Helios Energy Limited

Annual Report

30 June 2022

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Corporate Directory

Directors	Hui Ye Non-Executive Chairman Richard He Managing Director Nicholas Ong Non-Executive Director Robert Bearden Non-Executive Director	
Company Secretary	John Palermo	
Registered Office	**Australian Office** Level 3, 18 Richardson Street West Perth WA 6005 Australia PO Box 1485 West Perth WA 6872 Australia T:+61 1300 291 195 F:+618 6298 6191	**USA Office** 3 Riverway, 17th Floor Suite 1750, Houston Texas USA 77056 T:+1 713 333 3613 F:+1 713 583 0965
Share Register	Computershare Investor Services Pty Ltd Level 11, 172 St George's Terrace Perth WA 6000 Australia Investor enquiries: 1300 557 010 T:+618 9323 2000 F:+618 9323 2033	
Auditor	BDO Audit (WA) Pty Ltd Level 9, Mia Yellagonga Tower 2 5 Spring Street Perth WA 6000 Australia T:+618 6382 4600 F:+618 6382 4601	
Lawyers	Steinepreis Paganin Level 4, The Read Buildings 16 Milligan Street Perth WA 6000 Australia T: +618 9321 4000 F: +618 9321 4333	Eaton Hall 20/10 Queen Victoria Street North Fremantle WA 6159 Australia T: +618 6382 0240
Securities Exchange	Australian Securities Exchange (**ASX**) ASX Code: HE8	
Website	www.heliosenergyltd.com	

DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of Helios Energy Ltd and the entities it controlled at the end of, or during, the financial year ended 30 June 2022 (**Helios Energy** or the **Company** or the **Group**).

DIRECTORS

The name of each person who has been a director during the reporting period and to the date of this report are:
Hui Ye - appointed 1 December 2017
Richard He - appointed 20 October 2017
Nicholas Ong – appointed 4 August 2017
Robert Bearden – appointed 14 February 2018

COMPANY SECRETARY

John Palermo - appointed 10 September 2018.
The Company is an onshore oil and gas exploration company whose principal activity is the Presidio Oil Project located in Presidio County, Texas, USA. The second business unit of the Company is the development and operation of helium extraction plants in China.

Presidio Oil Project - 70% Working Interest (WI) in 4 Wells and 59,984 Gross Acres
Helios has a 70%WI in a total of 59,984 gross acres (41,988 net acres) and a 70%WI in the 4 wells drilled by Helios in the Presidio Oil Project, namely, Presidio 141#2, Quinn Creek 141#1, Quinn Mesa 113 and Presidio 52#1.

Leases Acquired or Disposed of During the Year Ending 30 June 2022
During the year ending 30 June 2022, Helios choose to let expire 26,572 non-core acres the subject of its Presidio Oil Project. 7,208 acres within the core area of the Presidio Oil Project were re-leased and a further 871 acres of oil and gas mineral rights, all located in the core area of the Presidio Oil Project, were the subject of new fresh leases. Helios now has a 70%WI in a total of 59,984 gross acres (41,988 net acres). All 59,984 gross acres the subject of the Presidio Oil Project are located in the south-west portion of Presidio County, Texas and are the subject of oil and gas lease agreements entered into with private oil and gas mineral rights owners.

Successful Drilling of Presidio 52#1 Well
During the year the Presidio 52#1 well was successfully drilled to a total depth (**TD**) of 8,806 feet. During drilling to 8,806 feet, the Presidio 52#1 well encountered the lower bench of the Ojinaga Formation (primary target) but also the Eagle Ford Shale Formation (secondary target) as well as two older (deeper) Cretaceous units being the Buda and Georgetown Formations (both secondary targets).

Lower Bench of the Ojinaga Formation in the Presidio 52#1 Well
The lower bench of the Ojinaga Formation in the Presidio 52#1 Well was encountered during drilling at the depth of 6,632 feet and the lower bench of the Ojinaga Formation is 793 feet thick. Helios has successfully tested and produced oil from all the three wells it has drilled (namely, Presidio 141#2, Quinn Creek 141#1 and Quinn Mesa 113) which have penetrated the Ojinaga Formation. The oil analysis shows that the oil in the Ojinaga Formation is sourced from the Eagle Ford Shale Formation.

Eagle Ford Shale in the Presidio 52#1 Well
The Eagle Ford Shale was encountered during drilling the Presidio 52#1 well at a depth of 7,425 feet and is 836 feet thick (with the deepest 235 feet also referred to as the Boquillas Formation).

Very good to excellent oil and gas shows in the Presidio 52#1 Well
Very good to excellent oil and gas shows were observed throughout the drilling of the entire lower bench of the Ojinaga Formation and throughout the drilling of the entire Eagle Ford Formation (which includes the 235 feet of the Boquillas Formation which ends at the casing point in the Presidio 52#1 well of 8,255 feet).

Gas was consistently high throughout the drilling through the entire lower bench of the Ojinaga Formation and throughout the drilling of the entire Eagle Ford Formation and reached over 8,000 units. From the gas isotope analysis, it shows the wetness ratios are between 24-30% which corresponds to oil associated gas in the genetic gas classification. At a depth of 8,255 feet (in the Boquillas Formation), it was necessary to increase the mud weight to 11.5 pounds per gallon (ppg) to manage the gas levels in the well.

The strong observed oil and gas shows, analysis of the log data, analysis of the formation micro imaging (**FMI**) and the Ultra Sonic Scanner data, and the separation on the resistivity log, suggests there are several highly naturally fractured intervals (with micro fracture halos) in both the lower bench of the Ojinaga Formation and the Eagle Ford Shale Formation (including in the Boquillas Formation) in the Presidio 52#1 well.

Boquillas Formation in the Presidio 52#1 Well
The 235 feet interval between 8,030 feet and the casing point of 8,255 feet can also be referred to as the Boquillas Formation. The Boquillas Formation is a unit composed of organic rich shale, siltstone and limestone. The Boquillas interval is time equivalent to the lower Woodbine organic shales found in Madison and Brazos Counties, Texas, USA. Strong oil and gas shows were observed over the 235 feet of the Boquillas Formation. Analysis of the sonic scanner data shows that this 235 feet interval of Boquillas Formation is highly fractured with open fractures.

4 Stage Vertical Frack of the Presidio 52#1 Well Across 1,623 Feet Interval
Helios will undertake a 4 stage vertical frack across a 1,623 feet interval in the Presidio 521#1 well, which is the distance between the commencement of the lower bench of the Ojinaga Formation at 6,632 feet and the cessation of casing at 8,255 feet at the bottom of the Eagle Ford Shale. Helios has now completed the design of the frack job and it is specifically designed to reflect the highly naturally fractured intervals existing within this vertical interval of 1,623 feet. It is planned to co-mingle production from the 4 fracked intervals after completion of the frack job.

Presidio 141#2 Well
The Presidio 141#2 well is a shallow well with a total measured depth of 5,846 feet including the fracked 1,400 feet horizontal portion which was drilled into the primary target zone within the lower bench of the Ojinaga Formation. The serial pressure build up testing of the Presidio 141#2 well has recently been completed and the artificial lift installation is currently underway.

Presidio Oil Project – Infrastructure
Access to the 4 wells that constitute the Presidio Oil Project (Presidio 52#1, Presidio 141#2, Quinn Creek 141#1 and Quinn Mesa 113) is provided by a 25 mile unsealed, formed road constructed by Helios that branches off the sealed US-90 highway which carries heavy truck and passenger vehicle traffic. The 4 oil wells have access to ample supplies of fresh water provided by local water wells drilled into shallow water aquifers. The El Paso Oil Refinery located in El Paso, Texas has a processing capacity of 135,000 barrels of oil per day and is located 170 miles from the Presidio Oil Project. Crude oil is sold there by truck delivery. The Presidio Oil Project is located 250 miles (or 5 hours by truck) from Midland, Texas which is the epicenter of the Permian Basin oil industry. All rigs, supplies and services required for the Presidio Oil Project are sourced from Permian Region. Oil production in the Permian Region has rebounded strongly in the past 12 months and in August 2022 reached approximately 5,400,000 bopd.

Helium Business – China – First Extraction Plant
In November 2021, through its wholly owned subsidiary, Helios Energy China Ltd, Helios entered into a boil-off gas (**BOG**) helium extraction joint venture with Chinese domestic liquefied natural gas (**LNG**) company, Ordos Xingxing Energy Limited Company (**Ordos Xingxing**), located in Ordos City, Inner Mongolia, China.

Under the helium extraction joint venture agreement, Ordos Xingxing will provide all land, all BOG feed gas and all associated utilities for the helium extraction joint venture. Helios will construct at a cost of approximately US$3.0m, a new, leading edge helium gas extraction module immediately adjacent to one of Ordos Xingxing's LNG plants located in Inner Mongolia, China.

As the operator and owner of the helium gas extraction plant, Helios will produce industrial grade helium and own 100% of the helium produced and sold. Helios expects the annual helium gas output from this dedicated module to be approximately 100,000 Nm^3 per year once the helium extraction module is running at full capacity. Helios will be one of the first companies to commercially extract material quantities of BOG helium in China, liquefy it and then sell it to domestic Chinese customers.

