Helios Energy Limited

(formerly New Horizon Coal Ltd)

Annual Report

30 June 2017

CONTENTS

Corporate Directory

Directors	Anthony Brennan Non-Executive Chairman Nicholas Ong Non-Executive Carl Coward Non-Executive Gary Steinepreis Non-Executive
Company Secretary	Gary Steinepreis
Registered Office	Level 1, 33 Ord Street West Perth Western Australia 6005 Telephone: 08 9420 9300 Facsimile: 08 9420 9399
Share Register	Computershare Investor Services Pty Ltd Level 11 172 St George’s Terrace Perth Western Australia 6000 Investor enquiries: 1300 557 010 Telephone: 08 9323 2000 Facsimile: 08 9323 2033
Auditor	BDO Audit (WA) Pty Ltd 38 Station Street Subiaco Western Australia 6008 Telephone: 08 6382 4600 Facsimile: 08 6382 4601
Bankers	Westpac Banking Corporation 109 St Georges Terrace Perth WA 6000
Stock Exchange Listing	Helios Energy Ltd’s shares are listed on the Australian Securities Exchange (ASX), home branch, Perth. ASX Code: HE8, HE8OA
Website	www.heliosenergyltd.com

DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of Helios Energy Ltd and the entities it controlled at the end of, or during, the financial year ended 30 June 2017 (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:

Anthony Brennan

Gary Steinepreis

Carl Coward

Nicholas Ong – appointed 4 August 2017

Michael Placha – retired 30 November 2016

Company Secretary

The company secretary is Gary Steinepreis.

Principal Activity

The principal continuing activity of the Group during the period has been investigating new projects in all business sectors for acquisition or investment which has resulted in a change of activities to oil and gas exploration in Texas, USA.

Review of Operations

The Company had been evaluating new acquisition opportunities, both in Australia and overseas.

On 5 January 2017, the Company entered into two agreements, one to acquire the Trinity Oil Project and the second to acquire the Presidio Oil Project (together, the **Projects**). Both Projects are located in Texas, USA.

After reviewing many potential transactions, the Board decided to acquire the Projects because of a number of attractive factors, including:

(a) the potential for discovery of commercial deposits of oil at the Projects, and assuming successful discovery, the potential volume of oil that may be the subject of successful commercial extraction;

(b) the quality of the geological work previously undertaken on the Projects by the Vendors;

(c) the size of the acreage that constitute the Projects and the terms and conditions of the oil and gas leases the subject of the Projects; and

(d) the low capital expenditure and operating costs of the oil business in Texas, USA when compared to other jurisdictions such as Australia.

The total combined purchase price paid by the Company for the Projects was US$1,450,000 cash plus 240,000,000 Shares along with 240,000,000 Performance Rights.

At the General Meeting held on 6 February 2017, the Company received the requisite Shareholder approvals to purchase the Projects and undertake the Entitlement Offer which included a consolidation of capital on a 1 for 2 basis so that the current issued capital at that time was 118,000,025 ordinary shares and no other securities on issue.

Under the Entitlement Offer by way of a Prospectus, Shareholders were entitled to apply for eight (8) Shares for every one (1) Share held on the Record Date of 22 February 2017 at an issue price of $0.02 per Share, to raise up to $18,880,000 (before costs), subject to the Minimum Subscription of $12,000,000 being raised.

The Entitlement Offer was subsequently underwritten to the extent of $13,000,000 which was raised during the year. Subsequent to year end the entity raised a further $5,011,859 to bring the funds raised from the entitlement offer to a total of $18,011,859.

The securities of the Company were reinstated to Official Quotation from the commencement of trading on 11 August 2017, following the Company's compliance with Listing Rule 11.1.3 and Chapter 1 and 2 of the ASX Listing Rules.

The Company drilled 2 wells in the last quarter (Quinn Creek 141 and Quinn Mesa 113) as part of its obligations to drill 3 wells in the Presidio Oil Project by 31 December 2017 so as to earn a 70%WI in the 6,280 net acres that comprise the Presidio Oil Project in Presidio County, Texas, USA.

Quinn Creek 141

Quinn Creek 141 well was spud by Helios as Operator on 23 April 2017 and was planned to be drilled to a total depth (**TD**) of 6,000 feet to test a large faulted anticline with targets in the Olmos, Eagle Ford and Edwards formations.

The well was initially drilled to 5,000 feet. After logging, 5.5 inch well casing was run to protect oil and gas shows encountered between 3,000 and 4,500 feet and a zone where oil to surface was recorded on mud pits.

The well was subsequently drilled with slim-hole equipment to TD in the Eagle Ford Formation, then logged and suspended to await completion.

Helios decided not to drill beyond the current depth at this time and has preserved the ability to re-enter the well and drill deeper at a later stage, if warranted, as the depth of the Edwards Limestone is deeper than prognosed. However, the Edwards Limestone remains a primary target. Oil samples have been collected from the well and are currently being analysed.

Quinn Mesa 113

The Company's Quinn Mesa 113 vertical well was spud by Helios, as Operator, on 16 June 2017, approximately 3 miles due east of the Quinn Creek 141 surface location.

Quinn Mesa 113 has been drilled to a total depth (**TD**) of 4,000 feet. Several oil and gas shows were recorded during drilling between 2,400 and TD. Logs have been run and interpretation of the logs indicates zones worthy of testing. Casing has now been run and cemented into place in order to protect the oil and gas shows encountered.

Helios will return to test the Quinn Mesa 113 well at a future date to be determined but subsequent to further analysis of the logs and a more detailed investigation of the samples collected during drilling.

Presidio Oil Project
These 2 wells (Quinn Creek 141 and Quinn Mesa 113) form part of the Presidio Oil Project which is situated in Presidio County, Texas, USA and is comprised of 6,280 net acres of oil and gas leases. The Presidio Oil Project is prospective for oil in the Olmos, Eagle Ford, Buda and Edwards formations and drilling these two wells provides Helios with the opportunity to evaluate the oil and gas potential of these formations.

Upon completing the drilling of 3 wells into the Presidio Oil Project by 31 December 2017, Helios Energy Ltd, through its wholly owned subsidiary Helios Energy USA, Ltd, will earn a 70% WI in the 6,280 net acres that comprise the Presidio Oil Project.

Oil and Gas Leases Held as at 30 June 2017
The Company's lease holdings are as follows:

Project	**Interest**	**Area of interest**
Trinity Oil Project, Texas	100% working interest	3,118 Net acres
Presidio Oil Project, Texas	Drilling to earn a 70% working interest	6,280 Net acres

Operating Result

The profit from operations as at the 30 June 2017 after providing for income tax was $979,768 (2016: loss of $188,579). Additional information on the operations and financial position of the Group and its business strategies and prospects are set out in this directors' report and the annual financial report.

Dividends

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

Future Developments, Prospects and Business Strategies

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

Significant Changes in the State of Affairs

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

Environmental Issues

The Group's operations are subject to environmental and other regulations. The Group has a policy of engaging appropriately experienced contractors and consultants to advise on and ensure compliance with environmental regulations in respect of its exploration activities. There were no issues reported in the period.

After Reporting Date Events

The Company appointed Nicholas Ong as a director on 4 August 2017 and was reinstated to trading on ASX following the completion of the offers as referred to in the "Review of Operations" above. Other than these matters, there has been no matter or circumstance that has arisen that has significantly affected, or may significantly affect:

1. the Group's operations in future financial years, or
2. the results of those operations in future financial years, or
3. the Group's state of affairs in future financial years.

Information on Current Directors

Anthony Brennan (Non-executive Chairman, age 60)

Experience and Expertise

Mr Brennan is a Chartered Accountant with a career of 30 years. He was previously a partner in an Australian national accounting firm, and has extensive hands on experience in financial management. Since leaving the accounting profession in 1990 he has played a leading role in a number of Australian resource companies, including the role of Managing Director and Chairman of a number of ASX or London Stock Exchange (LSE) listed companies.

In 2004 he founded Delta Capital Pty Ltd to provide boutique investment banking and corporate advisory service principally to the natural resources sector with a special focus on conventional and alternative energy companies.

Other Current Directorships

Acorn Minerals Plc

Former Directorships in the Last Three Years

Nil

Special Responsibilities

Chairman

Interests in securities

Fully paid ordinary shares - 13,225,760

Gary Steinepreis (Non-executive Director, age 51)

Experience and Expertise

Mr Steinepreis holds a Bachelor of Commerce degree from the University of Western Australia and is a Chartered Accountant. He provides corporate, management and accounting advice to a number of companies involved in the manufacturing, resource, technology and leisure industries.

