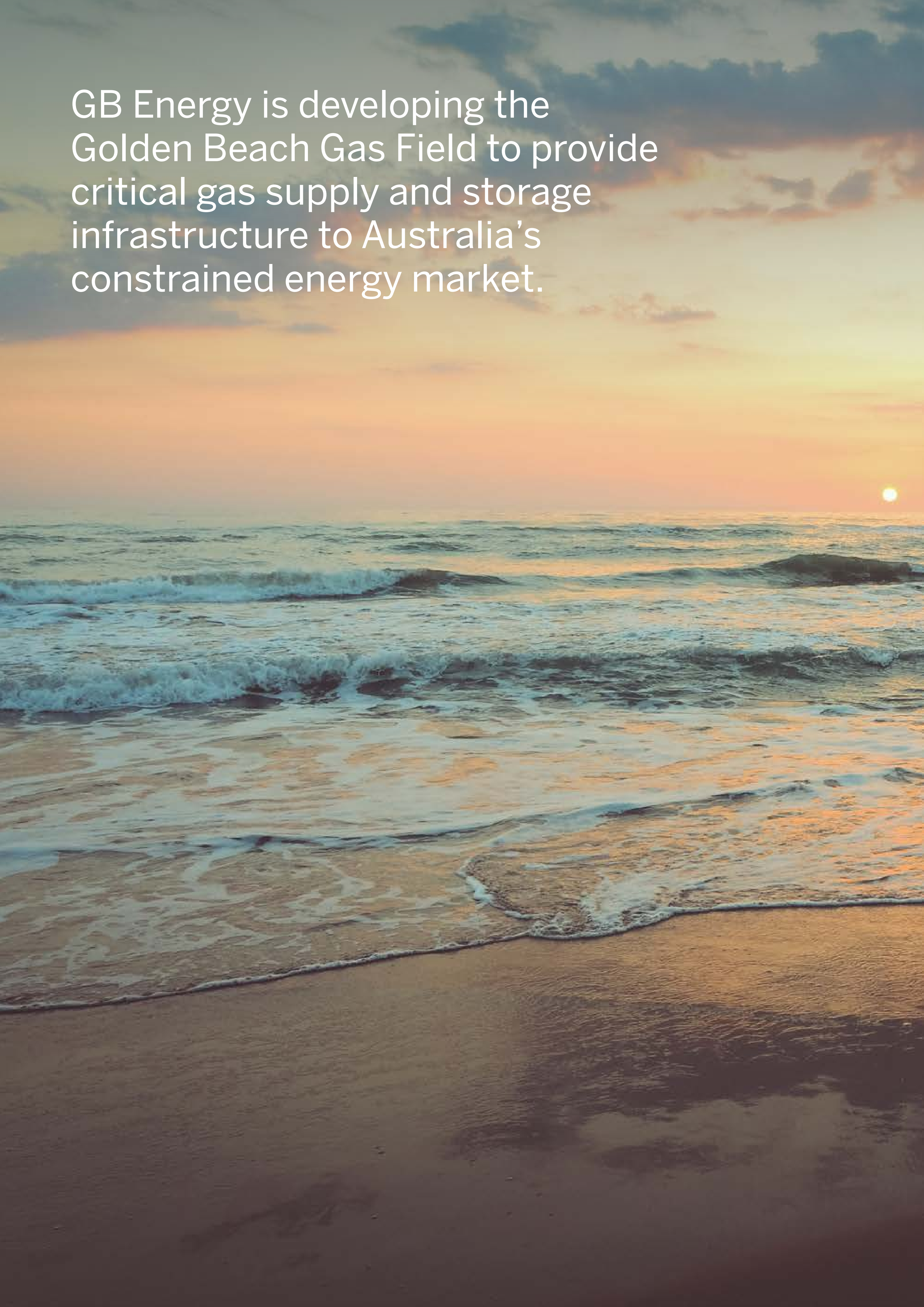
A critical energy storage solution

Annual Report 2020

GB Energy is developing the Golden Beach Gas Field to provide critical gas supply and storage infrastructure to Australia's constrained energy market.



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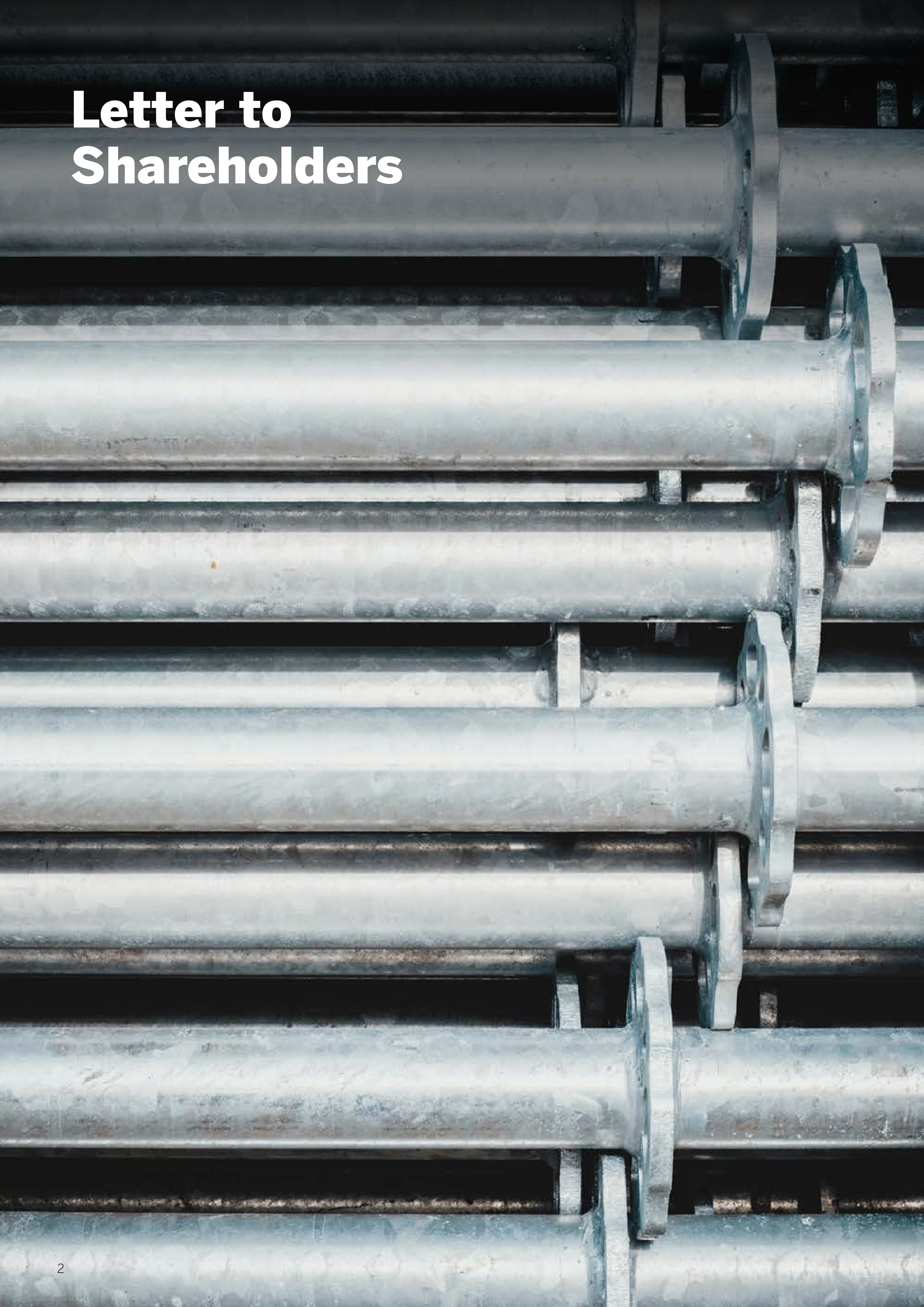
Letter to Shareholders



An Australian Company to produce and store Australian gas for Australian consumers.

Dear Shareholders,

We hope you are safe in this tumultuous year with the COVID-19 pandemic effecting the world and how we conduct our business. As you well know Melbourne has been significantly impacted by the pandemic and our office has been closed with our employees working from home since March. There has also been no international travel or interstate travel and that has meant a tremendous reliance on different forms of communication and interaction with partners and employees.

In spite of the challenges we are pleased to report that GB Energy has been able to meet and, in many cases, exceed our objectives. With this in mind, we would like to recognise and thank the GB Energy team first and foremost. The team is an exceptional group of individuals who have shown immense resilience and determination in uncertain conditions and we are lucky to have them so dedicated to this project.

The energy storage business is economically driven yet relationship based. At the core of GB Energy's success has been the connections built across the industry, the financial community and broader stakeholders inclusive of the local community.

Community has been central to GB Energy's plans for success this year. We have continued ongoing active engagement with local residents and businesses and the project is now well known and well understood by the community. In addition, our involvement with those in government, approvals and regulation has been ongoing and productive.

In support of our commitment to these key stakeholders, GB Energy has invested significant human and financial capital in environmental studies as part of the Environment Effects Act assessment process. As you will see from page 13 of this report, the breadth of studies conducted is extensive and this work has been integral in understanding the environmental impact that the project may have. While the project will have some impact during construction, the long-term transition to a gas storage project makes this an invaluable development on the Victorian energy landscape. This is a key theme within this report.

We have also worked closely with the traditional owners of the lands. We value the relationship built with the Gunaikurnai Land and Waters Aboriginal Corporation (GLaWAC) and look forward to formalising this further as the project progresses.

Last year we announced the Origin contracts for the sale of gas and storage services for the initial 10 – 15 years of the project life. Origin continues to be a key partner of the project and we are grateful for their ongoing support.

