



LUMIRA ENERGY LIMITED
(Formerly Hawkley Oil & Gas Limited)

ANNUAL REPORT

2022

CORPORATE DIRECTORY

DIRECTORS

Mr. Cosimo Damiano

Executive Director

Mr. Benjamin Jacobs

Non-Executive Director

Mr. Murray Wylie

Non-Executive Director

COMPANY SECRETARY

Mr. Murray Wylie

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Suite 106, Ground Floor
101 Moray Street
South Melbourne, VIC 3205

Phone +61 3 8679 2219
Website www.lumiraenergy.com

CORPORATE GOVERNANCE

The Company has adopted the 4th Edition of the ASX Corporate Governance Recommendations.

A summary statement which has been approved by the Board together with current policies and charters is available on the Company website at www.lumiraenergy.com.

Lumira Energy Limited

ABN 68 115 712 162

AUDITORS

RSM Australia Partners
Level 32, Exchange Tower,
2 The Esplanade, Perth WA 6000

Phone +61 8 9216 9111
Fax +61 8 9216 9100

SHARE REGISTRY

Automatic Group
Level 2, 267 St Georges Tce
Perth WA 6000

Phone (within Australia) 1300 288 664
(from overseas) +61 2 9698 5414

BANKERS

National Australia Bank
Level 14, 100 St Georges Terrace
Perth, WA 6000

SOLICITORS

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LUMIRA ENERGY LIMITED (FORMERLY HAWKLEY OIL AND GAS LIMITED)

FOR THE YEAR ENDED 30 JUNE 2022

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LUMIRA ENERGY LIMITED (FORMERLY HAWKLEY OIL AND GAS LIMITED)

DIRECTORS' REPORT

30 JUNE 2022

The directors present their report, together with the financial statements of Lumira Energy Limited (previously Hawkley Oil and Gas Limited) (referred to hereafter as 'Lumira' or the 'Company') for the year ended 30 June 2022.

DIRECTORS

The names of the directors in office at any time during, or since the end of the year are:

NAMES	POSITION	
Mr. Joseph Naemi	Non-Executive Chairman	Appointed 16 August 2021, Resigned 1 December 2022
Mr. Cosimo Damiano	Executive Director	Appointed 1 July 2021
Mr. Benjamin Jacobs	Non-Executive Director	Appointed 1 December 2022
Mr. Murray Wylie	Non-Executive Director	
Mr. Tom Fontaine	Managing Director	Resigned 19 August 2021
Mr. Kane Marshall	Non-Executive Director	Resigned 20 July 2021

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

COMPANY SECRETARY

Mr. Murray Wylie was appointed on 3 May 2013. He has more than 35 years' experience in administrative and accounting roles in both the public and private sectors. Mr. Wylie holds a Bachelor of Commerce degree and is a member of the Governance Institute of Australia. He has 14 years' experience as a Company Secretary, including several ASX and AIM listed companies.

PRINCIPAL ACTIVITIES

The principal activities of the Company during the year consisted of seeking to restructure the Company's debt and acquire a suitable oil and gas project to support recapitalisation of the Company and the resumption of trading of its securities on the ASX.

OPERATING RESULTS AND REVIEW OF OPERATIONS FOR THE YEAR

The net loss of the Company for the financial year after providing for income tax amounted to \$363,784 (2021: \$911,487).

Further discussion on the Company's operations now follows.

CORPORATE

On 1 July 2021, Mr. Cosimo Damiano joined the Board as an Executive Director to assist the Company to restructure its debt and investigate suitable transactions to recapitalise the Company and seek a new listing on the ASX. Mr. Damiano's experience involves the strategic analysis and merger and acquisition of oil and gas companies for global investment banks and energy commodity trading companies in a principal investment role. He has extensive experience in oil and gas investments throughout North and South America. More recently Mr. Damiano was previously the Managing Director of Xstate Resources Limited, an ASX listed junior oil and gas company with operations onshore northern California.

LUMIRA ENERGY LIMITED (FORMERLY HAWKLEY OIL AND GAS LIMITED)

DIRECTORS' REPORT

30 JUNE 2022

OPERATING RESULTS AND REVIEW OF OPERATIONS FOR THE YEAR (CONTINUED)

From May 2021, the Company raised \$1,200,000 in additional funds via convertible notes to provide working capital to pursue a new acquisition and an IPO listing on ASX. The terms of the notes included mandatory conversion into shares at the earlier of 5 business days after the Company receives conditional approval from ASX for its securities to be admitted for quotation or 30 June 2022.

On 7 July 2021, ASIC approval was received for the retirement of Ernst & Young as auditor of the Company and the appointment of RSM Australia Partners as the new Company auditor. The change in auditor was sought by the Company and Ernst & Young, as both parties considered that the additional rigour and expense of having audits performed by a first-tier audit firm was no longer justified or in the best interests of shareholders, following the removal of the Company from the ASX Official List on 9 June 2020.

Mr. Joseph Naemi joined the Board on 16 August 2021 as an independent non-executive chairman. Mr. Naemi has thirty years of international experience across the entire hydrocarbons value chain as a co-founder or director of several oil and gas exploration and production ("E&P") companies, with a proven track record of monetising E&P assets. He has worked in a wide range of jurisdictions including: The Americas, North Africa, Middle East, Central Asia, and South East Asia. He has previously served on the board of publicly listed oil & gas and mining companies in Australia, Canada, and Mongolia.

Mr. Kane Marshall resigned from his position as a non-executive director on 20 July 2021 after serving the Company in that capacity for around 18 months. Mr. Tom Fontaine also resigned from the Company on 19 August 2021 after serving more than two years as Managing Director during what was a difficult period for the Company.

On 27 July 2021 the Company announced that it had entered into a Binding Letter of Intent ("LOI") to amalgamate with a Canadian company, namely; Persist Oil & Gas Inc. ("Persist"), (the "Merger"). The Merger was to provide the Company with existing reserves (2P +12.5 MMBOE), existing production (+2900 BOEPD), access to high quality facilities and undeveloped land position, with likely significant production increases and yet to be developed resources at a low entry cost. The Merger was subject to certain conditions including management and board changes, and for the Company to undertake a substantial capital raising and obtain admission to ASX.

