Empire Energy Group Ltd

Update Report

Benefiting from the Future Gas Strategy

Energy

22 May 2024

Empire Energy Group Limited (ASX:EEG) is an oil and gas producer/developer, with onshore Northern Territory (NT) gas exploration and development assets. EEG has the largest tenement position in the highly prospective Greater McArthur Basin, which includes the Beetaloo Sub-basin. The release of the Federal Government's Future Gas Strategy Paper, adds some certainty to the economic outlook and highlights the need for new supply sources to meet forecast demand through the energy transition and to service existing LNG contracts. The strategy paper points to gas from the Beetaloo as part of the next generation of developments which should be considered as positive for EEG from a regulatory perspective. Having completed a recent $46.8mn financing (equity issue and sale of royalty interests) the company appears well placed to deliver a final investment decision (FID) on its proposed Carpentaria Pilot Project by mid-2024, targeting first gas production in H1 CY25 – subject to receiving all requisite regulatory approvals and finalising gas sales agreements. The drilling and testing of the Carpentaria-5H well from August should provide definitive data underpinning the development plan. The end game remains tantalisingly close. We continue to view EEG as the low-cost, strongly-leveraged exposure in the play, with a significant early-mover advantage. The company appears covered from an equity capital perspective to first gas, pending regulatory approvals and debt financing.

Business model

Empire Energy Group Limited (EEG), is an oil and gas exploration and development company, now funded for in-grounds works ahead of an anticipated project sanction on its Carpentaria Pilot Project in the world-class McArthur-Beetaloo basins, in the next few months. Prevailing and new domestic contract pricing highlights the apparent disconnect between a demand constrained gas market and share prices. There is a material commercial prize to be won by defining and progressing a clear timeline to production and we believe Empire should be considered as being in a pre-development phase with a material first-mover advantage. The recently released 'Future Gas Strategy Paper' specifically supports the need for Beetaloo gas even at modelled gas prices of $15+/gj for delivery into Melbourne markets. The company appears well funded to maintain its accelerated path to first gas. Beneficially, Empire holds its licences at 100% providing the ability to control project timing and provide financing options through partnering.

Government flags that Beetaloo gas is required

Showing up is half the battle even if late to the party. The specific Federal Government support for Beetaloo gas in a portfolio of new, required supply is significant in our view. Whilst the detail and execution of legislative outcomes is still to be demonstrated, the recognition of the role of gas for industry, trade and in the low-carbon transition sets a platform for new projects. We see EEG as the most advanced of the Beetaloo plays having recently secured equity financing and planning for development drilling from August and first gas in early 2025. The company has built significant 2C volumes and securing sales agreements can convert these to bankable gas reserves, materially de-risking the play on a commercial basis. The path to scale and growth begins with the first petajoule and cashflow can be a game changer – importantly we see EEG as being in this zone.

Investor sentiment looks like it's turning

A share price of 21cps versus a capital raising at 16cps suggests to us investor confidence is lifting and the price to value gap is closing as FID and Carpentaria-5H drilling nears. Our NAV estimate is unchanged at $0.82-1.25/share **with a mid-point (base case) of $0.93/share** (on a fully diluted basis). We see likely impending re-rating events associated with the move to first gas production in early 2025 and anticipate the share price to better reflect the lower risk and higher value nature of gas reserves.

Share Details

ASX code	EEG
Share price (21-May)	$0.21
Market capitalisation (pre/post AGM approval)	$193M/$203M
Shares on issue (pre/post AGM approval)	967M/1,017M
Cash (est)	$56M
Free float	~49.5%

Share Performance (12 months)

Upside Case

- Upside results from the anticipated development well drilling commencing in August
- Securing a binding off-take agreement and/or a farm-in partner to complete pilot project financing
- Securing regulatory approvals - this absolutely defines the production case

Downside Case

- Capex inflation impacts project returns potentially slowing progress to first gas
- Slower progress through FEED and delays to securing regulatory approvals could push back the timing of first gas
- Under expectation results from upcoming development drilling operations

Board of Directors

Alex Underwood	Managing Director / CEO
Peter Cleary	Chair
Dr John Warburton	Non-Executive Director
Louis Rozman	Non-Executive Director
Karen Green	Non-Executive Director

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***Analyst holds shares**

"Future Gas Strategy – A Light Bulb Moment Years In The Making

On 9-May, the Australian Federal Government published its Future Gas Strategy Paper[1] ("the Paper") essentially declaring that *"…(n)ew sources of gas supply are needed to meet demand during the economy wide transition"* towards meeting emissions reduction and renewable energy targets.

