



**ANNUAL REPORT**

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**2015**

**DIRECTORS**

Mr Damian Black (Non-Executive Director)  
Mr David Wheeler (Non-Executive Director)  
Mr Ranko Matic (Non-Executive Director)

**COMPANY SECRETARY**

Ranko Matic

**REGISTERED OFFICE & CONTACTS**

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Stock Exchange Listing - ASX Code: AVD

**SOLICITORS**

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**AUDITORS**

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**SHARE REGISTRY**

Automic Registry Services  
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WEST PERTH WA 6005  
Telephone: +61 8 9324 2099

## ANTILLES OIL AND GAS NL DIRECTORS REPORT

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Your directors present their report, together with the financial statements on the consolidated entity, consisting of Antilles Oil and Gas NL (or 'the company') and the entities it controlled at the end of, or during, the year ended 31 December 2015 ('consolidated entity').

### DIRECTORS

The names of directors in office at any time during or since the end of the year are listed below. Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

NAME OF PERSON	POSITION	
Damian Black	Non-Executive Director	
David Wheeler	Non-Executive Director	(appointed 12 February 2016)
Ranko Matic	Non-Executive Director	(appointed 12 February 2016)
David Ormerod	Managing Director	(resigned 12 February 2016)
Jack Hamilton	Non-Executive Chairman	(resigned 12 February 2016)
Gary Grubitz	Non-Executive Director	(resigned 12 February 2016)

### COMPANY SECRETARY

Mr Ranko Matic was appointed the position of company secretary on 1 July 2014.

### OPERATING RESULTS

The loss of the consolidated entity amounted to \$2,619,884 (2014: \$2,775,029) after providing for income tax.

### DIVIDENDS

No dividends were paid or declared since the start of the financial year. No dividend has been recommended.

### PRINCIPAL ACTIVITIES

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

### REVIEW OF OPERATIONS

In March 2015 the Company acquired an acreage position in onshore Peru, known as Block 105. 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 34.7km<sup>2</sup>. 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.

During September 2015 the Company announced the farmout of its acreage position at Block 105 in Peru. Antilles retains a 50% equity holding in the block, which carries a work program of exploration drilling in the current exploration term. Uruguayan oil and gas fund Union Group will fund up to 75% of the well cost up to a cap of US\$3 million.

The Company learned in February 2016 that it was unsuccessful in its bid with partner Polarcus DMCC (Polarcus) (together the "joint venture") for an acreage position in offshore Barbados, Caribbean, although as the joint venture was granted qualification status for a period of five years from August 2015, the joint venture is authorised to participate in

## ANTILLES OIL AND GAS NL DIRECTORS REPORT

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future licensing campaigns in the area.

The Company continues its strategic review of existing Texan assets in the Midland Basin.

### FINANCIAL POSITION

The net assets of the consolidated entity have decreased to \$2,702,759 as at 31 December 2015, a decrease of \$461,136 from net assets of \$3,163,895 at 31 December 2014.

The consolidated entity's net working capital, being current assets less current liabilities is a surplus of \$1,452,355 (2014: \$2,298,038).

### EVENTS AFTER THE REPORTING PERIOD

On 12 February 2016 there was a change in board members, with Managing Director Mr David Ormerod, Chairman, Dr Jack Hamilton and Non-Executive Director Mr Gary Grubitz resigning on that day and Mr Ranko Matic and Mr David Wheeler being appointed as Non-Executive Directors.

As announced on the ASX on 23 February 2016 the Company, through its subsidiary Advance Exploration and Production Inc (AEPI), has accepted an offer to sell 100% of its right, title and interest in a number of lands and Oil, Gas and Mineral Leases located in Marin County, Texas USA, subject to due diligence by the purchaser. The amount receivable for the sale is US\$756,280. At the date of this report, the due diligence is being finalised and funds are yet to be transferred to AEPI.

Also announced on the same day was that the Company was unsuccessful in its qualification to bid for an acreage position in offshore Barbados. This does not prevent the Company from participating in future bids in the Caribbean.

On 4 March 2016 the Company issued 5,145,028 fully paid ordinary shares, raising \$102,901 in funds. The Company has also scheduled a General Meeting of Shareholders to be held on 12 April 2016 with resolutions included to approve the issue of up to a further 94,854,972 fully paid ordinary shares at an issue price of \$0.02 each in order to raise up to a further \$1.897 million.

The directors are not aware of any other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

### LIKELY DEVELOPMENTS

The Directors believe, on reasonable grounds, that to include in this report particular information regarding likely developments in the operations of the Company and the expected results of those operations in future financial years would be speculative and likely to result in unreasonable prejudice to the Company. Accordingly, this information has not been included in this report.

### ENVIRONMENTAL REGULATION

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory. The directors have considered the enacted National Greenhouse and Energy Reporting Act 2007 (the NGER Act) which introduces a single national reporting framework for the reporting and dissemination of information about the greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the directors have determined that the NGER Act will

## ANTILLES OIL AND GAS NL DIRECTORS REPORT

have no effect on the Company for the current or subsequent financial year. The directors will reassess this position as and when the need arises.

The Group's US operations are subject to various environmental regulations under the Federal and State Laws of United States of America. The majority of the company's activities involve low level disturbance associated with its production facilities and exploration drilling programs. As at the date of this report the consolidated entity complies fully with all such regulations.

### INFORMATION ON DIRECTORS

**Mr Damian Black** Director (Non-executive)

**Qualifications** Bachelor of Science – Curtin University  
Graduate Diploma in Applied Finance and Investment – FINSIA  
Member of the Australian Institute of Company Directors (MAICD)

**Experience** Mr Black is a Director (Corporate Finance) at Asia Principal Capital and has been employed in corporate finance and stockbroking since 2006. He is experienced in equity capital markets and structuring corporate transactions, focused predominantly on oil and gas and resources. He has also worked in an ongoing corporate advisory role with several ASX listed companies in the last 7 years, having guided many of them through IPO/listing process.

**Interest in Shares and Options** 2,174,740 fully paid ordinary shares  
748,531 Options exercise price \$0.10 expiring 31 January 2017  
3,000,000 \$0.01 partly paid ordinary shares payable to \$0.20 on or before 11 Sept 2019  
1,000,000 Class A Performance Rights  
1,000,000 Class B Performance Rights

**Directorships held in other listed entities** Executive Director – Minbos Resources Ltd (MNB)

**Mr David Wheeler** Director (Non-executive)

**Qualifications** Fellow of the Australian Institute of Company Directors (FAICD)

**Experience** Mr Wheeler has more than 30 years of Senior Executive Management, Corporate Advisory and Directorship experience. He is a foundation Director and Partner of Pathways Corporate a boutique Corporate Advisory firm that undertakes assignments on behalf of family offices, private clients, and ASX listed companies. David has engaged in business projects in the USA UK Europe NZ China Malaysia Singapore and the Middle East. David has experience on public and private company boards and currently holds a number of Directorships and Advisory positions in Australian companies.

**Interest in Shares and Options** Nil

**Directorships held in other listed entities** Non-Executive Chairman - OZ Brewing Ltd (OZB)  
Non-Executive Chairman - TW Holdings Ltd (TWH)  
Non-Executive Chairman - Castillo Copper Ltd (CCZ)  
Non-Executive Chairman - Lithex Resources Ltd (LTX)  
Non-Executive and Deputy Chairman - Premiere Eastern Energy Ltd (PEZ)  
Non-Executive Director - Antares Mining Ltd (AWW)  
Non-Executive Director - Eumeralla Resources Ltd (EUM)

## ANTILLES OIL AND GAS NL DIRECTORS REPORT

<b>Mr Ranko Matic</b>	Director (Non-executive)
Qualifications	Bachelor of Business – Curtin University Chartered Accountant
Experience	Mr Matic has over 25 years' experience in the areas of financial and executive management, accounting, audit, business and corporate advisory. Mr Matic is a director of a chartered accounting firm and a corporate advisory company based in Perth and has specialist expertise in areas of audit, corporate services, due diligence, mergers and acquisitions and valuations.
Interest in Shares and Options	156,250 fully paid ordinary shares 2,000,000 Options exercise price \$0.10 expiring 31 January 2017
Directorships held in other listed entities	Non-Executive Director – Argosy Minerals Limited (AGY) Non-Executive Director – Celsius Coal Limited (CLA) Non-Executive Director – East Energy Resources Limited (EER) Non-Executive Director – Valmec Limited (VMX)

### MEETING OF DIRECTORS

Name	Number eligible to attend	Number attended
David Ormerod	22	22
Jack Hamilton	22	22
Damian Black	22	17
Gary Grubitz	22	20

There were 22 directors meetings held during the financial year, however many board matters were dealt with via circular resolutions. The Audit and Risk Committee held two meetings during the year on 2 February and 10 September 2015, with the Chairman Mr Damian Black and other member Mr Gary Grubitz both present at the meeting.