A meeting of the Company's shareholders on 15 December 2021 approved the proposed Merger with Persist, consolidation of the Company's existing shares and options on a 20 to 1 basis, and the change of the Company's name from Hawkley Oil & Gas Limited to Lumira Energy Limited.

Lumira and Persist continued to work together to obtain shareholder and court approvals and ASX in-principle approval for listing. Considerable effort and expense were incurred preparing a prospectus and obtaining the associated independent technical, financial, legal, and title reports.

After having obtained all the necessary approvals, independent reports and consents, a prospectus was lodged with ASIC on 19 January 2022 to raise a minimum of \$12,000,000 up to a maximum of \$15,000,000. An application for admission to trading was lodged with ASX shortly after. Brokers advised that the prospectus was receiving strong investor support after completion of the 7-day ASIC exposure period; however, Persist advised that they no longer wished to proceed with the Merger. On 9 February 2022, Lumira withdrew the prospectus and arranged for the return of all investor funds that had been received.

LUMIRA ENERGY LIMITED (FORMERLY HAWKLEY OIL AND GAS LIMITED)

DIRECTORS' REPORT

30 JUNE 2022

OPERATING RESULTS AND REVIEW OF OPERATIONS FOR THE YEAR (CONTINUED)

Under the terms of a settlement agreement executed by Lumira and Persist on 25 February 2022, Persist agreed to pay the A\$150,000 break-fee, plus additional funds to reimburse Lumira for a substantial portion of the expenses incurred in Canada that were associated with the prospectus and to assume liability for the unpaid balance for the relevant Canadian legal fees. Payment of the settlement funds of \$353,876 was received by Lumira in March 2022. The Company has also received a refund from the ASX of \$113,273 for the balance of the ASX listing fees that were paid in January 2022 at the time of lodging its listing application.

Under the terms of the 2021 convertible note agreements, the conversion price was to be 25% of the of the issue price of shares issued by the Company pursuant to its capital raising conducted in relation to an ASX listing transaction. However, as ASX listing did not occur before the 30 June 2022 maturity date, the conversion price became \$0.01 per share, resulting in the issue of 120,000,000 fully paid ordinary shares on 30 June 2022. The directors had sought agreement from all noteholders to extend the term of the notes for 12 months in return for an increase in the coupon interest rate; however, a number of noteholders declined to accept the proposal. Accordingly, the notes matured and automatically converted into fully paid ordinary shares of Lumira on 30 June 2022. The convertible notes also earned interest of 10% per annum. Accordingly, interest payments totaling \$90,648 were paid in July 2022.

Following the decision by Persist to terminate the merger agreement and the subsequent withdrawal of the IPO prospectus, Lumira commenced fresh discussions with stakeholders and other parties and are reviewing several potential opportunities for an alternative transaction that would be suitable for recapitalisation and relisting on the ASX. The directors remain optimistic that a suitable transaction will be completed; however, shareholders should be aware that there is no certainty of such discussions and negotiations leading to a transaction being concluded.

DIVIDENDS PAID OR RECOMMENDED

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

FINANCIAL POSITION

The net financial position of the Company has improved to a net liability position of \$173,716 at 30 June 2022 (2021: \$725,417). The improved position has resulted mainly from the receipt of funds from a convertible note raising and subsequent conversion of the notes into equity.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

On 21 December 2021, the Company officially changed its name from Hawkley Oil and Gas Limited to Lumira Energy Limited. There have been no other significant changes in the Company's state of affairs during the financial year.

LUMIRA ENERGY LIMITED (FORMERLY HAWKLEY OIL AND GAS LIMITED)

DIRECTORS' REPORT

30 JUNE 2022

OPERATING RESULTS AND REVIEW OF OPERATIONS FOR THE YEAR (CONTINUED)

EVENTS SUBSEQUENT TO BALANCE DATE

On 1 December 2022, Mr. Joseph Naemi resigned from the Board and Mr. Benjamin Jacobs was appointed to the Board as a non-executive director.

No other matters or circumstances have arisen since the end of the financial year that significantly affected or could significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

FUTURE DEVELOPMENTS

The likely developments in the operations of the Company and the expected results of those operations in future financial years are subject to successfully acquiring a suitable project or corporate transaction to recapitalise the Company and obtain a new ASX listing.

ENVIRONMENTAL ISSUES

The Company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory.

LUMIRA ENERGY LIMITED (FORMERLY HAWKLEY OIL AND GAS LIMITED)

DIRECTORS' REPORT

30 JUNE 2022

INFORMATION ON DIRECTORS

Mr. Cosimo Damiano	Executive Director (Appointed 1 July 2021)
Experience	Mr. Damiano's experience involves the strategic analysis and merger and acquisition of oil and gas companies for global investment banks and energy commodity trading companies in a principal investment role. Mr. Damiano has a strong commercial understanding and analytical analysis of financing oil and gas assets across various geographic and fiscal regimes. He has extensive experience in North America, representing the Mercuria Group as a Director of Upstream Investments and represented Mercuria's Board interests in the company's oil and gas investments throughout North and South America. More recently Cosimo was the Managing Director of Xstate Resources Limited, an ASX listed junior oil and gas company with operations onshore northern California.
Mr. Murray Wylie	Non-Executive Director
Experience	Mr. Wylie has more than 35 years' experience in administrative and accounting roles in both the public and private sectors. He has more than 14 years' experience as company secretary for AIM and ASX listed entities, including serving as company secretary of Lumira since May 2013. He previously served as director of Lumira from February 2016 until March 2017. Mr. Wylie holds a Bachelor of Commerce degree and is a member of the Governance Institute of Australia.
Mr. Benjamin Jacobs	Non-Executive Director (Appointed 1 December 2022)
Experience	Mr. Jacobs has a diverse background in law and financial services in the areas of corporate law, general insurance, property, construction, wealth management and not for profits. In his current and previous legal roles, Ben's duties have included mergers & acquisitions, commercial contract review, direct stakeholder engagement, policy work and strategic advice to internal clients. Ben practices law, specifically focusing on corporate strategic planning, structuring of deals, corporate re-structures, private capital raises, share sale agreements, business and asset sale agreements, corporate documents (resolutions) for private and ASX listed companies. Ben holds a Bachelor of Commerce, from University of Western Australia and Juris Doctor (Masters of Laws) from Monash University.

