

01 November 2024

Transformational move to a producer

Kuda Tasi in Timor-Leste puts FDR on a path to oil production 4Q2027

- FDR acquired 34 MMbbls of 2C-net discovered oil resources in Timor-Leste. Development is planned with production from 2027
- Acquisition cost US\$2M (10c/bbl), plus incentive payments to vendors as milestones are met. Substantial upside if re-valued in line with production peers.
- In addition, FDR has a large acreage portfolio in Australia and the UK North sea, in prospective areas with latent asset value.

Development of the Kuda Tasi field initially, and later, Jahal offshore Timor-Leste transforms FDR into a production company, with substantial cashflows, backed by 22MMbbls of oil (2C-gross) from five historical wells. Planning for development is underway, with production targeted in 4Q 2027 with potential to accelerate the time to first production.

The Timor-Leste assets were acquired at low cost from larger companies that viewed these as immaterial. As development planning progress over the outlook we anticipate a number of catalysts including (1) booking of 2P reserves (2) farm-out to industry partners to bring cash, a carry on development costs, and operational and development capability, and provide a "see-through" value (3) FID mid-2026.

Other acreage offshore W.A. and UK North Sea is in prolific oil and gas basins, and are sleeper assets with FDR's primary focus on Timor-Leste. Farm-outs are required to progress activity.

Investment Thesis

Moving the Kuda Tasi & Jahal fields into production is transformational, bringing substantial cash flows, and in addition it creates a hub for exploration and development of other discoveries and prospects nearby, creating a pipeline of ongoing activity and future cashflow.

The UK & W.A acreage is prospective and provides options on future activity. FDR has built a portfolio at low entry cost, with minimal near-term obligations. Capex heavy drilling activity will require FDR securing partners to bring capital and operational skills.

The value uplift from a KudaTasi project is manifold, notwithstanding challenges to fund and execute. All other assets add future upside option.

Valuation: A\$0.39

Our valuation is a DCF of Kuda Tasi & Jahal cashflows, to which we add small value for acreage in other regions. Secondary valuation measures for production companies, specifically EV/BOE provide context to the potential scale of re-rating that could occur once FDR is an established producer.

Risks

Oil prices and A\$/US\$ exchange rates are key risks to future Kuda-Tasi cashflows. Development will require external funds and partnering activity which may not be forthcoming. Project economics are at risk if capex or opex are higher than expected.

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FDR is an Australian based exploration company with development-ready oil resources in Timor-Leste, and prospective acreage in the UK North Sea, and offshore W.A. and the N.T.

Valuation	0.390
Current price	0.052
Market cap	A\$15M
Cash on hand	A\$8.53M

Upcoming Catalysts / Next News

Period	
2H2024	Progress engineering to FEED
CY2025	Entry into FEED
CY2025	Farm-out and funding strategy
CY2025	Project Concept selection
Mid 2026	Kuda Tasi FID

Share Price



Source: FactSet, MST Access

Figure 1: Financial Summary. All figures in A\$ unless otherwise stated. Financial year June 30

Finder Energy Holdings Ltd					FDR.AX
Figures in A\$ unless otherwise stated					
Market Data	Y/E 30 June	Lo	Hi		
Share price	A\$/sh	0.052			
52 week range	A\$/sh		0.04	0.09	
Shares on issue (basic)	M	282.1			
Other capital	M	2.00			
Market Cap	A\$M	15			
Net Cash	A\$M	8.5			
Enterprise Value	A\$M	6			
A\$/US\$ conversion	cents	0.68			
EV / boe -2P	US\$/boe	0.12			

Valuation multiples	FY23A	FY24E	FY25E	FY26E	FY27E
EPS	-0.02	-0.03	0.00	0.00	0.00
PE	NM	NM	NM	NM	NM
DPS	0	0	0	0	0
Yield-%	0	0	0	0	0
EBITDAX/sh (US cents)	0.00	-0.01	0.00	0.00	0.00
P/FCF					
EV/EBITDAX					
Revenue/boe (US\$/boe)					
EBITDAX/Sales-%					
Net cash (Debt)	9	6	12	2	1
ND/(ND+E)					

Realised prices	FY23A	FY24E	FY25E	FY26E	FY27E
Gas-US\$/mmBtu	NA	NA	NA	NA	NA
Oil-US\$/bbl	83.88	84.51	77.21	75.75	77.27
A\$/US\$ rate	0.67	0.66	0.68	0.68	0.68

Production (Net)	FY23A	FY24E	FY25E	FY26E	FY27E
Gas- Bcf	0.00	0.00	0.00	0.00	0.00
Liquids (MMbbl)	0.00	0.00	0.00	0.00	0.00
MMboe	0.00	0.00	0.00	0.00	0.00
% liquids					

Resources (MMboe)	1C	2C	3C
Oil- MMbbls	20.2	34.3	54.0
Gas- Bcf	0.0	0.0	0.0
Total	20.2	34.3	54.0
% oil	100%	100%	100%

SoP Valuation 9US\$M)	nrisked	RF	Risked
	US\$M		US\$M
Kuda Tasi & Jahal	258	50%	129
Other PSC-19-11 prospect:	11	25%	3
UK	1	0%	1
W.A Bedout basin	1	0%	1
Corp costs	-25		-25
Total E&P assets	246		109
Cash	9		9
Debt / Provisions	0		0
Total Equity value	254		117
Current Shares	282		282
Exp 2025 issuance	160		160
Other capital	2		2
F'cast shares on issue 25	442		442
Per share- US\$	0.58		0.26
Per share- A\$M	0.85		0.39

Income (\$M)	FY23A	FY24E	FY25E	FY26E	FY27E
Gas Revenue	0.0	0.0	0.0	0.0	0.0
Oil Revenue	0.0	0.0	0.0	0.0	0.0
Ohther	2.7	0.0	0.0	0.0	0.0
Revenue	3.0	0.2	0.6	0.6	0.6
Opex	0.0	0.0	0.0	0.0	0.0
Royalties	0.0	0.0	0.0	0.0	0.0
G&A	1.8	1.7	2.0	2.0	2.0
EBITDAX	1.2	-1.5	-1.4	-1.4	-1.4
Exploration exp.	3.7	2.7	0.0	0.0	0.0
Depreciation	0.0	0.0	0.0	0.0	0.0
EBIT	-2.5	-4.3	-1.4	-1.4	-1.4
Finance charges	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	-2.5	-4.3	-1.4	-1.4	-1.4
Tax	0.0	0.0	0.0	0.0	0.0
NPAT	-2.5	-4.2	-1.4	-1.4	-1.4
Significant items	0.0	0.0	0.0	0.0	0.0
Reported NPAT	-2.6	-4.2	-1.4	-1.4	-1.4
Share count EOP (M)	158	158	442	442	442

Cash flow (US\$M)	FY23A	FY24E	FY25E	FY26E	FY27E
Receipts	0.4	0.0	0.6	0.6	0.6
Payments to suppliers	-5.6	-5.0	-2.0	-2.0	-2.0
Payments for E&A	0.0	0.0	0.0	0.0	0.0
Interest & other	0.1	0.2	0.0	0.0	0.0
Net cash from ops.	-5.1	-4.8	-1.4	-1.4	-1.4
Development capex	0.0	0.0	-4.0	-8.0	-100.0
Acquisitions/divestment:	0.0	0.0	-3.0	0.0	100.0
Net investing	2.3	0.0	-7.0	-8.0	0.0
Equity issuance	0.0	0.0	14.0	0.0	0.0
Debt Issue	0.1	0.1	0.0	0.0	0.0
Dividends / other	0.0	0.0	0.0	0.0	0.0
Net cash Financing	0.1	0.1	14.0	0.0	0.0
Increase in cash	-1.3	-3.1	5.6	-9.4	-1.4
Cash at EOP	9.4	6.3	11.9	2.5	1.1

Balance sheet (US\$M)	FY23A	FY24E	FY25E	FY26E	FY27E
Cash	9	6	12	3	1
Receivables & Inventory	1	1	1	1	1
Exploration assets	0	0	7	15	115
Oil & gas properties	0	0	0	0	0
other	0	0	0	0	0
Total Assets	10	7	20	18	117
Payables	0	0	0	0	0
Debt	0	0	0	0	0
Other	0	10	9	9	9
Total liabilities	0	10	10	10	10
Share-holder funds	10	-3	10	9	107



Source: MST Access estimates

Timor-Leste oil assets move FDR from explorer to producer

FDR is about to graduate from being a "finder", to a producer, enabling FDR to participate in the full value chain from exploration to production, which was beyond reach as a private company pre IPO.

FDR listed on the ASX in April 2022, by issuing 75M shares at 20c to raise \$15M, the rationale being to gain capital in order to participate in value-adding exploration drilling, and fund expansion of the asset base. Since IPO, FDR has grown its acreage portfolio and participated in exploration activity.

Significantly, on August 8, 2024 FDR announced the acquisition of discovered oil resources in acreage offshore Timor-Leste. The vendors were major oil companies, Eni of Italy and INPEX of Japan. Drilling by these and other corporations since 1996 has defined a discovered resource of 34 MMbbls (2C) in total, in the Kuda Tasi and Jahal fields, and other wells at Krill and Squilla. These discoveries were made when oil prices were < \$20/bbl, and were not high enough to trigger development, but current oil prices have created favourable development economics.

FDR's development being evaluated is for a floating production system (FPSO) which are typical for this region and can be readily leased to reduce capex. Development capex is significant for a company of FDR's size, so FDR needs partners to bring capital and operational experience. Attracting partners, and meeting engineering and commercial milestones over the next ~2 years are key value-adding events to drive a share price re-rating. FDR has a demonstrable track record built over ~20 years in attracting funding from industry partners. Refer to Appendix-1 for background.

Strategic value drivers

- Development ready oil discoveries in Timor-Leste, with strategy to enter production in 4Q 2027, initially from Kuda Tasi and Jahal which contain 22 MMbbls of 2C oil (gross).
- Portfolio of high quality prospects offshore W.A, N.T, and the UK. North Sea with prospect inventory of 212MMboe, predominantly oil.
- All acreage is operated by FDR, and in some acreage partnered with global companies. High equity interests provides a monetisation path via farm-down or sale of working interests.
- Strong track record in conducting farm-outs and attracting strong industry partners.

Investment attributes

- Very low EV for E&P assets, with resources and prospects heavily discounted.
- Development of Timor-Leste assets would bring substantial revenues and cashflows, and underpins a major re-rating as contingent resources are converted to reserves and production.
- Low-cost entry to a major project, and minimal capital-at-risk. Risk-reward skewed to upside.
- Management team experienced in the execution of acreage transactions, notably offshore W.A.

