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Annual Report

30 June 2023

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CORPORATE DIRECTORY

Directors

Hui Ye

Non-Executive Chairman

Richard He

Managing Director

Robert Bearden

Non-Executive Director

Mark Lochtenberg

Non-Executive Director

Company Secretary

Henko Vos

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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 2023 (**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 on 1 December 2017
Richard He	appointed on 20 October 2017
Robert Bearden	appointed on 14 February 2018
Mark Lochtenberg	appointed on 30 August 2023
Nicholas Ong	resigned on 30 August 2023

Company Secretary

Henko Vos	appointed on 14 June 2023
John Palermo	resigned on 14 June 2023

Principal Activities and Review of Operations

The Company is an onshore oil and gas exploration company whose principal activity is the Presidio Oil and Gas 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 17,850 Gross Acres

Helios has a 70%WI in a total of 17,850 gross acres (12,495 net acres) and a 70%WI in the 4 wells drilled by Helios in the Presidio Oil and Gas Project, namely, Presidio 141#2, Quinn Creek 141#1, Quinn Mesa 113 and Presidio 52#1.

Commercialization and Monetization of Presidio Oil and Gas Project

Helios is focused on phased-in gas commercialization along with oil production sales with respect to the Presidio Oil and Gas Project. Helios' evaluation of the Presidio Oil and Gas Project 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. 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. 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 (**NGLs**) 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.

Leases Acquired or Disposed of During the Year Ending 30 June 2023

During the year ending 30 June 2023, Helios choose to let expire 42,134 non-core acres the subject of its Presidio Oil and Gas Project. Helios now has a 70%WI in a total of 17,850 gross acres (12,495 net acres). All 17,850 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.

Principal Activities and Review of Operations (continued)

Background to the Presidio 52#1 Well

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 four wells it has drilled (namely, Presidio 141#2, Quinn Creek 141#1, Quinn Mesa 113 and Presidio 52#1) 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 (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 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 completed a 4 stage vertical frack across a 1,623 feet interval in the Presidio 52#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.

Flowback Testing – Presidio 52#1 Well

Flowback testing of the Presidio 52#1 well occurred during the latter months of the year ending 30 June 2023. As reported on 16 May 2023, oil production had increased as frack water was unloaded assisted by the installation of gas lift valves in the tubing and a gas compressor at the well site. On 16 May 2023 oil cut was greater than 10% with the well producing over 100 BOPD and with a gas rate of 1.2 MMCFPD.

Principal Activities and Review of Operations (continued)

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.

Presidio Oil Project – Infrastructure

Access to the 4 wells that constitute the Presidio Oil and Gas 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 and Gas 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 the Permian Region. Oil production in the Permian Region has rebounded strongly in the past 12 months and in June 2023 reached approximately 5,800,000 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 terms of the helium extraction joint venture agreement, Ordos Xingxing has agreed to provide all land, all BOG feed gas and all associated utilities for the helium extraction joint venture. Helios has agreed to 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 future annual helium gas output from this dedicated module to be approximately 100,000 Nm³ per year once the helium extraction module is running at full capacity. When this occurs, 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 terms of this helium extraction joint venture agreement, Wanshengyuan has contracted to provide all land, all BOG feed gas and all associated utilities for the helium extraction joint venture. Helios has agreed to 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 has agreed to 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 will be 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.

Principal Activities and Review of Operations (continued)

Corporate

Helios has relocated its registered office and place of business to Suite 6, 295 Rokeby Road, Subiaco WA 6008 on 14 June 2023. The Company has also appointed Mr Henko Vos as the new Company Secretary following Mr John Palermo's resignation on 14 June 2023. On 30 August 2023, the Company appointed Mr Mark Lichtenberg to the Board of Helios. On 30 August 2023, Mr Nicholas Ong resigned as a director of Helios.

Helios has no debt and cash at bank at the end of the quarter was \$5,351,168.

Operating results

The loss from operations as at the 30 June 2023 after providing for income tax was \$8,606,881 (2022: loss of \$4,552,073). 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.

Business Risks

The Company's activities have inherent risk associated with them and the Board is unable to provide certainty of the expected results of those oil and gas and helium activities, or that any or all of the likely or proposed activities will be achieved. The material business risks faced by the Company that could influence the Company's prospects, and how the Company manages these risks, are detailed below.

Operational risks

The Company may be affected by various operational factors. If any of these potential risks eventuate, the Company's operational and financial performance may be adversely affected. No assurances can be given that the Company will achieve sustained commercial viability through the successful exploration and/or production of its oil and gas mineral rights located in Presidio County, Texas, USA. Until the Company is able to realize material value from its oil and gas assets, it is likely to continue incur ongoing operating losses from its oil and gas operations.

