Helios Energy Limited

Interim Financial Report

31 December 2018

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These interim financial statements do not include all the notes of the type normally included in the annual financial statements. Accordingly, these interim financial statements are to be read in conjunction with the annual financial statements for the year ended 30 June 2018 and any public announcements made by the Company during the period from 1 July 2018 to the date of this report in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

CORPORATE DIRECTORY

Directors	Hui Ye Non-Executive Chairman Richard He Managing Director Nicholas Ong Non-Executive Director Robert Bearden Non-Executive Director	
Company Secretary	John Palermo	
Registered Office	**Australian Office** PO Box 1485 West Perth Level 3, 18 Richardson Street West Perth WA 6005 Australia PO Box 1485 West Perth WA Australia 6872 Tel +61 1300 291 195 Fax +61 8 6298 6191	**USA Office** 2 Riverway, 17th Floor Suite 1710, Houston Texas USA 77056 Tel +1 713 333 613 Fax +1 713 583 0965
Share Register	Computershare Investor Services Pty Ltd Reserve Bank Building Level 11, 172 St George's Terrace Perth WA 6000 Investor enquiries: 1300 557 010 Telephone: 08 9323 2000 Facsimile: 08 9323 2033	
Auditor	BDO Audit (WA) Pty Ltd Level 1,38 Station Street Subiaco WA 6008 Telephone: 08 6382 4600 Facsimile: 08 6382 4601	
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 period ended 31 December 2018 (**Helios Energy** or the **Company** or the **Group**).

Directors

The name of each person who has been a director during the reporting period and to the date of this report are:
Hui Ye - appointed 1 December 2017
Richard He - appointed 20 October 2017
Gary Steinepreis - resigned 11 September 2018
Nicholas Ong – appointed 4 August 2017
Robert Bearden – appointed 14 February 2018

COMPANY SECRETARY

The company secretary is John Palermo who was appointed on 10 September 2018 to replace Gary Steinepreis.

PRINCIPAL ACTIVITIES AND REVIEW OF OPERATIONS

The Company is an oil and gas exploration company whose principal activities are the Presidio Oil Project and the Trinity Oil Project (together, the **Projects**). Both Projects are located in Texas, USA.

Presidio Oil Project

The Presidio Oil Project is located in Presidio County, Texas, USA. Initially comprised of 6,400 acres (4,480 net acres) in which Helios is to earn a 70% working interest (**WI**) upon completing the drilling of 3 wells by 30 June 2019, the Company has been actively leasing additional acres in close proximity to these initial 6,400 acres and now has a 70%WI in a further 26,096 acres. In addition, Helios has a 70%WI in a further 34,280 acres which have been placed under call option to lease. In total therefore, Helios has under contract a 70%WI in a total of 66,776 acres (46,743 net acres). Helios must drill 3 wells to earn a 70%WI in the initial 6,400 acres (4,480 net acres) which comprise the Presidio Oil Project and a 70%WI in each of these 3 wells. Helios to date has drilled 2 of those 3 wells with those 2 wells being the Quinn Creek 141 vertical well and the Quinn Mesa 113 vertical well. Helios has been granted an extension until 30 June 2019 to drill the third well.

New Oil Discovery in Presidio Oil Project
Oil Discovery in the Ojinaga Shale Formation

Helios has successfully completed a one stage frack in the vertical Quinn Creek 141 well to test oil shows and log indications between 4,744 and 4,880 feet in the lower Ojinaga Formation. On 19 July 2018, the Company reported that the well flowed 260 barrels of oil and 1,345 barrels of completion fluid in 168 hours (7 days). The oil produced is good quality, mature, 39 degrees API gravity light oil similar in composition to Eagle Ford oils. Gas was also produced at 456 mcf per day on a 34/64ths of one-inch choke. As the well cleaned up and the percentage of completion fluid recovery rose, a steadily increasing oil cut was observed. Total load recovery (until the lower interval was shut in) is approximately 35% (3,509 barrels of completion fluid out of 10,187 barrels of completion fluid injected). The observations to date evidence a new oil discovery. The results from this one stage frack of the Ojinaga Formation between 4,744 and 4,880 feet are very encouraging.