LUMIRA ENERGY LIMITED (FORMERLY HAWKLEY OIL AND GAS LIMITED)

DIRECTORS' REPORT

30 JUNE 2022

Mr. Joseph Naemi	Non-Executive Chairman (Appointed 16 August 2021, resigned 1 December 2022)
Experience	Mr. Naemi has thirty years of international experience across the entire hydrocarbons value chain as a founder or co-founder of a series of oil and gas exploration and production (“E&P”) companies, with a proven track record of monetising E&P assets. He has successfully completed several E&P mergers and acquisitions, consummated complex trade-sale transactions, negotiated joint ventures, and facilitated equity and debt capital raisings. He is a highly adaptive leader, having worked in a wide range of jurisdictions including The Americas, North Africa, Middle East, Central Asia, and South East Asia. He has previously served on the board of publicly listed oil & gas and mining companies in Australia, Canada, and Mongolia.
Mr. Tom Fontaine	Managing Director (Resigned 19 August 2021)
Experience	Mr. Fontaine is a professional engineer with over 25 years’ experience in starting, running and building resource companies. He is currently a major shareholder and on the board of several early stage resource companies focused in Australia, Cuba, Africa and North America. He was a founder of Pure Energy and helped build it into a \$1 billion company in 4 years.
Mr. Kane Marshall	Non-Executive Director (Appointed 30 January 2020, Resigned 20 July 2021)
Experience	<p>Mr. Marshall has over 20 years’ experience in various roles as a director, geologist, petroleum engineer and company builder. He was the Managing Director of Perth Basin and Cooper Basin Operator Key Petroleum Limited (ASX: KEY) from 2012 until August 2020 and his diverse experience base includes technical and managerial roles with private equity funded oil companies, independents and majors. Prior to his appointment to Key Petroleum Limited, Mr. Marshall was with Santos as a Consultant Petroleum and Production Engineer with the Roma Implementation Team in Brisbane and as a Reservoir and Petroleum Engineer for both Chevron Australia and Woodside Energy on North-West Shelf projects based in Perth. In earlier times Mr. Marshall was based in London principally working in technical roles on Southern North Sea Gas developments for European utility giant DEA AG and private equity backed Operator Highland Energy Limited.</p> <p>Mr. Marshall holds academic qualifications which include a Masters of Petroleum Engineering from Curtin University, Bachelor of Science (Petroleum Geology) from the University of Western Australia and a Bachelor of Commerce (Investment Finance and Corporate Finance) from the University of Western Australia.</p>

LUMIRA ENERGY LIMITED (FORMERLY HAWKLEY OIL AND GAS LIMITED)

DIRECTORS' REPORT

30 JUNE 2022

MEETINGS OF DIRECTORS

During the financial year, 1 meeting of directors was held. Board decisions were primarily enacted via circulating resolutions. Due to the Company's current status, the Board has elected not to appoint separate committees as all directors are involved in reviewing and directing the operations of the Company, including audit and remuneration matters. Attendances by each director during the year were as follows:

	DIRECTORS' MEETINGS	
	NUMBER ELIGIBLE TO ATTEND	NUMBER ATTENDED
Mr. Cosimo Damiano	2	2
Mr. Joseph Naemi	2	2
Mr. Murray Wylie	2	2
Mr. Tom Fontaine	0	0
Mr. Kane Marshall	0	0

INDEMNITY AND INSURANCE OF OFFICERS

The Company has not entered into any insurance contracts for the indemnification of Directors and Officers of the Company.

INDEMNITY AND INSURANCE OF AUDITORS

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

LUMIRA ENERGY LIMITED (FORMERLY HAWKLEY OIL AND GAS LIMITED)

DIRECTORS' REPORT

30 JUNE 2022

OPTIONS/PERFORMANCE RIGHTS

At the date of this report, there are 643,750 unissued ordinary shares of Lumira Energy Limited under option.

GRANT DATE	DATE OF EXPIRY	EXERCISE PRICE	NUMBER UNDER OPTION
30 June 2020	30 June 2023	\$1.00	468,750
22 July 2020	30 June 2023	\$1.00	175,000
			<hr/> <hr/> 643,750 <hr/> <hr/>

During the year ended 30 June 2022, no ordinary shares of Lumira Energy Limited (2021: nil) were issued on the exercise of performance rights. There were no ordinary shares of Lumira Energy Limited issued on the exercise of options.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or 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 any part of those proceedings.

The Company was not a party to any such proceedings during the financial year.

NON-AUDIT SERVICES

The Board of Directors is satisfied that the provision of non-audit services during the financial year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

There were no non-audit services provided by the external auditors in the current or prior period.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2022 has been received and included after this report.

LUMIRA ENERGY LIMITED (FORMERLY HAWKLEY OIL AND GAS LIMITED)

DIRECTORS' REPORT

30 JUNE 2022

AUDITOR

RSM Australia Partners continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

Signed in accordance with a resolution of the Board of Directors:



Director:

Mr. Cosimo Damiano

Dated 7 February 2023



RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Lumira Energy Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) Any applicable code of professional conduct in relation to the audit.