Other Current Directorships

Taruga Gold Limited since 15 July 2016

CFOAM Limited since 30 March 2016

Former Directorships in the Last Three Years

AVZ Minerals Limited 30 November 2012 to 21 August 2017

ShareRoot Limited (formerly Monto Minerals Ltd) 16 June 2009 to 12 January 2016

Norseman Gold Plc 3 December 2007 to 9 March 2016

Intercept Minerals Ltd 8 April 2014 to 2 February 2015

Special Responsibilities

Company Secretary

Interests in securities

Fully paid ordinary shares - 13,800,000

Carl Coward (Non-Executive director, age 35)

Experience and Expertise

Mr Coward's qualifications include a Bachelor of Commerce from Curtin University of Technology in Perth, Western Australia. Mr Coward has several years' experience in investment banking with a particular focus on the natural resources sector. He has recently been involved in thermal coal projects in Indonesia, South Africa and North America. He is currently an Associate Director of corporate advisor Delta Capital.

Other Current Directorships

None

Information on Current Directors (continued)

Former Directorships in the Last Three Years

None

Special Responsibilities

None

Interests in securities

Fully paid ordinary shares - 13,225,760

Listed options - 1,253,000

Nicholas Ong (Non-Executive director, age 39)

Experience and Expertise

Mr Ong spent seven years as a Principal Advisor at the ASX overseeing the listings of over a hundred public companies. He has since worked as a company secretary and director to listed companies, and has developed a wide network of private client advisers, high net worth individuals and sovereign fund managers.

Other Current Directorships

Segue Resources Ltd since 15 June 2011

CoAssets Ltd since 18 March 2015

Tianmei Beverage Group Corporation Ltd since 25 August 2016

Former Directorships in the Last Three Years

Global Gold Holdings Ltd 1 February 2017 to 9 June 2017

Auroch Minerals Limited 31 May 2014 to 29 June 2016

Special Responsibilities

None

Interests in securities

Fully paid ordinary shares - Nil

Directors' Interests in Shares and Options

At 30 June 2017, Directors, in office, held a relevant interest in the following securities of the Company:

2017 Name	Ordinary Shares	Options Listed
Anthony Brennan	13,225,760	-
Gary Steinepreis	13,800,000	1,253,000
Carl Coward	7,983,363	-

Meetings of Directors

The number of meetings of the Company's Board of Directors held during the financial year up to and including 30 June 2017 and the numbers of meetings attended by each director were:

Name of Director	Number of Meetings - A	Number of Meetings - B
Anthony Brennan	1	1
Gary Steinepreis	1	1
Carl Coward	1	1
Michael Placha	-	-

A = Number of meetings attended

B = Number of meetings held during the time the Director held office during the year

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

Remuneration Report (Audited)

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

(1) Principles used to determine the nature and amount of remuneration

(2) Details of remuneration

(3) Employment contracts of Directors and Senior Executives

(4) Performance based remuneration

(5) Other transactions with Key Management Personnel

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

1 Principles used to determine the nature and amount of remuneration

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

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

(i) competitiveness and reasonableness;

(ii) acceptability to shareholders;

(iii) performance linkage / alignment of executive compensation;

(iv) transparency; and

(v) capital management.

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

Alignment to shareholders' and program participants' interests:

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

Remuneration Governance

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

Use of Remuneration Consultants

Remuneration consultants were not used in the establishment of remuneration packages in 2017.

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

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

Comments and Voting at Annual General Meeting

There were no comments or questions arising at the 2016 annual general meeting regarding remuneration. The Company remuneration report was passed by the requisite majority of shareholders (100% by a show of hands).

2 Details of Remuneration

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

Directors:	Position:	Date Appointed	Date Ceased
Gary Steinepreis	Director / Secretary	4 June 2010	-
Michael Placha	Managing Director	2 December 2011	30 November 2016
Carl Coward	Director	2 December 2011	-
Anthony Brennan	Non-Executive Chairman	2 July 2014	-

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

2017 Name	Salary	Fees	Super	Bonus	Medical	Share Based	Total
	$	$	$	$	$	$	$
Directors:							
A Brennan	40,000	-	3,800	-	-	-	**43,800**
G Steinepreis	-	24,000	-	-	-	-	**24,000**
M Placha	-	-	-	-	-	-	**-**
C Coward	21,918	-	2,082	-	-	-	**24,000**
TOTAL	61,918	24,000	5,882	-	-	-	**91,800**

2016 Name	Salary	Fees	Super	Bonus	Medical	Share Based	Total
	$	$	$	$	$	$	$
Directors:							
A Brennan	33,333	-	3,167	-	-	-	**36,500**
G Steinepreis	-	20,000	-	-	-	-	**20,000**
M Placha	40,309	-	-	-	-	-	**40,309**
C Coward	18,265	-	1,735	-	-	-	**20,000**
TOTAL	**91,907**	**20,000**	**4,902**	-	-	-	**116,809**

3 Employment Contracts of Directors and Senior Executives

The directors each have an appointment letter which details the non-executive director fees and it is acknowledged that any work undertaken on additional executive duties will be paid at a commercial rate and will not form part of the Non-Executive Director fees.

4 Performance-based Remuneration

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

5 Other Transactions with Directors and Key Management Personnel

Anthony Brennan holds his interests in shares indirectly through: Julie Ann Brennan his spouse, Brennan Super (WA) Pty Ltd as trustee for the Brennan Superannuation Fund and Delta Enterprises Pty Ltd.

Gary Steinepreis holds his interests in shares directly in his own name and indirectly through: Jacqueline Steinepreis his spouse; LeisureWest Consulting Pty Ltd as trustee of the LeisureWest Trust of which he is sole director and potential beneficiary; Oakhurst Enterprises Pty Ltd of which he is sole director and 50% shareholder; Ascent Capital Holdings Pty Ltd (ACH), of which, he is sole director and Oakhurst Enterprises Pty Ltd is a 50% shareholder; Ascent Capital Pty Ltd, of which, he is sole director and is a subsidiary of ACH; and Ascent Minerals Pty Ltd, of which, he is sole director and is a subsidiary of ACH.

Carl Coward holds his interests in shares directly in his own name and indirectly through Budo HO A/C.

(a) Options holdings

Details of options held directly, indirectly or beneficially by directors and key management personnel and their related parties at 30 June 2017 are as follows:

2017 **Name**	**Held at 1/7/2016**	**Options acquired**	**Other movements (option expiry)**	**Held at 30/6/2017**	**Vested and exercisable at 30/6/2017**
Directors:					
Anthony Brennan	-	-	-	-	-
Gary Steinepreis [1]	-	1,253,000	-	1,253,000	1,253,000
Michael Placha	-	-	-	-	-
Carl Coward	-	-	-	-	-
Total	**-**	**1,253,000**	**-**	**1,253,000**	**1,253,000**

[1] Options acquired in the year as part of the entitlement offer.

(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:

2017 **Name**	**Held at 1/7/2016 ***	**Shares acquired**	**Other changes**	**Balance 30/6/2017**
Directors:				
Anthony Brennan	13,225,760	-	-	13,225,760
Gary Steinepreis [1]	10,040,998	3,759,002	-	13,800,000
Michael Placha	654,546	-	(654,546)	-
Carl Coward	7,983,363	-	-	7,983,363
Total	**31,904,667**	**3,759,002**	**(654,546)-**	**35,009,123**

*Adjusted for 1 for 2 consolidation
[1] Options acquired in the year as part of the entitlement offer.

(c) Performance Shareholdings

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

2017 **Name**	**Held at 1/7/2016**	**Performance Shares allotted**	**Performance shares expired**	**Balance 30/6/2017**
Directors:				
Anthony Brennan	-	-	-	-
Gary Steinepreis	-	-	-	-
Michael Placha	-	-	-	-
Carl Coward	-	-	-	-
Total	**-**	**-**	**-**	**-**

Loans to key management personnel

No loans were made to any director or other key management personnel of the group, including their personally related parties during the financial year.

End of the audited remuneration report.

Options

At the date of this report, there are 955,117,877 share options on issue which are exercisable at 2 cents each on or before 31 December 2021.

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. Subsequent to year end no options have been exercised.

Indemnifying of Officers or Auditor

The Company does not have directors and officers insurance. 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 included with this report.

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 $8,296 (2016: $Nil) 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.

Audit Services

During the reporting period $28,300 (2016:$ 27,267) was paid or is payable for audit services provided by the auditor.

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 12 of this financial report.

Signed in accordance with a resolution of the board of directors

Gary Steinepreis
Director
29 September 2017

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DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF HELIOS ENERGY LIMITED

As lead auditor of Helios Energy Limited for the year ended 30 June 2017, 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.

Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 29 September 2017

	Note	2017 $	2016 $
Revenue from operations	5	16,438	8,455
Administration costs	6	(535,386)	(25,920)
Corporate compliance costs		(56,702)	(23,669)
Corporate management fees		(24,000)	(20,000)
Salaries and superannuation paid		(67,800)	(56,499)
Audit and non-audit service fees		(34,200)	(25,624)
Closure costs for Kinney Coal Project		-	(45,322)
Net gain on disposal of subsidiary	7	1,681,417	-
Profit / (Loss) before income tax		**979,768**	**(188,579)**
Income tax expense	8	-	-
Profit / (Loss) after tax from operations		**979,768**	**(188,579)**
Other Comprehensive Income			
Items that may be reclassified to profit or loss			
Exchange difference on translation		(2,065,722)	(708)
Total comprehensive loss for the year attributable to the members of Helios Energy Ltd		**(1,085,954)**	**(189,287)**
		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	19(a)	0.22	(0.16)
Diluted gain/(loss) per share	19(b)	0.07	(0.16)

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

ASSETS	Note	30 June 2017 $	30 June 2016 $
Current assets			
Cash and cash equivalents	9	8,617,443	577,847
Trade and other receivables		62,835	1,846
Total current assets		**8,680,278**	**579,693**
Non-current assets			
Exploration and evaluation expenditure	10	9,533,522	-
Total Non-current assets		**9,533,522**	**-**
Total assets		**18,213,800**	**579,693**
LIABILITIES			
Current liabilities			
Trade and other payables	12	1,269,297	19,798
Total current liabilities		**1,269,297**	**19,798**
Total liabilities		**1,269,297**	**19,798**
NET ASSETS		**16,944,504**	**559,895**
EQUITY			
Contributed equity	13	37,644,468	20,372,705
Reserves	13	24,386	2,166,104
Accumulated losses	14	(20,724,350)	(21,978,914)
TOTAL EQUITY		**16,944,504**	**559,895**

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

2017	Equity	Option reserve	Foreign Currency Reserve	Accumulated losses	Total
	$	$	$	$	$
Balance 1 July 2016	**20,372,705**	**276,021**	**1,890,083**	**(21,978,914)**	**559,895**
Income/(Loss) for the year	-	-	-	979,768	**979,768**
Exchange differences on translation of foreign operations	-	-	(383,080)	-	**(383,080)**
Effect of translation of foreign currency operations to group presentation currency upon loss of control of subsidiary	-	-	(1,681,417)	(1,225)	**(1,682,642)**
Total comprehensive income / (loss) for year	**-**	**-**	**(2,064,497)**	**978,543**	**(1,085,954)**
Transactions with owners in their capacity as owners:					
Contribution of equity (net of transaction costs	11,971,763	-	-	-	**11,971,763**
Shares issued as consideration for asset acquisitions	4,800,000	-	-	-	**4,800,000**
Shares issued for broker services	500,000	-	-	-	**500,000**
Options issued	-	198,800	-	-	**198,800**
Transfers to accumulated losses on expiry of share based payment	-	(276,021)	-	276,021	-
Balance 30 June 2017	**37,644,468**	**198,800**	**(174,414)**	**(20,724,350)**	**16,944,504**

2016	Equity	Option reserve	Foreign Currency Reserve	Accumulated losses	Total
	$	$	$	$	$
Balance 1 July 2015	**20,372,705**	**276,021**	**1,890,791**	**(21,790,335)**	**749,182**
Income/(Loss) for the year	-	-	-	(188,579)	**(188,579)**
Comprehensive income for year	-	-	(708)	-	**(708)**
Total comprehensive loss for year	**-**	**-**	**(708)**	**(188,579)**	**(189,287)**
Transactions with owners in their capacity as owners:					
Shares issued placement	-	-	-	-	-
Balance 30 June 2016	**20,372,705**	**276,021**	**1,890,083**	**(21,978,914)**	**559,895**

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

	Note	2017 $	2016 $
Cash flow from operating activities			
Interest received		16,438	8,455
Payments to suppliers and employees		(798,876)	(209,087)
Net cash outflow from operations	18	**(782,438)**	**(200,632)**
Cash flows from investing activities			
Payments for exploration and evaluation		(3,907,542)	-
Net cash outflow from investing activities		**(3,907,542)**	**-**
Cash flows from financing activities			
Proceeds from the issue of shares		13,000,000	-
Costs associated with capital raising		(270,424)	-
Net cash inflow from financing activities		**12,729,576**	**-**
Net increase/(decrease) in cash and cash equivalents		**8,039,596**	**(200,632)**
Foreign currency movement		-	(179)
Cash and cash equivalents at the beginning of the period		577,847	778,658
Cash and cash equivalents at the end of the period	9	**8,617,443**	**577,847**

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

1 Summary of significant accounting policies

(a) 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 2017. 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 2017.

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

(b) New and Amended Standards Adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2015:

- Interpretation 21 Accounting for Levies
- AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets
- AASB 2013-4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting
- AASB 2014-1 Amendments to Australian Accounting Standards

None of the new Standards and amendments to Standards that are mandatory for the first time for the financial year beginning 1 July 2015 affected any of the amounts recognised in the current period or any prior period and is not likely to affect future periods. Additionally, they did not significantly affect the Group's accounting policies or any of the disclosures.

Adoption of new and revised accounting standards
In the year ended 30 June 2017, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2016. It has been determined by the Company that, there is no impact, material or otherwise, of the new and revised standards and interpretations on its business and therefore no change is necessary to Company accounting policies.
No retrospective change in accounting policy or material reclassification has occurred requiring the inclusion of a third Statement of Financial Position as at the beginning of the comparative financial period, as required under AASB 101.

1 Summary of significant accounting policies (continued)

(c) Principles of Consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Helios Energy Ltd as at 30 June 2017 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.

(d) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Interest income is recognised on a time proportion basis using the effective interest method.

(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.

1 Summary of significant accounting policies (continued)

(e) Income Tax (continued)

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) 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.

(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) 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.

(i) Contributed Equity

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

1 Summary of significant accounting policies (continued)

(j) Earnings per Share

(i) 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.

(ii) 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.

(k) 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.

(l) 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.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on a discounted basis. Any changes in the estimates for the costs are accounted for on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

1 Summary of significant accounting policies (continued)

(m) 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.

The grant date fair value of performance rights granted under asset acquisition agreements is recognised as an increase in the cost of the investment with a corresponding increase in equity. The Group issued performance rights as part of the acquisition of the Presidio Oil Project as outline in Note 13(h). The Group follows the guidelines of AASB 2 'Share based payments' and takes into account the probability of achieving these performance conditions.

(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) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in profit and loss.

1 Summary of significant accounting policies (continued)

(p) 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 forging 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.

(q) New Accounting Standards and Australian Accounting Interpretations

The following new accounting standards and interpretations have been issued, but are not mandatory for financial year ended 30 June 2017. They have not been adopted in preparing the financial statements for the year ended 30 June 2017 and are expected to impact the entity in the period of initial application. The Group's assessment of the impact of these new standards and interpretations is set out below.

- *AASB 9 Financial Instruments*

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2018 and completes phases I and III of the IASB's project to replace IAS 39 (AASB 139) 'Financial Instruments: Recognition and Measurement'. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. Chapter 6 'Hedge Accounting' supersedes the general hedge accounting requirements in AASB 139 and provides a new simpler approach to hedge accounting that is intended to more closely align with risk management activities undertaken by entities when hedging financial and non-financial risks. The consolidated entity will adopt this standard and the amendments from 1 July 2018. As the entity does not have any financial liabilities measured at fair value through profit or loss, the amendments will not require any changes in fair value attributable to liabilities.

1 Summary of significant accounting policies (continued)

(q) New Accounting Standards and Australian Accounting Interpretations

- *AASB 15 Revenue from Contracts with Customers*

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The nature of the change is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under IAS 18 Revenue. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of AASB 15 and due to the replacement of AASB 111, it is expected to have an impact on the presentation and disclosure of construction contracts that are in place when application of the standard becomes mandatory.

