Pure Hydrogen

Financial Report

For Year Ended
30 June 2022

Company Highlights

- Pure Hydrogen to receive R&D $6.4m tax incentive following settlement of a dispute plus R & D tax claim for FY2022.
- Pure Hydrogen investee company Botala Energy successfully raised $5m in its initial public offering to fund a multi-well program to prove commercial gas flows at the Serowe CBM projects.
- The Company is developing a Hydrogen Waste truck for JJ Waste announced during the year.
- Pure Hydrogen 23% owned H2X Global raised $8m to accelerate fuel cell vehicle manufacturing operations and is considering a public listing.
- After year-end Pure Hydrogen agreed to trial a Hydrogen Prime Mover Truck to PepsiCo
- Pure Hydrogen and CAC H2 partnership – targeting to build 3 hydrogen plants on the east coast of Australia.
- Pure Hydrogen's H2X Global established two new HFCV sites in Sale Victoria and Sweden
- Very well-funded with cash of $9.5m as at 30 June 2022 (not including $6.4m R&D tax incentive payment estimated at 30 June 2022) with a continuing focus on tight cost control.

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Pure Hydrogen is a clean energy focused company seeking to become the leader in the development of Hydrogen and Energy Projects through the use of cutting-edge technology processes. It plans to supply hydrogen fuel to both Australian customers and regional Asia Pacific markets, through the production of Green, Emerald and Turquoise Hydrogen. Concurrently, the Company is developing natural gas projects directly in Australia and Botswana and through a strategic investment it holds in Botala Energy – an energy company listed on the Australian Securities Exchange. Strategically, Pure Hydrogen will also prioritise incubation for early-stage companies or projects within the clean energy sector, with the aim of realising profits from those investments.

During the year, the Company settled a dispute with the Department of Industries (ISA) and the Australian Taxation Office (ATO) in the Company's favour. This will see Pure Hydrogen to receive a turnaround of approximately $13.1m – comprised of a $7.2m R&D tax incentive payment amount it will no longer be liable to the ATO for. Instead, the Company will be entitled to a refund estimated at $5.9m. In addition, the Company has estimated an additional amount of $537,000 is potentially payable by the ATO to Pure Hydrogen in respect of the 2022 financial year.

The Company also continued to focus on the growth and development of its hydrogen fuel and hydrogen fuel cell vehicle businesses. In line with its strategic plan to continually demonstrate the use cases for Hydrogen, Pure Hydrogen successfully signed up JJ Waste (JJ Richards) to advance the development of a demonstration model hydrogen-powered garbage truck.

That was accompanied by the successful execution of a 23% stake in leading hydrogen vehicle manufacturing company H2X Global. H2X Global conducted a $8M capital raise during the year to ramp-up its hydrogen fuel cell powered trucks and buses, as well as advancing the technology partnership with global motorcycle and power parts business KTM. Post year-end the Company, PH2 also signed a deal with food and beverage multinational PepsiCo to build a demonstration model Prime Mover Hydrogen Fuel Cell Truck, and signed a Master Supply Agreement with BLK Auto Pty Limited to distribute Hydrogen Fuel Cell Powered Trucks and Buses.

❖ **Mock Up of a Garbage Truck scheduled to trailed for JJ Waste and Recycling**

During the year, Pure Hydrogen's Investee company Botala Energy Limited, in which it holds a 19.99% stake, successfully raised $5M in its initial public offering to fund a multi-well program to prove commercial gas flows at the Serowe CBM project and develop other energy projects in Botswana.

Manufacture and Sales of Emerald Hydrogen

Pure Hydrogen has been considering sites near Brisbane, Sydney and Melbourne to establish a number of Waste to Hydrogen plants in conjunction with its strategic development partner, CAC-H_2.

Pure Hydrogen and CAC-H_2 have partnered on these projects with CAC-H_2 which will provide funding to build and operate the plants, while Pure Hydrogen will fund the hydrogen storage and load out. The first Project is expected to deliver 500 kg per day 'production' as a minimum under the terms agreed with CAC-H_2. The design capacity of the initial line will be 2,500kg per day. CAC-H_2 and Pure Hydrogen are planning to increase the capacity over time, commensurate with Pure Hydrogen's strategy to sell the output.

The project is expected to deliver a completed hydrogen production plant, and is targeting the commencement of operations in the 3rd Quarter CY2023 although this is subject to change. The three planned sites are expected to bring new jobs and opportunities to the rapidly growing clean energy and renewables sector, whilst supporting Australia's critical path to decarbonisation and achieving its climate goals.

Image of an Emerald Hydrogen plant

Botala Energy Bostwana Partnership and big gas and renewable energy plans

During the 2022 financial year, Pure Hydrogen investee company Botala Energy successfully raised $5m in its initial public offering to fund a multi-well program to prove commercial gas flows at the Serowe CBM project, upgrade resources to reserves and clean energy projects.

Pure Hydrogen notes that many of its shareholders did participate in the IPO due to the quality of the Serowe project, and their interest in companies with exposure to the natural gas thematic.

Managing Director Scott Brown says the successful completion of the Botala IPO was a great result given the challenging market for small capital raises and IPOs:

"We are very encouraged about the opportunities for collaboration between Pure Hydrogen and Botala and we plan to build out a portfolio of projects in Southern Africa with a focus on CBM, Hydrogen and other clean energy opportunities," Mr Brown said.

Manufacture of cutting-edge turquoise hydrogen manufacturing

During the Financial Year, Pure Hydrogen partnered with French plasma technology company Plenesys and both organisations are continuing to develop methane decomposition processes called HyPlasma to create Turquoise Hydrogen and value add solid carbon products.

Targets have been set and along with H2, Pure Hydrogen is targeting a high percentage of Graphene/Carbon Nanotubes. The aim is to produce both low-priced hydrogen to advance the hydrogen economy, along with low-priced graphene to establish the graphene economy. When operated with renewable electricity and bio-methane, the process can become carbon negative.

The Company plans to build a fully adjustable prototype in Australia with an initial capacity of 150 kg per day of H2, scheduled for release in mid-2023. Potential prototype adjustments will target improved processes carbon products (including bulk graphene and/or carbon nanotubes) potentially resulting in a substantial value-add channel for methane-based energy.

- **AC Plasma Torch**

The next stage would be to design and build 1,500 kg and 5,000 kg of H2 HyPlasma modules for commercial applications. The modules will be housed in a standard 12 metre (40-foot) shipping containers and therefore can be fully operational very quickly. Importantly, being standard shipping container size and design, the units can be built and install extra modules almost anywhere there is an adequate supply of methane to support the growing domestic and international hydrogen markets.

H2X's H2 vehicle and generator manufacturing operations continue to advance

During the year, Pure Hydrogen's investee company H2X Global raised $8M to ramp-up its hydrogen fuel cell vehicle manufacturing operations and is considering a public listing. H2X Global intends to deploy the funds specifically to develop fuel cell-powered trucks and buses, as well as advancing the technology partnership with global motorcycle and power parts business KTM. Pure Hydrogen now owns 23% of H2X.

H2X Global also launched Hydrogen Fuel Cell Generators and after year-end Pure Hydrogen sold one generator to the Plumbing Industry Climate Action Centre. Also, after year-end H2X released a video showing the Warrego (Ute) being tested (see website: www.purehydrogen.com.au/news). It is believed to be the first Hydrogen Fuel Cell 4WD Pick Up Truck (Ute) in the world.

The vehicle is now undergoing rigorous vehicle compliance testing in accordance with EU validation and verification standards, with the aim of deployment specifically to develop fuel cell-powered trucks and buses, as well as advancing the technology partnership with global motorcycle and power parts business KTM.

❖ Warrego being tested in the Netherlands

During the financial year H2X Global appointed Michelle Reynolds as its Chief Financial Officer and Executive Director who is also tasked with improving internal systems so the Company can be ready for listing which will be dependent on market conditions at the time. Pure Hydrogen understands that H2X are looking to appoint advisors and brokers to assist the Company successful navigate an IPO.

❖ H2X showing the Premier of Sarawak Abang Johari Openg the Cell Fuel Technology

H2X is also well progressed in the set-up of a workshop that will help it fulfil memorandum of understanding commitments with the Sarawak Economic Development Corporation to form an incorporated JV for the manufacture, assembly, and development of automotive projects in Sarawak.

In addition, H2X has registered a wholly-owned subsidiary in Sweden and signed two MOUs with Gothenburg and Trelleborg cities for the delivery of waste disposal trucks, vans, and school buses. The team is now focused on the implementation of the assembly plant to meet current commitments with Gothenburg and Trelleborg.H2X also secured 5 sales of its H2X generator, the generators are waiting final approval to be installed at each location.


H2X 5kw Generator being demonstrated at H2X's facility at Sale, Victoria

Pure Hydrogen's gas resource projects offer significant company growth potential

In addition to its hydrogen business, Pure Hydrogen has three significant gas based energy projects. Pure Hydrogen's Project Venus is located within the proven Walloon CSG Fairway and immediately adjacent to gas pipeline infrastructure in the Surat Basin. It offers relatively low risk and a lot of value with its 130 PJ of 2C Contingent Gas Resources and 536 PJ of Prospective Gas Resources. The Company is considering drilling a further well on Venus Project, especially in light of the strong increases in gas prices.

Pure Hydrogen's gas portfolio in Australia and Botswana presents a lot of opportunity for shareholders. Pure Hydrogen has a net total 12.4 TCF of Prospective Gas Resources, 1,038 BCF of 3C and 548 BCF of 2C Contingent Gas Resources.

