



Helios Energy Ltd

16 March 2023

Helios Energy Limited

Interim Financial Report

31 December 2022

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These interim financial statements do not include all the notes of the type normally included in the annual financial statements. Accordingly, these interim financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2022 and any public announcements made by the Company during the period from 1 July 2022 to the date of this report in accordance with the continuous disclosure requirements of the *Corporations Act 2001 (Cth)*.

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: +61 8 6298 6191	USA Office 3 Riverway, 17 th 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: +61 8 9323 2000 F: +61 8 9323 2033	
Auditor	BDO Audit (WA) Pty Ltd Level 9, Mia Yellagonga Tower 2 5 Spring Street Perth WA 6000 Australia T: +61 8 6382 4600 F: +61 8 6382 4601	
Lawyers	Steinepreis Paganin Level 4, The Read Buildings 16 Milligan Street Perth WA 6000 Australia T: +61 8 9321 4000 F: +61 8 9321 4333	
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 half year period ended 31 December 2022 (**Helios Energy** or the **Company** or the **Group**).

DIRECTORS

The following persons were directors of Helios Energy during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

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

The company secretary is John Palermo who was appointed on 10 September 2018.

PRINCIPAL ACTIVITIES AND REVIEW OF OPERATIONS

The Company is an oil and gas exploration company whose principal activity is the Presidio Oil and Gas Project which is located in Presidio County in the State of Texas in the USA.

Presidio Oil Project - 70% Working Interest (WI) in 4 Wells and 21,690 Gross Acres

Helios has a 70%WI in a total of 21,690 gross acres (15,183 net acres) and a 70%WI in the 4 wells drilled by Helios in the Presidio Oil and Gas Project, namely, Presidio 52#1, Presidio 141#2, Quinn Creek 141#1 and Quinn Mesa 113.

Leases Acquired or Disposed of During the Half Year Ending on 31 December 2022

During the half year ending on 31 December 2022, Helios choose to let expire 30,574 non-core acres the subject of its Presidio Oil and Gas Project. All 21,690 gross acres the subject of the Presidio Oil and Gas 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 Frack Job of Presidio 52#1 Well

The frack of 4 stages across a 1,623 feet interval of the Presidio 52#1 well was successfully completed during the half year period. As reported to the ASX on 9 February 2023, oil and gas appeared after 10 days of flowback after the fracking of the well. On 9 February 2023, Presidio 52#1 was producing 70 to 80 barrels of oil per day (**BOPD**) and approximately 700,000 cubic feet per day of gas. 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 is 1,623 feet. The 1,623 feet interval was fracked across 4 stages per a frack design created by John Ely of Ely and Associates. The four frack intervals have been co-mingled as a vertical completion for production purposes. John Ely is the principal of Ely and Associates, a world-renowned consulting company for well completions, stimulation fluids, and reservoir analysis.

DIRECTORS' REPORT (continued)

Background to the Presidio 52#1 Well

The Presidio 52#1 well has been successfully drilled to a total depth (TD) of 8,806 feet. During drilling, the Presidio 52#1 well encountered the lower bench of the Ojinaga Formation (primary target) and the Eagle Ford Shale Formation (secondary target) as well as two older (deeper) Cretaceous units, being the Buda and Georgetown Formations (both secondary targets). The lower bench of the Ojinaga Formation was encountered at the depth of 6,632 feet and is 793 feet thick. Helios has successfully tested and produced oil from all 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. The Eagle Ford Shale was encountered at a depth of 7,425 feet and is 836 feet thick with the deepest 235 feet also referred to as the Boquillas Formation (which is equivalent to the lower Eagle Ford Formation in Karnes County, Texas, USA).

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). Gas measurements were consistently high throughout the drilling through the entire lower bench of the Ojinaga Formation and throughout the drilling of the entire Eagle Ford Formation. 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.

Testing of Boquillas Formation in the Presidio 52#1 Well During the Half Year Period

During the half year, a workover rig was used by Helios to conventionally test (without fracking) the lower Boquillas Formation in the Presidio 52#1 well (which is equivalent to the lower Eagle Ford Formation in Karnes County, Texas). When originally drilling the well, significant wet shows were recorded in the lower Boquillas section with gas measurements of up to 10,000 units and a gas composition of 25% C2 (ethane) to C4 (butane). Using the workover rig, Helios perforated a 20 feet section from 8,190 feet to 8,210 feet. Although the test results indicated low permeability, the well naturally flowed gas and oil at modest rates without being fracked. This is important as it establishes another potentially productive interval for lateral drilling in the future.

