



## **Star Phoenix Group Ltd**

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ABN: 88 002 522 009

Half-Year Results  
For the period ended  
31 December 2020

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## About this Report

This half-year report (unaudited) is a summary of Star Phoenix Group Ltd ("Star Phoenix") operations, activities and financial position for the half-year ended 31 December 2020. It complies with Australian reporting requirements. Star Phoenix (ABN 88 002 522 009) is a company limited by shares and is incorporated and domiciled in Australia.

Unless otherwise stated in this report, all references to Star Phoenix, the Group, the Company, we, us and our, refer to its controlled entities as a whole. References to the half-year or period are to the half-year ended 31 December 2020. All dollar figures are expressed in United States currency unless otherwise stated.

# Directors' Report

The Directors of Star Phoenix and the entities it controls (together, the "Group") present the financial report for the half-year ended 31 December 2020.

## Directors

The persons who were Directors at any time during or since the end of the half-year are:

Name	Position
Mr Zhiwei (Kerry) Gu	Executive Chairman
Mr Lubing Liu	Executive Director and Chief Operating Officer
Dr Mu (Robin) Luo	Non-Executive Director
Dr YuFeng Meng	Non-Executive Director (appointed 14 April 2020; removed 25 September 2020)

The Directors were in office for the entire period unless otherwise stated.

## Principal activities

During the half-year, the Company's main focus was on securing new attractive acquisition and investment opportunities to provide future growth and value for the Company and its shareholders. In addition, the Company's efforts were aimed at resolving matters in relation to its legacy assets and transactions.

## Dividends

No dividends have been declared, provided for or paid in respect of the half-year ended 31 December 2020 (half-year ended 31 December 2019: Nil).

## Financial position

The loss for the financial half-year ended 31 December 2020 amounted to US\$2,129,934 (loss for half-year ended 31 December 2019: US\$5,517,131).

At 31 December 2020, the Group had net assets of US\$274,770 (30 June 2020: net assets of US\$2,488,818) and cash of US\$2,732,471 (30 June 2020: US\$3,164,752).

## Auditor's Independence Declaration

The Lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 7 for the half-year ended 31 December 2020. This report is made in accordance with a resolution of the Board of Directors.

# Operational and Corporate Review

## **New acquisition opportunities**

The Company's key focus remains on securing new attractive acquisition opportunities to provide future growth and value for the Company and its shareholders. During the previous 12 months, the Company had reviewed significant number of new projects and investment opportunities. Currently, discussions are ongoing with several parties in relation to new projects in the energy sector. The directors are confident that these discussions will eventuate in securing a new project for the Company on attractive terms.

## **Oilfield services business**

During the half-year, the Company took necessary steps to further cut the ongoing costs of its oilfield services business in Trinidad ("Range Resources Drilling Services Limited" or "RRDSL") in light of the COVID-19 pandemic. As part of the cost reduction programme, the Company completed a comprehensive organization restructuring of RRDSL along with other cost cutting measures.

To provide additional cashflow and to strengthen the financial position, the Company completed the sale of four smaller production rigs and equipment for a total sum of US\$278,965.

## **Indonesia interest**

Following extensive efforts by the Company to find a suitable purchaser for its non-operated 23% interest in the Indonesia project, the Company made a decision to no longer pursue the sale opportunities of its interest and will instead focus on relinquishing any interests in the project.

## **Outstanding payable from LandOcean**

Following the sale of Range Resources Trinidad Limited (which held interests in the upstream assets in Trinidad) to LandOcean Energy Services Co Ltd ("LandOcean") on 31 March 2020, certain sums remain due and payable to the Company.

During the half-year, the Group received US\$282,610 from LandOcean towards the outstanding balance. At 31 December 2020, the Board made the decision to fully impair the receivable from LandOcean to adhere to accounting standards given the situation and age of the balances, resulting to an impairment of US\$1,722,462. No further payments have been received to date.

## **Shares issue to Executives**

The Executive Directors and senior management of the Company agreed to accept ordinary shares in the Company ("Shares") in lieu of the accrued salaries in order to preserve cash resources of the Company, resulting in total cash saving of US\$201,651 to the Company.

Following shareholder approval received at the Annual General Meeting held on 11 December 2020, the Company issued a total of 7,195,036 at a deemed price of 2 pence to two Executive Directors. Of which, Mr Zhiwei Gu, Executive Chairman, was issued 5,468,959 Shares and Mr Lubing Liu, Executive Director and Chief Operating Officer, was issued 1,726,077 Shares. These Shares were issued subsequent to the half-year end. The

management were issued 420,040 Shares at a deemed price of 2 pence subsequent to the half-year end.