Helium Business – China – Second Extraction Plant
In April 2022, Helios entered into and commenced a second helium extraction joint venture in China. Through its wholly owned subsidiary, Helios Energy China Ltd, Helios entered into a boil-off gas (**BOG**) helium extraction joint venture with Chinese domestic liquefied natural gas (**LNG**) company, Shanxi Wanshengyuan Natural Gas Co. Ltd (**Wanshengyuan**), located in Shanxi, China.

Under the helium extraction joint venture agreement, Wanshengyuan will provide all land, all BOG feed gas and all associated utilities for the helium extraction joint venture. Helios will construct at a cost of approximately US$9.5m (CNY60 million), new, leading edge helium gas extraction modules immediately adjacent to Wanshengyuan's LNG plants located in Shanxi province in China. Wanshengyuan will contribute the BOG feed gas at no cash cost and in exchange for its contributions to the joint venture will receive 50% of the profits of the joint venture. Helios is responsible for the upfront capital investment of US$9.5m (CNY60 million), all technology and equipment deployment and all the sales of the liquid helium. Helios is entitled to 50% of the profits of the joint venture.

Wanshengyuan, founded in July 2010, owns LNG plants, gas stations, city gas gate stations and LNG supply pipe networks throughout both Shanxi and Shaanxi provinces in China. As the operator of the helium gas extraction plants, Helios will produce high purity industrial grade liquid helium and earn 50% of the profits derived from the liquid helium produced and sold.

Based on the current helium market price in China, Helios expects liquid helium sales arising from this second joint venture to be approximately US$39m (CNY250m) per annum.

Helios' use of unique and leading-edge helium extraction and liquification technology provides a cost effective and reliable way to produce liquid helium. The joint venture with Wanshengyuan aims to cheaply extract, liquify and profitably sell high quality helium to domestic Chinese customers.

Corporate Activity – Completion of $4,862,500 Capital Raising in July 2021
In July 2021, Helios conducted a capital raising of $4,862,500 by the issue of 32,416,668 shares at a price of 15 cents per share. The placement was made to sophisticated and professional investors under the provisions of section 708 of the Corporations Act 2001 (Cth). Settlement of the placement was completed in July 2021. The placement was conducted within the 15% placement capacity available to the Company in accordance with ASX Listing Rule 7.1. The funds raised from the placement were used for working capital purposes and to purchase additional oil and gas leases in the Presidio Oil Project located in Presidio County, Texas, USA.

Exercise of Options Expiring 31 December 2021

The Company's sole listed option class expired on 31 December 2021 and a total of 919,238,578 options of that class were exercised by holders before their expiry. These 919,238,578 options each had an exercise price of $0.02 and as result $18,384,771 was raised by the Company during the year as a consequence of the exercise of these 919,238,578 options.

Corporate – No Debt

Helios has no debt and cash at bank at 30 June 2022 was $21,708,895.

Effect of Covid-19 Upon Operations

Like all other oil and gas companies operating in United States of America and China, Helios has complied with all the local ordinances which have been declared in these two countries to minimize the negatives health effects and outcomes of the Covid-19 pandemic.

Operating Result

The loss from operations as at the 30 June 2022 after providing for income tax was $4,552,073 (2021: loss of $3,743,157). Additional information on the operations and financial position of the Group and its business strategies and prospects are set out in this directors' report and the annual financial report.

Dividends

No dividends were paid or are proposed to be paid to members during the financial year.

Future Developments, Prospects and Business Strategies

Information on likely developments in the operations of the Group and the expected results of operations have not been included in the annual report because the directors believe it would be likely to result in unreasonable prejudice to the Group. Therefore, this information has not been presented in this report.

Significant Changes in the State of Affairs

There have been no significant changes in the state of affairs of the group to the date of this report, not otherwise disclosed in this report.

Environmental Issues

The current Group's operations are subject to environmental regulations which apply to oil and gas exploration in Texas, USA. As all our oil and gas operations are in Texas in the United States of America, Helios is unaffected by the National Greenhouse and Energy Reporting requirements.

After Reporting Date Events

On 12 September 2022, the Company announced to the ASX that it was working diligently on finalizing the Presidio 52#1 well location, re-grading and re-forming the main road into the Presidio Oil Project, filling the frack water reservoir and completing all other necessary preparations for the 4 stage vertical frack of the Presidio 52#1 well.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by governments (Federal, State and local) both in the USA, China and Australia, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

There have been no other significant events subsequent to the end of the financial year to the date of this report.

Information on Current Directors

Hui Ye (Non-Executive Chairman)

Experience and Expertise

Mr Ye is the Chairman and President of Beijing Chunhui Yuan Group which is a large and very successful private company with extensive interests in real estate, hotels, natural resources, education and entertainment.

Other Current Directorships

Nil

Former Directorships in the Last Three Years

Nil

Special Responsibilities

None

Interests in securities

Fully paid ordinary shares: 605,576,359 (interest held via Notable Pioneer Limited)

Listed options: nil

Richard He (Managing Director)

Experience and Expertise

Mr He is an entrepreneur and venture capitalist in natural resources with a particular focus on oil and gas. Before moving to Houston to develop oil and gas opportunities, Richard was an investment banker and venture capitalist based in Shanghai and Beijing for more than 12 years with a capital markets practice and investment focus on Chinese equities listed on the major Chinese stock exchanges. Over the past 14 years, he has been based in Houston, Texas and has invested in and managed exploration and production shale plays in Texas, USA. He is noted for his successful development of the Halliday Oil Field in the Woodbine tight sands play located in East Texas in which he was a joint venture participant. After drilling 14 successful fracked horizontal wells, the joint venture participants sold the Halliday Oil Field to Halcon Resources for US$520m. Richard holds a B.S. in Computer Science from Peking University in China.

Other Current Directorships

Nil

Former Directorships in the Last Three Years

Nil

Special Responsibilities

None

Interests in securities

Fully paid ordinary shares: 248,888,072 (interest via PAA Energy LLC and Antlers Energy Corporation)

Performance rights: nil

Listed options: nil

Robert Bearden (Non-Executive Director)

Experience and Expertise

Mr Bearden has over 25 years of senior management experience in oil and gas exploration, development and production throughout the Gulf of Mexico, Kazakhstan, Indonesia, China, Iraq and West Africa. He was previously the President and CEO of the ASX listed public company Sino Gas & Energy Holdings (ASX Code: SEH) which under his leadership reached a market capitalization of $375m. Prior to that role, he was the Operations Director for Addax (a Sinopec subsidiary) and the Production Excellence Manager for the Americas for Hess Corporation. He began his oil and gas career with Chevron where he worked for 27 years, and held positions including Managing Director Mid-Africa, Sr. Vice President EuroAsia, General Manager Tengizchevroil, and Operations Manager for the Gulf of Mexico. Mr Bearden has a Bachelor of Engineering degree from Texas A&M and a Master of Petroleum Engineering degree from Tulane University. He also holds a MBA from Purdue University and an International Masters in Management from ESCAP-EAP, Paris. Mr Bearden lives in Texas, USA, and he is a petroleum engineer by profession.

Other Current Directorships

Nil

Former Directorships in the Last Three Years

Nil

Special Responsibilities

None

Interests in securities

Fully paid ordinary shares: 11,000,000

Unlisted options: 15,000,000 (unquoted options at $0.255 expiring on 31 December 2025)

Nicholas Ong (Non-Executive Director)

Experience and Expertise

Mr Ong brings 16 years' experience in listing rules compliance and corporate governance. He is experienced in mining project finance, mining and milling contract negotiations, mine CAPEX & OPEX management, and toll treatment reconciliation. Mr Ong is a Fellow of the Governance Institute of Australia and Fellow of Institute of Chartered Secretaries and Administrators. He holds a Bachelor of Commerce and a Master of Business Administration from the University of Western Australia. He has since worked as a company secretary and director to listed companies.

Other Current Directorships

White Cliff Minerals Ltd since 14 December 2018

Vonex Limited since 14 June 2016

Mie Pay Ltd since 15 July 2019

Beroni Group Ltd since 1 March 2021

Black Star Petroleum Ltd since 31 July 2018

CFOAM Ltd since 24 October 2020

Former Directorships in the Last Three Years

Arrow Minerals Ltd 15 June 2011 to 26 August 2019

CoAssets Ltd 18 March 2015 to 1 July 2019

Special Responsibilities

None

Interests in securities

Fully paid ordinary shares: Nil
Listed options: Nil

Directors' Interests in Shares and Options

At reporting date, Directors, in office, held a relevant interest in the following securities of the Company:

2022 Name	Ordinary Shares	Options Listed	Options Unlisted	Performance Rights
Hui Ye	605,576,359	-	-	-
Richard He	248,888,072	-	-	-
Nicholas Ong	-	-	-	-
Robert Bearden	11,000,000	-	15,000,000	-

Meetings of Directors

The Board approvals for the business operations were conducted via circular resolution.

Remuneration Report (Audited)

The principles adopted by the Board are set out under the following main headings:

(1) Principles used to determine the nature and amount of remuneration
(2) Details of remuneration
(3) Service Agreements of Directors and Senior Executives
(4) Performance based remuneration
(5) Equity holdings of Key Management Personnel
(6) Other transactions with Key Management Personnel

The information provided under headings 1 to 4 above includes remuneration disclosures that are required under section 300A of the Corporations Act 2001.

1 Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered.

