

Lumira Energy Limited

Interim Financial Report

A.B.N. 68 115 712 162

For the Half-Year Ended 31 December 2022

Lumira Energy Limited

Contents

For the Half-Year Ended 31 December 2022

	Page
Directors' Report	1
Auditor's Independence Declaration	3
Statement of Comprehensive Income	4
Statement of Financial Position	5
Statement of Changes in Equity	6
Statement of Cash Flows	7
Notes to the Financial Statements	8
Directors' Declaration	11
Independent Auditor's Review Report	12

Lumira Energy Limited

Directors' Report

For the Half-Year Ended 31 December 2022

Your directors submit their report, together with the interim financial statements of Lumira Energy Limited (the Company) for the half year ended 31 December 2022.

Directors

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

Names	Position
Mr. Cosimo Damiano	Executive Director
Mr. Murray Wylie	Non-Executive Director
Mr. Benjamin Jacobs	Non-Executive Director – appointed 1 December 2022
Mr. Andrew Casazza	Non-Executive Director – appointed 8 February 2023
Mr. Joseph Naemi	Non-Executive Chairman – resigned 1 December 2022

Company Secretary

Mr. Murray Wylie

Principal activities

The principal activities of the Company during the half year consisted of seeking to restructure the Company's debt and acquire a suitable project to support recapitalisation of the Company and the return to trading of its securities on the Australian Securities Exchange (ASX).

Operating results

The loss of the Company for the half year ended 31 December 2022 amounted to \$266,760 (31 December 2021: \$622,647).

Review of operations

A meeting of the Company's shareholders on 15 December 2021 approved the consolidation of the Company's existing shares and options on a 20 to 1 basis, the change of the Company's name from Hawkley Oil & Gas Limited to Lumira Energy Limited and a proposed merger with a Canadian company, namely; Persist Oil & Gas Inc. ("Persist"). 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.

After considerable effort and expense, all necessary approvals, independent reports and consents were obtained, and 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 conclusion of the 7-day ASIC exposure period; however, Persist decided that they no longer wished to proceed with the Merger. Accordingly, on 9 February 2022, Lumira withdrew the prospectus and arranged for the return of all investor funds that had been received.

Under the terms of a settlement agreement executed by Lumira and Persist on 25 February 2022, Persist paid a A\$150,000 break-fee to Lumira, plus additional funds to reimburse Lumira for a substantial portion of the expenses incurred in Canada associated with the prospectus and agreed 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.

In 2021, the Company raised \$1,200,000 via convertible notes to fund the Persist merger and associated prospectus. Under the terms of the convertible note agreements, the conversion price was to be 25% of the issue price of shares issued by the Company pursuant to its 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. 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 120,000,000 fully paid ordinary shares of Lumira on 30 June 2022. The convertible notes also earned interest of 10% per annum. Interest payments totaling \$90,648 were processed to noteholders in July 2022.

Directors' Report

For the Half-Year Ended 31 December 2022

Review of operations (continued)

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.

Events subsequent to balance sheet date

On 8 February 2023, Mr. Andrew Casazza was appointed to the Board as a non-executive director.

No other matters or circumstances have arisen since the end of the half year which 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.

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001* for the half year ended 31 December 2022 has been received and can be found on page 7 of the financial report.

This report is signed in accordance with a resolution of the Board of Directors.



Director:
Mr. Cosimo Damiano

Dated: 23 February 2023



RSM Australia Partners

Level 32, Exchange Tower
2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100
F +61 (0) 8 9261 9111

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Lumira Energy Limited for the half-year ended 31 December 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

A handwritten signature of 'RSM' in a cursive, stylized font.

RSM AUSTRALIA PARTNERS

A handwritten signature of 'Tutu Phong' in a cursive, stylized font.