So yes, a light bulb moment years in the making, particularly when the ACCC and AEMO have been pointing to this in their market updates and Gas Statement of Opportunity (GSOO) releases.

EEG should benefit from a greater role for the Beetaloo Sub-basin

All gas play(er)s should be beneficiaries from a public, Federal Government statement of support, however, the devil is always in the detail and the current political balance of power suggests that perhaps some un-natural alliances may need to be garnered should significant new legislation be required.

For Empire, the story hasn't changed with financing in place after the recent $46.8mn equity placement and proceeds from the divestment of its US gas assets[A], the company is well funded for the drilling of the next Carpentaria well – a 3,000m, horizontally fractured development well, targeting August for commencement of work.

We would suggest that the strategy document still contains a number of motherhood statements and perhaps undefined aspirational objectives, but the Paper at least puts a definitive marker in place via the recognition that to reach emissions and renewable targets, 'new' gas is a must whilst also securing the country's trade obligations via gas exports.

It is perhaps telling that Beetaloo gas opportunities are being publicly proposed as a critical and necessary supply source of scale in the government's operating model.

"…(b)ased on stated reserves and contingent resources, the most likely to be developed but yet-to-be sanctioned fields are in the Surat Basin (Queensland), Narrabri (NSW) and Beetaloo Sub-basin (Northern Territory). The estimated costs of production and delivery to Melbourne from Surat, Narrabri and Beetaloo are estimated at around $11 to $15/gj."

In price terms, it's likely that Beetaloo gas into southern states would reference $15/gj given the requirement for significant linking infrastructure (pipelines and/or LNG facilities). New gas supply will be expensive and the pressure on gas prices will be to the upside, as we see it.

As noted in the Paper, the NT was a net exporter of gas to eastern states until recently although only of relatively limited scale. The accelerated decline of the Blacktip Gas Field[B],[C],[D] has necessitated gas purchases from LNG facilities to meet local demand at market pricing.

The government models the above referenced fields as *"…unlikely to provide (above forecast) supply ahead of forecast shortfalls"* whilst indicating that *"…(a)ll fields require further exploration and development to prove commerciality*". The Paper highlights the remaining uncertainties associated with gas productivity and emissions and yet to be obtained regulatory approvals and *"…strong competing land use claims."*

The Paper specifically suggests that the commerciality of the Beetaloo Sub-basin is yet to be defined but we would say, that the commerciality is yet to be 'fully defined'. Test data from all operators strongly supports the economic premise with EEG and Tamboran Resources (ASX.TBN) both confident of delivering FID on their respective projects by mid-2025 **with EEG production expected to commence in H1 CY25**. It seems definitive commerciality is likely 'just around the corner'.

In what could be considered as ironic, we'd note that the Paper also highlights the modelled gas supply shortfall in 2028 could be earlier (2027) given new supply is conditional on further regulatory approvals and the Federal Government is the party responsible for the pace and delivery of the regulatory process.

As an aside, we also agree with the premise that there are (potentially significant) risks in forecasting future supply, from the Narrabri and Surat Basins on both a technical and environmental basis.

Of all three of the future options, EEG and additional Beetaloo production looks the most certain, in our opinion.

Investment sentiment is turning

Empire Energy has raised some $46.8mn[A] through an equity issue at 16cps ($39m) and the sale of a 4.5% royalty interest ($7.7mn) over the proposed 25TJd Carpentaria Pilot Gas Project.

Post the completion of part one of the raise (26-Apr) the raise, the stock is trading at 21cps (as of) representing a 31% gain over the issue price (16cps), which we suggest is a strong indication of the market confidence rising on –

- Impending sanction decision
- Next phase development drilling
- Removal of the equity raise overhang
- …clear pathway to first gas (subject to the remaining regulatory approvals)

With equity financing likely but not definitively completed, the company is positioned to commence in-ground works and perhaps the formal 'sanction' decision no longer needs to be considered as being on the critical pathway in terms of timing.