## **Consultancy agreement**

The Company entered into a consultancy agreement with Fire Phoenix Ltd ("Consultant") effective from 10 November 2020 to provide the Company with business development and M&A advisory services for a monthly fee of US\$13,000. The Consultant is deemed to be a related party of Beijing Sibio Investment Management LP (Sibo) which holds over 10% shareholding in the Company, for the purposes of the AIM Rules for Companies (AIM Rules). In view of this, the entry into the Consultancy Agreement comprised a related party transaction for the purposes of the AIM Rules. The Consultant's total remuneration for the period was US\$21,667.

## **Extraordinary General Meeting of Shareholders**

On the requests from two separate Shareholders, each of which holds at least 5% of the votes that may be cast at a general meeting of the Company, the Company held an Extraordinary General Meeting of Shareholders to consider the resolutions proposed pursuant to these requests. The Meeting was held on 25 September 2020, where only one resolution relating to the removal of Dr YuFeng Meng as a Director (nominee of shareholder Sibo) was duly passed. As a result, Dr Meng was removed as a director effective 25 September 2020.

## **Change of registered office and principal place of business**

The Company's registered office and the principal place of business changed to c/o Edwards Mac Scovell, 8 St Georges Terrace, Perth, WA 6000, Australia.

## **Covid-19 impact**

The impact of the Coronavirus (COVID-19) pandemic is ongoing, and it has been financially negative for the Group. It is not practicable to estimate the potential impact as the situation is continuously developing and is dependent on measures imposed by the governments of different countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

# Events subsequent to reporting date

## **Oilfield services business**

The Company engaged an independent specialist broker to assist with sale of the remaining eight rigs and related equipment. Whilst the marketing campaign is currently underway (there being no guarantee that it will eventuate in sale agreements being reached), the Company secured dry lease agreements for some of the rigs which will generate additional revenue for the Company.

## **Georgia litigation**

The Company and Strait Oil and Gas Limited ("SOG"), a private company incorporated in Gibraltar, in which Star Phoenix holds a 65% interest had been working with their legal advisers on progressing an arbitration claim against the government of Georgia.

The Advisers had formally notified the government of Georgia of the existence of an investment dispute under the Energy Charter Treaty (ECT) ("Notice of Dispute"). The Notice of Dispute set out the position on SOG's unfair treatment in Georgia and how its investment in Georgia, which exceeds US\$22 million, was damaged. SOG and its shareholders are intending to submit an investment treaty claim under the ECT to international arbitration.

## **Outstanding payable from LandOcean**

The Company's legal advisers notified LandOcean that the Company elected to terminate the SPA due to repudiatory breach by LandOcean and is claiming various sums of US\$10,248,000. The Company is planning to commence arbitration proceedings in the London Court of International Arbitration to recover the sums.

Although the receivable amount was fully impaired, the Company remains confident that at least part of these sums will be recovered.

## **Shares issue to Executives**

Following shareholder approval received at the Annual General Meeting held on 11 December 2020, the Company issued a total of 7,195,036 shares to two Executive Directors, of which, Mr Zhiwei Gu, Executive Chairman, was issued 5,468,959 shares and Mr Lubing Liu, Executive Director and Chief Operating Officer, was issued 1,726,077 shares. The shares were issued subsequent to the half-year end. The management were issued 420,040 shares subsequent to the half-year end.

**Zhiwei Gu**  
**Chairman**



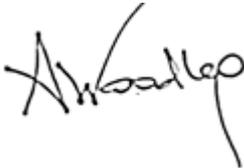
Dated this 29 day of April 2021

**DECLARATION OF INDEPENDENCE BY ASHLEIGH WOODLEY TO THE DIRECTORS OF STAR PHOENIX GROUP LTD**

As lead auditor for the review of Star Phoenix Group Ltd for the half-year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Star Phoenix Group Ltd and the entities it controlled during the period.



**Ashleigh Woodley**  
**Director**

**BDO Audit (WA) Pty Ltd**  
Perth, 29 April 2021

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	Consolidated	
		31 December 2020 (US\$)	31 December 2019 (US\$)
<b>Revenue from continuing operations</b>	3	-	31,579
Operating expenses	4a	-	(80,415)
Depreciation, depletion and amortisation	4a	-	(771,722)
<b>Cost of sales</b>		-	(852,137)
<b>Gross profit/(loss)</b>		-	(820,558)
Other income and expenses from continuing operations			
Other income		54,630	-
Net finance income/(costs)	4b	8,332	(2,525,632)
Foreign exchange gain		251,528	-
General and administration expenses	4c	(1,307,664)	(2,352,288)
Impairment of current assets	4d	(1,722,462)	-
Impairment of non-current assets	4d	-	(2,138,196)
Exploration expenditure and land fees	4e	-	(351,392)
<b>Loss before income tax expense from continuing operations</b>		(2,715,636)	(8,188,066)
Income tax (expense)/credit		-	984,550
Loss after income tax from continuing operations		(2,715,636)	(7,203,516)
Gain from discontinued operations, net of tax	6	585,702	1,686,385
<b>Loss for the period attributable to equity holders of Star Phoenix Group Ltd</b>		(2,129,934)	(5,517,131)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(121,313)	253,018
Other comprehensive (loss)/income for period, net of tax		(121,313)	253,018
<b>Total comprehensive loss attributable to equity holders of Star Phoenix Group Ltd</b>		<b>(2,251,247)</b>	(5,264,113)
<b>Loss per share from continuing operations attributable to the ordinary equity holders of the Company</b>			
Basic loss per share (cents per share)		(0.02)	(0.06)
Diluted loss per share (cents per share)		N/A	N/A
<b>Loss per share from discontinued operations attributable to the ordinary equity holders of the Company</b>			
Basic gain/(loss) per share (cents per share)		0.003	0.01
Diluted loss per share (cents per share)		N/A	N/A

