

26 September 2025

Kuda Tasi project advances with farm-out

NEED TO KNOW

- FDR have farmed-out an additional 10% of the Kuda Tasi / Jahal (KTJ) project to JV partner TIMOR GAP (TG) in return for a carry through development capex of up to US\$169M.
- This significantly de-risks KTJ funding and advances the project forward in time with FID planned mid 2026 and first oil 2027.
- Significant valuation increase due to revised (higher) level of FDR project ownership, reduced up-front capex and greater over-all project certainty.

The farm-out advances the KTJ project strategically and financially. The sale of an additional 10% interest to JV partner TIMOR GAP reduces FDR's capex exposure, while retaining a higher-than-previously assumed working interest, provides a point estimate of value, and creates better economic alignment with TG and ultimately the host Government.

Development of the Kuda Tasi and Jahal fields in the PSC 19-11 would transform FDR into a large production company. The PSC has other discoveries and exploration prospects which provide longer term growth options leveraging the initial project.

The farm-out changes our valuation. Project risks are reduced and funds for ~50% of the project gross capex are now in place. FDR retains operatorship and a greater working interest in the project and PSC (66%, versus our assumed 50%).

Investment Thesis

Moving the Kuda Tasi & Jahal fields into production is transformational and will bring material cash flow and create a hub for exploration and development of other discoveries and nearby prospects.

The farm-out implies a "look through" value of ~US\$244M as well as bringing in a state-based partner that has the financial strength to fund the development phase. More importantly, the transaction resolves estimates we had made which have proved to be conservative, resulting in an upward revision of our estimate of FDR's share of project cash flows.

The KTJ project is substantial in its own right, and is intended as a hub for ongoing exploitation and exploitation of other discoveries within the PSC

Valuation: A\$0.76 (Prev. A\$0.30) risks & catalysts

Our valuation is a DCF of risked Kuda Tasi & Jahal cashflows, to which we add nominal value for exploration prospects within the PSC

Risks include availability of project finance for development, oil prices, drilling operations and project construction

Key catalysts over the outlook are securing finance for FDR's share of the KTJ development, locating a suitable FPSO, independent resource determination, and FID in mid CY2026

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Finder Energy is an ASX-listed oil and gas production company with exploration and development assets in Timor Leste, Australia and the UK North Sea. The company's flagship project is the Kuda Tasi & Jamal oil fields in Timor Leste PSC-19-11

Valuation	A\$0.760 (from A\$0.300)
Current price	A\$0.395
Market cap	A\$151M
Cash on hand	\$9M (Aug 25)

Upcoming Catalysts / Next News

Period	
2H25	Update on project financing
2H25	Procurement of FPSO
2H25	Resource certification
Ongoing	Drilling contract award
1H26	Project FID

Share Price (A\$)



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	0.395			
52 week range	A\$/sh	0.034	0.42		
Shares on issue (basic)	M	382			
Other capital	M	2			
Market Cap	A\$M	151			
Cash	A\$M	9	Proforma Aug 25		
Enterprise Value	A\$M	142			
A\$/US\$ conversion	cents	0.66			
EV / boe -2P	US\$/boe	3.14			

Valuation multiples	FY24E	FY25E	FY26E	FY27E	FY28E
EPS	-0.03	0.02	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	0.02	0.00	0.00	0.00
P/FCF					
EV/EBITDAX	NM	NM	NM	NM	NM
Revenue/boe (US\$/boe)					
EBITDAX/Sales-%	NM	NM	NM	NM	NM
Net cash (Debt)	6	5	12	10	9
ND/(ND+E)	NM	NM	NM	NM	NM

Realised prices	FY24E	FY25A	FY26E	FY27E	FY28E
Gas-0A\$/GJ	NA	NA	NA	NA	NA
Oil-US\$/bbl	84.51	73.70	67.50	70.70	72.11
A\$/US\$ rate	0.66	0.66	0.66	0.66	0.66

Production (Net)	FY24E	FY25A	FY26E	FY27E	FY28E
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)-ne	1C	2C	3C
Oil- MMbbls	17.5	29.8	46.9
Gas- Bcf	0.0	0.0	0.0
Total	17.5	29.8	46.9
% oil	100%	100%	100%

SoP Valuation (US\$M)	Unrisked	RF	Risked
	US\$M		US\$M
Kuda Tasi & Jahai	299	75%	224
Other PSC-19-11 prospect:	23	25%	6
UK	0	0%	0
W.A Bedout basin	0	0%	0
Corp costs	-21		-21
Total E&P assets	301		209
Cash	9		9
Debt / Provisions	0		0
Total Equity value	310		218
Current Shares	382		382
Other capital	53		53