Valuation: A\$0.39

- Backed by Kuda Tasi expected cash flows, risked at 50%.
- Small but positive value for prospects in Australian and UK acreage. These are sleeper assets.
- A secondary measure of valuation based on peer group EV/bbl informs upside if FDR enters production

Risks

- Low oil prices are a risk to Timor Leste expected cashflows.
- FDR lacks funds to undertake a major field development and will require partners.
- Acreage in Australia and UK requires funding in later years.
- Capex and Opex for Kuda-Tasi & Jahal are to be determined as design phases progress

Catalysts

- Milestones in Kuda Tasi/Jahal engineering, reserve bookings, and partnering
- Farm-out or transaction activity in FDR- operated acreage in UK & WA.

Development-ready assets: Timor-Leste fields

- Acquisition of 34MMbbls of 2C (gross) resources, with 22MMbbls in Kuda Tasi & Jahal which are ready for development. FDR working interest is 76%, and the State-owned TIMOR GAP 24%.
- US\$2M acquisition price is a low-cost entry, approximating ~US\$10c/bbl for 2C resources.
- Conventional oil fields in an area with historic production and commercial projects.
- Follow-on exploration and appraisal potential, using Kuda Tasi as a production hub.
- Host Government highly supportive.
- PSC signed on 9 September 2024, secures tenure and sets the work program for the next 3 year.

On 8 August 2024, FDR announced it had acquired a 76 % working interest in Production Sharing Contract PSC-19-11, in waters offshore Timor-Leste, from ENI and INPEX. The remaining 24% is owned by the Timor-Leste national oil company, TIMOR GAP)

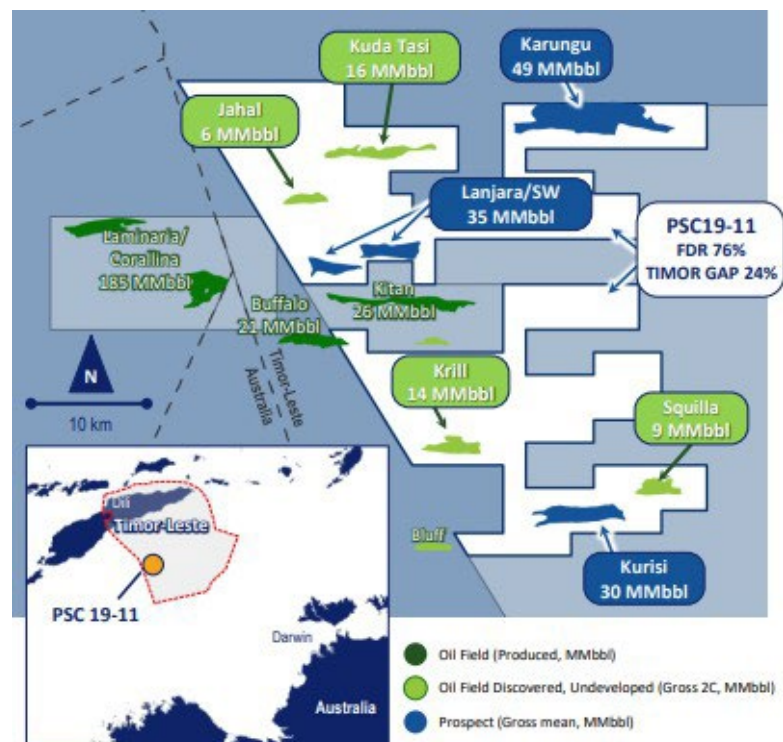
Location.

The Kuda Tasi and Jahal fields, and other exploration targets are in Production Sharing Contract PSC-19-11. This PSC is located in the Bonaparte Basin which straddles the Australia /Timor-Leste Maritime boundary, and is approximately 160 km SE of Suai in Timor-Leste and 550 km WNW of Darwin.

Historically, this acreage was in Australian sovereign waters but after a re-determination of the maritime boundary in tandem with Timor-Leste's statehood, sovereign issues have been resolved and the Production Sharing Contract PSC-19-11 that FDR has acquired is now under Timor-Leste jurisdiction, with the production sharing rights, taxes and other obligations to Timor-Leste.

Exploration success rates in the region are high at ~75%. However, industry activity in the region lost momentum after ~2000 due to (1) an extended period of low oil prices and (2) fiscal and sovereign uncertainty as the acreage transitioned from one sovereign to another and (3) the need for large discoveries to be economic given exploration and development costs are generally high. These factors form a back-drop to lack of development on the discovered oil fields that FDR has acquired

Figure 2: PSC-19-11 location and surrounding fields and prospects.



Source: Finder Energy

The Acquisition terms: a very low-cost entry

- Acquired for US\$2M cash from global companies Eni of Italy (operator with 40.5%) and INPEX of Japan (35.5%). FDR is acquiring INPEX's direct working interest in the PSC, while the Eni transaction is an acquisition of shares in the corporate entity that owns the ENI working interest.
- In addition, there are future "milestone" payments to vendors, of \$6.5M at the time of FID, plus 5% production gross royalty on production.
- The up-front purchase price equates to ~US\$0.1/bbl.

Conditions precedent were (1) the State approving transfer of operatorship and (2) the State approving the work program and agreeing extending the PSC tenure to 29 August 2027. This condition was satisfied on 9 September 2024, along with agreement with the State on work program over the tenure.

In summary this acreage contains a number of oil discoveries, notably Kuda Tasi and Jahal, which have a combined 34MMbbls of gross 2C. Refer to figure 3.

The upfront acquisition cost was US\$2M, and has been paid by FDR to the vendors ENI and INPEX. There are additional payments to the vendors as follows (1) Payment of US\$6.5M on FDR reaching a Final Investment Decision (FID) for development, and (2) a royalty of 5% on future production. These terms allow FDR to pursue a development with minimal capital at risk.

As part of the transaction, FDR acquired carry forward tax losses, as well as an estimated ~US\$100M invested into exploration by the previous owners which is indexed and is now expected to approach US\$200M. This amount, known as "Recoverable Cost" or "Cost oil" is potentially recoverable by FDR from future production. Recovery of these historical costs are significant to the economics of the KudaTasi, Jahal and development of other resources in PSC-19-11

Figure 3: PSC-19-11 resources, and prospective resources

Contingent Resources	FDR Equity	Net 1C	Net 2C	Net 3C	Oil / Gas	
Timor Leste - PSC 19-11						
Kuda Tasi	76%	6.8	11.9	18.8	Oil	
Jahal	76%	3.1	4.8	7.0	Oil	
Krill	76%	6.2	10.6	17.0	Oil	
Squilla	76%	4.1	7	11.2	Oil	
Total Oil- MMbbls		20.2	34.3	54.0		
Prospective Resources	FDR Equity	1U	2U	Mean	3U	COS
Oil- Timor Leste PSC 19-11						
Karungu	76%	4.5	20.3	37.4	90.6	38%
Kuriai	76%	3.9	14.5	23.1	53.3	49%
Lanjara	76%	3.2	12.1	19.5	45.1	54%
Lanjara SW	76%	1.7	5.5	7.9	17.3	54%
Total MMBOE		13.3	52.4	87.9	206.3	

Source: Finder Energy 2024 Annual Report

Exploration history: extensive

- Extensive drilling over decades firmly establishes this region's oil production credentials.

In total, 10 exploration and appraisal wells have been drilled in the PSC. Of the seven exploration wells, five were discoveries (Squilla-1A, Jahal-1, Krill-1, Kuda Tasi-1 and Korongo-1). These wells, and follow-up appraisal wells Kuda Tasi 2 & 3, and Jahal-1ST and blanket 3D-seismic acquired in 2005 provide excellent geological understanding and well control.

These fields were discovered 20-30 years ago, at a time when many significant discoveries were being made in the region. Most notable, was Woodside Energy's Laminaria & Corallina discovery in the early 1990's (~185MMbbls), followed by Elang/Kakatua, Buffalo and Kitan.

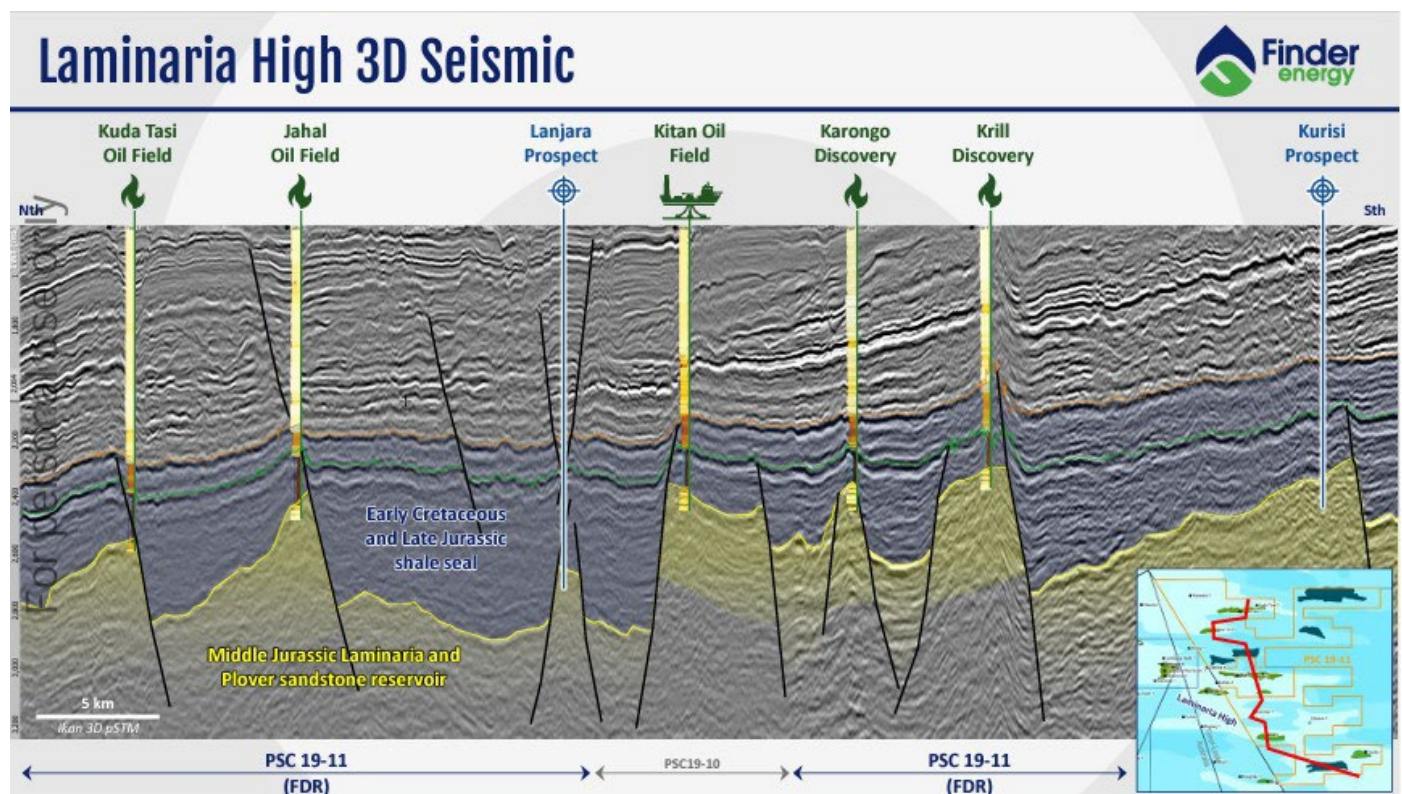
Jahal was discovered by a BHP-led JV in 1996, and Kuda Tasi was discovered by a Woodside operated consortium in 2001. This exploration activity was during a period of low oil prices (<\$20/bbl) necessitating large discoveries, and these large companies deemed the finds too small to meet commercial or strategic objectives so the discoveries were not exploited.