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

# Consolidated Statement of Financial Position

	Note	Consolidated	
		31 December 2020 (US\$)	30 June 2020 (US\$)
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		2,732,471	3,164,752
Trade and other receivables	8	202,039	2,248,359
Assets of disposal group classified as held for sale	7a	7,844,054	7,922,861
<b>Total current assets</b>		10,778,564	13,335,972
<b>Non-current assets</b>			
Right of use asset		113,333	183,333
Property, plant and equipment	9	-	100,349
<b>Total non-current assets</b>		113,333	283,682
<b>Total assets</b>		10,891,897	13,619,654
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	10a	3,622,641	3,688,347
Liabilities directly associated with assets classified as held for sale	7b	1,039,269	1,154,300
<b>Total current liabilities</b>		4,661,910	4,842,647
<b>Non-current liabilities</b>			
Trade and other payables	10b	-	296,245
Provisions	11	5,955,217	5,991,944
<b>Total non-current liabilities</b>		5,955,217	6,288,189
<b>Total liabilities</b>		10,617,127	11,130,836
<b>Net assets</b>		274,770	2,488,818
<b>Equity</b>			
Contributed equity	12	388,421,174	388,383,974
Reserves		23,267,734	23,389,048
Accumulated losses		(411,414,138)	(409,284,204)
<b>Total equity</b>		274,770	2,488,818

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

# Consolidated Statement of Changes in Equity

	Contributed equity (US\$)	Accumulated losses (US\$)	Foreign currency translation reserve (US\$)	Share- based payment reserve (US\$)	Option premium reserve (US\$)	Total equity (US\$)
<b>Balance at 1 July 2019</b>	<b>386,726,067</b>	<b>(457,226,056)</b>	<b>7,432,461</b>	<b>8,316,464</b>	<b>12,057,362</b>	<b>(42,693,702)</b>
Exchange difference on translation of foreign operations	-	-	253,018	-	-	253,018
Loss attributable to the members of the company	-	(7,203,516)	-	-	-	(7,203,516)
Profit from discontinued operations	-	1,686,385	-	-	-	1,686,385
<b>Total comprehensive loss</b>	<b>386,726,067</b>	<b>(462,743,187)</b>	<b>7,685,479</b>	<b>8,316,464</b>	<b>12,057,362</b>	<b>(47,957,815)</b>
<b>Transactions with owners in their capacity as owners</b>						
Issue of share capital	999,176	-	-	-	-	999,176
<b>Balance at 31 December 2019</b>	<b>387,725,243</b>	<b>(462,743,187)</b>	<b>7,685,479</b>	<b>8,316,464</b>	<b>12,057,362</b>	<b>(46,958,639)</b>
<b>Balance at 1 July 2020</b>	<b>388,383,974</b>	<b>(409,284,204)</b>	<b>3,015,222</b>	<b>8,316,464</b>	<b>12,057,362</b>	<b>2,488,818</b>
Exchange difference on translation of foreign operations	-	-	(121,313)	-	-	(121,313)
Loss from continuing operations	-	(2,715,636)	-	-	-	(2,715,636)
Profit from discontinued operations	-	585,702	-	-	-	585,702
<b>Transactions with owners in their capacity as owners</b>						
Issue of share capital	37,200	-	-	-	-	37,200
<b>Balance at 31 December 2020</b>	<b>388,421,174</b>	<b>(411,414,138)</b>	<b>2,893,909</b>	<b>8,316,464</b>	<b>12,057,362</b>	<b>274,770</b>

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

# Consolidated Statement of Cash Flows

	Consolidated	
	31 December 2020 (US\$)	31 December 2019 (US\$)
Receipts from customers	119,862	3,248,865
Payments to suppliers and employees	(971,781)	(6,406,937)
Income taxes (paid)/received	(75,521)	1,198,763
Interest (paid)/received and other finance costs received/(paid)	(993)	(2,596)
Payments to related companies	(174,142)	-
Other receipts	54,630	-
<b>Net cash outflow from operating activities</b>	<b>(1,047,945)</b>	<b>(1,961,905)</b>
Proceeds from disposal of property, plant and equipment	248,585	28,109
Receipts from related companies	278,010	-
<b>Net cash inflow/(outflow) from investing activities</b>	<b>526,595</b>	<b>28,109</b>
Receipts from share issue	-	999,176
<b>Net cash inflow from financing activities</b>	<b>-</b>	<b>999,176</b>
Net decrease in cash and cash equivalents	(521,350)	(934,620)
Net foreign exchange differences	89,069	22,251
<b>Cash and cash equivalents at beginning of period</b>	<b>3,164,752</b>	<b>3,237,497</b>
<b>Cash and cash equivalents at end of period</b>	<b>2,732,471</b>	<b>2,325,128</b>