We have noted the remaining deliverables for the Carpentaria Pilot Project in previous updates [A],[D] as follows –

- **Finalising gas sales agreements** - discussions and negotiations are continuing, with the company having indicated it had fielded enquires from as distant as Melbourne and we refer back to the referencing pricing range as outlined in the Paper;
- **Remaining financing requirements** – likely debt assuming the recent equity, royalty and asset divestment transactions adequately cover the equity component. Assuming a debt-equity ratio of ~50%, post the referenced financing transactions, we'd estimate a gross capital cost of say, A$100mn (*RaaS estimate only*). We also note that partnering options are being considered;
- **Final regulatory approvals** including the granting of Production Licences - submissions have been made and are working through the system; and
- **Indigenous agreements** - currently being negotiated.

The company has indicated it is hopeful of receiving all requisite regulatory approvals and finalising gas sales and financing over the next few months and in that regard the end game seems tantalisingly close.

It's worth reiterating that the keystone, locking EEGs commercial plan in place has been the purchase of the Rosalind Park Gas Plant for $2.5mn – it's the right size (with 'overs' at 42TJd nameplate capacity) and right design (on gas-spec parameters). We note this purchase provides a material capital and operating advantage over a new-build option, which we estimate could start at around $100mn before drilling, gathering and transport infrastructure costs.

We note APA Group (APA.ASX) is proposing to build an open access pipeline linking to east coast markets subject to critical mass gas volumes – eventually the pathway to market will be open ended.

A three-phase plan to production at scale

The company's plan likely underpins the Government's supply model of gas from new sources but is unlikely to make a significant impact on the projected 2028 shortfall on a phased outcome. Material supply flow from the NT is likely to take five or so years (RaaS estimate) with the limitations likely to be pipeline connections and well performance.

The plan -

1. A 25TJd start up pilot project to provide early cashflow and proof of commerciality, targeting first gas in early 2025;
2. …a second phase expansion to ~200TJd servicing east coast markets; and
3. LNG supply (feed stock or equity product).

To build and deliver a steady-state 200TJd production outcome, will need a well-defined type curve which requires a significant production history – actuals can vary from the theoretical, particularly in the early stages of production and growth. Outperformance of wells could support an acceleration of activity, but we think, likely not timely with respect to the Government's model.

However, a slow(er) production build would still be **absolutely material to the growth opportunity available to EEG.**

Referencing our previous update report[A],we attempted to quantify the nominal shortfall in east coast supply and it's worth revisiting briefly –

A working premise of up to a 50% shortfall in east coast supply by 2030 that realistically can only be made up in scale by the development of new gas provinces (e.g. the Beetaloo Basin) or via LNG imports.

*"Whether it's a 50% shortfall or another estimate, the magnitude is what is important – the expected shortfall will be not be at the margin and at these volumes it will represent baseload gas supply that is at risk. With reference to AEMO domestic east coast gas supply data (inc. NT and SA) of ~1,100TJd…**a 50% shortfall (~550TJd) is approximately Moomba + Bass Strait output.**"*

In keeping with the outlook included in the Paper, at some point and quite rapidly, new supply at scale is going to be needed and unless there's massive and rapid progress in Qld CSG developments, there's no obvious current alternatives other than the Beetaloo and LNG imports in our view.

The start-up and well performance at Carpentaria is critical in not only generating cashflow but underpinning a potential multiplier effect on incremental output (adding wells) particularly as gas eventually begins to flow in to east coast markets, lifting production to the nameplate limit of the processing plant…more gas throughput on a largely fixed cost base.

Our Risk-Adjusted Valuation Is Unchanged

We maintain our value range for EEG to $0.82-1.25 **with a mid-point (base case) of $0.93/share** post the recent financing and revision of risk weightings against the proposed Carpentaria Pilot Project. We highlight that the closing share price of $0.21/share (22-May) represents a 75% discount to the low end of our NAV range and in isolation can be considered a risk weighting of ~62% to our assigned value of the 2C resources.