- The Kuda-Tasi discovery well was drilled in April 2001 and encountered an 18m oil column but was not tested as the operator Woodside thought it insufficient for a stand-alone development. In 2003, Kuda-Tasi 2 appraisal (Santos 25%, INPEX 35%, Woodside 40% & operator) discovered a 35m oil column, tested at 5180 BOPD of 56° API oil over a 12-hour period through a half-inch choke, and was suspended as a potential future oil producer. Kuda Tasi-3 appraisal was drilled in 2006 and intersected the target reservoirs but wireline pressure measurement indicated lower than expected permeability.
- Jahal-1 & Jahal-1ST were drilled in 1996 by a consortium operated by BHP Petroleum. Jahal-1ST discovered 33m of net oil pay, with 75% net/gross and flowed 57° API oil on test at 1330 bopd from a 15m interval thru a 0.375 inch choke. Reservoir parameters 15% porosity/1000md Perm.
- Krill (1997, BHP) recovered oil and gas from wireline tests at 3485m from an interpreted 10m of net pay & Squilla (BHP) encountered 9m of net oil pay but was not tested

Kuda Tasi & Jahal are discovered oil fields, and are "development ready" , although further geological work is required to de-risk the sub-surface reservoir models to inform well location and production expectations..

Krill and Squilla require more work to understand, and probably 3D seismic to improve the sub-surface understanding, both appear to have up-dip potential. These wells were drilled ~30 years ago, and located on dated 2D or very early 3D seismic and evaluated with wireline tools less sophisticated than what is available today. At the time of these discoveries, the operator BHP, was searching for >100MMbbl fields, during an era of ~US\$15/oil prices. The technology to define these fields today is far superior, as is the oil price.

Figure 4: Pictorial of stratigraphic and reservoir sections depicting successful well targets



Source: FINDER Energy

The geology is understood

These fields have oil in the prolific "Laminaria" reservoir, which is the key commercial reserve for all the fields in this region. The "Laminaria High" (Figure 4) is the primary hydrocarbon play for this region, with ~270MMbbls discovered and produced to date (from Laminaria, Corallina, Buffalo, Elang, Kakatua and Kitan) and 17 discoveries from 35 wells.

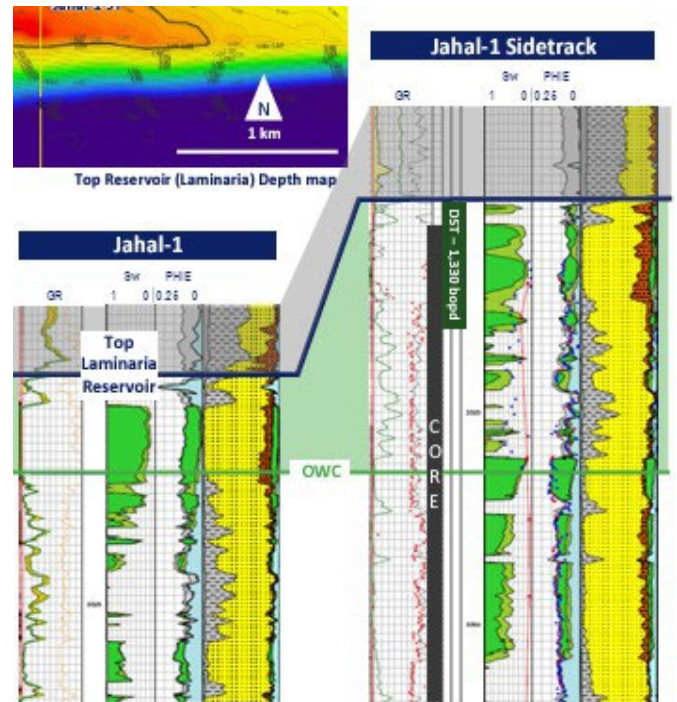
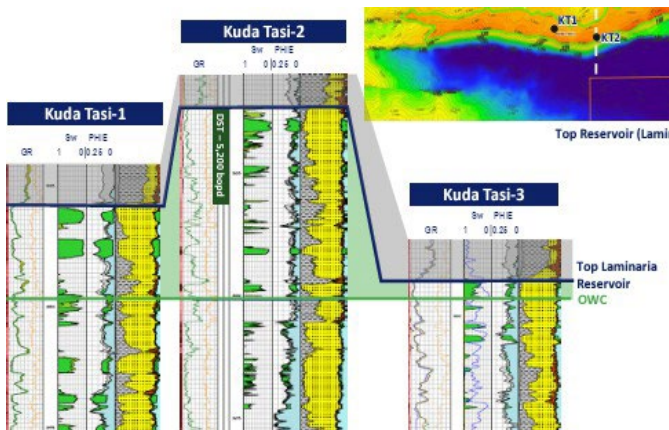
This reservoir is prolific, with excellent production characteristics from Middle Jurassic marine fluvio-deltaic sandstones

- High porosity (~12-13%) and permeability (>100mD) from reservoirs at moderate depths enabling very high-rate wells.

- Excellent petrophysics (well data)..see below figures 5 and 6 These graphics are wire-line logs of the well petrophysical parameters (porosity, lithology, oil, gas and water indications). Although now about 30 years old, this data is excellent and unambiguous
- Excellent, light oil quality, (> 50 API) with low CO₂ and negligible gas, enabling very high (>50% recovery factors from in-situ oil).

Figure 5: Kuda Tasi well log data

Figure 6: Jahal well logs



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Source: Finder Energy

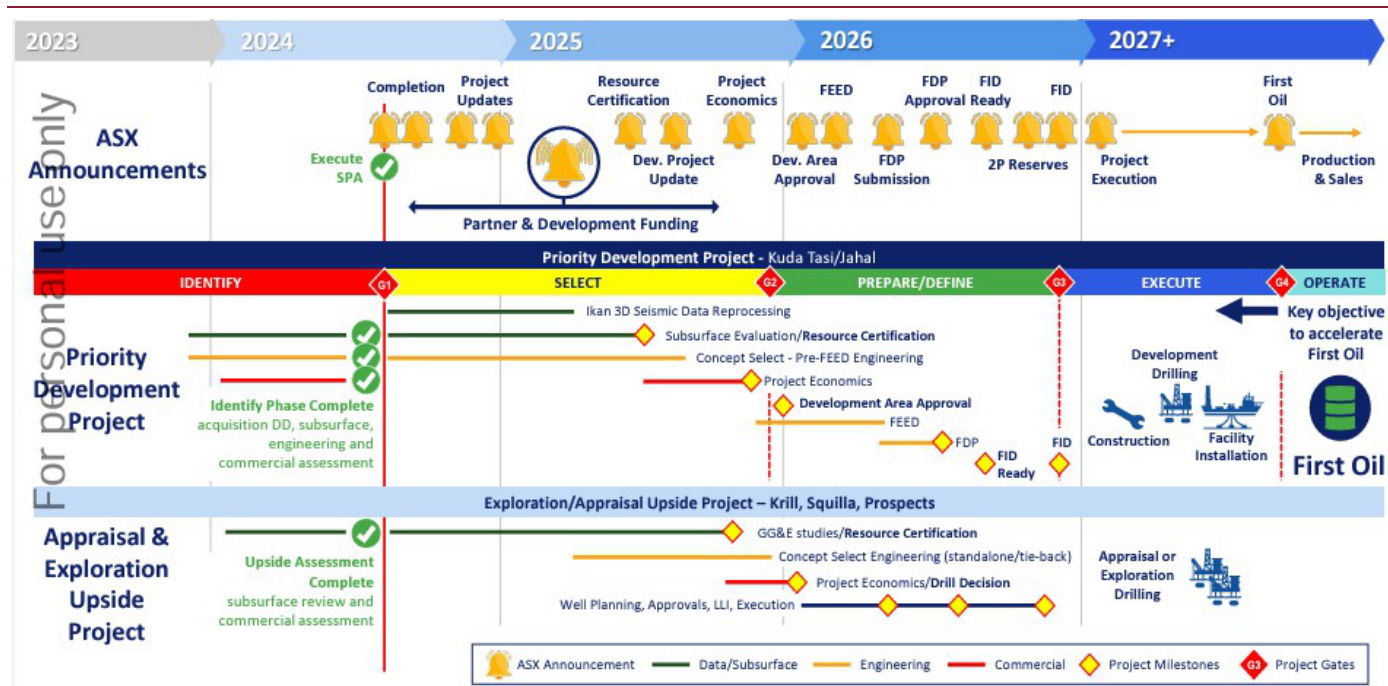
Source: Finder Energy

Development time-line

Key steps forward are shown in figure 7

- Over the remainder of CY 2024 and 2025, complete the project "Select" phase, which requires seismic reprocessing, subsurface evaluation, reserves certification, and selection of development concept and commercial considerations. Key determination will be (1) confirmation of reserves (2) resolution of key engineering elements such as size of FPSO (3) commercial considerations and capex decisions such as FPSO lease versus acquire, and new-build vs refurbish.
- Resolution of funding strategy. With 76% working interest, FDR will seek a partner through a partial divestment, to bring capital and operational expertise. This would be an important catalyst and provide a look-through value
- During 2026, (1) achieve reserves certification, (2) complete engineering design (3) plan for drilling and development phase.
- In CY2027, if all previous decision gates are met, execute the project by progressing to a drilling and construction phase.
- First oil production is targeted from Q4 CY2027

Figure 7: Planned time-line to production



Source: Finder Energy 8 August ASX presentation

Development scenarios: Numerous analogues in the region

In the general area of the Timor sea & Bonaparte Basin offshore Northern Australia there have been 13 oil projects in operation since the 1980's all utilising floating production and storage systems (FPSO). These previous operations provide analogues as to what is appropriate from a technical and engineering perspective. Logistics of supply and servicing are not onerous as the Bonaparte Basin is reachable by boat and helicopter from either Darwin or Timor-Leste.

A typical FPSO offshore oil production system would consist of a floating production, storage and offloading vessel, to process raw crude and store. On-board facilities typically include removal of unwanted fluids (water, CO₂), and separation of gas to be flared or re-injected. The FPSO vessel is permanently moored to the sea-floor, with a turret and riser system to receive flow-lines from the production wells.