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

# Notes to Consolidated Financial Statements

## Note 1: Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

### New and amended accounting standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

### Going concern

The Group's net loss after taxation attributable to the members of Star Phoenix Group Ltd for the period end to 31 December 2020 was US\$2,129,934 (loss for half-year ended 31 December 2019: US\$5,517,131). The Group also reports a net asset position of US\$274,770 (30 June 2020: net assets of US\$2,488,818) and cash of US\$2,732,471 (30 June 2020: US\$3,164,752).

The Directors believe that sufficient funds will be available to meet the Group's working capital requirements as at the date of this report, due to the following factors:

- Expectation to raise funds through the disposal of assets held for sale at period end;
- The ability to raise additional capital through equity or debt financing;
- Favourable outcome in relation to the settlement of Withholding tax liabilities as disclosed in note 2.

In the event that the Company is not able to realise the above factors or secure additional funds and secure new projects, it casts significant doubt on its going concern status.

The above factors result in a material uncertainty that may cast a significant doubt about the Group's ability to continue as a going concern, and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors have prepared the financial statements on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

Should the Company not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business and at amounts that differ from those stated in the financial statements. The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the Group does not continue as a going concern.

### **Non-current assets classified as held for sale**

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell. For non-current assets to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of a non-current asset, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale are presented separately on the face of the consolidated statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

### **Discontinued operations**

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; and
- is a subsidiary acquired exclusively with a view to re-sale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative consolidated statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

## **Note 2: Significant estimates and judgements**

### **Impairment of rigs and related inventory**

The Directors did not deem necessary to undertake an impairment assessment during the reporting period as per AASB 136. The basis of the recoverable value remains the same and the Company continues the sale process of the remaining three production and five drilling rigs.

## **Deferred tax liability**

The carrying value of the deferred tax liability is US\$1,150,885 at 31 December 2020. In the event that the manner by which the carrying value of these assets is recovered differs from that which is assumed for the purpose of this estimation, the associated tax charges may be significantly less than this amount.

## **Recoverability of deferred tax assets**

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Management considers that it is probable that future taxable profits will be available to utilise those temporary differences. Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future profits.

## **Allowance for expected credit losses**

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent experience and historical collection rates, the impact of the Coronavirus (COVID-19) pandemic and forward-looking information that is available. The allowance for expected credit losses is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher than the US\$1,722,462 recorded.

## **IFRIC 23 Uncertain tax position and tax-related contingency**

The group has estimated that following the disposal of Range Resources Trinidad Limited and the settlement of liabilities in multiple jurisdictions which formed part of the consideration for the disposal, may give rise to the possible payment of withholding tax. The group considers it possible that a withholding tax liability of US\$742,713 may be payable in Australia and withholding tax liability of US\$2,364,933 payable in Trinidad. As at 31 December 2020, both amounts have been provided for in full.

The group is intending to apply for private rulings in both Australia and Trinidad to confirm its interpretation. If both rulings are favourable, this would decrease the group's current withholding tax payable and expense by US\$3,107,646 respectively. The group expects to get a response, and therefore certainty about the tax position, before the next reporting date.

## **Contingent liabilities**

The Directors are of the opinion that no provision is required to be raised in respect to any of the matters disclosed in note 5 as the likely outcome of any outflow is considered to be remote.

## **Coronavirus (COVID-19) pandemic**

The impact of the Coronavirus (COVID-19) pandemic is ongoing, and it has been financially negative for the Group. It is not practicable to estimate the potential impact as the situation is continuously developing and is dependent on measures imposed by the governments of different countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

## Non-current assets classified as held for sale and discontinued operations

### 2021 and 2020: Rigs and related inventory

The Group has been marketing the rigs and equipment in the financial year, therefore all rigs and related equipment were classified as held for sale assets as it is highly probable that these assets will be sold within 12 months.