- *AASB 2015-1 Amendments to Australian Accounting Standards*

Annual Improvements to Australian Accounting Standards 2012-2014 Cycle (issued January 2015) – Effective for periods beginning on or after 1 January 2016. These amendments are applicable to annual periods beginning on or after 1 January 2016. The changes affect two standards as follows: AASB 5 Non-current Assets Held for Sale and Discontinued Operations. The update clarifies that if assets/disposal groups are reclassified from being held for sale to being held for distribution to owner or vice versa, this is considered to be a continuation of the original plan for disposal. It also clarifies that if assets cease to be held for distribution to owners, the usual AASB 5 requirements for assets that cease to be held for sale will apply. The update also affects AASB 119: Employee benefits by clarifying that high quality corporate bonds or national government bonds used to determine the discount rate for long service leave and defined benefit liabilities must be denominated in the same currency as the benefits that will be paid to the employee.

- AASB 16 Leases.

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2019. This Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity. The consolidated entity will adopt this standard and the amendments from 1 July 2019.

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.

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.

2017 **Financial Instruments**	**Floating interest rate**	**Non-interest bearing**	**Total**	**Weighted average effective interest rate**
	$	**$**	**$**	**%**
(i) Financial assets				
Cash assets	8,453,485	163,959	8,617,443	0.364
Trade & other receivables	62,835	-	62,835	-
Total financial assets	**8,516,319**	**163,959**	**8,680,278**	

2016 **Financial Instruments**	**Floating interest rate**	**Non-interest bearing**	**Total**	**Weighted average effective interest rate**
	$	**$**	**$**	**%**
(i) Financial assets				
Cash assets	567,740	10,107	577,847	1.22
Trade & other receivables	1,846	-	1,846	-
Total financial assets	**569,586**	**10,107**	**579,693**	

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

2 Financial Risk Management (continued)

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.

As at 30 June 2017	Less than 6 months	6-12 months	1-5 years	Over 5 years	Total contractual	Carrying amount
	$	$	$	$	$	$
Trade and other payables	1,269,297	-	-	-	1,269,297	1,269,297

As at 30 June 2016	Less than 6 months	6-12 months	1-5 years	Over 5 years	Total contractual	Carrying amount
	$	$	$	$	$	$
Trade and other payables	19,798	-	-	-	19,798	19,798

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.

Cash at bank and short term bank deposits	**2017**	**2016**
	$	**$**
Westpac Banking Corporation - AA	8,460,169	567,740
JPMorgan Chase Bank - A-	157,274	10,107
	8,617,443	577,847

Price Risk

The Group is not exposed to commodity price risk.

Foreign Currency Risk

The group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollars, was as follows:

	2017	**2016**
	$	**$**
Cash and cash equivalents	157,274	10,107

Foreign currency risk can only arise on financial instruments that are denominated in a currency other than the functional currency in which they are measured. Translation related risks are therefore not included in the assessment of the entity's exposure to currency risks.

Translation exposures arise from financial and non-financial items held by an entity (for example a subsidiary) with a functional currency different from the group's presentation currency. However, foreign currency denominated inter-company receivables and payables which do not form part of a net investment in a foreign operation would be included in the sensitivity analysis for foreign currency risks, because even though the balances eliminate in

2 Financial Risk Management (continued)

the consolidated Statement of Financial Position, the effect on profit or loss of their revaluation under AASB 121 is not fully eliminated.

For the purposes of AASB 7, currency risk does not arise from financial instruments that are non-monetary items. The foreign currency exposure arising from investing in non-monetary financial instruments is reflected in the other prise risk disclosures as part of fair value gains and losses.

Fair Value Measurement

(a) Net fair value

The carrying value and net fair values of financial assets and liabilities at balance date are:

Consolidated	2017		2016	
	Carrying Amount $	Net fair Value $	Carrying Amount $	Net fair Value $
Financial assets				
Cash and cash equivalents	8,617,443	8,617,443	577,847	577,847
Trade & other receivables - current	62,835	62,835	1,846	1,846
	8,680,278	8,680,278	579,693	579,693
Financial Liabilities				
Trade and other payables - current	1,269,297	1,269,297	19,798	19,798
	1,269,297	1,269,297	19,798	19,798

(b) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. AASB 7 *Financial Instruments: Disclosures* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

i) Quoted prices in active markets for identical assets or liabilities (level 1)
ii) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (level 2); and
iii) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

Due to their short term nature, the carrying amount of the financial assets and liabilities at balance date is assumed to approximate their fair value.

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

3 Critical Accounting Estimates, Judgements and Assumptions (continued)

material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial period are discussed below.

Share-based payments
The valuation of share-based payment transactions is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using valuation methods including the Black Scholes valuation model and the Binomial – barrier up and in model taking into account the terms and conditions upon which the instruments were granted.

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. 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(l) and to note 10 for movements in the exploration and evaluation expenditure balance.

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.

Asset acquisition not constituting a business
When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their relative fair values in an asset purchase transaction and no deferred tax will arise in relation to the acquired assets and assumed liabilities as the initial recognition exemption for deferred tax under AASB 112 applies. No goodwill will arise on the acquisition and transaction costs of the acquisition will be included in the capitalised cost of the asset.

In determining when an acquisition is determined to be an asset acquisition and not a business, significant judgement is required to assess whether the assets acquired constitute a business in accordance with AASB 3. Under AASB 3 a business is an integrated set of activities and assets that is capable of being conducted or managed for the purpose of providing a return, and consists of inputs and processes, which when applied to those inputs has the ability to create outputs.

The Directors determined that the acquisition of Trinity and Presidio Projects are an asset acquisition. During the financial year cash of US$1,450,000, 240,000 shares, and 240,000 performance rights were issued to the vendor for the acquisition. The fair value of the shares issued was determined by reference to the share price disclosed in the prospectus dated 16 February 2017 of $0.20 per share given there was not an active market at that date.

4 Segment Information

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The Group currently operates in one operating segment being the mining and exploration sector and two geographic locations, those being, Australia and the United States of America. The chief operating decision makers look at areas of interest when reviewing exploration activities and the allocation of resources. The areas of interest are contained within separate operating entities and geographic locations and are reported on accordingly.

The directors are of the opinion that the current financial position and performance of the Group is equivalent to the operating segments identified. The segment information provided to the board of directors for reportable segments for the year ended 30 June 2017 is as follows:

30 June 2017	**Helios Energy - Australia $**	**Trinity & Presidio – USA $**	**Kinney Coal Project – USA $**	**Total $**
Income	16,438	-	-	16,438
Expenses	(266,707)	(440,416)	(10,964)	(718,087)
Income tax expense	-	-	-	-
Foreign exchange gain/(loss)	1,681,417	-	-	1,681,417
Operating loss	**1,431,148**	**(440,416)**	**(10,964)**	**979,768**
Other significant items:				
Impairment of exploration costs	-	-	-	-
Net loss before tax	**1,431,148**	**(440,416)**	**(10,964)**	**979,768**

Assets	**Helios Energy - Australia $**	**Trinity & Presidio – USA $**	**Kinney Coal Project – USA $**	**Total $**
Cash & cash equivalents	8,460,169	157,274	-	8,617,443
Other receivables	62,835	-	-	62,835
Exploration and evaluation expenditure	6,689,690	2,843,832	-	9,533,522
	15,212,694	3,001,106	-	18,213,800
Liabilities				
Other payables	115,138	1,154,159	-	1,269,297
	15,097,556	1,846,948	-	16,944,504

4 Segment Information (continued)

30 June 2016	Helios Energy - Australia	Kinney Coal Project – USA	Total
	$	$	$
Income	8,455	-	8,455
Expenses	(147,322)	(49,712)	(197,034)
Income tax expense	-	-	-
Operating loss	**(138,867)**	**(49,712)**	**(188,579)**
Other significant items:			
Impairment of exploration costs	-	-	-
Net loss before tax	(138,867)	(49,712)	**(188,579)**

Assets	Helios Energy - Australia	Kinney Coal Project – USA	Total
	$	$	$
Cash & cash equivalents	567,740	10,107	577,847
Other receivables	1,846	-	1,846
	569,586	10,107	579,693
Liabilities			
Other payables	19,798	-	19,798
	19,798	-	19,798

5 Revenue from operations

	2017	**2016**
	$	**$**
Interest received	16,438	8,455
	16,438	**8,455**

6 Administration Costs

	2017	**2016**
	$	**$**
Administration & accounting consultancy fees	(44,586)	(16,272)
General legal fees	(26,958)	-
Advertising & marketing costs	(6,040)	(540)
Contract Labour	(13,410)	-
Personnel – USA based	(382,215)	-
Telecommunication costs	-	(827)
Tax consulting and payroll	(4,300)	(4,000)
Travel costs	(25,986)	(1,118)
Meetings & conferences	-	(61)
General insurance costs	(24,837)	(231)
Other	(7,054)	(2,871)
Administration Costs	**(535,386)**	**(25,920)**

7 Net gain on disposal of foreign subsidiary

On 22 December 2016, the Company deconsolidated its 100% interest in its subsidiary, Wasatch Natural Resources LLC, via voluntary cancellation and deregistration. The Company recognised a net gain on disposal of $1,681,417 for the half year, and the subsidiary was deconsolidated from the Group at 31 December 2016. This gain takes into account the foreign currency translation gain of $1,681,417, which has been realised and transferred from the foreign currency translation reserve to profit and loss.