### INSURANCE OF OFFICERS

The company has indemnified the directors and executives of the company for the costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith. During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

### PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to 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 part of those proceedings. No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the Corporations Act 2001.

# ANTILLES OIL AND GAS NL

## DIRECTORS REPORT

### SHARES UNDER OPTION

At the date of this report there are 25,898,252 unissued ordinary shares in respect of which options are outstanding.

Expiry date	Grant Date	Exercise price	Number of options
31 January 2017	10 June 2015	\$0.10	1,500,000
31 January 2017	25 June 2015	\$0.10	551,190
31 January 2017	6 July 2015	\$0.10	11,647,062
31 January 2017	13 August 2015	\$0.10	2,500,000
31 January 2017	15 October 2015	\$0.10	6,700,000
23 June 2020	24 June 2015	\$0.20	3,000,000

<b>Total number of options outstanding at the date of this report</b>	<b>25,898,252</b>
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No person entitled to exercise any option referred to above has or had, by virtue of the option, a right to participate in any share issue of any other body corporate.

### REMUNERATION REPORT (Audited)

This report details the nature and amount of the remuneration for each Key Management Person ('KMP') of the consolidated entity for year ended 31 December 2015.

The remuneration report is set out under the following headings:

- A Principles used to determine the nature and amount of remuneration
- B Details of remuneration
- C Service agreements
- D Share-based compensation
- E Shareholdings
- F Performance rights holdings
- G \$0.01 Partly paid ordinary shares
- H Convertible preference shares

The information provided under headings A-I includes remuneration disclosures that are required under accounting Standard AASB 124 *Related Party Disclosures*. These disclosures have been transferred from the financial report and have been audited.

#### A. Principles used to determine the nature and amount of remuneration

The Board of Directors is responsible for determining and reviewing compensation arrangements for KMP. It assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of high quality KMP.

## ANTILLES OIL AND GAS NL DIRECTORS REPORT

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The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms with market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness and reasonableness
- Acceptability to shareholders
- Transparency
- Capital management

The Board policy is to remunerate non executive directors at fair market rates for comparable companies for the relevant time, commitment and responsibilities. The Board determines payments to the non-executive directors and reviews their remuneration annually based on market practice, duties and accountability. The maximum amount of fees that can be paid to directors is subject to approval by shareholders at General Meetings.

Fees for non-executive directors are currently not linked to the financial performance of the Consolidated entity. However, to align director's interests with shareholder interests, the directors are encouraged to hold shares in the Company and may be issued with additional securities as deemed appropriate.

The Board believes that the remuneration policy is appropriate given the stage of development of the Company and the activities which it undertakes and is appropriate for aligning KMP objectives with shareholder and business objectives. The Board will continue to develop new practices which are appropriate to the Company's size and stage of development.

### **Fixed remuneration**

Fixed remuneration consists of a base remuneration package, which includes directors' fees (in the case of Directors), salaries, consulting fees and employer contributions to superannuation funds.

Fixed remuneration levels for KMP officers will be reviewed annually by the Board through a process that considers the employee's personal development, achievement of key performance objectives for the year, industry benchmarks wherever possible and CPI data.

Appropriate key performance indicators (KPIs) will be developed by the Board for each KMP each year, and reflect an assessment of how that individual can fulfil their particular responsibilities in a way that best contributes to Company performance and shareholder wealth in that year.

### **Performance-based Remuneration**

The Company currently has no specific performance based remuneration plan. During the year the Company issued performance rights to two directors (details shown in "Details of Remuneration" below) which were issued with appropriate shareholder approvals.

## **B. Details of remuneration**

### **Amounts of remuneration**

The remuneration for each KMP of the consolidated entity receiving the highest remuneration during the year was as follows:



## ANTILLES OIL AND GAS NL DIRECTORS REPORT

### 2015

KMP	Short-term Benefits			Post-employment Benefits	Other Long Term Benefits	Share based Payments				
						Equity (Shares & Performance Rights)			Remuneration Consisting of Options	
	Cash, salary & Consulting fees	Non-Cash Benefit	Other	Super-annuation	Other		Options	Total	Performance Related	
	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Mr D Ormerod <sup>1</sup> (resigned 12/2/16)	239,792	-	-	23,156	-	-	-	262,948	-	-
Dr J Hamilton <sup>2</sup> (resigned 12/2/16)	15,000	22,500	-	-	-	56,000	-	93,500	60%	-
Mr R Matic <sup>3</sup>	-	-	-	-	-	-	16,438	16,438	100%	-
Mr D Black <sup>4</sup>	38,000	-	-	-	-	-	-	38,000	-	-
Mr G Grubitz (resigned 12/2/16)	15,000	22,500	-	-	-	-	41,700	79,200	-	53%
	307,792	45,000	-	23,156	-	56,000	58,138	490,086		

1. Paid through Clearview Oil and Gas Pty Ltd, of which Mr Ormerod is a director.
2. Paid through Energy Elements Consulting Pty Ltd, of which Dr Hamilton is a director.
3. Bentleys Corporate Advisory (WA) Pty Ltd (formerly Capital and Corporate Advisors Pty Ltd) is paid for the provision of corporate secretarial and accounting services, of which Mr Matic is a shareholder and director. The details of these payments are included in Note 22.
4. Paid through Lenoir Capital Pty Ltd, of which Mr Black is a director.

### 2014

KMP	Short-term Benefits			Post-employment Benefits	Other Long Term Benefits	Share based Payments		Remuneration Consisting of Options		
					Equity (Shares & Performance Rights)					
	Cash, salary & Consulting fees	Non-Cash Benefit	Other	Super-annuation	Other	Options	Total		Performance Related	
	\$	\$	\$	\$	\$	\$	\$		%	%
Mr A Short <sup>1</sup> (resigned 18/6/14)	10,000	-	-	-	-	-	-	10,000	-	-
Mr D Ormerod <sup>2</sup> (appt 14/7/14)	144,375	-	-	12,469	-	1,104,000	-	1,260,844	87.56%	-
Dr J Hamilton <sup>3</sup> (appt 14/7/14)	30,000	-	-	-	-	-	-	30,000	-	-
Mr K Plankinton (resigned 11/4/14)	-	-	-	-	-	-	-	-	-	-
Mr I Soshynsky (resigned 18/6/14)	-	-	-	-	-	-	-	-	-	-
Mr M Davy (appt 11/4/14, resigned 14/7/14)	-	-	-	-	-	-	-	-	-	-
Mr R Berzins (resigned 1/7/14)	8,167	-	-	-	-	-	-	8,167	-	-
Mr D Ballantyne (resigned 1/7/14)	36,360	-	-	-	-	-	-	36,360	-	-
Mr R Matic <sup>4</sup>	20,000	-	-	-	-	-	-	20,000	-	-
Mr D Black <sup>5</sup> (appt 18/6/14)	32,000	-	-	-	-	208,000	-	240,000	86.67%	-
Mr G Grubitz (appt 15/8/14)	20,000	-	-	-	-	-	-	20,000	-	-
	300,902	-	-	12,469	-	1,312,000	-	1,625,371		

1. Paid through Cumberland Pty Ltd, of which Mr Short is a director.
2. Paid through Clearview Oil and Gas Pty Ltd, of which Mr Ormerod is a director.
3. Paid through Energy Elements Consulting Pty Ltd, of which Dr Hamilton is a director.

## ANTILLES OIL AND GAS NL DIRECTORS REPORT

4. Appointed as a Non-executive director 11 April 2014, resigned 15 August 2014. Appointed as Company Secretary 1 July 2014. The above amount is for his services as a Non-executive director, paid through Capital and Corporate Advisory Pty Ltd, of which Mr Matic is a director.
5. Paid through Lenoir Capital Pty Ltd, of which Mr Black is a director.

### C Service agreements

There were no KMP that have or had service agreements for the year ended 31 December 2015, other than as disclosed below.

All contracts with KMP may be terminated by either party in writing.

### Employment Contracts Of KMP

Each member of the consolidated entity's KMP is employed on open ended employment contracts between the individual employee and the Company.

Company Secretary Mr Matic is not employed on a formal contract.

The below are the contract details at the date of the financial report:

Key Management Person	Appointment	Term of Agreement	Base Salary (excludes GST) \$ p.a.	Other (eg, partly paid shares PPS, performance rights PR)*	Termination Benefit
Mr Damian Black	Non-Executive Director	No fixed term	30,000	N/A – not part of executive contract	Nil
Mr David Wheeler	Non-Executive Director	No fixed term	30,000	N/A – not part of executive contract	Nil
Mr Ranko Matic	Non-Executive Director	No fixed term	30,000	N/A – not part of executive contract	Nil

\* Some contracts include an option to buy \$0.01 partly paid ordinary shares payable to \$0.20 within 5 years of issue date, and/or the issue of Performance Rights, all subject to relevant shareholder approvals.

