



ENERGY WORLD CORPORATION LTD.

9A Seaforth Crescent, Seaforth,
NSW 2092, Australia

Tel : (61 2) 9247 6888
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20th October 2022

Dear Mr Caldwell,

Energy World Corporation Ltd (EWC)

Annual Report – Query

ASX letter dated 17 October 2022 refers. EWC can confirm our response to the following questions.

1. Is EWC able to confirm that in the Directors' Opinion the Annual Report:

- a) comply with the relevant Accounting Standards; and*
- b) give a true and fair view of EWC's financial performance and position?*

EWC confirms the Directors' opinions in the Annual Report:

- a) complies with the relevant Accounting Standards; and
- b) gives a true and fair view of EWC's financial performance and position

2. Please explain how the directors satisfied themselves that the carrying values for the following assets are appropriate and adhere to the current Australian accounting standards:

- a) Assets under construction;*
- b) Oil and gas assets;*
- c) Right of use assets; and*
- d) Exploration and evaluation assets.*

In answering (a) and (d) above, reference should be made to the underlying assumptions used by the directors in reaching these conclusions, as well as any independent valuations and the validity of the assumptions upon which these valuations are based.

REGISTERED OFFICE ADDRESS

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A.C.N. 009 124 994

The Directors satisfied themselves the carrying values for the following assets under construction are appropriate and adhere to the current Australian Standards by adopting the following underlying assumptions:

- Management has updated the impairment models for Sengkang LNG, Philippines Power, Philippines Hub Terminal and Gilmore LNG as of 30 June 2022. All of the management's impairment models demonstrate headroom.
- The impairment models contain managements reasonable and fair assumptions in respect to:
 - LNG, feedstock gas and electricity prices
 - Demand for LNG and power generations and availability of feedstock gas
 - Operating costs

Management recognise the valuations of these assets for impairment testing is inherently complex and can be considered to be in some cases judgmental because

- (a) The projects are pioneering and lack directly comparable assets
- (b) The projects are still under construction and
- (c) The projects are under construction in developing countries (with the exception of Gilmore LNG)

Under these circumstances reliable external evidence is not always readily available to independently test the assumptions used in preparing the impairment models. However key data used within the models are derived from market data that corroborates such assumptions.

As the projects progress to commercial operation management will look to identify qualified third parties to assist in determining the fair value assessment costs.

For the Right of Use Assets, approximately \$3.5m of this balance pertains to assets held by EEES and these were considered by Management within the impairment test performed on the EEES oil and gas assets. The remaining ROU assets relate to office space and no indicators of impairment were identified. In forming this opinion management have made the assumption that gas produced from the PSC (which has been extended to 2042) could be sold to the Sengkang LNG facility as feedstock once construction is completed. Gas Allocation agreements are being negotiated and reserves and pricing are being discussed as part of this process. The Oil and Gas Assets related to the Sengkang PSC operated by EEES and managements discounted cash flow model demonstrates headroom on the recoverable amount.

The Exploration and Evaluation (E&E) Assets relate to the current underlying Australia licenses / permits and a balance of \$16.9m in respect of the Wasambo gas reserves held by EEES. As mentioned management are confident these Wasambo reserves could be utilized as feedstock gas for the Sengkang LNG plant currently under construction. The Australian gas assets are primarily already pipeline connected and can be processed via the Eromanga Gas Plant, currently undergoing rehabilitation and refurbishment, and gas subsequently sold into the Australian gas market. Management are confident that the market exists and have previously received grants under the Queensland Government Gas Acceleration Program to encourage the extraction and supply of gas under these prevailing licenses.

3. Please elaborate on the reasons why the auditor was unable to obtain sufficient appropriate audit evidence regarding EWC's use of certain assumptions in its impairment assessments for:

a) Assets under construction;

b) Oil and gas assets;

c) Right of use assets; and

d) Exploration and evaluation assets.

Your response should note the relevant assumptions which led to the qualified opinion.

The Auditor advised management they were unable to obtain sufficient audit evidence for the following reasons:

(a) Assets Under Construction

The assets are pioneering and lack directly comparable assets, the assets are still under construction and the assets are being constructed in developing countries (except Gilmore LNG) and recommended management engage an independent qualified third party to assist in the preparation of the required valuation reports. Management are considering this advice and intend to do so once suitable parties have been identified.

(b) For the Oil and Gas, ROU and Wasambo E&E assets, whilst management were able to demonstrate strong arguments (as described above in question 2) to justify the carrying value of these assets the auditor considered they would need external evidence to help them form a view as to the appropriateness of the assumptions used. Since the various underlying arrangements described in question 2 above are still matters subject to final negotiations and contracts the auditor elected to reserve their position on these matters until the negotiations and contractual arrangements can be finalised.