Very Encouraging Oil and Gas Production from a Single Stage Frack
The Quinn Creek 141 well flowed 260 barrels of oil and 1,345 barrels of fluid during the first 168 hours (7 days) of oil production. The Quinn Creek 141 well also produced gas at the rate of 456 mcf per day on a 34/64ths of one-inch choke from a single stage frack. As the well cleaned up and the percentage of completion fluid recovery rose, a steadily increasing oil cut was observed. Typical fracked horizontal wells in west Texas have lateral lengths of between 5,000 feet (25 fracked stages) and 10,000 feet (50 fracked stages) and with each stage having a typical horizontal length of 200 feet. The rate of oil and gas production from this single stage frack is very encouraging.

High Quality Oil
The oil produced is good quality, mature, Eagle Ford type, 39 degrees API gravity light oil.

Highly Naturally Fractured Lower Interval
Formation micro-imaging (**FMI**) logs indicate that the lower interval of the Ojinaga Formation in the Quinn Creek 141 well is highly naturally fractured. Generally, high levels of natural fracturing are a positive for 30 day initial oil production (**30 Day IP**) and estimated ultimate recovery (**EUR**) and enable easier frack execution.

Thick Lower Bench
The lower bench of the Ojinaga Formation is approximately 330 feet thick with uniform rock characteristics. It is predominantly black shale with micro laminations of siltstone and fine carbonates.

Easily Fracked Lower Bench
The frack of the lower bench of the Ojinaga Formation in the Quinn Creek 141 well resulted in the successful injection of approximately 200,000 pounds of proppant (approximately 1,500 pounds of proppant per foot) and approximately 10,000 barrels of completion fluid (approximately 75 barrels of completion fluid per foot) and was deployed easily and without complications. At 1,500 pounds of proppant per foot this frack can be considered a "light frack". Leading oil players in the Permian Basin in west Texas are commonly injecting 3,000 pounds of proppant per foot. Generally speaking, the greater the amount of proppant injected per foot (all other factors remaining equal) the higher the levels of 30 day initial oil production (**30 Day IP**) and estimated ultimate recovery (**EUR**) of oil.

Easily Mapped with 2D & 3D Seismic
The lower bench of the Ojinaga Formation shows well on both 2D & 3D seismic and is easily mapped.

Porosity and Permeability in Lower Bench of the Ojinaga Shale Formation
The lower bench of the Ojinaga Shale Formation in the Quinn Creek 141 well has porosity predominately ranging between 4% to 12.5% and permeability up to 0.75 µd (micro darcys). Analysis of the Quinn Creek 141 well and surrounding historical wells clearly shows that these porosity and permeability characteristics in Presidio County in the Ojinaga Shale Formation exceed the characteristics present in the Eagle Ford Shale in the Karnes Trough which is the premier sweet spot of the Eagle Ford Shale play.

Middle and Upper Intervals in the Ojinaga Shale Formation

The middle bench of the Ojinaga Formation is located between 4,235 and 4,729 feet (approximately 494 feet) and the upper interval of the Ojinaga Formation is located between 3,400 and 4,235 feet (approximately 835 feet). However, the primary zone of interest in the upper interval lies between 3,400 and 3,605 feet (205 feet). Both intervals are characterized by oil and gas shows and natural fracturing and both are similar in geological characteristics to the interval which was the subject of the one stage frack between 4,744 and 4,880 feet. Helios has tested the middle and upper benches of the Ojinaga Formation. The middle bench was firstly perforated and then treated with acid. Oil was recovered to surface during the subsequent swabbing. The results of the testing of the middle bench of the Ojinaga Formation merit the conducting of a frack similar to that undertaken in the lower bench of the Ojinaga Formation. Helios has decided not to proceed with a frack at this time. Instead it has decided to focus its resources on its oil discovery in the lower bench of the Ojinaga Formation. Following the testing of the middle bench of the Ojinaga Formation, Helios came up hole to the upper bench of the Ojinaga Formation. The upper bench was firstly perforated and then treated with acid. Oil and gas were recovered to surface during the subsequent swabbing. The results of the testing of the upper bench of the Ojinaga Formation also merit the conducting of a frack. Helios has decided not to proceed with a frack at this time. Instead it has decided instead to focus its resources on its oil discovery in the lower bench of the Ojinaga Formation.