Pure Hydrogen's gas projects all have several attributes in common:

1. There are significant gas resources including third party certifications.
2. The primary technical risk is finding completion methods to prove commercial gas flows.
3. Proving commercial gas flows is the precursor to predictable reserves increases and substantial company growth.
4. Over the next 12 months, Pure Hydrogen plans to continue to use innovative well completion and enhancement methods designed to prove and deliver commercial gas flows.
5. All three gas projects have ready gas markets.

Gas appraisal and Evaluation Programs have progressed

At Project Serowe in Botswana, the Company is fully engaged with the development of a multi-well appraisal & production testing programme. The Company is continuously reviewing project opportunities that will be accretive and complementary to its skillset and that build shareholder value.

Share and Options

As of 30 June 2022, the Company had 343,176,363 shares outstanding including CDIs and the company had over 12,000 shareholders. The Company has 26,628,059 unlisted options as at the end of the reporting period.

Tenements

Pure Hydrogen's tenement holdings at end of 30 June 2022

Project	Location	% Interest	Net Acres
Project Venus	Queensland, Australia	100%	38,054
Windorah Gas	Queensland, Australia	100%	259,460
Serowe CSG	Botswana	30%	264,568
Total			**562,082**

Features of Project Venus – Queensland

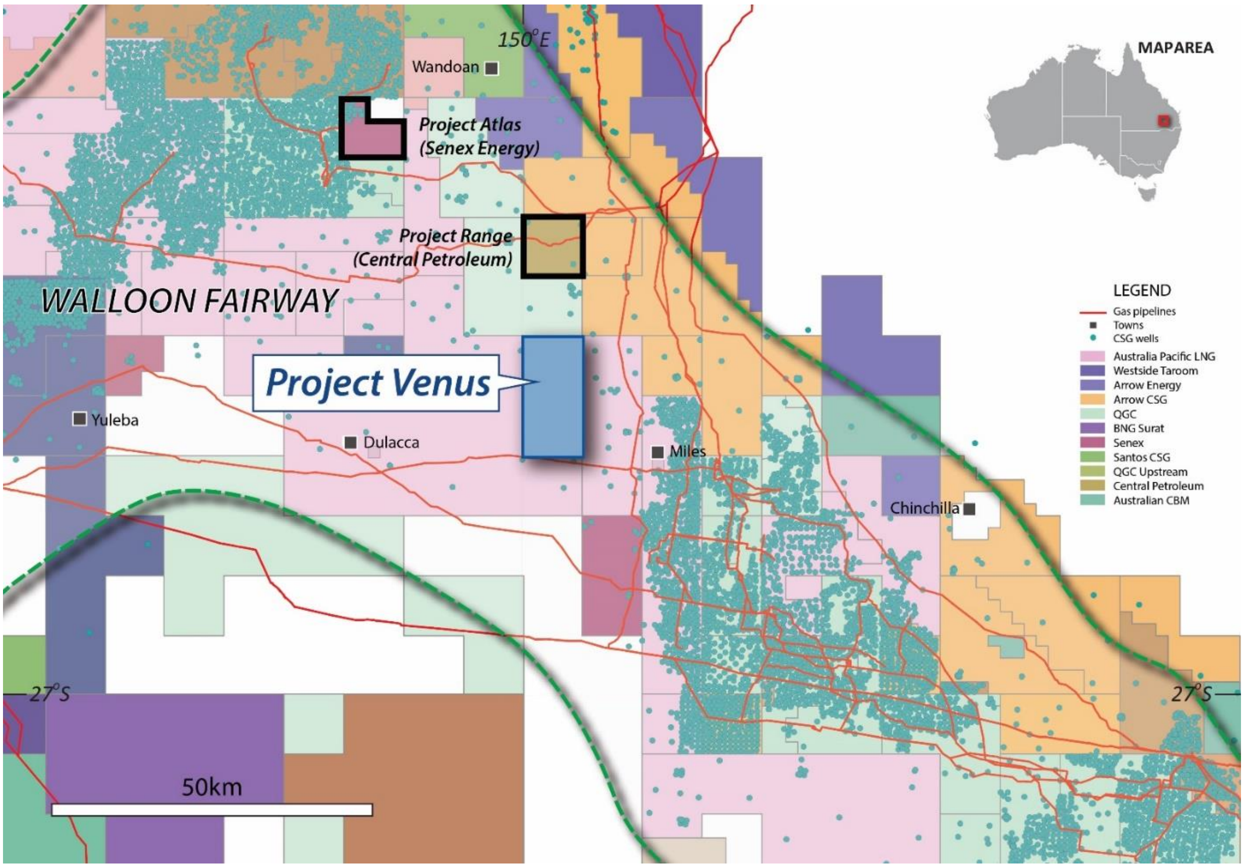
Project Venus, ATP2051 is a 100% owned by Pure Hydrogen. Project Venus contains high quality and very prospective acreage covering 154km² within the main Walloon Coal Seam Gas Fairway, and close to gas infrastructure including gas pipelines. There is significant coal in this permit and the Company believes it can trun these into significant gas resources. The Project Venus Contingent Resources are currently classified as Technology Under Development.

Proving commercial gas flows at Venus 1 could convert the recently certified 130 PJ of 2C gas resources to 2P gas reserves. Converting contingent gas resources to gas reserves would sufficiently underpin a sizeable gas sales contract to justify development of the Venus CSG field and connection to the nearby gas pipeline infrastructure.

The independent review of the Contingent Gas Resources was completed by Sproule International (refer ASX announcement: 4 May 2021). Further upside potential for the Project Venus is the Prospective Gas Resources with Best Estimate Case of over 560 PJ and High Estimate Case of over 675 PJ (refer ASX announcement on 12 December 2019).

The independent review of the data for Project Venus (ATP2051) has the following Contingent Gas Resources:

Project Venus	**Contingent Resources PJ**		
	1C	2C	3C
Walloon Subgroup Upper Junandah Coal Measures	87.7	130.3	157.9



- Walloon CSG Fairway is prolific gas producing region with over 10,000 wells drilled – see green dots on Map

Features of Serowe CSG Project – Republic of Botswana, Africa

During the financial year, Pure Hydrogen and Bolata Energy Pty Limited drilled two further wells, Serowe 4 and 5 in Botswana.

The preliminary logging data of Serowe 4 indicates 31 metres of coal which is about 150% higher than the original estimate. The final log report is still pending. Serowe 5 reached Total Depth of 510 metres and intersected a total of 24 meteres of coal in line with expected thickness across 2 of the 3 seams. The well encountered dolerite which reduced the thickness of one seam, while the other 2 remain intact with associated gas.

On 12 April 2022 the Company announced an upgrade of the resources for 100% of the Serowe Gas Project. The estimates of Contingent Resources for Project Serowe were prepared in accordance with the 2018 Petroleum Resource Management System (PRMS) are reported as follows:

1C	**237.5 BCF**
2C	**316.7 BCF**
3C	**395.9 BCF**

The Company has a 30% working equity post completion of the farm-in by Botala Energy and after converting 21% working equity for 19.9% shareholding in Botala Energy post IPO. Pure Hydrogen is free carried on the first $6 million expenditure in the Serowe Gas Project.

The independent certification of the Contingent Gas Resources was completed by Sproule Inc (further details are outlined in the other disclosures required under ASX rules). The Prospective Resources are estimated at 10.0732 TCF (Trillion Cubic Feet).

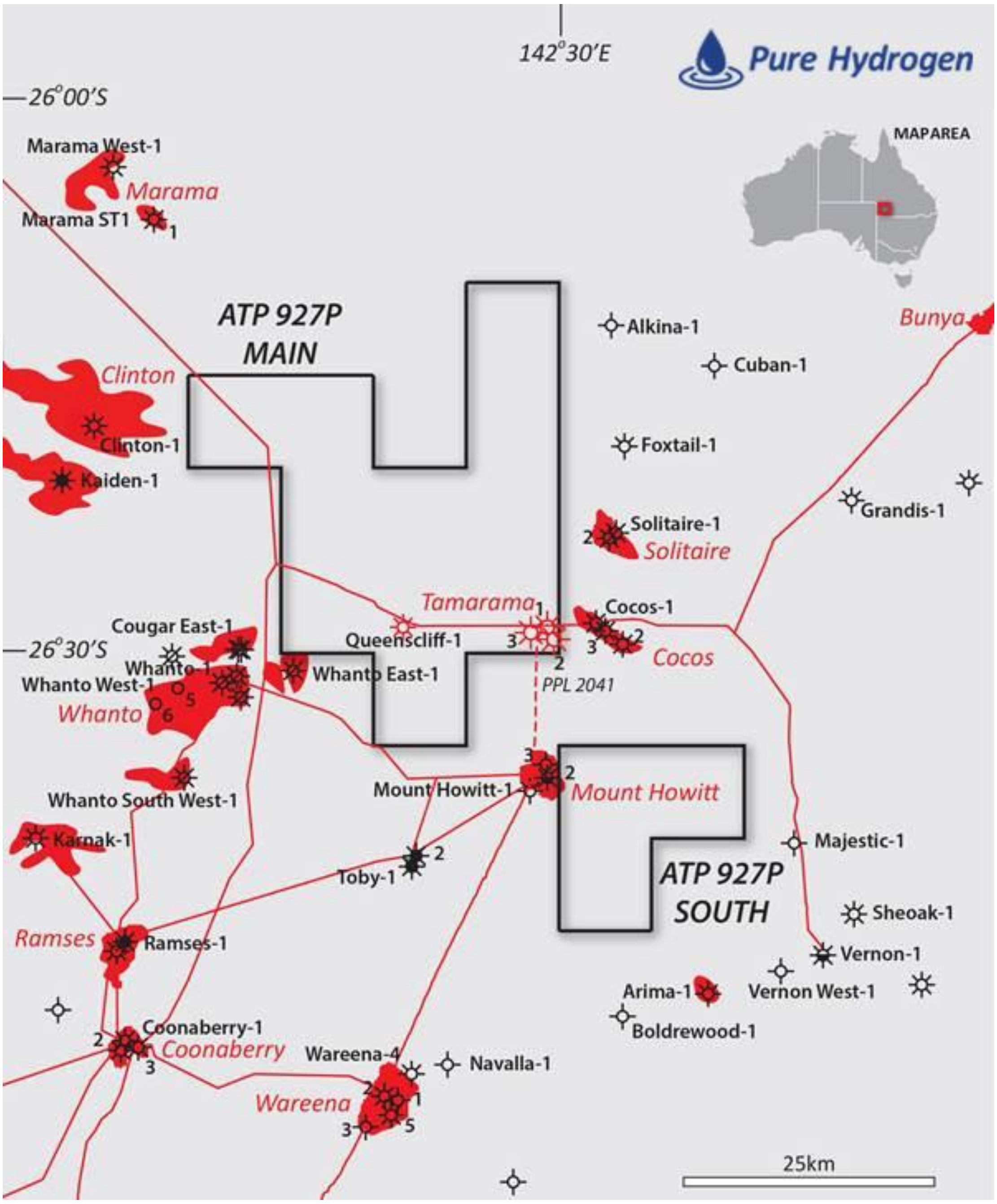
❖ the drilling crew on site of Serowe 5.

