



Antilles Oil and Gas NL

ACN 111 823 762

HALF YEAR REPORT

30 June 2015

The information contained in this document should be read in conjunction with Antilles Oil and Gas NL's annual report for the year ended 31 December 2014 and any public announcements made by the company in accordance with the continuous disclosure obligations arising from the Corporations Act 2001 and the ASX Listing rules.

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ANTILLES OIL AND GAS NL – HALF YEAR REPORT

DIRECTORS REPORT

Your directors present their report of the consolidated entity (“the Group”) consisting of Antilles Oil and Gas NL (“the Company”) and the entities it controlled as at the end of, or during, the half year ended 30 June 2015.

DIRECTORS

The following persons were directors of the Company during the half year and until the date of this report:

David Ormerod	Managing Director
John Hamilton	Non-Executive Chairman
Damian Black	Non-Executive Director
Gary Grubitz	Non-Executive Director

PRINCIPAL ACTIVITIES

The principle continuing activities of the Company during the financial period were the exploration and acquisition of petroleum and gas properties.

OPERATING RESULTS

The net operating loss of the Group for the half year ended 30 June 2015 after income tax amounted to \$895,623 (half year ended 30 June 2014: loss \$44,192). Further details are supplied in the Review of Operations section below.

DIVIDENDS PAID OR RECOMMENDED

No dividends were paid or declared during the half year and the Directors do not recommend the payment of a dividend.

REVIEW OF OPERATIONS

In March 2015 the Company acquired an acreage position in onshore Peru. The Company’s evaluation of its acreage in onshore Peru resulted in an estimation of a mean potential resource of 29.6mmbo and a probabilistic range of p90, p50 and p10 of 7.4, 20.7 and 61mmbo. The range in area of the potential resource is 1.25, 6.6 and 34.7km². This gives an indication of the spread in the possible results of an exploration well which discovers hydrocarbons and as a minimum will be an economic success being greater than 2 mmbo. The position is in the Titicaca Basin on trend to the historic producing field Pirin in the block. The low costs associated with operations in the block allow for rapid development of potential resources and attractive returns in the current oil price environment. Antilles has a hundred per cent (100%) equity holding in the new block, which carries a work program of drilling a well to 2000m in the current exploration term.

In May 2015 the Company announced it would undertake a placement and renounceable rights issue to shareholders. The total of this capital raising brought in \$1,164,351 before costs. The Company intends to use the net proceeds of the Offer to either drill a well in block 105 or shoot a seismic survey together with completion of seismic reprocessing and as working capital.

Subsequent to the half year period, the Company announced qualification of the Company to bid with its partner Polarcus DMCC for an acreage position in offshore Barbados, Caribbean. The bid round is in the extension of the Trinidad/Tobago Basin within fifty kilometres of existing production onshore Barbados.

ANTILLES OIL AND GAS NL – HALF YEAR REPORT

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 3.

This report is made in accordance with a resolution of directors.

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



David Ormerod
Managing Director

11th September 2015

Auditor's Independence Declaration

To those charged with the governance of Antilles Oil and Gas NL

As auditor for the review of Antilles Oil and Gas NL for the half-year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

- i) no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the review; and
- ii) no contraventions of any applicable code of professional conduct in relation to the review.

Somes Cooke

SOMES COOKE

Nicholas Hollens

NICHOLAS HOLLENS

Partner

Perth

11 September 2015

ANTILLES OIL AND GAS NL – HALF YEAR REPORT
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 30 JUNE 2015

		Half Year 2015 \$	Half Year 2014 \$
	Notes		
Creditors and loans forgiven		21,350	727,893
Interest income		16,285	1,273
Administrative expenses		(512,653)	(367,860)
Loss on disposal of controlled entity		-	(184,460)
Legal expense		(97,484)	(114,927)
Exploration expense		(225,421)	-
Share based payments		(97,700)	-
Finance expense		-	(31,948)
Impairment expense	6	-	(74,163)
Loss before income tax		(895,623)	(44,192)
Income tax expense		-	-
Loss for the half year		(895,623)	(44,192)
Other comprehensive income			
<i>Items that may be reclassified to profit and loss</i>			
Exchange differences on translation of foreign operations		71,861	(167,410)
Other comprehensive income for the half year, net of tax		71,861	(167,410)
Total profit or loss and other comprehensive income for the half year attributable to the owners of Antilles Oil and Gas NL		(823,762)	(211,602)
Loss per share			
Basic and diluted (cents per share)		(2.19)	(0.20)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes to the consolidated interim financial report.