This year we were pleased to announce that AGIG (Australian Gas Infrastructure Group) will be participating in the project. In April we signed a strategic agreement with AGIG whereby they will build and operate the infrastructure components of the project. AGIG has significant experience in the sector by the development of the Tubrigi gas storage asset in Western Australia and we are fortunate to have them as a partner.

Looking ahead to next year we have two key areas of focus, the first is the project financing for the drilling of the two wells and the second is gearing up for the construction and installation of the infrastructure.

GB Energy has been actively seeking a financial partner to support the remaining funding for the project. The response has been very encouraging. We have received multiple offers and we hope to conclude the financing and make an announcement in the coming months. We look forward to engaging with you all again in relation to the financing transaction in the near future.

Once funding is secured, the project moves into full execution mode. This will include securing a rig for drilling of two wells and AGIG completing the construction of the pipelines and onshore gas facilities needed to support initial gas production and long-term energy storage.

We would like to thank you for your continued support of the project.

Yours sincerely,

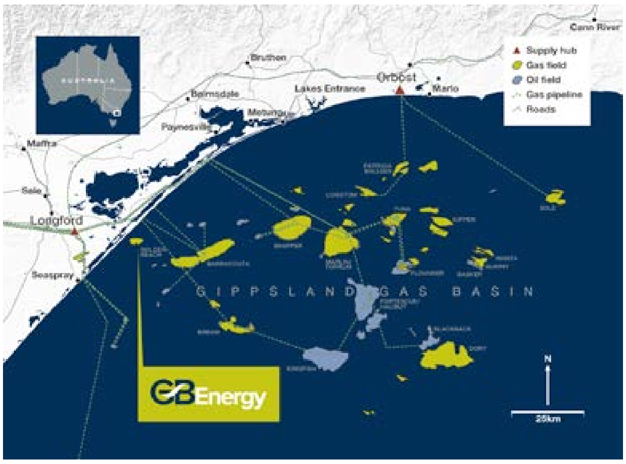
Fergus Wilmer
Chairman

Tim Baldwin
Chief Executive

Operations Review

GB Energy

GB Energy is developing the Golden Beach Gas Field to provide critical gas supply and storage infrastructure to Australia's constrained energy market.



Once in operation, the Golden Beach Gas Project will initially increase domestic gas supply, then enhance energy market security and efficiency while supporting Victoria's transition to renewables.

Based in Melbourne, GB Energy is a public, unlisted entity regulated by the Australian Securities and Investments Commission (ASIC).

Strategy

GB Energy's strategy is to develop the Golden Beach Gas Field to provide critical gas supply and storage infrastructure that will materially benefit the Victorian energy market. It will do so in a manner that respects the environment and the community in which it operates.

Benefits to the Victorian energy market include:

– **Gas Supply:** The Golden Beach Gas Project is expected to produce approximately 43PJ of gas for consumption in the Victorian market. This new supply equates to approximately 17% of all gas consumed in Victoria in 2019 and is likely to reduce pressure on domestic prices.

– **Energy Security:** Once in the storage phase, the Golden Beach Gas Project will provide a reliable and economically efficient source of stored energy by using the naturally occurring features of the Golden Beach Gas Field. This reliable source of stored energy will address volatility in supply and demand, and help manage market disruptions.

– **Transition to Renewables:** By providing a reliable source of stored energy, the Golden Beach Gas Project will help unlock the potential for renewable energy initiatives. Specifically, the stored energy will guarantee supply to generators and retailers to assist in the management of intermittency associated with renewable power generation.

Golden Beach Gas Field

GB Energy has achieved a great deal in accelerating the development of a well-known resource.

GB Energy is the registered holder of Retention Lease VIC/RL1(V) which incorporates the Golden Beach Gas Field. The Golden Beach Gas Field is located approximately three kilometres offshore in the Gippsland Basin and 20 kilometres from the Longford Gas Hub and associated strategic pipeline infrastructure.

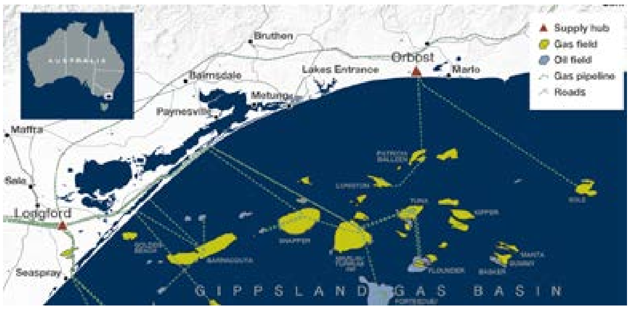
History

Discovered by the Burmah Oil Company operated JV with Woodside in 1967. The Golden Beach Gas Field's abridged history is set out to the right.

Exploraton and Development		Corporate and Market
Golden Beach structure delineated Golden Beach-1A drilled offshore in 1967 Several 2D seismic surveys conducted (1988)	**1960s**	Discovered by Burmah/Woodside JV (1967) Permit transferred to Lasmo (1968) Bridge Oil acquires Lasmo (1990) Santos acquires 1/3 interest in Lasmo (1996)
Shore based feasibility studies completed Front End Engineering Design (FEED) largely completed based on Santos offtake	**1990s**	Santos acquires additional 1/3 (1999) Santos acquires remaining 1/3 of permit from OMV
	2000s	Santos sells 100% to Cape Energy (2005) Cape Energy pursues development using Extended Reach Drilling technology
	2015	GB Energy enters into option to buy 100%
2018: 3D seismic survey conducted	**2018**	Lease transferred to GB Energy
CGG estimates significant increase in resource[1] Storage modelled by CGG[1]	**2019**	Origin offtake and storage agreements Credit Suisse Appointed Financial Adviser Executive Team in Place
Order of subsea trees and wellheads Completion of shallow offshore geophysical survey Ongoing stakeholder and community engagement Completion of Environment Effects Statement (EES) technical studies EES on public exhibition Submission of Pipeline Licence Application Draft Field Development Plan completed Completion of Onshore FEED	**2020**	$30m Strategic Funding agreed Renewal of Retention Lease RL1(v) for 5 years $200m transaction announced with AGIG[2] Safe ongoing management of GB Energy team through COVID-19 Ongoing preparations for final project funding

Notes: 1. Refer page 7
2. Refer page 10

Gippsland Basin



The Gippsland Basin is one of Australia's most prolific oil and gas provinces. With more than 400 drilled wells and 55 years of production history, the Gippsland Basin's geological characteristics are well understood.

Since the first well was drilled in 1965, approximately four billion barrels of crude oil and eight trillion cubic feet of natural gas have been produced in the Gippsland Basin.

The Golden Beach Gas Field, as depicted above, is adjacent to some of the Gippsland Basin's most significant gas fields, including:

- Barracouta
- Snapper
- Marlin

Longford Gas Hub and Pipeline Infrastructure

The Golden Beach Gas Field is the closest gas field to Longford, a strategic gas hub with gas processing and pipeline infrastructure. Esso Australia (a subsidiary of ExxonMobil Australia) operates a gas processing plant at Longford, which supplied 83% of all gas consumed in Victoria and New South Wales in 2019.

Strategic pipeline infrastructure running through Longford includes:

- Eastern Gas Pipeline
- Tasmanian Gas Pipeline
- Longford/Melbourne Pipeline – part of the Victorian Transmission Sysyem

Resources

In October 2019, the Golden Beach Gas Field was estimated to contain a Contingent Resource of 69Bcf of gas on a P50 basis. This estimate represents a 43% increase compared to a 2006 study commissioned by Cape Energy. The field was also estimated to contain 86Bcf of gas initially in place, a 33% increase to the 2006 assessment.

The October 2019 estimate was conducted by CGG Services (UK) Limited (CGG), a highly regarded international geological and petroleum reservoir engineering consultancy. The increased Contingent Resource benefits from a 3D seismic survey which provided a state of the art representation of the structure and reservoir architecture.

Resource Estimate	Santos 2003	Cape Energy 2006	GB Energy 2019	Increase 2006-2019
Bcf				
Contingent Resource				
P90	35.3	25.4	52.6	107%
P50	51.3	47.9	68.5	43%
P10	75.8	68.7	88.7	29%
Gas Initially in Place				
P90	53.7	46.7	70.1	50%
P50	76.4	64.9	86.2	33%
P10	114	90.5	106.1	17%

CGG also prepared an independent review of project economics, finding that the Golden Beach Project as presented was commercial and that the associated volumes could be considered reserves. GB Energy will make a Reserve statement when final approvals are in place. At this time GB Energy considers the volumes to be Contingent Resources as defined by the Petroleum Resources Management System (PRMS) 2018.

Contingent Resource			
Bcf	1C	2C	3C
100% of Field	52.6	68.5	88.7

For comparative purposes, the 2C estimate of 69Bcf equates to approximately 28% of all gas consumed in Victoria in 2019.

Golden Beach Gas Project

GB Energy is developing the Golden Beach Gas Field to provide critical gas supply and storage infrastructure to the constrained domestic market.

Once in operation, the Golden Beach Gas Project will directly address market constraints by introducing new gas supply and, over the longer term, a reliable and economically efficient means of storing energy. It will also enhance grid stability and renewable energy initiatives by offering a reliable source of stored energy.

The Golden Beach Gas Project comprises four stages:

– Project Development
– Gas Production
– Storage Transition
– Gas Storage

Project Development

Development of the Golden Beach Gas Project is expected to take approximately 18 months from final investment decision, which is currently anticipated in the second quarter of 2021.

Project development comprises four programs:

A **Offshore Drilling:** Two conventional horizontal development wells will be drilled during a 90-day drilling program. The wells will be adjacent to one another, approximately three kilometres offshore in water depth of approximately 20 metres. Drilling will use industry standard best practices performed by a third party contractor.