Pure Hydrogen and Botala Energy have executed a Term Sheet to establish the Serowe Hydrogen Hub renewable energy business targeting 50MW power generation. Hydrogen and solar projects and other green energy projects are being considered with the JV drawing on Pure Hydrogen's established partnerships and operations in the Australian hydrogen sector. The Hydrogen hub contemplated for Botswana is expected to be one of the largest in Africa.

The market for green energy in Botswana has been strengthened after developing a renewable energy strategy alongside the World Bank. The strategy will allow the country to become energy independent from neighbouring South Africa. The country plans to add renewable energy and natural gas power generation to its portfolio through independent power producer (IPP) projects, projects which had previously not been able to operate due to regulatory framework challenges.

Features of Windorah Gas Project – Queensland

The Company continues to review development options for the Windorah Gas Project. We are also likely to apply for a PCA or retention license for large parts of the Project. We remain committed to securing funding for this project and are exploring all exploring all available options. The current map outline is shown on the below:



- Estimated are Mean Original Gas-In-Place excluding 2C/3C Resources.
- Gas Volumes are expressed in billions of cubic feet (BCF) at standard temperature and pressure bases.
- Resource estimates independently certified by DeGolyer & MacNaughton (Queenscliff area) & Aeon Petroleum Consultants (Tamarama area)

The Directors presented their report together with the consolidated financial statements of Pure Hydrogen Corporation Ltd (the 'Company' or 'parent entity'), and its controlled entities for the financial year ended 30 June 2022 (the 'Consolidated Entity' or 'Group').

Principal activities

The principal activities of the Company during the financial year ended 30 June 2022 as a clean energy focused company seeking to become the leader in the development of Hydrogen and Energy Projects through the use of cutting-edge technology processes. It plans to supply hydrogen fuel to both Australian customers and regional Asia Pacific markets, through the production of Green, Emerald and Turquoise Hydrogen. Concurrently, the Company is developing natural gas projects directly in Australia and Botswana and through a strategic investment it holds in a Botswana- focused energy company listed on the Australian Securities Exchange.

Strategically, Pure Hydrogen will also prioritise incubation for early-stage companies or projects within the clean energy sector, with the aim of realising profits from those investments. During the 12 months ended June 30, a significant change in the maturity of these activities was the capital outlay on the hydrogen projects to help diversify the business align with its broader clean energy strategic development targets.

Significant changes in the State of Affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the consolidated entity that occurred during the financial period under review, not otherwise disclosed in this report or the consolidated accounts.

Financial results and position and review of operations

The Company recorded a consolidated profit of approximately $0.4 Million for the year ended 30 June 2022 (FY2021: $2.8 million loss). The comprehensive gain resulted from sales of an interest in the Serowe Project which resulted in a profit of $2.7 million (27,236,657 shares in Botala Energy Limited, ASX: BTE) due to divestment in Serowe Gas Project from 51% to 30%.

The cash and cash equivalent on hand balance was $9.5 million however did not include amounts potential owed for the R & D tax incentive refunds.

The Company's expenditure on gas exploration, evaluation and development projects during the year were $235,833 in Project Venus (FY2021: $1.5 million). The increases in other investments include intake in H2X Global (23%) and Botala Energy (19.99%) and the purchase of Hyplasma demonstration test unit to support the Turquoise Hydrogen project. (FY2021: nil)

The Company will continue to focus on controlling costs whilst growing its energy projects and minimise its operations expenses.

Likely Developments and Expected Results

The Company will continue to develop activities described in this report with major emphasis on expanding the Company's business through organic growth.

Further information as to likely developments in the operations of the Company and the expected results of those operations in future years have not been included in this report because, in the opinion of the Directors, it would prejudice the interests of the Company.

Dividend

The Directors do not recommend the payment of a dividend and no dividends have been paid or declared or paid by the Company concerning the financial year ended 30 June 2022 (FY2021: $nil).

Events subsequent to balance date

No matters or circumstances have arisen since the end of the financial year which has significantly affected or could significantly affect the operation of the consolidated company in future financial years apart from the following matters:

On 26 July 2022 the existing Chess Depository Interests (CDI's) were cancelled and the fully paid ordinary class shares underlying the CDI's (shares) distributed on a 1:1 basis.

After the year end and up to 27 September 2022 the Company has received $542,901.84 for the conversion of 4,524,182 options.

Directors

The names and particulars of the qualifications and experience of the directors in office during and since the end of the financial year, unless otherwise stated, are as follows:

Ron Prefontaine (Non-Executive Chairman)
B. Sc (University of British Columbia Vancouver, Canada)
Ron Prefontaine has over 40 years of experience in the oil and gas industry, and is the Chairman of Pure Energy Board of Directors. Between 2001 and 2011, he was an Executive and Managing Director of two successful Australian Securities Exchange listed companies, Arrow Energy and Bow Energy. Arrow Energy was taken over in 2010 for $3.5 billion and Bow Energy in late 2011 for $550 million. Ron received his BSc in Geophysics from the University of British Columbia in 1979. His strengths are asset growth recognition and the management of corporate growth. In 2009 Ron received a lifetime achievement award in recognition to his services to the Australian petroleum industry.

Scott Brown (Managing Director)
B. Bus (University of Technology Sydney)
M. Com (University of New South Wales)
Member of the Institute of Chartered Accountants and the Petroleum Exploration Society of Australia
Scott has over 25 years' experience as a director and executive with extensive background in finance and management in public companies. Prior to Pure Hydrogen, Scott was instrumental in the listing of several companies on either US or ASX including Real Energy (ASX: RLE) and Objective Corporation (ASX: OCL). Scott is currently a non-executive director of H2X Global Limited and Trisil Group Limited.

Scott was the CFO of Mosaic Oil NL (ASX: MOS), a public Australian company with an extensive range of oil and gas and production and exploration with interest in QLD, New Zealand and offshore WA. During his time at Mosaic, Scott was involved in the acquisition of production properties and the growth of its business and profitability with the companies, and was instrumental in putting together a Scheme of Arrangement with AGL Energy Ltd to acquire Mosaic for consideration of $142 million.
Scott was also formerly the CFO, Company Secretary and chairman/director with a number of public companies including Turnbull & Partners Limited, Allegiance Mining NL, FTR Holdings Limited, Garratt's Limited, RPM Automotive Group Limited (ASX: RPM). Scott also worked at accounting firms, Ernst Young and KPMG.

Dang Lan Nguyen (Non – Executive Director)
B.Sc. (Baku, Azerbaijan)
M.Sc. - Geology (University of New England)
Member of the Petroleum Exploration Society of Australia and the Society of Petroleum Engineers

Lan is a professional petroleum geologist and engineer with over 25 years' experience in petroleum exploration, development and production in Australia and internationally including 15 years at Mosaic Oil NL, transforming Mosaic to a successful company as Managing Director with growing production revenues, petroleum reserves/resources and profitability. Lan is credited with the discovery and development of many oil and gas fields in the Surat-Bowen Basins through his innovative introduction of various exploration, drilling and completion technologies to Australia.

Lan was the co-founder of Real Energy and is currently a principal/director of Tanvinh Resources Pty Limited and Latradanick Holdings Pty Limited, which provide services to energy and resources companies in Australia and Asia-Pacific region.

Company Secretary

Ron Hollands
B. Bus (University of Technology, Sydney, Australia) & MBA (MGSM, Australia)
Grad. Dip Corporate Governance (CSA)
Member of the Institute of Chartered Accountants, TPB, SMSF Auditor, CPP

Ron is a Chartered Accountant, a Registered Tax Agent and Self-managed Superannuation Fund Auditor and holds a Certificate of Public Practice. Ron has over 30 years' experience in a range of industries including professional practice, financial services and real estate. Ron is currently also the company secretary of Ashley Services Group Ltd (ASX: ASH).

Indemnifying of Officers

During the financial year the Company paid premiums to insure all directors and officers of the Company against possible claims brought against the individual while performing services for the Company and against expenses relating thereto, other than conduct involving a willful breach of duty in relation to the Company.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporation Act 2001 for leave 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 of those proceedings. The Company was not a party to any such proceedings during the year.