New Seismic Programme – 88 miles of 2D Seismic

Helios has to date shot, processed and interpreted a total of 17 miles of 2D seismic and 2 square miles of 3D seismic across the Presidio Oil Project. The Company's 3D seismic programme was acquired over 2 square miles covering the Quinn Creek 141 well and the Quinn Mesa 113 well and the area in between the 2 wells. Recent geological surface fieldwork has supported the current seismic interpretation and confirmed that an extensive area of Ojinaga Shale Formation and Eagle Ford Shale Formation are present throughout Helios' leases. The decision by Helios to focus its resources on its new oil discovery in the lower interval of the Ojinaga Formation has resulted in the decision to acquire additional 2D seismic. During the last 3 months of 2018, a further 14 miles of new 2D seismic was acquired. This new 2D seismic is now being processed and interpreted. During the last 3 months of 2018, Helios also licensed 74 miles of 2D seismic acquired by a major oil company which covers acreage within the Ojinaga Shale Formation play area (200,000 acre play area) but which is currently unleased by Helios. Re-processing and interpretation of these 74 miles of licensed 2D seismic is nearing completion. This 88 mile 2D seismic program will be completed prior to the commencement of the drilling of the third well in the Presidio Oil Project in April 2019.

Presidio Oil Project – Infrastructure

Access to the Quinn Mesa 113 and the Quinn Creek 141 well locations is provided by a 25 mile unsealed, formed road constructed by Helios that branches off the sealed US-90 highway which carries heavy truck and passenger vehicle traffic. The Quinn Mesa 113 and the Quinn Creek 141 well locations have access to ample supplies of fresh water provided by local water wells drilled into shallow water aquifers. The El Paso Oil Refinery located in El Paso, Texas has a processing capacity of 135,000 barrels of oil per day and is located 170 miles from the Presidio Oil Project. Crude oil is sold there by truck delivery. The Presidio Oil Project is located 250 miles (or 5 hours by truck) from Midland, Texas which is the epicentre of the Permian Basin oil industry. All rigs, supplies and services required for the Presidio Oil Project are sourced from Midland, Texas. Oil production in the Permian Basin is nearing 3,800,000 bopd.

Oil and Gas Leases Held as at 31 December 2018
Excluding the initial 6,400 acres (4,480 net acres) of the Presidio Oil Project in which Helios will earn a 70%WI upon completing the drilling of 3 wells by 30 June 2019, the Company has been actively leasing additional acres in close proximity to these initial 6,400 acres and now has a 70%WI in a further 26,096 acres. In addition, Helios has a 70%WI in a further 34,280 acres which have been placed under call option to lease. In total therefore, Helios has under contract a 70%WI in a total of 66,776 acres (46,743 net acres) in the Presidio Oil Project. The Company also holds a 100% working interest in the Trinity Oil Project, Texas with a total interest of 3,118 net acres.

Corporate
During December 2018, Helios completed a capital raising of $10,100,000 by way of the issue of 77,099,237 shares at a price of 13.1 cents per share (**Placement**). The Placement was made to sophisticated and professional investors under the provisions of section 708 of the Corporations Act 2001 (Cth). The Placement was conducted within the 15% placement capacity available to the Company in accordance with ASX Listing Rule 7.1. The funds raised from the Placement are being used to continue the Company's leasing of additional acres of oil and gas mineral rights in Presidio County in close proximity to the Company's Presidio Oil Project; to complete its current 88 mile 2D seismic program; to pay for the costs of drilling the third well into the Presidio Oil Project and for working capital.