ANTILLES OIL AND GAS NL – HALF YEAR REPORT
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

		30 June 2015	31 December 2014
	Notes	\$	\$
Assets			
Current assets			
Cash and cash equivalents	5	1,686,345	2,394,132
Trade and other receivables		55,162	64,174
Other assets		9,623	23,680
Total current assets		1,751,130	2,481,986
Non current assets			
Plant and equipment		42,051	55,779
Exploration and evaluation	6	1,195,556	810,078
Total non-current assets		1,237,607	865,857
Total assets		2,988,737	3,347,843
Current liabilities			
Trade and other payables		336,386	180,607
Share application monies received in advance		90,488	470
Provisions		2,871	2,871
Total current liabilities		429,745	183,948
Total liabilities		429,745	183,948
Net assets		2,558,992	3,163,895
Equity			
Issued share capital	9	32,463,141	32,341,982
Reserves		(1,050,095)	(1,219,656)
Accumulated losses		(28,854,054)	(27,958,431)
Total equity		2,558,992	3,163,895

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes to the consolidated interim financial report.

ANTILLES OIL AND GAS NL – HALF YEAR REPORT
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 30 JUNE 2015

	Half year 2015 \$	Half year 2014 \$
Cash flows from operating activities		
Payments to suppliers & employees	(463,671)	(404,128)
Payments for exploration costs	(475,093)	-
Interest received	16,285	1,273
Net cash (used in) operating activities	(922,479)	(402,855)
Cash flows from financing activities		
Receipt of funds from convertible notes	-	400,000
Proceeds from share issue	214,692	-
Loan (repaid to) /from other parties	-	(693)
Net cash provided by financing activities	214,692	399,307
Net (decrease) in cash and cash equivalents	(707,787)	(3,548)
Cash and cash equivalents at the beginning of the financial period	2,394,132	(64)
Cash and cash equivalents at the end of the financial period	5 1,686,345	(3,612)

The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes to the consolidated interim financial report.

ANTILLES OIL AND GAS NL – HALF YEAR REPORT
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 JUNE 2015

	Issued Capital	Foreign Currency Translation Reserve	Share Based Payment Reserve	Investment Reserve	Accumulated Losses	TOTAL
Period ended 30 June 2015	\$	\$	\$	\$	\$	\$
Balance at beginning of period	32,341,982	(2,722,056)	1,502,400	-	(27,958,431)	3,163,895
Loss for the half year	-	-	-	-	(895,623)	(895,623)
Currency translation on foreign operations	-	71,861	-	-	-	71,861
Total profit or loss and other comprehensive income for half year	-	71,861	-	-	(895,623)	(823,762)
Transactions with equity holders in their capacity as equity holders						
Share based payments	-	-	97,700	-	-	97,700
Issues of share capital, net of transaction costs	121,159	-	-	-	-	121,159
Balance at 30 June 2015	32,463,141	(2,650,195)	1,600,100	-	(28,854,054)	2,558,992
Period ended 30 June 2014	\$	\$	\$	\$	\$	\$
Balance at beginning of period	19,975,401	(2,668,713)	-	579	(25,183,402)	(7,876,135)
Loss for the half year	-	-	-	-	(44,192)	(44,192)
Currency translation on foreign operations	-	(167,410)	-	-	-	(167,410)
Total profit and loss and other comprehensive income for half year	-	(167,410)	-	-	(44,192)	(211,602)
Transactions with equity holders in their capacity as equity holders						
Derecognition of controlled entity	-	-	-	(579)	-	(579)
Issues of share capital, net of transaction costs	34,698	-	-	-	-	34,698
Balance at 30 June 2014	20,010,099	(2,836,123)	-	-	(25,227,594)	(8,053,618)

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes to the consolidated interim financial report

ANTILLES OIL AND GAS NL – HALF YEAR REPORT

CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

1. REPORTING ENTITY

Antilles Oil and Gas NL (“Antilles” or “the Company”) is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the half year ending 30 June 2015 comprises Antilles and its subsidiaries (together referred to as the “consolidated entity”).