Remuneration Report

This remuneration report which formed part of the Director's Report, sets out information about the remuneration of Key Management Personnel (KMP) of the Group. The term KMP refers to those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any directors (wherever executive or otherwise) of the Group.

Remuneration policy

The board's policy for determining the nature and amount of remuneration for Key Management Personal (KMP) of the consolidated entity is as follows:

The remuneration policy, setting the terms and conditions for the executive directors was developed by the remuneration committee and approved by the board. All executives receive a base salary (which is based on factors such as length of service and experience) with reference to market conditions and comparisons and superannuation guarantee required by the government. The objective of this policy is to secure and retain the services of suitable individuals capable of contributing to the consolidated entities strategic objectives and deliver sustainable total shareholder returns.

The board's policy is to remunerate non-executive directors at market rate for comparable companies for time, commitment and responsibilities. The remuneration committee determine payments to the non-executive directors and review their remuneration annually based on market practice, duties and accountability. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting.

The remunerations for each KMP of the Company during the year were as follows:

FY2022	Cash remuneration		Non cash remuneration	Total
	Short term remuneration	Long term remuneration		
Name (KMP)	Salaries/fees ***	Super contribution	Share based payment	
	$'000	$'000	$'000	$'000
Ron Prefontaine	50	-	-	50
Scott Brown	309	21	-	330
Lan Nguyen °	78	3	-	81
Ron Hollands °	49	-	-	49
Total	**486**	**24**	**-**	**510**

*** Fees payable inclusive of director fees and consultant fees.
° Consultant services were provided based on normal commercial terms and conditions.

FY2021	Cash remuneration		Non cash remuneration	Total
	Short term remuneration	Long term remuneration		
Name (KMP)	Salaries/fees ***	Super contribution	Share based payment	
	$'000	$'000	$'000	$'000
Ron Prefontaine	14	-	-	14
Scott Brown *	87	7	-	94
Lan Nguyen * °	24	1	-	25
Ron Hollands *	18	-	-	18
Bohdan Romaniuk **	-	-	-	-
Duncan Cornish **	-	-	-	-
Greg Hancock **	-	-	-	-
Total	**143**	**8**	**-**	**151**

* Mr Scott Brown, Lan Nguyen and Ron Hollands appointed on 17 March 2021.
** Mr Bohdan Romaniuk, Duncan Cornish and Greg Hancock resigned on 17 Mar 2021.
*** Fees payable inclusive of director fees and consultant fees.
° Consultant services were provided based on normal commercial terms and conditions.

Directors Interests

Directors' beneficial interests in shares and options at the end of the reporting period were:

Directors	Balance at beginning of year		Movement during the year		Balance at end of year	
	CDIs/ Shares	Options	CDIs/ Shares	Options	CDIs/ Shares	Options
Ron Prefontaine	16,590,285	1,890,000	250,000	(40,000)	16,840,285	1,850,000
Scott Brown	12,825,695	166,667	-	-	12,825,695	166,667
Lan Nguyen	7,623,393	-	-	-	7,623,393	-
Total	**37,039,373**	**2,056,667**	**250,000**	**(40,000)**	**37,289,373**	**2,016,667**

Board committees

To facilitate achieving its objectives, the Board has established 2 sub-committees comprising board members – the audit committee and remuneration committee. Each of these committees have formal terms of reference that outline the committee's roles and responsibilities, and the authorities delegated to it by the Board.

Remuneration committee

The Board has established a Remuneration Committee and its role is set out in a formal charter which is available in the Corporate Governance Statement.

The Remuneration Committee is responsible for the evaluation of the Board, committee and individual Directors' performance. The Chairman of the Remuneration Committee is not the Chairman of the Board and the Committee consists of two members including one independent Non-executive director and one Non-executive director. At the end of the reporting period, they are Ron Prefontaine and Lan Nguyen (Chairman). It is intended that the Committee will meet when required.

Audit committee

The role of the Audit committee is to assist the Board in monitoring the processes and controls associated with the financial reporting function that ensure the integrity of the company's financial statements. The responsibilities of the Committee are set out in a formal charter which is available in the Corporate Governance Statement.

The Audit Committee Charter sets out the policy for the selection, appointment and rotation of external audit engagement partners.

The Committee makes recommendations to the Board regarding the adequacy of the external audit and compliance procedures. The Committee evaluates the effectiveness of the financial statements prepared for Board meetings. The Committee has the necessary power and resources to meet its responsibilities under its charter, including rights of access to management and auditors (internal and external) and to seek explanations and additional information.

The Chairman of the Audit Committee is not the Chairman of the Board and the Committee consists of three members including one independent Non-executive director and two Non-executive directors. At the end of the reporting period, they are Scott Brown and Lan Nguyen (Chairman). It is intended that the Committee will meet at least two times per year or as frequently as required.

Meetings of Directors and committees

The number of directors' and committees' meetings of the Company held during the year ended 30 June 2022 and the numbers of meetings attended by each director are as follows:

Directors	Board Meetings		Audit Committee Meetings		Remuneration & Nomination Committee Meetings	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Ron Prefontaine	12	12	2	2	-	-
Scott Brown *	12	12	2	2	-	-
Lan Nguyen *	12	12	2	2	-	-

Employees

The company had seven (7) employees at 30 June 2022 (FY2021: four).

Environmental Regulations and Performance

The Company caring for the environment as an integral part of its business and has a statutory obligation to protect the environment areas when conducting exploration and evaluation activities in accordance with the relevant government legislation. During the reporting period, the Company was not aware of any failure to meet its obligations pursuant to any breach of such legislation or regulations.

Shares and Options

Total number of fully paid ordinary shares on issue was 343,176,363 including 342,088,781 CDIs and 26,628,059 unlisted options at the reporting day.

Rounding

The consolidated result has applied to the relief available to it in ASIC Class Order 98/100 and accordingly certain amounts in the financial report and the directors' report have been rounded off to the nearest $1,000.

Non-audit services

The Board of Directors, in accordance with advice from the Audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporation Act 2001.* The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reason:

- All non-audit services are reviewed and approved by the Audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- The nature of the services provided does not compromise the general principal relating to auditor independence in accordance with *APES 110: Code of Ethics for Professional Accountants* set by the Accounting Professional and Ethical Standard Board.

Auditor's independence declaration

The auditor's independence declaration for the year ended 30 June 2022 has been received and can be found on page 19 of the financial report.

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

Scott Brown
Managing Director
Sydney, 30 September 2022

A D Danieli Audit Pty Ltd

Authorised Audit Company
ASIC Registered Number 339233
Audit & Assurance Services

Level 1 261 George Street
Sydney NSW 2000

PO Box H88
Australia Square NSW 1215

ABN: 56 136 616 610

Ph: (02) 9290 3099

Email:
add3@addca.com.au
Website:
www.addca.com.au

Auditor's Independence Declaration
Under Section 307c of The Corporations Act 2001
To the Directors of Pure Hydrogen Corporation Limited
ABN 27 160 885 343
And Controlled Entities

I declare that, to the best of our knowledge and belief, during the year ended 30 June 2022, there have been no contraventions of:

i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. any applicable code of professional conduct in relation to the audit.

A D DANIELI AUDIT PTY LTD

Sam Danieli

Sydney, 30 September 2022

	Notes	Consolidated 30-Jun-2022 $'000	Consolidated 30-Jun-2021 $'000
Continuing operations			
Revenue	2	43	4
Government incentive	2	15	4
Expenses			
Production & operating expenses		-	(62)
Accounting & legal expenses		(536)	(349)
Depreciation & amortisation expenses		(2)	(2)
Impairment provision	10	(100)	(917)
Share-based payments		-	(30)
Listing & share registry expenses		(181)	(162)
Marketing & adverting		(238)	-
Employee & consultant benefits & expenses		(924)	(661)
Other operating expenses	3	(272)	(675)
Total operating expenses		**(2,253)**	**(2,858)**
Share of net profit of associates accounted for using the equity method		(315)	-
Profit/(Loss) from continuing activities before income tax		**(2,510)**	**(2,850)**
Other comprehensive income	2	2,898	71
Income tax expense	4	-	-
Total comprehensive income for the period	18	**388**	**(2,779)**
Total changes in equity other than those resulting from transactions with owners as owners		**388**	**(2,779)**
Earnings per share		**Cents**	**Cents**
Basic earnings per share	22	0.12	(1.55)
Diluted earnings per share	22	0.12	(1.55)

The statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Assets	Notes	Consolidated 30-Jun-2022 $'000	Consolidated 30-Jun-2021 $'000
Current Assets			
Cash & cash equivalents	5	9,532	10,100
Inventories	6	42	42
Other assets	7	35	18
Trade & other receivables	8	381	594
Total Current Assets		9,990	10,754
Non-Current Assets			
Property, plant & equipment	9	4	4
Exploration, evaluation & development assets	10	12,932	12,796
Right-of-use assets	11	149	-
Investments in equity affiliates	12	3,236	-
Other investments	13	4,150	-
Total Non-Current Assets		20,471	12,800
Total Assets		30,461	23,554
Liabilities			
Current Liabilities			
Trade & other payables	14	1,111	672
Deposit received		144	40
Provisions	15	248	148
Total Current Liabilities		1,503	860
Non-Current Liabilities			
Provisions	15	597	597
Total Non-Current Liabilities		597	523
Total Liabilities		2,100	1,383
Net Assets		28,361	22,171
Equity			
Equity contribution	16(a)	81,762	75,852
Reserves	16(b)	391	503
Contributed surplus	17	30,060	30,060
Accumulated profits/(losses)	18	(83,352)	(84,244)
Total Equity		28,361	22,171

The statement of Financial Position should be read in conjunction with the accompanying notes.