### D Share-based compensation

#### Options

There were 3,000,000 options (exercise price \$0.20 expiring 23 June 2020) issued to Mr Gary Grubitz as part of his compensation during the year ended 31 December 2015. This resulted in a share based payment of \$41,700. There were 2,000,000 options (exercise price \$0.10 expiring 31 January 2017) issued to Bentleys Corporate Advisory (WA) Pty Ltd (formerly Capital and Corporate Advisors Pty Ltd), a company of which Mr Ranko Matic is a shareholder and director during the year end 31 December 2015. This resulted in a share based payment of \$16,438 (2014: nil).

#### Shareholdings

Refer to Sections E and G for details of fully paid ordinary shares and partly paid ordinary shares issued during 2015 and 2014.

# ANTILLES OIL AND GAS NL

## DIRECTORS REPORT

### Performance Rights

Refer to Section F and Note 12(a) for details of Performance Rights issued during 2015 and 2014.

### Convertible Preference Shares

There were no convertible preference shares issued to the directors as part of compensation during the year ended 31 December 2015 (2014: nil).

### E Shareholdings

The number of fully paid ordinary shares in the company held during the financial year by KMP of the consolidated entity, including their personally related parties, is set out below:

31 December 2015	Balance at beginning of the year	Granted as remuneration during the year	Issued in lieu of cash for director fees	Other changes during the year (eg, resignations, on market purchases)	Balance at end of year
Mr D Ormerod (resigned 12/2/16)	1,182,875	-	-	898,053	2,080,928
Dr J Hamilton (resigned 12/2/16)	350,000	-	500,003	871,324	1,721,327
Mr D Black	1,426,209	-	-	748,531	2,174,740
Mr G Grubitz (resigned 12/2/16)	-	-	-	-	-
	2,959,084	-	500,003	2,517,908	5,976,995

31 December 2014	Balance at beginning of the year (pre-consolidation)	Granted as remuneration during the year	Issued in lieu of cash for director fees	Other changes during the year (eg, resignation)	Balance at end of year (pre-consolidation)
Mr A Short (resigned 18/6/14)	25,792,438*	-	-	(5,373)**	-
Mr D Ormerod (appt 14/7/14)	-	-	-	1,182,875	1,182,875
Dr J Hamilton (appt 14/7/14)	-	-	-	350,000	350,000
Mr K Plankinton (resigned 11/4/14)	-	-	-	-	-
Mr I Soshynsky (resigned 18/6/14)	-	-	-	-	-
Mr M Davy (appt 11/4/14,	-	-	-	-	-
Mr R Matic (appt 11/4/14,	-	-	-	-	-
Mr D Black (appt 18/6/14)	-	-	-	1,426,209	1,426,209
Mr G Grubitz (appt 15/8/14)	-	-	-	-	-
	25,792,438*	-	-	2,953,711	2,959,084

\* Pre-consolidation balance.

\*\* Post-consolidation balance.

# ANTILLES OIL AND GAS NL

## DIRECTORS REPORT

### F Performance Rights Holdings

The number of Performance Rights (PRs) in the Company held during the financial year by KMP of the consolidated entity, including their personally related parties, is set out below:

31 December 2015	Balance at beginning of the year	Granted as remuneration during the year *	Exercised during the period	Other changes during the year	Balance at end of year
Mr D Ormerod** (resigned 12/2/16)	9,000,000	-	-	-	9,000,000
Dr J Hamilton**** (resigned 12/2/16)	-	1,000,000	-	-	1,000,000
Mr D Black***	2,000,000	-	-	-	2,000,000
Mr G Grubitz (resigned 12/2/16)	-	-	-	-	-
	11,000,000	1,000,000	-	-	12,000,000

31 December 2014	Balance at beginning of the year	Granted as remuneration during the year *	Exercised during the period	Other changes during the year	Balance at end of year
Mr A Short (resigned 18/6/14)	-	-	-	-	-
Mr D Ormerod ** (appt 14/7/14)	-	9,000,000	-	-	9,000,000
Dr J Hamilton (appt 14/7/14)	-	-	-	-	-
Mr K Plankinton (resigned 11/4/14)	-	-	-	-	-
Mr I Soshynsky (resigned 18/6/14)	-	-	-	-	-
Mr M Davy (appt 11/4/14,	-	-	-	-	-
Mr R Matic (appt 11/4/14,	-	-	-	-	-
Mr D Black *** (appt 18/6/14)	-	2,000,000	-	-	2,000,000
Mr G Grubitz (appt 15/8/14)	-	-	-	-	-
	-	11,000,000	-	-	11,000,000

\* PRs will convert into shares provided the milestones set out below are achieved within three (3) years from their date of issue:

- Class A PRs will vest and convert to an equivalent number of fully paid ordinary shares in the Company on the acquisition of a project by the Company in the South American/Caribbean region with significant exploration and/or exploitation potential (Milestone 1); and
- Class B PRs will vest and convert to an equivalent number of fully paid ordinary shares in the Company, after the date of issue of the Class B Performance Rights, on the completion of a further capital raising by the Company in excess of A\$10,000,000 or the Company achieving a market capitalisation of greater than A\$30,000,000 for five consecutive trading days (Milestone 2).

PRs granted during the year are valued at the date the PRs were approved by shareholders. The probabilities used in the valuation relating to non-market based performance conditions have been based on management's best estimate for the probability of meeting the milestones. The fair value of the Class A PRs has been discounted by 20% to reflect the probability of not meeting the milestones.

\*\* Comprises 8,000,000 Class A PRs and 1,000,000 Class B PRs

\*\*\* Comprises 1,000,000 Class A PRs and 1,000,000 Class B PRs.

\*\*\*\* Comprises 1,000,000 Class B PRs.

## ANTILLES OIL AND GAS NL DIRECTORS REPORT

### G \$0.01 Partly Paid Ordinary Shares

The number of \$0.01 partly paid ordinary shares in the Company held during the financial year by KMP of the consolidated entity, including their personally related parties, is set out below:

31 December 2015	Balance at beginning of the year	Acquired during the year	Fully paid during the period	Other changes during the year	Balance at end of year
Mr D Ormerod (resigned 12/2/16)	6,000,000	-	-	-	6,000,000
Dr J Hamilton (resigned 12/2/16)	-	3,000,000	-	-	3,000,000
Mr D Black	3,000,000	-	-	-	3,000,000
Mr G Grubitz (resigned 12/2/16)	-	-	-	-	-
	9,000,000	3,000,000	-	-	12,000,000

31 December 2014	Balance at beginning of the year	Acquired during the year	Fully paid during the period	Other changes during the year	Balance at end of year
Mr A Short (resigned 18/6/14)	-	-	-	-	-
Mr D Ormerod (appt 14/7/14)	-	6,000,000	-	-	6,000,000
Dr J Hamilton (appt 14/7/14)	-	-	-	-	-
Mr K Plankinton (resigned 11/4/14)	-	-	-	-	-
Mr I Soshynsky (resigned 18/6/14)	-	-	-	-	-
Mr M Davy (appt 11/4/14,	-	-	-	-	-
Mr R Matic (appt 11/4/14,	-	-	-	-	-
Mr D Black (appt 18/6/14)	-	3,000,000	-	-	3,000,000
Mr G Grubitz (appt 15/8/14)	-	-	-	-	-
	-	9,000,000	-	-	9,000,000

### H Convertible Preference Shares

There were no convertible preference shares in the company held during the financial year to 31 December 2015 by KMP of the consolidated entity, including their personally related parties.

31 December 2014	Balance at beginning of the year	Acquired during the year	Fully paid during the period	Other changes during the year (eg, resignations)	Balance at end of year
Mr A Short (resigned 18/6/14)	3	-	-	(3)	-
Mr D Ormerod (appt 14/7/14)	-	-	-	-	-
Dr J Hamilton (appt 14/7/14)	-	-	-	-	-
Mr K Plankinton (resigned 11/4/14)	-	-	-	-	-
Mr I Soshynsky (resigned 18/6/14)	-	-	-	-	-
Mr M Davy (appt 11/4/14,	-	-	-	-	-
Mr R Matic (appt 11/4/14,	-	-	-	-	-
Mr D Black (appt 18/6/14)	-	-	-	-	-
Mr G Grubitz (appt 15/8/14)	-	-	-	-	-
	3	-	-	(3)	-

## ANTILLES OIL AND GAS NL DIRECTORS REPORT

### I Options

The number of options in the Company held during the financial year by KMP of the consolidated entity, including their personally related parties, is set out below:

31 December 2015	Balance at beginning of the year	Granted as remuneration during the year	Exercised/ Expired	Other changes during the year (eg, participation in capital raising, on market purchases)	Balance at end of year
Mr D Ormerod (resigned 12/2/16)	-	-	-	-	-
Dr J Hamilton (resigned 12/2/16)	-	-	-	871,324	871,324
Mr D Black	-	-	-	748,531	748,531
Mr R Matic <sup>1</sup>	-	2,000,000	-	-	2,000,000
Mr G Grubitz (resigned 12/2/16)	-	3,000,000	-	-	3,000,000
	-	5,000,000	-	1,619,855	6,619,855

1. Bentleys Corporate Advisory (WA) Pty Ltd (formerly Capital and Corporate Advisory Pty Ltd) was issued options for the provision of corporate secretarial and accounting services, of which Mr Matic is a shareholder and director.