The operations of the Company may be affected by various factors, including but not limited to, failure to obtain oil and gas mineral rights on satisfactory commercial terms, failure to achieve anticipated flow rates of oil and gas from new wells, operational and technical difficulties encountered in drilling wells, insufficient or unreliable infrastructure such as water, cheap power sources, road access, truck transport, difficulties in commissioning and operating drilling and pumping equipment, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

The oil and gas leases in Presidio County, Texas, USA are at various stages of oil and gas exploration, and potential investors should understand that oil and gas exploration and development are speculative and high risk undertakings that may be impeded by circumstances and factors beyond the control of the Company.

There can no assurance that exploration of the oil and gas leases in Presidio County, Texas, USA, or any other oil and gas properties that may be acquired in the future, will result in the discovery of a materially economic oil and gas resource. Even if an apparently viable oil and gas resource is identified, there is no guarantee that it can be economically exploited.

Further capital requirements

The Company's oil and gas and helium projects may require additional funding in order to progress activities. There can be no assurance that additional capital or other types of financing will be available if needed to further exploration or possible development activities and operations or that, if available, the terms of such financing will be favourable to the Company.

Principal Activities and Review of Operations (continued)

Business Risks (continued)

The Company's activities are subject to Government regulation and approvals

The Company is subject to certain Government regulations and approvals in both Texas, USA and in China. Any material adverse change in government policies or legislation in Texas, USA or China that affect oil and gas or helium, processing, development and oil and gas exploration activities, export activities, income tax laws, royalty regulations and environmental issues may affect the viability and profitability of any planned exploration or possible development of the Company's portfolio of oil and gas and helium projects.

Global conditions

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities. General economic conditions, laws relating to taxation, new legislation, trade barriers, movements in interest and inflation rates, currency exchange controls and rates, national and international political circumstances (including outbreaks in international hostilities, wars, terrorist acts, sabotage, subversive activities, security operations, labour unrest, civil disorder, and states of emergency), natural disasters (including fires, earthquakes and floods), and quarantine restrictions, epidemics and pandemics, may have an adverse effect on the Company's operations and financial performance, including the Company's exploration, development and production activities, as well as on its ability to fund those activities. General economic conditions may also affect the value of the Company and its market valuation regardless of its actual performance.

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 30 August 2023 Mr Nicholas Ong resigned from the Board as a non-executive director.

On 30 August 2023 Mr Mark Hamish Lochtenberg was appointed as non-executive director.

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)

Options: Nil

Performance rights: 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 (interests held via PAA Energy LLC and Antlers Energy Corporation)

Options: Nil

Performance rights: Nil

Information on Current Directors (continued)

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

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

Performance rights: Nil

Mark Lochtenberg (Non-Executive Director)

Experience and Expertise

Mr Lochtenberg graduated with a Bachelor of Law (Hons) degree from Liverpool University, U.K. and has been actively involved in the coal industry for more than 30 years. Mark Lochtenberg is Non-Executive Director of public listed companies Nickel Mines Limited and Terracom Limited. He is the former Executive Chairman and founding Managing Director of ASX-listed Baralaba Coal Company Limited (formerly Cockatoo Coal Limited). He was a principal architect of Cockatoo's inception and growth from an early-stage grassroots explorer through to an emerging mainstream coal producer. He was also formerly the co-head of Glencore International AG's worldwide coal division, where he spent 13 years overseeing a range of trading activities including the identification, due diligence, negotiation, acquisition and aggregation of the coal project portfolio that would become Xstrata Coal. Prior to this, Mark established a coal "swaps" market for Bain Refco (Deutsche bank) after having served as a senior coal trader for Hansen Neuerburg AG and as coal marketing manager for Peko Wallsend Limited. Mr Lochtenberg is currently Non-Executive Director of public listed company Nickel Mines Limited, Director of Australian Transport, Energy Corridor Pty Limited and Montem Resources Limited.

Other Current Directorships

Rigi Investments Pty Ltd since 21 April 2004

Montem Resources Limited since 3 November 2020

Equus Mining Limited (ASX: EQE) since 10 October 2014

Nickel Industries Limited (ASX: NIC) since 10 March 2017

Terracom Limited (ASX: TER) since 28 January 2022

Information on Current Directors (continued)

Mark Lochtenberg (Non-Executive Director) (continued)

Former Directorships in the Last Three Years

Nil

Special Responsibilities

None

Interests in securities

Fully paid ordinary shares: 85,100,000 (interests held via Rigi Investments Pty Limited <The Cape A/C> and The Rigi Superannuation Fund)

Options: Nil

Performance rights: Nil

Nicholas Ong (Non-Executive Director)

Mr Ong resigned as a director on 30 August 2023.