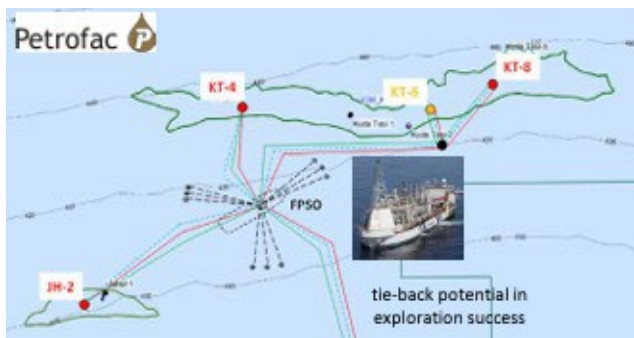
Sub-sea wells are connected to the FPSO riser via flexible flow-lines (umbilicals), and these need to be drilled and completed with down-hole equipment by a drillship or semi-submersible drilling rig.

These developments come with some unique risks and challenges. Once drilled and completed, access to the wells in the event remedial work is needed, requires re-mobilisation of a drilling rig, which is costly, so it's critical that the wells are accurately located to access the reservoirs which are to be drained, and to ensure the production equipment in the wells is installed correctly, and then operated over time to control or manage influx of unwanted water, sand, or gas.

At this point, engineering work is at a very early stage, but in broad terms, FDR proposes to evaluate a "conventional" FPSO development, as well as explore other innovations which may lower capex of lead to early production. The existence of historic analogues partly de-risks the engineering and concept selection phases that lie ahead.

Figures 8 & 9 are indicative field development patterns & FPSO pictorial, from the nearby Eni-operated Kitan field.

Figure 8: Conceptual well pattern



Source: FDR Investor presentation 8 August 2024

Figure 9: Typical FPSO (Note: not an asset of FDR)



Source: Eni Australia & Blue Water Marine. Note: THIS IS NOT AN ASSET OF FDR

From our understanding of the reservoirs, and the style of development that may be applied, we can form a view of production profiles, which will then drive cash flow and NPV. These are set out below

Production scenario: exploitation of 16MMbbls of oil over 5-6 years

Field production rates will be determined by the size and processing capacity of FPSO. High flow rate fields are desirable, but the economic trade-off is the higher cost for a larger vessel, for storage and deck space for equipment. A lower production rate may generate a lower annual revenue, with the trade off being that a smaller, cheaper FPSO may be a viable economic alternative.

The "Concept selection" and FEED phase being planned for 2025 will be integral to resolving the style of development in order to maximise long-run economics.

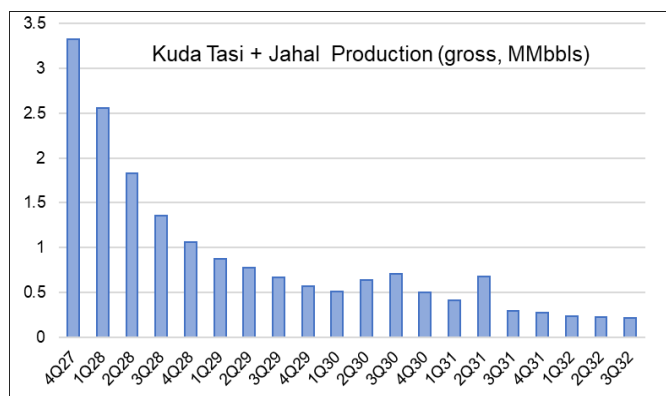
There are multiple permutations depending on how many production wells are drilled and when. At this time, our assumption is in line with FDR indicative development concepts, which are:

- 3 new wells on Kuda Tasi, with initial production of 40,000 bopd, from 4Q 2027.
- 2 new wells on the Jahal field, tied in to the FPSO vessel as ullage becomes available, in 2031, contributing incremental production of 4,000 bopd.

Our production forecasts recovers 16 MMbbls of oil (gross) from the five wells. This is lower than the 2C figure and assumes an economic cut-off rate of 2000 bopd in 2032. This cut-off rate is the rate at which production revenue is insufficient to cover field costs. Higher oil prices, or initiatives to reduce costs in late field life may extend operational life and ultimate recovery. Day-rates from what is likely to be a leased FPSO, are to be determined.

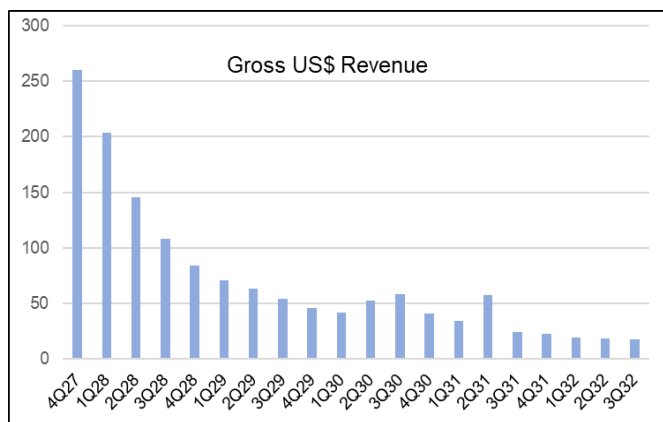
Figure 10 shows the production profile. Characteristically for these fields, initial flow rates can very high but are followed by steep natural decline, and the gross revenue profile mirrors this (Figure 11).

Figure 10: Base-case quarterly production (gross)



Source: MST Access

Figure 11: Gross quarterly revenue-US\$M



Source: MST Access

Fiscal terms and economics.

Figure 11 is the gross US\$M revenue profile to the PSC, before the 5% state royalty. This is the revenue stream from which the contractors (FDR, & TIMOR GAP) can recover exploration and development capex, and operating costs, before the determination of "Profit oil" which is then split 60% to the contractor and 40% to the State.

The Production Sharing Contracts (PSC's) are in common usage world-wide, and in broad terms, allows the contractors (FDR and TIMOR GAP) to recover capex, and ongoing opex from the production revenues, and from what is left over, profits are shared with the State, in this case 40%.

Parties to the PSC are FDR and state-owned TIMOR GAP" 24%, these are the "contractors".

Key PSC terms are :

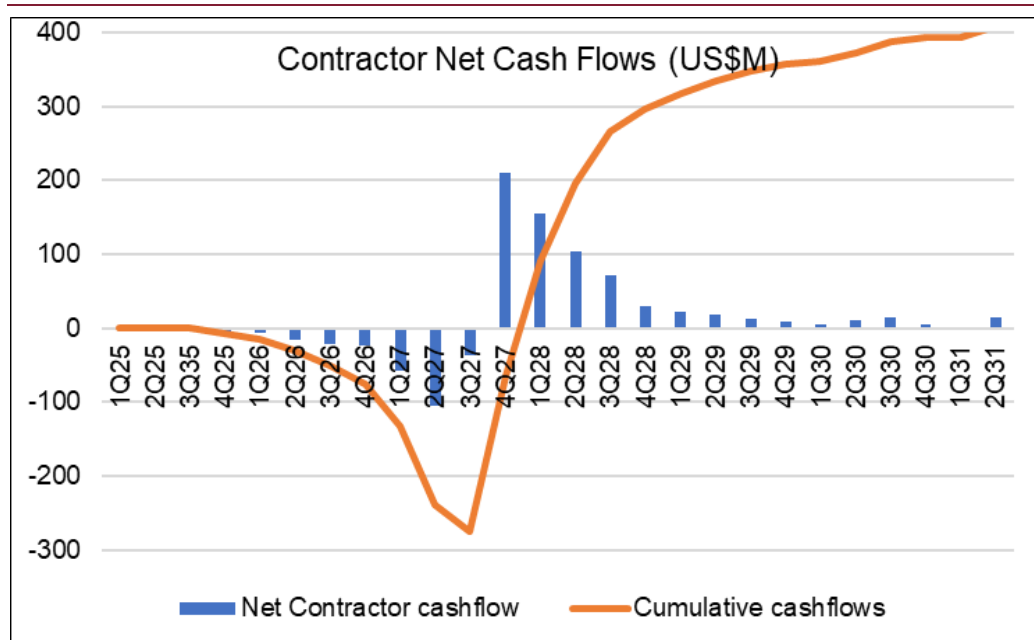
- 5% Royalty to the State on production
- "Cost Oil": Contractors (FDR/ TIMOR GAP) to receive up to 95% of production in each CY to recover capital and operating costs.
- Any additional oil revenue beyond what is required to recover costs (aka "Profit Oil") is split 40% to the State and 60% to the Contractors
- In addition, there are Timor-Leste corporate taxes, and a "Supplementary Tax (SPT).
- State owned company TIMOR GAP free carried by FDR through exploration, appraisal and development capex, with these expenditures to be recovered by FDR from TIMOR GAP's share of production income.

Of specific importance to FDR, is the ability to deduct from future production, the costs incurred to date by previous explorers, as these costs are specific to the activities within the PSC.

FDR estimates that about US\$100M was incurred up until 2014 by previous operators. Since then, this has compounded at bond rates, so the current "pool" of sunk-cost is +/- US\$200M, as estimated by FDR. This is significant to Kuda Tasi /Jahal project economics. This historical cost is available to be recovered from future oil revenue before "profit oil" is incurred, and it is an important economic driver for the contractors.

From figures 10 &11, we have built a cashflow model for the PSC, and FDR's share there-of, as shown in figures 12.

Figure 12: Contractor net cash flows



Source: MST Access forecasts

Key State players: ANP and TIMOR GAP.

The "Autoridade Nacional Do Petroleo Timor-Leste (ANP) is the Timor-Leste Government agency responsible for managing and regulating petroleum activities for the State.

TIMOR GAP is the State-owned oil company with a charter to expand onshore and offshore oil and gas exploration and production.

In PSC-19-11, TIMOR GAP is free-carried by the other parties to the PSC (FDR) through exploration and evaluation phase within the PSC, with these expenditures indexed at 11% recoverable by the other parties from TIMOR GAP's share of future production. FDR estimates that this E&A expenditure to date approximates US\$50M. Once the contractors have committed to a development, TIMOR GAP has an election to make, to participate, or opt-out.

Follow-on exploration: Prospective resources & exploration

Establishment of a production hub at Kuda Tasi, may enable exploitation of other discoveries (Krill & Squilla), and justify exploration on other prospects.

Krill & Squilla are small single well discoveries, which in isolation would not be economic, but a production hub nearby at Kuda Tasi may enable these fields to be developed as future tie-backs to the Kuda Tasi FPSO, as ullage in the vessel opens up. Collectively these two fields have ~23 MMboe of 2C resources. Appraisal drilling is required to confirm these resources.

Exploration prospects exist at Kurungu, Lanjara, Lanjara-SW and Kurisi. These were never drilled for various reasons, mostly related to size and the need for a stand-alone commercial project. The collective P_{mean} prospective oil resource is 88MMbbls of oil. The largest is Kurungu, with a P_{mean} of 37MMbbls.