No options were held by KMP during the 2014 financial year.

**This concludes the remuneration report, which has been audited.**

### NON AUDIT SERVICES

No non-audit services were provided to the company by the Company's external auditor during the financial year.

### AUDITOR

Somes Cooke were appointed as the consolidated entity's auditors at the 2012 Annual General Meeting and continues in office in accordance with section 327 of the Corporations Act 2001.

### AUDITORS' INDEPENDENCE DECLARATION

A copy of the auditors' Independence declaration as required under section 307C of the *Corporations Act 2001* is included within this financial report.

This directors' report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors.



Mr Ranko Matic  
Non-Executive Director

Dated this 31st day of March 2016

## ANTILLES OIL AND GAS NL CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Antilles Oil and Gas NL (Antilles), support and adhere to the principles of sound corporate governance. The Board recognises the recommendations of the Australian Securities Exchange Corporate Governance Council, and considers that the Company is in compliance with those guidelines, to the extent possible, which are of importance to the commercial operation of a junior resource company.

The board of directors of Antilles is responsible for the Corporate Governance of the Company. The board guides and monitors the business and the affairs of the Company on behalf of the shareholders, by whom they were elected and to whom they are responsible.

The Board has reviewed its current practices in light of the revised ASX Corporate Governance Principles and Recommendations with a view to making amendments where applicable after considering the Company's size and the resources it has available.

As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of any additional formal corporate governance committees will be given further consideration.

The Board sets out below its "if not why not" report in relation to those matters of corporate governance where the Company's practices depart from the Recommendations.

<b>Principle 1 – Lay solid foundations for management and oversight</b>		
	<b>Recommendation</b>	<b>Antilles Oil and Gas NL Current Practice</b>
1.1	A listed entity should disclose: (a) respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management	Adopted  The Directors have adopted a Board Charter which outlines the role of the Board. A copy of which is available on the Company's website – <a href="http://www.antillesoilandgas.com">www.antillesoilandgas.com</a>  Executive Service Agreements outline functions of the executive directors. Non-executive Director appointment letters outline the terms and conditions of non-executive director appointments. As the Company recruits additional management, the roles and responsibilities of these persons will be considered and documented.
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director	Adopted  Material information in relation to a director up for re-election is provided in the Notice of Meeting for each AGM including background, other material directorships, term and the Board's consideration of them as independent or non-independent director.
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Adopted  All previous directors had a written agreement with the Company setting out the terms of their appointments, however the two newly appointed directors are yet to have their agreements executed.
1.4	The Company Secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the Board.	Adopted  The responsibilities of the Company Secretary are contained within the Board Charter.

## ANTILLES OIL AND GAS NL CORPORATE GOVERNANCE

1.5	<p>A listed entity should:</p> <ul style="list-style-type: none"> <li>(a) Have a diversity Policy which includes requirements for Board/Committee to set measurable objectives for achieving gender diversity and assess them and achieving them annually</li> <li>(b) disclose that policy</li> <li>(c) disclose at end of reporting period how objectives are being achieved via: <ul style="list-style-type: none"> <li>(i) respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how senior exec is defined); or</li> <li>(ii) if entity is a “relevant employer” under the Workplace Gender Equality Act, the entities most recent “Gender Equality</li> </ul> </li> </ul>	<p>Partially Adopted</p> <p>Due to the current size of the Company, it does not have a Diversity Policy.</p> <p>The Company makes the following disclosures regarding the proportion of women employed in the organisation:</p> <ul style="list-style-type: none"> <li>- Women on Board: 0%</li> <li>- Women in Senior Management: 0%</li> <li>- Women in whole organisation: 0%</li> </ul>
1.6	<p>A listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors; and</li> <li>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</li> </ul>	<p>Adopted</p> <p>The Company has a Process for Performance Evaluation policy included on the Company’s website. An evaluation has not taken place within the financial period.</p>
1.7	<p>A listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</li> <li>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</li> </ul>	<p>Adopted.</p> <p>As detailed above, the Company has a Process for Performance Evaluation policy which includes the performance of executives. An evaluation did not take place this financial period.</p>
<b>Principle 2 – Structure the board to add value</b>		
	<b>Recommendation</b>	<b>Antilles Oil and Gas NL Current Practice</b>
2.1	<p>The board of a listed entity should:</p> <ul style="list-style-type: none"> <li>(a) Have a nomination committee which: <ul style="list-style-type: none"> <li>(i) has at least three members, a majority of whom are independent directors; and</li> <li>(ii) is chaired by an independent director;</li> </ul> and disclose: <ul style="list-style-type: none"> <li>(i) the charter of the committee;</li> <li>(ii) the members of the committee; and</li> <li>(iii) as at the end of each reporting period, the number of times the committee met through the period and the individual attendances of the members at those meetings; or</li> </ul> </li> <li>(b) If it does not have a nomination committee disclose that fact and the processes it employs to address board succession issue and to ensure that the board has the appropriate balance of skills, knowledge experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</li> </ul>	<p>Not Adopted</p> <p>The Company does not have a separate nomination committee and the full board will consider the matters and issues arising that would usually fall to the nomination committee in accordance with the Nomination Committee Charter. The Company has adopted a Nomination Committee Charter setting out the board process to raise the issues that would otherwise be considered by the Nomination Committee. The Board consider that at this stage, no efficiencies or other benefits would be gained by establishing a separate nomination committee.</p> <p>The Nomination Committee Charter is available on the Company’s website <a href="http://www.antillesoilandgas.com">www.antillesoilandgas.com</a></p>
2.2	<p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p>	<p>Not Adopted</p> <p>The Company currently has a mixture of skills on the Board, including, financial, business, management and leadership. There is no immediate plans to develop and disclose a Board Skills Matrix.</p>



## ANTILLES OIL AND GAS NL CORPORATE GOVERNANCE

2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors (b) if a director has an interest, position, association or relationship as described in Box 2.3 (Factors relevant to assessing independence) but the board is of the opinion that it doesn't compromise the independence of the director, nature of the interest, position, association or relationship and an explanation as to why the board is of that opinion; and (c) the length of service of each director.	Adopted.  (a) Damian Black - Independent Ranko Matic – Independent David Wheeler – Independent (b) n/a (c) Damian Black – appointment - 14 June 2014 - service 1 year, 9 months Ranko Matic - – appointment - 12 February 2016 - service 1 month David Wheeler – appointment - 12 February 2016 - service 1 month
2.4	A majority of the Board of a listed entity should be independent directors.	Adopted.  Currently all directors are considered independent directors. Therefore all directors are considered independent as per box 2.3 of the ASX Corporate Governance Principles and Recommendations.
2.5	The Chair of a Board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	Adopted.  Damian Black is the current Chairman of the Company and as there is currently no appointed CEO in the Company, this recommendation is satisfied.
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	Adopted.  The induction of new directors is currently completed by the Company Secretary. All Directors have access to professional development opportunities to improve on their skills and knowledge to assist in their roles as directors.
<b>Principle 3 – Promote ethical and responsible decision making.</b>		
	<b>Recommendation</b>	<b>Antilles Oil and Gas NL Current Practice</b>
3.1	A listed entity should: (a) Have a code of conduct for its directors, senior executives and employees; and (b) disclose that code of conduct or a summary of it.	Adopted.  Copy of Code of Conduct is published on the Company's website and available at <a href="http://www.antillesoilandgas.com">www.antillesoilandgas.com</a>