TUTU PHONG
Partner

Perth, WA
Dated: 23 February 2023

THE POWER OF BEING UNDERSTOOD
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

Statement of Comprehensive Income For the Half Year Ended 31 December 2022

	31 December 2022 \$	31 December 2021 \$
Other income	1,128	11
Administrative expense	(267,141)	(680,579)
Interest expense	(756)	(6,440)
Fair value gain on derivative liability	-	63,906
Gain on foreign currency differences	9	455
Loss before income tax	(266,760)	(622,647)
Income tax expense	-	-
Loss after tax for the half year	(266,760)	(622,647)
Total comprehensive loss for the half year	(266,760)	(622,647)
Loss per share		
Basic loss per share (cents)	(0.21)	(14.04)
Diluted loss per share (cents)	(0.21)	(14.04)

The accompanying notes form part of these financial statements.

Lumira Energy Limited

Statement of Financial Position

As at 31 December 2022

	31 December 2022	30 June 2022
Note	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	344,122	490,550
Trade and other receivables	4,848	4,136
TOTAL CURRENT ASSETS	348,970	494,686
NON-CURRENT ASSETS		
Plant and equipment	2,202	2,659
TOTAL NON-CURRENT ASSETS	2,202	2,659
TOTAL ASSETS	351,172	497,345
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	720,188	600,357
Financial liabilities	71,460	70,704
TOTAL CURRENT LIABILITIES	791,648	671,061
TOTAL LIABILITIES	791,648	671,061
NET CURRENT LIABILITIES	(442,678)	(176,375)
NET LIABILITIES	(440,476)	(173,716)
EQUITY		
Issued capital	40,995,396	40,995,396
Reserves	4,120,562	4,120,562
Accumulated losses	(45,556,434)	(45,289,674)
TOTAL SHAREHOLDERS' DEFICIT	(440,476)	(173,716)

The accompanying notes form part of these financial statements.

Lumira Energy Limited

Statement of Changes in Equity
For the Half-Year Ended 31 December 2022

31 December 2021

	Ordinary Shares	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 for the period	-	(622,647)	-	-	(622,647)
Total other comprehensive loss	-	(622,647)	-	-	(622,647)
Balance at 31 December 2021	40,079,911	(45,548,537)	(656,612)	4,777,174	(1,348,064)

31 December 2022

	Ordinary Shares	Accumulated losses	Convertible Note Equity Reserve	Share Based Payment Reserve	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2022	40,995,396	(45,289,674)	(656,612)	4,777,174	(173,716)
Loss for the period	-	(266,760)	-	-	(266,760)
Total other comprehensive loss	-	(266,760)	-	-	(266,760)
Balance at 31 December 2022	40,995,396	(45,556,434)	(656,612)	4,777,174	(440,476)

The accompanying notes form part of these financial statements.

Lumira Energy Limited

Statement of Cash Flows

For the Half-Year Ended 31 December 2022

	31 December 2022 \$	31 December 2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Payments to suppliers and employees	(147,570)	(486,629)
Interest received	1,128	11
Net cash (used in)/from operating activities	<u>(146,442)</u>	<u>(486,618)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	-	1,060,000
Costs of raising borrowings	-	(20,500)
Net cash from financing activities	<u>-</u>	<u>1,039,500</u>
Net (decrease) / increase in cash and cash equivalents held	(146,442)	552,882
Cash and cash equivalents at beginning of year	490,550	45,617
Effects of exchange rate changes on cash and cash equivalents	14	(202)
Cash and cash equivalents at end of the half year	<u>344,122</u>	<u>598,297</u>

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Half-Year Ended 31 December 2022

1 Basis of preparation

This interim financial report for the half year ended 31 December 2022 is a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Accounting Standard 34 'Interim Financial Reporting'.

The interim financial report is intended to provide users with an update on the latest annual financial statements of Lumira Energy Limited. As such it does not contain information that represents relatively insignificant changes occurring during the half year for the Company. This interim financial report does not include all the notes normally included in an annual financial report. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended 30 June 2022, together with any public announcements made during the half year.

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 half year ended 31 December 2022, the Company incurred a loss of \$266,760 and net cash outflows from operating activities of \$146,442. As at 31 December 2022, the Company had cash and cash equivalents of \$344,122 and net current liabilities of \$442,678. Current liabilities of \$791,648 at 31 December 2022, includes \$688,543 outstanding fees owed to current and former directors and an unsecured loan of \$71,460 from a former related party.