Exploration assets in UK and Australia

- Portfolio of oil and gas prospects in 6 licenses in the UK North Sea
- Exploration acreage in the WA Carnarvon basin (near to Santos operator Dorado project and other discoveries) and Vulcan basin.
- Leads and prospects contain prospective resources which are very large, shown in figure 15.

Drilling costs offshore WA and the North Sea are high, and FDR lacks the capital to undertake drilling activities without substantial additional external funds. For FDR to realise value from these assets, it will need to secure farm-outs with larger companies, or sell permit working interests for cash. FDR has an enviable track-record in attracting partners to fund activity (refer Appendix 1). Markets for oil and in particular gas in both countries are robust, however regulatory uncertainty in both countries is dampening industry investment.

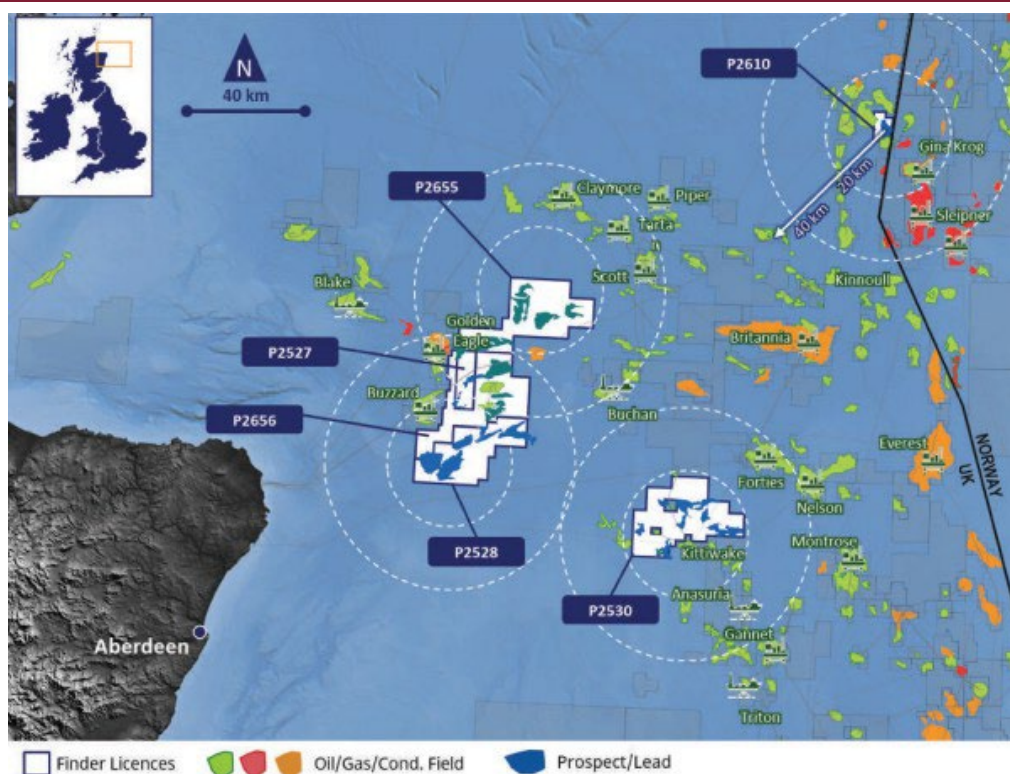
UK North Sea

- Prospective acreage in 6 blocks in partnership with experienced North Sea operators.
- Multiple prospects with 2U ~212 MMboe and 2C of 12MMbbls
- Large prospects defined at **Boaz**

The UK North Sea has a lot going for it from a technical and operational perspective. The area is prolific, with abundant oil and gas production, infrastructure and processing, and a deep service sector. Historically it has been a high-cost area due to the hostile weather environment, and onerous fiscal terms, so resource owners needed large discoveries to meet economic hurdles. High oil prices, and a looming UK/European energy and gas crisis provide strong price signals, however uncertainty around fiscal terms under the current UK Government has made the industry very cautious, and activity levels have plummeted. For FDR to exploit its resources, it will need to attract financially strong partners in a difficult commercial environment.

Figure 13 shows FDR's acreage in the UK North Sea.

Figure 13: FDR North Sea Acreage



Source: Finder Energy

In the UK North Sea, FDR has interests in 6 licenses, all of which are operated by FDR. Three of these licenses (P2610, P2656 and P2655) were awarded to FDR-operated JV's in the 33rd UK Offshore Licensing round during late CY2023 and early CY2024. Other interests in P2527, P2528 and P2530 were acquired in the 32nd OSLH, or from other parties, prior to FDR listing. Refer to figure 14.

FDR's joint venture partners are Dana Petroleum and Equinor, both of which are financially strong and deeply experienced in the North Sea, with existing production.

Figure 14: UK North Sea license interests

License	FDR Equity	Partner	Main prospects
P2610	50% & operator	Equinor (50%)	Boaz gas & condensate
P2655	100% & operator		
P2656	60% & operator	Dana Petroleum (40%)	
P2530	60% & operator	Dana Petroleum (40%)	
P2527	60% & operator	Dana Petroleum (40%)	
P2528	60% & operator	Dana Petroleum (40%)	Whitsun prospect

Source: Finder Energy

In total, these permits host prospects with a 2U prospective resource of 213MMboe (net to FDR).

The most commercially interesting opportunities appear to be the Boaz gas/condensate prospect in P2610 with Equinor & FDR 50/50.

Figure 15: UK resource inventory

UK North sea	FDR Equity	1U	2U	Mean	3U	COS	Risked. Res
P2530- prospects							
Bancroft- Oil	60%	7.2	16.0	18.9	35.4	42%	14.9
Marsh- Oil	60%	3.4	10.1	13.9	30.5	40%	12.2
Turner- Oil	60%	2.6	13.0	25.3	65.3	20%	13.1
Tye-Oil	60%	7.3	16.9	20.3	38.9	20%	7.8
Agar- Oil	60%	2.2	17.4	50.0	138.0	15%	20.7
Stonis-Oi	60%	4.2	9.7	11.7	22.4	9%	2.0
P2528 Prospects							
Whitsun	60%	21.4	67.0	90.0	189.0	15%	28.4
P2610- prospects							
Boaz - Gas / Condensate	50%	4.9	22.5	40.7	104.0	22%	
Boaz - Gas / Gas (in MMBOE)	50%	11	40	187	148.3	22%	32.6
Total prospective oi.		64.1	212.9	457.8	771.8		131.6
Total MMBOE		64.1	212.9	457.8	771.8		131.6
Contingent resources							
		1C	2C	3C	3U		
P2530- Wagtail oil discovery	60%	4.1	11.5	32.0	138.0		

Source: Finder Energy

P2610: South Viking Graben (FDR operator & Equinor 50/50)

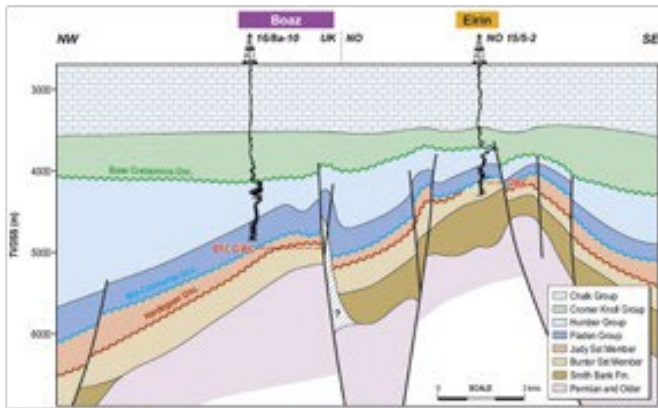
P2610 is located within the prolific South Viking Graben in the Central North Sea, close to producing fields and infrastructure connected into the European gas system via Equinor-operated platforms.

Finder & Equinor were awarded the licence in the 33rd UK Offshore Licensing Round in 2024. Equinor are dominant explorers & producers in the UK/ Norway continental Shelf. The licence is close to production platforms operated by Equinor, including Gina Krog, Sleipner, and Erin which is currently being developed by Equinor.

The largest prospect is Boaz gas / condensate which is identified as a large 3D-siesmic defined target which is estimated to contain gross mean prospective resource (P_{mean}) of 748 Bcf of gas and 81 MMbbl of condensate in Triassic fault traps which have not been drilled in this area. (Net to finder, 374 Bcf P_{mean} and 41MMbbls of condensate P_{mean}). Supporting this is a well drilled in 1988, to test shallow Jurassic targets, which didn't reach deeper Triassic targets but provides critical sub-surface data. Figures 16 &17 describe the Boaz prospect.

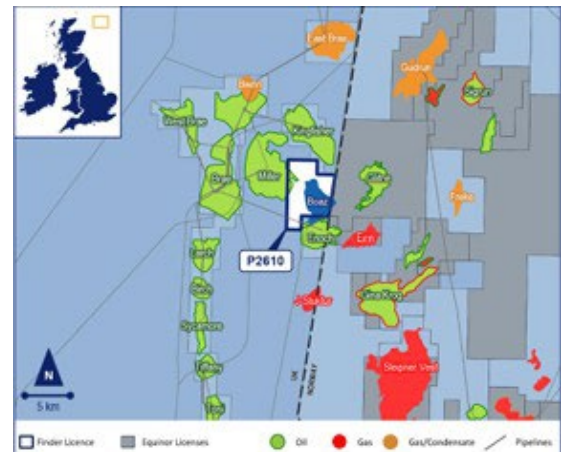
Tenure is for an initial 4-years. The immediate work program is for geological and geotechnical studies to de-risk the prospect, increase the geological "chance of success" (COS) and attract industry partners to farm-in to pay for exploration wells.

Figure 16: Boaz reservoir pictorial



Source: FINDER Energy

Figure 17: Boaz location in northern North Sea



Source: FINDER Energy

P 2528, P2527 (Finder 60% and Operator, Dana Petroleum 40%)

These licences are located within the Peterhead Graben, Central North Sea immediately south of the Ettrick Sub-basin which contains the prolific stratigraphic traps of the Buzzard and Golden Eagle fields. Buzzard is often cited as one of the largest oil discoveries in the modern era in the North Sea with an estimated 1 billion barrels of oil.

P2527 was transferred to FDR from Talon Energy and P2528 was acquired from Azinor after the 32nd licensing round. Phase A of the initial term of P2527 and P2528 expires in November 2024 and FDR and partners will need to consider moving to the next work phase or relinquishing the acreage.

P2530 – North Kittiwake Basin (Finder 60% and Operator, Dana Petroleum 40%)

The licence is located within the North Kittiwake Basin and is surrounded by the giant Forties and Nelson fields to the north and the Kittiwake and Gannet fields to the south. The area is infrastructure-rich with multiple host facility providing options for field tie-backs from small satellites. The permit has a number of small prospects (Wagtail, March, and Bancroft) which could be tied back to surrounding infrastructure. Wagtail is a small oil discovery with an estimated 2C oil resource of 19MMbbls (gross)

Finder has carried out detailed technical studies on the licence, with a key part being the high-end 3D seismic reprocessing project, called 'the Big Bird 3D' which covers 730 km². This data is being used to better define prospects in the license to aid the farm-out process.