The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders and conforms to market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

(i) competitiveness and reasonableness;
(ii) acceptability to shareholders;
(iii) performance linkage / alignment of executive compensation;
(iv) transparency; and
(v) capital management.

Remuneration Report (continued)

The Group has structured an executive remuneration framework that is market competitive and complimentary to the reward strategy of the organisation.

Alignment to shareholders' and program participants' interests:

(i) focuses on sustained growth in shareholder wealth;
(ii) attracts and retains high calibre executives;
(iii) rewards capability and experience; and
(iv) provides a clear structure for earning rewards.

Remuneration Governance

Fees and payments to directors and key management personnel reflect the demands and responsibilities of the positions and are in line with the general market and the financial condition of the Group. There are no minimum or maximum amounts. There is no remuneration committee. Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which will be periodically recommended for approval by shareholders. The maximum currently stands at $250,000 per annum as per the Group's constitution and may be varied by ordinary resolution of the shareholders in general meeting. The entire board which comprises four directors are responsible for remuneration packages. The Directors believe this is satisfactory given the size and complexity of Company operations.

Use of Remuneration Consultants

Remuneration consultants were not used in the establishment of remuneration packages in 2022.

Company Performance, Shareholder Wealth and Directors' and Executives' Remuneration

No relationship exists between the Company performance, earnings, shareholder wealth and Directors' and Executive Remuneration for this financial period and the previous 4 financial periods. The remuneration for the period is detailed below. No remuneration is currently performance related.

Group Performance

In considering the Group's performance and benefits for shareholder wealth, the Board have regard to the following indices in respect of the current and previous years.

	2018 $	2019 $	2020 $	2021 $	2022 $
Revenue/other income	49,119	43,337	237,979	189,428	772,598
Net loss	(2,286,262)	(2,830,967)	(8,817,519)	(3,743,157)	(4,552,073)
Share price at year end	0.06	0.17	0.09	0.18	0.08
Loss per share (cents)	(0.17)	(0.20)	(0.58)	(0.24)	(0.20)

Comments and Voting at Annual General Meeting

There were no comments or questions arising at the 2021 annual general meeting regarding remuneration. The Company remuneration report was passed by the requisite majority of shareholders (by a poll).

Remuneration Report (continued)

2 Details of Remuneration

The key management personnel of the Group, during the year, were:

Directors:	Position:	Date Appointed	Date Ceased
Hui Ye	Non-Executive Chairman	1 December 2017	-
Richard He	Managing Director	20 October 2017	-
Nicholas Ong	Non-Executive Director	4 August 2017	-
Robert Bearden	Non-Executive Director	14 February 2018	-

The amount of remuneration of the key management personnel is set out below:

2022	**Short-term benefits**	**Post-employment benefits**	**Share based payments**			**Fixed remuner-ation**	**At risk – LTI**
Name	**Cash salary and fees**	**Super-annuation**	**Equity settled shares**	**Equity settled options**	**Total**		
	$	**$**	**$**	**$**	**$**	**%**	**%**
R He	331,923	-	-	-	331,923	100	-
H Ye	48,000	-	-	-	48,000	100	-
N Ong	30,000	-	-	-	30,000	100	-
R Bearden (1)	48,440	-	-	165,045	213,485	23	77
TOTAL	**458,363**	**-**	**-**	**165,045**	**623,408**	**74**	**26**

(1) During the year an expense of $165,045 was recognised for the vesting of options which were issued in the prior year. Refer to note 17 for further details.

2021	**Short-term benefits**	**Post-employment benefits**	**Share based payments**			**Fixed remuner-ation**	**At risk – LTI**
Name	**Cash salary and fees**	**Super-annuation**	**Equity settled shares**	**Equity settled options**	**Total**		
	$	**$**	**$**	**$**	**$**	**%**	**%**
R He	320,324	-	-	-	320,324	100	-
H Ye	48,000	-	-	-	48,000	100	-
N Ong	30,000	-	-	-	30,000	100	-
R Bearden	48,000	-	-	963,104	1,011,104	5	95
TOTAL	**446,324**	**-**	**-**	**963,104**	**1,409,428**	**32**	**68**

Remuneration Report (continued)

3 Service agreements of Directors and Senior Executives

Remuneration and other terms of employment for key management personnel are formalised in service agreements and letters of appointment. Details of these are as follows:

Name:	Mr Hui Ye
Title:	Non-Executive Chairman
Agreement commenced:	1 December 2017
Term of agreement:	3 years
Details:	Mr Ye is paid AU$4,000 per month in non-executive Director fees. It is confirmed that the work undertaken on additional executive duties will be paid a commercial rate. This does not form part of the non-executive director fees. There are no termination amounts payable.

Name:	Mr Richard He
Title:	Managing Director
Agreement commenced:	20 October 2017
Term of agreement:	2 years
Details:	Mr He is paid a consulting fee of US$20,000 per month. The Fee is reviewed annually by the Company in accordance with the policy of the Company for the annual review of fees paid to consultants. The same terms have been rolled forward on a month by month basis. There are no termination amounts payable.

Name:	Mr Nicholas Ong
Title:	Non-Executive Director
Agreement commenced:	4 August 2017
Term of agreement:	3 years
Details:	Mr Ong is paid AU$2,500 per month in non-executive Director fees. It is confirmed that the work undertaken on additional executive duties will be paid a commercial rate. This does not form part of the non-executive director fees. The same terms have been rolled forward on a month by month basis. There are no termination amounts payable.

Name:	Mr Robert Bearden
Title:	Non-Executive Director
Agreement commenced:	14 February 2018
Term of agreement:	3 years
Details:	Mr Bearden is paid AU$4,000 per month in non-executive Director fees. It is confirmed that the work undertaken on additional executive duties will be paid a commercial rate. This does not form part of the non-executive director fees. There are no termination amounts payable.

Remuneration Report (continued)

4 Performance-based Remuneration

The Board of Helios is presently comprised of 4 directors. The existing equity holdings of two directors (Mr Hui Ye and Mr Richard He) are sufficiently material in extent as to warrant a Board decision that no performance based remuneration is required since sufficient incentive to perform is derived from their existing equity holdings. The same rationale extends to all key management personnel. The remaining directors (Mr Robert Bearden and Mr Nicholas Ong) are non-executive directors and any performance based remuneration would only be in the form of options which would only be granted upon approval of Helios shareholders.

There has been no other performance based remuneration paid to directors and key management personnel in the current or previous period.

5 Equity Holdings of Key Management Personnel

(a) Options holdings

Details of options held directly, indirectly or beneficially by directors and key management personnel and their related parties at 30 June 2022 are as follows:

2022 Name	Held at 01/07/21	Options acquired	Other movements	Held at 30/06/22	Vested and exercisable at 30/6/22
Directors:					
Hui Ye [1]	131,578,162	-	(131,578,162)	-	-
Richard He [2]	329,750,000	-	(329,750,000)	-	-
Nicholas Ong	-	-	-	-	-
Robert Bearden	15,000,000	-	-	15,000,000	15,000,000
Total	**476,328,162**	**-**	**(461,328,162)**	**15,000,000**	**15,000,000**

(1) 131,578,162 options were exercised and converted to shares on 13 January 2022.
(2) 329,750,000 options were exercised and converted to shares on 13 January 2022.

(b) Ordinary shareholdings

Details of equity instruments (other than options and performance shares) held directly, indirectly, or beneficially by directors and key management personnel and their related parties are as follows:

2022 Name	Held at 01/07/21	Shares acquired	Shares sold	Other changes	Balance 30/6/22
Directors:					
Hui Ye [1]	473,998,197	131,578,162	-	-	605,576,359
Richard He [2]	75,138,072	329,750,000	(131,000,000)	-	273,888,072
Nicholas Ong	-	-	-	-	-
Robert Bearden	1,000,000	10,000,000	-	-	11,000,000
Total	**550,136,269**	**471,328,162**	**(131,000,000)**	**-**	**890,464,431**

(1) 131,578,162 options were exercised and converted to shares on 13 January 2022.
(2) 329,750,000 options were exercised and converted to shares on 13 January 2022.

Remuneration Report (continued)

Hui Ye holds his interests in shares indirectly through Notable Pioneer Ltd of which he is a director and 50% shareholder.

Richard He holds his interests in shares through PAA Energy LLC of which he is sole director and is a 100% shareholder and Antlers Energy Corporation of which he is a director and 70% shareholder.

(c) Performance Rights

Details of equity instruments (other than ordinary shares and options) held directly, indirectly, or beneficially by directors and key management personnel and their related parties are as follows:

2022 Name	Held at 01/07/21	PR allotted	PR expired	Balance 30/6/2022
Directors:				
Hui Ye	-	-	-	-
Richard He [1]	50,100,000	-	(50,100,000)	-
Nicholas Ong	-	-	-	-
Robert Bearden	-	-	-	-
Total	**50,100,000**	**-**	**(50,100,000)**	**-**

(1) The performance rights expired on 31 December 2021.

6 Other transactions with key management personnel

There were no other transactions with Directors and Key Management Personnel during the year. There are no outstanding loans to or from related parties and no outstanding balances arising from sales / purchases of goods and services to or from related parties.

End of the audited remuneration report.

Options

At the date of this report, there are 5,000,000 share options which are exercisable at 22 cents each on or before 31 December 2022 and a further 15,000,000 share options which are exercisable at 25.5 cents each on or before 31 December 2025.