Testing of Quinn Creek 141#1 Well During the Half Year

The discovery well in the Presidio Oil and Gas Project, Quinn Creek 141#1, was re-entered during the half year utilizing a workover rig. During the re-entry, the bridge plug at 4,350 feet was unseated and the well flowed oil and gas naturally to the pits. The well initially flowed wet gas at an estimated rate exceeding 1,000 MCF per day. However, there was no oil and gas separator nor meter installed to measure the rate accurately. Quinn Creek 141#1 is now shut in with production tubing run in the well. Various artificial lift applications are being investigated to optimize sustainable production. The well continues to build up pressure while being shut in.

Background to Quinn Creek 141#1 Well

In late June 2018, Helios successfully completed a one stage frack in the vertical Quinn Creek 141#1 well to test oil and gas shows and log indications between 4,744 and 4,880 feet (a 136 foot interval) in the lower bench of the Ojinaga Formation. The frack of the lower bench of the Ojinaga Formation in the Quinn Creek 141#1 well resulted in the successful injection of approximately 212,000 pounds of frack sand (approximately 1,500 pounds of frack sand per foot) and approximately 10,000 barrels of slick water (approximately 75 barrels of slick water per foot). On 19 July 2018, Helios reported that the well flowed 260 barrels of oil and 1,345 barrels of completion fluid in 168 hours (7 days). Gas was also produced at 456 mcf per day on a 34/64ths of one inch choke. The well was shut in in October 2018.

DIRECTORS' REPORT (continued)

Presidio 141#2 Testing

The Presidio 141#2 well required maintenance after mechanical issues downhole disrupted production efforts. After re-entering the well, the damaged artificial lift pump was removed and upon swabbing out 23 barrels of fluid, the well began unassisted flow at a gas rate of 626 MCF per day and 74 barrels of oil were recovered in the first 24 hours. Presidio 141#2 is currently shut in as various artificial lift applications are being investigated to optimize sustainable production. The well continues to build up pressure while being shut in.

Production Facilities Installed

Permanent production facilities have been installed at the well site location of the Presidio 141#2 well consisting of a 3-phase separator, two 500 barrel oil tanks, two 500 barrel water tanks, and a flare stack. The Quinn Creek 141#1 well has also been piped into and connected to flow to the shared field production facilities located at the Presidio 141#2 location.

Commerciality and Monetization of Gas

Helios is focused on phased in gas commercialization along with oil production sales. Helios' evaluation indicates a large wet gas resource that provides significant additional upside opportunity to the Presidio Oil and Gas Project which was initially considered primarily an oil province. Several technologies are being reviewed for a potential pilot project, including utilizing the gas for electricity generation for field use and for local commercial gas sales after stripping out the liquids for sale. Other options being evaluated include connecting the field to the Trans Pecos Gas pipeline located approximately 40 miles to the east, and the feasibility of utilizing modular small scale LNG plants in the field.

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 and Gas 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 in January 2023 reached approximately 5,635,000 bopd.

Corporate

Helios has no debt and cash at bank at the end of the half year period on 31 December 2022 was \$11,887,153.

OPERATING RESULT

The loss from operations for the half year ended 31 December 2022 after providing for income tax was \$4,914,204 (2021: Loss \$2,505,342). The total comprehensive loss for the half year ended 31 December 2022 after providing for income tax was \$4,369,297 (2021: \$1,412,964).

Additional information on the operations and financial position of the Group and its business strategies and prospects is set out in this directors' report and the interim financial report.

DIRECTORS' REPORT (continued)

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001 (Cth)* is set out on page 6 of this interim report.

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



Richard He
Managing Director

16 March 2023

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AUDITOR'S INDEPENDENCE DECLARATION



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

As lead auditor for the review of Helios Energy Limited for the half-year ended 31 December 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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

A handwritten signature in black ink, appearing to read 'J Prue', is written over a light grey watermark that says 'For personal use only'.

Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth

16 March 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	31 December 2022 \$	31 December 2021 \$
Revenue from operations		-	19,682
Other income		71,626	164
Foreign exchange gain/(loss)		(22,503)	443,518
Fair value (loss) on investment	4	(92,950)	(55,895)
Administration costs		(836,449)	(994,414)
Finance cost		(14,834)	(14,415)
Operating costs		(163,123)	(27,842)
Exploration expenditure written off	3	(2,657,629)	-
Personnel Cost		(922,724)	(1,432,586)
Corporate compliance costs		(67,542)	(90,888)
Corporate management fees		(41,500)	(25,591)
Depreciation and amortisation expense		(141,158)	(135,931)
Audit fees		(25,418)	(26,099)
Share based payments		-	(165,045)
Loss before income tax		(4,914,204)	(2,505,342)
Income Tax expense		-	-
Loss after income tax for the year		(4,914,204)	(2,505,342)
Other Comprehensive Income			
<i>Items that will be reclassified to profit or loss</i>			
Exchange difference on translation		544,907	1,092,378
Total comprehensive loss for the year attributable to the members of Helios Energy Ltd		(4,369,297)	(1,412,964)
		Cents	Cents
Gain/(Loss) per share for loss from continuing operations attributable to the ordinary equity holders of the Company:			
Basic gain/(loss) per share		(0.28)	(0.15)
Diluted earnings per share		(0.28)	(0.15)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		31 December 2022	30 June 2022
	Note	\$	\$
ASSETS			
Current assets			
Cash and cash equivalents		11,887,153	21,708,895
Trade and other receivables		181,976	210,829
Other assets		348,621	269,972
Total current assets		12,417,750	22,189,696
Non-current assets			
Other assets		753,079	1,611,229
Exploration and evaluation expenditure	3	39,878,032	34,066,762
Right-of-use asset		741,185	880,219
Investments	4	929,500	1,022,450
Total non-current assets		42,301,796	37,580,660
Total assets		54,719,546	59,770,356
LIABILITIES			
Current liabilities			
Trade and other payables		998,579	1,563,137
Lease liability		213,103	316,384
Total current liabilities		1,211,682	1,879,521
Non Current liabilities			
Lease liability		677,333	691,007
Total non current liabilities		677,333	691,007
Total liabilities		1,889,015	2,570,528
NET ASSETS		52,830,531	57,199,828
EQUITY			
Contributed equity		98,117,145	98,117,145
Reserves		2,387,675	1,845,768
Accumulated losses		(47,674,289)	(42,763,085)
TOTAL EQUITY		52,830,531	57,199,828

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Contributed equity	Options reserve	Foreign currency translation reserve	Accumulated losses	Total
	\$		\$	\$	\$
Balance as at 1 July 2022	98,117,145	1,131,149	714,619	(42,763,085)	57,199,828
Loss for the period	-	-	-	(4,914,204)	(4,914,204)
Exchange differences on translation of foreign operations	-	-	544,907	-	544,907
Total comprehensive gain (loss) for the period	-	-	544,907	(4,914,204)	(4,369,297)
Transactions with owners in their capacity as owners:					
Contribution of equity	-	-	-	-	-
Less capital raising costs	-	-	-	-	-
Lapsed options	-	(3,000)	-	3,000	-
Options issued	-	-	-	-	-
Balance at 31 December 2022	98,117,145	1,128,149	1,259,526	(47,674,289)	52,830,531

	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 period	-	-	-	(2,505,342)	(2,505,342)
Exchange differences on translation of foreign operations	-	-	1,092,378	-	1,092,378
Total comprehensive gain (loss) for the period	-	-	1,092,378	(2,505,342)	(1,412,964)
Transactions with owners in their capacity as owners:					
Contribution of equity	4,892,501	-	-	-	4,892,501
Less capital raising costs	(345,179)	-	-	-	(345,179)
Conversion of options to ordinary shares	3,480,310	-	-	-	3,480,310
Issue of options	-	165,045	-	-	165,045
Balance at 31 December 2021	82,868,107	1,529,949	182,355	(40,879,597)	43,700,814

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	31 December 2022 \$	31 December 2021 \$
Cash flow from operating activities		
Receipts from customers	7,172	19,682
Payments to suppliers and employees	(2,311,099)	(3,040,753)
Interest received	51,491	164
Interest paid	<u>(14,834)</u>	<u>(14,911)</u>
Net cash outflow from operations	<u>(2,267,270)</u>	<u>(3,035,818)</u>
Cash flows from investing activities		
Payments for exploration and evaluation	<u>(7,453,758)</u>	<u>(600,291)</u>
Net cash outflow from investing activities	<u>(7,453,758)</u>	<u>(600,291)</u>
Cash flows from financing activities		
Proceeds from the issue of shares	-	4,892,500
Costs associated with capital raising	-	(345,179)
Proceeds from exercise of options	-	15,339,554
Lease repayments	<u>(116,954)</u>	<u>(72,719)</u>
Net cash inflow (outflow) from financing activities	<u>(116,954)</u>	<u>19,814,156</u>
Net increase / (decrease) in cash and cash equivalents	<u>(9,837,982)</u>	<u>16,178,047</u>
Cash and cash equivalents at the beginning of the period	<u>21,708,895</u>	<u>9,903,911</u>
Effect of exchange rate changes on cash and cash equivalents	<u>16,240</u>	<u>458,710</u>
Cash and cash equivalents at the end of the period	<u>11,887,153</u>	<u>26,540,668</u>

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

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

This general purpose interim financial report includes the financial statements and notes of Helios Energy Ltd (The Company), a public limited entity, and its controlled entities (The Group) for the half-year ended 31 December 2022.