Drilling is currently targeted for the second half of 2021.

B **Pipeline Installation:** Pipeline installation will comprise approximately 3km of subsea pipeline/s, an underground shore crossing and approximately 18.5km of trenched pipeline/s connecting the field to points adjacent to the Longford Gas Hub via a gas compressor station. The pipeline/s will be bi-directional and of sufficient diameter to undertake expanded storage operations.

C **Gas Compressor Station:** The Gas Compressor Station will dehydrate and compress gas from the field. It will be located between the shore crossing and the interconnection at the Longford Gas Hub and will be designed for future expansion.

Regulatory Approvals and Land Access: Regulatory approval and land access activities commenced in 2018. The status of these activities can be found in the Regulatory Approvals and Land Access section of this review.

GB Energy has entered into a non-binding but exclusive arrangement with Australian Gas Infrastructure Group (AGIG) that sets out the process for negotiating and executing documentation for AGIG to fund, build and operate the midstream infrastructure for the Golden Beach Gas Project. Additional detail of this arrangement is provided in the AGIG Transaction section below.

The Offshore Drilling program will be managed internally by leveraging GB Energy's highly skilled and well-regarded drilling team. As noted above, drilling will be performed by a third party contractor.

Gas Production

The Golden Beach Gas Field is expected to initially produce approximately 50% of the estimated gas initially in place (43PJ) over a two-year period.

Storage Transition

Within the first 100 days of gas production, it is expected that GB Energy will elect to either (a) transition to storage at the end of the gas production period, or (b) produce all gas in the field.

It is GB Energy's expectation that it will elect to transition to storage. Doing so will trigger the transition period, during which the existing gas plant infrastructure will be augmented while continuing to produce gas.

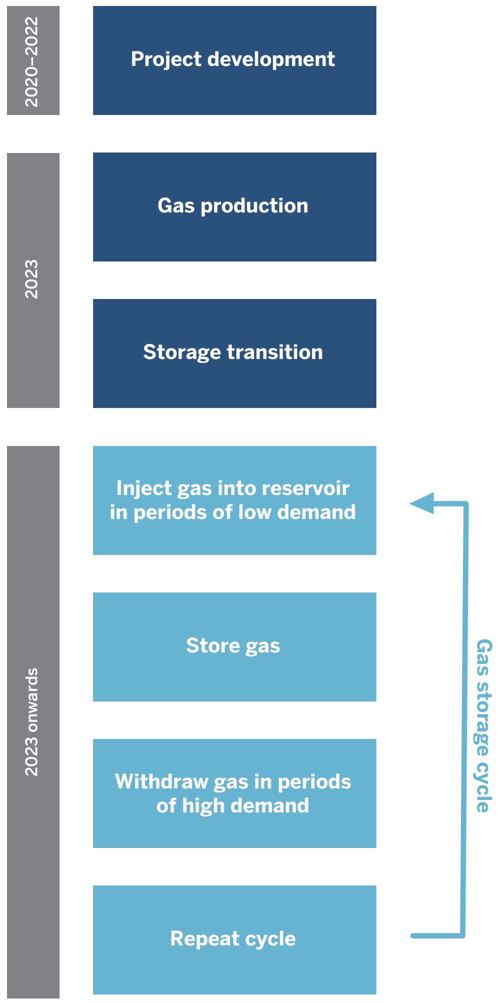
Gas Storage

Upon transition, the Golden Beach Gas Field will provide long term storage capacity to the domestic market by leveraging the field's favourable geological characteristics. In practice, GB Energy will lease access to the field, where customers will inject, store and withdraw gas.

Modeling to verify this concept was conducted by CGG in 2019 indicating that the Golden Beach Gas Field can sustainably store and deliver natural gas over a prolonged period.

The Golden Beach Gas Field is expected to initially provide approximately 12.5PJ of storage which can be withdrawn at up to 250TJ per day.

Golden Beach Gas Project



Golden Beach Gas Project
2020 Overview

Health Safety, and Environment

GB Energy is pleased to report that for the financial year ended 30 June 2020 and to the date of this annual report there have been no accidents, lost time incidents or reportable events associated with activities conducted by GB Energy or its contractors.

During the year GB Energy continued the development of its HSE and risk management processes and procedures. This has included the implementation of emergency and crisis management systems and the development of procedures to manage and operate safely during the COVID-19 pandemic.

GB Energy prioritises the health and safety of its employees and contractors, and the welfare of the community and the environment, in all its activities.

Strategic Funding

In December 2019, GB Energy entered into a $30 million financing facility with a strategic partner. This facility has enabled GB Energy to procure long lead items and to progress regulatory approvals.

AGIG Transaction

In April 2020, GB Energy announced that it had entered into a non-binding but exclusive agreement with AGIG that sets out the process for negotiating and executing documentation for AGIG's proposal to fund, build and operate the midstream infrastructure of the Golden Beach Gas Project.

Credit Suisse advised GB Energy on this transaction.

AGIG is a leading gas infrastructure developer and operator in Australia. AGIG operates the Tubridgi Gas Storage in Western Australia, one of Australia's largest gas storage facilities.

Commercial discussions with AGIG continue and it is anticipated that the parties will finalise documentation by the end of the year.

Commercial Agreements

GB Energy has two commercial agreements with Origin that were executed in February 2019:

— Gas Sale & Purchase and Storage Transition Agreement (GSA)

— Gas Storage Services Agreement (GSSA)

GSA

Under the GSA, Origin has agreed to purchase all gas produced from the field. Origin is obliged to purchase the gas at an agreed price.

GSSA

The GSSA provides for the storage of gas in the field for an array of customers after transitioning to storage. Origin has entered into a GSSA as a foundation customer.

Capital Expenditure

GB Energy currently estimates that the overall capital required to develop the Golden Beach Gas Project is approximately $425m, including contingencies. This estimate is indicative in nature and subject to change.

Components of this estimate include:

- Regulatory Approvals
- Drilling
- Pipeline Installation
- Facilities Construction
- Transition to Gas Storage

Other Engineering and Procurement Activities

GB Energy has completed Front End Engineering and Design (FEED) activities for the onshore pipeline and gas compressor station.

In addition, work has progressed on the shore crossing and offshore pipeline. This has been done with a view to engaging with contractors early in the design phase with a view to implementing an Engineering, Procurement and Construction Agreement (EPC) for this part of the project.

Offshore Geophysical Program

In March 2020, GB Energy undertook offshore geophysical investigations to gather information on the layering and thickness of the sediments immediately below the sea floor, as well as identifying potential seabed and sub-surface hazards. This ensures GB Energy has sufficient data in preparation for the drilling and pipe laying programs scheduled for development.

This was the first offshore activity undertaken by GB Energy and the company is pleased to report that the program encountered no incidents or community concern throughout.

Field Development Plan

During the year GB Energy completed a draft Field Development Plan. This plan documents in detail GB Energy's understanding of the Golden Beach Gas Field and the plan to develop it in a safe, responsible and commercially viable manner.

The plan will be submitted to the Victorian Government in support of GB Energy's application for a Petroleum Production Licence over the area of the existing Retention Lease VIC/RL1(V).

Long Lead Item Procurement

In January 2020, GB Energy entered into a US$15.4m contract with Technic FMC Technologies Singapore Pte Ltd for the manufacture of subsea systems and wellhead equipment. These represent critical-path long lead items.

The primary function of a subsea tree is to control the flow of gas out of the well. Given the long term use of the wells for gas storage, GB Energy's subsea trees will also be required to control the injection of gas into the field.

A subsea tree is a complex piece of equipment manufactured from a single block of steel. It has various functions including well safety, control and monitoring.

Golden Beach Gas Project
Community, Approvals and the Environment

Community

As noted above, GB Energy's strategy is to efficiently develop the Golden Beach Gas Field in a manner that respects the environment and the community in which it operates.

GB Energy is committed to ongoing engagement and consultation with the local community. It is also committed to an open and transparent consultation process with stakeholders, and to providing accurate and timely information as it progresses through the various phases of the project.

Consultation with key stakeholders, including people living, working, recreating and visiting near the project location, community groups and the Victorian and Australian governments, has been ongoing since October 2018.

Since October 2018, GB Energy has compiled a database of project stakeholders through responses to widely advertised community meetings and information sessions, informal conversations and email exchanges. Community meetings and information sessions (both in person and virtually) held in December 2018, March, May and September 2019, February 2020, June 2020 and August 2020 were widely publicised through the local ratepayer's association, local media and direct e-mail and provided the opportunity for all interested community members to attend and provide feedback and ask questions about the project. Relevant government representatives, agencies, industry and community groups have been identified, contacted and consulted by our team.

GB Energy has also consulted, and continues to consult, with the Wellington Shire Council, Gunaikurnai Land and Waters Aboriginal Corporation and Gippsland Water.

Despite the challenging conditions experienced through the COVID-19 pandemic, GB Energy has continued to consult across community, government and other stakeholders through virtual sessions, written project updates, email and telephone communications.

Approvals

Environment Plan

An Environment Plan was approved in 2019 with respect to the offshore geophysical investigation which was undertaken in March 2020 and the offshore geotechnical investigations which are still to be undertaken to assess seabed conditions and shallow geology for drilling rig location and offshore pipeline.

Onshore Pipeline Licence Application

Significant work has been undertaken to refine the proposed pipeline alignment over the past 12 months with a view to minimising environmental impact where practicable and the amount of offsets required for the project together with taking into account landowner and stakeholder feedback.

All affected landowners were issued with a section 27 Notice of Pipeline Corridor in mid 2020 and a Section 32 notice in October 2020.

GB Energy has now determined its final proposed pipeline route which is the subject of its application for a pipeline licence under the *Pipelines Act 2005* (Vic).