The names of persons who currently hold options are entered in a register kept by the Company pursuant to Section 170 of the Corporations Act 2001, which may be inspected free of charge. No person entitled to exercise any option has or had, by virtue of the option, a right to participate in any share issue of the Company or any other corporation.

Performance rights

As at the date of this report, there are no Performance rights on issue.

Indemnifying of Officers or Auditor

The Company has Directors and Officers Insurance with KBI Pty Ltd. The Company does not have auditor insurance. The Directors believe this is reasonable given the size and complexity of the Company operations.

Proceedings on Behalf of the Company

No person has applied to the court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings. No proceedings have been brought or intervened in on behalf of the Company with leave of the court under section 237 of the *Corporations Act 2001*.

Corporate Governance

The directors of the Company support and adhere to the principles of corporate governance, recognising the need for the highest standard of corporate behaviour and accountability. Please refer to the corporate governance statement of the Company located at https://www.heliosenergyltd.com/corporate-governance.

Auditor

BDO Audit (WA) Pty Ltd continues in office in accordance with section 327 of the *Corporations Act 2001.*

Non-Audit Services

During the reporting period $3,090 (2021: $7,725) was paid or is payable for non-audit services provided by BDO.

The Board of Directors are satisfied that the provision of any non-audit services during the current or future periods is / will be compatible with the general standard of independence for auditors imposed by APES 110 code of ethics for professional accountants.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 15 of this financial report.

Signed in accordance with a resolution of the board of directors.

Richard He
Managing Director
30 September 2022

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Australia

DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF HELIOS ENERGY LIMITED

As lead auditor of Helios Energy Limited for the year ended 30 June 2022, 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Helios Energy Limited and the entities it controlled during the period.

Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth

30 September 2022

	Note	2022 $	2021 $
Revenue from operations	5	27,468	20,154
Other income	6	39,701	433
Foreign exchange gain		705,429	168,841
Fair value (loss) on investment	14	(334,745)	(404,054)
Administration costs	7	(1,322,400)	(902,791)
Finance cost		(29,839)	-
Operating costs		(31,472)	(35,551)
Exploration expenditure written off	12	(1,455,890)	-
Personnel Cost		(1,475,290)	(1,405,062)
Corporate compliance costs		(112,418)	(105,259)
Corporate management fees		(75,500)	(78,000)
Depreciation and amortisation expense		(276,488)	(1,555)
Audit fees		(45,584)	(37,209)
Share based payments	17	(165,045)	(963,104)
Loss before income tax		**(4,552,073)**	**(3,743,157)**
Income Tax expense	8	-	-
Loss after income tax for the year		**(4,552,073)**	**(3,743,157)**
Other Comprehensive Income			
Items that will be reclassified to profit or loss			
Exchange difference on translation		1,624,642	(2,251,928)
Total comprehensive loss for the year attributable to the members of Helios Energy Ltd		**(2,927,431)**	**(5,995,085)**
		Cents	**Cents**
Loss per share for loss from continuing operations attributable to the ordinary equity holders of the Company:			
Basic loss per share	23	(0.20)	(0.24)
Diluted earnings per share	23	(0.20)	(0.24)

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

	Note	2022 $	2021 $
ASSETS			
Current assets			
Cash and cash equivalents	9	21,708,895	9,903,911
Trade and other receivables	10	210,829	114,783
Other assets	11	269,972	302,544
Total current assets		**22,189,696**	**10,321,238**
Non-current assets			
Other assets	11	1,611,229	-
Exploration and evaluation expenditure	12	34,066,762	25,605,656
Right-of-use asset	13	880,219	-
Investments	14	1,022,450	1,357,195
Total non-current assets		**37,580,660**	**26,962,851**
Total assets		**59,770,356**	**37,284,089**
LIABILITIES			
Current liabilities			
Trade and other payables	15	1,563,137	362,988
Lease liability	13	316,384	-
Total current liabilities		**1,879,521**	**362,988**
Non Current liabilities			
Lease liability	13	691,007	-
Total non current liabilities		**691,007**	**-**
Total liabilities		**2,570,528**	**362,988**
NET ASSETS		**57,199,828**	**36,921,101**
EQUITY			
Contributed equity	16	98,117,145	74,840,475
Reserves	17	1,845,768	454,881
Accumulated losses	18	(42,763,085)	(38,374,255)
TOTAL EQUITY		**57,199,828**	**36,921,101**

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

	Contributed equity $	Options reserve	Foreign currency translation reserve $	Accumulated losses $	Total $
Balance as at 1 July 2021	74,840,475	1,364,904	(910,023)	(38,374,255)	36,921,101
Loss for the year	-	-	-	(4,552,073)	(4,552,073)
Exchange differences on translation of foreign operations	-	-	1,624,642	-	1,624,642
Total comprehensive gain (loss) for the year	-	-	1,624,642	(4,552,073)	(2,927,431)
Contribution of equity	4,892,500	-	-	-	4,892,500
Less capital raising costs	(345,179)	-	-	-	(345,179)
Conversion of options to ordinary shares	18,729,349	(235,557)	-	-	18,493,792
Vesting of options issued in prior year	-	165,045	-	-	165,045
Options lapsed	-	(163,243)	-	163,243	-
Balance at 30 June 2022	**98,117,145**	**1,131,149**	**714,619**	**(42,763,085)**	**57,199,828**

	Contributed equity $	Options reserve	Foreign currency translation reserve $	Accumulated losses $	Total $
Balance as at 1 July 2020	63,835,710	401,800	1,341,905	(34,631,098)	30,948,317
Loss for the year	-	-	-	(3,743,157)	(3,743,157)
Exchange differences on translation of foreign operations	-	-	(2,251,928)	-	(2,251,928)
Total comprehensive gain (loss) for the year	-	-	(2,251,928)	(3,743,157)	(5,995,085)
Transactions with owners in their capacity as owners:					
Contribution of equity	11,803,526	-	-	-	11,803,526
Less capital raising costs	(798,761)	-	-	-	(798,761)
Options issued	-	963,104	-	-	963,104
Balance at 30 June 2021	**74,840,475**	**1,364,904**	**(910,023)**	**(38,374,255)**	**36,921,101**

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

	Note	2022 $	2021 $
Cash flow from operating activities			
Receipts from customers		50,762	114,944
Payments to suppliers and employees		(2,890,921)	(2,921,346)
Interest received		4,282	-
Interest paid		(17,105)	-
Net cash outflow from operations	22	**(2,852,982)**	**(2,806,402)**
Cash flows from investing activities			
Payments for exploration and evaluation		(7,391,007)	(343,305)
Payments for advanced to suppliers		(1,591,511)	-
Purchase of financial assets	14	-	(1,000,000)
Net cash outflow from investing activities		**(8,982,518)**	**(1,343,305)**
Cash flows from financing activities			
Proceeds from the issue of shares		4,862,500	11,748,026
Costs associated with capital raising		(345,179)	(743,261)
Proceeds from exercise of options		18,523,791	-
Lease repayments		(166,945)	-
Net cash inflow from financing activities		**22,874,167**	**11,004,765**
Net decrease in cash and cash equivalents		**11,038,667**	**6,855,058**
Cash and cash equivalents at the beginning of the period		**9,903,911**	**3,048,853**
Effect of exchange rate changes on cash and cash equivalents		766,317	-
Cash and cash equivalents at the end of the period	9	**21,708,895**	**9,903,911**

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

1 Summary of significant accounting policies

(a) Going concern

This report is prepared on the going concern basis which assumes the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

(b) Basis of preparation

The financial statements include the financial statements and notes of Helios Energy Ltd, a public limited entity, and its controlled entities for the year ended 30 June 2022. The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. Helios Energy Limited is a for profit entity for the purposes of preparing the financial statements. The financial statements have been approved for issue by the Board of Directors on 30 September 2022.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in the financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. The financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of the financial statements are presented below. They have been consistently applied unless otherwise stated. The financial statements have been prepared on an accruals basis and are based on historical costs except for investments which are recognised at their fair value in the profit and loss.

(c) Adoption of New and Revised Accounting Standards

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.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

Standards issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2022. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

The following new/amended accounting standards and interpretations have been issued but are not mandatory for financial years ended 30 June 2022. They have not been adopted in preparing the financial statements for the year ended 30 June 2022 and are expected to impact the entity in the period of initial application. In all cases the entity intends to apply these standards from application date as indicated below.

1 Summary of significant accounting policies (continued)

AASB reference	AASB 2021-2 (issued March 2021)
Title and Affected Standard(s)	Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates
Nature of Change	Introduces a definition of 'accounting estimate', i.e. monetary amounts in financial statements that are subject to estimation uncertainty, such as estimating expected credit losses for receivables, or estimating the fair value of an item recognised in the financial statements at fair value. Accounting estimates are developed using measurement techniques and inputs. Measurement techniques comprise estimation techniques (such as used to determine expected credit losses or value in use) and valuation techniques (such as the income approach to determine fair value). The amendments clarify that a change in an estimate occurs when there is either a change in a measurement technique or a change in an input.
Application Date	Annual reporting periods beginning on or after 1 January 2023
Impact on Initial Application	There will be no impact on the financial statements when these amendments are first adopted because they apply prospectively to changes in accounting estimates that occur on or after the beginning of the first annual reporting period to which these amendments apply, i.e. annual periods beginning on or after 1 July 2023.
AASB reference	**AASB 2021-2 (issued March 2021)**
Title and Affected Standard(s)	Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates
Nature of Change	Only 'material' accounting policy information must be disclosed in the financial statements, i.e. if it relates to material transactions, other events or conditions and: • The entity has changed its accounting policy during the period • There are one or more accounting policy options in Accounting Standards • The accounting policy was developed applying the hierarchy in AASB 108 because there is no specific IFRS dealing with the transaction • Significant judgement was required in applying the accounting policy • The accounting is complex, e.g. more than one IFRS applies to the transaction.
Application Date	Annual reporting periods beginning on or after 1 January 2023
Impact on Initial Application	Disclosure impact only.