## Note 3: Revenue

	Note	Consolidated	
		31 December 2020 (US\$)	31 December 2019 (US\$)
<b>From continuing operations</b>			
Revenue from services to third parties recognised over time		-	31,579
<b>Total revenue from continuing operations</b>		-	<b>31,579</b>
<b>From discontinued operations</b>			
Revenue from sale of oil recognised at a point in time		-	5,444,010
Revenue from services to third parties recognised over time	6	410,108	-
<b>Total revenue from discontinued operations</b>		<b>410,108</b>	<b>5,444,010</b>

## Note 4: Expenses

	Note	Consolidated	
		31 December 2020 (US\$)	31 December 2019 (US\$)
<b>a: Cost of sales – continuing operations</b>			
Costs of operations		-	80,415
Depreciation and amortisation		-	771,722
<b>Total cost of sales from continuing operations</b>		-	<b>852,137</b>
<b>a: Cost of sales – discontinued operations</b>			
Costs of production	6	(28,142)	1,436,074
Royalties		-	2,030,022
Staff costs		-	674,046
Depreciation and amortisation		-	704,483
<b>Total cost of sales from discontinued operations</b>		<b>(28,142)</b>	<b>4,844,625</b>
<b>b: Finance costs/(income) – continuing operations</b>			
Fair value movement of derivative liability		-	(113)
Interest (income)/expense		(8,332)	1,286,040
Interest on convertible note		-	1,239,705
<b>Total finance (income)/costs from continuing operations</b>		<b>(8,332)</b>	<b>2,525,632</b>
<b>b: Finance costs/(income) – discontinued operations</b>			
Other expenses		-	393,225
Foreign exchange (gain)/loss		(103,705)	209,519

	Note	Consolidated	
		31 December 2020 (US\$)	31 December 2019 (US\$)
<b>Total finance costs from discontinued operations</b>		<b>(103,705)</b>	<b>602,744</b>
<b>c: General and administration expenses – continuing operations</b>			
Directors' and officers' fees and benefits		313,784	954,938
Other expenses		993,880	1,397,350
<b>Total general and administration expenses from continuing operations</b>		<b>1,307,664</b>	<b>2,352,288</b>
<b>c: General and administration expenses – discontinued operations</b>			
Other expenses		-	324,962
<b>Total general and administration expenses from discontinued operations</b>		<b>-</b>	<b>324,962</b>
<b>d: Asset values written down – continuing operations</b>			
Impairment (ii)		-	2,138,196
Impairment (i)		1,722,462	-
<b>Total assets written down</b>		<b>1,722,462</b>	<b>2,138,196</b>
<b>e: Exploration expenditure – continuing operations</b>			
Trinidad		-	351,392
<b>Total exploration expenditure from continuing operations</b>		<b>-</b>	<b>351,392</b>

## (i) Impairment

Following the sale of Range Resources Trinidad Limited (which held interests in the upstream assets in Trinidad) to LandOcean Energy Services Co Ltd (LandOcean), certain sums remain due and payable to the Group.

During the half-year, the Group received US\$282,610 from LandOcean towards the outstanding balance. At 31 December 2020, the Board made the decision to fully impair the receivable from LandOcean to adhere to accounting standards given the situation and age of the balances, resulting to an impairment of US\$1,722,462. No further payments have been received to date.

Post-period end, the Group has engaged new legal advisers to assist with this matter. The Advisers have now notified LandOcean that the Group has elected to terminate the SPA due to repudiatory breach by LandOcean and is claiming various sums of US\$10,248,000. Although the receivable amount was fully impaired, the Group remains confident that at least part of these sums will be recovered.

## (ii) Impairment

In the prior period, as a result of impairment indicators identified management were required to undertake an impairment assessment as per AASB 136. The most significant indicators of impairment were the inactivity of the rigs and the decline in oil price.

As a result, the total impairment recognised for the year ended 30 June 2020 was US\$15,685,850 bringing the net book value of the rigs, other property, plant and equipment and related inventory to US\$7,992,861.

No impairment assessment was undertaken in the current period.

## Note 5: Contingent liabilities

Geeta Maharaj: There have been no updates since June 2020 on this case. There are no other changes to report on contingent liabilities.

## Note 6: Discontinued operations

	Note	31 December 2020	31 December 2019
Revenue from third party services	3	410,108	-
Revenue from sale of oil		-	5,444,010
Operating expenses	4a	(28,142)	(2,110,121)
Royalties		-	(2,030,222)
Oil and gas properties depreciation, depletion and amortisation		-	(704,483)
Administrative expenses		-	(324,962)
Finance expenses		103,705	(602,744)
Gain from disposal of assets		100,031	-
Taxation benefit		-	2,014,707
<b>Gain from discontinued operations</b>		<b>585,702</b>	<b>1,686,385</b>

Current period discontinued operations relate to Range Resources Drilling Services Ltd.

For the period to 31 December 2019, discontinued operations related to Range Resources Trinidad Ltd, which was sold to LandOcean on 31 March 2020.