This application has been submitted for assessment in conjunction with the EES and all affected landowners will be notified following submission.

Works Approval

The Victorian Environment Protection Authority (EPA) has determined that the project triggers the requirement for a works approval under the *Environment Protection Act 1970* (Vic).

A works approval application was submitted to EPA in August 2020 for assessment but the final outcome remains subject to the EES assessment.

Renewal of Retention Lease VIC/RL1(V)

The Lease was renewed in April 2020 for a further 5 years.

The Environment

Environment Effects Statement

The project was referred by GB Energy to the Minister for Planning under the *Environment Effects Act* (EE Act) and the Minister determined that GB Energy prepare an EES under the EE Act to assess the potential environmental impacts of the project, and to inform the Minister's assessment of the project and the approvals required for the project.

The EES includes 25 chapters summarising the investigations and outcomes of 15 specialist technical assessments which were undertaken to evaluate the potential environmental effects of the Project design. The technical assessments also identify how adverse effects could be avoided, minimised and managed. These environmental assessments have also informed the project design to enhance environmental outcomes.

At the time of writing, the EES documentation, pipeline licence application and the EPA works approval application was on public exhibition.

This is a significant step for the project as the EES assessment is a pre-cursor to all other statutory approvals required for the project.

The project will also be assessed under the Commonwealth *Environment Protection and Biodiversity Conservation Act 1999* (Commonwealth) as part of a bilateral agreement with Victoria under the EE Act.

Study Areas

As part of the EES process, GB Energy has undertaken specialist studies in the following areas:

- Terrestrial and freshwater biodiversity
- Flora and fauna
- Marine environment
- Aboriginal cultural heritage
- Contamination and acid sulfate soils
- Landscape and visual
- Noise and vibration
- Groundwater
- Greenhouse gas emissions
- Traffic and transport
- Land use planning
- Surface water
- Air quality
- Social impacts
- Historic heritage
- Safety, hazard and risk

Gas Storage

Gas storage has been employed globally for more than 100 years to help manage markets, provide grid stability and support renewable generation.

Gas Storage

Gas storage is a proven concept that leverages naturally occurring features of oil and gas fields.

As shown in the diagram below, gas storage consists of the cyclic injection, storage and withdrawal of gas over a sustained period.

This allows operators to manage supply, enhancing grid reliability, particularly during peak periods and market disruption. It also helps sustain system deliverability during production decline as is the case in the Gippsland Basin.

Located in South Western Victoria, the Iona Gas Plant is similar to the Golden Beach Gas Field in terms of storage capacity. Operated by Lochard Energy Limited, it has provided storage capacity to the Australian market since 1999.

Cushion Gas

All storage facilities utilise cushion gas. This is the gas required to maintain system pressure and to maintain a barrier to minimise water production.

Cushion gas for many depleted gas reservoirs must be sourced as part of the development, before gas storage operations can commence.

Ideal Field Characteristics

Geology

The most productive gas storage fields are simple geological structures with very high quality (permeable and porous) reservoir sands.

Location

Most gas storage operations are located either adjacent to large supply points so that they can store gas as it is produced or near major markets so that they can provide gas efficiently when demand increases.

Size

Gas storage fields are generally smaller fields of less than 100 Bcf. This allows for more efficient operations.

Competitive Advantage

The Golden Beach Gas Field has excellent gas storage characteristics. It is a relatively small, simple anticline structure with porous and permeable sands consistent with the world class reservoirs of the Gippsland Basin.

The Golden Beach Gas Field sits in the largest Victorian gas supply basin and its compressor station will be only eight kilometres from the Longford Gas Hub and the adjacent gas transmission system, providing direct access to the Victorian, New South Wales and Tasmanian gas markets.

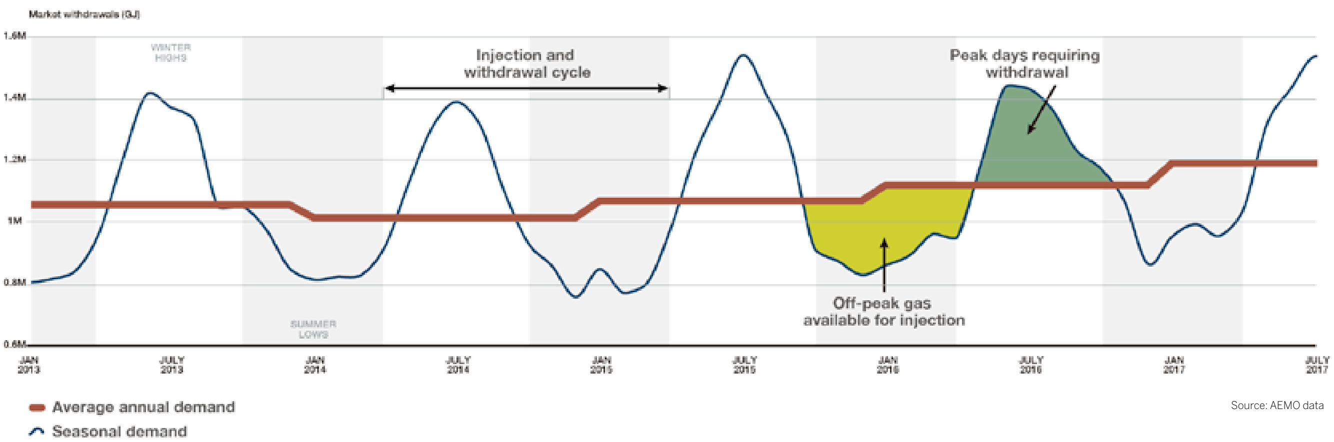
The field's development has been designed from the outset to be optimal for gas storage. This involves bi-directional, large capacity infrastructure to support optimal storage operation.

Similarly, gas in the Golden Beach Gas Field is in place and considerable investment in cushion gas is not required.

Expansion

GB Energy has undertaken initial studies to evaluate the potential for expanding capacity beyond 250 TJ/d.

Gas storage supports market capacity (Seasonal demand, Victoria)



Source: AEMO data

Sustainability

"Ultimately, we will need to complement solar and wind with a range of technologies such as high levels of storage, long distance transmission, and much better efficiency in the way we use energy."

Alan Finkel, Chief Scientist (February 2020)

Transition to Renewables...

Australia's energy market is transitioning to not only cleaner but potentially more variable generation.

...from Traditional Fuels

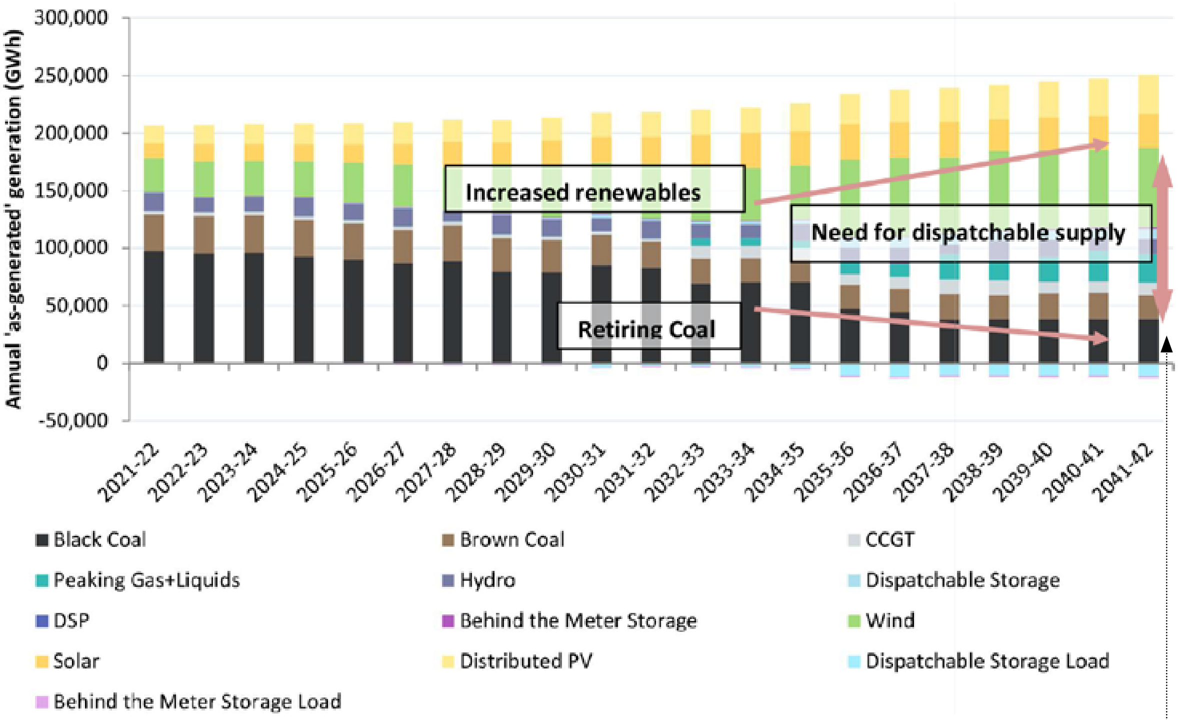
This is occurring as generators utilising traditional fuel sources are retired.

Enabled by Gas Storage

Gas storage supports this transition by providing a flexible source of dispatchable energy.

Gas stored at the Golden Beach Gas Field will provide prompt energy during periods of peak demand and renewable generation intermittency.

AEMO has forecast a rapid growth in renewable energy and a decline in black coal and brown coal out to 2040



As renewable generation increases, there is likely to be a reliance on gas 'peakers' to provide rapid response generation, GB Energy plans to provide gas within 20 minutes.

Management

Tim Baldwin

Chief Executive Officer
B Bus, MBA (INSEAD)

Has held senior management and board positions in a number of companies over the past 10 years. Has supported fundraising activities, debt and equity, in private and public companies as well as private equity funds.