	Contributed equity	Reserves	Contribution surplus	Accumulated losses	Total
Consolidated Group	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Opening balance 1 July 2020	52,744	4,401	30,060	(85,912)	1,293
Loss for the financial period	-	-	-	(2,779)	(2,779)
Acquisition consideration	12,426	-	-	-	12,426
Transactions with shareholders issue of shares	9,583	-	-	-	9,583
Option issued/exercised	1,099	(3,898)	-	4,447	1,648
Balance as 30 June 2021	**75,852**	**503**	**30,060**	**(84,244)**	**22,171**
Opening balance 1 July 2021	75,852	503	30,060	(84,244)	22,171
Profit for the financial period	-	-	-	388	388
Transactions with shareholders Issue of shares	2,500	-	-	-	2,500
Option exercised/expired	3,410	(112)	-	4	3,302
Balance as 30 June 2022	**81,762**	**391**	**30,060**	**(83,852)**	**28,361**

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

	Notes	Consolidated 30-Jun-2022 $'000	Consolidated 30-Jun-2021 $'000
Cash flow from operating activities			
Interest received		42	4
Other income		15	4
Payments to suppliers & employees		(2,012)	(1,124)
Net cash outflow from operating activities	30	(1,955)	(1,116)
Cash flow from investing activities			
Payments for property, plant & equipment		(2)	(3)
Payments for exploration & evaluation assets		(425)	(332)
Deposit received		100	15
Payments for investments – shares		(1,572)	-
Proceeds from sale of investments – shares		720	-
Transaction costs		(24)	-
Payments for investments - Turquoise Hydrogen Projects		(716)	-
Net cash outflow from investing activities		(1,919)	(320)
Cash flow from financing activities			
Proceeds from the issue of shares		-	10,124
Options exercised		3,302	1,099
Deposits received		4	-
Fund raising expenses		-	(541)
Net cash inflow from financing activities		3,306	10,682
Net increase/(decrease) in cash held		(568)	9,246
Cash & cash equivalents at the beginning of the year		10,100	854
Cash & cash equivalents at the end of the period	5	**9,532**	**10,100**

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

Note 1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied to all years presented, unless otherwise stated.

A. Basis of preparation

These consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Standards Board and the Corporations Act 2001.

The financial information has been prepared on an accrual's basis under the historical cost convention and, except where stated, does not take into account current valuations of non-current assets. Non-current assets are re-valued from time to time as considered appropriate by the Directors and are not stated at amounts in excess of their recoverable amounts. Except where stated, recoverable amounts have been determined using undiscounted cash flows.

(i) Compliance with IFRS

The consolidated financial statements of Pure Hydrogen Corporation Limited comply with Australian Accounting Standards and International Financial Report Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) Comparison figures

Comparative information has been disclosed in respect of the previous period for amounts reported in the financial statements. Where the presentation of items in the financial statements was amended, the comparative amounts have been reclassified where practical.

(iii) New and amended Accounting Standards and Interpretations adopted

During the year ended 30 June 2022, the Group have adopted all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current financial report period. Any new or amended Accounting Standards or Interpretations that were not yet mandatory have not been early adopted.

(iv) Critical accounting estimates and judgements

The Directors evaluated estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assumed a reasonable expectation of future events and were based on current trends and economic data, obtained both external and within the company. Actual results may differ from these estimates.

B. Principles of consolidation

The consolidated financial statements incorporate the assets, liabilities and results of all entities controlled by Pure Hydrogen Corporation Limited ('Parent Entity') as at 30 June 2022. Controlled entity is the entity over which the Parent Entity having the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible were considered when assessing whether the Parent Entity controls another entity.

Acquisitions of businesses were accounted for using the acquisition method. The consideration transferred in a business combination was measured at fair value, which was calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquired and the equity interests issued by the Group in exchange for control of the acquired. Acquisition-related costs were recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed were recognised at their fair value, except that:

(i) deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with AASB 112 and AASB 119 respectively;

(ii) liabilities or equity instruments related to share-based payment arrangements of the acquire or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquire are measured in accordance with AASB 2 at the acquisition date; and

(iii) assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 are measured in accordance with that Standard.

Inter-company transactions and balances, and unrealised gains on transactions between Group companies, were eliminated. Unrealised losses were also eliminated unless the transaction provided evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

C. Going concern

This financial report has been prepared on a going concern basis, which contemplated the continuity of business activities and the realisation of assets and payments of liabilities in the normal course of business.

At the date of signing this report, the Directors are satisfied that the Company has sufficient cash reserves to enable normal business activities to continue operations and believe that the Company will be able to pay its creditors as and when they fall due. The Directors believe the company will be able to raise further funds when it is required and that it is appropriate to prepare the financial report on the going concern basis.

D. Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses. A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or business under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liability (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations, other than those associated with the issue of a financial instrument, are recognised as expenses in profit or loss when incurred. The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

E. Property, Plant & equipment

Each class of property, plant and equipment is stated at historical cost less, any accumulated depreciation. Historical cost included expenditure that was directly attributable to the acquisition of the items.

Plant and equipment are measured on a cost basis. The carrying value of property, plant and equipment is reviewed annually if appropriate to ensure that it is not in excess of the net recoverable amount.

Depreciation
Plant and equipment are depreciated over their estimated useful life using the straight-line method. The principal depreciation rates used are:

Furniture & Fittings	15%
Office equipment	25%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Right-of-use asset
The Company recognizes right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use-assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The costs of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentive received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a decline of balance over its useful life and the lease term.

F. Trade receivables and payables

(i) Trade debtors
Trade debtors are carried over amounts due less any allowance for doubtful debts. An allowance is raised for any doubtful debts based on a review of all outstanding amounts at the reporting date. Bad debts are written off during the period in which they are identified.
(ii) Payables
These are unpaid amounts for goods and services provided to the Company prior to the end of the financial year. Payables are unsecured and are settled within the time agreed with suppliers.

G. Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and service tax (GST) except:
(i) where the amount of GST incurred is not recoverable from the relevant taxation authority.
(ii) for receivables and payables which are recognised inclusive of GST.
The net amount of GST recoverable from, or payable to, the taxation authority is included as part of the receivables or payables. Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities is classified as operating cash flows.

H. Cash and cash equivalents

For the purposes of the Statement of cash flows, cash includes:
(i) cash on-hand & cash on-deposit with banks or financial institutions, net of bank overdrafts; and
(ii) investments in money market instruments with less than 180 days to maturity.

All intercompany transactions and balances are eliminated on consolidation. Accounting policies of controlled entities have been changed where necessary to ensure consistency with the policies adopted by the Parent Entity.

I. Employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave to be settled within 12 months of the reporting date are recognised, and are measured as the amount unpaid at the reporting date at the remuneration rate expected to apply at the time of settlement, including allowances for on costs if applicable, in respect of employees' services up to that date.

A liability for long service leave is recognised and measured as the present value of future payments to be made in respect of services provided by employees up to the reporting date. Contributions are made by the Company to employee superannuation funds and are charged as expenses when incurred. The Company does not operate any defined benefit superannuation plan.

J. Capital risk management

The consolidated entity and Pure Hydrogen's objectives are to safeguard their ability to continue as a going concern and to maintain a conservative capital structure so that management can focus on running its core business together with being an attractive company for shareholders and potential investors. The Company will consider the most appropriate use of debt and equity to maximise its returns while maintaining a low-risk capital structure.

K. Exploration and development expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Once an area of interest enters a development phase, historical capitalised exploration expenditure is transferred to capitalised development expenditure.

Where the group acquires an area of interest (through direct purchases or merger), expenditures incurred in the acquisition of the area of interest are capitalised, classified as tangible or intangible, and recognised as an exploration and evaluation asset. Exploration and evaluation assets are measured at cost at recognition.

Exploration and evaluation expenditure incurred by the Group subsequent to acquisition of the rights to explore is expensed as incurred up to the successful completion of definitive feasibility studies or when the production commences.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.
A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted for on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

L. Share based payments reserves and option reserves

The share-based payments reserve is used to recognise the share-based payment expense compensation at the grant date, and record the grant date fair value of share-based payments and other options grants made by the Company.

M. Income tax

Tax effect accounting procedures are followed whereby the income tax expense in the Income Statement is matched with the profit from ordinary activities after allowing for permanent differences. The future tax benefit relating to tax losses is not carried forward as an asset unless the benefit is virtually certain of realisation. Income tax on cumulative timing differences is set aside to the deferred income tax or the future tax benefit accounts at the rates which are expected to apply when those timing differences reverse.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.
Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be used, except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- when the deductible temporary differences are associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be applied.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax assets and deferred tax liabilities are offset only where a legally enforceable right of set off exists and the deferred tax assets and liabilities relate to the same taxable entity.

Deferred tax assets are not brought to account unless it is probable that future tax profits will be available against which deductible temporary differences can be utilised. The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

N. Contributed equity

Ordinary shares are classified as equity. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

O. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. Interest revenue is recognised using the effective interest rate method taking into account rates applicable to the financial assets.

P. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

Q. Impairment of assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information, including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or less, unless the asset is carried at a revalued amount in accordance with another standard Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.
Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

R. Options issued

Total number of 26,628,059 unlisted options are outstanding as at 30 June 2022.

S. Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sells the assets (ie. Trade date accounting is adopted). Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which cash transaction costs are recognised as expenses in profit or loss immediately.

Classification and subsequent measurement
Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest* method.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financially asset or financial liability. Revisions to expected future net cash flows will necessitate and adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

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

The Company does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is de-recognised.

(ii) Financial assets at fair value through profit or loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is de-recognised.