P2656 –Finder (60%, Operator, Dana Petroleum 40%). The licence was awarded to the JV in May 2024, in the 33rd UK Offshore Licensing round for a three year term comprising G&G studies. It is located in the Ettrick Sub-basin and is adjacent to the Buzzard and Golden Eagle oil fields. In 2024, FDR acquired the Big Buzz 3D seismic data and is using this to high-grade leads and prospects.

P2655 – South Halibut shelf, Finder (100%) is located in the South Halibut Shelf where a number of Upper Jurassic prospects, similar in age to the nearby oil fields and will be de-risked by 3D seismic reprocessing. The license was awarded to FDR in the 33rd UK offshore licence round in May 2024, with a tenure of 4 years for a Phase A work program comprising G&G studies which are underway.

Next steps: Farm-out

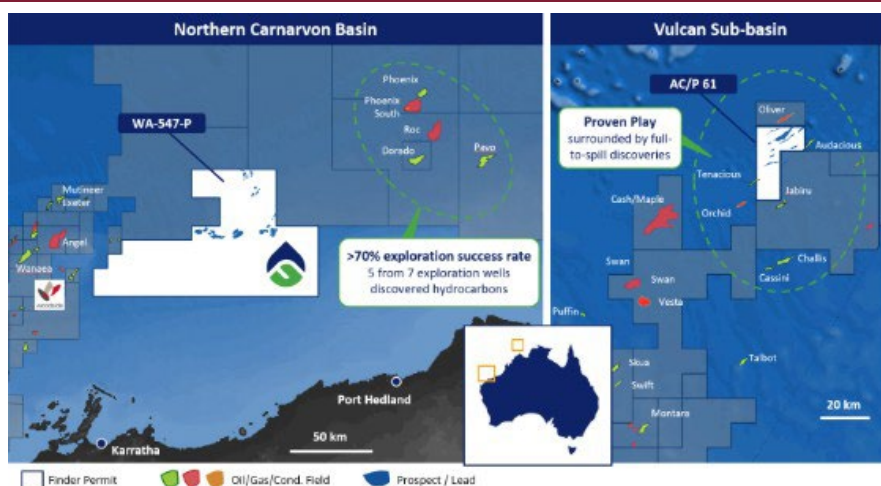
The offshore UK exploration environment is challenging at this time, due to fiscal uncertainty, despite high energy prices particularly gas, and a domestic market that is undersupplied and increasing reliant on imports of LNG and power from Europe.

For FDR to realise value for this acreage portfolio offshore UK, it will need to attract industry partners to farm-in and pay for up-coming work phases.

Australia – Northern Carnarvon Basin & N.T. Vulcan sub-basin

FDR has exploration acreage in the Carnarvon basin, offshore WA, and the Vulcan sub-basin offshore NT. These two permits are strategically located in areas with discovered oil or gas fields, operated by Santos and other major independent companies. There are five identified prospects, with a gross 2U of 645MMboe. Notably, WA-547 has significant exploration potential, defined by 3D-seismic, and are interpreted to be extensions of the Santos-operated Dorado oil discovery. Refer to figure 18.

Figure 18: W.A and NT acreage



Source: FINDER Energy Annual Report 2024

Figure 19 shows the table of prospective resources.

Figure 19: Table of offshore WA /NT prospective resources.

Prospective Oil Resources WA / NT	FDR Equity	1U	2U	Mean	3U	COS	Risked. Res
Australia North West Shelf							
AC/P-61-Gem	100%	46	137	149	319	32%	102
WA-547-P:Favre	100%	69	213	244	556	20%	111
WA-547-P: Brady	100%	25	86	100	234	13%	30
WA-547P: Brees Barret	100%	54	148	158	327	30%	98
WA-547-P: Brees Caley	100%	16	61	77	194	15%	29
Total MMbbls.		211	645	728	1630		371

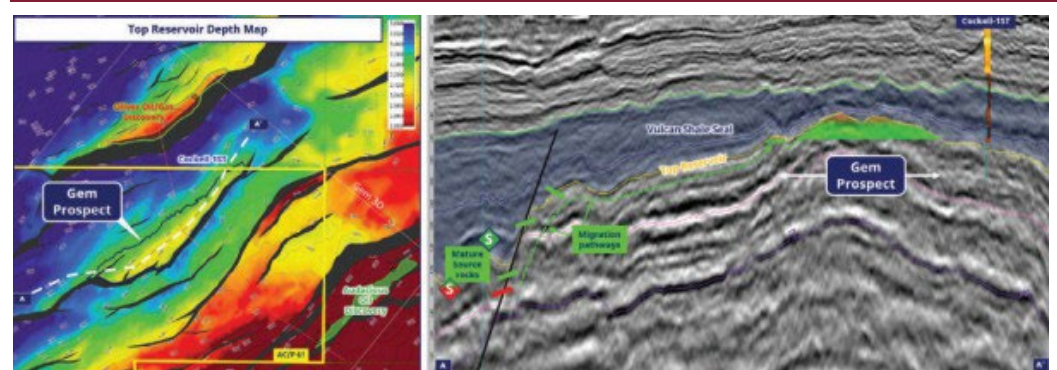
Source: Independent Technical Specialist Report by ERC Equipoise Pty Ltd, 11 February 2022

AC/P 61 – Vulcan Sub-basin & Gem Prospect (Finder 100% and Operator)

The AC/P 61 exploration permit is located within the prolific Vulcan Sub-basin and is surrounded by a number of oil discoveries. The basin is prolific, with over 250MMbbls discovered and produced. Exploration success rates are high, on valid traps, with data from ~50 wells drilled in the basin since the 1980's. Reservoir parameters are excellent, and conducive to high flow rates and economics. In FDR's acreage, the largest prospect is "Gem".

The Gem Prospect was independently reviewed by ERCE to contain estimated gross Best Case Prospective Resources of 137 MMbbl with a "chance of success" (COS) of 32%. Gem is a robust trap mapped on 3D seismic data acquired in 2020. Drilling activity depends on farm-out. In CY2024, FDR had its work program in the permit varied to remove any immediate drilling obligation, and extended permit end date to mid-2025

Figure 20: Gem Prospect in AC-P61



Source: FDR 2024 Annual Report

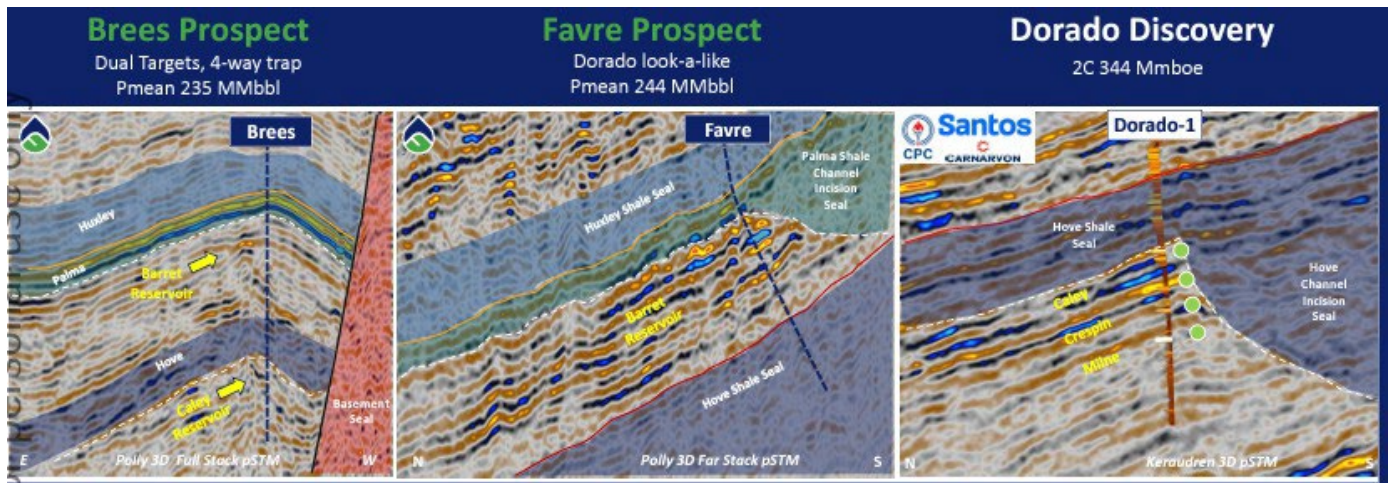
WA-547-P – Dorado Play (Finder 100% and Operator)

The Dorado oil discovery is one of the most exciting offshore Australia in more than 10 years. The Dorado field, to the east of WA-547-P, is the largest undeveloped conventional oil resource in Australia and Santos is aiming to reach FID in 2025, for a multi-billion dollar development. Historic exploration success rates in the basin are ~70% and significant exploration potential exists.

Finder holds a 100% equity in exploration permit WA-547-P comprising an area of 7,260 km². The permit is located along the prolific Dorado play trend. Finder has identified three prospects (**Brees**, **Favre** and **Brady**) with combined 2U (P_{mean}) prospective resource potential of over 500 MMbbl of recoverable oil (refer to figure 20). These prospects are on trend from Dorado, and are Dorado "look-alikes" delineated by 3D-sismic, and are considered by FDR to be "Dorado play extensions".

On 19 February 2024, FDR announced it had been granted a 3-year tenure extension to 4 January 2027, with no additional commitments. Until then, any new discoveries in adjacent acreage will enhance industry interest in this permit. FDR is seeking a farm-out partner to fund drilling.

Figure 21: WA-547 prospects & Field analogues



Source: FDR ASX Presentation, 8 August 2024.

Capital adequacy and funding

FDR does not have any production cashflow. Financial history since IPO is not meaningful.

We estimate cash reserves are \$8M as at the end of October, which is sufficient to undertake desk-top geological and geophysical work, and progress Kuda Tasi and Jahal. We estimate US\$7M is required in CY2025 for these activities, and a mile -stone payment of US\$6.5M to vendors at FID.

Our valuation and financial model on page 2, assumes an equity issue in mid CY2025, to fund activities and working capital to FID by issue of ~160M shares at the current share price (5 cps) to raise A\$8M, bringing total equity issuance to \$14M, including \$6M raised in September 2024.

After Kuda Tasi FID in mid CY2026, we estimate ~US\$270M of capex is required for development. This will require FDR to raise funds from capital markets, as well as under-take a sell-down.

FDR's funding strategy is to seek partners, to lay-off as much of the capex exposure as possible, in return for equity in the project. There are numerous permutations, and these will impact valuation depending on the terms, either positively or negatively. It's possible, in the worst case that FDR is unable to attract a partner(s) on reasonable commercial terms and if so the project is at risk.