Per share- US\$	0.71	0.50
A\$ US\$ rate	0.66	0.66
Per share- A\$M	1.08	0.76

Income (\$M)	FY24E	FY25A	FY26E	FY27E	FY28E
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	0.0	0.0	0.0	0.0	0.0
Revenue	0.2	10.2	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	1.7	2.1	2.0	2.0	2.0
EBITDAX	-1.5	8.2	-1.4	-1.4	-1.4
Exploration exp.	2.7	2.0	0.0	0.0	0.0
Depreciation	0.0	0.0	0.0	0.0	0.0
EBIT	-4.3	6.2	-1.4	-1.4	-1.4
Finance charges	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit	-4.3	6.2	-1.4	-1.4	-1.4
Tax	0.0	0.0	0.0	0.0	0.0
NPAT	-4.2	6.2	-1.4	-1.4	-1.4
Significant items	0.0	0.0	0.0	0.0	0.0
Reported NPAT	-4.2	6.2	-1.4	-1.4	-1.4
Share count EOP (M)	158	284	418	418	418

Cash flow (US\$M)	FY24E	FY25A	FY26E	FY27E	FY28E
Receipts	0.0	1.5	0.6	0.6	0.6
Payments to suppliers	-5.0	-4.3	-2.1	-2.0	-2.0
Payments for E&A	0.0	0.0	0.0	0.0	0.0
Interest & other	0.2	0.0	0.0	0.0	0.0
Net cash from ops.	-4.8	-2.8	-1.5	-1.4	-1.4
Development capex	0.0	-2.0	-2.0	-75.0	-75.0
Acquisitions/divestment:	0.0	-3.0	0.0	75.0	75.0
Net investing	0.0	-4.3	-2.0	0.0	0.0
Equity issuance	0.0	5.8	10.5	0.0	0.0
Debt issue	0.1	0.0	0.0	0.0	0.0
Dividends / other	0.0	0.0	0.0	0.0	0.0
Net cash Financing	0.1	5.8	10.5	0.0	0.0
Increase in cash	-3.1	-1.0	7.0	-1.4	-1.4
Cash at EOP	6.4	4.7	11.7	10.3	8.9

Balance sheet (US\$M)	FY24E	FY25A	FY26E	FY27E	FY28E
Cash	6	5	12	10	9
Receivables & Inventory	1	0	0	0	0
Exploration assets	0	5	7	82	157
Oil & gas properties	0	0	0	0	0
other	0	0	0	0	0
Total Assets	7	10	19	93	166
Payables	0	0	0	0	0
Debt	0	0	0	0	0
Other	10	0	9	9	9
Total liabilities	10	1	10	10	10
Share-holder funds	-3	10	10	83	157

Source: MST Access estimates

Kuda Tasi advances with farm-out

FDR have farmed-out an additional 10% working interest in Timor-Leste PSC 19-11 to existing partner, TIMOR GAP (TG) which is the Timor-Leste sovereign oil company, for a significant carry through development expenditures.

Key transactions terms

- TIMOR GAP will fund 50% of KTJ development capex up to a gross limit of US\$338M, to earn a 36% working interest in the project and the PSC. Above US\$338M, FDR and TG are to share capex pro-rata. This funding from TG amounts to US\$169M.
- FDR's working interest in the PSC will reduce from 76% to 66%, with FDR retaining operatorship
- TG's working interest will increase from 24% to 34%.
- In addition, TG will reimburse minor back costs, and fund its share of costs through to FID. Previously, these costs were carried by FDR.

Strategic implications

There are a number of important strategic implications.

- Creates better economic alignment with the joint venture partner, TIMOR GAP, which is a subsidiary of the National Oil Company of Timor-Leste, and ultimately the sovereign state.
- Increased host-country ownership is a strong endorsement of the project economics and its importance to the State.
- Substantially de-risks the project time-line, with FID targeted in mid CY2026, and first oil late CY2027.

Valuation implications: Strongly positive

The farm-out for carried expenditure provides a point-in-time "look through" value for FDR's 66% working interest.

The arithmetic is as follows. TG are to fund up to US\$169M of expenditure to earn a 34% working interest in the PSC. Ignoring back-costs and other minor adjustments, the premium for TG's additional 10% interest calculates to be ~US\$3.7M per point. This equates to US\$244M for FDR's 66% post-deal interest.