Directors' Interests in Shares and Options

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

2023 Name	Ordinary Shares	Options Unlisted	Performance Rights
Hui Ye	605,576,359	-	-
Richard He	248,888,072	-	-
Robert Bearden	11,000,000	15,000,000	-
Mark Lochtenberg ⁽¹⁾	85,100,000	-	-
Nicholas Ong ⁽²⁾	-	-	-

(1) Mr Mark Lochtenberg was appointed as a director on 30 August 2023

(2) Mr Nicholas Ong ceased as a director on 30 August 2023

Meetings of Directors

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

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:

- (a) competitiveness and reasonableness;
- (b) acceptability to shareholders;
- (c) performance linkage / alignment of executive compensation;
- (d) transparency; and
- (e) capital management.

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:

- (a) focuses on sustained growth in shareholder wealth;
- (b) attracts and retains high calibre executives;
- (c) rewards capability and experience; and
- (d) 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 the Company's operations.

Use of Remuneration Consultants

Remuneration consultants were not used in the establishment of remuneration packages in 2023.

Remuneration Report (Audited) (continued)

Voting and comments made at the Company's 2022 Annual General Meeting ('AGM')

At the 2022 AGM, 90% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2022. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

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

No relationship exists between the Company's 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.

	2019	2020	2021	2022	2023
	\$	\$	\$	\$	\$
Revenue/other income	43,337	237,979	189,428	772,598	233,301
Net loss	(2,830,967)	(8,817,519)	(3,743,157)	(4,552,073)	(8,606,881)
Share price at year end	0.17	0.09	0.18	0.08	0.08
Loss per share (cents)	(0.20)	(0.58)	(0.24)	(0.20)	(0.33)

Comments and Voting at Annual General Meeting

There were no comments or questions arising at the 2022 annual general meeting regarding remuneration. The Company remuneration report was passed by the requisite majority of shareholders (by a poll).

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	30 August 2023
Robert Bearden	Non-Executive Director	14 February 2018	-

Remuneration Report (Audited) (continued)

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

2023	Short-term benefits	Post-employment benefits	Share based payments			Fixed remuneration	At risk – LTI
Name	Cash salary and fees	Superannuation	Equity settled shares	Equity settled options	Total		
	\$	\$	\$	\$	\$	%	%
Richard He	357,684	-	-	-	357,684	100	-
Hui Ye	48,000	-	-	-	48,000	100	-
Nicholas Ong	30,000	-	-	-	30,000	100	-
Robert Bearden	48,000	-	-	-	48,000	100	-
TOTAL	483,684	-	-	-	483,684	100	-

2022	Short-term benefits	Post-employment benefits	Share based payments			Fixed remuneration	At risk – LTI
Name	Cash salary and fees	Superannuation	Equity settled shares	Equity settled options	Total		
	\$	\$	\$	\$	\$	%	%
Richard He	331,923	-	-	-	331,923	100	-
Hui Ye	48,000	-	-	-	48,000	100	-
Nicholas Ong	30,000	-	-	-	30,000	100	-
Robert 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.

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
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
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.

Remuneration Report (Audited) (continued)

Name	Mr Nicholas Ong
Title	Non-Executive Director
Agreement commenced	4 August 2017
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.
Agreement ceased	30 August 2023

Name	Mr Robert Bearden
Title	Non-Executive Director
Agreement commenced	14 February 2018
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.

Name	Mr Mark Lichtenberg
Title	Non-Executive Director
Agreement commenced	30 August 2023
Details	Mr Lichtenberg 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.

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 Mark Lichtenberg) 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 2023 are as follows:

2023	Held at	Options	Other	Held at	Vested and
Name	01/07/22	acquired	movements	30/06/23	exercisable
					at 30/6/23
Directors					
Hui Ye	-	-	-	-	-
Richard He	-	-	-	-	-
Nicholas Ong	-	-	-	-	-
Robert Bearden	15,000,000	-	-	15,000,000	15,000,000
TOTAL	15,000,000	-	-	15,000,000	15,000,000

Remuneration Report (Audited) (continued)

(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:

2023 Name	Held at 01/07/22	Shares acquired	Shares sold	Other changes 30/06/23	Balance 30/6/23
Directors					
Hui Ye	605,576,359	-	-	-	605,576,359
Richard He	273,888,072	-	(25,000,000)	-	248,888,072
Nicholas Ong	-	-	-	-	-
Robert Bearden	11,000,000	-	-	-	11,000,000
TOTAL	890,464,431	-	(25,000,000)	-	865,464,431

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

There are no performance rights on issue on 30 June 2023.

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 15,000,000 share options which are exercisable at \$0.255 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.heliosenergy.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

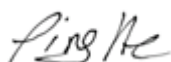
During the reporting period \$4,635 (2022: \$3,090) was paid or is payable for non-audit services provided by BDO.

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 16 of this financial report.