## Note 7a: Assets of disposal group classified as held for sale

Note	Consolidated	
	31 December 2020 (US\$)	30 June 2020 (US\$)
<b>Non-current assets</b>		
Rigs and related inventory	7,157,691	7,211,928
Property, plant and equipment	686,363	710,933
<b>Total non-current assets</b>	<b>7,844,054</b>	<b>7,992,861</b>
<b>Total held for sale assets</b>	<b>7,844,054</b>	<b>7,992,861</b>

## Note 7b: Liabilities directly associated with assets classified as held for sale

	Note	Consolidated	
		31 December 2020 (US\$)	30 June 2020 (US\$)
<b>Current liabilities</b>			
Net deferred tax liabilities		1,039,269	1,042,355
<b>Total current liabilities</b>		<b>1,039,269</b>	<b>1,042,355</b>
<b>Total held for sale liabilities</b>		<b>1,039,269</b>	<b>1,042,355</b>

## Note 8: Trade and other receivables

	Note	Consolidated	
		31 December 2020 (US\$)	30 June 2020 (US\$)
<b>Current</b>			
Trade receivables (i)		3,574	1,124,429
Taxes receivable		38,677	70,049
Other receivables		98,723	784,572
Prepayments		61,065	20,864
Other assets (ii)		-	136,500
<b>Total trade and other receivables</b>		<b>202,039</b>	<b>2,136,414</b>

(i) Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

(ii) Relates to the Beach Marcelle performance bond which was left in place after 31 March 2020. The balance was fully impaired in the current period. Refer to note 4d.

The consolidated entity has increased its monitoring of debt recovery as there is an increased probability of customers delaying payment, due to the Coronavirus (COVID-19) pandemic. An impairment of US\$1,722,462 was recorded as at 31 December 2020.

Fair value approximates the carrying value of trade and other receivables at 31 December 2020 and 30 June 2020.

## Note 9: Property, plant & equipment

Consolidated	Motor vehicle, furniture, fixtures & fittings (US\$)	Total (US\$)
<b>At 31 December 2020</b>		
Cost	323,402	323,402
Accumulated depreciation	(223,053)	(223,053)
Classified as held for sale	(100,349)	(100,349)
<b>Net book amount</b>	<b>-</b>	<b>-</b>
<b>Half-year ended 31 December 2020</b>		
Opening net book amount	100,349	100,349
Classified as held for sale	(100,349)	(100,349)

Consolidated	Motor vehicle, furniture, fixtures & fittings (US\$)	Total (US\$)
<b>Closing net book amount</b>	-	-
<b>At 30 June 2020</b>		
Cost	323,402	323,402
Accumulated depreciation	(223,053)	(223,053)
<b>Net book amount</b>	<b>100,349</b>	<b>100,349</b>

## Note 10: Trade and other payables

	Consolidated	
	31 December 2020 (US\$)	30 June 2020 (US\$)
<b>a: Current</b>		
Trade payables	265,356	222,789
Sundry payables and accrued expenses	87,857	313,784
Other tax payables (i)	3,104,976	3,151,774
Accrued management and directors fees (ii)	164,452	-
<b>Total current trade and other payables</b>	<b>3,622,641</b>	<b>3,688,347</b>
<b>b: Non-current</b>		
Trade payables	-	296,245
<b>Total non-current trade and other payables</b>	<b>-</b>	<b>296,245</b>

- (i) Amount relates to withholding taxes payable as a result of debt eliminations.  
(ii) Management and Directors fees accrued have been settled post year end through the issue of shares as disclosed in note 15.

## Note 11: Provisions

	Consolidated	
	31 December 2020 (US\$)	30 June 2020 (US\$)
Employee service benefits	159,169	195,896
Provision (i)	5,796,048	5,796,048
<b>Total non-current trade and other payables</b>	<b>5,955,217</b>	<b>5,994,944</b>

- (i) Provision relates to an estimate of the potential land taxes that may be payable by the Company on expired exploration licences in Trinidad.

## Note 12: Contributed equity

	Consolidated	
	31 December 2020 (US\$)	30 June 2020 (US\$)
143,261,866 fully paid ordinary shares (30 June 2020: 141,367,955)	409,465,574	409,428,374
Share issue costs	(21,044,400)	(21,044,400)
<b>Total contributed equity</b>	<b>388,421,174</b>	<b>388,383,974</b>

	Consolidated	
	31 December 2020 Number	30 June 2020 Number
<b>Fully Paid Ordinary Shares</b>		
At the beginning of reporting period	141,367,955	10,243,998,615
Shares issued during the period	-	1,536,599,792
Consolidation	-	(11,662,791,778)
Shares issued during the period	1,893,911	23,561,326
<b>Total contributed equity</b>	<b>143,261,866</b>	<b>141,367,955</b>

	Consolidated	
	31 December 2020 Number	30 June 2020 Number
<b>Options</b>		
At the beginning of reporting period	-	404,643,137
Options expired	-	(404,643,137)
<b>Total options</b>	<b>-</b>	<b>-</b>

## Note 13: Related parties

The Company entered into a consultancy agreement with Fire Phoenix Ltd effective 10 November 2020 to provide the Company with business development and M&A advisory services for a monthly fee of US\$13,000. The Consultant is deemed to be a related party of Beijing Sibio Investment Management LP which holds over 10% shareholding in the Company, for the purposes of the AIM Rules for Companies. In view of this, the entry into the Consultancy Agreement comprised a related party transaction for the purposes of the AIM Rules. Total fees for the period amount to US\$21,667. There are no outstanding payments to Fire Phoenix Ltd as of 31 December 2020.