Exhibit 1: The NAV range represents a material premium to the market price

		Risked range (A$m)			
		Low	Mid	High	
Northern Territory					
EP-187					
Contingent Resources		$743	$795	$996	EP-187 contains 2C volumes certified to 1,739PJ of which 1,364PJ are attributed to the Carpentaria area.
Prospective Resources		$43	$107	$229	2U volumes are largely associated with ex EP 187 and ex-Pangaea tenements and represent longer-dated gas potential. The geological confidence level is relatively high on the look-through, but realisation will require extensive drilling campaigns.
		$786	**$902**	**$1,225**	
Net cash/(debt)			$60		Estimated at settlement
Corporate			($11)		
TOTAL		**$835**	**$950**	**$1,273**	
Shares issued (mn) -fully diluted	1,017	$0.82	$0.93	$1.25	

Source: RaaS analysis; Risked ranges based on discretionary RaaS risk adjustments

Future Gas Strategy – Some Broad Commentary

Markets hate uncertainty, particularly as it pertains to the gas industry, which we believe has been the primary architect of its own lack of progress. However, the last (at least) two years of changing gas policy, fracking and exploration bans, re-writing of the regulatory approvals processes and the not inconsequential effort at environmental and legal agitation, has made the thematic a very tough investment story.

Progress for many operators has been glacial at best and company presentations that keep highlighting how positive the supply-demand and gas price thematics continue to be, simply focus investors on how little material progress has been made to first/new gas developments across the sector.

The Future Gas Strategy Paper[1] declares that *"…(n)ew sources of gas supply are needed to meet demand during the economy wide transition"* towards meeting emissions reduction and renewable energy targets. The paper and accompanying analytical report comprise some 177p of statement and detail, so we have confined our *commentary* on a few of the points within the 12p summary - (**emphasis added**)

- Natural gas is integral to the Australian economy. It meets 27% of our energy needs and represents nearly 20% of our export income. Global and domestic gas demand outlooks are uncertain…(h)owever, **under all credible net zero scenarios, natural gas is needed through to 2050 and beyond**, albeit to a lesser extent. **Australian industry requires a reliable and affordable supply of gas**.

- Demand for Australia's exported LNG will remain strong until 2035 to service existing long-term LNG contracts. **Trade partners have indicated their LNG demand will persist beyond 2050.**

  Enough said there. Bear in mind this means more gas will be required for the Queensland and WA LNG operations and any proposed, new LNG projects.

- New sources of natural gas supply are needed to meet demand during the transition. Without continued investment in our gas sector and development of supply sources, Australia **faces the risk of annual supply gaps emerging by 2028 on the east coast, and by 2030 on the west coast.**

  The last AEMO GSOO update[2] pointed to Victorian shortages by as early as next winter. We would add that the timeline to the 'supply cliff' has been incrementally brought forward over the last few publications, so overall we see 2028 as optimistic

- Developing more flexible gas infrastructure is likely to be part of the solution on the east and west coast and **may include infrastructure such as LNG import terminals and gas storage.**

  Agreed…storage smooths the flows. High governmental support for LNG terminals is welcome but has a number of glaring issues in that it highlights how parlous the domestic industry has become and puts an import parity price benchmark for gas, initially on marginal supply, but that would inexorably move to base load. There is also a NIMBY factor (not in my back yard) as per a previous AGL Energy Limited (ASX.AGL) import terminal option in Westernport, Victoria which is no longer being considered.[3]

- We must ensure our regulatory settings balance these key priorities and are efficient so Australia can compete for a sustainable, fairer, and prosperous future.

  …well, they kind of don't, noting recent issues related to Mahalo North Project approvals highlighted by Comet Ridge Limited (ASX COI)[4]

- Australia's gas industry can also help our trade partners to decarbonise. **The Asia-Pacific considers Australia a leader in the permanent, (…) geological storage of CO2 and wants to invest**…(i)t also underpins technology-based pathways for carbon dioxide removal.

  We assume this is referencing the Santos Limited (ASX.STO)/Beach Energy Limited (ASX.BPT) Moomba CCS model and is the new technology pathway being referenced, direct-air-capture (DAC)?

Specifically addressing the Action Plan -

Action 1: Prevent gas shortfalls

- …reframe any future Commonwealth offshore exploration acreage releases to **focus on optimising existing discoveries and infrastructure in producing basins**, prioritise energy security, and align with our net zero emissions targets.
- …work with gas producers, under the Gas Market Code exemption framework, to increase gas supply committed for future domestic supply.
  Already in place per se with no price controls for domestic supply, which is ultimately the direct driver of supply.
- …continue to work with state and territory governments **to improve the efficiency of the regulatory regime**.
  We would like to see this in practice.