<b>Principle 4 – Safeguard integrity in financial reporting</b>		
	<b>Recommendation</b>	<b>Antilles Oil and Gas NL Current Practice</b>
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(i) has at least 3 members, all of whom are non-executive directors and a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director, who is not the chair of the board;</p> <p>And disclose:</p> <p>(iii) the charter of the committee</p> <p>(iv) the relevant qualifications and experience of the member of the committee; and</p> <p>(v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the member at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>	<p>Partially Adopted</p> <p>An audit and risk committee was established with two members. One has since resigned from the Company - the new committee member needs to be confirmed.</p> <p>The Charter of the Audit and Risk Committee is on the Company's website at <a href="http://www.antillesoilandgas.com">www.antillesoilandgas.com</a></p> <p>Refer to Board Meetings in Directors Report for committee meeting times.</p>
4.2	<p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>Adopted</p>
4.3	<p>A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit</p>	<p>Adopted</p>
<b>Principle 5 – Make timely and balanced disclosure</b>		
	<b>Recommendation</b>	<b>Antilles Oil and Gas NL Current Practice</b>
5.1	<p>A listed entity should:</p> <p>(a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) disclose that policy or a summary of it</p>	<p>Adopted.</p> <p>The Company has a Continuous Disclosure Policy which is available on the Company's website. Refer <a href="http://www.antillesoilandgas.com">www.antillesoilandgas.com</a></p>
<b>Principle 6 – Respect the rights of the Shareholders</b>		
	<b>Recommendation</b>	<b>Antilles Oil and Gas NL Current Practice</b>
6.1	<p>A listed entity should provide information about itself and its governance to investors via its website.</p>	<p>Adopted</p> <p>Refer to the Company's Corporate Governance page on its website – <a href="http://www.antillesoilandgas.com">www.antillesoilandgas.com</a></p>
6.2	<p>A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	<p>Adopted.</p> <p>The Company has a Shareholder Communication Policy which is available on the Company's website. Refer <a href="http://www.antillesoilandgas.com">www.antillesoilandgas.com</a></p>

6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Adopted  The Company encourages participation at General Meetings upon the dispatch of its Notice of Meeting and advises security holders that they may submit questions they would like to be asked at the meeting to the Board and to the Company's auditors.
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Adopted
<b>Principle 7 – Recognise and manage risk</b>		
	<b>Recommendation</b>	<b>Antilles Oil and Gas NL Current Practice</b>
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <ul style="list-style-type: none"> <li>(i) has at least three members, a majority of whom are independent directors; and</li> <li>(ii) is chaired by an independent director, And disclose:</li> <li>(iii) the charter of the committee;</li> <li>(iv) the members of the committee; and</li> <li>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	<p>Partially Adopted</p> <p>An audit and risk committee was established with two members. One has since resigned from the Company - the new committee member needs to be confirmed.</p> <p>The Charter of the Audit and Risk Committee is on the Company's website at <a href="http://www.antillesoilandgas.com">www.antillesoilandgas.com</a></p> <p>Refer to Board Meetings in Directors Report for committee meeting times.</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p>Adopted.</p> <p>The Board reviews risk on a regular basis with following policies and procedures forming part of the Company's Audit and Risk Committee Charter.</p> <p>A review has not taken place in the reporting period.</p>
7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>Not Adopted</p> <p>The Company does not have a structured formalised internal audit function, however historically the Board has reviewed the internal control systems and risk management policies on an annual basis.</p> <p>Internal controls are reviewed on an annual basis.</p>
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	<p>Not Adopted.</p> <p>The Company does not have a sustainability policy.</p>

<b>Principle 8 – Remunerate fairly and responsibly</b>		
	<b>Recommendation</b>	<b>Antilles Oil and Gas NL Current Practice</b>
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <ul style="list-style-type: none"> <li>(i) has at least three members, a majority of whom are independent directors; and</li> <li>(ii) is chaired by an independent director, and disclose:</li> <li>(iii) the charter of the committee;</li> <li>(iv) the members of the committee; and</li> <li>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>Not Adopted.</p> <p>The Company does not have a Remuneration Committee.</p> <p>The role of the remuneration committee is currently undertaken by the full board. The Company has adopted a Remuneration Committee Charter which is published on the Company's website <a href="http://www.antillesoilandgas.com">www.antillesoilandgas.com</a>. The Board follows the Remuneration Committee Charter which provides for dealing with board remuneration issues.</p>
8.2	<p>A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>Adopted.</p> <p>This information is contained within the Remuneration Report of the Annual Report. Setting remuneration for executives is set out in the Remuneration Committee Charter.</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>Adopted.</p> <p>The Company has a Remuneration Policy in place which covers equity-based remuneration schemes.</p> <p>A copy of the policy is available on the Company website – <a href="http://www.antillesoilandgas.com">www.antillesoilandgas.com</a></p>

## Auditor's Independence Declaration

To those charged with governance of Antilles Oil and Gas NL

As auditor for the audit of Antilles Oil and Gas NL for the year ended 31 December 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 audit; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Somes Cooke

**SOMES COOKE**

Nicholas Hollens

**NICHOLAS HOLLENS**

Partner

Perth

31 March 2016

**ANTILLES OIL AND GAS NL**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**



		<b>Consolidated</b>	
	<b>Notes</b>	<b>2015</b>	<b>2014</b>
		<b>\$</b>	<b>\$</b>
Revenue	3	20,724	16,250
Impairment of exploration expenditure and other assets	8	(1,026,676)	(74,163)
Depreciation expense		(27,030)	(10,438)
Directors' and employee benefits expense		(377,621)	(261,715)
Share based payment expense	12(a)	(132,220)	(1,502,400)
Legal and other professional expenses		(274,617)	(515,863)
Finance costs		-	(194,939)
Travel and accommodation expenses		(107,529)	(136,707)
Accounting and audit expenses		(111,000)	(90,868)
Exploration and project expenses		(265,984)	(240,242)
Other expenses		(339,281)	(307,377)
Creditors and loans forgiven due to company restructure		21,350	727,893
<b>Loss before income tax</b>		<b>(2,619,884)</b>	<b>(2,590,569)</b>
Income tax expense	4	-	-
<b>Loss for the year from continuing operations</b>		<b>(2,619,884)</b>	<b>(2,590,569)</b>
<b>Discontinued operations</b>			
Loss for the year from discontinued operations after tax	21	-	(184,460)
<b>Total loss for the year</b>		<b>(2,619,884)</b>	<b>(2,775,029)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to operating result</i>			
Exchange differences on translating foreign controlled entities		164,337	(53,343)
Other comprehensive income for the year		164,337	(53,343)
<b>Total comprehensive loss for the year</b>		<b>(2,455,547)</b>	<b>(2,828,372)</b>
<b>Loss per share</b>			
Continued and discontinued operations			
Basic and diluted loss (cents per share)	19	(5.00)	(0.37)
Continued operations			
Basic and diluted loss (cents per share)	19	(5.00)	(0.35)
Discontinued operations			
Basic and diluted loss (cents per share)	19	-	(0.02)

The accompanying notes form part of this financial report.

**ANTILLES OIL AND GAS NL**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2015**



		<b>Consolidated</b>	
	<b>Notes</b>	<b>2015</b>	<b>2014</b>
		<b>\$</b>	<b>\$</b>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	179,653	2,394,132
Other assets	6	1,369,670	23,680
Trade and other receivables	7	53,633	64,174
Total current assets		<u>1,602,956</u>	<u>2,481,986</u>
<b>Non-current assets</b>			
Deferred exploration expenditure	8	1,221,982	810,078
Plant and equipment	9	28,422	55,779
Total non-current assets		<u>1,250,404</u>	<u>865,857</u>
<b>Total assets</b>		<u>2,853,360</u>	<u>3,347,843</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	10	146,057	181,077
Provisions		4,544	2,871
Total current liabilities		<u>150,601</u>	<u>183,948</u>
<b>Total liabilities</b>		<u>150,601</u>	<u>183,948</u>
<b>Net assets</b>		<u>2,702,759</u>	<u>3,163,895</u>
<b>EQUITY</b>			
Issued capital	11	34,155,962	32,341,982
Reserves	12	(874,888)	(1,219,656)
Accumulated losses		<u>(30,578,315)</u>	<u>(27,958,431)</u>
<b>Total equity</b>		<u>2,702,759</u>	<u>3,163,895</u>

The accompanying notes form part of this financial report.