8	**Income Tax Expense**	**2017** **$**	**2016** **$**
a.	**The components of tax expense comprise:**		
	Current tax	-	-
	Deferred tax	-	-
	Under provision from prior year	-	-
		-	-
b.	**The prima facie tax benefit on profit / (loss) from ordinary activities before income tax is reconciled to income tax as follows:**		
	Prima facie tax benefit on profit / (loss) from ordinary activities before income tax at 27.5% (2016:30%)	269,436	(55,574)
	Add tax effect of:		
	- Revenue losses not recognised	66,064	50,824
	- Other non-allowable items	131,276	14,914
		466,776	9,164
	Less tax effect of:		
	- Other deferred tax balances not recognised	4,386	9,164
	- Other non-assessable items	462,390	-
	Income tax	-	-
c.	**Unrecognised deferred tax assets:**		
	Carry forward revenue losses	413,045	378,526
	Carry forward capital losses	1,046	1,141
	Capital raising costs	6,772	12,173
	Provisions and accruals	4,538	4,950
	Net deferred tax	**425,401**	**396,790**

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.

d. Tax consolidation:

Helios Energy Ltd and its wholly owned Australian resident subsidiary formed a tax consolidated group with effect from 30 November 2011. Helios Energy Ltd is the head entity of the tax consolidated group.

Reduction in corporate tax rate

The corporate tax rate for eligible companies will reduce from 30% to 25% by 30 June 2027 providing certain turnover thresholds and other criteria are met. Deferred tax assets and liabilities are required to be measured at the tax rate that is expected to apply in the future income year when the asset is realised or the liability is settled. The Directors have determined that the deferred tax balances be measured at the tax rates stated.

9 **Current assets – Cash and cash equivalents**	**2017** **$**	**2016** **$**
Cash at bank and in hand	8,617,443	577,847
Closing balance cash at bank and in hand	**8,617,443**	**577,847**

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. As at 30 June 2017, no trade receivables were past due or impaired.

10 **Exploration and Evaluation Expenditure**	**2017** **$**	**2016** **$**
Exploration and Evaluation Phase		
Opening balance	-	-
Acquisitions (refer Note 11)	6,742,658	-
Exploration costs	2,843,832	-
Foreign exchange difference on translation	(52,968)	-
Closing balance	**9,533,522**	**-**

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.

11 **Asset Acquisition** — **2017** **$** — **2016** **$**

Trinity & Presidio Project

On 5 January 2017, the Company entered into an agreement to acquire 2 Texas, USA Oil and Gas projects being 100% working interest in the Trinity Oil Project and 70% working interest in the Presidio Oil Project. The acquisition was completed through the:

	2017 **$**	**2016** **$**
Purchase consideration		
Cash payments	1,942,658	-
Equity considerations (240m shares x $0.02)	4,800,000	-
Closing balance	**6,742,658**	**-**
Net assets acquired		
Exploration and evaluation assets	**6,742,658**	**-**

There are commitments and contingencies related to the asset acquisition. Refer to note 20 for details.

12 **Trade and other payables**	**2017** **$**	**2016** **$**
Trade and other payables – current and unsecured	1,269,297	19,798
	1,269,297	**19,798**

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

13 Contributed Equity

(a) Share Capital	2017 Shares	2017 $	2016 Shares	2016 $
Ordinary shares fully paid	1,033,000,025	37,644,468	236,000,000	20,372,705

(b) Movement in Ordinary Share Capital

2017 Date	Details	Number of shares	Issue price	Amount $
01/07/2016	Opening balance	236,000,000		20,372,705
10/02/2017	Consolidation (2:1)	(117,999,975)	-	-
07/04/2017	Entitlement offer	650,000,000	0.02	13,000,000
07/04/2017	Vendor Share Issue	240,000,000	0.02	4,800,000
07/04/2017	Broker Share Issue	25,000,000	0.02	500,000
	Less Capital Raising Costs			(1,028,237)
30/06/2017	**Balance**	**1,033,000,025**		**37,644,468**

2016 Date	Details	Number of shares	Issue price	Amount $
01/07/2015	Opening balance	236,000,000		20,372,705
30/06/2016	**Balance**	**236,000,000**		**20,372,705**

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.

(c) Option Premium Reserve	2017 Number	2017 $	2016 Number	2016 $
	871,666,675	198,800	5,000,000	276,021

(d) Movement in Option Premium Reserve

2017 Date	Details	Number of options	Issue price	Amount $
01/07/2016	Opening balance	5,000,000	-	276,021
31/12/2016	Expiry of listed options	(5,000,000)	-	(92,209)
31/12/2016	Impairment of Reserve	-	-	(183,812)
7/04/2017	Issue of free attaching options exercisable @ $0.02 on or before 31/12/2021	216,666,675	-	-
19/06/2017	Issue of Options exercisable @ $0.02 on or before 31/12/2021	630,000,000	0.00001	6,300
19/06/2017	Issue of Options exercisable @ $0.02 on or before 31/12/2021	25,000,000	0.0077	192,500
30/06/2017	**Balance**	**871,666,675**		**198,800**

13 Contributed Equity (continued)

2016 Date	**Details**	**Number of options**	**Issue price**	**Amount $**
01/07/2015	Opening balance	10,500,000	-	276,021
26/04/2016	Expiry of listed options	(5,500,000)	-	-
30/06/2016	**Balance**	**5,000,000**		**276,021**

Major Terms and Conditions of Options

	Number of options	Issue date	Conversion factor	Vesting condition / date	Expiry date	Exercise price
Listed	216,666,675	7/04/2017	0:00	-	31/12/2021	$0.02
Unlisted	655,000,000	19/06/2017	0:00	-	31/12/2021	$0.02

(e) Options

At the date of this report, share options on issue to take up fully paid Ordinary Shares in the capital of the Company are as follows:

2017 Options	**No. of Options Outstanding**	**Expiry Date**	**Exercise Price**
Listed	300,117,877	31/12/2021	$0.02
Unlisted	655,000,000	31/12/2021	$0.02
TOTAL	**955,117,877**		

(f) Performance Rights Reserve

Performance rights were issued as part of the purchase price of the Presidio Oil Project.

	2017 Shares	**2017 $**	**2016 Shares**	**2016 $**
Performance Rights	240,000,000	-	-	-
Performance Rights	**240,000,000**	-	-	-

In calculating the value of the performance shares issued the following inputs were used:

	Performance Rights
Number of shares	240,000,000
Underlying share price	2 cents
Probability of achieving milestone	0%
Value of performance share	nil
Calculated value	$nil

Every one (1) performance right will vest into one (1) ordinary share in Helios Energy Ltd on achievement of the following milestone:

- The average daily production (net to the Company) (pre-royalty) from the leases that comprise the Presidio Oil Project in excess of 1,200 barrels of oil equivalent (boe).

The probability to achieve the milestones has been assessed as Nil, hence no value has been attributed to the performance rights.

13 Contributed Equity (continued)

(g) Movement in Performance Rights Reserve

2017 Date	**Details**	**Number of rights**	**Issue price**	**Amount $**
01/07/2016	Opening balance	-		-
07/04/2017	Performance Rights	240,000,000	-	-
30/06/2017	**Balance**	**240,000,000**		-

2016 Date	**Details**	**Number of shares**	**Issue price**	**Amount $**
01/07/2015	Opening balance	10,000,000		-
31/12/2015	Reversal of performance shares – Class C	(10,000,000)	-	-
30/06/2016	**Balance**	-		-

(h) Nature and Purpose of Reserves

Option Reserve

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

Share Based Payment Reserve

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

Performance Rights Reserve

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

(j) Nature and Purpose of Reserves

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.

(k) 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 exploration activities and currently has no debt facilities in place.

14 Accumulated Losses

	2017 $	2016 $
Movements in accumulated losses:		
Balance at the beginning of the period	(21,978,914)	(21,790,335)
Net gain/(loss) from continuing operations	979,768	(188,579)
Impairment of reserves	276,021	-
Foreign exchange gain/(loss)	(1,225)	-
Balance at the end of the year	**(20,724,350)**	**(21,978,914)**

15 Dividends

There were no dividends recommended or paid during the financial year (2016: nil).