(a) Basis of Preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

(b) New or amended Accounting Standards and Interpretations adopted

The Group 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.

(c) 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.

2. 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.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

2. Segment Information (continued)

Operating segment information:

31 December 2022	USA	China	Unallocated	Total
	\$	\$	\$	\$
Profit and loss				
Revenue	-	-	-	-
Other	26,796	-	-	26,796
Interest Income	6	-	44,824	44,830
Other Income	26,802	-	44,824	71,626
Loss for the period	(4,135,812)	(417,610)	(360,782)	(4,914,204)
Financial Position				
Total Assets	38,454,111	2,523,699	13,741,736	54,719,546
Total Liabilities	(1,253,189)	(399,615)	(236,211)	(1,889,015)
31 December 2021	USA	China	Unallocated	Total
	\$	\$	\$	\$
Profit and loss				
Revenue	19,682	-	-	19,682
Other	-	-	-	-
Interest Income	-	-	164	164
Other income	-	-	164	164
Loss for the period	(2,269,809)	(277,451)	41,918	(2,505,342)
Financial Position				
Total Assets	26,097,191	1,628,259	29,442,082	57,167,532
Total Liabilities	(896,751)	(577,256)	(11,992,711)	(13,466,718)

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

3. Exploration and Evaluation Expenditure

	31 December 2022	30 June 2022
	\$	\$
Exploration and Evaluation Phase		
Opening balance	34,066,762	25,605,656
Exploration costs	7,289,345	7,559,365
Foreign exchange difference on translation	1,179,554	2,357,631
Exploration expenditure written off	(2,657,629)	(1,455,890)
Closing balance	<u>39,878,032</u>	<u>34,066,762</u>

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.

The Company has assessed each area interest for impairment in accordance with AASB 6 Exploration for and Evaluation of Minerals Resources. Based on the Company's assessment, \$2,657,629 was recognised in the income statement, as exploration written off, in relation to expired leases during the period.

4. Investments

	31 December 2022	30 June 2022
	\$	\$
Shares in Winchester Energy Limited		
Opening fair value	1,022,450	1,357,195
Fair value movement	(92,950)	(334,745)
Closing fair value	<u>929,500</u>	<u>1,022,450</u>

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.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

4. Investments (continued)

31 December 2022	Level 1 \$	Level 2 \$	Level 3 \$
Assets			
Investments	929,500	-	-
	<u>929,500</u>	<u>-</u>	<u>-</u>
30 June 2022	Level 1 \$	Level 2 \$	Level 3 \$
Assets			
Investments	1,022,450	-	-
	<u>1,022,450</u>	<u>-</u>	<u>-</u>

There were no transfers between levels during the financial half-year. The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

5. Contributed Equity

(a) Share capital:

Share Capital	31 December 2022		30 June 2022	
	Shares	\$	Shares	\$
Ordinary shares fully paid	2,604,049,443	104,559,188	2,604,049,443	104,559,188
Capital raising cost	-	(6,442,043)	-	(6,442,043)
Ordinary shares fully paid	<u>2,604,049,443</u>	<u>98,117,145</u>	<u>2,604,049,443</u>	<u>98,117,145</u>

(b) Movements in ordinary share capital:

31 December 2022		Number of shares	Issue price	Amount \$
Date	Details			
1/07/2022	Opening balance	2,604,049,443		98,117,145
30/06/2022	Closing balance	<u>2,604,049,443</u>		<u>98,117,145</u>

No shares were issued during this period.

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

5. Contributed Equity (continued)

(b) Movements in ordinary share capital (continued):

30 June 2022		Number of	Issue	Amount
Date	Details	shares	price	\$
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	Closing balance	<u>2,604,049,443</u>		<u>98,117,145</u>

6. Commitments

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.

7. Contingent liabilities

There are no contingent liabilities as at 31 December 2022 and 30 June 2022.

8. After Reporting Date Events

No matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

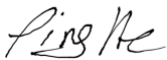
DIRECTORS' DECLARATION

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Richard He
Managing Director

16 March 2023

INDEPENDENT AUDITOR'S REVIEW REPORT



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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Helios Energy Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Helios Energy Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 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 half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

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

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

Responsibility of the directors for the financial report

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

INDEPENDENT AUDITOR'S REVIEW REPORT



Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

BDO Audit (WA) Pty Ltd

BDO

A handwritten signature in black ink, appearing to read 'J Prue', is written over the printed name.

Jarrad Prue

Director

Perth

16 March 2023

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