RSM AUSTRALIA PARTNERS

TUTU PHONG
Partner

Perth, WA
Dated: 7 February 2023

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AUDIT | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

LUMIRA ENERGY LIMITED (FORMERLY HAWKLEY OIL AND GAS LIMITED)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

		2022	2021
		\$	\$
Other income	2(a)	340,799	47,004
Administrative expenses	2(b)	(687,387)	(952,370)
Interest expense		(20,002)	(6,000)
Gain/(loss) on foreign currency differences		2,806	(121)
Loss before tax		(363,784)	(911,487)
Income tax expense	3(a)	-	-
Loss for the year		(363,784)	(911,487)
Other comprehensive income, net of income tax		-	-
Total comprehensive (loss) for the year		(363,784)	(911,487)
Earnings per share:			
Basic loss per share (cents)	12	(7.64)	(21.86)
Diluted loss per share (cents)	12	(7.64)	(21.86)

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

LUMIRA ENERGY LIMITED (FORMERLY HAWKLEY OIL AND GAS LIMITED)

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	NOTE	2022 \$	2021 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	490,550	45,617
Other receivables	6	4,136	2,864
TOTAL CURRENT ASSETS		494,686	48,481
NON-CURRENT ASSETS			
Plant and equipment	7	2,659	-
TOTAL NON-CURRENT ASSETS		2,659	-
TOTAL ASSETS		497,345	48,481
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	600,357	515,849
Financial liabilities	9	70,704	258,049
TOTAL CURRENT LIABILITIES		671,061	773,898
TOTAL LIABILITIES		671,061	773,898
NET CURRENT LIABILITIES		(176,375)	(725,417)
NET LIABILITIES		(173,716)	(725,417)
EQUITY			
Issued capital	10	40,995,396	40,079,911
Reserves	11	4,120,562	4,120,562
Accumulated losses		(45,289,674)	(44,925,890)
TOTAL DEFICIENCY IN EQUITY		(173,716)	(725,417)

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

LUMIRA ENERGY LIMITED (FORMERLY HAWKLEY OIL AND GAS LIMITED)

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2022

	ISSUED CAPITAL	ACCUMULATED LOSSES	CONVERTIBLE NOTE EQUITY RESERVE	SHARE BASED PAYMENT RESERVE	TOTAL
	\$	\$	\$	\$	\$
Balance at 1 July 2020	39,349,788	(44,014,403)	(656,612)	4,730,974	(590,253)
Loss attributable to members of the Company	-	(911,487)	-	-	(911,487)
Total other comprehensive income for the year	-	(911,487)	-	-	(911,487)
<i>Transactions with owners in their capacity as owners:</i>					
Shares issued	730,123	-	-	-	730,123
Share based payment	-	-	-	46,200	46,200
Balance at 30 June 2021	40,079,911	(44,925,890)	(656,612)	4,777,174	(725,417)
	ISSUED CAPITAL	ACCUMULATED LOSSES	CONVERTIBLE NOTE EQUITY RESERVE	SHARE BASED PAYMENT RESERVE	TOTAL
	\$	\$	\$	\$	\$
Balance at 1 July 2021	40,079,911	(44,925,890)	(656,612)	4,777,174	(725,417)
Loss attributable to members of the Company	-	(363,784)	-	-	(363,784)
Total other comprehensive income for the year	-	(363,784)	-	-	(363,784)
<i>Transactions with owners in their capacity as owners:</i>					
Conversion of convertible notes	915,485	-	-	-	915,485
Balance at 30 June 2022	40,995,396	(45,289,674)	(656,612)	4,777,174	(173,716)

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

LUMIRA ENERGY LIMITED (FORMERLY HAWKLEY OIL AND GAS LIMITED)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2022

	NOTE	2022 \$	2021 \$
CASH FROM OPERATING ACTIVITIES:			
Payments to suppliers and employees		(712,536)	(57,286)
Interest received		85	4
Sundry income		150,000	47,000
		<hr/>	<hr/>
Net cash used in operating activities	20	(562,451)	(10,282)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payment for plant and equipment		(2,715)	-
		<hr/>	<hr/>
Net cash used in financing activities		(2,715)	-
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net proceeds from borrowings		1,060,000	140,000
Repayment of borrowings		(50,000)	(100,000)
		<hr/>	<hr/>
Net cash from financing activities		1,010,000	40,000
Net cash increase in cash and cash equivalents		444,834	29,718
Foreign exchange differences		99	(44)
Cash and cash equivalents at beginning of financial year		45,617	15,943
		<hr/>	<hr/>
Cash and cash equivalents at end of financial year	5	490,550	45,617

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

LUMIRA ENERGY LIMITED (FORMERLY HAWKLEY OIL AND GAS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

1 SIGNIFICANT ACCOUNTING POLICIES

CORPORATE INFORMATION

This financial report includes the financial statements and notes of Lumira Energy Limited ("Company") during the year ended 30 June 2022.

Lumira Energy Limited is a company limited by shares, incorporated and domiciled in Australia and is a for-profit entity for the purpose of preparing the financial report.

BASIS OF PREPARATION

The financial report is a general purpose financial statement that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*. The financial report also complies with International Financial Reporting Standards ('IFRS') as issue by the International Accounting Standards Board.

Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

Historical cost convention

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

These financial statements are presented in Australian dollars, rounded to the nearest dollar. Both functional and presentation currency is Australian dollars.

Going concern

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

For the year ended 30 June 2022, the Company incurred a loss of \$363,784. As at 30 June 2022, the Company had cash and cash equivalents of \$490,550 and net liabilities of \$173,716. Current liabilities of \$671,061 at 30 June 2022, includes \$489,619 in outstanding fees owed to current and former directors and an unsecured loan of \$70,704 from a former related party.

These factors indicate a material uncertainty which may cast significant doubt as to whether the company will continue as a going concern and therefore whether it will reduce its assets and extinguish its liabilities in the normal course of business and at the amount stated in the financial report.

Following its removal from the ASX Official List on 9 June 2020, the Company has been looking to restructure its debts and pursue Oil and Gas acquisition and development opportunities that would support recapitalisation and a new listing on the ASX. The Company needs to source additional working capital in order to pursue its objectives and to continue as a going concern.

Notwithstanding the above the directors consider they have a reasonable basis to prepare the financial statements on a going concern basis after having regard to the following:

LUMIRA ENERGY LIMITED (FORMERLY HAWKLEY OIL AND GAS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

1 SIGNIFICANT ACCOUNTING POLICIES

- i) On 6 April 2022, a revised settlement agreement was executed with Emco in relation to an unsecured loan. Emco agreed to accept repayment of the \$100,000 unsecured loan principal and waive the accumulated interest of more than \$19,000. In accordance with the agreement, \$50,000 was repaid in cash on 7 April 2022 and the remaining \$50,000 is to be converted into shares if the Company is admitted to trading on the ASX before 31 December 2022 or else settled in cash on 31 December 2022.
- ii) Former directors have agreed to extend agreements to accept \$75,000 cash and \$75,000 in shares as settlement of approximately \$329,000 that is owed to them if the Company is admitted to trading on the ASX before 30 September 2023.
- iii) current directors have agreed for their accrued director fees to be converted into shares if the Company is admitted to trading on the ASX before 30 September 2023.