(iv) Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is de-recognised.

Impairment

At the end of each reporting period, the Company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the Company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Financial guarantees

Where material, financial guarantees issued that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due are recognised as financial liabilities at fair value on initial recognition.

The fair value of financial guarantee contracts has been assessed using the probability-weighted discounted cash flow approach. The probability has been based on:

(i) The likelihood of the guaranteed party defaulting during the next reporting period;

(ii) The proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and

(iii) The maximum loss exposure if the guaranteed party were to default.

Financial guarantees are subsequently measured at the higher of the best estimate of the obligation in accordance with AASB 137: *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: *Revenue*. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

De-recognition

Financial assets are de-recognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are de-recognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

T. Critical accounting estimates and judgements

Key estimate

(i) Impairment

The company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Key judgements

(i) Exploration, evaluation and development expenditure

The company capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage that permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded.

(ii) COVID 19 pandemic

Judgement has been exercised in considering the impact that the COVID 19 pandemic has had, or may have, on the consolidated group based on known information. This consideration extends to supplier, staffing and geographic regions in which the consolidated group operates. Other than as addressed in specific notes, there was not any significant impact for the year ended 30 June 2022. It is uncertain if there is any significant impact with respect to events or conditions which may impact the consolidated group unfavourably as at the reporting date or subsequently as a result of the COVID 19 pandemic.

	Consolidated 30-Jun-2022 $'000	Consolidated 30-Jun-2021 $'000
NOTE 2. a) Revenue		
Interest revenue	43	4
Government incentive	15	4
	58	8

The Company received $15,000 COVID-19 business grant payment during the year.

b) Other Comprehensive Income		
Profit from the sale of 21% Interest in Serowe Project	2,723	-
Profit from the sale shares	175	-
	2,898	-
NOTE 3. Other operating expenses		
Insurance	80	52
Consultant services	45	-
Rent expenses	22	-
Other expenses	125	121
Total	272	173

NOTE 4. Income tax		
Reconciliation of income tax expense/(benefit) for the year as follows:		
Net Profit/(loss) from continuing operations before income tax expense	388	(2,779)
Prima facie income tax expense on the profit/ (losses) 25% (FY 2021: 26%)	97	(723)
Non-deductible items	-	238
Non-assessable items	(817)	-
Temporary difference	(70)	-
Current year tax /(losses) not brought to account	(790)	(485)
Income tax expense/(benefit)	-	-
Current year tax /(loss)	(790)	(485)
Add previous year's loss	(44,870)	43,149
Less tax losses unable to be recouped	-	(43,700)
Add tax loss results from tax amendments	-	45,906
Total tax losses not brought to account	(45,660)	(44,870)

Potential future income tax benefits estimated at $46 million (FY2021: $45 million) attributable to Australian tax losses carried forward by the Company and future benefits to exploration expenditure and other timing differences allowable for deduction have not been brought to account in the consolidated accounts at 30 June 2022 because the Directors do not believe it is appropriate to regard full realisation of the future income tax benefits as probable.

These benefits will only be obtained if: The consolidated entity derives future assessable income of a nature and of sufficient amount to enable the benefits from the deductions to be realised; and

NOTE 4. Income tax (continued)

a. The Company continues to comply with the conditions for deductibility imposed by tax legislation; and
b. No changes in tax legislation adversely affect the Company in realising the benefit from the deduction in losses.
c. No change in tax legislation adversely affect the Company in realising the benefit from the deduction in losses.

	Consolidated 30-Jun-2022 $'000	Consolidated 30-Jun-2021 $'000
NOTE 5. Cash & cash equivalents		
Cash at bank	9,532	10,100
NOTE 6. Inventories		
Materials and supplies	42	42
	42	42

All inventory items held by the Company are in respect of spares and parts involved in drilling operations and are carried at costs in the current and previous financial years.

NOTE 7. Other assets		
Prepayment – Insurance & others	35	18
	35	18
NOTE 8. Trade & other receivables		
GST refund & other receivables	205	286
Interest & other receivables	176	308
	381	594
NOTE 9. Plant and equipment		
Office equipment	32	30
Less accumulated depreciation	(28)	(26)
Total office equipment	4	4
NOTE 10. Exploration, evaluation and development assets		
Opening balance	12,796	1,668
Acquisition from merger	-	11,663
Expenditure incurred during the year	236	382
Impairment provision	(100)	(917)
Closing balance at 30 June	12,932	12,796

During the year, the Company continues its completion and testing of Venus-1 well. Recent flow testing results indicated a successful gas breakout with high gas saturations of the upper Juandah Walloon target coals. Project Venus has Contingent Gas Resources 2C of 130PJ and Prospective Gas Resources of 536PJ.

At end of the reporting period, a review of the Company's project was undertaken and management decided to write down the carrying value of its exploration, evaluation and development assets through an impairment of $100,000.

	Consolidated 30-Jun-2022 $'000	Consolidated 30-Jun-2021 $'000
Note 11 Right-of-use assets		
Leased office	155	-
Accumulated depreciation	(6)	-
Net carrying value	149	-

The company has entered a new office lease effective from 9 May 2022 for a 24 months term. In accordance with AASB 16 Leases, the current lease agreement calculated right-of-use assets and have been included in the lease liability.

NOTE 12. Investments in equity affiliates

(a). Information about the Principal Associates

Set out below are the associates of the Company as at 30 June 2022.

Name	Place of business/ country of incorporation	% of ownership interest 2022	% of ownership interest 2021	Nature of relationship	Measurement method	Carrying amount $'000 2022	Carrying amount $'000 2021
H2X Global Ltd	Australia	23	-	Associate	Equity method	3,236	-

H2X is a hydrogen technology company that focuses on the growing Hydrogen Fuel transportation markets and Hydrogen Fuel Cell Generators which are emerging in the key regions Europe, Asia and Australia.

(b) Commitments and contingent liabilities in respect of Associates

The company has no capital commitment relating to its interest in H2X Global.

(c) Summaried financial information for associates

The table below provided summarised financial information for H2X Global. Unless otherwise stated, the information disclosed reflects the amounts presented in the financial statement of H2X. They have been amended to reflect adjustments made by the Company when using the equity method, including adjustments for any differences in accounting policy between the Company and H2X.

Summarised financial position	Consolidated 30-Jun-2022 $'000	Consolidated 30-Jun-2021 $'000
Cash and cash equivalent	958	-
Other current assets	4,942	
Total current assets	5,900	-
Total non-current assets	-	-
Current financial liabilities (excluding trade and other payables, and provisions)	-	-
Other current liabilities	68	
Total current liabilities	68	-
Total non-current liabilities	-	-
Net assets	5,832	-
Group's shares (%)	23%	-
Group's share of associates' net assets	1,341	-

	Consolidated 30-Jun-2022 $'000	Consolidated 30-Jun-2021 $'000
NOTE 12. Investments in equity affiliates (continued)		
Reconciliation to carrying amounts		
Opening net assets	-	-
Investments during the period	3,551	-
Group's share of associates total comprehensive income	(315)	-
Group's share of dividends paid by associates	-	-
Disposal during the period	-	-
Group's share of associate closing net assets	3,236	-

NOTE 13. Other investments

Shares in listed companies[1]	2,724	-
Turquoise Hydrogen project	1,203	-
Hydrogen Eco System	223	-
	4.150	-

1.Listed Shares – Botala Energy Ltd (ASX:BTE) 27,236.657 fully paid ordinary shares

NOTE 14. Trade & other payable

Trade creditors	638	672
Sundry creditors	473	-
	1,111	**672**

NOTE 15. Provisions

Current provisions		
Current leave provision	174	148
Current lease provision	74	-
Sub total	248	148
Non-current provisions		
Non-current leave provision	72	63
Non-current lease provision	75	-
Rehabilitation provision	450	450
Other provision	-	10
Sub total	597	523
Total provisions	845	671

The current leave provision consists of employee benefits including accrued annual leave and long service leave. For long service leave, it covers all unconditional entitlements where employees have completed the required period of service.

The lease provision arose from adopting AASB16 in regards to its 24 months office lease commencing May 2022.

The rehabilitation provision is the expected rehabilitation costs for the five drilled wells being - Tamarama-1, 2, 3, Queenscliff-1 and Venus-1.

NOTE 16. Issued capital & reserves

(a) Shares

FY 2022	No. of shares	Contributed Equity $'000
Existing shares at beginning of the year	321,222,705	75,852
Options exercised, 8 November 2021	4,058,924	516
Options exercised, 19 November 2021	7,814,327	2,612
Issued to H2X, 22 November 2021	8,620,690	2,500
Options exercised, 9 December 2021	221,896	92
Options exercised, 1 February 2022	82,472	19
Options exercised, 30 March 2022	774,169	102
Options exercised, 29 April 2022	381,180	69
Balance at end of 30 June 2022	343,176,363	81,762
Issuance costs		-
Balance at end of 30 June 2022		81,762

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. On a show of hands, every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon each share is entitled to one vote. Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

FY 2021	No. of shares	Contributed Equity $'000
Existing shares at beginning of the year	112,538,318	52,744
Private placement, 6 October 2020	11,666,667	547
Private placement, 29 December 2020	3,000,000	173
Options exercised, 27 January 2021	808,001	58
Options exercised, 9 February 2021	4,753,002	338
Options exercised, 23 February 2021	4,224,671	300
Issued to Directors, 17 March 2021	1,000,000	-
Options exercised, 17 March 2021	1,112,500	107
Merge issue to RLE shareholders, 17 March 2021	146,189,200	12,426
Private placement, 22 March 2021	32,430,346	9,405
Option exercised. 30 April 2021	3,500,000	295
Balance at end of 30 June 2021	321,222,705	76,393
Issuance costs		(541)
Balance at end of 30 June 2021		75,852

(b) Options & reserves

	Consolidated 30-Jun-2022 $'000	Consolidated 30-Jun-2021 $'000
Option Reserves		
Beginning balance	503	4,401
Expiry of options	(5)	(4,148)
Options exercised	(107)	
Options granted during the year	-	250
Balance at 30 June	391	503

NOTE 16. Issued capital & reserves (continued)

There is a total 26,628,059 of unlisted options on issue 30 June 2022 as below:

	Number outstanding	Exercise price	Expiry date
Options	90,000	CAD $1.50	21 May 2023
Options	140,000	CAD $1.70	25 Sep 2022
Options	150,000	CAD $0.075	6 Dec 2023
PH206	7,320,000	$0.07	31 Dec 2022
PH208	6,869,618	$0.12	30 Sep 2022
PH209	593,750	$0.10	30 Dec 2022
PH210	10,964,691	$0.45	31 Mar 2023
PH211	500,000	$0.42	31 Mar 2023

NOTE 17. Contributed surplus

Contributed surplus consists of amounts contributed by the former parents of Strata-X, Inc. over a period of years to fund exploration and development activities. The contribution was considered to be a net investment in Strata-X, Inc. and is classified as equity.