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



Richard He
Managing Director
29 September 2023

AUDITOR'S INDEPENDENCE DECLARATION

For the year ended 30 June 2023



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Perth, WA 6000
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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 2023, 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.

A handwritten signature in black ink, appearing to read 'J Prue', is enclosed in a light grey rectangular box.

Jarrad Prue
Director

BDO Audit (WA) Pty Ltd
Perth
29 September 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2023

	Note	30 June 2023	30 June 2022
		\$	\$
Revenue from operations	5	90,434	27,468
Other income	6	142,867	39,701
Foreign exchange gain/(loss)	2	(30,308)	705,429
Fair value (loss) on investment	14	(836,550)	(334,745)
Administration costs	7	(1,955,086)	(1,322,400)
Finance cost		(27,388)	(29,839)
Operating costs		(208,318)	(31,472)
Exploration expenditure written off	12	(3,540,307)	(1,455,890)
Personnel Cost		(1,737,579)	(1,475,290)
Corporate compliance costs		(87,661)	(112,418)
Corporate management fees		(80,500)	(75,500)
Depreciation and amortisation expense		(282,152)	(276,488)
Audit fees		(54,333)	(45,584)
Share based payments		-	(165,045)
Loss before income tax		(8,606,881)	(4,552,073)
Income Tax expense	8	-	-
Loss after income tax for the year		(8,606,881)	(4,552,073)
Other Comprehensive Income			
<i>Items that will be reclassified to profit or loss</i>			
Exchange difference on translation		1,537,415	1,624,642
Total comprehensive loss for the year attributable to the members of Helios Energy Ltd		(7,069,466)	(2,927,431)
		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	21	(0.33)	(0.20)
Diluted earnings per share	21	(0.33)	(0.20)

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

As at 30 June 2023

		30 June 2023	30 June 2022
ASSETS	Note	\$	\$
Current assets			
Cash and cash equivalents	9	5,351,168	21,708,895
Trade and other receivables	10	328,459	210,829
Other assets	11	580,886	269,972
Total current assets		6,260,513	22,189,696
Non-current assets			
Other assets	11	750,602	1,611,229
Exploration and evaluation expenditure	12	44,175,951	34,066,762
Right-of-use asset	13	607,906	880,219
Investments	14	185,900	1,022,450
Total non-current assets		45,720,359	37,580,660
Total assets		51,980,872	59,770,356
LIABILITIES			
Current liabilities			
Trade and other payables	15	1,109,957	1,563,137
Lease liability	13	322,312	316,384
Total current liabilities		1,432,269	1,879,521
Non Current liabilities			
Lease liability	13	418,241	691,007
Total non current liabilities		418,241	691,007
Total liabilities		1,850,510	2,570,528
NET ASSETS		50,130,362	57,199,828
EQUITY			
Contributed equity	16	98,117,145	98,117,145
Reserves	17	3,380,183	1,845,768
Accumulated losses		(51,366,966)	(42,763,085)
TOTAL EQUITY		50,130,362	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

For the year ended 30 June 2023

	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 year	-	-	-	(8,606,881)	(8,606,881)
Exchange differences on translation of foreign operations	-	-	1,537,415	-	1,537,415
Total comprehensive gain (loss) for the year	-	-	1,537,415	(8,606,881)	(7,069,466)
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 30 June 2023	98,117,145	1,128,149	2,252,034	(51,366,966)	50,130,362

	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

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

CONSOLIDATED STATEMENT OF CASHFLOWS

For the year ended 30 June 2023

		30 June 2023	30 June 2022
	Note	\$	\$
Cash flow from operating activities			
Receipts from customers		23,413	50,762
Payments to suppliers and employees		(4,650,256)	(2,890,921)
Interest received		89,044	4,282
Interest paid		(27,388)	(17,105)
Net cash outflow from operations	20	(4,565,187)	(2,852,982)
Cash flows from investing activities			
Payments for exploration and evaluation		(11,606,336)	(8,982,518)
Net cash outflow from investing activities		(11,606,336)	(8,982,518)
Cash flows from financing activities			
Proceeds from the issue of shares		-	4,862,500
Costs associated with capital raising		-	(345,179)
Proceeds from exercise of options		-	18,523,791
Lease repayments		(266,838)	(166,945)
Net cash (outflow) / inflow from financing activities		(266,838)	22,874,167
Net (decrease) / increase in cash and cash equivalents		(16,438,361)	11,038,667
Cash and cash equivalents at the beginning of the year		21,708,895	9,903,911
Effect of exchange rate changes on cash and cash equivalents		80,634	766,317
Cash and cash equivalents at the end of the year	9	5,351,168	21,708,895

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

The financial report has been prepared on the basis that the Group is a going concern, which contemplates the continuity of normal business activity, the realisation of assets and the settlement of liabilities in the normal course of business.