**ANTILLES OIL AND GAS NL**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**



	Issued Capital	Accumulated Losses	Foreign Currency Translation Reserve	Investment Reserves	Share Based Payments Reserve	Total
<b>Balance at 1 January 2013</b>	19,975,401	(25,183,402)	(2,668,713)	579	-	(7,876,135)
Loss for the year	-	(2,775,029)	-	-	-	(2,775,029)
Other comprehensive income:						
Foreign currency translation of subsidiaries	-	-	(53,343)	-	-	(53,343)
<b>Total comprehensive (loss) for the year</b>	-	(2,775,029)	(53,343)	-	-	(2,828,372)
<b>Transactions with owners, directly in equity</b>						
Issue of share capital	12,666,120	-	-	-	-	12,666,120
Capital raising costs	(299,539)	-	-	-	-	(299,539)
Derecognition of controlled entity	-	-	-	(579)	-	(579)
Share based payments	-	-	-	-	1,502,400	1,502,400
<b>Balance at 31 December 2014</b>	<b>32,341,982</b>	<b>(27,958,431)</b>	<b>(2,722,056)</b>	<b>-</b>	<b>1,502,400</b>	<b>3,163,895</b>
<b>Balance at 1 January 2014</b>	32,341,982	(27,958,431)	(2,722,056)	-	1,502,400	3,163,895
Loss for the year	-	(2,619,884)	-	-	-	(2,619,884)
Other comprehensive income:						
Foreign currency translation of subsidiaries	-	-	164,337	-	-	164,337
<b>Total comprehensive (loss) for the year</b>	-	(2,619,884)	164,337	-	-	(2,455,547)
<b>Transactions with owners, directly in equity</b>						
Issue of share capital	1,981,808	-	-	-	-	1,981,808
Capital raising costs	(167,828)	-	-	-	-	(167,828)
Derecognition of controlled entity	-	-	-	-	-	-
Share based payments	-	-	-	-	180,431	180,431
<b>Balance at 31 December 2015</b>	<b>34,155,962</b>	<b>(30,578,315)</b>	<b>(2,557,719)</b>	<b>-</b>	<b>1,682,831</b>	<b>2,702,759</b>

The accompanying notes form part of this financial report.



**ANTILLES OIL AND GAS NL**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**



	Notes	Consolidated	
		2015	2014
		\$	\$
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees		(915,353)	(1,294,619)
Payments for oil and gas exploration costs		(1,189,251)	(718,109)
Interest received		20,724	14,977
<b>Net cash outflow from operating activities</b>	17	(2,083,880)	(1,997,751)
<b>Cash flows from investing activities</b>			
Payment for bond	6	(1,369,670)	-
Purchase of property, plant and equipment		-	(65,295)
<b>Net cash outflow from investing activities</b>		(1,369,670)	(65,295)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		1,194,351	3,253,430
Proceeds from issue of convertible notes		-	1,500,000
Payment of capital raising costs		(119,617)	(299,538)
Proceeds from borrowings		-	3,350
<b>Net cash inflow from financing activities</b>		1,074,734	4,457,242
<b>Net (decrease)/ increase in cash held</b>		(2,378,816)	2,394,196
Cash at the beginning of the financial year		2,394,132	(64)
Exchange rate changes on cash		164,337	-
<b>Cash at the end of the financial year</b>	5	179,653	2,394,132

The accompanying notes form part of this financial report.

These consolidated financial statements and notes represent those of Antilles Oil and Gas NL (or 'the company') and its controlled entities (the "consolidated entity" or "group"). The separate financial statements of the parent entity, Antilles Oil and Gas NL have not been presented within this financial report as permitted by the Corporations Act 2001.

The financial statements were authorised for issue on 31 March 2016 by the directors of the company.

## **1. Summary of significant accounting policies**

### **Basis of Preparation**

The financial statements are general purpose financial statements that have been prepared in accordance with Corporations Act 2001, Australian Accounting Standards, Interpretations of the Australian Accounting Standards Board ("AASB") and International Financial Reporting Standards as issued by the International Accounting Standards Board. The consolidated entity is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated. Except for cash flow information, these financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

#### **a) Comparatives**

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

#### **b) Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Antilles Oil and Gas NL at the end of the reporting period. A controlled entity is any entity over which Antilles has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist where the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the group during the year, the financial performance of those entities are included only for the period of the year that they were controlled.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated entity have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the Equity section of the statement of financial position and statement of profit or loss and other comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

#### **c) Income tax**

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred tax is provided on all temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and are recognised for all taxable temporary differences:

**1. Summary of significant accounting policies (continued)**

- Except where the deferred 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; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where 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 tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilised:

- Except where the deferred 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 the taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future extent that it is probable that the temporary differences can be utilised.

The carrying amount of deferred 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 tax asset to be utilised.

Deferred 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 and income taxes relating to items recognised directly in equity are recognised directly in equity.

**d) Foreign Currency Transactions and Balances**

*Functional and Presentation Currency*

The functional currency of each of the entities in the consolidated entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

*Transactions and Balances*

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

Exchange differences arising on the translation of monetary items are recognised directly in the statement of comprehensive income except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in statement of comprehensive income.

*Group companies*

The financial results and position of foreign operations whose functional currency is different from the presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

**1. Summary of significant accounting policies (continued)**

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. These differences are recognised in profit or loss in the period in which the operation is disposed.

**e) Trade receivables**

All trade debtors are recognised at the amounts receivable as they are due for settlement no more than 120 days from the date of recognition.

Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when some doubt as to collection exists and in any event when the debt is more than 60 days overdue.

**f) Non-current assets (or disposal groups) held for sale and discontinued operations**

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits and financial assets that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

**g) Plant and equipment**

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

The depreciable amount of all plant and equipment is depreciated on a straight-line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use.

The expected useful lives are as follows:

- |                    |             |
|--------------------|-------------|
| – Office equipment | 2 - 5 years |
| – Software         | 2.5 years   |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income.

**1. Summary of significant accounting policies (continued)**

**h) Impairment of assets**

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

**i) Trade and other payables**

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

**j) Exploration and evaluation expenditure**

Oil and gas exploration costs are capitalised, provided the rights to tenure of the area of interest are current and either:

- The exploration costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or
- Exploration activities in the area of interest have, at the reporting date, reached a stage that permitted a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or relation to, the areas of interest is continuing.

Some exploration expenditure is expensed to the statement of profit or loss and other comprehensive income where it doesn't qualify for capitalisation under the relevant standard.

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

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.

Restoration, rehabilitation and environmental costs necessitated by exploration activities are capitalised as oil and gas exploration costs.

**k) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with short periods to maturity and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

**l) Revenue and Other Income**

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

**1. Summary of significant accounting policies (continued)**

**m) Employee benefits**

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

***Equity-settled compensation***

From time to time, the Group provides benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby personnel render services in exchange for shares or rights over shares ('equity-settled transactions').

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the Black & Scholes method.

In valuing equity-settled transactions, no account is taken of any performance conditions.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognised immediately unless the original vesting conditions are not market related and those conditions have not been met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

**n) Goods and services tax (GST)**

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

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**1. Summary of significant accounting policies (continued)**

**o) Earnings per share**

**(i) Basic earnings per share**

Basic earnings per share is determined by dividing net profit after income tax attributable to members of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

**(ii) Diluted earnings per share**

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

**p) Segment reporting**

A business segment is identified for a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment subject to risks and returns that are different from those of segments operating in other economic environments.

**q) Provisions**

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

**r) New accounting standards and interpretations**

The adoption of new accounting standards applicable to the Group for the first time in 2015 has not had a material impact on the financial statements. The Group has chosen not to early-adopt any accounting standards that have been issued, but are not yet effective. The impact of accounting standards that have been issued, but are not yet effective, is not material to these financial statements.

**s) Critical accounting judgments, estimates and assumptions**

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the consolidated entity.

There have been no judgements, apart from those involving estimation, in applying accounting policies that have a significant effect on the amounts recognised in these financial statements.

Following is a summary of the key assumptions concerning the future and other key sources of estimation at reporting date that have not been disclosed elsewhere in these financial statements.

*Estimated impairment*

The Group tests annually deferred oil and gas exploration costs for indicators of impairment, in accordance with the accounting policy stated in note 1 (i). The recoverability of deferred oil and gas exploration expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself, or, if not, whether it successfully recovers the related oil and gas asset through sale.

## 1. Summary of significant accounting policies (continued)

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, future legal costs, future changes to the legal environment in which the Group's projects are located, and changes to commodity prices.

To the extent that capitalised oil and gas exploration expenditure is determined not to be recoverable in the future, profits and net assets are reduced in the period in which the determination is made.

### *Taxation*

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

### *Share based payment transactions*

The company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using an appropriate valuation model. Management are required to make judgements on the probabilities of milestones being achieved to calculate the value of the transactions.

## 2. Segment Information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board of Directors as it makes the strategic decisions. The Group has adopted a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker.