	Consolidated 30-Jun-2022 $'000	Consolidated 30-Jun-2021 $'000
NOTE 18. Accumulated losses		
Accumulated profit/(losses) at beginning of the year	(84,244)	(85,912)
Expiry of options	4	4,447
Net profit/(loss) for the year	388	(2,779)
Accumulated profit/(losses) at end of 30 June	(83,852)	(84,244)
NOTE 19. Auditor's remuneration		
Remuneration of the auditor of the consolidated entities for:		
Annual audit	30	29
Half year review	15	15
	45	44

NOTE 20. Related party transactions

Disclosures relating to key management personnel compensation are set out in the Remuneration Report.

NOTE 21. Contingent assets and liabilities update

At balance date the Company has a contingent asset estimated to be approximately $6.4 Million owed for Research and Development Incentives tax refunds up to 30 June 2022. The amount has not been booked in the financial statements for the year ended 30 June 2022.

The Company did have a major dispute with ISA concerning R&D Tax Incentive claims for the three years ended 30 June 2014, 2015 and 2016 together with the additional years of 2017, 2018, 2019 and 2020. This has now been resolved. The dispute arose with Real Energy Corporations Pty Ltd, a 100% owned subsidiary of the Company after merging in March 2021 which had been paid about $7.2m. In 2019, Real Energy received an adverse finding from ISA relating to these years and the ATP requested Real Energy to repay the funds received. Real Energy appealed the decision to the Administrative Appeals Tribunal (AAT).

NOTE 21. Contingent assets and liabilities update (continued)

On 20 June 2022, the Company received orders from the AAT that it has the effect of restating the R&D Tax Registration for Real Energy for the financial years ended for the 30 June 2014, 2015, 2016, 2017, 2018 and 2019 and setting aside previous adverse findings of ISA in relation to the eligibility of R&D Tax Incentive for these years.

NOTE 22. Earnings per shares

	No. of shares At 30 June 2022	No. of shares At 30 June 2021
Weighted average number of ordinary shares used in calculating basic earnings per share:	333,979,135	178,927,458
	$'000	$'000
Net profit after income tax attributable to shareholders	388	(2,779)
	Cents	Cents
Basic earnings per share	0.12	(1.55)
Diluted earnings per share	0.12	(1.55)

NOTE 23. Key management personnel (KMP) compensation

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Company's KMP for the year ended 30 June 2022.
The totals of remuneration paid to KMP of the Company during the year are as follows:

	Consolidated 30-Jun-2022 $'000	Consolidated 30-Jun-2021 $'000
Short term employee benefits	486	143
Other long-term benefits	24	8
Total KMP compensation	510	151

Short-term employee benefits
These amounts include fees and benefits paid to the non-executive Chairman and non-executive directors as well as salary and paid leave benefits to executive directors and other KMP.

Other long-term benefits
These amounts represent superannuation paid during the year. Further information in relation to KMP remuneration can be found in the directors' report.

	Consolidated 30-Jun-2022 $'000	Consolidated 30-Jun-2021 $'000
NOTE 24. Capital commitments		
Petroleum lease commitments		
Not later than one year	1,000	5,000
Later than one year but not later than two years	5,000	1,000
Later than two years but not later than five years	-	5,000
Later than five years	-	-
	6,000	11,000
Office lease commitments		
Not later than one year	74	-
Later than one year but not later than two years	75	-
Later than two years but not later than five years	-	-
Later than five years	-	-
	149	-

NOTE 25. Financial risk management

The Company's activities expose it to a variety of financial risks, market risk (including interest rate risk, commodity price risk, equity price risk and currency risk), credit risk and liquidity risk. This note presents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and their management of capital.

The Company at present does not use derivative financial instruments and did not have any derivative instruments during the year ended 30 June 2022 (FY2021: nil).

The Company uses different methods to measure different types of risk to which it is exposed. Risk management is carried out by the Company under policies approved by the Board of Directors. The

Board meets on a regular basis and analyses and discusses the current economic climate and forecasts and provides written principles for overall risk management. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise adverse effects on the financial performance of the Company.

Financial risk exposures and management

(a) Market risks

(i) Foreign exchange risk

The Company has minimal exposure to foreign exchange risk.

(ii) Price risk

The Company does not have any exposure to investment or commodity price risk.

(iii) Interest rate risk – cash flow and fair value interest rate risk

The Company does not have any borrowings and therefore no significant exposure to interest rate risk other that interest it receives on surplus cash invested on deposit. The Company invests in short term deposits and the interest return will be affected by the market rates at the time.

All other assets and liabilities in the form of receivables and payables are non-interest bearing. The Company does not engage in any hedging or derivative transactions to manage interest rate risk.

At the reporting date, the interest rate profile of the Company's cash and cash equivalent (interest-bearing financial instruments) was $9,531,887 (FY2021: 10,099,744) and an increase of 1% in interest rate (decrease of 1%) would have increased (decreased) profit or loss and equity by the amounts shown below.

NOTE 25. Financial risk management (continued)

This analysis assumes that all other variables remain constant and the analysis is performed on the same basis as the prior year.

	Consolidated 30-Jun-2022	Consolidated 30-Jun-2021
Impact on profit or loss	**$'000**	**$'000**
Interest rate +1%	95	101
Interest rate -1%	(95)	(101)
Impact on equity:		
Interest rate +1%	95	101
Interest rate -1%	(95)	(101)

(a) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security in respect of recognised financial assets, is the carrying amount as disclosed in the statement of financial position and notes to the financial statements.

(c) Net fair values

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The net fair values of the financial assets and financial liabilities approximate their carrying values.

No financial assets and financial liabilities are readily traded on organised markets.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and in the notes to the financial statements.

(d) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through credit facilities. The Company manages liquidity risk by continuously monitoring forecasts and actual cash flows and matching maturity profiles of financial assets and liabilities.

(e) Capital management

The Board's policy is to maintain an adequate capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as net operating income divided by total shareholders' equity. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

There were no changes in the Company's approach to capital management during the year.

The Company is not subject to externally imposed capital requirements.

The capital structure of the Company consists of equity attributable to equity holders, comprising of issued capital, reserves and accumulated losses as disclosed in the statement of changes in equity.

The Company's Board reviews the capital structure on an annual basis. As a part of this review, the Board considers the cost of capital and the risks associated with each class of capital. The Company may balance its overall capital structure through new share issues or borrowings.

The Company's overall strategy remains unchanged at 30 June 2022.

NOTE 26. Interest in subsidiary

The consolidated financial statements include the financial statements of Pure Hydrogen Corporation Limited and its controlled entities.

Company	Place of Incorporation	Region where business carried on	% of Interest	Principal Activities
Real Energy Corporation P/L	Australia	NSW	100%	Oil & gas exploration
Real Energy Queensland P/L	Australia	QLD	100%	Oil & gas exploration
Pure Energy Corporation P/L	Australia	QLD	100%	Oil & gas exploration
Pure Hydrogen Australia P/L	Australia	QLD	100%	Hydrogen production
Pure Hydrogen Operations P/L	Australia	NSW	100%	Operational support
Pure Hydrogen International P/L	Australia	QLD	60%	Hydrogen production
Pure Gas P/L	Australia	QLD	100%	Hydrogen production
Strata-X Australia P/L	Australia	QLD	100%	Oil & gas exploration
Strata-X, Inc.	USA	CO	100%	Oil & gas exploration

NOTE 27. Subsequent events

No matters or circumstances have arisen since the end of the financial year which has significantly affected or could significantly affect the operation of the consolidated company in future financial years apart from the following matters:

On 26 July 2022 the existing Chess Depository Interests (CDI's) were cancelled and the fully paid ordinary class shares underlying the CDI's (shares) distributed on a 1:1 basis.

After the year end and up to 27 September 2022 the Company has received $542,901.84 for the conversion of 4,524,182 options.

NOTE 28. Dividend

No dividends have been paid or declared or paid by the Company concerning the year since last annual report period.