Accordingly, the Directors believe that the company will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in preparation of the financial report.

The financial statements do not include any adjustment relating to the recoverability and classification of recorded asset amounts, nor the amounts or classification of liabilities that might be necessary should the Company not be able to continue as a going concern.

INCOME

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established. Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

INCOME TAX

The income tax expense for the year comprises current income tax expense and deferred tax expense.

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantively enacted, as at the end of the reporting period. Current tax liabilities are therefore measured at the amounts expected to be paid to the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred tax expense is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases

LUMIRA ENERGY LIMITED (FORMERLY HAWKLEY OIL AND GAS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

1 SIGNIFICANT ACCOUNTING POLICIES

of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current assets

and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

LUMIRA ENERGY LIMITED (FORMERLY HAWKLEY OIL AND GAS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

1 SIGNIFICANT ACCOUNTING POLICIES

CURRENT AND NON-CURRENT CLASSIFICATION

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

EMPLOYEE BENEFITS

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Those cashflows are discounted using market yields on high quality corporate bonds with terms to maturity that match the expected timing of cashflows.

PROVISIONS

Provisions are recognised when the Company has a present 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.

FOREIGN CURRENCY TRANSACTIONS AND BALANCES

The financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction.

Exchange differences arising on the translation of monetary items are recognised through the profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

1 SIGNIFICANT ACCOUNTING POLICIES

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include deposits held at call with banks with original maturities of three months or less.

IMPAIRMENT OF FINANCIAL ASSETS

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

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

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

TRADE AND OTHER PAYABLES

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

BORROWINGS

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

GOODS AND SERVICES TAX (GST)

Other income, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

1 SIGNIFICANT ACCOUNTING POLICIES

SHARE-BASED PAYMENT TRANSACTIONS

Employees of the Company receive remuneration in the form of share-based payment transactions, whereby employees render services in exchange for equity instruments ("equity-settled transactions").

When the goods or services acquired in a share-based payment transaction do not qualify for recognition as assets, they are recognised as expenses.

The cost of equity-settled transactions and the corresponding increase in equity is measured at the fair value of the goods or services acquired. Where the fair value of the goods or services received cannot be reliably estimated, the fair value is determined indirectly by the fair value of the equity instruments using the Black Scholes option valuation technique.

Equity-settled transactions that vest after employees complete a specified period of service are recognised as services are received during the vesting period with a corresponding increase in equity.

OTHER RECEIVABLES

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

LUMIRA ENERGY LIMITED (FORMERLY HAWKLEY OIL AND GAS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

1 SIGNIFICANT ACCOUNTING POLICIES

FAIR VALUE MEASUREMENT

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

ISSUED CAPITAL

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. In the opinion of the Directors, there are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

1 SIGNIFICANT ACCOUNTING POLICIES

NEW OR AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Company for the annual reporting period ended 30 June 2021. The Company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Company are set out below.

Conceptual Framework for Financial Reporting (Conceptual Framework)

The revised Conceptual Framework is applicable to annual reporting periods beginning on or after 1 July 2021 and early adoption is permitted. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards. Where the Company has relied on the existing framework in determining its accounting policies for transactions, events or conditions that are not otherwise dealt with under the Australian Accounting Standards, the Company may need to review such policies under the revised framework. At this time, the application of the Conceptual Framework is not expected to have a material impact on the Company's financial statements.

LUMIRA ENERGY LIMITED (FORMERLY HAWKLEY OIL AND GAS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

2 LOSS FOR THE YEAR

(A) OTHER INCOME

	2022	2021
	\$	\$
Interest income	85	4
Sundry income - Persist break fee	150,000	-
Sundry income – government assistance received	-	47,000
Gain on fair value adjustment on derivative financial liability	190,714	-
	<u>340,799</u>	<u>47,004</u>

(B) ADMINISTRATIVE EXPENSES

	2022	2021
	\$	\$
Corporate and administrative expenses	343,755	61,509
Depreciation expense	56	-
Equity based payments to corporate advisors	-	616,200
Director and employee benefits expense	329,790	264,661
Travel and accommodation expenses	44	-
Short term lease payments	13,742	10,000
	<u>687,387</u>	<u>952,370</u>

3 INCOME TAX EXPENSE

(A) THE COMPONENTS OF TAX EXPENSE COMPRISE:

	2022	2021
	\$	\$
Current tax expense	-	-
Deferred tax expense arising from the movement in temporary differences	-	-
	<u>-</u>	<u>-</u>

LUMIRA ENERGY LIMITED (FORMERLY HAWKLEY OIL AND GAS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

5 CASH AND CASH EQUIVALENTS

	2022	2021
	\$	\$
Cash at bank	490,550	45,617
	<u>490,550</u>	<u>45,617</u>

6 OTHER RECEIVABLES

	2022	2021
	\$	\$
GST receivable	-	247
Staff expense advances	-	2,617
Other receivables	4,136	-
	<u>4,136</u>	<u>2,864</u>

Terms and conditions of the above financial assets

- Due to the short term nature of these receivables, their carrying value approximates their fair value;
- The maximum exposure to credit risk is the carrying value of receivables. Collateral is not held as security.

There were no expected credit loss provided for the receivables as the management considers the impact to be insignificant.