The Executive Directors and senior management of the Company agreed to accept ordinary shares in the Company in lieu of the accrued salaries in order to preserve cash resources of the Company, resulting in total cash saving of over US\$201,654 to the Company. The management were issued 1,893,979 Shares during the half-year and 420,040 Shares subsequently to the half-year end at a deemed price of 2 pence.

Following shareholder approval received at the Annual General Meeting held on 11 December 2020, the Company issued a total of 7,195,036 to two Executive Directors. Of which, Mr Zhiwei Gu, Executive Chairman, was issued 5,468,959 Shares and Mr Lubing Liu, Executive Director and Chief Operating Officer, was issued 1,726,077 Shares. These Shares were issued subsequent to the half-year end. The management were issued 420,040 Shares subsequent to the half-year end.

## Note 14: Segmental reporting

31 December 2020	Trinidad – Oil & Gas Production (US\$)	Trinidad - Oilfield Services discontinued (US\$)	Indonesia (US\$)	Unallocated (US\$)	Total (US\$)
<b>Segment revenue</b>					
<b>Total revenue</b>		<b>510,139</b>	-	<b>54,630</b>	<b>564,769</b>
Revenue from external customers		410,108	-	-	410,108
Other income		100,031	-	54,630	154,661
<b>Segment result</b>					
Other segment income/(expenses)		75,563	-	(2,770,266)	(2,694,703)
Profit/(loss) before income tax		585,702	-	(2,715,636)	(2,129,934)
Profit/(loss) after income tax		585,702	-	(2,715,636)	(2,129,934)
Segment assets					
<b>Total assets</b>		<b>8,400,207</b>	-	<b>2,603,306</b>	<b>11,003,513</b>
Segment liabilities					
<b>Total liabilities</b>		<b>9,910,179</b>	-	<b>818,564</b>	<b>10,728,743</b>
31 December 2019	Trinidad - Oil & Gas Production (US\$) discontinued	Trinidad - Oilfield Services (US\$)	Indonesia (US\$)	Unallocated (US\$)	Total (US\$)
<b>Segment revenue</b>					
<b>Total revenue</b>	<b>5,444,010</b>	<b>1,451,231</b>	-	-	<b>6,895,241</b>
Intersegment revenue	-	(1,419,652)	-	-	(1,419,652)
Revenue from external customers	5,444,010	31,579	-	-	5,475,589
<b>Segment result</b>					
Profits/(loss) before income tax	(328,332)	(8,188,066)	-	-	(8,516,388)
Income tax	2,014,707	984,550	-	-	2,999,257
Profit/(loss) after income tax	1,686,385	(7,203,516)	-	-	(5,517,131)
Segment assets					
<b>Total assets</b>	<b>82,769,614</b>	<b>22,609,411</b>	-	<b>2,017,191</b>	<b>107,396,216</b>
30 June 2020	Trinidad - Oil & Gas Production US\$	Trinidad - Oilfield Services US\$	Indonesia US\$	Unallocated US\$	Total US\$
Segment assets					
<b>Total assets</b>	-	<b>10,859,099</b>	-	<b>2,760,555</b>	<b>13,619,654</b>
Segment liabilities					
<b>Total liabilities</b>	-	<b>10,210,766</b>	-	<b>920,070</b>	<b>11,130,836</b>

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables, plant and equipment and exploration and development expenditure. While most assets can be

directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities consist principally of payables, employee benefits, accrued expenses, provisions and borrowings.

### (i) Unallocated assets

	<b>31 December 2020 (US\$)</b>	<b>30 June 2020 (US\$)</b>
Cash	2,244,833	2,473,884
Other	358,473	286,671
<b>Total unallocated assets</b>	<b>2,603,306</b>	<b>2,760,555</b>

### Intersegment transfers

Segment revenues, expenses and results do not include any transfers between segments. Other unallocated assets relate to assets of Star Phoenix and Star Phoenix Group UK Ltd.

## Note 15: Events after the reporting date

### Oilfield services business

The Company engaged an independent specialist broker to assist with sale of the remaining eight rigs and related equipment. Whilst the marketing campaign is currently underway (there being no guarantee that it will eventuate in sale agreements being reached), the Company secured dry lease agreements for some of the rigs which will generate additional revenue for the Company.

### Georgia litigation

The Company and Strait Oil and Gas Limited (SOG), a private company incorporated in Gibraltar, in which Star Phoenix holds a 65% interest had been working with their legal advisers on progressing an arbitration claim against the government of Georgia.