Commenced oil and gas career at BP working in multiple roles acrossoperations, trading, strategy, corporate finance and investment management. Has spent the past 10 years in oil and gas private equity roles, assessing opportunities, executing transactions and managing investments.

Charles McGill

Chief Financial Officer
B Eng (Honours), MBA (Harvard)

Prior CFO and COO of ASX-200 businesses with broad capital markets, strategy, M&A and investor relations experience gained at Morgan Stanley, Wesfarmers and Incitec Pivot.

Oil and gas experience includes leading Incitec Pivot's offtake negotiations with Arrow and NGP operators; leading Wesfarmers investment in Quadrant Energy; and establishing Austal's Oil & Gas service business in Perth, Darwin, Oman, Spain, the UK and Trinidad & Tobago.

Peter Fennessy

Chief Commercial Officer/
General Manager Operations
B Sc (Geology – Honours)

Commenced working life as an exploration geologist with BP Oil and Gas Exploration. Has spent the last 20 years in commercial roles, transacting in both the oil and gas exploration and infrastructure space and the establishment of gas markets.

Worked with companies including TXU and Alinta, and has consulted to a series of large international oil and gas exploration, production and infrastructure businesses in Australia and South East Asia. Played a major role in successfully establishing the Iona Gas Plant, the first merchant underground gas storage facility in Australia.

Trevor Slater

Company Secretary
B Bus (Acc), FCPA, FCIS, FGIA

More than 35 years experience as a company secretary, corporate manager and project manager, working for listed and unlisted public companies in Australia and South East Asia.

Has been engaged at senior levels with companies undertaking energy and resource project development including: Oil & Gas exploration projects in the Timor Sea, Brunei and Indonesia; the Ballarat Gold Project; the Coal Corporation of Victoria; and the construction of the Loy Yang power station.

Jade Rowarth

General Counsel
Head of Regulatory Approvals/
Stakeholder Relations
B Law (Honours), B Business Mgmt

Broad legal background in corporate, M&A, restructuring and banking and finance gained at Corrs Chambers Westgarth the last seven years as partner, Allen & Overy LLP (London) and Maddocks.

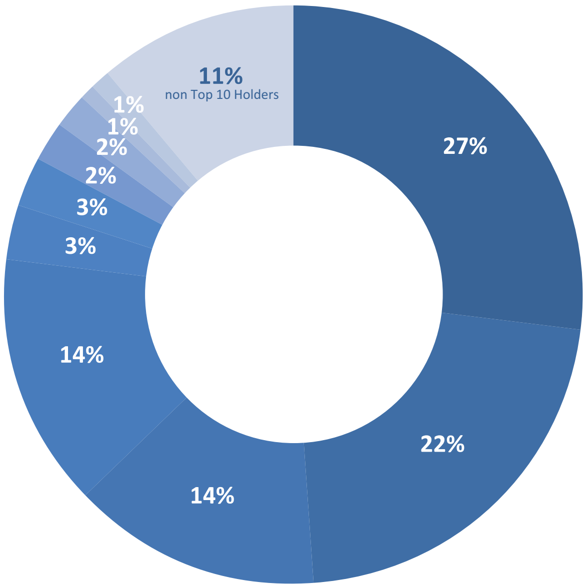
Oil and gas experiences includes engagement as legal advisor to companies undertaking energy and resource operations in the Timor Sea and the Latrobe Valley.

Has significant experience advising boards and directors and is currently deputy chair of Musculoskeletal Australia.

Shareholders

GB Energy is a unlisted public company incorporated in Australia and regulated by ASIC.

GB Energy has more than 50 shareholders. As set out below, GB Energy's 10 largest shareholders hold 89% of all shares outstanding.



Shareholders can access their holdings via Registry Direct: www.registrydirect.com.au

2020 Activities

Key activities to the date of this report include:

– Securing strategic funding
– Announcing transaction with AGIG
– Public exhibition of completed EES
– Ongoing community engagement
– Order of critical long lead items
– Completion of offshore geophysical campaign

2019 Activities

As described in last year's report, key activities during the 2019 financial year included:

– Securing a Gas Sales Agreement with Origin
– Securing a Gas Storage Services Agreement with Origin
– Acquiring new 3D seismic survey
– Completing the Resource and Reserves estimates with CGC
– Appointing Credit Suisse to lead fundraising efforts
– Developing a detailed concept plan
– Recruiting key executives and operational management

Competent Person Statement Information

The resource and reserve estimates outlined in this report were compiled by GB Energy's, Sub-Surface Manager Mr Gordon Wakelin-King. Mr Wakelin-King has over 34 years' experience in petroleum exploration and engineering. Mr Wakelin-King holds a Bachelor Degree in Science (geology & mineralogy) (Hons) and is a member of the Society of Petroleum Engineers and the Petroleum Exploration Society of Australia. Mr Wakelin-King has consented to the form and context in which this statement appears.

Directors' Report

The directors of GB Energy Holdings Limited ("GB Energy" or the "Company") present their report, together with the financial statements, for the financial year ended 30 June 2020 ("Financial Year").

Directors

The following individuals were directors of GB Energy during the whole of the Financial Year and to the date of this report, unless otherwise stated:

Fergus Worthington-Wilmer

Non-Executive Chairman

BS (Electrical Engineering), BS (Economics)

Member of the Audit and Risk Management Committee

Member of the Remuneration Committee

Experience: Mr Wilmer was appointed a director and became chairman on 3 December 2018

Mr Wilmer is a private equity executive and investor. Previously, he was CEO of SUNDAY, a mobile telecommunications services provider in Hong Kong.

Mr Wilmer's earlier roles include starting and leading Spice Telecom, the fastest growing mobile telecommunications operation in India. He held senior roles with the Hutchison Whampoa, where his assignments included CEO of Hanny Magnetics, a Hong Kong listed company that manufactured and distributed electronic storage products. He was also CEO of Orange France.

Prior to Hutchison, Mr Wilmer spent eight years with Husky Oil, a fully integrated oil and gas company based in Alberta, Canada and two years with Shell Canada.

Todd William Hannigan

Non-Executive Director

BE (Mining) Hons, MBA (INSEAD)

Experience: Mr Hannigan was appointed a director on 26 October 2016.

Mr Hannigan was CEO of Aston Resources from 2010 to 2011. During this period, Mr Hannigan led the company's growth from a small private company into one of Australia's largest publicly listed coal companies. Aston raised a total of $855 million in debt and $1.1 billion in equity funding to acquire and fully fund the Maules Creek coal project.

Prior to Aston, Mr Hannigan worked for Xstrata Coal where he focused on business development and mergers and acquisitions. Previously he was Commercial Director of Hanson Aggregates UK where he was responsible for national sales, marketing and business development. Mr Hannigan was a director and Chairman of United Marine Holdings and a director of Hanson Quarry Products Europe and Mendip Rail.

Mr Hannigan is a mining engineer and holds a Queensland first class mine manager's certificate. He has worked internationally in the mining and resources sector for over 18 years with Aston Resources, Xstrata Coal, Hanson PLC, BHP Billiton and MIM.

A graduate of The University of Queensland, he holds a Bachelor of Engineering (Mining) with Honours and holds an MBA from INSEAD.

Thomas Richard Todd

Non-Executive Director

BS (Physics) Hons, AICD

Member of the Audit and Risk Management Committee

Member of the Remuneration Committee

Experience: Mr Todd was appointed a director on 26 October 2016.

Mr Todd was the CFO of Aston Resources from 2009 to November 2011. During this time, Aston successfully acquired and fully financed the Maules Creek coal project - raising an initial $505 million of acquisition debt funding in February 2010 followed by $420 million of equity raised in an IPO and a further $715 million raised through project stake sales (agreed in December 2010 and October 2011). Subsequent to the initial acquisition debt financing, a revolving credit facility of $250 million plus a bank guarantee facility of $100 million was negotiated with Macquarie Bank and ANZ in July 2011.

Prior to Aston, Mr Todd was CFO of Custom Mining where his experience included closing the acquisition and funding of the Middlemount coal project and its sale to Macarthur Coal.

Prior to Custom Mining, Mr Todd was responsible for structured finance transactions in the equipment finance business of GE Commercial Finance. He spent four years with GE, ultimately as an Executive Director in the Energy Financial Services business, responsible for sourcing investments in the coal and Oil & Gas industry in Australia and New Zealand.

Mr Todd started his career with PricewaterhouseCoopers in London before moving to Sydney, where he worked across industries within the audit, business recovery and transaction services businesses.

A graduate of Imperial College, Mr Todd holds a Bachelor of Physics with first class Honours. He was a member of the Institute of Chartered Accountants in England and Wales (ICAEW) and is a graduate of the Australian Institute of Company Directors.

Trevor Dean Slater

Executive Director

BB (Accounting) FCPA FGIA FCIS

Member of the Audit and Risk Management Committee

Experience: Mr Slater was appointed a director on 23 October 2019. Mr Slater ceased being a director as at 18 November 2020.

Mr Slater is a Certified Practising Accountant (Fellow) and a Chartered Company Secretary (Fellow) with over 35 years of experience as an executive working for listed and unlisted public companies in Australia and South East Asia.

Mr Slater has been engaged at senior levels with companies undertaking energy and resource project development including Oil & Gas exploration projects in the Timor Sea, Brunei and Indonesia, and the Ballarat Gold Project.

Earlier, Mr Slater held senior roles with Business Victoria, Coal Corporation of Victoria, King Island Scheelite and Loy Yang A Power Station Constructions Project Joint Venture. Mr Slater has also held advisory roles with the Australian Taxation Office and a national committee for the Department of Employment Education and Training's Enterprise Development Program.