LUMIRA ENERGY LIMITED (FORMERLY HAWKLEY OIL AND GAS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

3 INCOME TAX EXPENSE

(B) THE PRIMA FACIE TAX ON PROFIT BEFORE INCOME TAX IS RECONCILED TO THE INCOME TAX AS FOLLOWS:

	2022	2021
	\$	\$
Prima facie tax benefit on loss before income tax at 25% (2021: 26%)	(90,946)	(236,987)
- Non deductible expenses	28,757	23,266
- Current year losses not recognised as a deferred tax asset	59,178	45,068
- Effects of changes in tax rates	3,011	168,653
- Income tax expense	-	-

4 DEFERRED TAX ASSETS AND LIABILITIES

	ASSETS		LIABILITIES		TOTAL	
	2022 \$	2021 \$	2022 \$	2021 \$	2022 \$	2021 \$
Provisions and accruals	125,284	96,527	-	-	28,757	23,266
Carried forward losses	2,834,894	3,055,575	-	-	(220,681)	45,068
Deferred tax assets not recognised	(2,960,178)	(3,152,102)	-	-	191,924	(68,334)
Total	-	-	-	-	-	-

Estimated unused tax losses at 30 June 2022 of \$11,339,577 (2021: \$11,752,211), which are available indefinitely for offsetting against future taxable profits, have not been recognised as a deferred tax asset as the future recovery of these losses is subject to the entities satisfying requirements imposed by the relevant regulatory authorities in the respective jurisdictions in which the Company operates. The benefits of deferred tax assets not brought to account will only be brought to account if:

- Future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised; and
- The conditions of deductibility imposed by the relevant tax legislation continue to be complied with and no changes in tax legislation adversely affect the Company in realising the benefit.

LUMIRA ENERGY LIMITED (FORMERLY HAWKLEY OIL AND GAS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

7 PLANT AND EQUIPMENT

	2022	2021
	\$	\$
PLANT AND EQUIPMENT		
- at cost	2,715	-
- accumulated depreciation	(56)	-
	<u>2,659</u>	<u>-</u>

(A) MOVEMENTS IN CARRYING AMOUNTS

Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year:

	PLANT AND EQUIPMENT \$
Balance at 30 June 2021	
Balance at the beginning of year	-
Additions	2,715
Depreciation expense	(56)
Balance at 30 June 2022	<u>2,659</u>
Balance at 30 June 2020	
Balance at the beginning of year	-
Additions	-
Depreciation expense	-
Balance at 30 June 2021	<u>-</u>

LUMIRA ENERGY LIMITED (FORMERLY HAWKLEY OIL AND GAS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

8 TRADE AND OTHER PAYABLES

	2022	2021
	\$	\$
CURRENT		
Trade payables	7,022	144,198
Other payables	593,335	371,651
	<u>600,357</u>	<u>515,849</u>

Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 60-day terms
- Other payables are non-interest bearing and have an average term of six months.

9 FINANCIAL LIABILITIES

	2022	2021
	\$	\$
CURRENT		
Convertible notes	-	140,000
Unsecured loan	70,704	118,049
	<u>70,704</u>	<u>258,049</u>

Terms and conditions of the above financial liabilities:

Convertible notes:

In 2021, the Company raised \$1,200,000 interim funding through the issue of convertible notes to sophisticated and professional investors. The convertible notes were issued with the following principal terms:

- face value of \$1 each;
- interest rate of 10% p.a.;
- unsecured;
- a conversion price 25% of the issue price of shares issued by the Company pursuant to its capital raising conducted in relation to a Listing Transaction;
- conversion is subject to obtaining any necessary shareholder approvals;
- the notes will convert on or before 30 June 2022; if ASX Listing is not obtained the conversion price will be \$0.01 per share;
- except as noted below, the convertible notes can be redeemed by conversion only; and
- the notes have a contingent settlement feature which is triggered in the event of default which includes the appointment of a Receiver or Administrator.

LUMIRA ENERGY LIMITED (FORMERLY HAWKLEY OIL AND GAS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

9 FINANCIAL LIABILITIES (CONTINUED)

The convertible notes do not meet the fixed for fixed requirement and accordingly the whole convertible notes were recognised as financial liabilities.

As ASX Listing had not occurred, the notes automatically converted on 30 June 2022 at \$0.01 per share. Interest of \$90,648 was paid to noteholders in July 2022.

Unsecured loan:

The unsecured loan refers to the loan from Emco Capital Pty Ltd

- The financial liabilities relate to an unsecured loan of \$200,000 on 28 June 2018 via a convertible note from an entity associated with a related party at that time.
- The terms of the loan were amended on 28 June 2019 with a replacement loan agreement to extend the term of the loan until 31 December 2019 and to make conversion of the loan at the election of the related party.
- The loan was further amended on 12 March 2020 to remove the conversion rights and extend the loan term until 30 June 2020.
- The lender is no longer considered to be a related party.
- The loan incurs interest of 3% to be repaid in cash at settlement.
- Initially, the Company considered that the convertible note was a compound instrument and in this regard a portion of the convertible note was recognised in equity (refer Note 10).
- The loan is now recognised as an unsecured loan facility.

On 30 June 2021, the Company entered into a settlement agreement providing for the loan to be settled by two payments of \$100,000 each, with the accrued interest to be waived. The first payment was made on 30 June 2021. The agreement was amended on 6 April 2022 whereby a further \$50,000 cash was paid on 7 April 2022 and the remaining \$50,000 is to be converted into shares if the Company is admitted to trading on the ASX before 30 September 2023 or settlement in cash on 30 September 2023.

AASB 13 Fair Value Measurement requires disclosure of fair value measurements by level in the fair value measurement hierarchy as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - a valuation technique is used using inputs other than quoted prices within level 1 that are observable, either directly (i.e. as prices), or indirectly (i.e. derived from prices);
- Level 3 - a valuation technique is used using inputs that are not observable based on observable market data (unobservable inputs).

LUMIRA ENERGY LIMITED (FORMERLY HAWKLEY OIL AND GAS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

10 ISSUED CAPITAL

	2022	2021
	\$	\$
124,436,033 (2021: 88,711,653) Ordinary shares	45,070,623	44,155,138
Share issue costs	(4,075,227)	(4,075,227)
	<u>40,995,396</u>	<u>40,079,911</u>

ORDINARY SHARES

	2022	2021
	NO.	NO.
At the beginning of the reporting period	88,711,653	64,374,230
Reduction due to share consolidation on 1 for 20 basis	(84,275,620)	-
Shares issued on conversion of loan notes	120,000,000	-
Settlement upon termination of corporate advisor agreements	-	19,000,000
Conversion of outstanding fees for former directors	-	5,337,423
	<u>124,436,033</u>	<u>88,711,653</u>
At reporting date		

Ordinary shares have the right to receive dividends as declared, and in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

OPTIONS

- (i) For information relating to Lumira Energy Limited employee option plan, including details of options issued, exercised and lapsed during the financial year and the options outstanding at year-end, refer to Note 21.
- (ii) For information relating to share options issued to key management personnel during the financial year, refer to Note 16.