Action 2: Reduce gas-related emissions

- …applying **a technologically neutral approach to data acquisition** in Commonwealth waters to **minimise the use of marine seismic surveys** where possible.
  …then it's not technology neutral then is it? Seismic is still the best and most cost-efficient way to define drilling targets, so by definition other geophysics options will add risk to the exploration process.

Action 4: Empower First Nations people to benefit from the transition to net zero

- …clarify consultation requirements for offshore petroleum and greenhouse gas storage activities – this is part (…) of the review of the offshore environmental management regime.
- …pursue an appropriate level of benefit sharing that ensures First Nations people are partners in the transition to net zero.
  …this has always been the case but has never really delivered the outcomes, as we see it.

Action 5: Promote geological storage of CO_2 and support our region's transition to net zero

- …continue to release offshore acreage for **greenhouse gas storage**
  Storage? Unless the idea is to use depleted gas fields then this could add massively to the cost/capex base of sequestration. Note Pilot Energy Limited (ASX.PGY) plans to convert the offshore Cliff Head oil project (WA – Perth Basin) for sequestration by utilising existing wells and associated infrastructure. To start from scratch may be quite cost prohibitive.
- …**finalise the review (of) the offshore regulatory regime** to realise opportunities associated with the geological storage of CO_2 for Australian industry and our trade partners.
  We note the PGY opportunity in WA State waters, required new regulations for approval and operations and this will likely need to be mirrored on a federal level.
- …grow our clean energy exports and connect Australia to new clean energy supply chains through the Hydrogen Headstart and Regional Hydrogen Hubs programs.
  A cautious yes from us, but there are logistics limitations, for example exporting will require massively upgraded facilities on the basis that the energy density of a cargo of hydrogen is less (let's call it by half) than the equivalent shipment of LNG, therefore requiring twice as many ships/ship movements or carriers twice the size to shift the same PJs – either way, existing terminal facilities will need to be upgraded or replaced.

Action 6: Update the strategy

- The Future Gas Strategy has a long-term outlook. The government is closely monitoring the evolving role of gas as the energy transformation progresses and **will update the strategy as needed**
  …naturally, but the problem is the potential for quite material change – the operating risk is that what applies now may not be the case by the predicted time of the 'shortfall' in 2028.

RaaS
Research as a Service

References, Data Sources and Glossary

Note Reference	Document Ref	RaaS Reports	Date Published	Title
	[A]	EEG Empire Energy Group RaaS Update Report	2024 04 24	*Working through the timeline to first gas in 2025*
	[B]	EEG Empire Energy Group RaaS Update Report	2023 11 01	*Cashed up – next stop FID*
	[C]	EEG Empire Energy Group RaaS Update Report	2023 12 06	*A gas plant with intrinsic growth opportunity*
	[D]	EEG Empire Energy Group RaaS Update Report	2024 01 29	*Getting close to the FID pointy end*

		Data referenced in this Report		
[1]		Future Gas Strategy May 2024	09/05/2024	www.industry.gov.au/FutureGasStrategy
[2]		https://www.aemo.com.au/library/major-publications	21/03/2024	2024 Gas Statement Of Opportunities
[3]		Victorian government blocks AGL proposal for Crib Point gas terminal	30/03/2021	www.theage.com.au
[4]		Comet Ridge Limited ASX Release	26/04/2024	Quarterly Activities/Appendix 5B and Cash Flow report

All financial data in Australian currency unless otherwise specifically stated

FEED	Front End Engineering and Design
FID	Final Investment Decision
GSA	Gas Sales Agreement
PEL	Petroleum Exploration Licence
PEP	Petroleum Exploration Permit
EP	Exploration Permit
LNG	Liquified Natural Gas
kb (d)	thousand barrels (per day)
Mb	million barrels
Bb	billion barrels
mcf (d)	thousand cubic feet (per day)
mmcf (d)	million cubic feet (per day)
Bcf	million cubic feet
Tcf	trillion cubic feet
gj	gigajoules (mcf equivalent)
TJ	terrajoules (mmcf equivalent)
PJ	petajoules (Bcf equivalent)
boe	barrel of oil equivalent
mmBtu	million British thermal units (TJ equivalent)

Conversion factors – note conversion factors may vary from company to company and project to project

Gas	cubic feet to joules	=	1.06	1 Bcf	=	1.06 PJ
	joules to boe	=	0.163	1 PJ	=	0.163 Mboe
	mmBtu to joules	=	0.952	1 mmBtu	=	0.952 TJ
Oil				1 b	=	1 boe
Condensate				1 b	=	0.935 boe