Longer term our preferred valuation tool is a DCF of the project cashflows. Our previous DCF was US\$193M, to which we had applied a risk of 50% due to uncertainty and assumptions in modelling the cash flows.

This transaction allows us to address two major uncertainties in our previous valuation.

- **Previously we had** assumed a sell-down of 26% of FDR's working interest from 76% to 50% in return for a development carry. Instead, FDR have only sold down 10% allowing the company to retain a 66% interest in the PSC and thus, a higher share of future cashflows that we had previously assumed.
- **The second** is clarity regarding FDR's share of project capex. Previously, TIMOR GAP had been free-carried by FDR up until FID and for US\$60M of project capex. That has now been replaced with TG funding its share of costs up to FID, reimbursement of some minor back-costs, and much more importantly 50% of development capex up to a gross cap of US\$338M, i.e. US\$169M. Beyond that, FDR and TG share capex pro-rata. The net result is a reduction in FDR's expected share of total capital costs compared to the previous agreement. It should be noted that project capex is to be determined with that work ongoing by SLB.

Catalysts and next steps

The next major corporate objectives are:

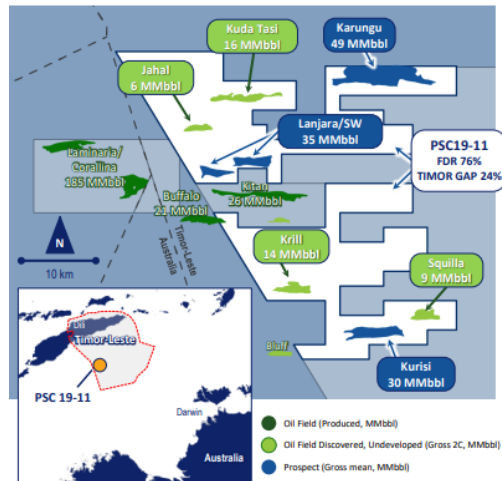
- Location of a suitable FPSO. There are a number of vessels available in Asian shipyards and it's reasonable to assume one will be acquired or leased and then adapted to the KTJ field.
- Complete all desk-top production simulations and obtain independent resource certification.
- Locate a suitable drilling rig for the three well drilling program.
- Lock in debt funding or other sources of funding for FDR's balance of development capex.

Kuda Tasi / Jahal Recap

Finder is on a path to becoming a significant oil production company from late CY2027, as a result of the acquisition of Production Sharing Contract (PSC) 19-11 in Timor-Leste, in 3Q CY2024. This PSC contains the undeveloped Kuda Tasi and Jahal oil fields, single-well Krill and Squilla discoveries, and numerous exploration targets.

Figure 2 shows the location amid other fields in the region. Fields and discovered resources in the PSC collectively contain 45MMbbls of 2C oil resources (gross) of which Finders' net working interest share is 30MMbbls 2C. These are large oil resources for a small company, and are located in a jurisdiction that is supportive of oil and gas development.

Figure 2: FDR fields and prospects and regional context

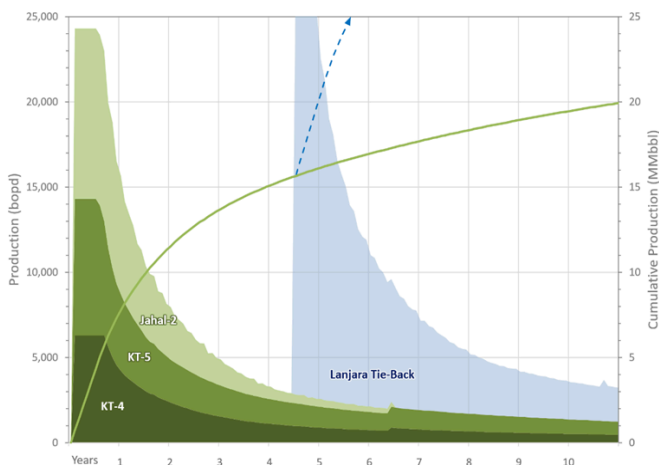


Source: Company

The KTJ fields are well defined geologically, with excellent reservoir characteristics capable of supporting initial production rates in the 25,000-40,000BOPD range, producing from 3 wells into a leased or owned FPSO. Figure's 3 and 4.