For the year ended 30 June 2023 the Group recorded a net loss of \$8,606,881 and a net cash outflow from operating activities of \$4,565,187.

The ability of the Group to continue as a going concern is principally dependent upon the ability of the Group to continue to secure funds by raising capital from equity markets and managing cash flows in line with available funds. Should the Group be unsuccessful in securing additional funds, there is a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

The Directors believe it is appropriate to prepare the financial report on a going concern basis because:

- the Group has a net current asset position of \$4,828,244 as at year end and a cash balance of \$5,351,168 as at year end, which is considered sufficient to meet its liabilities as and when they become due;
- the Group has the option, if necessary, to defer certain expenditure or abandon certain projects and reduce costs in order to minimise its funding requirements; and
- the Group has the ability to raise further funds through capital raising as it has successfully demonstrated in the past.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

(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 2023. 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 29 September 2023.

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 the 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.

1. Summary of significant accounting policies (continued)

(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 2023 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.

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, its 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.

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.

1. Summary of significant accounting policies (continued)

(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

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.

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, e.g. 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.

1. Summary of significant accounting policies (continued)

(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.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

(a) 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 manages 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:

Consolidated	Assets		Liabilities	
	2023	2022	2023	2022
	\$	\$	\$	\$
US Dollar	937,743	7,317,264	1,323,602	1,961,948
Chinese Yuan	263,596	1,012,031	283,335	421,501
	<u>1,201,339</u>	<u>8,329,295</u>	<u>1,606,937</u>	<u>2,383,449</u>

The Group had net liability denominated in foreign currencies of \$405,598 (assets of \$1,201,339 less liabilities of \$1,606,937) as at 30 June 2023 (2022: net asset of \$5,945,846 (assets of \$8,329,295 less liabilities of \$2,383,449)). Based on this exposure, had the Australian dollar weakened by 10% / strengthened by 10% (2022: 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 \$40,560 lower / higher (2022: \$594,585 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 loss for the year ended 30 June 2023 was \$30,308 (2022: gain of \$705,429).

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

(b) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. Financial Risk Management (continued)

(b) Interest Rate Risk (continued)

2023	Floating interest rate	Non-interest bearing	Total	Weighted average interest rate
Financial Instruments				
	\$	\$	\$	%
<i>Financial assets</i>				
Cash and cash equivalent	4,124,047	1,227,121	5,351,168	0.67
	4,124,047	1,227,121	5,351,168	

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

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

(c) 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.

2023	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	%	\$	\$	\$	\$	\$
<i>Non-interest bearing</i>						
Trade & other payables	-	1,109,957	-	-	-	1,109,957
<i>Interest bearing</i>						
Lease liabilities	3.13	339,386	150,517	288,229	-	740,553
Total financial liabilities		1,449,343	150,517	288,229	-	1,850,510

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. Financial Risk Management (continued)

(c) Liquidity Risk (continued)

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	%	\$	\$	\$	\$	\$
<i>Non-interest bearing</i>						
Trade & other payables	-	1,563,137	-	-	-	1,563,137
<i>Interest bearing</i>						
Lease liabilities	3.09	303,591	343,421	412,419	11,230	1,007,391
Total financial liabilities		<u>1,866,728</u>	<u>343,421</u>	<u>412,419</u>	<u>11,230</u>	<u>2,570,528</u>

(d) 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.

	2023	2022
Cash at bank and short term bank deposits	\$	\$
Westpac Banking Corporation – AA	4,248,343	18,022,919
JPMorgan Chase Bank – A-	699,830	2,694,435
HSBC – A+	402,995	991,541
	<u>5,351,168</u>	<u>21,708,895</u>

(e) 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.

2023	Level 1	Level 2	Level 3
	\$	\$	\$
Assets			
Investments	185,900	-	-
	<u>185,900</u>	<u>-</u>	<u>-</u>

2022	Level 1	Level 2	Level 3
	\$	\$	\$
Assets			
Investments	1,022,450	-	-
	<u>1,022,450</u>	<u>-</u>	<u>-</u>

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.

(a) 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 is 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.

(b) 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.

(c) 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

(a) 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 FINANCIAL STATEMENTS

4. Segment Information (continued)

Operating segment information:

30 June 2023	USA	China	Unallocated	Total
	\$	\$	\$	\$
Profit and loss				
Revenue	90,434	-	-	90,434
Other	53,653	-	-	53,653
Interest Income	12	-	89,032	89,044
Other Income	53,665	-	89,032	142,697
Loss for the year	(5,801,216)	(1,428,629)	(1,377,036)	(8,606,881)
Financial Position				
Total Assets	44,180,718	1,469,545	6,330,609	51,980,872
Total Liabilities	(1,323,602)	(285,915)	(240,993)	(1,850,510)

30 June 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 year	(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)