Valuation: A\$0.39

Our principle valuation tool is DCF of potential Kuda- Tasi & Jahal cashflows. Refer to figure 22 .Our valuation is an NPV of project cash flows net to FDR, given the current owner-ship structure, without recourse to funding. Key assumptions are as follows:

- Brent oil price of US\$75/bbl from CY 2025, escalated at 2% p.a.
- A\$/US\$ exchange rate for conversion of US\$ cashflows to A\$ of 68c
- Kuda-Tasi & Jahal developed as described in the body of this report, delivering production of 16MMbbls (gross) from late 4Q2027, through to economic cut-off in CY2032.
- Australian and UK acreage is given token value.
- Current cash is estimated to be \$8.53M at 30 September 2024.
- Shares on issue 282.1M. We assume a capital raising in CY2025 of A\$8M to fund ongoing activity up to Kuda Tasi FID, and an expansion of the share count by an additional 160M shares.

Our valuation is an NPV of Kuda Tasi & Jahal cashflows, net to FDR's working interest after incorporating all recoverable expenditures within the PSC and from TIMOR GAP. This is before consideration as to how FDR funds its share of capex, after FID. The risked value accounts for a list of tasks for FDR to execute to make the Kuda Tasi a project, primarily finding partners, finding capital, and ensuring economics. The project is not certain until all these various requirements are met.

We risk theoretical project cashflows and NPV to FDR at 50%. Finding partners, forming capital to execute the project, and engineering to inform opex and capex are all de-risking events, which we anticipate will unfold during CY 2025 and CY2026.

Figure 22: SoP valuation

Asset Value (US\$M)	Unrisked	Risk	Risked	Oil (2C)	BOE	US\$/BOE
	US\$M	%	US\$M	MMbbls	Net	US\$/bbl
Prospective resources & acreage						
Kuda Tasi & Jahal	258	50%	129	12.2	12.2	10.59
Other PSC-19-11 prospects	11.3	25%	3	11.3		1
UK	1		1			1.00
W.A Bedout basin	1		1	0.0		
Corporate	-25		-25			
Total E&P assets	246		109			
Cash (30 Sept 24)	8.5		8.5			
Debt & other obligations	0.0		0.0			
Total equity value	255		117			
Shares on issue	282		282			
Expected 2025 issuance	160		160			
FP deferred (FDRN)	2		2			
Per share- US\$	0.57		0.26			
Exchange rate	0.68		0.68			
Per share- A\$	0.84		0.39			

Source: MST Access

Inputs and outputs from Kuda Tasi PSC model.

Key inputs are:

- Kuda Tasi enters production in 4Q 2027
- Initial production rate 40,000 bopd.
- Jahal enters production in 4Q 2031, at 4000 bopd.
- Combined production of ~16 MMbbls (gross to the contractors) through to economic cut-off
- Development capex of US\$270M, in CY2026 & CY2027 for drilling and sub-sea completions.
- Leased FPSO with a day-rate of US\$250,000 per day
- End-of-life abandonment capex of US\$50M, incurred in 2032.
- Net cash flows discounted at 10%.

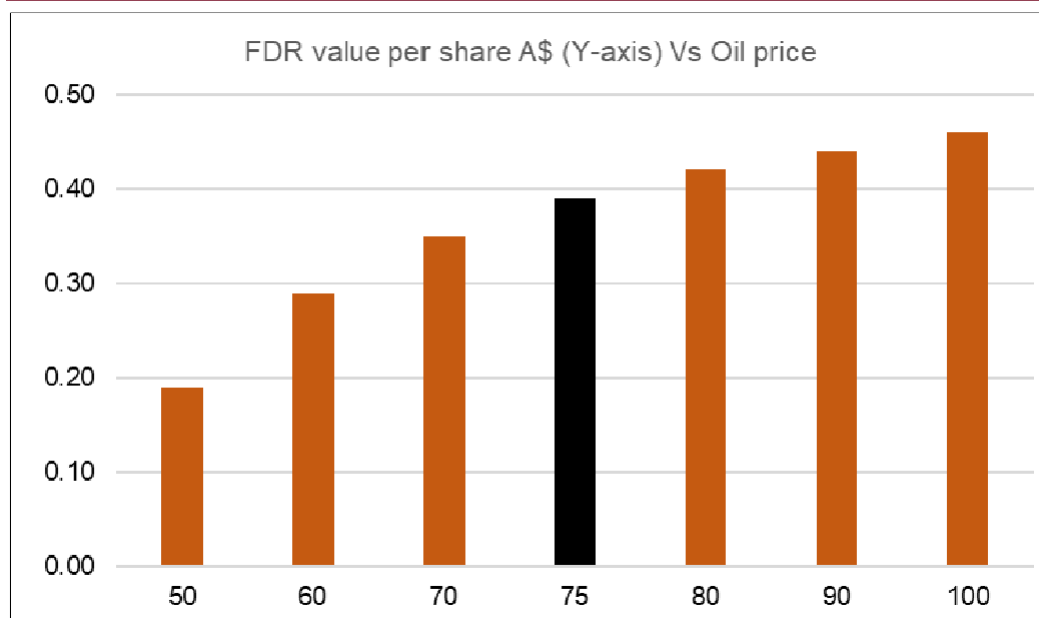
Key outputs are:

- Cumulative gross revenue to the Contractors (Being FDR & TIMOR GAP) of US\$400M. This is before determination of "Profit Share"
- Profit share is the pool of capital left after the contractors have recovered all capital costs, operating costs, and historical exploration costs. The profit share is split $\frac{60}{40}$ to the contractors and the state. Based on our input assumptions and oil price, there is a very small profit share close the end of field life, which trends to nil at a Brent oil price below US\$70/bbl
- FDR's share of cashflows after cost & profit oil, and carry of TIMOR GAP's E&A expenditure is calculated to be US\$360M in nominal dollars, discounted to US\$258M at a 10% discount rate.

Sensitivity analysis

The key sensitivity is to oil prices, which over the life of the project are likely to be volatile. Figure 23 shows the valuation for various oil prices. The profile is not linear, because at higher oil prices, profit share is triggered which acts to reduce FDR's overall share of production revenue.

Figure 23: FDR per-share valuation (c/share- Y-axis) versus Brent oil price (X-axis)



Source: MST Access estimates

Secondary valuation measures

We reference in Figure 24, EV-per BBL of 2P reserves for 11 ASX-listed companies which have what we view is sustainable production. Some companies in this figure (such as CVN,) do not have a 2P (yet) but in our judgement, are likely to book significant 2P over time, as their projects more into development, therefore we think these companies inclusion is reasonable

There is a very wide range of values for EV of Reserves, at the 2P level. Contributing to this dispersion are factors such as (1) gas oil split, with gas reserves in general less valuable than oil (2) Location, and fiscal terms which impact the value of reserves in production and (3) other factors such as underlying financial strength of each company and (4) market expectations for growth which would "price-in" exploration or appraisal assets which are not in production

Looking at this data, it is apparent that "oily" companies (eg Karoon. Horizon) trade at higher values for reserves, due to the generally higher, and more profitable value in oil production compared to gas.

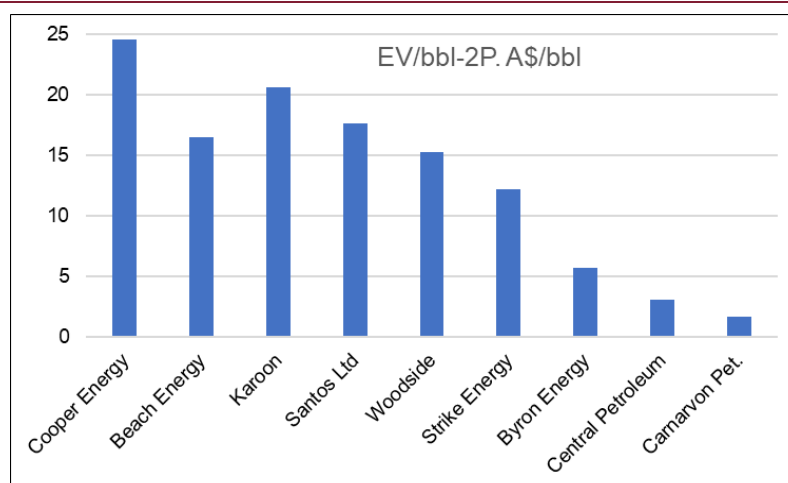
To be noted, FDR's assets are 100% oil.

Figure 24: ASX-listed peer group market multiples for EV/BOE of reserves & resources

Company	Ticker	EV	2P	EV/2P-\$/Gje	2C	EV/(2P+2C)	EV/2P-\$/bbl	% OIL
Production & near production companies			PJ/e	A\$/GJe	Pje	A\$/GJe	A\$/BOE	
Cooper Energy	COE	821	201	4.08	294	1.7	24.5	1
Beach Energy	BPT	3366	1230	2.74	181	2.4	16.4	20
Central Petroleum	CTP	37	73	0.50	59	0.3	3.0	2
Woodside	WDS	55238	21791	2.53	33641	1.0	15.2	27
Santos Ltd	MEL	29794	10145	2.94	19285	1.0	17.6	16
Byron Energy	BYE	92	96	0.95			5.7	73
Strike Energy	STX	599	295	2.03	375	0.9	12.2	1
Carnarvon Pet.	CVN	126	0		618	0.2	0.0	50
Horizon Oil	HZN	273	29	9.48	80	2.5	56.9	44
Karoon	KAR	1598	465	3.44	618	1.5	20.6	85
Vol weighted av. Value for 2P		91995	34369	2.68	55180	1.0	16.1	

Source: MST Access

Figure 25: EV/bbl (2P) for ASX-listed production companies.



Source: MST Access

These figures point to how FDR may be valued in the equity market once it reaches FID, enters production and is valued on an EV-per-barrel basis.

Peers for UK acreage

There is minimal value ascribed to FDR for its UK portfolio, which implicitly assumes there is no activity which is a worst case.

There is evidence to support positive, if modest value, by way of reference to two other ASX-listed companies with North Sea acreage, Triangle Energy (ASX:TEG) and Hartshead Resources (ASX:HHR). Both have very low, but non-zero market capitalisations, of \$17M and \$18M respectively. Hartshead is focused on the North Sea, while Triangle also has Australian E&P assets in addition to the UK

Ownership

The data below details key shareholders, but broadly, ownership is

- Board and management: 9.2%
- Longreach, a private company experienced in energy investments: 56.5%
- Retail investors: 30.6%
- Institutional investors: 3.8%

Board & management

Key Board and executive capabilities are as follows

Bronwyn Barnes, non-executive Chairperson. BA, Grad Dip Business, GAICD, appointed 25 January 2022

Bronwyn has had an extensive career in the resources sector, having worked with companies ranging from Western Mining Corporation and BHP, to emerging juniors in directorships executive leadership and operational roles. Bronwyn is also currently the Executive Chair of Indiana Resources (ASX:IDA), and non-executive director of Scorpion Minerals (ASX: SCN).