16 Related Party Transactions

The amount of remuneration paid to related parties during the financial year is set out below and 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.

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

(a) The total payments made to directors and key management personnel during the year are set out below:

Services provided by directors and key management personnel and recognised as an expense	**2017 $**	**2016 $**
Short term employee benefits	91,800	111,907
Post-employment benefits	-	4,902
Share based payments	-	-
	91,800	**116,809**

Detailed remuneration disclosures with regard to amounts paid to directors are provided in the audited remuneration report in the directors' report.

(b) Other Transactions with Directors and Key Management Personnel

There were no other transactions with Directors and Key Management Personnel during the year (2016: $Nil).

17 Remuneration of Auditors

Assurance Services	**2017**	**2016**
Audit Services	**$**	**$**
Amounts paid/payable to BDO Audit (WA) Pty Ltd for audit and review of the financial reports	28,300	27,267
Non-Audit Services		
Amounts paid/payable to BDO Audit (WA) Pty Ltd for non-audit services	8,296	-

18 Reconciliation of Loss After Income Tax to Net Cash Outflow from Operating Activities	**2017 $**	**2016 $**
Profit / (Loss) for the year	979,768	(188,579)
Non-cash operating items		
Gain from disposal of subsidiary	(1,681,419)	-
Changes in operating assets and liabilities:		
Net movement in trade receivables and payables		
(Increase) / decrease in trade and other receivables	(60,989)	1,202
Increase / (decrease) in trade and other payables	(19,798)	(13,255)
Net cash outflow from operating activities	**(782,438)**	**(200,632)**
Non-cash investing and financing activities		
Issue of ordinary shares as consideration for asset acquisition	4,800,000	-
Issue of ordinary shares for capital raising services	500,000	-
Issue of listed options for capital raising services	192,500	-
	5,492,500	**-**

Refer to note 13 for shares based payments.

19 Profit / (Loss) Per Share	**2017 Cents**	**2016 Cents**
(a) Basic Profit / (Loss) Per Share		
Profit / (Loss) from operations attributable to the ordinary equity holders of the Company	0.22	(0.16)
Total basic profit / (loss) per share attributable to the ordinary equity holders of the Company	**0.22**	**(0.16)**
(b) Diluted Profit / (Loss) Per Share		
Profit / (Loss) from operations attributable to the ordinary equity holders of the Company	0.07	(0.16)
Total diluted profit / (loss) per share attributable to the ordinary equity holders of the Company	**0.07**	**(0.16)**

(c) Reconciliation of Profit / (Loss) used in Calculating Profit / (Loss) per Share	**2017 $**	**2016 $**
Profit / (Loss) attributable to the ordinary equity holders of the Company used in calculating basic and diluted profit /(loss) per share	**979,768**	**(188,579)**

(d) Weighted Average Number of Shares Used as the Denominator	**2017 Number**	**2016 Number**
Weighted average number of ordinary shares used as the denominator in calculating basic profit / (loss) per share	437,931,507	118,000,000
Adjustments for calculation of diluted profit / (loss) per share:		
Options	871,666,675	2,500,000
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted profit / (loss) per share	1,309,598,182	120,500,000

19 Profit / (Loss) Per Share (continued)

During the year, the Company consolidation the capital on a 1 for 2 basis. The prior year comparatives have been adjusted to reflect this consolidation.

(e) Information Concerning the Classification of Securities

Options and Performance Shares

Diluted earnings per share is equal to basic loss per share as the company is in a loss position.

20 Commitments and Contingent Liabilities

At the date of the report no other material commitments or contingent liabilities exist that we are aware of, other than those disclosed below or in the Prospectus.

As part of the acquisition of the Trinity and Presidio Project acquisitions there are contingent royalty payments as mentioned below;

Trinity Project

Subject to settlement occurring and the requirements of the ASX Listing Rules, if the company purchases or acquires, whether directly or indirectly, an interest in any further leases of oil and gas mineral rights within a 50 kilometre radius of the Trinity Leases (Additional Leases), such purchased Additional Leases will be made subject to and be burdened by an overriding 5% gross revenue royalty (5% ORRI) on industry standard terms in favour of the Vendors (and/or their nominees)

Presidio 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 the Company and 30% to the cost of the Vendors (and/or their nominee/s). The Company will earn a NRI of 52.50% of 8/8ths (being 70% of a NRI of 75%) in all addition 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 50 kilometre radius of the Presidio Leases

The company must pay and perform the following consideration in order to acquire or earn from the Vendors all right, title and interest in and to the Presidio Oil Project. The Company shall discharge by performance, drill, as operator, on or before 31 December 2017 (or such later date as agreed between the parties), at a cost of at least US$1,000,000, two further vertical oil well on the Presidio Leases.

21 Events Occurring After Reporting Date

The Company appointed Nicholas Ong as a director on 4 August 2017 and was reinstated to trading on ASX following the completion of the offers as referred to in the "Review of Operations" above. Other than these matters, there has been no matter or circumstance that has arisen that has significantly affected, or may significantly affect:

1. the Group's operations in future financial years, or
2. the results of those operations in future financial years, or
3. the Group's state of affairs in future financial years.

22 Helios Energy Ltd Parent Company Information

Statement of financial position	**2017 $**	**2016 $**
Assets		
Total current assets	17,882,997	569,586
Total assets	**17,882,997**	**569,586**
Liabilities		
Current Liabilities	115,138	20,066
Total liabilities	**115,138**	**20,066**
Net Assets	**17,767,859**	**549,520**
Equity		
Contributed equity	37,644,468	20,372,705
Option premium reserve	198,800	183,812
Share based payment reserve	-	92,209
Accumulated losses	(20,075,409)	(20,099,206)
Total Equity	**17,767,859**	**549,520**

23. 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 2017**	**Equity holding 2016**
Helios Energy USA, Ltd[1]	USA	Ordinary	100%	-
Helios Operating, LLC	USA	Ordinary	100%	-
Delta Coal Fund Pty Ltd[2]	Australia	Ordinary	100%	100%

[1] Holding company for Helios Operating, LLC
[2] Dormant subsidiary

The Directors' of the Company declare that:

1 The financial statements and notes as set out on pages 14 to 39 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 2017 and of its performance for the year ended on that date.

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

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

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

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

Gary Steinepreis
Director
West Perth
29 September 2017

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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 and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, 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 2017 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 (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Key audit matters

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

Accounting for Acquisition of the Trinity and Presidio Oil Projects

Key audit matter	How the matter was addressed in our audit
On 5 January 2017 the Group announced it had signed two conditional heads of agreement to acquire two Texas, USA oil & gas projects, the Trinity Oil Project and the Presidio Oil Project for purchase consideration of A$6,689,690 as disclosed in Note 11. The Group treated the transaction as an asset acquisition, rather than a business acquisition. Accounting for this transaction is complex and requires management to exercise judgement to determine the appropriate accounting treatment including whether the acquisition should be classed as an asset or business acquisition, estimating the fair value of net assets acquired and estimating the fair value of the purchase consideration.	Our procedures included, but were not limited to: • Obtaining an understanding of the transaction, including an assessment of whether the transaction constituted an asset or business acquisition; • Reading the sale and purchase agreement to understand key terms and conditions; • Assessing management's determination of the fair value of consideration paid and agreeing the consideration to supporting documentation; • Obtaining a schedule of the areas of interest held for the projects and assessing whether the rights to tenure of those areas of interest remained current at balance date; and • Checking that no goodwill was recognised and that costs associated with the acquisition were capitalised in accordance with the correct accounting policy for asset acquisitions; We have also assessed the adequacy of the related disclosures in Note 3 and Note 11 to the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information contained in the director's report and audited financial statements for the year ended 30 June 2017, but does not include the financial report and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the annual report, which is expected to be made available to us after that date.

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 identified above 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 on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

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:

http://www.auasb.gov.au/auditors_files/ar2.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 10 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Helios Energy Limited, for the year ended 30 June 2017, 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

Phillip Murdoch

Director

Perth, 29 September 2017

Corporate Governance Statement

Helios Energy Ltd, its wholly owned subsidiaries (the Group) and the Board are committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to review the framework and practices to ensure they meet the interests of shareholders.

The disclosure of corporate governance practices can be viewed on the Company website at http://www.heliosenergyltd.com

The directors are responsible to the shareholders for the performance of the Group in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Group as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Group is properly managed.

Day to day management of the Group’s affairs and the implementation of the corporate strategy and policy initiatives are undertaken by the Board.

Corporate Governance Compliance

A description of the Group's main corporate governance practices are set out below. The Group has considered the ASX Corporate Governance Principles and Recommendations (3rd edition) to determine an appropriate system of control and accountability to best fit its business and operations commensurate with these guidelines.