4. *What evidence was provided to the auditor regarding EWC's assumptions in its impairment assessments for:*

- a) Assets under construction;*
- b) Oil and gas assets;*
- c) Right of use assets; and*
- d) Exploration and evaluation assets.*

Management provided, all reasonable evidence as described above to the auditor.

5. *It is noted that the prior years' financial statements, for years ended 30 June 2018 to 30 June 2021 also have qualified opinion in respect of impairment assessment of the assets under construction. Given the size of the assets under construction USD 1,202 million as of 30 June 2018 and USD 1,459 million as of 30 June 2022, what steps has EWC taken in prior years and since the release of the Annual Report for the year ended 30 June 2022 to obtain an unmodified audit opinion with regards to its future financial statements?*

EWC has taken out all reasonable steps to secure an updated audit opinion through the period 2018 to 2022 for the assets under construction however as previously mentioned these assets are (a) pioneering and lack directly comparable assets (b) still under construction and (c) being constructed in developing countries. For example – in Philippines a developing country there is no other LNG receiving terminal operating for any comparable analyse. In Indonesia – there is no other downstream midscale modular LNG development under construction. Furthermore during the period early 2021 until June 2022 COVID restrictions applied in both Philippines and Indonesia.

6. *It is noted that the assets are under construction for a number of years and note 19 to the financial statements for the year ended 30 June 2022 indicates the project's expected commencement is in year 2024. This implies that the project is substantially completed. Given the substantial completion of the project, why an estimate of recoverable amount of the asset under construction could not be made to satisfy auditors to the recoverable amount of the assets under construction?*

We have answered questions in 5 above. There are no forward looking comparable projects in operation from which to benchmark the assumptions. Managements have therefore provided data to the auditors that is justifiable through third part analyse and some of it, by its very nature, is judgmental.

7. *It is noted that note 19 of the annual report for the year ended 30 June 2021 indicated the commencement of operations of assets under construction as 2022, however annual report for the year*

ended 30 June 2022 assumes the start date as 2024. Although, given the nature of the project, the change in the commencement of operation is not unreasonable, however, when the projects are expected to start operations?

For the period early 2021 through to 2022 certain COVID restrictions still apply in Philippines and Indonesia – we are planning now, with all best endeavours to start operations in 2024.

8. Does EWC consider that its level of operations is sufficient to warrant continued quotation of its securities on ASX as required under listing rule 12.1? In answering this question, please explain the basis for this conclusion. In answering this question, please comment on the nature of the EWC's current business activities.

EWC considers that its level of operations remains sufficient to warrant the continued quotations of its securities on the ASX. The projects under development by the company, once completed and operational, will provide a long term safe and secure investment for EWC shareholders. The world recognizes the importance of power generation and the sale of kilowatt hours to protect and maintain social and economic development and security. It also recognizes the relevance now of LNG as a fuel for the future to displace coal and act as an interim fuel whilst the transition is made from coal to cleaner renewable energy sources.

As previously reported the directors are confident EWC will secure the required levels of funding at the appropriate times in order for EWC to pay its debts as when they fall due on the basis the company is actively seeking to raise new capital, and a letter of financial support has been received from EWI.

On this basis, the directors are of the opinion that the group can continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not therefore include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the company not continue as a going concern.

9. Does EWC consider that the financial condition of EWC is sufficient to warrant continued listing on ASX as required under Listing Rule 12.2? In answering this question, please also explain the basis for this conclusion.

EWC considers the financial conditions to warrant continue listing on the ASX required under listing rule 12.2

EWC considers that its level of operations remains sufficient to warrant the continued quotations of its securities on the ASX. The projects under development by the company, once completed and operational, will provide a long term safe and secure investment for EWC shareholders. The world recognizes the importance of power generation and the sale of kilowatt hours to protect and maintain social and economic development and security. It also recognizes the relevance new of LNG as a fuel for the future to displace coal and act as an interim fuel whilst the transition is made from coal to cleaner renewable energy sources.

As previously reported the directors are confident EWC will secure the required levels of funding at the appropriate times in order for EWC to pay its debts as when they fall due on the basis the company is actively seeking to raise new capital, and a letter of financial support has been received from EWI.

On this basis, the directors are of the opinion that the group can continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not therefore include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the company not continue as a going concern.

10. If the answer to questions 8 or 9 is “No”, please explain what steps EWC has taken, or proposes to take, to warrant continued listing on ASX under the requirements of Listing Rules 12.1 and 12.2.

The answer to question 8 and 9 is “Yes”.