Following its removal from the ASX Official List on 9 June 2020, the Company has been looking to restructure its debts and pursue 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:

- i) Current and former directors have agreed, subject to relisting on the ASX prior to 30 September 2023, to accept \$200,000 cash and \$200,000 in shares as settlement for \$688,043 that is owed to them; and
- ii) On 7 December 2022, a revised settlement agreement was executed with Emco in relation to an unsecured loan. Emco agreed to accept repayment of the remaining \$50,000 unsecured loan principal and waive the accumulated interest of more than \$21,000. In accordance with the settlement agreement, 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.

Should the directors not be able to achieve the matters set out above, there is material uncertainty which may cast significant doubt as to whether the Company will be able to continue as a going concern and therefore whether it will be able to pay its debts as and when they fall due and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

The financial statements do not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classification of liabilities that might be necessary should the Company not be able to continue as a going concern.

Notes to the Financial Statements

For the Half-Year Ended 31 December 2022

2 New and amended accounting standards and interpretations

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.

3 Operating 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 Company is managed primarily on the basis of product category, operating segments are therefore determined on the same basis. The Company's sole reporting segment is the oil and gas business located wholly within Australia.

The accounting policies applied for internal purposes are consistent with those applied in the preparation of these interim financial statements.

4 Financial liabilities

	31 December 2022 \$	30 June 2022 \$
CURRENT		
Unsecured loan	71,460	70,704
	<u>71,460</u>	<u>70,704</u>

Terms and conditions of the above financial liabilities:

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.
- 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.

Notes to the Financial Statements
For the Half-Year Ended 31 December 2022

5 Issued capital

	31 December 2022	30 June 2022
	\$	\$
124,436,033 (30 June 2022: 124,436,033) Ordinary shares	45,070,623	45,070,623
Share issue costs	(4,075,227)	(4,075,227)
Total	40,995,396	40,995,396

Ordinary Shares

	31 December 2022	30 June 2022
	No.	No.
At the beginning of the reporting period	124,436,033	88,711,653
Reduction due to share consolidation on 1 for 20 basis	-	(84,275,620)
Shares issued on conversion of loan notes	-	120,000,000
At reporting date	124,436,033	124,436,033

6 Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

7 Contingent asset/liabilities

The Company did not have any contingent assets or liabilities at 31 December 2022 (30 June 2022: nil).

8 Events occurring after the reporting date

On 8 February 2023, Mr. Andrew Casazza was appointed to the Board as a non-executive director.

No other matters or circumstances have arisen since the end of the half year which 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.

Lumira Energy Limited

Directors' Declaration
For the Half-Year Ended 31 December 2022

The directors of the Company declare that:

1. The financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;; and
 - (b) give a true and fair view of the Company 's financial position as at 31 December 2022 and of its performance for the half-year ended on that date.
2. Subject to the matters outlined in Note 1, in the directors' opinion, 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.

Director:
Mr. Cosimo Damiano

Dated: 23 February 2023



RSM Australia Partners

Level 32 Exchange Tower
2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61(0) 8 9261 9100

F +61(0) 8 9261 9111

www.rsm.com.au

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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Lumira Energy Limited which comprises the statement of financial position as at 31 December 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1, which indicates that the Company incurred a loss of \$266,760 and had net cash outflows from operating activities of \$146,442 for the half-year ended 31 December 2022. As at that date, the Company had net current liabilities of \$442,678. 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 conclusion is not modified in respect of this matter.

Basis for Conclusion

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

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

THE POWER OF BEING UNDERSTOOD 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



Directors' Responsibility for the Half-Year Financial Report

The directors of Lumira Energy Limited 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.

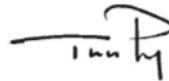
Auditor's Responsibility for the Review of the Financial Report

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 Company's financial position as at 31 December 2022 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

A stylized, handwritten signature of 'RSM' in black ink.

RSM AUSTRALIA PARTNERS

A handwritten signature in black ink, appearing to read 'Tutu Phong'.

TUTU PHONG
Partner

Perth, WA
Dated: 23 February 2023