Competent Person's Statement
The information in report is based on information compiled or reviewed by Eldar Hasanov. Mr Hasanov is a qualified petroleum geologist with over 21 years of experience in the USA, Russia, Azerbaijan, Kazakhstan, the Middle East, Turkey, Indonesia and other international areas involving technical, operational and executive aspects of petroleum exploration and production, in both onshore and offshore environments. He has extensive experience in petroleum exploration, appraisal and reserve and resource estimation, as well as in identifying and evaluating new oil and gas ventures. Mr Hasanov has a Masters degree in Petroleum Geology. He is a member of the American Association of Petroleum Geologists.

OPERATING RESULT

The loss from operations for the half year ended 31 December 2018 after providing for income tax was $1,415,025 (2017: Loss $1,715,636). The total comprehensive loss for the half year ended 31 December 2018 after providing for income tax was $905,319 (2017: $1,352,336).

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

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 6 of this interim report.

Signed in accordance with a resolution of the board of directors

Richard He
Managing Director
14 March 2019

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

As lead auditor for the review of Helios Energy Limited for the half-year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been:

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

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

Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 14 March 2019

	Note	2018 $	2017 $
Revenue from operations		21,609	24,595
Administration costs		(574,899)	(400,076)
Corporate compliance costs		(59,258)	(141,809)
Corporate management fees		(43,000)	(183,255)
Personnel Cost		(750,267)	(995,373)
Audit fees		(9,210)	(19,718)
(Loss)/Profit before income tax		**(1,415,025)**	**(1,715,636)**
Income tax expense		-	-
(Loss)/Profit after income tax for the half-year		**(1,415,025)**	**(1,715,636)**
Other Comprehensive Loss			
Items that will be reclassified to profit or loss			
Foreign currency translation difference		509,706	363,300
Total comprehensive loss for the period attributable to the members of Helios Energy Ltd		**(905,319)**	**(1,352,336)**
		Cents	**Cents**
Loss per share for comprehensive loss for the period attributable to the members of the Company:			
Basic and diluted loss per share		(0.101)	(0.098)

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

Helios Energy Ltd
Consolidated Statement of Financial Position
As At 31 December 2018

ASSETS	Note	31 Dec 2018 $	30 June 2018 $
Current assets			
Cash and cash equivalents		7,321,548	11,425,522
Trade and other receivables		21,848	29,607
Total current assets		**7,343,396**	**11,455,129**
Non-current assets			
Exploration and evaluation expenditure	3	19,066,977	16,221,270
Total Non-current assets		**19,066,977**	**16,221,270**
Total assets		**26,410,373**	**27,676,399**
LIABILITIES			
Current liabilities			
Trade and other payables		485,352	888,872
Total current liabilities		**485,352**	**888,872**
Total liabilities		**485,352**	**888,872**
NET ASSETS		**25,925,021**	**26,787,527**
EQUITY			
Contributed equity	4	49,140,299	49,097,486
Reserves		1,182,359	672,653
Accumulated losses		(24,397,637)	(22,982,612)
TOTAL EQUITY		**25,925,021**	**26,787,527**

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

2018	**Contributed equity $**	**Option premium reserve $**	**Share reserve $**	**Foreign currency translation reserve $**	**Accumulated losses $**	**Total $**
Balance 1 July 2018	49,097,486	389,800	-	282,853	(22,982,612)	**26,787,527**
Loss for the half-year	-	-	-	-	(1,415,025)	**(1,415,025)**
Exchange differences on translation of foreign operations	-	-	-	509,706	-	**509,706**
Total comprehensive gain (loss) for the half year	-	-	-	**509,706**	**(1,415,025)**	**(905,319)**
Transactions with owners in their capacity as owners:	-	-	-	-	-	-
Contribution of equity (net of transaction costs)	-	-	-	-	-	-
Conversion of options to ordinary shares	42,813	-	-	-	-	**42,813**
Balance 31 December 2018	**49,140,299**	**389,800**	**-**	**792,559**	**(24,397,637)**	25,925,021