NOTE 29. Parent information

(i) Summary financial information

The individual financial statements for the parent entity in FY 2022 show the following aggregate amounts:

	30-Jun-2022	30-Jun-2021
	$'000	**$'000**
Assets		
Current assets	84	224
Non-current assets	19,231	51,567
Total assets	**19,315**	**51,791**
Liabilities		
Current liabilities	120	194
Non-current liabilities	2,698	5,927
Total liabilities	**2,818**	**6,121**
Equity		
Issued capital	14,980	49,290
Reserves	20	30
Accumulated profits/(losses)	1,497	(2,341)
Total equity	**16,497**	**46,979**
Total profit/(loss) during the year	2,410	(485)
Total comprehensive income/(loss)	**2,410**	**(485)**

(ii) Guarantees

At 30 June 2022, subsidiary Pure Hydrogen Operations Pty Ltd held bank guarantee for the office premises of $24,200. And subsidiary Real Energy Corporation Pty Ltd held bank guarantee for its corporate credit card facility of $20,000.

Subsidiary Real Energy Queensland Pty Ltd has lodged a bank guarantee assurance of $144,000 for ATP927P with QLD Department of Environment and Heritage Protection in regard to its exploration and development activities within that permit.

(iii) Contingent liabilities

The parent entity did not have any contingent liabilities as at 30 June 2022 other than disclosed in note 21 (FY2021: nil).

(iv) Contractual commitments

At 30 June 2022, the parent entity had no contractual commitments for the acquisition of property, plant or equipment (FY2021: nil).

NOTE 30. Reconciliation of cash flow from operations with loss after income tax

	Consolidated 30-Jun-2022 $'000	Consolidated 30-Jun-2021 $'000
Profit/(loss) of the year	388	(2,779)
Amortisation and depreciation	2	1
Impairment provision	-	917
Option reserve/Share-based payment	-	30
Exchange difference	-	289
Loan forgiveness/other adjustment	-	(71)
Non-cash revenue recognition	(2,724)	-
Changes in assets and liabilities that involve recognition in the Income Statement		
Decrease/(increase) in receivables	213	(593)
Decrease/(increase) in prepayments	(17)	(18)
Decrease/(increase) in Inventories	-	(42)
Increase/(decrease) in lease provision	(149)	212
Increase/(decrease) in deposit received	104	40
Increase/(decrease) in payables	45	499
Increase/(decrease) in provisions	183	399
Cash flow from operating activities	**(1,954)**	**(1,116)**

NOTE 31. Fair value measurement

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, and based on the lowest level input that is significant to the fair value measurements as a whole:

Level 1 – Quoted market prices in an active market (that are unadjusted) for identical assets or liabilities.

Level 2 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is directly observable).

Level 3 – Valuation techniques (for which the lowest level input that is significant to the fair value measurement is unobservable).

The following table represents a comparison between the carrying amounts and fair values of financial assets and liabilities:

		As at 30 June 2022		As at 30 June 2021	
	Level	Carrying amount $'000	Fair value $'000	Carrying amount $'000	Fair value $'000
Financial assets					
Cash & cash equivalents	1	9,532	9,532	10,100	10,100
Other assets	1	34	34	18	18
Inventories	1	42	42	42	42
Trade & other receivables	1	347	347	594	594
Financial liabilities					
Trade & other payables	1	1,111	1,111	672	672

The financial assets and liabilities of the Company are recognised in the consolidated statements of financial position in accordance with the accounting policies set out in Note 1 in this Report.

The Company considers that the carrying amount of financial assets and financial liabilities recognised in the consolidated financial statements approximate to their fair value.

NOTE 32. Segments reporting

AASB 8 requires operating Segments to be identified on the basis of internal reports about the components of the group that are reviewed by the chief operating decision maker in order to allocate resources to the segment and assess its performance. The chief operating decision maker has been identified as the Board of Pure Hydrogen Corporation Limited. The group operates in one segment, being energy development in Australia and Botswana. Accordingly, under the management approach outlined only one operating segment has been identified and no further disclosure is required in the financial statements.

Segment information:

	For energy developments	
	As at 30 June 2022 $'000	**As at 30 June 2021 $'000**
Revenue		
- Interest income	43	4
- Government incentive payment	15	4
Total revenue	58	8
Expenses	(2,588)	(1,940)
Other comprehensive income	2,898	-
Depreciation & amortisation expenses	(2)	(2)
Segment results	**(2,590)**	**(1,942)**
Assets		
Current assets	9,990	10,754
Plant & equipment	4	4
Exploration and evaluation assets	12,032	12,796
Right-of-use assets	149	-
Other investments	7,386	-
Total assets	30,461	23,554
Liabilities		
Current liabilities	1,503	860
Non-current liabilities	597	523
Total liabilities	2,100	1,383
Net assets	**28,361**	**22,171**

NOTE 33. Company details

The registered office and principal place of the Company is:
Level 1, 61 Victoria Street McMahons Point NSW 2060

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 20 to 45, are in accordance with the Corporations Act 2001 and:

   (a) comply with Australian Accounting Standards and the Corporations Regulations 2001; which as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and

   (b) give a true and fair view of the financial position as at 30 June 2022 and of the performance for the year ended on that date of the consolidated group;

   (c) the financial records of the Consolidated Group for the financial year have been properly maintained in accordance with s286 of the Corporation Act 2001.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial period ended 30 June 2022.

3. In the Directors' opinions, 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.

Scott Brown
Managing Director
Sydney, 30 September 2022

A D Danieli Audit Pty Ltd

Authorised Audit Company
ASIC Registered Number 339233
Audit & Assurance Services

Level 1 261 George Street
Sydney NSW 2000

PO Box H88
Australia Square NSW 1215

ABN: 56 136 616 610

Ph: (02) 9290 3099

Email:
add3@addca.com.au
Website:
www.addca.com.au

Independent Auditor's Report
To the Members of
Pure Hydrogen Corporation Limited
ABN 27 160 885 343
And Controlled Entities

Report on the audit of the Financial Report

Opinion

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

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

(i) giving a true and fair view of the Group's financial position as at 30 June 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 Group 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.

Key Audit Matters

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

Key Audit Matter	How our Audit Addressed the Key Audit Matter
Investments in equity affiliates	
At 30 June 2022, the group had invested \$3,235,869 into H2X Global Limited resulting in the group having a 23% ownership of H2X Global Limited. The acquisition has been accounted as an investment in an associate using the equity method using the principles set out in AASB 128 “Investments in Associates and Joint Ventures”. In accordance with AASB128, the group is deemed to have significant influence under paragraph 5 due to the group holding 20% or more of the entity. Management assess costs incurred during the year and capitalise based on their judgements. Costs incurred include direct costs only. Management has determined to exclude indirect costs included by the Group such as general and administrative costs.	We have evaluated the appropriateness of management’s assessment that the deemed consideration invested in H2X Global Limited resulted in significant influence. Our procedures included challenging management on the reasonableness of these assumptions and judgements including: • Whether significant influence is present • Valuation of the investment accounted for using the equity method. Based on our work, we noted no significant issues on the investment accounted for using the equity method.

Capitalisation of current year exploration, evaluation and development costs

The group capitalised $235,833 in exploration expenditure during the year.

Management assess costs incurred during the year and capitalise based on their judgements.

Costs incurred include direct costs only. Management has determined to exclude indirect costs included by the Group such as general and administrative costs.

Where management has determined incurred costs do not meet the requirements for capitalisation, they have been expensed in full.

We have evaluated the appropriateness of capitalisation policies, performed tests of details on costs capitalised and assessed the timeliness of the transfer of assets in the course of development.

There were no exceptions noted from our testing. In performing these procedures, we challenged the judgements made by management including:

- The nature of underlying costs capitalised as part of the costs of the exploration, evaluation and development asset; and
- The allocation of costs to each tenement.

Based on our work, we noted no significant issues on the capitalisation of costs incurred.

Impairment consideration of exploration, evaluation and development costs

The group incurred further exploration expenditure of $235,833 during the period increasing the capitalised asset to $12,796,179 after impairment of $100,000.

Exploration, evaluation & development costs have been impaired in full where cost were incurred in respect to exploration activities not currently being pursued by management.

As detailed in the financial reports, work is continuing with the group focusing on the Windorah Gas Project (ATP927P). This permit has now been extended to 30 September 2023.

Management has determined that there are no facts or circumstances that suggest that the carrying amount of the remaining exploration and development asset exceeds its recoverable amount.

We have evaluated the appropriateness of management's assessment that there is no facts or circumstances that suggest the carrying amount of exploration asset may exceed its recoverable amount. Therefore, determined there is no requirement to test for impairment in respect to Windorah Gas Project exploration, evaluation and development costs.

Our procedures included challenging management on the suitability and reasonableness of these assumptions, through performing the following:

- Review of independent evaluations of geological data;
- Review of geological data in respect to independent reports and ASX announcements;
- Assessing the budgeted expenditure on further exploration and evaluation of the tenement; and
- Assessing the various agreements entered on future production and sales.

Based on our procedures, we noted that the exploration, evaluation and development asset is fairly stated.

Cash and cash equivalents	
At balance date the Group had Cash and cash equivalents totaling $9,531,887 which represents a significant balance to the Group. We do not consider cash and cash equivalents to be at a high risk of significant misstatement, or to be subject to significant level of judgement, however, due to the materiality in the context of the financial statements as a whole, they are considered to be an area of risk in our overall audit strategy.	We have evaluated disclosure and challenged management during our procedures to confirm existence of the asset including: • Documenting and assessing the processes and controls in place to record cash transactions; • Testing and sampling payments to determine they were bona fide payments, were properly authorised and recorded in the general ledger; and • Agreeing 100% of cash holdings to independent third-party confirmations.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022, but does not include the financial report and our 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 Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion.
- Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included on pages 14 to 16 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Pure Hydrogen Corporation Limited, for the year ended 30 June 2022, Complies with section 300A of the *Corporations Act 2001.*

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

A D Danieli Audit Pty Ltd

Sam Danieli
Director

Sydney, 30 September 2022