(d) Principles of Consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Helios Energy Ltd as at 30 June 2022 and the results of all subsidiaries for the period then ended. Helios Energy Ltd and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity. Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

1 Summary of significant accounting policies (continued)

(d) Principles of Consolidation (continued)

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction proves evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Subsidiaries are accounted for in the parent entity financial statements at cost.

(e) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period’s taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction.

The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability.

No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(f) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated exclusive of the amount of GST receivable or payable.

The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

1 Summary of significant accounting policies (continued)

(g) Cash and Cash Equivalents

For statement of cash flow presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(h) Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(i) Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Impairment of financial assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

1 Summary of significant accounting policies (continued)

Impairment of financial assets (continued)

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

(j) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

(k) Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired.

If such an indication exists, the recoverable amount of the asset being the higher of the asset’s fair value less costs to sell and value in use, is compared to the asset’s carrying value. Any excess of the asset’s carrying value over its recoverable amount is expensed to the profit and loss statement.

(l) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the period which are unpaid. They are recognised initially at fair value and subsequently at amortised cost. The amounts are unsecured and are usually paid within 30 days of recognition.

(m) Leases

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

1 Summary of significant accounting policies (continued)

Lease liabilities (continued)

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(n) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(o) Contributed Equity

Ordinary shares are classified as equity. Costs associated with capital raisings (exclusive of GST) directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds. If the entity reacquires its own equity instruments, eg as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable costs associated with capital raisings (net of income taxes) is recognised directly in equity.

(p) Earnings per Share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit / (loss) attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(q) Share Based Payment Transactions

The Group may provide benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (‘equity-settled transactions’). The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted.

The fair value of these payments is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. The fair value of the options granted is adjusted to reflect market conditions, but excludes the impact of any non-market vesting conditions. Non-market vesting conditions, if any, are included in assumptions about the number of options likely to be exercisable.

1 Summary of significant accounting policies (continued)

(q) Share Based Payment Transactions (continued)

The grant date fair value of performance shares granted under asset acquisition agreements is recognised as an increase in the cost of the investment with a corresponding increase in equity. The Group issued performance shares rights as part of the acquisition of the Presidio Oil Project as outlined in Note 17. The Group follows the guidelines of AASB 2 'Share based payments' and takes into account the probability of achieving these performance conditions.

(r) Foreign Currency Translation

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities for each statement of financial position are translated at the closing rate at the date of the statement of financial position;

(ii) Income and expenses for each Statement of Profit or Loss and Other Comprehensive Income are translated at the average exchange rate for the period being reported on; and

(iii) All resulting exchange differences are recognised in the foreign currency translation reserve in equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in the foreign currency translation reserve. When a foreign operation is sold the associated exchange differences are reclassified to the Statement of Profit or Loss and Other Comprehensive Income as part of the gain or loss on sale.

2 Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks and accounts receivable and payable. The Group's activities expose it to a variety of financial risks; market risk (including fair value and interest rate risk), credit risk, liquidity risk, foreign exchange fluctuations, cash flow and interest rate risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Risk management is carried out by the board of directors under policies approved by the Board. The board identifies and evaluates financial risks for overall risk management.

Foreign Exchange Risk

As a result of operations in the United States, China and Cayman Islands, in both US dollars and Chinese Yuan, The Group's Statement of Financial Position can be affected by movements in exchange rates. The Group does not hedge this exposure.

The Group manage its foreign exchange risk by constantly reviewing its exposure to commitments payable in foreign currency and ensuring appropriate cash balances are maintained to meet current operational commitments.

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
Consolidated	**2022**	**2021**	**2022**	**2021**
	$	**$**	**$**	**$**
US dollars	7,317,264	7,335,987	1,961,948	202,827
Chinese Yuan	1,012,031	224,651	421,501	-
	8,329,295	7,560,638	2,383,449	202,827

The Group had net asset denominated in foreign currencies of $5,945,846 (assets of $8,329,295 less liabilities of $2,383,449) as at 30 June 2022 (2021: $7,357,811 (assets of $7,560,638 less liabilities of $202,827)). Based on this exposure, had the Australian dollar weakened by 10%/strengthened by 10% (2021: weakened by 10%/strengthened by 10%) against these foreign currencies with all other variables held constant, the Group's loss before tax for the year would have been $594,585 lower/higher (2021: $735,781 lower/higher) and equity would have the same impact. The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last year and the spot rate at each reporting date. The actual foreign exchange gain for the year ended 30 June 2022 was $705,429 (2021: $168,841).

Management believes the balance date risk exposures are representative of the risk exposure inherent in financial instruments.

Interest Rate Risk

As the Group has no significant interest-bearing assets other than cash at bank, the Group's income and operating cash flows are not materially exposed to changes in market interest rates.

The risk arises due to changes in interest rates offered by the bank. The risk is managed by seeking alternative quotes from competing banks.

2 Financial Risk Management (continued)

2022 Financial Instruments	Floating interest rate	Non-interest bearing	Total	Weighted average interest rate
	$	$	$	%
Financial assets				
Cash and cash equivalent	13,562,469	8,146,426	21,708,895	0.10
	13,562,469	**8,146,426**	**21,708,895**	

2021 Financial Instruments	Floating interest rate	Non-interest bearing	Total	Weighted average interest rate
	$	$	$	%
Financial assets				
Cash and cash equivalent	2,313,286	7,590,625	9,903,911	0.004
	2,313,286	**7,590,625**	**9,903,911**	

The net fair value of financial assets and liabilities are materially in line with their carrying values.

Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash to meet commitments as and when they fall due. The Group has no long term or short term debt and its risk with regard to liquidity relates to its ability to maintain its current operations prior to the generation of future income streams. The Group's ability to raise equity funding in the market is paramount in this regard. The Group manages liquidity by ensuring that it has at least sufficient cash to meet its budgeted commitments for at least 12 months.

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

2022	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
Non-derivatives	%	$	$	$	$	$
Non interest bearing						
Trade & other payables	-	1,563,137	-	-	-	1,563,137
Interest bearing						
Lease liabilities	3.09	303,591	343,421	412,419	11,230	1,007,391
Total financial liabilities		**1,866,728**	**343,421**	**412,419**	**11,230**	**2,570,528**

2 Financial Risk Management (continued)

2021	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
Non-derivatives	**%**	**$**	**$**	**$**	**$**	**$**
Non interest bearing						
Trade & other payables	-	362,988	-	-	-	362,988
		-	-	-	-	-
Interest bearing						
Lease liabilities	-	-	-	-	-	-
Total financial liabilities		**362,988**	**-**	**-**	**-**	**362,988**

Credit Risk

The Group has no significant concentrations of credit risk. The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings.

	2022	2021
Cash at bank and short term bank deposits	**$**	**$**
Westpac Banking Corporation - AA	18,022,919	9,237,038
JPMorgan Chase Bank - A-	2,694,435	448,609
HSBC – A+	991,541	218,264
	21,708,895	**9,903,911**

Fair Value Measurement

Fair Value hierarchy

The following tables detail the consolidated entity’s assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices includes within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability.

2 Financial Risk Management (continued)

2022	Level 1	Level 2	Level 3
	$	$	$
Assets			
Investments	1,022,450	-	-
	1,022,450	**-**	**-**

2021	Level 1	Level 2	Level 3
	$	$	$
Assets			
Investments	1,357,195	-	-
	1,357,195	**-**	**-**

3 Critical Accounting Estimates, Judgements and Assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial period are discussed below.

Share-based payments

The valuation of share-based payment transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using valuation methods including the Black Scholes valuation model and the Binomial – barrier up and in model taking into account the terms and conditions upon which the instruments were granted. Management are required to make judgements and estimates in respect of the inputs in the models used to value the various equity instruments. If these judgements changed, the valuation, and therefore the figures in the financial statements, would change as well.

Impairment of deferred exploration and evaluation expenditure

Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current. These costs are carried forward in respect of an area that has not at balance date reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Capitalisation of expenditure requires the consolidated group to make a judgement on the extent that expenditure on exploration and evaluation assets will likely be recovered in the future, through mineral extraction or some other form of commercialisation of the exploration and evaluation stage assets. The Board and Management have assessed the carrying value of the Exploration and Evaluation Expenditure to be impaired. Refer to the accounting policy stated in note 1(j) and to note 12 for movements in the exploration and evaluation expenditure balance.