2015	Exploration activities  USA \$	Exploration Activities SOUTH AMERICA \$	Exploration Activities  AUSTRALIA \$	Total  \$
Revenue (other income)	-	-	339,137	339,137
Intersegment elimination				(318,413)
Total revenue from continuing operations				20,724
Segment result before income tax	(345,316)	(300,875)	(1,895,434)	(2,541,625)
Intersegment elimination				(78,259)
Loss before tax				(2,619,884)
Segment assets	874,962	664,701	4,108,030	5,647,693
Intersegment elimination				(2,794,333)
Total assets				2,853,360
Segment liabilities	11,796,560	36,347	101,831	11,934,738
Intersegment elimination				(11,784,137)
Total liabilities				150,601



**ANTILLES OIL AND GAS NL**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2015 (continued)**



	Exploration activities	Exploration Activities SOUTH AMERICA	Exploration Activities AUSTRALIA	Total
	USA \$	\$	\$	\$
2014				
Revenue (other income)	-	-	280,309	280,309
Intersegment elimination				(264,059)
Total revenue from continuing operations				16,250
Segment result before income tax	(291,663)	-	(4,788,990)	(5,080,653)
Intersegment elimination				2,305,624
Loss before tax				(2,775,029)
Segment assets	1,473,567	-	4,346,041	5,819,608
Intersegment elimination				(2,471,765)
Total assets				3,347,843
Segment liabilities	11,716,299	-	174,293	11,890,592
Intersegment elimination				(11,706,644)
Total liabilities				183,948

	<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
3. Revenue		
Interest	20,724	14,977
Other Income	-	1,273
	<u>20,724</u>	<u>16,250</u>

**4. Income tax expense**

Loss before income tax expense	(2,619,884)	(2,775,029)
Tax at the Australian tax rate of 30% (2014: 30%)	(785,965)	(832,509)
Tax effect amounts which are not deductible in calculating taxable income:		
Expenditure not allowable for tax purposes	681,926	254,601
Deferred tax assets not brought to account	104,039	577,908
Income tax expense	<u>-</u>	<u>-</u>
Unused tax losses for which no deferred tax asset has been recognised	<u>20,869,595</u>	<u>23,333,007</u>

The deferred tax asset attributable to carried forward income tax losses and temporary differences has not been recognised as an asset as the company has not commenced trading and the availability of future profits to recoup these losses is not considered probable at the date of this report.

	<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>5. Cash and cash equivalents</b>		
A reconciliation between cash and cash equivalents as disclosed in the statement of financial position and cash as disclosed in the statement of cash flows is as follows:		
Cash at bank	179,653	1,394,132
Term Deposits	-	1,000,000
	<u>179,653</u>	<u>2,394,132</u>

**6. Other assets**

Term Deposit - Restricted (i)	1,369,670	-
Prepayments	-	23,680
	<u>1,369,670</u>	<u>23,680</u>

(i) Amount at 31 December 2015 is USD \$1 million in a NAB term deposit held for Block 105. The term deposit has a corresponding Standby Letter of Credit (SLC) attached to it for US\$ 1 million which as at reporting date has not been drawn down. The SLC is with the Peruvian bank BBVA Continental and is held as a bond against the work program regulated by Perupetro on Peru Block 105. The expiry date of the SLC is 30 May 2016. The funds may be returned at the expiry date of the SLC or earlier if the Company is not given approval by Perupetro to operate Block 105. If approval is received by Perupetro for the Company to operate Block 105 the SLC will be extended.

**7. Trade and other receivables**

Trade receivables	53,633	64,174
	<u>53,633</u>	<u>64,174</u>

**8. Deferred exploration expenditure**

Oil and gas exploration - cost	1,221,982	810,078
Expenditure brought forward	810,078	1,609,097
Exploration costs capitalised	1,347,458	337,367
Impairment (i)	(1,026,676)	(74,163)
Disposal of subsidiary (ii)	-	(1,168,301)
Foreign exchange difference	91,122	106,078
Expenditure carried forward	<u>1,221,982</u>	<u>810,078</u>

- (i) Impairment for the year to 31 December 2015 relates to expenditure incurred in the Barbados region which the Company became aware on 23 February 2016 that their bid in the area was unsuccessful. The Company is still able to participate in future bids in the region. Impairment for 2014 relates to the Ortynytska project in Ukraine (see also Note 21)
- (ii) As announced to the market in January 2014 the Company terminated its involvement in the Ortynytska Project in Ukraine (Note 21)

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

	<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>9. Plant and equipment</b>		
Office equipment	79,916	74,510
Less: accumulated depreciation	(67,740)	(49,828)
Total office equipment	<u>12,176</u>	<u>24,682</u>
Software	37,149	37,149
Less: accumulated depreciation	(20,903)	(6,053)
Total software	<u>16,246</u>	<u>31,097</u>
Total plant and equipment	<u>28,422</u>	<u>55,779</u>

### Reconciliations

Reconciliations of the carrying amounts of each class of plant and equipment at the beginning and end of the current financial year are set out below.

	<b>Office Equipment</b>	<b>Software</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Consolidated</b>			
Carrying amount at 31 December 2013	2,048	-	2,048
Additions	28,145	37,150	65,295
Depreciation expense	(4,386)	(6,053)	(10,439)
Translation difference	(1,125)	-	(1,125)
Carrying amount at 31 December 2014	<u>24,682</u>	<u>31,097</u>	<u>55,779</u>
Depreciation expense	(12,179)	(14,851)	(27,030)
Translation difference	(327)	-	(327)
Carrying amount at 31 December 2015	<u>12,176</u>	<u>16,246</u>	<u>28,422</u>

	<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
<b>10. Trade and other payables</b>		
Trade payables	68,083	60,666
Other payables	<u>77,974</u>	<u>120,411</u>
	<u>146,057</u>	<u>181,077</u>

	2015 \$	2014 \$
<b>11. Issued Capital</b>		
56,424,898 (2014: 28,540,811) Ordinary shares – Fully paid ('FPO')	36,330,588	34,378,779
15,000,000 (2014: 12,000,000) Ordinary shares – Partly paid ('PPO')	150,000	120,000
Capital raising costs	(2,324,626)	(2,156,797)
	<u>34,155,962</u>	<u>32,341,982</u>
<b>a) Movements in ordinary shares on issue</b>	<b>\$</b>	<b>\$</b>
At the beginning of the reporting period:	<u>32,341,982</u>	<u>19,975,401</u>
Shares issued during the year		
– 10 January 2014 - 21,686,714 FPO shares (i)	-	17,349
– 10 April 2014 - 21,686,714 FPO shares (i)	-	17,349
– 19 June 2014 – 1:60 consolidation (1,319,960,515) FPO shares	-	-
– 10 July 2014 – 1,006,624,829 FPO shares (ii)	-	9,377,992
– 20 August 2014 – 1:80 consolidation (1,016,134,531) FPO shares	-	-
– 11 September 2014 – 9,000,000 PPO shares	-	90,000
– 15 September 2014 – 15,465,000 FPO shares	-	3,093,000
– 25 September 2014 – 125,000 FPO shares	-	25,000
– 11 November 2014 – 88,000 FPO shares (iii)	-	15,430
– 11 November 2014 – 3,000,000 PPO shares	-	30,000
– 20 April 2015 – 250,000 FPO shares (iii)	20,000	-
– 10 June 2015 – 1,500,000 FPO shares	127,500	-
– 24 June 2015 – 3,000,000 PPO shares	30,000	-
– 25 June 2015 – 551,190 FPO shares	46,851	-
– 6 July 2015 – 11,647,062 FPO shares	990,000	-
– 2 September 2015 – 4,434,000 FPO shares (iii)	266,040	-
– 15 October 2015 – 6,616,003 FPO shares (iii)	384,460	-
– 6 November 2015 – 2,885,832 FPO shares (iii)	116,957	-
Less capital raising costs	(167,828)	(299,539)
At the end of the reporting period	<u>34,155,962</u>	<u>32,341,982</u>

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 a poll, each share is entitled to one vote.

**Non-cash investing and financing activities comprise:**

- (i) Settlement of interest owing on convertible notes
- (ii) Conversion of convertible notes and settlement of various amounts owing
- (iii) Settlement of service fees.

**b) Options**

For details of options issued, exercised and lapsed during the financial year and the options outstanding at year-end, refer to Note 12(a) Share-based payments.