CAPITAL MANAGEMENT

The Company's policy is to effectively manage its capital structure so that it would continue to operate as a going concern. The Company manages its contributed equity and reserves as part of its capital. The Company is not subject to any externally imposed capital requirements.

As is similar with many other exploration companies, the operational requirements of the Company are funded through equity and debt raised in various tranches. The overall capital management policy of the Company remains unchanged and is consistent with prior years.

LUMIRA ENERGY LIMITED (FORMERLY HAWKLEY OIL AND GAS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

11 RESERVES

(A) CONVERTIBLE NOTE EQUITY RESERVE

The equity reserve arose on issue and subsequent buy-back of convertible note issued by Ukraine Gas Investments Limited. It also recognises the equity component of the convertible loan agreement with Emco Capital Pty Ltd.

(B) SHARE BASED PAYMENT RESERVE

The share based payment reserve records items recognised as expenses on valuation of share options and performance rights.

12 LOSS PER SHARE

	2022	2021
	\$	\$
Earnings used to calculate basic loss per share	(363,784)	(911,487)
Earnings used in calculation of diluted loss per share	(363,784)	(911,487)
Weighted average number of ordinary shares outstanding during the year		
	2022	2021
	NO.	NO.
Weighted average number of ordinary shares outstanding during the year - number used in calculating basic and dilutive profit/(loss) per share	4,764,350	4,169,212

LUMIRA ENERGY LIMITED (FORMERLY HAWKLEY OIL AND GAS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

13 COMMITMENTS

	2022	2021
	\$	\$
Operating lease commitments:		
Payable:		
- within 12 months*	9,277	-
	<u>9,277</u>	<u>-</u>

* Operating lease commitments relate to lease of a serviced office in Melbourne for 12 months.

14 FINANCIAL RISK MANAGEMENT

The Company's financial instruments consist mainly of deposits with banks, accounts receivable and payables.

The totals for each category of financial instruments, measured in accordance with the accounting policies to these financial statements, are as follows:

	NOTE	2022	2021
		\$	\$
Financial Assets			
Cash and cash equivalents	5	490,550	45,617
Other receivables	6	4,136	2,864
Total Financial Assets		<u>494,686</u>	<u>48,481</u>
Financial Liabilities			
Trade and other payables	8	600,357	515,849
Borrowings (interest bearing)	9	70,704	258,049
Total Financial Liabilities		<u>671,061</u>	<u>773,898</u>

The carrying amounts of these financial instruments approximate their fair values.

FINANCIAL RISK MANAGEMENT POLICIES

Exposure to key financial risks is managed in accordance with the Company's risk management policy with the objective to ensure that the financial risks are identified and then managed or kept as low as reasonably practicable.

LUMIRA ENERGY LIMITED (FORMERLY HAWKLEY OIL AND GAS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

14 FINANCIAL RISK MANAGEMENT (CONTINUED)

The main financial risks that arise in the normal course of business are market risk (including currency risk and interest rate risk), credit risk and liquidity risk. Different methods are used to measure and manage these risk exposures. Liquidity risk is monitored through the ongoing review of available cash and future commitments. Exposure to liquidity risk is limited by anticipating liquidity shortages and ensuring capital can be raised in advance of shortages. Interest rate risk is managed by limiting the amount of interest bearing loans entered into by the Company. It is the Board's policy that no speculative trading in financial instruments be undertaken so as to limit exposure to price risk.

Primary responsibility for identification and control of financial risks rests with the Chairman and Company Secretary, under the authority of the Board. The Board is appraised of these risks from time to time and agrees any policies that may be undertaken to manage any of the risks identified.

Details of the significant accounting policies and methods adopted, including criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each financial instrument are disclosed in Note 1 to the financial statements. The carrying values less the impairment allowance for receivables approximate fair value due to their short term nature. Cash and cash equivalents are subject to variable interest rates.

SPECIFIC FINANCIAL RISK EXPOSURES AND MANAGEMENT

(A) CREDIT RISK

Exposure to credit risk relating to financial assets arises from the potential non-performance by counter parties of contract obligations that could lead to a financial loss to the Company.

The Company trades only with recognised, creditworthy third parties.

With respect to credit risk arising from financial assets, which comprise cash and cash equivalents and receivables, the exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. At balance date cash and deposits were held with National Australia Bank with an S&P credit rating of AA-. The significant concentration of credit risk is in relation to cash and cash equivalents.

(B) LIQUIDITY RISK

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.

It is the Company's policy to maintain sufficient funds in cash and cash equivalents to meet the ongoing operational requirements of the business. Furthermore, the Company monitors its ongoing cash requirements and raises equity or debt funding as and when appropriate to meet its requirements. Trade payables are due within 3 months. The loan facility of \$50,000 with a former related party is to be converted into shares if the Company is admitted to trading on the ASX before 30 September 2023 or else settled in cash on 30 September 2023.

LUMIRA ENERGY LIMITED (FORMERLY HAWKLEY OIL AND GAS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

14 FINANCIAL RISK MANAGEMENT (CONTINUED)

As disclosed in Note 1 *Going Concern*, the Company has a net deficiency of assets of \$173,716. This comprises current assets of \$494,686, non-current assets of \$2,659 and current liabilities of \$671,061. Current liabilities includes creditors with an outstanding balance at 30 June 2022 of \$489,619 who have advised the Company that they will not seek repayment of monies owing to them until the Company has the financial capacity to do so, \$90,648 interest that was paid to convertible note holders after 30 June 2022, and a loan amount of \$70,704 from a former related party.

The tables below reflect an undiscounted contractual maturity analysis for financial liabilities.

Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations.