Damon Neaves, Managing director and CEO. LLB, BCom, ASIA, appointed 25 January 2022

Damon has over 19 years experience in leadership roles as an oil and gas executive responsible for overall company performance and growth in both private and ASX-listed companies

Damon has extensive experience in international oil and gas projects in Asia Pacific, Africa and Europe, Australia, New Zealand, Thailand, Indonesia, Brunei, Philippines, Ghana, Morocco, Gabon, Madagascar and the UK. Damon's experience spans the full cycle of the oil and gas business from new ventures, and through to production.

Damon brings an active approach to business development with significant transactional experience in the energy sector in mergers, acquisitions, new ventures and farm-outs as well as project management experience .

Shane Westlake, Technical Director. MSc (Geoscience, UK), appointed 25 January 2022

Shae is a petroleum geophysicist with 21 year's experience in executive management roles in the energy sector. Share joined FDR in 2007, and has led the management team in building FDR's high quality acreage position and has overseeing significant value-accretive activities including seismic interpretation, prospect generations and farm-outs with leading industry peers.

Fred Weir, non-executive director. PHd (Geoscience, Virginia Tech, USA), BSc (Geology, USA). Appointed January 25, 2022

Fred has had a 40-year worldwide career in upstream oil and gas sector, from a research role at Exxon to operational and management positions in Apache Energy and Quadrant Energy. He managed successful exploration programs in Egypt and Australia for Apache and Quadrant. Fred led the exploration team that mad the Dorado oil discovery in 2018, which is one of the largest oil finds on the NWS and which slated for development by the current operator Santos.

Aaron Bond, Exploration manager.

Aaron is a petroleum geoscientist with over 19 year's experience at major oil and gas companies. Aaron is a proven explorer, instrumental in the discoveries at Phoenix South and Roc in the Bedout Basin (WA), and Kitan in the (now) sovereign territory of Timor-Leste. Aaron has significant commercial experience in oil field evaluation and farm-out processes.

Mark Robertson, COO and Project Director

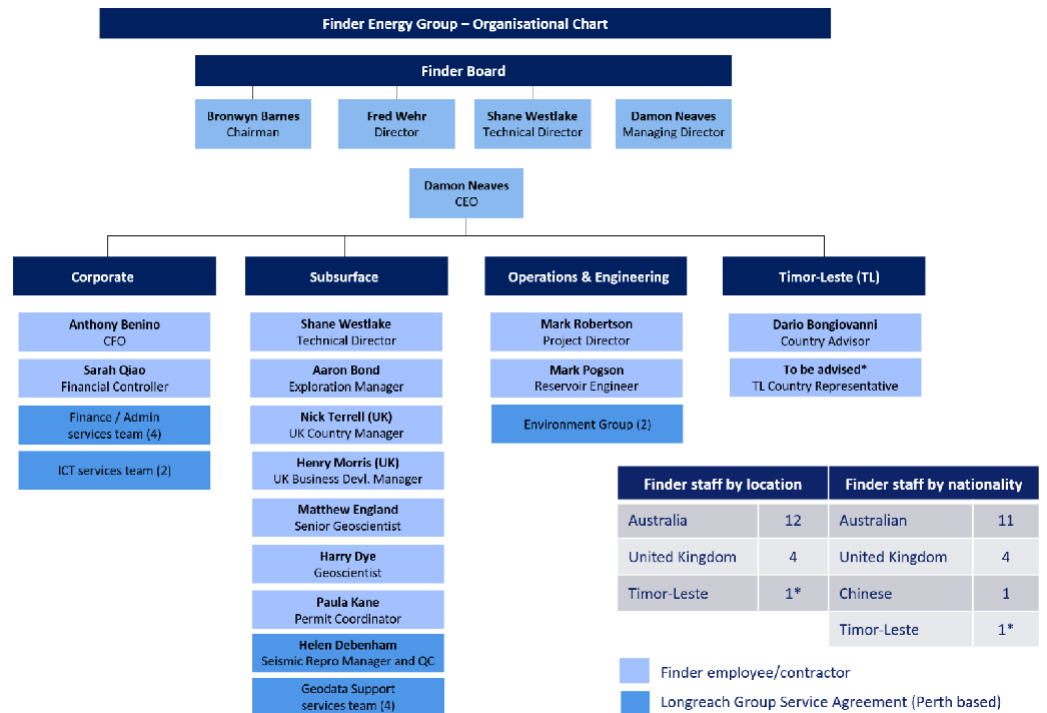
Mark is a seasoned industry professional with over 35 years of experience in leading and developing operations and projects worth hundreds of millions of dollars in the energy sector. His career has spanned all facets of project development and operations.

Initially starting his career in the North Sea in offshore construction and drilling, Mark's career took him into FPSO operations with Maersk where he gained vast technical and managerial experience in multiple roles on the North Sea Producer FPSO (Conoco) and Maersk Curlew FPSO (Shell). Internationally he gained extensive experience in ASPAC working in Singapore, China, Malaysia and more recently a drilling campaign in Timor-Leste. In Australia Mark has held various senior and executive positions on Vincent (Maersk/Woodside), Van Gogh, Balnaves (Apache), Stag (Quadrant/Jadestone) and the Dorado development (Carnarvon Energy). His expertise spans both offshore and onshore operations, and he has worked closely with shipyards, government organizations, regulators, and class societies.

Organisation chart

The management and operating structure is lean (17 people) and flat, which an emphasis on geological and sub-surface engineering, which are appropriate for an impending offshore field development. Refer to figure 28.

Figure 26: Organisation chart



Source: FDR

Risk factors

Oil prices are a key risk. The Kuda Tasi and Jahal oil developments are small, with high upfront capex, followed by high early production and then steep decline over 5-6 years. Low oil prices at any time would threaten economics.

Sovereign risks. Timor-Leste is a developing nation dependent on oil and gas income. Future administrations may seek revised fiscal terms in favour of the state

Reserves and production. The Kuda Tasi & Jahal fields and resources are defined from 5 wells, however there is no production history, only brief test results to inform how these fields behave over the proposed development period of +5 years.

Kuda Tasi project execution and ongoing operation At this time, FDR does not have a partner to contribute engineering and construction expertise, and long-term field operations.

Partnerships. FDR has 100% of the PSC-19-11. Development of the discovered oil resources will require capex beyond FDR's balance sheet so industry partners will be needed to join in to the project. If FDR cannot find industry partners, or other avenues of funding, then development is at risk

Funding. FDR's market capitalisation constrains its ability to invest in capex intensive drilling or field development. These activities will require FDR to find external funds, from shareholders, debt providers, industry partners or Government agencies. These may not be forthcoming, or may come with onerous conditions.

Appendix 1: FDR life pre-IPO

FDR listed in April 2022, and is a new relatively entity to the ASX energy sector, but in fact the company was established in 2004, based in Perth, to take advantage of new exploration opportunities emerging offshore north western Australia.

During that period, FDR was highly successful in acquiring acreage, adding value and then farm-ing out, but as a private company, FDR had very limited access to funds, and no production income, and so was hampered in its ability to participate in the full value chain from exploration through to profitable production.

Figure 29 shows the history of key milestones and transactions during FDR's private and public history.

It demonstrates that before its public debut, FDR operated successfully for ~18 years as a private entity, specialising in acquiring promising exploration acreage, working-up leads and prospects, and then attracting larger partners to fund a drilling phase, or alternatively sell for cash.

The list of credible partners that partnered with FDR at various times is enviable.

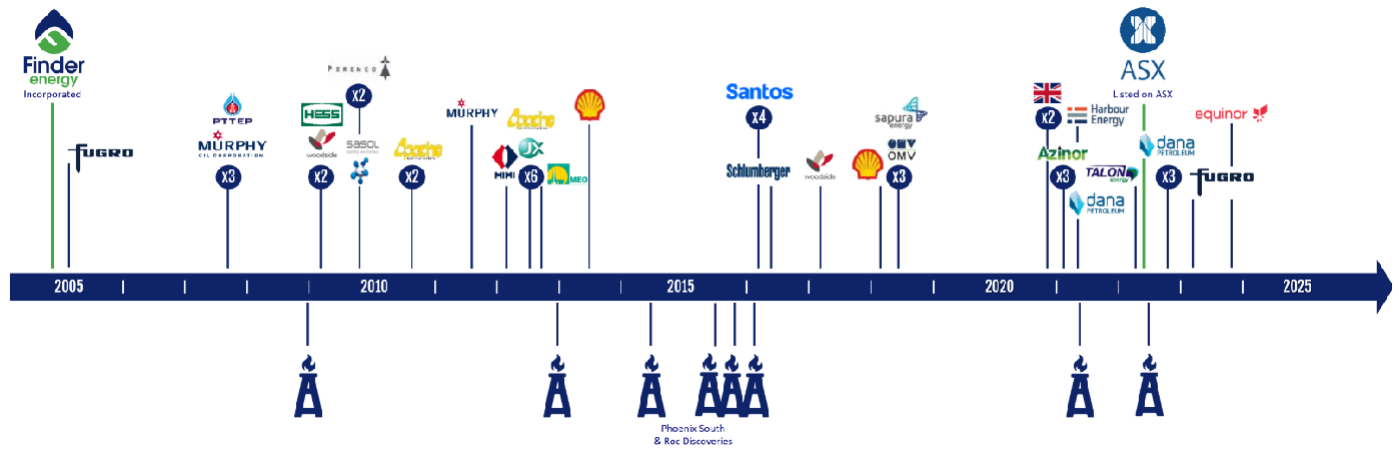
Since 2004 FDR was able to:

- execute 32 farm-out or sale transactions for cash or exploration carry.
- Attract multiple large international companies.
- Participate in the drilling of 7 wells.

FDR estimates that over US\$900M has been invested by these various companies over time, in acquiring seismic data or drilling exploration wells in FDR-owned acreage.

Pivotaly, FDR was an early entrant into exploration acreage in the Bedout basin, which hosts the Dorado and other discoveries, but following the 2014 oil-price crash, was unable to pursue the farm-out model and elected to sell the acreage for cash, to a Santos-led consortium.

Figure 27: Pre-IPO history of farm-out and partnering activity



Source: FDR company presentation



Personal disclosures

Stuart Baker received assistance from the subject company or companies in preparing this research report. The company provided them with communication with senior management and information on the company and industry. As part of due diligence, they have independently and critically reviewed the assistance and information provided by the company to form the opinions expressed in this report. They have taken care to maintain honest and fair objectivity in writing this report and making the recommendation. Where MST Financial Services or its affiliates has been commissioned to prepare content and receives fees for its preparation, please note that NO part of the fee, compensation or employee remuneration paid has, or will, directly or indirectly impact the content provided in this report.

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The companies and securities mentioned in this report, include:

Finder Energy Holdings Ltd (FDR.AX) | Price 0.052 | Valuation 0.390;

Price and valuation as at 01 November 2024 (not covered)*

Additional disclosures

This report has been prepared and issued by the named analyst of MST Access in consideration of a fee payable by: Finder Energy Holdings Ltd (FDR.AX)

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