Meetings of Directors

The number of directors' meetings held (including meetings of committees of directors) and the number of meetings attended by each of the directors of the Company during the financial year are listed below:

Director[1,2]	Board		Audit and Risk Management		Remuneration	
	Held	Attended	Held	Attended	Held	Attended
Fergus Worthington-Wilmer	10	10	1	1	1	1
Thomas Richard Todd	10	10	1	1	1	1
Todd William Hannigan	10	9			1	1
Trevor Dean Slater	9	9	1	1		

Notes:

1. 'Held' indicates the number of meetings held during the period during which the individual was a member of the Board or relevant committee
2. 'Attended' indicates the number of meetings attended during the period during which the individual was a member of the Board or relevant committee

In addition to the above noted meetings, the directors passed ten Circular Resolutions during the financial year.

Company Secretary

During the Financial Year, Mr Slater served as Company Secretary from 1 July 2019. Ms Rowarth was appointed as joint Company Secretary on 23 October 2019 and Mr Slater and Ms Rowarth served as joint Company Secretaries from 23 October 2019 to the end of the Financial Year.

Ms Rowarth ceased as joint Company Secretary on 20 October 2020 and Mr Slater continues to serve as Company Secretary as at the date of this report.

Principal Activities

The principal activities of the Company during the Financial Year were related to the development of the Golden Beach Gas Field for the production and storage of natural gas.

Review of Operations

A review of the Company's operations can be found on page 4 of this report.

Operating Results

The operating loss of the Company for the Financial Year after provision for income tax was $2,725,445. This compares to a loss of $6,428,599 in the prior corresponding period.

Dividends

There were no dividends paid during the Financial Year.

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the Company during the Financial Year not otherwise disclosed in these accounts.

Matters Subsequent to the end of the Financial Year

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, it may have on the Company after the reporting date.

No matters or circumstances have arisen since 30 June 2020 that have significantly affected the Company's operations, the results of those operations, or the Company's state of affairs.

Likely Developments and Expected Results of Operations

Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Proceedings on Behalf of the Company

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

Environmental Regulations

The Company is subject to environmental regulations under the laws of the Commonwealth of Australia and the State of Victoria. The Company is committed to complying with environmental legislation, regulations, standards and licenses relevant to its operations.

The Company operates under a Health Safety and Environment Management System which sets out a framework to conduct all activities with the goal of achieving best practice healthy safety and environment performance, to ensure there is no harm to people and that any potential environmental impacts are managed to be as low as reasonably practicable.

Shares Under Option

Unissued ordinary shares of the Company under option at the date of this report are as follows:

Grant Date	Expiry date	Exercise price	Number under option
1/12/2017	31/12/2018[1]	$0.02	900,000
1/12/2017	2/12/2022	$0.02	840,000
1/04/2018	1/04/2021	Nil	900,000
1/04/2018	1/04/2023	Nil	840,000
1/06/2018	2/06/2025	$0.027	520,000
1/06/2018	2/06/2025	$0.18	1,000,000
1/03/2019	2/03/2026[1]	$0.20	150,000
1/03/2019	2/03/2026	$0.20	150,000
1/03/2019	2/03/2026	$0.20	250,000
29/07/2019	30/07/2026	$0.98	400,000
29/07/2019	30/07/2026	$0.98	400,000
6/08/2019	7/08/2026	$0.98	400,000
6/08/2019	7/08/2026	$0.98	400,000
TOTAL			**7,150,000**

Notes:

1. These options have vested but have not yet been exercised.

No person entitled to exercise options had or has any right by virtue of the option to participate in any share issue of the Company.

18,800,000 warrants in the Company were issued in two tranches on 23 December 2019, comprising 16,535,397 and 2,264,603 warrants, respectfully. These warrants were issued in relation to a contract and are subject to shareholder approval at the 2020 Annual General Meeting.

Shares Issued on the Exercise of Options

No shares of the Company were issued on the exercise of options during the Financial Year and up to the date of this report.

Indemnity and Insurance of Officers

The Company 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.

During the Financial Year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and Insurance of Auditor

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

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

Rounding of Amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the ASIC, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on page 23 and forms part of this Directors' Report.

Auditor

RSM Australia continues in office in accordance with section 327 of the Corporations Act 2001. This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors,

Fergus Wilmer-Worthington
Non-Executive Chairman

Dated: 19 November 2020

RSM Australia Partners

Level 21, 55 Collins Street Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007

T +61 (0) 3 9286 8000
F +61 (0) 3 9286 8199

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of GB Energy Holdings Limited and its controlled entities for the period ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of *Corporations Act 2001* in relation to the audit; and

(i) any applicable code of professional conduct in relation to the audit.

RSM

RSM AUSTRALIA PARTNERS

J S CROALL
Partner

Dated: 20 November 2020
Melbourne, Victoria

Financial Reports

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2020

			Consolidated
	Note	**2020**	**2019**
		$	**$**
Revenue			
Other income	3	53,255	1,092
Operating expenses			
General and administrative expense	4	2,695,036	2,503,728
Exploration and related expense		-	3,925,963
Total operating expense		**2,695,036**	**6,429,691**
Finance costs			
Interest expense on credit facility	5	83,664	-
Total finance expense		**83,664**	**-**
Loss before income tax expense		**2,725,445**	**6,428,599**
Income tax expense	6	-	-
Loss after income tax expense for the year		**2,725,445**	**6,428,599**
Other comprehensive income		-	-
Total comprehensive losses for the year attributable to Owners		**2,725,445**	**6,428,599**

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

Statement of financial position

As at 30 June 2020

	Note	Consolidated 2020 $	2019 $
Assets			
Current assets			
Cash and cash equivalents	7	1,724,733	3,272,430
Trade and other receivables	8	391,342	239,794
Sundry receivables		-	645
Prepayments		28,112	-
Total current assets		**2,144,187**	**3,512,869**
Non-current assets			
Capitalised exploration and evaluation, property, plant and equipment	9	17,515,111	1,639,155
Capitalised contract cost	10	10,378,191	-
Total non-current assets		**27,893,302**	**1,639,155**
Total assets		**30,037,489**	**5,152,024**
Liabilities			
Current liabilities			
Trade and other payables	11	1,369,314	1,870,683
Loans from related parties		-	2,757
Employee benefits	12	229,444	-
Total current liabilities		**1,598,758**	**1,873,440**
Non-current liabilities			
Borrowings	13	14,440,382	-
Total non-current liabilities		14,440,832	-
Total liabilities		**16,039,140**	**1,873,440**
Net assets		**13,998,349**	**3,278,584**
Equity			
Issued capital	14	12,941,232	10,029,603
Share option reserve	15	10,983,581	449,999
Accumulated losses		**(9,926,463)**	**(7,201,018)**
Total equity		**13,998,349**	**3,278,584**

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

Statement of changes in equity

For the year ended 30 June 2020

Consolidated	Issued capital $	Share Options Reserves $	Accumulated Losses $	Total equity $
Balance at 1 July 2018	2,175,213	162,717	(772,419)	1,565,511
Loss after income tax expense for the year	-	-	(6,428,599)	(6,428,599)
Transactions with owners in their capacity as owners:				
Issued share capital	7,894,390	-	-	7,894,390
Share issue costs	(40,000)	-	-	(40,000)
Share option expense (note 25)	-	287,282	-	287,282
Balance at 30 June 2019	**10,029,603**	**449,999**	**(7,201,018)**	**3,278,584**

Consolidated	Issued capital $	Share Options Reserves $	Accumulated Losses $	Total equity $
Balance at 1 July 2019	10,029,603	449,999	(7,201,018)	3,278,584
Loss after income tax expense for the year	-	-	(2,725,445)	(2,725,445)
Transactions with owners in their capacity as owners:				
Issued share capital	3,040,210	-	-	3,040,210
Shares cancelled	(98,742)	-	-	(98,742)
Share issue costs	(29,840)	-	-	(29,840)
Warrant capitalisation	-	10,378,191	-	10,378,191
Share based payments expense (note 25)	-	155,391		155,391
Balance at 30 June 2020	**12,941,231**	**10,983,581**	**(9,926,463)**	**13,998,349**

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

Statement of cash flows

For the year ended 30 June 2020

		Consolidated	
	Note	**2020**	**2019**
		$	**$**
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		(3,040,359)	(581,884)
Payments for exploration and evaluation assets expensed (inclusive of GST)		-	(3,925,963)
		(3,040,359)	(4,507,847)
Interest received		609	1,092
Net cash from operating activities	24	(3,039,750)	(4,506,755)
Cash flows from investing activities			
Payments for exploration and evaluation assets capitalised		(15,518,318)	-
Net cash used in investing activities		(15,518,318)	-
Cash flows from financing activities			
Proceeds from issue of shares (net of transaction costs)		3,010,371	7,699,429
Proceeds from borrowings		14,000,000	-
Net cash inflow from financing activities		17,010,371	7,699,429
Net increase/(decrease) in cash and cash equivalents		(1,547,697)	3,192,675
Cash and cash equivalents at the beginning of the financial year		3,272,430	79,755
Cash and cash equivalents at the end of the financial year	**7**	**1,724,733**	**3,272,430**

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

Notes to the financial statements

30 June 2020

1. Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Company has adopted all new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the consolidated entity.

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

AASB 16 Leases

The Company has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. Please note there has not been any impact on adoption of the leasing standard.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the 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, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information

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

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2020 and the results of all subsidiaries for the year then ended. GB Energy Holdings Limited and its subsidiaries together are referred to in these financial statements as the "Company".

Subsidiaries are all those entities over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Company are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Company.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Company. Losses incurred by the Company are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Company loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Company recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

1. Significant Accounting Policies (continued)

Foreign currency translation

The financial statements are presented in Australian dollars, which is the Company'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.