Financial liability maturity analysis

	WITHIN 1 YEAR		1 TO 5 YEARS		TOTAL CONTRACTUAL CASH FLOW	
	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment						
Trade and other payables	600,357	515,849	-	-	600,357	515,849
Borrowings (interest bearing)	161,352	258,049	-	-	161,352	258,049
Total contractual outflows	761,709	773,898	-	-	761,709	773,898

(C) MARKET RISK

i. Interest rate risk

The effect on loss and equity as a result of changes in the interest rate, with all other variables remaining constant, would have an immaterial effect.

ii. Foreign exchange risk

Following the disposal of the Company's operations in the Ukraine in 2016, the Company no longer has significant payments and receipts denominated in foreign currencies. Accordingly the Company's statement of financial position is no longer considered to be subject to significant foreign exchange risk. There is no formal policy in place to protect or hedge the Company from adverse movements in foreign currency rates.

LUMIRA ENERGY LIMITED (FORMERLY HAWKLEY OIL AND GAS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

15 OPERATING SEGMENTS

IDENTIFICATION OF REPORTABLE SEGMENTS

The Company 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 accounting policies for internal reporting purposes are consistent with those applied in the preparation of the financial report.

For management purposes, the Company is organised into a sole reporting segment which is the oil and gas segment located wholly within Australia. All of the Company's activities are interrelated and discrete financial information is reported to the Board (Chief Operating Decision Maker) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Company as a whole.

The Company operates from one geographic location, being Australia, from where its investing activities are managed.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

16 INTERESTS OF KEY MANAGEMENT PERSONNEL

(A) COMPENSATION OF KEY MANAGEMENT PERSONNEL

	2022	2021
	\$	\$
Short-term employee benefits	321,896	263,750
Post-employment benefits	7,894	911
	<u>329,790</u>	<u>264,661</u>

(B) OTHER TRANSACTIONS AND BALANCES WITH KMP AND THEIR RELATED PARTIES

Salary and fees for key management personnel includes \$181,000 directors' fees unpaid at 30 June 2022 (\$312,726 unpaid at 30 June 2021).

OPTIONS GRANTED

There were no options granted to key management personnel during the year ended 30 June 2022 (2021: nil).

17 AUDITOR'S REMUNERATION

	2022	2021
	\$	\$
Remuneration of the auditor of the Company for:		
- Audit services – RSM Australia Partners	27,000	25,000
	<u>27,000</u>	<u>25,000</u>

LUMIRA ENERGY LIMITED (FORMERLY HAWKLEY OIL AND GAS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

18 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no contingent liabilities or assets at 30 June 2022.

19 RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties:

(A) RELATED PARTY BALANCES

	2022	2021
	\$	\$
CURRENT		
- Trade and other payables:		
Amount payable to related individuals	181,059	310,181
Total	181,059	310,181

20 CASH FLOW INFORMATION

RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH PROFIT AFTER INCOME TAX

	2022	2021
	\$	\$
Net (loss) for the year	(363,784)	(911,487)
Adjustments for		
Foreign exchange (gains)/losses	(99)	44
Depreciation and amortisation	57	-
Gain on fair value adjustment on derivative financial liability	(190,714)	-
Equity-based payments	-	776,323
Interest expense	2,655	-
Changes in operating assets and liabilities		
(increase)/decrease in trade and other receivables	278	65,664
Increase in trade payables and accruals	(10,844)	59,174
	(562,451)	(10,282)

LUMIRA ENERGY LIMITED (FORMERLY HAWKLEY OIL AND GAS LIMITED)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2022

21 EQUITY-BASED PAYMENTS

During the year, there were no equity based payments (2021: 24,337,423 fully paid ordinary shares were issued at 3 cents per share and 3,500,000 options with an exercise price of 5 cents per share on or before 30 June 2023).

A summary of the movements of all Company options issued is as follows:

	NUMBER	WEIGHTED AVERAGE EXERCISED PRICE
Options outstanding as at 30 June 2020	9,375,000	\$0.05
Grant of options	3,500,000	\$0.05
Options outstanding as at 30 June 2021	12,875,000	\$0.05
1 for 20 share consolidation	(12,231,250)	-
Options outstanding as at 30 June 2022	643,750	\$1.00

The weighted average remaining contractual life of options outstanding at year end was 1.0 years.

At 30 June 2022 there were 643,750 outstanding options exercisable at \$1.00 per share.

22 EVENTS AFTER THE END OF THE REPORTING PERIOD

On 1 December 2022, Mr. Joseph Naemi resigned from the Board and Mr. Benjamin Jacobs was appointed to the Board as a non-executive director.

No other matters or circumstances have arisen since the end of the financial year that significantly affected or could significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

23 COMPANY DETAILS

The registered office and principal place of business of the Company is:

Lumira Energy Limited
Suite 106, Ground Floor, 101 Moray Street
South Melbourne, VIC 3205

Lumira Energy Limited (Formerly Hawkley Oil and Gas Limited)


Directors' Declaration

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Company's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors.

On behalf of the directors

A handwritten signature in black ink, appearing to read 'Cosimo Damiano', with a long horizontal flourish extending to the right.

Mr. Cosimo Damiano

Director

7 February 2023



RSM Australia Partners

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LUMIRA ENERGY LIMITED

Opinion

We have audited the financial report of Lumira Energy Limited (the Company), which comprises the statement of financial position as at 30 June 2022, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (i) giving a true and fair view of the Company's financial position as at 30 June 2022 and of its financial performance for the year then ended; 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 Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1, which indicates that the Company incurred a loss of \$363,784 and had net cash outflows from operating activities of \$562,451 for the year ended 30 June 2022. As at that date, the Company had net current liabilities and net liabilities of \$176,375 and \$173,716 respectively. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

THE POWER OF BEING UNDERSTOOD AUDIT | TAX | CONSULTING

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Other Information

The directors are responsible for the other information. The other information comprises the directors' report but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Company 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 Company or to cease operations, or have no realistic alternative but to do so.

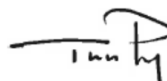
Auditor's Responsibilities for the Audit of the Financial Report

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 at: https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 7 February 2023