5. Revenue from operations

	2023	2022
	\$	\$
Oil Sales	90,434	27,468
	90,434	27,468

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

Revenue is generated in the United States of America.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. Other income

	2023	2022
	\$	\$
Interest received	89,044	2,360
Miscellaneous income	53,823	37,341
	<u>142,867</u>	<u>39,701</u>

7. Administration costs

	2023	2022
	\$	\$
Administration & accounting consultancy fees	(277,693)	(216,997)
Legal fees	(130,362)	(39,903)
Office expenses	(544,047)	(503,382)
Contract labour	(48,436)	(41,490)
Telecommunication costs	(1,272)	(1,187)
Travel costs	(235,588)	(261,802)
Insurance	(172,740)	(67,877)
Other	(544,948)	(189,762)
	<u>(1,955,086)</u>	<u>(1,322,400)</u>

8. Income tax expense

	2023	2022
	\$	\$
a. The components of tax expense comprise:		
Current tax	-	-
Deferred tax	-	-
Under provision from prior year	-	-
	<u>-</u>	<u>-</u>
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 profit / (loss) from ordinary activities before income tax at 30% (2022:30%)	(2,582,064)	(1,365,622)
Add tax effect of:		
- Revenue losses not recognised	3,609,129	1,460,345
- Other non-allowable items	192,654	52,475
- Differences in tax rate of subsidiaries operating in other jurisdictions	594,091	361,442
- Other deferred tax balances not recognised	(1,643,960)	(508,640)
Income tax	<u>-</u>	<u>-</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. Income tax expense (continued)

	2023	2022
	\$	\$
Unrecognised deferred tax assets:		
Carry forward revenue losses	10,992,829	6,705,610
Carry forward capital losses	4,265,958	4,265,958
Capital raising costs	26,774	12,141
Provisions and accruals	8,700	7,500
Investments	456,930	205,965
Exploration	(5,888,241)	(1,828,979)
Other	(13,518)	(178,131)
Net deferred tax	<u>9,849,432</u>	<u>9,190,064</u>

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

	2023	2022
	\$	\$
Cash at bank and in hand	5,351,168	21,708,895
	<u>5,351,168</u>	<u>21,708,895</u>

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

	2023	2022
	\$	\$
Trade receivables	203,513	193,740
Other receivables	124,946	17,089
	<u>328,459</u>	<u>210,829</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. Other assets

	2023	2022
	\$	\$
<i>Current</i>		
Prepayments	147,990	134,571
Other	432,896	135,401
	<u>580,886</u>	<u>269,972</u>
<i>Non-current</i>		
Advance to suppliers	750,602	1,591,511
Prepayments	-	19,718
	<u>750,602</u>	<u>1,611,229</u>

12. Exploration and Evaluation Expenditure

	2023	2022
	\$	\$
Exploration and Evaluation Phase		
Opening balance	34,066,762	25,605,656
Exploration costs	12,277,958	7,559,365
Foreign exchange difference on translation	1,371,538	2,357,631
Exploration expenditure written-off	(3,540,307)	(1,455,890)
Closing balance	<u>44,175,951</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 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, \$3,540,307 was recognised in the income statement, as exploration written-off, in relation to expired leases during the year. (2022: \$1,455,890).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. Right-of-use-asset and lease liability

	2023	2022
<i>(a) Amounts recognised in the balance sheet</i>	\$	\$
Rights-of-use asset		
Land and Building – right of use assets	1,158,436	1,158,935
Less: Accumulated Amortisation	(550,530)	(278,716)
Closing balance, net of accumulated amortisation	607,906	880,219
Lease liability		
Current	322,312	316,384
Non-current	418,241	691,007
Total	740,553	1,007,391
<i>(b) Amounts recognised in the statement of profit or loss</i>	\$	\$
Amortisation charge of right-of-use assets expense	271,814	278,716
Interest expense	27,388	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

	2023	2022
	\$	\$
Shares in Winchester Energy Limited		
Opening fair value	1,022,450	1,357,195
Fair value movement	(836,550)	(334,745)
Closing fair value	185,900	1,022,450

The investment has been classified as fair value through profit and loss.

15. Trade and other payables

	2023	2022
	\$	\$
Trade payables	737,700	1,312,421
Accruals	173,424	144,764
Other payables	198,833	105,952
Total	1,109,957	1,563,137

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. Contributed equity

Share Capital	30 June 2023		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>

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.

(a) 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.

(b) Movement in Ordinary Share Capital

2023		Number of shares	Issue price	Amount \$
Date	Details			
1/07/2022	Opening balance	2,604,049,443		98,117,145
30/06/2023	Closing balance	2,604,049,443		98,117,145

2022		Number of shares	Issue price	Amount \$
Date	Details			
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
04/01/2022	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	2,604,049,443		98,117,145

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. Reserves

	2023	2022
	\$	\$
Share Based payment reserve	1,128,149	1,131,149
Foreign currency reserve	2,235,256	714,619
	<u>3,363,405</u>	<u>1,845,768</u>

(a) 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.