Revenue recognition

The Company recognises revenue as follows:

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

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

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

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

GB Energy Holdings Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

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. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Trade and other receivables

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 Company 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.

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the Company intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Property, plant and equipment

Land and buildings are shown at fair value, based on periodic, at least every three years, valuations by external independent valuers, less subsequent depreciation and impairment for buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Exploration and evaluation

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

1. Significant Accounting Policies (continued)

Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Provisions

Provisions are recognised when the Company has a present (legal or constructive) obligation as a result of a past event, it is probable the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Company receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Company or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Company or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement

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

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

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

The Company currently does not hold any balances at fair value.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

Goods and Services Tax ("GST") and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Rounding of amounts

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

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 Company for the annual reporting period ended 30 June 2020. The Company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Company, are set out below.

Conceptual Framework for Financial Reporting (Conceptual Framework)

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 July 2021 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the Company has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the Company may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the Company's financial statements.

2. Critical accounting judgments, estimates and assumptions

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgments and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgments, 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 judgments and estimates will seldom equal the related actual results. The judgments 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.

Exploration and evaluation costs

Exploration and evaluation costs have been capitalised on the basis that the Company will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the resource. Key judgments are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant interest. Factors that could impact the future commercial production include the level of reserves and resources, future technology changes, which could impact the cost of production, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

2. Critical accounting judgments, estimates and assumptions (continued)

Coronavirus (COVID-19) pandemic

Judgment has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Company based on known information during the Financial Year.

Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees 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 Binomial 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 24 for further information.

Estimation of useful lives of assets

The Company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The Company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Recovery of deferred tax assets

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

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

3. Revenue

		Consolidated
	2020	**2019**
	$	**$**
Other Income		
Interest received from bank deposits	609	1,092
Net foreign exchange gain	52,646	-
Total other income	**53,255**	**1,092**

4. Operating Expenses

		Consolidated
	2020	**2019**
	$	**$**
Loss before income tax includes the following specific operating expenses:		
Legal support	284,469	59,735
Professional, consulting and engineering services	801,251	693,786
Salaries, wages, superannuation	765,482	-
Project development (not capitalised)	-	3,783,211
Other project costs	843,834	1,892,959
Expenses attributed to normal activities	**2,695,036**	**6,429,691**

Other project costs of $843,834 during the Financial Year comprised $277,777 for administrative, office and corporate overheads; $255,391 for capital raising activities; $147,581 for travel; $89,253 for employee on-costs; and $73,832 for insurance.

5. Financing expense

	Consolidated	
	2020	**2019**
	$	**$**
Loss before income tax includes the following finance costs:	-	-
Interest and finance charges capitalised to exploration and evaluation assets	357,638	-
Interest and finance charges expensed	83,664	245
Costs attributed to financing activities	**441,302**	**245**

6. Income tax expense

	Consolidated	
	2020	**2019**
	$	**$**
Numerical reconciliation of income tax expense to prima facie tax payable		
Loss from continuing operations before income tax expense	(2,725,445)	(6,428,599)
Tax at the Australian tax rate of 27.5% (2019: 27.5%)	(749,497)	(1,767,865)
Fines and Penalties	1,338	90
Entertainment	6,870	2,922
Equity based payments	155,391	79,003
Current year tax benefit not brought to account	585,898	1,685,850
Income tax expense	-	-

7. Current assets - cash and cash equivalents

	Consolidated	
	2020	**2019**
	$	**$**
Cash at bank	1,724,733	3,272,430
Total cash and cash equivalents	**1,724,733**	**3,272,430**

8. Current assets - trade and other receivables

	Consolidated	
	2020	**2019**
	$	**$**
GST receivable	400,052	239,794
Other receivables	(8,710)	-
Total trade and other receivables	391,342	237,794

9. Non-current assets – exploration and evaluation, property, plant and equipment

	Property, plant and equipment	Exploration and evaluation	Total
	$	$	$
Balance at 1 July 2019		1,639,155	1,639,155
Additions	-	-	-
Disposals	-	-	-
Depreciation expense	-	-	-
	-	1,639,155	1,639,155
Balance at 30 June 2020			
Additions	5,994,950	9,881,006	15,875,956
Disposals	-	-	-
Depreciation expense	-	-	-
Total Exploration and evaluation, property, plant and equipment	**5,994,950**	**11,520,161**	**17,515,111**

Property, plant and equipment additions of $5,994,950 represent progress payments on subsea systems and wellhead equipment being manufactured under contract by FMC Technologies Singapore Pte Ltd ("TechnipFMC"). The contract was valued at US$15,438,703 at the time of its execution on 16 January 2020. As noted in Note 20, $16,538,860 of the contract has been identified as a capital commitment. This contract may be suspended at any time at the Company's election.

Exploration and evaluation additions of $9,881,006 represent payments in relation to the development of the Golden Beach Gas Project as itemised below:

	Consolidated	
	2020	**2019**
	$	$
Subsurface	2,903,703	-
Approvals	2,214,680	-
Compressor Facility	1,685,126	-
Drilling	965,833	-
Corporate	888,397	-
Offshore Pipeline and Shore Crossing	622,014	-
Onshore Pipeline	243,616	-
Interest capitalised	357,638	-
Total exploration and evaluation	**9,881,006**	**-**

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made. The company has capitalised all appropriate exploration and development costs attributable to the project for the financial year. Borrowing costs associated with the qualifying asset have been capitalised in line with AASB123. There is no depreciation expense associated with these assets. There is currently no impairment of exploration and evaluation assets.

10. Non-current assets – contract cost

	Consolidated	
	2020	**2019**
	$	$
Capitalised contract cost	10,378,191	-
Total contract cost assets	10,378,191	-

Capitalised contract cost relates to 18,800,000 warrants issued as part of obtaining a commercial contract. These warrants were valued using the Binomial option pricing model. The fair value of the warrants (which can be exercised at any point up until expiry nine years from date of issue of 23 December 2019) were $0.5520. Primary assumptions used in valuing the warrants were based on the date of issue and are as follows (a) exercise price: $1:15; (b) subscription price: $1:00; (c) volatility: 75%; (d) risk free rate of return: 1.3%.

The warrants are treated as an incremental cost of obtaining the contract under AASB 15 and will be amortised over the life of the commercial contract.

11. Current liabilities - trade and other payables

	Consolidated	
	2020	**2019**
	$	**$**
Trade payables	1,046,720	722,191
Accounts payable - accrued	322,594	547,783
Total trade and other payables	**1,369,314**	**1,269,974**

12. Current liabilities - employee benefits

	Consolidated	
	2020	**2019**
	$'000	**$'000**
Other payables – accrued salaries	176,780	600,709
Employee benefits	52,664	-
Total employee benefits	**229,444**	**600,709**

Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the Company does not have an unconditional right to defer settlement.

13. Non-Current liabilities - borrowings

	Consolidated	
	2020	**2019**
	$	**$**
Credit Facility		
– Drawn Principal	14,000,000	-
– Capitalised Interest	440,382	-
Total borrowings	**14,440,382**	**-**

The Credit Facility has a fixed interest rate of 15% per annum and matures on 23 December 2024. Interest is capitalised on a monthly basis and is payable on maturity or upon its retirement. Due to its fixed interest rate, an increase/decrease in interest benchmark rates would have no effect on profit before tax.

Financing arrangements

Access was available at the reporting date to the following line of credit:

	Consolidated	
	2020	**2019**
	$	**$**
Credit Facility		
– Facility Amount	30,000,000	-
– Drawn Principal	(14,000,000)	-
– Undrawn Amount	16,000,000	-

14. Equity - issued capital

			Consolidated	
	2020	2019	2020	2019
	Shares	Shares	$'000	$'000
Ordinary shares - fully paid	110,135,223	107,133,725	12,941,232	10,029,603

Movements in ordinary share capital

Details	**Date**	**Shares**	**Issue Price**	**$'000**
Balance	1 July 2018	81,000,120	-	2,175,213
Issue of shares	4 July 2018	6,210,000	$0.03	166,757
Issue of shares	30 July 2018	15,125,000	$0.20	3,025,000
Issue of shares	24 June 2019	4,798,605	$0.98	4,702,633
Share issue transaction costs, net of tax				(40,000)
	30 June 2019	107,133,725		10,029,603
Balance	1 July 2019	107,133,725	-	10,029,603
Issue of shares	28 August 2019	3,102,255	$0.98	3,040,210
Shares cancelled	30 June 2020	(100,757)	-	(98,742)
Share issue transaction costs, net of tax	-	-	-	(29,840)
Balance	**30 June 2020**	**110,135,223**		**12,941,231**

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

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.

Capital risk management

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management strategy remains unchanged from the 30 June 2019 Annual Report.

15. Share option reserve

		Consolidated
	2020	2019
	$	$
Capitalised contract cost	10,378,191	-
Share based payments	605,390	449,999
Total Share Option Reserve	**10,983,581**	**449,999**

Capitalised contract cost – note 10

16. Financial instruments

Financial risk management objectives

The Company's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. The Company considers using derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes used for hedging purposes (i.e. not as trading or other speculative instruments). The Company uses different methods to measure different types of risk to which it is exposed. These methods can include sensitivity analysis in the case of interest rate, foreign exchange and other price risks.

Risk management is carried out by management under policies approved by the Board of Directors (the "Board"). These policies include identification and analysis of the risk exposure of the Company and appropriate procedures, controls and risk limits. Management identifies, evaluates and may have the ability to hedge the Company's financial risks.

Market risk

Foreign currency risk

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

In order to protect against foreign currency risk, the Company may consider forward foreign exchange contracts. The Board reviews the Company's foreign exchange exposure and hedging position on a monthly basis.

