 8 May 2024 | 8 May 2029 | Nil | - | 3,000,000 | - | 3,000,000 |
| 8 May 2024 | 8 May 2029 | Nil | - | 5,820,000 | - | 5,820,000 |
| 8 May 2024 | 8 May 2028 | Nil | - | 2,500,000 | - | 2,500,000 |
| | | | | **11,320,000** | | **11,320,000** |

## 25. Share based payments (continued)

### (a) Securities granted during the year

Options granted during the year ended 30 June 2024 as share-based payments are as follows:

| Class of Securities | Grant Date | Number of Securities | Exercise Price | Expiry Date | Vesting Date | Disposal Restriction |
|---|---|---|---|---|---|---|
| D3EOPT01 | 8 May 2024 | 2,225,000 | $0.30 | 8 May 2027 | 8 May 2024 | None |
| D3EOPT02 | 8 May 2024 | 4,000,000 | $0.30 | 8 May 2027 | 8 May 2024 | None |
| D3EOPT03 | 8 May 2024 | 4,000,000 | $0.30 | 8 May 2028 | 8 May 2024 | None |
| | | **10,225,000** | | | | |

2,225,000 Options were issued to Management and Consultants on listing on the ASX.
4,000,000 Options were issued to Key Management Personnel on listing on the ASX
4,000,000 Options were issued to Advisors on listing on the ASX.

Options were valued using a Black-Scholes Model with the following inputs:

| Class of Securities | Dividend Yield | Valuation Date | Expected Volatility | Risk-Free Interest Rate | Expiry | Underlying Share Price | Value per Option | Total Fair Value | Value Recognised 30 Jun 24 |
|---|---|---|---|---|---|---|---|---|---|
| D3EOPT01 | Nil | 8 May 24 | 100% | 3.93% | 8 May 27 | $0.20 | $0.111 | $247,740 | $247,740 |
| D3EOPT02 | Nil | 8 May 24 | 100% | 3.93% | 8 May 27 | $0.20 | $0.111 | $445,375 | $445,375 |
| | | | | | | | | **$693,115** | **$693,115** |
| D3EOPT03 (i) | Nil | 8 May 24 | 100% | 3.93% | 8 May 28 | $0.20 | $0.128 | $513,946 | $513,946 |
| | | | | | | | | **$1,207,061** | **$1,207,061** |

(i) Share issue costs include share-based payment expense of $513,946 in relation to options issued to D3 Energy's lead broker for the IPO.

Performance rights granted during the year ended 30 June 2024 as share-based payments are as follows:

| Performance Rights | Class of Securities | Grant Date | Number of Securities | Exercise Price | Expiry Date | Disposal Restriction |
|---|---|---|---|---|---|---|
| D3EPR01[1] | Management and Consultant Performance Rights | 8 May 24 | 3,000,000 | Nil – Vest on achievement of performance conditions | 08 May 29 | None |
| D3EPR02[2] | Management and Consultant Performance Rights (KMP) | 8 May 24 | 5,820,000 | | 08 May 29 | None |
| D3EPR03[3] | Other Vendor Performance Rights | 8 May 24 | 2,500,000 | | 08 May 28 | None |
| | | | **11,320,000** | | | |

## 25. Share based payments (continued)

The performance rights can be exercised and converted into shares on a one for one basis following achievement of the performance condition. There are no service conditions. The performance conditions for the performance rights are set out below:

| Reference | Performance Rights | Class | Class of Securities |
|---|---|---|---|
| 1 | D3EPR01 | A | 20-day VWAP exceeding $0.40 per share |
| | D3EPR01 | B | 20-day VWAP exceeding $0.50 per share |
| | D3EPR01 | C | 20-day VWAP exceeding $0.60 per share |
| 2 | D3EPR02 | A | 20-day VWAP exceeding $0.40 per share |
| | D3EPR02 | B | 20-day VWAP exceeding $0.50 per share |
| | D3EPR02 | C | 20-day VWAP exceeding $0.60 per share |
| 3 | D3EPR03 | C | Upon cumulative Gas sales from the Permit of not less than US$25,000 being achieved |