The Advisers had formally notified the government of Georgia of the existence of an investment dispute under the Energy Charter Treaty (ECT) (Notice of Dispute). The Notice of Dispute set out the position on SOG's unfair treatment in Georgia and how its investment in Georgia, which exceeds US\$22 million, was damaged. SOG and its shareholders are intending to submit an investment treaty claim under the ECT to international arbitration.

### LandOcean outstanding payment

Substantial sums remain due and payable to the Group from LandOcean pursuant to the sale and purchase agreement of Range Resources Trinidad Limited. All previous attempts by the Group to resolve the matter and recover the outstanding sums were unsuccessful.

The Group has engaged new legal advisers to assist with this matter. The Advisers have now notified LandOcean that the Group has elected to terminate the SPA due to repudiatory breach by LandOcean and is claiming various sums totalling US\$10,248,000. Although the

receivable amount was fully impaired, the Group remains confident that at least part of these sums will be recovered.

## **Shares issue to Executives**

Following shareholder approval received at the Annual General Meeting held on 11 December 2020, the Company issued a total of 7,195,036 at a deemed price of 2 pence to two Executive Directors. Of which, Mr Zhiwei Gu, Executive Chairman, was issued 5,468,959 Shares and Mr Lubing Liu, Executive Director and Chief Operating Officer, was issued 1,726,077 Shares. These Shares were issued subsequent to the half-year end. The management were issued 420,040 Shares subsequent to the half-year end, resulting in total cash saving of US\$201,652 to the Company.

# Director's Declaration

The directors of the company declare that:

The financial statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity, accompanying notes, are in accordance with the Corporations Act 2001 and:

- a) comply with Accounting Standard AASB 134 Interim Financial Reporting, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- b) give a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date.

In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



Chairman

29 April 2021

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Star Phoenix Group Ltd

### Report on the Half-Year Financial Report

#### Qualified conclusion

We have reviewed the half-year financial report of Star Phoenix Group Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, except for the effects of the matter described in the *Basis for qualified conclusion* section, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for qualified conclusion

As disclosed in note 7a of the financial statements, the Group's current assets as at 31 December 2020 include an amount of \$7,844,054 classified as assets held for sale. During the year ended 30 June 2020, there was a deterioration in the operating and economic performance of the Group, which created an impairment indicator of the assets included in this amount. The Directors undertook an impairment assessment as at 30 June 2020 and estimated the recoverable amount of these assets based on an indicative offer received for one of the rigs. This resulted in an impairment expense of \$15,685,850 being recognised in the financial year ended 30 June 2020.

The valuation methodology used to arrive at the recoverable amount was not in accordance with the requirements of Australian Accounting Standards, and we were unable to perform alternative procedures to determine whether any adjustments to the carrying value of the property, plant and equipment, rigs and related inventory included in assets held for sale as at 30 June 2020 was necessary. Our audit opinion on the financial report for the year ended 30 June 2020 was modified accordingly.



We remain unable to obtain sufficient evidence to support the carrying amount of the property, plant and equipment, rigs and related inventory included in assets held for sale as at 31 December 2020. Consequently, we remain unable to determine whether any adjustments to these amounts were necessary.

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

#### **Material uncertainty relating to going concern**

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

#### **Responsibility of the directors for the financial report**

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

#### **Auditor's responsibility for the review of the financial report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**BDO Audit (WA) Pty Ltd**

A handwritten signature in black ink. The signature starts with 'BDO' in a simple, blocky font. Below it, the name 'Ashleigh Woodley' is written in a cursive, flowing script.

**Ashleigh Woodley**  
**Director**

Perth, 29 April 2021

# Corporate Directory

<b>Directors</b>	Zhiwei Gu	Executive Chairman
	Lubing Liu	Executive Director and COO
	Mu Luo	Non-Executive Director
<b>Company Secretary</b>	Evgenia Bezruchko and Lubing Liu	
<b>Registered office &amp; principal place of business</b>	c/o Edwards Mac Scovell, Level 1, 8 St Georges Terrace Perth WA 6000, Australia Telephone: +61 8 6205 3012	
<b>Share Registry (Australia)</b>	Computershare Investor Services Pty Ltd Level 11, 172 St Georges Terrace, Perth WA 6000 Telephone: +61 3 9415 4000	
<b>Share Registry (United Kingdom)</b>	Computershare Investor Services plc PO Box 82, The Pavilions, Bridgwater Road, Bristol, UK BS99 6ZZ Telephone: +44 370 702 0000	
<b>Auditor</b>	BDO Audit (WA) Pty Ltd, 38 Station Street, Subiaco WA 6008, Australia	
<b>Stock Exchange Listing</b>	Star Phoenix Group Ltd shares are listed on the Alternative Investment Market (AIM) of the London Stock Exchange (AIM code: STA)	
<b>Country of Incorporation</b>	Australia	
<b>Website</b>	<a href="http://www.starphoenixgroup.com">www.starphoenixgroup.com</a>	