Movement in Option Premium Reserve

2023		Number of options	Amount
Date	Details		\$
1/07/2022	Opening balance	20,000,000	1,131,149
31/12/2022	Options lapsed - exercisable at \$0.22 on or before 31/12/22	(5,000,000)	(3,000)
30/06/2023	Balance	<u>15,000,000</u>	<u>1,128,149</u>

2022		Number of options	Amount
Date	Details		\$
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	-	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	<u>20,000,000</u>	<u>1,131,149</u>

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

	Number of options	Issue date	Expiry date	Exercise price
Unlisted	5,000,000	13/12/2019	31/12/2022	\$0.22
Unlisted	15,000,000	8/12/2020	31/12/2025	\$0.26

(b) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. Related Party Transactions

Compensation of key management personnel:

	2023	2022
	\$	\$
Short-term employee benefits	483,684	458,363
Share based payments	-	165,045
Post-employment benefits	-	-
	<u>483,684</u>	<u>623,408</u>

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.

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 (2022: \$nil).

19. Remuneration of Auditors

	2023	2022
<i>Audit Services</i>	\$	\$
Amounts paid / payable to BDO Audit (WA) Pty Ltd for audit and review of the financial reports	<u>54,333</u>	<u>45,584</u>
<i>Non-Audit Services</i>		
Amounts paid / payable to BDO Corporate Tax (WA) Pty Ltd for taxation services	<u>4,635</u>	<u>3,090</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. Reconciliation of loss after income tax to net cash outflow from operating activities

	2023	2022
	\$	\$
Loss for the year	(8,606,881)	(4,552,073)
Non-cash items		
Non-cash fair value loss on investments	836,550	334,746
Foreign exchange gain	78,006	(705,429)
Share based payment	-	165,045
Impairment expense	-	-
Depreciation expense	282,152	275,597
Exploration expenditure written-off	3,540,307	1,455,890
Changes in operating assets and liabilities:		
Decrease / (Increase) in trade and other receivables	(242,140)	(259,365)
(Decrease) in trade and other payables	(453,181)	432,607
Net cash outflow from operating activities	(4,565,187)	(2,852,982)
Non-cash investing and financing activities		
Issue of ordinary shares for capital raising services	-	-
Conversion of option into shares	-	235,557
	-	235,557

Refer to Note 17 for movement on option premium reserve.

21. Earnings per Share

	2023	2022
(a) Reconciliation of earnings to loss	\$	\$
Loss after tax	(8,606,881)	(4,552,073)
Earnings used to calculate earnings per share	(8,606,881)	(4,552,073)
(b) Weighted Average Number of Shares	2023	2022
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic profit / (loss) per share	2,604,049,443	2,243,542,578
Basic loss per share	(0.33)	(0.20)

The effect of the potential ordinary shares is anti-dilutive in the calculation of Earnings per Share in the year ending 30 June 2023, and therefore are not included in the calculation of diluted earnings per share. The options could potentially dilute earnings per share in the future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. Subsidiaries

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

Name of entity	Country of Incorporation	Class of shares	Equity holding	Equity holding
			2023	2022
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.

23. Helios Energy Ltd Parent Company Information

Statement of financial position	2023	2022
	\$	\$
Assets		
Total current assets	4,361,514	18,185,696
Total non-current assets	1,969,093	2,808,245
Total assets	6,330,607	20,993,941
Liabilities		
Total current liabilities	240,992	187,079
Total liabilities	240,992	187,079
Net Assets	6,089,615	20,806,862
Equity		
Contributed equity	98,117,145	98,117,145
Reserve	1,138,977	1,141,977
Accumulated losses	(93,166,507)	(78,452,260)
Total Equity	6,089,615	20,806,862

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2023 and 30 June 2022.

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. Dividends

There were no dividends recommended or paid during the financial year (2022: nil).

26. Events Occurring After Reporting Date

On 30 August 2023 Mr Nicholas Ong resigned from the Board as a non-executive director.

On 30 August 2023 Mr Mark Lochtenberg was appointed as non-executive director.

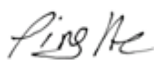
There have been no other significant events subsequent to the end of the financial year to the date of this report.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements and notes as set out on pages 16 to 40 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 2023 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, subject to the matters in Note 1(a).

This declaration is made in accordance with a resolution of the Board of Directors.



Richard He
Managing Director
29 September 2023

INDEPENDENT AUDITOR'S REPORT



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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 2023, 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 2023 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.