Reserves and resources classification

1,2 3 P	Proven, probable and possible reserves certified as being likely to be in production within five years. 1P = 90% confidence limit; 2P = 50% confidence limit; 3P = 10% confidence limit
1,2,3 C	Contingent resources. As above but nominally higher risk in terms of commerciality; 1= Low, 2 = Best, 3 = High
1,2,3 U	Potential Resources. Largely undefined by drilling and testing. Classification; 1 = Low, 2 = Best, 3 = High

ACCC	Australian Competition and Consumer Commission
AEMO	Australian Energy Market Operator
ADGSM	Australian Domestic Gas Security mechanism
CCS	Carbon capture and storage
CH_4	Methane (natural gas)
CO_2	Carbon dioxide
CO_2-e	Carbon dioxide equivalent
NOPSEMA	National Offshore Petroleum Safety and Environmental Management Authority

Exhibit 2: Financial Summary

EMPIRE ENERGY GROUP LTD		EEG		
YEAR END		Dec		
NAV	A$mn	$0.98		
SHARE PRICE	A$cps	$0.210	close of trading	21-May
MARKET CAP	A$mn	203		
ORDINARY SHARES	M	967		
OPTIONS	M	79		

nm = not meaningful
na = not applicable

COMMODITY ASSUMPTIONS		2022	2023	2024E	2025E
Realised oil price	US$/b	94.25	77.64	80.88	75.17
Realised gas price	US$/mcf	6.42	2.58	2.07	3.49
Exchange Rate	A$:US$	0.6946	0.6657	0.6549	0.6570

RATIO ANALYSIS		2022	2023	2024E	2025E
Shares Outstanding	M	773	773	1017	1017
EPS (pre sig items)	UScps	(0.86)	(2.86)	(1.48)	(1.55)
EPS	Acps	(0.86)	(2.86)	(1.48)	(1.55)
PER	x	na	na	na	na
OCFPS	Acps	9.50	(4.80)	(5.53)	(28.48)
CFR	x	na	na	na	na
DPS	Acps	na	na	na	na
Dividend Yield	%				
BVPS	Acps	24.9	21.8	21.1	17.8
Price/Book	x	0.8x	1.0x	1.0x	1.2x
ROE	%	na	na	na	na
ROA	%	na	na	na	na
(Trailing) Debt/Cash	x				
Interest Cover	x				
Gross Profit/share	Acps	10.0	0.2	(4.8)	-6.1
EBITDAX	A$M	6.8	(12.5)	(5.5)	0.0
EBITDAX Ratio	%				

EARNINGS	A$000s	2022	2023	2024E	2025E
Revenue		13,722	6,086	1,131	0
Cost of sales		(5,961)	(5,892)	(6,000)	(6,250)
Gross Profit		**7,762**	**193**	**(4,869)**	**(6,250)**
Other revenue					
Other income		259	576	50	0
Exploration written off					
Finance costs		(2,259)	(3,636)	(1,581)	(1,000)
Impairment		(2,705)	0	0	0
Other expenses		(13,526)	(12,538)	(5,498)	(6,027)
Profit before tax		**(5,765)**	**(21,831)**	**(14,897)**	**(15,625)**
Taxes		(239)	(251)	(171)	(180)
NPAT Reported		**(6,003)**	**(22,082)**	**(15,068)**	**(15,805)**
Underlying Adjustments		0	0	0	0
NPAT Underlying		**(6,003)**	**(22,082)**	**(15,068)**	**(15,805)**

CASHFLOW	A$000s	2022	2023	2024E	2025E
Operational Cash Flow		**(9,305)**	**(23,624)**	**2,415**	**0**
Net Interest		(679)	(1,631)	(175)	400
Taxes Paid		(239)	(251)	(250)	(250)
Other					
Net Operating Cashflow		**5,100**	**(2,472)**	**(3,685)**	**(19,033)**
Exploration		(37,356)	(7,025)	0	0
PP&E		0	(137)	(2,500)	(500)
Petroleum Assets		0	0	(20,000)	0
Net Asset Sales/other		0	404	18,104	0
Net Investing Cashflow		**(37,586)**	**(6,758)**	**(4,416)**	**(500)**
Dividends Paid					
Net Debt Drawdown		(1,035)	674	(850)	(850)
Equity Issues/(Buyback)		29,412	0	29,385	
Other					
Net Financing Cashflow		**28,377**	**674**	**28,235**	**(850)**
Net Change in Cash		**(4,109)**	**(8,556)**	**20,134**	**(20,383)**