3 Critical Accounting Estimates, Judgements and Assumptions (continued)

Deferred tax assets

The Group expects to have carried forward tax losses, which have not been recognised as deferred tax assets. The utilisation of tax losses is subject to the Group passing the required Continuity of Ownership and Same Business Test rules at the time the losses are expected to be utilised. Deferred tax assets are only recognised to the extent that it is probable that future maintainable profits will utilise the carry forward losses, which requires judgements relating to the ability of the company to generate future surplus taxable income.

4 Segment Information

Identification of reportable operating segments

The Group is organised into two operating segments, being oil and gas exploration in the USA and helium in China. This is based on the internal reports that are being reviewed by the Board of Directors who are identified as the chief Operating Decision Makers (CODM) in assessing performance and in determining the allocation of resources.

The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

Operating segment information:

2022	USA $	China $	Unallocated $	Total $
Profit and loss				
Revenue	27,468	-	-	27,468
Other	37,341	-	-	37,341
Interest Income	5	-	2,355	2,360
Other Income	37,346	-	2,355	39,701
Loss for the period	(3,677,217)	(599,530)	(275,326)	(4,552,073)
Financial Position				
Total Assets	35,757,545	3,018,870	20,993,941	59,770,356
Total Liabilities	(1,961,948)	(421,501)	(187,079)	(2,570,528)

4 Segment information (continued)

2021	USA $	China $	Unallocated $	Total $
Profit and loss				
Revenue	20,154	-	-	20,154
Other	-	-	-	-
Interest Income	26	-	407	433
Other income	26	-	407	433
Loss for the period	(2,013,325)	(3,679)	(1,726,153)	(3,743,157)
Financial Position				
Total Assets	24,276,447	527,195	12,480,447	37,284,089
Total Liabilities	(202,827)	-	(160,161)	(362,988)

5 Revenue from operations

	2022 $	2021 $
Oil Sales	27,468	20,154
	27,468	**20,154**

Revenue recognition for sale of oil is at a point in time.

6 Other income

	2022 $	2021 $
Interest received	2,360	433
Miscellaneous income	37,341	-
	39,701	**433**

7 Administration costs

	2022 $	2021 $
Administration & accounting consultancy fees	(216,997)	(478,427)
Legal fees	(39,903)	(74,675)
Office expenses	(503,382)	(11,702)
Contract labour	(41,490)	(56,724)
Telecommunication costs	(1,187)	(1,159)
Travel costs	(261,802)	(140,782)
Insurance	(67,877)	(102,202)
Other	(189,762)	(37,120)
	(1,322,400)	**(902,791)**

		2022	2021
8	**Income tax expense**	**$**	**$**
a.	**The components of tax expense comprise:**		
	Current tax	-	-
	Deferred tax	-	-
	Under provision from prior year	-	-
		-	**-**
b.	**The prima facie tax benefit on profit / (loss) from ordinary activities before income tax is reconciled to income tax as follows:**		
	Prima facie tax benefit on loss from ordinary activities before income tax at 30% (2021:30%)	(1,365,622)	(1,122,947)
	Add tax effect of:		
	- Revenue losses not recognised	1,460,345	510,074
	- Other non-allowable items	52,475	344,710
	- Differences in tax rate of subsidiaries operating in other jurisdictions	361,442	181,581
	- Other deferred tax balances not recognised	(508,640)	86,582
		-	-
	Less tax effect of:		
	- Other deferred tax balances not recognised	-	-
	Income tax	**-**	**-**
c.	**Unrecognised deferred tax assets:**		
	Carry forward revenue losses	6,705,610	3,696,886
	Carry forward capital losses	4,265,958	4,265,958
	Capital raising costs	12,141	38,635
	Provisions and accruals	7,500	6,023
	Investments	205,965	105,541
	Exploration	(1,828,979)	(1,423,062)
	Other	(178,131)	-
	Net deferred tax	**9,190,064**	**6,689,981**

The tax benefits of the above deferred tax assets will only be obtained if:

(a) The company derives future assessable income of a nature and amount sufficient to enable the benefits to be utilised;
(b) The company continues to comply with the conditions for deductibility imposed by law; and
(c) No changes in income tax legislation which adversely affect utilising benefits.

9 Cash and cash equivalents

	2022 $	2021 $
Cash at bank and in hand	21,708,895	9,903,911
	21,708,895	**9,903,911**

The Group's exposure to interest rate risk is discussed in note 2. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of cash at bank and in hand. The Group does not have any restrictions on its bank accounts recognised as cash.

Refer to note 2 for the risk management policy of the Group.

10 Trade and other receivables

	2022 $	2021 $
Current		
Trade receivables	193,740	16,759
Other receivables	17,089	98,024
	210,829	**114,783**

11 Other assets

	2022 $	2021 $
Current		
Prepayments	134,571	-
Advance to suppliers	-	302,544
Other	135,401	-
	269,972	**302,544**
Non-current		
Advance to suppliers	1,591,511	-
Prepayments	19,718	-
	1,611,229	**-**

12 Exploration and Evaluation Expenditure

	2022 $	2021 $
Exploration and Evaluation Phase		
Opening balance	25,605,656	27,346,991
Exploration costs	7,559,365	385,279
Foreign exchange difference on translation	2,357,631	(2,126,614)
Exploration expenditure written off	(1,455,890)	-
Closing balance	**34,066,762**	**25,605,656**

Exploration costs are only carried forward to the extent that they are expected to be recouped through the successful development or sale of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

12 Exploration and Evaluation Expenditure (continued)

The Company have assessed each area interest for impairment in accordance with AASB 6 Exploration for and Evaluation of Minerals Resources. Based on the Company's assessment, $1,455,890 was recognised in the income statement, as exploration written off, in relation to expired leases during the year.

13 Right-of-use-asset and lease liability

a) Amounts recognised in the balance sheet

	2022 $	2021 $
Rights-of-use asset		
Land and Building – right of use assets	1,158,935	-
Less: Accumulated Amortisation	(278,716)	-
Closing balance, net of accumulated amortisation	**880,219**	**-**
Lease liability		
Current	316,384	-
Non-current	691,007	-
Total	**1,007,391**	**-**

b) Amounts recognised in the statement of profit or loss

	2022 $	2021 $
Depreciation charge of right-of-use assets expense	278,716	-
Interest expense	29,839	-

The Group leases land and buildings for its offices, under agreements of between three to six years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

14 Investments

	2022 $	2021 $
Shares in Winchester Energy Limited		
Opening fair value	1,357,195	761,250
Additions	-	552,836
Funds pending allotment[1]	-	447,164
Fair value movement	(334,745)	(404,055)
Closing fair value	**1,022,450**	**1,357,195**

Under the terms of AASB 9 Financial Instruments the investment has been classified as fair value through profit and loss.

[1] In 2021, funds were invested in additional shares in Winchester Energy Limited. A placement of shares was offered in two tranches (Tranche 1 $552,836 and Tranche 2 $447,164). At 30 June 2021, only Tranche 1 shares had been issued with the balance of shares being issued on 26 August 2021. Tranche 2 funds are shown as "Funds pending allotment".

15 Trade and other payables

	2022 $	2021 $
Trade payables	1,312,421	190,538
Accruals	144,764	115,065
Other payables	105,952	57,385
	1,563,137	**362,988**

Refer to note 2 for the risk management policy of the Group.

16 Contributed equity

Share Capital	2022 Shares	2022 $	2021 Shares	2021 $
Ordinary shares fully paid	2,604,049,443	104,559,188	1,651,104,002	80,937,340
Capital raising cost	-	(6,442,043)	-	(6,096,865)
Ordinary shares fully paid	2,604,049,443	98,117,145	1,651,104,002	74,840,475

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Group in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Capital Risk Management

The Group's objective when managing capital is to safeguard the ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the return of capital to shareholders, issue new shares or sell assets to reduce debt. The Group defines capital as cash and cash equivalents plus equity.

The board of directors monitors capital on an ad-hoc basis. No formal targets are in place for return on capital. There are no gearing ratios as the Group has not derived any income from their oil and gas exploration and currently has no debt facilities in place.

16 Contributed equity (continued)

Movement in Ordinary Share Capital

2022 Date	Details	Number of shares	Issue price	Amount $
1/07/2021	Opening balance	1,651,104,002		74,840,475
30/07/2021	Share issue	32,616,668	0.15	4,892,500
30/08/2021	Conversion of options to ordinary shares	833,334	0.02	16,847
3/09/2021	Conversion of options to ordinary shares	5,000,000	0.02	101,080
14/09/2021	Conversion of options to ordinary shares	15,000,000	0.02	303,241
17/09/2021	Conversion of options to ordinary shares	41,750,000	0.02	844,020
1/11/2021	Conversion of options to ordinary shares	1,090,195	0.10	145,982
11/11/2021	Conversion of options to ordinary shares	40,000	0.02	809
15/11/2021	Conversion of options to ordinary shares	121,214	0.02	2,450
22/11/2021	Conversion of options to ordinary shares	978,812	0.02	19,788
23/11/2021	Conversion of options to ordinary shares	166,667	0.02	3,369
30/11/2021	Conversion of options to ordinary shares	11,192,416	0.02	226,266
15/12/2021	Conversion of options to ordinary shares	11,409,566	0.02	230,656
23/12/2021	Conversion of options to ordinary shares	19,469,461	0.02	393,595
30/12/2021	Conversion of options to ordinary shares	62,603,050	0.02	1,265,586
4/01/2022	Conversion of options to ordinary shares	69,596,754	0.02	1,406,971
13/01/2022	Conversion of options to ordinary shares	681,077,304	0.02	13,768,689
	Less capital raising costs			(345,179)
30/06/2022	**Balance**	**2,604,049,443**		**98,117,145**