The annual financial report of the consolidated entity as at and for the year ended 31 December 2014 is available upon request from Antilles’s website, www.antillesoilandgas.com.au, the ASX website or the company’s registered office at Level 1, 12 Kings Park Road, WEST PERTH, Western Australia 6005.

2. STATEMENT OF COMPLIANCE

The consolidated half year financial report is a general purpose financial report which has been prepared in accordance with AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*.

The consolidated half year financial report does not include all of the notes and information normally included in an annual financial report. Accordingly this report should be read in conjunction with the consolidated annual financial report for the year ended 31 December 2014 and any public announcements made by Antilles Oil and Gas NL during the half year in accordance with the continuous disclosure requirements of the *Corporations Act 2001* and the *ASX Listing Rules*.

This consolidated half year financial report was approved by the Board of Directors on 11th September 2015.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation followed in the preparation of the half-year financial report are consistent with those followed and disclosed in the Company’s 2014 Annual Financial Report for the financial year ended 31 December 2014, except for the impact of the standards, interpretations and amendments described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

New Accounting Standards for Application in Future Periods

There are a number of new Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Group and have not been applied in preparing these half year consolidated financial statements. The Group does not plan to adopt these standards early and they are not expected to have a material impact on the Group in the current or future reporting periods.

ANTILLES OIL AND GAS NL – HALF YEAR REPORT

CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

4. SEGMENT INFORMATION

Management has determined the operating segments based on reports reviewed by the Board of Directors for making strategic decisions. The current Board of Directors monitors the business based on operational and geographic factors, and has determined that there is only one relevant business segment, being the exploration and evaluation of oil and gas properties.

The consolidated entity is domiciled in Australia and the entities revenues, losses and assets are split into the following geographical segments:

Segment revenue

	USA \$	South America \$	Australia \$	Ukraine \$	Total \$
2015					
Revenues – half year to 30 June 2015	-	-	16,285	-	16,285
Segment loss – half year to 30 June 2015	(14,251)	(257,645)	(623,727)	-	(895,623)
Segment assets – as at 30 June 2015	529,721	665,251	1,793,765	-	2,988,737
2014					
Revenues – half year to 30 June 2014	-	-	1,273	-	1,273
Segment loss – half year to 30 June 2014	(14,392)	-	243,044	(184,460)	(44,192)
Segment assets – as at 31 December 2014	485,055	337,367	2,525,421	-	3,347,843

5. CASH AND CASH EQUIVALENTS

	Half year to 30 June 2015 \$	Full year to 31 December 2014 \$
Cash at bank	380,009	1,394,132
Term Deposits at call (i)	1,306,336	1,000,000
	<u>1,686,345</u>	<u>2,394,132</u>

- (i) Amount at 30 June 2015 is USD \$1 million in a NAB term deposit held at call for Block 105 and is classified as cash and cash equivalents due to the fact that it has a term of three months or less. The term deposit has a corresponding Letter of Credit attached to it for US\$ 1 million which as at reporting date has not been drawn down. The Letter of Credit is with the Peruvian bank BBVA Continental and is against the work program regulated by Perupetro on Peru Block 105. The prior period amount was held in AUD NAB Term Deposits.

ANTILLES OIL AND GAS NL – HALF YEAR REPORT

CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

6. EXPLORATION AND EVALUATION

	Half year to 30 June 2015	Full year to 31 December 2014
	\$	\$
Opening balance	810,078	1,609,097
Disposal of subsidiary (i)	-	(1,168,301)
Exploration costs capitalised	334,415	337,367
Impairment expense (ii)	-	(74,163)
Foreign exchange difference	51,063	106,078
Closing balance	1,195,556	810,078

Recovery of the carrying amount is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

- (i) As announced to the market in January 2014 the Company terminated its involvement in the Ortynytska Project in Ukraine and disposed of its holding in the subsidiary Celiastad Pty Ltd on 9 June 2014.
- (ii) Impairment expense for the prior year relates to the EPIC project held in Celiastad Pty Ltd which was disposed of during that year.

7. CONTINGENT ASSETS AND LIABILITIES

Since the last annual reporting date, there has been no change in any contingent liabilities or contingent assets.