The following Performance Rights were valued using a Trinomial Barrier Option Model with the following inputs with the expense recognised over the vesting period:

| | Tranche | Dividend Yield | Valuation Date | Expected Volatility | Risk-Free Interest Rate | Expiry | Underlying Share Price | Value per Right | Total Fair Value | Value Recognised 30 Jun 24 |
|---|---|---|---|---|---|---|---|---|---|---|
| D3EPR01 | A | Nil | 8 May 24 | 100% | 3.99% | 8 May 29 | $0.20 | $0.190 | $190,085 | $5,517 |
| | B | Nil | 8 May 24 | 100% | 3.99% | 8 May 29 | $0.20 | $0.186 | $185,650 | $5,389 |
| | C | Nil | 8 May 24 | 100% | 3.99% | 8 May 29 | $0.20 | $0.182 | $181,984 | $5,282 |
| D3EPR02 | A | Nil | 8 May 24 | 100% | 3.99% | 8 May 29 | $0.20 | $0.190 | $368,764 | $10,703 |
| | B | Nil | 8 May 24 | 100% | 3.99% | 8 May 29 | $0.20 | $0.186 | $360,162 | $10,454 |
| | C | Nil | 8 May 24 | 100% | 3.99% | 8 May 29 | $0.20 | $0.182 | $353,048 | $10,247 |
| | | | | | | | | | **$1,639,693** | **$47,592** |

The following Performance Rights were valued using a share price with the following inputs with the expense recognised as part of the acquisition of Motuoane Energy (Pty) Ltd:

| | Tranche | Dividend Yield | Valuation Date | Expected Volatility | Risk-Free Interest Rate | Expiry | Underlying Share Price | Value per Right | Total Fair Value | Value Recognised 30 Jun 24 |
|---|---|---|---|---|---|---|---|---|---|---|
| D3EPR03 | C | Nil | 23 Nov 23 | 100% | 2.94% | 8 May 28 | $0.160 | $0.160 | $400,000 | $400,000 |
| | | | | | | | | | **$400,000** | **$400,000** |

### (b) Securities granted during the prior year

There were no options or performance rights granted during the prior year.

| Entity Name | Entity type | Place formed / Country of Incorporation | Ownership interests % | Tax residency |
|---|---|---|---|---|
| D3 Energy Ltd | Body corporate | Australia | 100 | Australia |
| Motuoane Energy (Pty) Ltd | Body corporate | Republic of South Africa | 100 | Australia |

Motuoane Energy (Pty) Ltd is also a tax resident of South Africa under South African tax law.

**Basis of Preparation**

This Consolidated Entity Disclosure Statement (CEDS) has been prepared in accordance with the *Corporations Act 2001*. It includes certain information for each entity that was part of the consolidated entity at the end of the financial year.

**Determination of Tax Residency**

Section 295 (3A) of the *Corporations Act 2001* defines tax residency as having the meaning in the Income Tax Assessment Act 1997. The determination of tax residency involves judgement as there are currently several different interpretations that could be adopted, and which could give rise to a different conclusion on residency.

In determining tax residency, the consolidated entity has applied the following interpretations:

**Australian Tax Residency**

The consolidated entity has applied current legislation and judicial precedent, including having regard to the Tax Commissioner's public guidance in Tax Ruling TR 2018/15.

# DIRECTOR'S DECLARATION

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the *Accounting Standards*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with *International Financial Reporting Standards* as issued by the *International Accounting Standards Board* as described in note 1 to the financial statements;

- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2024 and of its performance for the financial year ended on that date;

- there are reasonable grounds to believe that the group will be able to pay its debts as and when they become due and payable; and

- the information disclosed in the attached consolidated entity disclosure statement is true and correct.

The directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

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

**Matthew Worner**
Executive Director
Perth

27 September 2024

The shareholder information set out below was applicable as at 4 September 2024.

**Number of holders and voting rights of each class of equity securities**

| | Number of holders | Total on issue |
|---|---|---|
| Quoted: | | |
| Fully paid ordinary shares | 403 | 120,795,006 |
| Unquoted: | | |
| Options ($0.30, 31 January 2026) | 10 | 10,225,000 |
| Performance Rights | 12 | 11,320,000 |

All issued fully paid ordinary shares (**Shares**) carry one vote. Options and Performance Rights do not entitle the holder to vote on any resolution proposed at a general meeting of Shareholders.

**Restricted Securities**

The following equity securities are subject to ASX escrow restriction for the periods outlined

- 41,320,000 Shares are restricted for 24 months from the date of quotation (8 May 2026)
- 8,000,000 Options are restricted for 24 months from the date of quotation (8 May 2026)
- 8,320,000 Performance Rights are restricted for 24 months from the date of quotation (8 May 2026)

**Performance Rights**

**Distribution of equitable securities**

Analysis of number of equitable security holders by size of holding:

| Ordinary shares | Number of holders | % of total shares issued |
|---|---|---|
| 1 to 1,000 | 7 | 0.00 |
| 1,001 to 5,000 | 24 | 0.06 |
| 5,001 to 10,000 | 90 | 0.72 |
| 10,001 to 100,000 | 135 | 5.27 |
| 100,001 and over | 144 | 93.94 |
| **Total** | **400** | **100.00** |
| Holding less than a marketable parcel | 19 | 0.00 |

| Options | Number of holders | % of total shares issued |
|---|---|---|
| 1 to 1,000 | | |
| 1,001 to 5,000 | - | - |
| 5,001 to 10,000 | - | - |
| 10,001 to 100,000 | 1 | 0.00 |
| 100,001 and over | 9 | 100.00 |
| **Total** | **10** | **100.00** |

| Performance rights | Number of holders | % of total shares issued |
|---|---|---|
| 1 to 1,000 | | |
| 1,001 to 5,000 | - | - |
| 5,001 to 10,000 | - | - |
| 10,001 to 100,000 | - | - |
| 100,001 and over | 12 | 100.00 |
| **Total** | **12** | **100.00** |