Disclosure of Corporate Governance Practices
Summary Statement

	ASX Principles and Recommendations	“If not, why not”
Recommendation 1.1	✓	
Recommendation 1.2	✓	
Recommendation 1.3	✓	
Recommendation 1.4	✓	
Recommendation 1.5		✓
Recommendation 1.6		✓
Recommendation 1.7		✓
Recommendation 2.1		✓
Recommendation 2.2	✓	
Recommendation 2.3	✓	
Recommendation 2.4		✓
Recommendation 2.5		✓
Recommendation 2.6	✓	
Recommendation 3.1	✓	
Recommendation 4.1		✓
Recommendation 4.2	✓	
Recommendation 4.3	✓	
Recommendation 5.1	✓	
Recommendation 6.1	✓	
Recommendation 6.2	✓	
Recommendation 6.3	✓	
Recommendation 6.4		✓
Recommendation 7.1		✓
Recommendation 7.2	✓	
Recommendation 7.3		✓
Recommendation 7.4	✓	
Recommendation 8.1		✓
Recommendation 8.2	✓	
Recommendation 8.3	✓	

Disclosure – Principles & Recommendations - financial year 2016/2017

Principle 1 – Lay solid foundations for management and oversight

Recommendation 1.1:

A listed entity should disclose the respective roles and responsibilities of its board and management and those matters expressly reserved to the Board and those delegated to management and disclose those functions.

Disclosure:

The Directors are responsible to the shareholders for the performance of the Group in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Group as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Group is properly managed.

Day to day management of the Group's affairs and the implementation of the corporate strategy and policy initiatives are currently being undertaken by the Board (who are collectively acting in the capacity as CEO).

The matters that the Board has specifically reserved for its decision are:

- the appointment and management of the CEO;
- approval of the overall strategy and annual budgets of the business;
- overseeing the accounting and corporate reporting systems, including the external audit; and
- compliance with constitutional documents.

The CEO is delegated the authority to ensure the effective day-to-day management of the business and the Board monitors the exercise of these powers. The CEO is required to report regularly to the Board on the performance of the Business.

Recommendation 1.2:

A listed entity should undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director and provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

Disclosure:

The Company undertakes checks on any person who is being considered as a director. These checks may include character, experience, education and financial history and background.

All security holder releases will contain material information following the guidance contained in the ASX Corporate Governance Principles and Recommendations (3rd edition) about any candidate to be elected for the first time or re-elected to enable an informed decision to be made.

Recommendation 1.3:

A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

Disclosure:

Each senior executive and executive director has a formal employment contract and the non-executive directors have a letter of appointment including a director's interest agreement with respect to disclosure of security interests.

Recommendation 1.4:

The Company Secretary should be accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.

Disclosure:

The Company Secretary has a direct reporting line to the Board, through the Chair.

Recommendation 1.5:

A listed entity should establish a policy concerning diversity and disclose the policy or summary of the policy. The policy should include requirements for the Board to establish measureable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them.

Disclosure:

The Board supports diversity but the Group has not yet developed a policy. It is the Board's intention to develop a policy at a time when the size of the Group and its activities warrants such a structure.

There are currently no women employees in the organisation.

Recommendation 1.6:

A listed entity should have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors and whether a performance evaluation was undertaken in the reporting period in accordance with that process.

Disclosure:

The Chairman is responsible for evaluating the performance of the Board, its committees and individual directors. This is generally done through a meeting with the Chair.

The review is currently informal but is based on a review of goals for the Board and individual Directors. The goals are based on corporate requirements and any areas for improvement that may be identified. The Chairman will provide each Director with confidential feedback on his or her performance. There was no formal performance evaluation during the financial year.

Recommendation 1.7:

A listed entity should have and disclose a process for periodically evaluating the performance of senior executives and whether a performance evaluation was undertaken in the reporting period in accordance with that process.

Disclosure:

The Board is responsible for evaluating the senior executives. Induction procedures are in place and senior executives have formal job descriptions which includes the process for evaluating their performance.

There was no formal performance evaluation of the senior executives during the financial year.

Principle 2 – Structure the board to add value

Recommendation 2.1:

The Board of a listed entity should establish a Nomination Committee which the majority should be independent directors (including the Chair).

Disclosure:

A nomination committee has not been established. The role of the Nomination Committee has been assumed by the full Board operating under the Nomination Committee Charter adopted by the Board.

Recommendation 2.2:

A listed entity should have and disclose a Board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership.

Disclosure:

The Board Charter provides that the Board will review capabilities, technical skills and personal attributes of its directors. It will normally review the Board's composition against those attributes and recommend any changes in Board composition that may be required.

	Non-executive chairman	Managing director – whilst in this role	Non-executive directors	Non-executive director / Company Secretary
Leadership	X	X	X	X
Strategy / Risk	X	X	X	X
Communication	X	X	X	X
Fundraising	X	X	X	X
Resources Industry	X	X	X	X
Governance	X	X	X	X
Health, safety and environment		X		X
Financial acumen	X	X	X	X

Recommendation 2.3:
A listed entity should disclose the names of the directors considered to be independent directors and length of service of each director.

Disclosure:
Nicholas Ong is currently considered to be an independent director. Due to previous substantial shareholding positions, the other members of the Board are not considered to be classified as independent directors.
The dates of appointment as a director are contained in the Directors' Report.

Recommendation 2.4:

A majority of the Board of a listed entity should be independent directors.

Disclosure:

The Group does not have a majority of independent directors.

Consistent with the size of the Group and its activities, the Board is comprised of four (4) directors, one of which is currently considered to be an independent director.

The Board's policy is that the majority of directors shall be independent, non-executive directors. The composition of the Board does not currently conform to its policy. It is the Board's intention to comply with its policy at a time when the size of the Group and its activities warrants such a structure.

Recommendation 2.5:

The Chair of the Board of a listed entity should be an independent director.

Disclosure:

Anthony Brennan acts as Chair of the Board he is not independent. It is the Board's intention to comply with its policy at a time when the size of the Group and its activities warrants such a structure.

Recommendation 2.6:

A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

Disclosure:

The Board Charter provides for induction and professional development for the Board.

Principle 3 – Act ethically and responsibly

Recommendation 3.1:

A listed entity should have a Code of Conduct for its directors, senior executives and employees.

Disclosure:

The Company has a Code of Conduct that applies to all Directors, senior executives, employees and contractors.

Principle 4 – Safeguard integrity in corporate reporting

Recommendation 4.1

The Board of a listed entity should have an Audit Committee.

Disclosure:

An audit committee has not been established. The role of the Audit Committee has been assumed by the full Board operating under the Audit Committee Charter adopted by the Board.

Recommendation 4.2

The Board of a listed entity should, before it approves the Company's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Disclosure:

This recommendation is included as part of the Audit Committee Charter adopted by the Board.

Recommendation 4.3

A listed entity should ensure that the external auditor is present at the AGM and be available to answer questions from security holders relevant to the audit.

Disclosure:

The Company invites the auditor or representative of the auditor to the AGM.

Principle 5 – Make timely and balanced disclosure

Recommendation 5.1:

A listed entity should have a written policy for complying with its continuous disclosure obligations under the Listing Rules.

Disclosure:

The Board Charter contains the policies designed to ensure compliance with ASX Listing Rule disclosure.

Principle 6 – Respect the rights of security holders

Recommendation 6.1:

A listed entity should provide information about itself and its governance to investors via its website.

Disclosure:

The Company has a website for making this information available to shareholders and investors.

Recommendation 6.2:

A listed entity should design and implement an investor relations program to facilitate two-way communication with investors.

Disclosure:

The Company encourages shareholders to attend and participate in general meetings and will makes itself available to meet shareholders and regularly responds to enquiries made via telephone and in writing.

Recommendation 6.3:

A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.

Disclosure:

The Company encourages shareholders to attend and participate in general meetings. As a junior company the shareholder attendance numbers are low however, if a shareholder wishes to provide a comment or question and is not able to attend the meeting, the Company will address this as part of the meeting.

Recommendation 6.4:

A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

Disclosure:

The Company is currently reviewing and implementing a strategy to receive communications from, and send communications, to its shareholders.

Principle 7 – Recognise and manage risk

Recommendation 7.1:

The Board of a listed entity should have a committee or committees to oversee risk.