8. EQUITY SECURITIES ISSUED

During the half year, the Company has issued the following shares:

- On 20 April 2015 250,000 fully paid ordinary shares at \$0.08 per share were issued in consideration for services;
- On 10 June 2015 1,500,000 fully paid ordinary shares at \$0.085 per share were issued via a placement prospectus;
- On 24 June 2015 3,000,000 partly paid ordinary shares paid to \$0.01 were issued as part of Director's service agreement;
- On 25 June 2015 551,190 fully paid ordinary shares at \$0.085 per share were issued via an entitlements issue.

As at 30 June 2015, there were 30,842,001 fully paid ordinary shares, 15,000,000 \$0.01 partly paid ordinary shares (\$0.19 remaining) and 5,051,190 options on issue.

ANTILLES OIL AND GAS NL – HALF YEAR REPORT CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

9. SUBSEQUENT EVENTS

Subsequent to 30 June 2015, the Company has completed the renounceable rights issue and subsequently issued 11,647,062 fully paid ordinary shares and attaching options under the underwriting agreement. Total funds raised from the issue amounted \$1,036,851 before costs. On 14 August 2015 a further 2,500,000 options were issued to underwriters as consideration for assistance with the recent capital raising activities.

On 6 July 2015 the Company announced that there was progress in the development of gas infrastructure in onshore southern Peru, specifically at Block 105 where Antilles holds 100% equity. There was a Presidential meeting on 23 June 2015 between Peru and Bolivia discussed the prospect of Bolivia linking into the South Peru Gas (SPG) pipeline project. The presidents of Peru and Bolivia agreed to study a project that would grant Bolivia access to the Pacific coast of Peru by connecting into the existing pipeline from the Camisea Project (SPG). The South Peru Gas pipeline is important to the Company, as it provides a pipeline into our 100% owned Block 105 and provides an economic means for the potential export of any gas discovered on the block. The pipeline is scheduled to finish construction by March 2019 and will transport gas over the Andes to the coast from the Camisea jungle area.

On 16 July 2015 the Company announced as part of its goal of minimising cash outflows without affecting the efficiency of its operations, it has renegotiated a revised remuneration structure for all directors. The Managing Director David Ormerod has a reduction in base salary from \$315,000 per annum plus superannuation to \$220,000 per annum plus superannuation effective 1 April 2015. Should the Company raise funds in excess of \$2.8m and increase its activities substantially then the remuneration structure will revert back to the original base salary as previously disclosed. Non-Executive Directors – Mr Jack Hamilton/Mr Gary Grubitz/Mr Damian Black – reduction in fees (effective 1 April 2015) from \$60,000 per annum to \$30,000 per annum to be paid in either cash or shares (subject to shareholder approvals using a 5 day VWAP prior to the day of issue). Fees will be paid in shares in the first instance once approvals are in place from shareholders and revert to cash payments when financially prudent.

On 10 August 2015 the Company announced qualification of the Company to bid with its partner Polarcus DMCC for an acreage position in offshore Barbados, Caribbean. The bid round is in the extension of the Trinidad/Tobago Basin within fifty kilometres of existing production.

Other than the above, no significant events have occurred subsequent to 30 June 2015.

**ANTILLES OIL AND GAS NL – HALF YEAR REPORT
DIRECTORS DECLARATION
FOR THE HALF YEAR ENDED 30 JUNE 2015**

In the opinion of the directors of Antilles Oil and Gas NL (“the Company”):

1. the financial statement and notes set out on pages 4 to 11, are in accordance with the Corporations Act 2001 including:
 - (a) giving a true and fair view of the financial position of the consolidated entity as at 30 June 2015 and of its performance, as represented by the results of its operations and cash flows, for the half-year ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* ; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.



David Ormerod
Managing Director
11th September 2015

Independent Auditor's Review Report

To the members of Antilles Oil & Gas NL

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Antilles Oil & Gas NL, which comprises the condensed statement of financial position as at 30 June 2015, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 30 June 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*. As the auditor of Antilles Oil & Gas NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

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

- (a) giving a true and fair view of the company's financial position as at 30 June 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*.

**SOMES COOKE****NICHOLAS HOLLENS**

11 September 2015
Perth
Western Australia