BALANCE SHEET	A$000s	2022	2,023	2024E	2025E
Cash & Equivalents		21,880	13,627	33,761	13,378
O&G Properties		36,612	38,206	58,206	58,206
PPE + ROU Assets		1,608	1,540	1,500	1,000
Total Assets		**197,650**	**171,503**	**205,632**	**184,254**
Debt		7,823	8,771	8,768	7,096
Total Liabilities		**64,043**	**59,199**	**65,151**	**65,611**
Total Net Assets/Equity		**133,608**	**112,303**	**140,481**	**118,643**
Net Cash/(Debt)		14,057	4,855	24,993	6,282
Gearing dn/(dn+e)					

NET PRODUCTION		2022	2023	2024E	2025E
Crude Oil	kb	2	3	1	
Nat Gas	mmcf	1,727	1,372	303	0
TOTAL	**kboe**	**290**	**231**	**220**	**0**
Product Revenue	A$mn	13.7	6.1	1.1	
Cash Costs	A$mn	(6.0)	(5.9)	(6.0)	
Ave Price Realised	A$/boe	47.32	26.30	5.15	
Cash Costs	A$/boe	(20.55)	(25.46)	(27.31)	
Cash Margin		**26.76**	**0.83**	**(22.16)**	

RESOURCES and RESERVES	Contingent Resources			Prospective Resources		
	1C	2C	3C	1U	2U	3U
Northern Territory						
EP 187						
Carpentaria				566	1,282	2,284
East Carpentaria				1,020	1,878	3,782
South Carpentaria				204	383	668
TOTAL PJ				**1,790**	**3,543**	**6,734**
Carpentaria						
Velkerri C	113	666	846			
Velkerri B	120	678	844			
Intra Velerri A/B		8	16			
Velkerri A/B		12	24			
TOTAL PJ	**233**	**1,364**	**1,730**			
Carpentaria East						
Velkerri C	35	185	871			
Velkerri B	36	190	906			
Intra Veleri A/B						
Velkerri A/B						
TOTAL PJ	**71**	**375**	**1,777**			
Aggregate PJ	**304**	**1,739**	**3,507**			
US Onshore						
Gas (bcf)	28	38	42			

EQUITY VALUATION	Risked Range			Low	Mid	High
A$mn	Low	Mid	High	A$/share		
Northern Territory						
EP-187						
Scenario Weighting	743	795	996	$0.77	$0.82	$1.03
Prospective Resources	43	107	229	$0.04	$0.11	$0.24
US Onshore						
Appalachian	0	0	0	$0.00	$0.00	$0.00
	786	**902**	**1,225**	**$0.81**	**$0.93**	**$1.27**
Net cash/(debt)		60				
Corporate costs		(11)				
TOTAL	**835**	**950**	**1,273**	**$0.86**	**$0.98**	**$1.32**
Shares on issue (mn)	967 mn					
Shares on issue (mn)	1,017 mn		(fully diluted)	**$0.82**	**$0.93**	**$1.25**

Source: RaaS Research Group, company data

FINANCIAL SERVICES GUIDE

RaaS Research Group Pty Ltd

ABN 99 614 783 363

Corporate Authorised Representative, number 1248415, of

BR SECURITIES AUSTRALIA PTY LTD; ABN 92 168 734 530; AFSL 456663

Effective Date: 26th March 2024

About Us

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This Financial Service Guide (FSG) is designed to assist you in deciding whether to use RaaS's services and includes such things as who we are, our services, how we transact with you, how we are paid, and complaint processes

Contact Details, BR and RaaS

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RaaS is the entity providing the authorised AFSL services to you as a retail or wholesale client.

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- provide general advice to retail and wholesale clients in relation to
  - Securities

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BR is a member of the Australian Financial Complaints Authority (AFCA). AFCA provide fair and independent financial services complaint resolution that is free to consumers.

Website: www.afca.org.au; Email: info@afca.org.au; Telephone: 1800931678 (free call)

In writing to: Australian Financial Complaints Authority, GPO Box 3, Melbourne, VIC, 3001.

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