Material uncertainty related to going concern

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

INDEPENDENT AUDITOR'S REPORT



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. In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Carrying Value of Exploration and Evaluation Assets

Key audit matter	How the matter was addressed in our audit
<p>As at 30 June 2023, the Group held a significant carrying value of Exploration and Expenditure Assets as disclosed in Note 3(b) and Note 12 of the Financial report.</p> <p>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.</p> <p>Judgement is applied in determining the treatment of exploration expenditure in accordance with Australian Accounting Standard AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>. In particular:</p> <ul style="list-style-type: none">• Whether the conditions for capitalisation are satisfied;• Which elements of exploration and evaluation expenditures qualify for recognition; and• Whether facts and circumstances indicate that the exploration and evaluation expenditure assets should be tested for impairment. <p>As a result, this is considered a key audit matter.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none">• Obtaining a schedule of tenements held by the Group and assessing whether the rights to tenure remained current at balance date;• Considering the status of the ongoing exploration programmes by holding discussions with management, and reviewing the Group's exploration budgets, ASX announcements and directors' minutes;• Considering whether the exploration assets had reached a stage where a reasonable assessment of economically recoverable reserves existed;• Verifying, on a sample basis, exploration and evaluation expenditure capitalised during the year for compliance with the recognition and measurement criteria of AASB 6;• Considering whether any facts or circumstances existed to suggest further impairment testing was required;• Assessing judgement made by the Group in impairment of exploration costs in line with group accounting policy and knowledge of the Groups exploration activities; and• Assessing the adequacy of the related disclosures in Note 3(b) and Note 12 to the Financial Report.

INDEPENDENT AUDITOR'S 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 2023, 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.

INDEPENDENT AUDITOR'S REPORT



Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 14 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Helios Energy Limited, for the year ended 30 June 2023, 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

A handwritten signature in black ink that reads 'J Prue'.

Jarrad Prue

Director

Perth

29 September 2023

ASX ADDITIONAL INFORMATION

The shareholder information set out below was applicable as at 20 September 2023:

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	81	8,976	0.00%
1,001	- 5,000	113	481,540	0.02%
5,001	- 10,000	99	810,410	0.03%
10,001	- 100,000	456	20,555,906	0.79%
100,001	- and over	470	2,582,192,611	99.16%
		1,219	2,604,049,443	100.00%

There were 249 holders of less than a marketable parcel of ordinary shares based on a share price of \$0.056 per share.

2. Substantial Holders

Substantial holders of equity securities, ordinary shares, in the Company are set out below as at 20 September 2023:

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 (Mr Richard He)	248,888,072	9.56%
Mr Wentao Zhao	179,282,031	6.88%
Citicorp Nominees Pty Limited	150,123,832	5.77%

3. Unlisted Option Holders

The following Unlisted Options had expired on 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%

ASX ADDITIONAL INFORMATION

4. Voting Rights

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

(a) Ordinary Shares

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

(b) Options

These securities have no voting rights.

5. Equity Security Holders

The names of the twenty largest holders of ordinary shares as of 20 September 2023 are listed below:

Rank	Name	Number of shares	%
1.	Mr Hui Ye <i>(including his associated entity, Notable Pioneer Limited)</i>	605,576,359	23.26%
2.	Mr Ping He <i>(including his associated entities, PAA Energy LLC and Antlers Energy Corporation)</i>	248,888,072	9.56%
3.	Mr Wentao Zhao	179,282,031	6.88%
4.	Citicorp Nominees Pty Limited	150,123,832	5.77%
5.	Mr John Kenny <i>(including his associated entities)</i>	118,276,084	4.54%
6.	Mr Zhiqiang Shan	101,741,428	3.91%
7.	Mr Mark Lochtenberg <i>(including his associated entities)</i>	85,100,000	3.27%
8.	Mr Tony Peng <i>(including his associated entity, RPM Texas LLC)</i>	68,780,000	2.64%
9.	BNP Paribas Nominees Pty Ltd <i>(including various associated entities)</i>	63,557,362	2.44%
10.	HSBC Custody Nominees (Australia) Limited	61,328,496	2.36%
11.	Lugano Holdings LLC	55,365,264	2.13%
12.	Ichi Investments Inc	53,614,655	2.06%
13.	Ms Huiru Chen	43,840,388	1.68%
14.	Mr Jidong Zhang	43,414,294	1.67%
15.	Mr Xiaoping Zhou	37,604,910	1.44%
16.	The LF Point Pty Ltd <Point A/C>	36,225,000	1.39%
17.	Trend E&P LLC	34,455,294	1.32%
18.	Mr Junwei Chen	31,424,665	1.21%
19.	Spinite Pty Ltd	30,928,097	1.19%
20.	Mr Xiaofeng Huang	26,801,928	1.03%
	Total	2,076,328,159	79.73%

6. On-Market Buy-Back

There is no current on-market buy-back.

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