2017	**Contributed equity $**	**Option premium reserve $**	**Share reserve $**	**Foreign currency translation reserve $**	**Accumulated losses $**	**Total $**
Balance 1 July 2017	**37,644,468**	**198,800**	-	(174,414)	(20,724,350)	**16,944,504**
Loss for the half-year	-	-	-	-	(1,715,636)	**(1,715,636)**
Effect of translation of foreign currency operations to group presentation currency upon loss of control of subsidiary	-	-	-	363,300	-	**363,300**
Total comprehensive gain (loss) for the half year	-	-	-	**363,300**	**(1,715,636)**	**(1,352,336)**
Transactions with owners in their capacity as owners:						
Transfer to accumulated losses on expiry of options	3,846,572	-	-	-	-	**3,846,572**
Conversion of options to ordinary	1,600	-	-	-	-	**1,600**
Balance 31 December 2017	41,492,640	198,800	-	186,886	**(22,439,986)**	**19,440,340**

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

	2018 $	2017 $
Cash flow from operating activities		
Interest received	21,609	24,595
Payments to suppliers and employees	(1,832,395)	(1,945,425)
Net cash outflow from operations	**(1,810,786)**	**(1,920,830)**
Cash flows from investing activities		
Payments for exploration and evaluation	(2,336,001)	(2,900,154)
Net cash outflow from investing activities	**(2,336,001)**	**(2,900,154)**
Cash flows from financing activities		
Proceeds from the issue of shares	-	5,011,859
Proceeds from exercise of options	42,813	1,600
Costs associated with capital raising	-	(1,165,287)
Net cash inflow from financing activities	**42,813**	**3,848,172**
Net decrease in cash and cash equivalents	**(4,103,974)**	**(972,812)**
Cash and cash equivalents at the beginning of the period	11,425,522	**8,617,443**
Effect of exchange rate changes on cash and cash equivalents	-	(10,541)
Cash and cash equivalents at the end of the period	**7,321,548**	**7,634,090**

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

1 Summary of Significant Accounting Policies

This general purpose interim financial report includes the financial statements and notes of Helios Energy Ltd, a public limited entity, and its controlled entities for the half-year ended 31 December 2018.

(a) Basis of Preparation

The consolidated interim financial statements have been prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001. They do not include all of the information required for full annual financial statements and should be read in conjunction with annual report dated 30 June 2018 any public announcements made by the Company during the period from 1 July 2018 to the date of this report in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies have been consistently applied by the Group and are consistent with those applied in the previous financial year and those of the corresponding interim reporting period.

In the half year ended 31 December 2018, the Group 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 I July 2018. It has been determined by the Group 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 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.

b) New accounting standards and interpretations

Adoption of new and amended accounting standards

A number of new or amended standards became applicable for the current reporting period and the Group has changed its accounting policies as a result of the adoption of the following standards:

- AASB 9 *Financial Instruments*; and
- AASB 15 *Revenue from Contracts with Customers*.

The impact of the adoption of these standards and the new accounting policies are disclosed below. The impact of these standards, and the other new and amended standards adopted by the Group, has not had a material impact on the amounts presented in the Group's financial statements.

AASB 9 Financial Instruments – Impact of Adoption

AASB 9 replaces the provisions of AASB 139 Financial Instruments that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of AASB 9 from 1 July 2018 resulted in no material changes in accounting policies and adjustments to the amounts recognised in the financial statements. The Group assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate AASB 9 categories.
There was no impact on the amounts recognised in the financial statements as a result of adoption.

1 Summary of Significant Accounting Policies (continued)

AASB 15 Revenue from Contracts with Customers Impact of Adoption

The Group has adopted AASB 15 from 1 July 2018 which has no material impact to the amounts recognised in the financial statements.

2 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 oil and gas exploration sector.

The chief operating decision makers look at areas of interest when reviewing exploration activities and the allocation of resources to the segment and to assess its performance. For the Period under review, the Group operated as one business.

The Board of Directors review internal management reports on a monthly basis that are consistent with the information provided in the statement of profit or loss and other comprehensive income, statement of financial position and statement of cash flows. As a result, no reconciliation is required because the information as presented is what is used by the Board to make strategic decisions.