16 Contributed equity (continued)

Movement in Ordinary Share Capital (continued)

2021 Date	Details	Number of shares	Issue price $	Amount $
1/07/2020	Opening balance	1,543,349,506		63,835,710
31/07/2020	Conversion of options to ordinary shares	1,000,000	0.02	20,000
24/09/2020	Conversion of options to ordinary shares	200,000	0.02	4,000
15/10/2020	Conversion of options to ordinary shares	700,000	0.02	14,000
22/10/2020	Conversion of options to ordinary shares	174,411	0.02	3,488
27/10/2020	Conversion of options to ordinary shares	150,000	0.10	15,000
3/11/2020	Conversion of options to ordinary shares	400,000	0.02	8,000
10/11/2020	Conversion of options to ordinary shares	100,000	0.10	10,000
13/11/2020	Conversion of options to ordinary shares	200,000	0.02	4,000
13/11/2020	Conversion of options to ordinary shares	250,002	0.02	5,000
25/11/2020	Conversion of options to ordinary shares	70,000	0.10	7,000
26/11/2020	Conversion of options to ordinary shares	1,000,000	0.02	20,000
4/12/2020	Conversion of options to ordinary shares	100,000	0.10	10,000
7/12/2020	Conversion of options to ordinary shares	100,000	0.02	2,000
14/12/2020	Conversion of options to ordinary shares	140,000	0.10	14,000
8/01/2021	Conversion of options to ordinary shares	35,000	0.10	3,500
2/03/2021	Conversion of options to ordinary shares	250,000	0.10	25,000
4/03/2021	Share issue	95,333,357	0.12	11,440,003
10/03/2021	Share issue	100,000	0.12	12,000
10/03/2021	Share issue	300,000	0.15	43,500
10/03/2021	Less capital raising costs			(798,761)
29/03/2021	Conversion of options to ordinary shares	500,000	0.02	10,000
28/04/2021	Conversion of options to ordinary shares	500,000	0.02	10,000
18/05/2021	Conversion of options to ordinary shares	150,000	0.02	3,000
20/05/2021	Conversion of options to ordinary shares	3,333,334	0.02	66,667
25/05/2021	Conversion of options to ordinary shares	1,000,000	0.02	20,000
11/06/2021	Conversion of options to ordinary shares	500,000	0.02	10,000
16/06/2021	Conversion of options to ordinary shares	1,168,392	0.02	23,368
30/06/2021	**Balance**	**1,651,104,002**		**74,840,475**

17 Reserves

	2022 $	2021 $
Option premium reserve	1,131,149	1,364,904
Performance rights reserve	-	-
Foreign currency reserve	714,619	(910,023)
	1,845,768	**454,881**

17 Reserves (continued)

Option Premium Reserve

The option reserve is used to recognise funds received from options issued to shareholders. The reserve is recognised in contributed equity when the options are exercised and converted to ordinary share capital.

Share Based Payment Reserve

The share based payment reserve is used to recognise the fair value of unlisted options issued to employees but not converted into ordinary shares. The reserve is recognised in contributed equity when and if the relevant milestone is attained within the specified period and as a result the unlisted options concerned convert to ordinary shares.

Performance Rights Reserve

The performance rights reserve is used to recognise the fair value of performance rights issued to the vendors of the Presidio Oil Project but not converted into ordinary shares. The reserve is recognised in contributed equity when and if the relevant milestone is attained within the specified period and as a result the performance rights convert to ordinary shares.

Foreign Currency Translation Reserve

The foreign currency translation reserve is used to record exchange differences arising on consolidation of subsidiaries with different functional currencies from that of the parent entity.

Option Premium Reserve

Movement in Option Premium Reserve

2022 **Date**	**Details**	**Number of options**	**Amount $**
1/07/2021	Opening balance	959,343,606	1,364,904
31/12/2021	Options vested - exercisable at $0.255 on or before 31/12/25 (1)	-	165,045
31/12/2021	Options lapsed -exercisable at $0.02 on or before 31/12/21	(950,028)	(205)
31/12/2021	Options lapsed -exercisable at $0.10 on or before 31/12/21	(8,064,805)	(154,038)
31/12/2021	Options lapsed -exercisable at $0.15 on or before 31/12/21	(10,000,000)	(9,000)
Several	Conversion of options to ordinary shares	(920,328,773)	(235,557)
30/06/2022	**Balance**	**20,000,000**	**1,131,149**

17 Reserves (continued)

Option Premium Reserve

Movement in Option Premium Reserve

(1) Options were issued to Robert Bearden during prior year. These options are exercisable at $0.255 on or before 31/12/2025. The options were issued in consideration for performance-based remuneration and the valuation of the options has been assessed using the Black Scholes method. The Company notes that 5,000,000 of the Related Party Options were issued subject to the vesting condition such that one third of the Related Party Options only vested to Mr Bearden (or his nominee) on the date falling 12 months after their issue.

During the year $165,045 was recognised for the vesting of options which were issued in the prior year.

See below for the assumptions used for the valuation of these options:

Date of issue	08/12/2020
Number of options	5,000,000
Expected volatility (%)	70
Risk-free interest rate (%)	0.34
Expected life of the options (years)	5.07
Option exercise price ($)	0.26
Share price at grant date ($)	0.16
Vesting Period	08/12/2021
Fair value per option ($)	0.075
Value at grant date ($)	376,374
Expiry date	31/12/2025

2021 **Date**	**Details**	**Number of options**	**Amount $**
1/07/2020	Opening balance	956,364,745	401,800
7/01/2021	Options issued - exercisable at $0.255 on or before 31/12/25	15,000,000	963,104
Several	Conversion of options to ordinary shares	(12,021,139)	-
30/06/2021	**Balance**	**959,343,606**	**1,364,904**

Major Terms and Conditions of Options on issue during the year are as follow:

	Number of options	Issue date	Expiry date	Exercise price
Listed	920,188,606	7/04/2017	31/12/2021	$0.02
Unlisted	9,155,000	5/04/2018	31/12/2021	$0.10
Unlisted	10,000,000	13/02/2019	31/12/2021	$0.15
Unlisted	5,000,000	13/12/2019	31/12/2022	$0.22
Unlisted	15,000,000	8/12/2020	31/12/2025	$0.26

17 Reserves (continued)

Performance Rights Reserve

Movement in Performance Rights Reserve

2022 Date	Details	Number of rights	Issue price	Amount $
1/07/2021	Opening balance	240,000,000		-
31/12/2022	Cancellation of PR	(240,000,000)		
30/06/2022	**Closing Balance**	**-**		**-**

2021 Date	Details	Number of rights	Issue price	Amount $
1/07/2020	Opening balance	240,000,000		-
30/06/2021	**Closing Balance**	**240,000,000**		**-**

18 Accumulated Losses

	2022 $	2021 $
Movements in accumulated losses:		
Balance at the beginning of the period	(38,374,255)	(34,631,098)
Net loss from continuing operations	(4,552,073)	(3,743,157)
Lapsed options reclassified from options reserve	163,243	-
Balance at the end of the year	**(42,763,085)**	**(38,374,255)**

19 Dividends

There were no dividends recommended or paid during the financial year (2021: nil).

20 Related Party Transactions

Compensation of key management personnel:

	2022 $	2021 $
Short-term employee benefits	458,363	446,324
Share based payments (refer to Note 17 for details)	165,045	963,104
Post-employment benefits	-	-
	623,408	**1,409,428**

The amount of remuneration paid to related parties during the financial year is set out in the *Audited Remuneration* section of the *Directors' Report*.

There are no outstanding loans to or from related parties and no outstanding balances arising from sales / purchases of goods and services to or from related parties.

20 Related Party Transactions (continued)

Helios Operating LLC, Helios Energy USA Ltd, Helios Energy (China) Ltd and Helios Energy Holdings Ltd are wholly owned subsidiaries (100%) of Helios Energy Limited. Transactions between the entities are eliminated upon consolidation.

Other Transactions with Directors and Key Management Personnel

There were no other transactions with Directors and Key Management Personnel during the year (2021: $Nil).

21 Remuneration of Auditors

Assurance Services	**2022**	**2021**
Audit Services	**$**	**$**
Amounts paid/payable to BDO Audit (WA) Pty Ltd for audit and review of the financial reports	45,584	37,885
Non-Audit Services		
Amounts paid/payable to BDO Corporate Tax (WA) Pty Ltd for taxation services	3,090	7,725

22 Reconciliation of loss after income tax to net cash outflow from operating activities	**2022**	**2021**
	$	**$**
(Loss) for the year	(4,552,073)	(3,743,157)
Non cash items		
Non cash fair value loss on investments	334,746	404,054
Foreign exchange gain	(705,429)	(168,841)
Share based payment	165,045	963,104
Depreciation expense	275,597	1,555
Exploration expenditure written off	1,455,890	-
Changes in operating assets and liabilities:		
Decrease/(Increase) in trade and other receivables	(259,365)	(219,418)
(Decrease) in trade and other payables	432,607	(43,699)
Net cash outflow from operating activities	**(2,852,982)**	**(2,806,402)**
Non-cash investing and financing activities		
Issue of ordinary shares for capital raising services	-	55,500
Conversion of option into shares	235,557	-
	235,557	**55,500**

Refer to Note 17 for movement on option premium reserve.