As identified in Note 20, the Company had a US$11,366,166 ($16,538,860) capital commitment for property, plant and equipment as at 30 June 2020. A 5% change in the AUD/USD exchange rate would result in a variation of +/- $826,943 on the capital commitment. AUD/USD exchange rate was 0.68724 as at 30 June 2020.

Price risk

The Company is not exposed to any significant price risk.

Interest rate risk

The Company's main interest rate risk arises from borrowings. Borrowings obtained at variable rates expose the Company to interest rate risk. Borrowings obtained at fixed rates expose the Company to fair value risk.

The Credit Facility has a fixed interest rate of 15% per annum and matures on 23 December 2024. Interest is capitalised on a monthly basis and is payable on maturity or upon its retirement. Due to its fixed interest rate, an increase/decrease in interest benchmark rates would have no effect on profit before tax.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers and investment securities. The Company does not have credit exposure to outstanding receivables. Trade and other receivables are neither past due nor impaired.

Liquidity risk

Liquidity risk management requires the Company to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Company manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements

Unused borrowing facilities at the reporting date:

	Consolidated	
	2020	**2019**
	$	**$**
Credit Facility	16,000,000	-
	16,000,000	**-**

16. Financial instrument (continued)

Remaining contractual maturities

The following tables detail the Company's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated – 2020	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
	%	$'000	$'000	$'000	$'000	$'000
Non-derivatives						
Non-interest bearing						
Trade payables		1,598,758	-	-	-	-
Other payables		-	-	-	-	-
Interest-bearing - fixed rate						
Bank loans		-	-	-	-	-
Credit facilities	15%	-	-	14,440,382	-	-
Total non-derivatives		**1,598,758**	**-**	**14,440,382**	-	-
Derivatives						
Forward foreign exchange contracts net settled		-	-	-	-	-
Total derivatives		**-**	**-**	**-**	**-**	**-**

Consolidated – 2019	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
	%	$'000	$'000	$'000	$'000	$'000
Non-derivatives						
Non-interest bearing						
Trade payables		1,870,683	-	-	-	-
Other payables		2,757	-	-	-	-
Interest-bearing - variable						
Bank overdraft		-	-	-	-	-
Interest-bearing - fixed rate						
Bank loans		-	-	-	-	-
Credit facilities		-	-	-	-	-
Total non-derivatives		**1,873,440**	**-**	**-**	**-**	**-**
Derivatives						
Forward foreign exchange contracts net settled		-	-	-	-	-
Total derivatives		**-**	**-**	**-**	**-**	**-**

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

17. Key management personnel disclosures

Compensation

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

	Consolidated	
	2020	**2019**
	$	**$**
Short-term employee benefits	1,396,228	381,487
Post-employment benefits	-	-
Long-term benefits	-	-
Share-based payments	155,390	128,823
	1,551,618	**510,310**

18. Remuneration of auditors

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

	Consolidated	
	2020	**2019**
	$	**$**
Audit services - RSM		
Audit or review of the financial statements	46,500	23,800
Other services – RSM Australia Partners		
Preparation of the tax return and tax advice	32,500	21,000
	79,000	**44,800**

19. Contingent assets

The Company has no foreseeable contingent assets as at 30 June 2020 – (2019:Nil)

20. Commitments

	Consolidated	
	2020	2019
	$	$
Capital commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Property, plant and equipment	16,538,860	-
	16,538,860	-
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	-	34,260
One to five years	-	-
More than five years	-	-
	-	**34,260**
Lease commitments - finance		
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	-	-
One to five years	-	-
	-	-
Total commitment		
Less: Future finance charges	-	-
	-	-
Net commitment recognised as liabilities	-	-

Property, plant and equipment commitments of $16,538,860 represent remaining contracted amounts related to subsea systems and wellhead equipment being manufactured under contract by FMC Technologies Singapore Pte Ltd ("TechnipFMC"). The contract was valued at US$15,438,703 at the time of its execution on 16 January 2020. As identified in Note 9, $5,994,950 of the contract was paid in the form of progress payments during the Financial Year. This contract may be suspended at any time at the Company's election.

21. Related party transactions

Parent entity

GB Energy Holdings Limited is the parent entity.

Subsidiary entity

GB Energy (Vic) Pty Limited is the sole subsidiary.

Key management personnel

Disclosures relating to key management personnel are set out in Note 17.

Transactions with related parties

During the Financial Year, $871,405 was paid to ONG Advisers, a related party of Mr Tim Baldwin. These payments were based on normal commercial terms and were in relation to his services as Chief Executive Officer of the Company during the Financial Year and prior years.

During the Financial Year, $321,068 was paid to Camgowrie Pty Ltd, a related party of Mr Peter Fennessy. These payments were based on normal commercial terms and were in relation to his services as General Manager – Commercial of the Company during the Financial Year and prior years.

During the Financial Year, $264,975 was paid to Integrated Oil & Gas Pty Ltd, a related party of Mr Paul Bilston. These payments were based on normal commercial terms and were in relation to his services as Chief Operating Officer of the Company during the first half of the Financial Year.

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated	
	2020	**2019**
	$	**$**
Current payables: (ONG Advisors)	–	390,000

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

22. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2020	**2019**
	$	**$**
Loss after income tax	(3,736)	(494,191)
Total comprehensive income	(3,736)	(494,191)

Statement of financial position

	Parent	
	2020	**2019**
	$	**$**
Total current assets	-	98,742
Total assets	13,542,734	9,629,555
Total current liabilities	-	4,988
Total liabilities	-	4,988
Equity		
– Issued capital	12,941,232	10,069,723
– Share optioffn reserve	605,390	449,999
– Retained profits	(3,888)	(895,155)
Total equity	**13,542,734**	**9,624,567**

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

GB Energy Holdings Limited guarantees the credit facility entered into by GB Energy (Vic) Pty Limited during the Financial Year.

Contingent liabilities

There were no other contingent liabilities except noted above as at 30 June 2020.

Capital commitments - Property, plant and equipment

There were no other capital commitments for property, plant and equipment except noted above as at 30 June 2020.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of its subsidiaries.

22. Parent entity information (continued)

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiary with non-controlling interests in accordance with the accounting policy described in note 1:

				Parent	Non-controlling interest	
			Ownership interest	**Ownership interest**	**Ownership interest**	**Ownership interest**
	Principal place of business/ Country of	**Principal**	**2020**	**2019**	**2020**	**2019**
Name	**incorporation**	**activities**	**%**	**%**	**%**	**%**
GB Energy (Vic) Pty Limited	Australia	Exploration	100	100	0	0

23. Events after the reporting period

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, it may have on the Company after the reporting date.

No other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

24. Reconciliation of loss after income tax to net cash from operating activities

		Consolidated
	2020	**2019**
	$	**$**
Loss after income tax expense for the year	(2,725,445)	(6,428,599)
Adjustments for:		
Share-based payments	155,390	287,282
Cancellation of shares	(98,742)	-
Change in operating assets and liabilities:		
– Decrease/(increase) in trade and other receivables	(179,015)	(234,536)
– Decrease/(increase) liabilities	(274,682)	1,869,098
– Increase in interest liability	82,744	-
Net cash from operating activities	**(3,039,750)**	**(4,506,755)**

25. Share-based payments

A share option plan has been established by the Company under which the Company (at the Board's discretion) may grant options over ordinary shares in the Company to certain key management personnel or consultants. The options may be granted in accordance with performance guidelines established by the Board.

Set out below are summaries of options granted under the plan:

2020

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
			6,390,000				6,390,000
06/08/2019	06/08/2026	$0.98	-	800,000	-	-	800,000
29/07/2019	29/07/2026	$0.98	-	800,000	-	-	800,000
01/06/2018	02/06/2025	$0.18	-	-	-	(840,000)	(840,000)
			6,390,000	1,600,000	-	(840,000)	7,150,000

2019

Grant date	Exercise or Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
			11,040,000				
01/03/2019	02/03/2026	$0.20	-	550,000	-	-	11,590,000
01/12/2018	04/04/2019	$0.03	-	-	(2,600,000)	-	(2,600,000)
01/12/2017	04/04/2019	$0.03	-	-	(2,600,000)	-	(2,600,000)
			11,040,000	550,000	(5,200,000)	-	6,390,000

The balance of options for the financial year ended 30 June 2019 was misstated in the 2019 Annual report and is corrected in the table above. This results in a reduction in the closing balance of options by 5,200,000 due to the exercise of options in that year.

For the options granted during the Financial Year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
06/08/2019	06/08/2026	$0.98	$0.98	80%	0%	-0.295%	$0.536
29/07/2019	29/07/2026	$0.98	$0.98	80%	0%	-0.295%	$0.536

RSM

RSM Australia Partners

Level 21, 55 Collins Street Melbourne VIC 3000
PO Box 248 Collins Street West VIC 8007

T +61 (0) 3 9286 8000
F +61 (0) 3 9286 8199

www.rsm.com.au

INDEPENDENT AUDITOR'S REPORT
To the Directors of GB Energy Holdings Limited

Opinion

We have audited the financial report of GB Energy Holdings Limited (the Company) and its subsidiaries (the Consolidated Entity), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit and 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 statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of the Consolidated Entity is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2020 and of its financial performance for the year then ended; 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 Consolidated Entity in accordance with the auditor independence requirements of 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* (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.

Other Information

The directors a Consolidated Entity's annual report for the year ended 30 June 2020, but does not include the financial report and the auditor's report thereon.

Other Information (Continued.)

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

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

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

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Consolidated Entity 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 Consolidated Entity or to cease operations, or have 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: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

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RSM AUSTRALIA PARTNERS

J S CROALL
Partner

Dated: 20 November 2020
Melbourne, Victoria

Directors' declaration

30 June 2020

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 Company's financial position as at 30 June 2020 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors

Fergus Wilmer-Worthington
Chairman

Dated: 19 November 2020