3 Exploration and Evaluation Expenditure

	31 December 2018 $	30 June 2018 $
Exploration and evaluation assets		
Reconciliation:		
Balance at the beginning of the period	16,221,270	9,533,522
Acquisitions	-	-
Exploration costs	2,393,361	6,614,508
Foreign exchange difference on translation	452,346	73,240
Balance at the end of the period	**19,066,977**	**16,221,270**

4 Contributed Equity

(a) Share Capital	Dec 2018 Shares	Dec 2018 $	June 2018 Shares	June 2018 $
Ordinary shares fully paid	1,416,721,015	49,140,299	1,414,580,348	49,097,486

4 Contributed Equity (continued)

(b) Movements in ordinary share capital:

Period ended 31 December 2018

Date	Details	Number of shares	Issue price	$
01/07/2018	Opening balance	1,414,580,348		49,097,486
28/08/2018	Conversion of options to ordinary shares	500,000	0.02	10,000
14/09/2018	Conversion of options to ordinary shares	200,000	0.02	4,000
25/09/2018	Conversion of options to ordinary shares	166,667	0.02	3,333
05/10/2018	Conversion of options to ordinary shares	200,000	0.02	4,000
16/11/2018	Conversion of options to ordinary shares	474,000	0.02	9,480
03/12/2018	Conversion of options to ordinary shares	600,000	0.02	12,000
31/12/2018	Balance at end of period	**1,416,721,015**		**49,140,299**

Period ended 30 June 2018

Date	Details	Number of shares	Issue price	$
01/01/2018	Opening balance	1,283,672,964		41,492,640
05/01/2018	Share issue	36,018,672	0.064	2,305,195
27/02/2018	Share issue	15,625,000	0.064	1,000,000
05/04/2018	Share issue	79,263,712	0.064	5,072,878
	Less capital raising costs			(773,227)
30/06/2018	Balance at end of period	**1,414,580,348**		**49,097,486**

5 After Reporting Date Events

Share Placement
On 27 December 2018, the Company advised that it had conducted a capital raising of $10,100,000 by the issue of 77,099,237 shares at a price of 13.1 cents per share (**Placement**). The Placement was made to sophisticated and professional investors under the provisions of section 708 of the Corporations Act 2001 (Cth).

Issue and Allotment of Tranche 1
On 16 January 2019, the Company completed Tranche 1 of the Placement by the issue of 66,412,215 shares at 13.1 cents per share to raise $8,700,000.

Issue and Allotment of Tranche 2
On 13 February 2019, the Company completed Tranche 2 of the Placement by the issue of 10,687,022 shares at 13.1 cents per share to raise $1,400,000.

Capital Raising Fees
In addition to the payment of standard commercial capital raising fees, the Company issued 350,000 shares at an issue price of $0.1225 per share and 10,000,000 options each with an exercise price of

5 After Reporting Date Events (continued)

A$0.15 and each having a term which expires on 31 December 2021, to those brokers who assisted with the $10,100,000 capital raising.

6 Contingencies and Commitments

There are no changes in contingent liabilities or commitments from the year end 30 June 2018.

7 Related Party Transactions

There are no changes in related party transactions from the year end 30 June 2018.

8 Fair Value Measurement of Financial Instruments

The Company does not have any financial instruments that are subject to recurring fair value measurements.

Due to its short-term nature, the carrying amount of current trade and other receivables is assumed to approximate its fair value.

The Directors' of the Group declare that:

1 The interim financial statements and notes as set out on pages 7 to 14 are in accordance with the *Corporations Act 2001*, and

(i) comply with Australian Accounting Standard AASB 134 *Interim Financial Reporting* 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 31 December 2018 and of its performance to the half-year ended on that date.

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

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

Richard He
Managing Director

14 March 2019

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Helios Energy Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Helios Energy Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 31 December 2018 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Directors' responsibility for the Half-Year Financial Report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 December 2018 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit (WA) Pty Ltd

BDO

Phillip Murdoch

Director

Perth, 14 March 2019