23 Earnings per share

	2022 $	2021 $
(a) Reconciliation of earnings to loss		
(Loss)/Profit after tax	(4,552,073)	(3,743,157)
Earnings used to calculate earnings per share	(4,552,073)	(3,743,157)

(b) Weighted Average Number of Shares	2022 Number	2021 Number
Weighted average number of ordinary shares used as the denominator in calculating basic profit / (loss) per share	2,243,542,578	1,578,476,712
Basic loss per share	(0.20)	(0.24)

The effect of the potential ordinary shares is anti-dilutive in the calculation of Earnings per Share in the year ending 30 June 2022, and therefore are not included in the calculation of diluted earnings per share. The options could potentially dilute earnings per share in the future.

24 Commitments and Contingent Liabilities

As part of the acquisition of the Presidio Oil Project there are contingent royalty payments as mentioned below:

Presidio Oil Project
Further Leases and Oil Wells to those acquired at acquisition date will be on a 'heads up' basis being 70% to the cost of Helios and 30% to the cost of the vendors (and/or their nominee/s). Helios will earn a NRI of 52.50% of 8/8ths (being 70% of a NRI of 75%) in all additional oil and gas leases or drilling of oil wells acquired by the joint venture. The mineral rights owners and vendors in aggregate will retain a gross revenue royalty, on industry standard terms, equal to 25% of the oil and gas produced or won from the Presidio Leases and any Further Leases and Oil Wells acquired by the joint venture within a 50 kilometre radius of the Presidio Leases.

25 Events Occurring After Reporting Date

On 12 September 2022, the Company announced to the ASX that it was working diligently on finalizing the Presidio 52#1 well location, re-grading and re-forming the main road into the Presidio Oil Project, filling the frack water reservoir and completing all other necessary preparations for the 4 stage vertical frack of the Presidio 52#1 well.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by governments (Federal, State and local) both in the USA, China and Australia, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

There have been no other significant events subsequent to the end of the financial year to the date of this report.

26 Helios Energy Ltd Parent Company Information

	2022	2021
Statement of financial position	**$**	**$**
Assets		
Total current assets	18,185,696	9,259,053
Total non-current assets	2,808,245	27,822,232
Total assets	**20,993,941**	**37,081,285**
Liabilities		
Total current liabilities	187,079	160,184
Total liabilities	**187,079**	**160,184**
Net Assets	**20,806,862**	**36,921,101**
Equity		
Contributed equity	98,117,145	74,840,475
Reserve	1,141,977	1,364,904
Accumulated losses	(78,452,260)	(39,284,278)
Total Equity	**20,806,862**	**36,921,101**

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2022 and 30 June 2021.

27 Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries:

Name of entity	Country of Incorpora-tion	Class of shares	Equity holding 2022	Equity holding 2021
Helios Energy USA, Ltd[1]	USA	Ordinary	100%	100%
Helios Operating, LLC	USA	Ordinary	100%	100%
Helios Energy (China) Ltd[2]	China	Ordinary	100%	100%
Helios Energy Holdings Ltd[3]	Cayman Islands	Ordinary	100%	100%

[1] Holding company for Helios Operating, LLC

[2] Helios Energy (China) Ltd was registered in Beijing China 22 Sept 2020, as a 100% subsidiary entity of Helios Energy Holdings Ltd. In January 2021, the company opened a regular banking account with HSBC Bank (China) Beijing Branch.

[3] Helios Energy Holdings Ltd was incorporated in Cayman Island, B.V.I on 23 May 2018, as a shell company, with Helios Energy USA Ltd being 100% shareholder. the company opened a regular banking account with HSBC Bank (China) Beijing Branch.

The Directors' of the Company declare that:

1 The financial statements and notes as set out on pages 16 to 44 are in accordance with the *Corporations Act 2001*, and

(i) comply with Accounting Standards and the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(ii) give a true and fair view of the financial position of the Group as at 30 June 2022 and of its performance for the year ended on that date.

2 The Managing Director has given the declarations required by S295A of the Corporations Act 2001.

3 The Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.

4 In the opinion of the directors' 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.

Richard He
Managing Director
30 September 2022

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INDEPENDENT AUDITOR'S REPORT

To the members of Helios Energy Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Helios Energy Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, 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 year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with 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 our audit of the 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 in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Carrying Value of Exploration and Evaluation Assets

Key audit matter	*How the matter was addressed in our audit*
As at 30 June 2022, the Group held a significant carrying value of Exploration and Expenditure Assets as disclosed in Note 1(j) and Note 12 of the Financial report. As the carrying value of these Exploration and Evaluation Assets represents a significant asset of the Group, we considered it necessary to assess whether any facts or circumstances exist to suggest that the carrying amount of this asset may exceed its recoverable amount. Judgement is applied in determining the treatment of exploration expenditure in accordance with Australian Accounting Standard AASB 6 *Exploration for and Evaluation of Mineral Resources* as disclosed in Note 3.	Our procedures included, but were not limited to: • Obtaining a schedule of the area of interest held by the Group and assessing whether the rights to tenure of the area of interest remained current at balance date; • Considering the status of the ongoing exploration programmes in the area of interest by holding discussions with management, and reviewing the Group's exploration budgets, ASX announcements and directors' minutes; • Considering whether the area of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed; • Considering whether any facts or circumstances existed to suggest further impairment testing was required; and • Assessing the adequacy of the related disclosures in Note 1(j) and Note 12 to the Financial Report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 13 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Helios Energy Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

BDO

Jarrad Prue

Director

Perth

30 September 2022

The shareholder information set out below was applicable as at 13 September 2022:

1. Distribution of Equity Securities

Analysis of numbers of security holders by size of holding:

			Number of Holders	Number of Shares	% Held
1	-	1,000	78	9,923	0.00%
1,001	-	5,000	125	528,469	0.02%
5,001	-	10,000	109	886,714	0.03%
10,001	-	100,000	486	21,602,947	0.83%
100,001	-	and over	487	2,581,021,390	99.12%
			1,285	**2,604,049,443**	**100.00%**

There were 220 holders of less than a marketable parcel of ordinary shares.

2. Substantial Holders

Substantial holders of equity securities, ordinary shares, in the Company are set out below as at 13 September 2022:

Ordinary Shares
(Holders with 5% or more)

Name	Number held	Percentage of issued shares
Notable Pioneer Limited/Mr Hui Ye	605,576,359	23.26%
PAA Energy LLC/Antlers Energy Corporation/Richard He	248,888,072	9.56%
Mr Wentao Zhao	159,282,031	6.12%

3. Unlisted Option Holders

Unlisted Options expiring 31/12/2022 @ $0.22
(Holders with 5% or more)

Name	Number held	Percentage of unlisted options
Gleneagle Securities (Aust) Pty Ltd	2,000,000	40%
Exit Out Pty Ltd <The Discretionary A/C>	1,000,000	20%
JB Toro Pty Ltd	1,000,000	20%
Pillaiyar Pty Ltd <Thiru A/C>	1,000,000	20%

Unlisted Options expiring 31/12/2025 @ $0.255
(Holders with 5% or more)

Name	Number held	Percentage of unlisted options
Mr Robert G Bearden	15,000,000	100%

4. Voting Rights

The voting rights attaching to each class of equity securities are set out below:

Ordinary Shares

Every member present at a meeting in person or by proxy shall have one vote for each share conducted via a poll.

Options

These securities have no voting rights.

5. Equity Security Holders

The names of the twenty largest holders of ordinary shares as of 13 September 2022 are listed below:

Rank	Name	Number of shares	%
1	Notable Pioneer Limited	605,576,359	23.26%
2	PAA Energy LLC	205,888,072	7.91%
3	Mr Wentao Zhao	159,282,031	6.12%
4	Mr Zhiqiang Shan	103,841,428	3.99%
5	BNP Paribas Noms Pty Ltd <DRP>	101,484,595	3.90%
6	JDK Nominees Pty Ltd <Kenny Capital Trust>	93,276,084	3.58%
7	RIGI Investments Pty Ltd <The Cape A/C>	84,123,619	3.23%
8	RPM Texas LLC	68,780,000	2.64%
9	Ichi Investments Inc	59,157,640	2.27%
10	Lugano Holdings LLC	55,365,264	2.13%
11	BNP Paribas Nominees Pty Ltd <IB AU Noms Retail Client DRP>	52,493,695	2.02%
12	Ms Huiru Chen	43,840,388	1.68%
13	Mr Jidong Zhang	43,414,294	1.67%
14	Antlers Energy Corporation	43,000,000	1.65%
15	Mr Junwei Chen	40,000,000	1.54%
16	Mr Xiaoping Zhou	37,604,910	1.44%
17	Trend E&P LLC	34,455,294	1.32%
18	The LF Point Pty Ltd <Point A/C>	33,600,000	1.29%
19	Mr Xiaofeng Huang	29,434,782	1.13%
20	CS Fourth Nominees Pty Limited <HSBC Cust Nom Au Ltd 11 A/C>	25,326,169	0.97%
	Total	**1,919,944,624**	**73.73%**

6. On-Market Buy-Back

There is no current on-market buy-back.