11. In relation to the Annual Report, did the Board receive the CFO and CEO declaration, as described in section 4.2 of EWC’s Corporate Governance Disclosure, that in the opinion of the CFO and CEO, the financial records of EWC have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of EWC and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively?

The Directors confirm they have received the CFO and CEO declarations, as described in section 4.2 of EWC’s corporate governance disclosure.

12. If the answer to Question 11 is 'no', why did the Board not receive the CEO and CFO declaration as described in section 4.2 of EWC's Corporate Governance Disclosure?

Confirmed as per answer to question 11.

13. What enquiries did the Board make of management to satisfy itself that the financial records of EWC have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of EWC?

The Board made all reasonable enquires and are satisfied the financial records of EWC have been properly maintained and the financial statements comply with the appropriate accounting standards and provide a true and fair value of the financial position and performance of EWC.

14. Commenting specifically on the qualified opinion, does the board consider that EWC has a sound system of risk management and internal control which is operating effectively?

The Board considers that EWC has a sound system of risk management and internal control that operates efficiently.

15. Given the Auditor has been unable to obtain sufficient and appropriate audit evidence as to whether the EWC can continue as a going concern and EWC has cash and cash equivalents of \$15 million and total current liabilities of \$213 million, on what basis do the directors consider that EWC is a going concern.

The Directors have provided their opinion in the going concern statement provided in the Report and Accounts released on 30th September 2022 and remain of the views expressed within this Report and Accounts.

16. Please confirm that EWC is complying with the Listing Rules and, in particular, Listing Rule 3.1.

EWC remains fully compliant with all listing rules including listing rule 3.1

17 – No question – no answer required

18. Please confirm that EWC's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of EWC with delegated authority from the board to respond to ASX on disclosure matters.

EWC's responses to the questions above have been fully authorized and approved under its published continuous disclosure policy, and by the board and Mr Brian Allen, has the delegated authority from the board to report to ASX on these disclosure matters.

Yours faithfully,

A handwritten signature in black ink that reads "Brian Allen," with a comma at the end. The script is cursive and fluid.

Brian Allen
Director



17 October 2022

Mr Graham Elliott
Company Secretary
Energy World Corporation Ltd
9A, Seaforth Crescent
Seaforth NSW 2092

By email

Dear Mr Elliott

Energy World Corporation Ltd ('EWC'): Annual Report - Query

ASX refers to the following:

- A. EWC's annual report for the year ended 30 June 2022 lodged with ASX Market Announcements Platform and released on 3 October 2022 ('Annual Report').
- B. ASX notes that the Independent Auditor's Report attached to the Annual Report ('Auditor's Report') contains a qualified opinion together with the Basis for qualified opinion:

"Note 18 of the financial report refers to the Group's exploration and evaluation assets at 30 June 2022 carried at US\$56.1 million. The Directors have performed assessments to determine the recoverable amounts of the exploration and evaluation assets and used the assessments to support the carrying amount of these assets in the consolidated statement of financial position as at 30 June 2022. We were unable to obtain sufficient appropriate audit evidence to support certain assumptions used by the Directors in their impairment assessments at 30 June 2022 because we have not been able to obtain reliable external evidence that would enable us to form a view regarding the appropriateness of the assumptions used in respect of developing and subsequently operating these assets for the purposes of the value in use impairment tests that were performed. Consequently, we were unable to determine whether any adjustments to the amounts recorded in exploration and evaluation assets are necessary."

"Note 19(a) of the financial report refers to the Group's assets under construction, oil and gas assets and right of use assets that were subject to impairment testing at 30 June 2022. These assets are carried at US\$1,459.6 million, US\$57.2 million and US\$3.5 million at 30 June 2022, respectively. The Directors have performed assessments to determine the recoverable amounts of these assets and used the assessments to support the carrying amount of these assets in the statement of financial position as at 30 June 2022. We were unable to obtain sufficient appropriate audit evidence to support certain assumptions used by the Directors in their impairment assessments at 30 June 2022 because we have not been able to obtain reliable external evidence that would enable us to form a view regarding the appropriateness of the assumptions used in respect of completing the construction of and subsequently operating each of these assets for the purposes of the respective value in use impairment tests that were performed. Consequently, we were unable to determine whether any adjustments to the amounts recorded in assets under construction, oil and gas assets or right of use assets are necessary."

- C. ASX also notes that the Independent Auditor's Report attached to the Annual Report ('Auditor's Report') contains a material uncertainty related to going concern.

"Without further qualifying our opinion, we draw attention to Note 2(b) of the financial report which describes the principal conditions that raise doubt about the Group's ability to continue

as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets, complete its assets under construction, develop its exploration and evaluation assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report."

D. Listing Rule 12.1 which states:

12.1 The level of an entity's operations must, in ASX's opinion, be sufficient to warrant the continued +quotation of the entity's +securities and its continued listing.