Disclosure:

The Board has adopted a Risk Management Policy. There is no risk management committee and this role is undertaken by the Board who consider this at Board meetings. The overall basis for risk management is to provide recommendations about:

1. Assessing the internal processes for determining and managing key risk areas, particularly:
    - non-compliance with laws, regulations, standards and best practice guidelines, including environmental and industrial relations laws;
    - litigation and claims; and
    - relevant business risks other than those that are dealt with by other specific Board Committees.
2. Ensuring that the Group has an effective risk management system and that major risks to the Group are reported at least annually to the Board.
3. Receiving from management reports on all suspected and actual frauds, thefts and breaches of laws.
4. Evaluating the process the Group has in place for assessing and continuously improving internal controls, particularly those related to areas of significant risk.
5. Assessing whether management has controls in place for unusual types of transactions and/or any potential transactions that may carry more than an acceptable degree of risk.
6. Meeting periodically with key management, internal and external auditors and compliance staff to understand and discuss the Group's control environment.

Recommendation 7.2:

The Board of a listed entity should review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and disclose whether such a review has taken place.

Disclosure:

The Board meets to discuss the operating activities and risk assessment is part of this process. Risks are considered including but not limited to strategic, operational, legal, reputation and financial risks. This is an on-going process rather than an annual formal review.

Recommendation 7.3:

A listed entity should disclose if it has an internal audit function.

Disclosure:

The Company does not have an internal audit function but reviews its risk management and internal control processes on a regular basis.

Recommendation 7.4:

The Company should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

The Company is of the view that it has adequately disclosed the nature of its operations and relevant information on exposure to economic, environmental and social sustainability risks. Other than general risks associated with the mineral exploration industry, the Company does not currently have material exposure to environmental and social sustainability risks.

Principle 8 – Remunerate fairly and responsibly

Recommendation 8.1:

The Board of a listed entity should have a Remuneration Committee.

Disclosure:

A Remuneration Committee has not been established. The role of the Remuneration Committee has been assumed by the full Board operating under the Remuneration Committee Charter adopted by the Board.

Recommendation 8.2:

A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

Disclosure:

The Company provides disclosure of all Directors and executives remuneration in its annual report.

Non-executive directors are remunerated at a fixed fee for time, commitment and responsibilities. Remuneration for non-executive directors is not linked to the performance of the Group. There are no documented agreements providing for termination or retirement benefits to non-executive directors (other than for superannuation).

Executive directors and senior executives are offered a competitive level of base pay at market rates and are reviewed annually to ensure market competitiveness. Long term performance incentives may include performance and production bonus payments, shares and / or options granted at the discretion of the Board and subject to obtaining the relevant approvals.

Recommendation 8.3:

A listed entity which has an equity based remuneration scheme should have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme and disclose that policy or summary of it.

Disclosure:

The Company does not have an equity based remuneration scheme which is affected by this recommendation.

The shareholder information set out below was applicable as at 2 October 2017.

1 Distribution of Equity Securities

Analysis of numbers of security holders by size of holding:

	Number Shareholders	Number Optionholders
1 - 1,000	12	-
1,001 - 5,000	79	-
5,001 - 10,000	42	1
10,001 - 100,000	354	316
100,001 - and over	371	97
	858	**414**

There were 160 holders of less than a marketable parcel of ordinary shares.

2 Substantial Holders

Substantial holders of equity securities, ordinary shares, in the Company are set out below:

Ordinary Shares (holders with 5% or more)

Name	Number held	Percentage of issued shares
Notable Pioneer Limited	394,734,485	30.75
Loyal Express International Limited	79,299,220	6.18
PAA Energy LLC	75,138,072	5.85
Mr Zhiqiang Shan	66,350,528	5.17
Ichi Investment INC	65,000,000	5.06

3 Unlisted Performance Rights Holders

Unlisted option holders are set out below:

Performance Rights (Holders with 5% or more)

Name	Number held	Percentage of unlisted options
PF Petroleum Pty Ltd (ACN 106 708 918)	50,569,278	21.07
PAA Energy LLC	50,100,000	20.88
JDK Nominees Pty Ltd (ACN 118 156 693) as trustee for the Kenny Capital Trust	44,750,000	18.65
Trend E&P LLC	36,750,000	15.31
Lugano Holdings LLC	36,750,000	15.31
RPM Texas LLC	18,900,000	7.88

4 Restricted Securities

The following securities are classified as Restricted Securities:

Number	Class	Date that the escrow period ends
265,000,000	Ordinary	11 August 2019
240,000,000	Performance rights	11 August 2019
655,000,000	Options	11 August 2019

5 Voting Rights

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

1 Ordinary Shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

2 Options

These securities have no voting rights.

3 Performance rights

These securities have no voting rights.

6 On-Market Buy-Back

There is no current on-market buy-back.

7 Listing Rule 4.10.19

The entity confirms that it has used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives.

8 Equity Security Holders – ordinary shares

The names of the twenty largest holders of ordinary shares are listed below:

Rank	Name	Units	% of Units
1.	NOTABLE PIONEER LIMITED	394,734,485	30.75
2.	LOYAL EXPRESS INTERNATIONAL LIMITED	79,299,220	6.18
3.	PAA ENERGY LLC	75,138,072	5.85
4.	MR ZHIQIANG SHAN	66,350,528	5.17
5.	ICHI INVESTMENT INC	65,000,000	5.06
6.	PF PETROLEUM PTY LTD (ACN 106 708 918)	50,569,278	3.94
7.	JDK NOMINEES PTY LTD (ACN 118 156 693) <KENNY CAPITAL A.C>	46,521,084	3.62
8.	MR JIDONG ZHANG	33,010,720	2.57
9.	TREND E&P LLC	29,007,831	2.26
10.	LUGANO HOLDINGS LLC	26,983,735	2.10
11.	CITICORP NOMINEES PTY LIMITED	20,983,665	1.63
12.	MR XIAOFENG HUANG	16,455,343	1.28
13.	CHATSWORTH STIRLING PTY LTD	12,500,000	0.97
14.	PILLAIYAR PTY LTD <THIRU A/C>	12,500,000	0.97
15.	BRENNAN SUPER (WA) PTY LTD <A T BRENNAN SUPERFUND A/C>	12,450,760	0.97
16.	LEON FINK HOLDINGS PTY LTD	12,000,000	0.93
17.	EXIT OUT PTY LTD <THE DISCRETIONARY A/C>	10,750,000	0.84
18.	LIGON 205 PTY LTD <SUMMIT ROAD INVESTMENT A/C>	10,394,171	0.81
19.	RIGI INVESTMENTS PTY LIMITED <THE CAPE A/C>	10,000,000	0.78
20.	SUNSET CAPITAL MANAGEMENT PTY LTD <SUNSET SUPERFUND A/C>	9,568,771	0.75
Top 20 holders of ORDINARY FULLY PAID SHARES (TOTAL)		**994,217,663**	**77.45**

9 Equity Security Holders – listed options

The names of the twenty largest holders of listed options are listed below:

Rank	Name	Units	% of Units
1.	ANTLERS ENERGY CORPORATION	168,000,000	17.59
2.	PAA ENERGY LLC	161,750,000	16.94
3.	NOTABLE PIONEER LIMITED	131,578,162	13.78
4.	RPM TEXAS LLC	80,000,000	8.38
5.	JDK NOMINEES PTY LTD (ACN 118 156 693) <KENNY CAPITAL A.C>	41,750,000	4.37
6.	PF PETROLEUM PTY LTD (ACN 106 708 918)	41,750,000	4.37
7.	MR JUNWEI CHEN	40,000,000	4.19
8.	LUGANO HOLDINGS LLC	31,875,000	3.34
9.	TREND E&P LLC	31,875,000	3.34
10.	LOYAL EXPRESS INTERNATIONAL LIMITED	26,433,074	2.77
11.	MR ZHIQIANG SHAN	22,116,844	2.32
12.	ICHI INVESTMENT INC	21,666,667	2.27
13.	CHATSWORTH STIRLING PTY LTD	12,500,000	1.31
14.	PILLAIYER PTY LTD <THIRU A/C>	11,564,500	1.21
15.	MR JIDONG ZHANG	11,003,574	1.15
16.	EXIT OUT PTY LTD <THE DISCRETIONARY A/C>	10,989,500	1.15
17.	CELTIC CAPITAL PTY LTD <THE CELTIC CAPITAL A/C>	8,750,000	0.92
18.	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	8,333,334	0.87
19.	BELLARINE GOLD PTY LTD <THE RIBBLESDALE SUPER FUND>	8,000,000	0.84
20.	MR XIAOFENG HUANG	5,485,115	0.57
Top 20 holders of LISTED OPTIONS EXPIRING 31/12/2021 @ $0.02		**875,420,770**	**91.66**