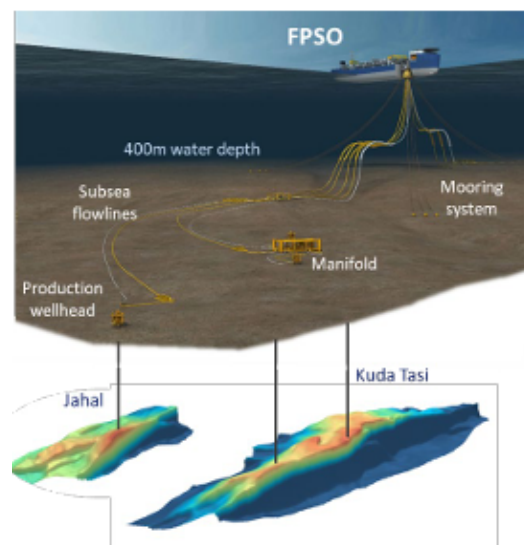
Ongoing work to FID being conducted by world leader SLB is the optimal design and cost of all the key sub-surface and surface facilities. In summary these are (1) size and specification of surface FPSO in terms of fluid handling rates and storage capacity (2) engineering of sub-surface facilities being the sea-bed well-heads, flow-lines and risers connecting to the FPSO and (3) Production well design. Figures 3 & 4 outline the broad production and development concept.

Figure 3: Production scenarios



Source: Company.

Figure 4: Broad field development concept



Source: Company, from ASX release 7 November 202

Valuation: A\$0.76 (Previously A\$0.30)

Our principal valuation tool is DCF of forecast Kuda Tasi & Jahal cashflows. The significant increase reflects the farm-out transaction, resulting in FDR retaining a higher working interest, and reduced capex requirement due to TG's development carry.

Our current production and cashflow model assumes first oil production in 4QCY27, which is broadly in-line with the company's objectives. We apply a risk factor to the project of 75%, (up from 50%) to reflect this latest de-risking event

Other assumptions are:

- Brent oil price of US\$70/bbl in CY2027 and escalated at 2% p.a.
- A\$/US\$ exchange rate for conversion of US\$ cashflows to A\$ of 66c.
- Kuda Tasi & Jahal entering production in late 4Q2027, delivering 22 million barrels of oil (gross) through to economic cut-off in CY2032. Oil prices in the outer years will determine the cut-off rates and timing, in addition to plans for Krill and Squilla tie-backs.
- Development capex of US\$270M, in CY2026 & CY2027 for drilling and sub-sea completions. Capex may be higher if the JV opt to purchase outright an FPSO vessel. We assume a suitable vessel is leased initially at a day-rate of US\$250,000 per day. This is to be determined once a decision has been made to buy or lease an FPSO.
- Net after tax cash flows discounted at 12% nominal.
- Cash \$9.5M as at 29 August 2025.
- Shares on issue 382.1M.

Figure 5: Sum-of-parts valuation

Asset Value (US\$M)	Unrisked US\$M	Risk %	Risked US\$M	Oil (2C) MMbbls-gross	BOE Net	US\$/BOE US\$/bbl
Prospective resources & acreage						
Kuda Tasi & Jahal	299	75%	224	21.9	14.5	15.52
Other PSC-19-11 prospects	23	25%	6	23.1	15.2	1
UK	0		0			0.00
W.A Bedout basin	0		0	0.0		
Corporate	-21		-21			
Total E&P assets	301		209			
Cash (Aug 25)	9.2		9.2			
Debt & other obligations	0.0		0.0			
Total equity value	310		218			
Shares on issue	382		382			
Prerf Rights	53		53			
Per share- US\$	0.71		0.50			
Exchange rate	0.66		0.66			
Per share- A\$	1.08		0.76			

Source: MST Access

Risk factors

Reserves and production. The Kuda Tasi & Jahal fields and resources are defined from 5 wells, however there is no production history, only 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, Finder does not have a partner to contribute engineering and construction expertise and manage field operations.

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

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.

Catalysts

- Lock-in project finance for FDR's share of capex: 2H 25.
- Independent resources certification late 2025, ahead of FID.
- Locate a suitable FPSO vessel for the KTJ field and either lease or acquire.
- Engage drilling contractors for the three well development program.
- Mid 2026: FID.
- 2H-2026-2027: Development drilling and FPSO deployment.
- Late 2027: First oil production.

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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Finder Energy Holdings Ltd (FDR.AX) | Price A\$0.395 | Valuation A\$0.760;

Price and valuation as at 26 September 2025 (* not covered)

Additional disclosures

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