E. Listing Rule 12.2 which states:

12.2 An entity's financial condition (including operating results) must, in ASX's opinion, be adequate to warrant the continued +quotation of its +securities and its continued listing.

Request for information

In light of the information contained in the Auditor's Report, and the application of the Listing Rules stated above, please respond to each of the following questions:

1. Is EWC able to confirm that in the Directors' Opinion the Annual Report:
 - a) comply with the relevant Accounting Standards; and
 - b) give a true and fair view of EWC's financial performance and position?
2. Please explain how the directors satisfied themselves that the carrying values for the following assets are appropriate and adhere to the current Australian accounting standards:
 - a) Assets under construction;
 - b) Oil and gas assets;
 - c) Right of use assets; and
 - d) Exploration and evaluation assets.

In answering (a) and (d) above, reference should be made to the underlying assumptions used by the directors in reaching these conclusions, as well as any independent valuations and the validity of the assumptions upon which these valuations are based.

3. Please elaborate on the reasons why the auditor was unable to obtain sufficient appropriate audit evidence regarding EWC's use of certain assumptions in its impairment assessments for:
 - a) Assets under construction;
 - b) Oil and gas assets;
 - c) Right of use assets; and
 - d) Exploration and evaluation assets.

Your response should note the relevant assumptions which led to the qualified opinion.

4. What evidence was provided to the auditor regarding EWC's assumptions in its impairment assessments for:
 - a) Assets under construction;
 - b) Oil and gas assets;

-
- c) Right of use assets; and
- d) Exploration and evaluation assets.
5. It is noted that the prior years' financial statements, for years ended 30 June 2018 to 30 June 2021 also have qualified opinion in respect of impairment assessment of the assets under construction. Given the size of the assets under construction USD 1,202 million as of 30 June 2018 and USD 1,459 million as of 30 June 2022, what steps has EWC taken in prior years and since the release of the Annual Report for the year ended 30 June 2022 to obtain an unmodified audit opinion with regards to its future financial statements?
 6. It is noted that the assets are under construction for a number of years and note 19 to the financial statements for the year ended 30 June 2022 indicates the project's expected commencement is in year 2024. This implies that the project is substantially completed. Given the substantial completion of the project, why an estimate of recoverable amount of the asset under construction could not be made to satisfy auditors to the recoverable amount of the assets under construction?
 7. It is noted that note 19 of the annual report for the year ended 30 June 2021 indicated the commencement of operations of assets under construction as 2022, however annual report for the year ended 30 June 2022 assumes the start date as 2024. Although, given the nature of the project, the change in the commencement of operation is not unreasonable, however, when the projects are expected to start operations?
 8. Does EWC consider that its level of operations is sufficient to warrant continued quotation of its securities on ASX as required under listing rule 12.1? In answering this question, please explain the basis for this conclusion. In answering this question, please comment on the nature of the EWC's current business activities.
 9. Does EWC consider that the financial condition of EWC is sufficient to warrant continued listing on ASX as required under Listing Rule 12.2? In answering this question, please also explain the basis for this conclusion.
 10. If the answer to questions 8 or 9 is "No", please explain what steps EWC has taken, or proposes to take, to warrant continued listing on ASX under the requirements of Listing Rules 12.1 and 12.2.
 11. In relation to the Annual Report, did the Board receive the CFO and CEO declaration, as described in section 4.2 of EWC's Corporate Governance Disclosure, that in the opinion of the CFO and CEO, the financial records of EWC have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of EWC and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively?
 12. If the answer to Question 11 is 'no', why did the Board not receive the CEO and CFO declaration as described in section 4.2 of EWC's Corporate Governance Disclosure?
 13. What enquiries did the Board make of management to satisfy itself that the financial records of EWC have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of EWC?
 14. Commenting specifically on the qualified opinion, does the board consider that EWC has a sound system of risk management and internal control which is operating effectively?
 15. Given the Auditor has been unable to obtain sufficient and appropriate audit evidence as to whether the EWC can continue as a going concern and EWC has cash and cash equivalents of \$15 million and total current liabilities of \$213 million, on what basis do the directors consider that EWC is a going concern.
 16. Please confirm that EWC is complying with the Listing Rules and, in particular, Listing Rule 3.1.

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18. Please confirm that EWC's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of EWC with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **3:00 PM AEST Monday, 24 October 2022**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, EWC's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require EWC to request a trading halt immediately.

Your response should be sent to me by e-mail at ListingsComplianceSydney@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in EWC's securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in EWC's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to EWC's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that EWC's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A.

Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Yours sincerely

Salvador Caldwell
Adviser, Listings Compliance (Sydney)