# ASX ADDITIONAL INFORMATION

## Equity security holders

*Twenty largest quoted equity security holders*

The names of the twenty largest security holders of quoted equity securities are listed below:

| | Ordinary shares | |
|---|---|---|
| | **Number held** | **% of total shares issued** |
| NOVO RESOURCES PTY LTD | 13,755,500 | 11.39% |
| HOLDREY PTY LTD <DON MATHIESON FAMILY A/C> | 7,687,500 | 6.36% |
| DAVID CASEY | 6,214,925 | 5.15% |
| MILTON JOHN ZETZMAN | 5,817,950 | 4.82% |
| TAMLIB INVESTMENTS PTY LTD | 5,817,950 | 4.82% |
| MATTHEW MCNEILL WORNER <MM WORNER FAMILY A/C> | 5,000,050 | 4.14% |
| MR SIMON CLARKSON | 4,354,797 | 3.61% |
| DISCOVERY INVESTMENTS | 4,081,875 | 3.38% |
| KEVIN RATHBUN | 3,878,600 | 3.21% |
| JEC CAPITAL PTY LTD <JEC CAPITAL A/C> | 3,085,000 | 2.55% |
| HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2 | 3,063,519 | 2.54% |
| HONEYBALL HOLDINGS PTY LTD <HONEYBALL HOLDINGS A/C> | 2,812,500 | 2.33% |
| EQUITY TRUSTEES LIMITED <LOWELL RESOURCES FUND A/C> | 2,687,500 | 2.22% |
| PELOTON CAPITAL PTY LTD | 1,650,000 | 1.37% |
| RIGGERS SPLASH FOR CASH PTY LTD <RIGGERS SPLASH FOR CASH A/C> | 1,625,000 | 1.35% |
| PINE STREET PTY LTD <PINE STREET A/C> | 1,512,500 | 1.25% |
| MR ALAN FLETCHER | 1,500,000 | 1.24% |
| SOOTHJET PTY LIMITED <SPA SUPERANNUATION A/C> | 1,449,998 | 1.20% |
| DORIEMUS SUPER FUND PTY LTD <DORIEMUS SUPER FUND A/C> | 1,276,250 | 1.06% |
| L & H MCGUIRE SUPER PTY LTD <MCGUIRE SUPERANNUATION A/C> | 1,062,500 | 0.88% |
| **Total** | **82,333,914** | **68.16** |
| Total remaining holders balance | 38,461,092 | 31.84 |
| **Total issued capital - selected security class(es)** | **120,795,006** | **100.00** |

*Unquoted equity securities*

| | Number on issue | Number of holders |
|---|---|---|
| Options over ordinary shares issued | 10,225,000 | 10 |
| Performance rights over ordinary shares issued | 11,320,000 | 12 |

## Substantial holders

Substantial holders in the group are set out below:

| | Ordinary shares | |
|---|---|---|
| | **Number held** | **% of total shares issued** |
| NOVO Resources Pty Ltd | 13,755,500 | 11.39 |
| Craig Mathieson | 7,937,500 | 6.57 |
| David Casey | 6,214,925 | 5.15 |

**Voting rights**

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

**Tenements**

The tenements are disclosed in the director's report

**Unquoted securities**

There are no holders of unquoted Options or Performance Rights with more than a 20% interest, that were not issued or acquired under the Group's employee securities incentive plan.

**On-market buyback**

There is currently no on market buyback program for any of D3 Energy's listed securities.

**Group cash and assets**

In accordance with Listing Rule 4.10.19, the Group confirms that it has used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way that is consistent with its business objective and strategy for the period from its admission to 30 June 2024.

**Corporate Governance**

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of D3 Energy Limited support and have adhered to the principles of sound corporate governance. The Board recognises the recommendations of the Australian Securities Exchange Corporate Governance Council and considers that the Company is compliant with many of those guidelines which are of importance to the commercial operation of the Company. During the financial year, shareholders continued to receive the benefit of an efficient and cost-effective corporate governance policy for the Company. Details of D3 Energy's current corporate governance practices is set out in the Company's corporate governance statement which can be viewed on the Company website at https://d3energy.com.au/corporate/corporate-governance/