## 11. Issued Capital (continued)

### c) Capital Management

The objectives of management when managing capital is to safeguard the Group's ability to continue as a going concern, so that the Group may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Company at 31 December 2015 and 2014 is as follows:

	2015	2014
	\$	\$
Cash and cash equivalents	179,653	2,394,132
Trade and other receivables	53,633	64,174
Trade and other payables	(146,057)	(181,077)
Working capital position	87,229	2,277,229

## 12. Reserves

	Consolidated	
	2015	2014
	\$	\$
Foreign currency translation	(2,557,719)	(2,722,056)
Share based payments	1,682,831	1,502,400
	(874,888)	(1,219,656)

### Movements in reserves

#### Share based payments

Balance at the beginning of the reporting period	1,502,400	-
Share based payments – Options issued during the year (i)	124,431	-
Share based payments – Performance Rights issued during the year (ii)	56,000	1,502,400
Balance at the end	1,682,831	1,502,400

#### Foreign currency translation

Balance at the beginning of the reporting period	(2,722,056)	(2,668,713)
Exchange differences on translating foreign controlled entities	164,337	(53,343)
Balance at the end	(2,557,719)	(2,722,056)

### (a) Share-based payments

- i. A summary of the movements of all company options issues is as follows:

	Number	Weighted average exercise price
<b>Options outstanding as at 31 December 2013</b>	-	-
Granted (expiring on 31 March 2015)	2,041,169	\$0.48
<b>Options outstanding as at 31 December 2014</b>	2,041,169	\$0.48
Expired on 31 March 2015	(2,041,169)	(\$0.48)
Granted (expiring on 31 January 2017)	22,898,252	\$0.10
Granted (expiring on 23 June 2020)	3,000,000	\$0.20
<b>Options outstanding as at 31 December 2015</b>	25,898,252	\$0.11

**12 (a) Share based payments (continued)**

The weighted average remaining contractual life of options outstanding at year end was 1.5 years. The weighted average exercise price of outstanding options at the end of the reporting period is \$0.11.

The options granted during the year were part of the Company's capital raising activities, remuneration packages and service payments.

The fair value of the options granted during the year was \$124,431 (2014: nil) and was recognized in the statement of comprehensive income. Options granted during the year were valued using a Black Scholes option pricing model. These values were calculated by applying the following inputs:

Grant date:	24 June 2015	14 August 2015	9 October 2015
Exercise price:	\$0.20	\$0.10	\$0.10
Vesting period:	5 years	1.5 years	1.3 years
Share price volatility:	50.51%	108.48%	108.48%
Risk-free interest rate:	2.34%	1.96%	1.87%
Dividend yield:	0%	0%	0%

- ii A summary of the movements of all company performance rights issues is as follows:

	Number	
<b>Performance rights outstanding as at 31 December 2013</b>	-	
Granted	10,300,000	Class A
Granted	2,300,000	Class B
<b>Performance rights outstanding as at 31 December 2014</b>	12,600,000	
Granted	1,000,000	Class B
<b>Performance rights outstanding as at 31 December 2015</b>	13,600,000	
Performance rights exercisable as at 31 December 2015:	13,600,000	

The Performance Rights (PRs) will convert into shares provided the milestones set out below are achieved within three (3) years from their date of issue:

- (i) the Class A PRs will vest and convert to an equivalent number of fully paid ordinary shares in the Company on the acquisition of a project by the Company in the South American/Caribbean region with significant exploration and/or exploitation potential (Milestone 1); and
- (ii) the Class B PRs will vest and convert to an equivalent number of fully paid ordinary shares in the Company, after the date of issue of the Class B Performance Rights, on the completion of a further capital raising by the Company in excess of A\$10,000,000 or the Company achieving a market capitalisation of greater than A\$30,000,000 for five consecutive trading days (Milestone 2).

The fair value of the PRs granted during the financial year was \$56,000 (2014: \$1,502,400) and is recognised in the statement of profit or loss and other comprehensive income. PRs granted during the year were valued at the date the PRs were approved by shareholders. The probabilities relating to non-market performance conditions used in the valuation has been based on management's best estimate for the probability of meeting the milestones. The fair value of the Class A PRs has been discounted by 20% to reflect the probability of not meeting the milestones.

**12 (a) Share based payments (continued)**

iii A summary of the movements of all company converting preference share (CPS) issues is as follows:

	<b>Number</b>
<b>CPS outstanding as at 31 December 2013</b>	9
Granted	-
<b>CPS outstanding as at 31 December 2014</b>	9
Granted	-
<b>CPS outstanding as at 31 December 2015</b>	9
CPS exercisable as at 31 December 2015:	9

All CPS were issued during the period ended 31 December 2005. There are three categories of CPS as follows:

- CPS-B – 5
- CPS-C – 2
- CPS-D – 2
- Total – 9

Each CPS converts into 208 ordinary shares as follows:

- CPS-B – upon the Company achieving production of 500 barrels of oil equivalent per day (BOEPD)
- CPS-C – upon the Company achieving production of 1,000 BOEPD
- CPS-D – upon the Company achieving production of 1,500 BOEPD

**13. Remuneration of auditors**

	<b>Consolidated</b>	
	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Audit and review fees	22,000	27,500
	<u>22,000</u>	<u>27,500</u>

**14. Commitments for expenditure**

**(a) Licence Expenditure Commitments:**

As part of its exploration activities the Company has entered into various licence agreements to obtain seismic survey information. These agreements contain various expenditure commitments which are dependent upon particular future events occurring.

**(b) Capital commitments**

There are no capital commitments contracted for at balance date.

**15. Controlled entities**

<b>Name of Entity</b>	<b>Country of Incorporation</b>	<b>Percentage Owned (%)</b>	
		<b>2015</b>	<b>2014</b>
Antilles Block 105 Pty Ltd	Australia	100%	-
Antilles Peru Pty Ltd	Australia	100%	-
Antilles Oil and Gas Peru SA	Peru	100%	-
Advance Exploration and Production Inc	Texas USA	100%	100%
AEPI Midstream Inc	Texas USA	100%	100%
Advance Wolfberry Inc	Texas USA	100%	100%

## 16. Events after the reporting period

On 12 February 2016 there was a change in board members, with Managing Director Mr David Ormerod, Chairman, Dr Jack Hamilton and Non-Executive Director Mr Gary Grubitz resigning on that day and Mr Ranko Matic and Mr David Wheeler being appointed as Non-Executive Directors.

As announced on the ASX on 23 February 2016 the Company, through its subsidiary Advance Exploration and Production Inc (AEPI), has accepted an offer to sell 100% of its right, title and interest in a number of lands and Oil, Gas and Mineral Leases located in Marin County, Texas USA, subject to due diligence by the purchaser. The amount receivable for the sale is US\$756,280. At the date of this report, the due diligence is being finalised and funds are yet to be transferred to AEPI.

Also announced on the same day was that the Company was unsuccessful in its qualification to bid for an acreage position in offshore Barbados. This does not prevent the Company from participating in future bids in the Caribbean.

On 4 March 2016 the Company issued 5,145,028 fully paid ordinary shares, raising \$102,901 in funds. The Company has also scheduled a General Meeting of Shareholders to be held on 12 April 2016 with resolutions included to approve the issue of up to a further 94,854,972 fully paid ordinary shares at an issue price of \$0.02 each in order to raise up to a further \$1.897 million.

The directors are not aware of any other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group in future financial years.

## 17. Cash flow information

	Consolidated	
	2015	2014
a) Reconciliation of loss from ordinary activities after income tax to net cash outflow from operating activities	\$	\$
Loss from ordinary activities after income tax	(2,619,884)	(2,775,029)
Non cash flow in loss from continuing operations:		
Depreciation	27,030	10,438
Impairment charges	1,026,676	74,163
Share-based payment	132,220	1,502,400
Services settled through issue of shares	787,457	194,939
Creditors and loans forgiven	(21,350)	(727,893)
Loss on disposal of subsidiary	-	184,460
Foreign exchange	-	(52,796)
Change in operating assets and liabilities:		
Trade debtors and receivables	10,541	(18,055)
Other assets	(1,414,573)	(344,535)
Trade and other payables	(13,670)	(45,843)
Provisions	1,673	-
Net cash outflow from operating activities	(2,083,880)	(1,997,751)

### Non-cash investing and financing activities:

Refer to Note 11(a) and 12(a) for non-cash investing and financing activities.



**18. Parent entity disclosures**

**(a) Financial Position**

**Assets**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Current Assets	1,593,999	2,469,969
Non-Current Assets	2,516,516	1,876,072
<b>Total Assets</b>	<b>4,110,515</b>	<b>4,346,041</b>

**Liabilities**

Current Liabilities	138,179	174,292
Non-Current Liabilities	-	-
<b>Total Liabilities</b>	<b>138,179</b>	<b>174,292</b>

**Equity**

Issued capital	34,155,962	32,341,982
Reserves	1,682,831	1,502,400
Accumulated losses	(31,866,457)	(29,672,634)
<b>Total Equity</b>	<b>3,972,336</b>	<b>4,171,748</b>

**(b) Financial Performance**

Loss for the year	(2,193,823)	(4,788,990)
Other comprehensive income	-	-
<b>Total Comprehensive Loss</b>	<b>(2,193,823)</b>	<b>(4,788,990)</b>

**19. Earnings per share**

**Consolidated**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
a) Reconciliation of earnings to profit or loss:		
Net (loss) from continuing and discontinuing operations attributable to ordinary shareholders for basic and diluted earnings per share	(2,619,884)	(2,775,029)
Net (loss) from continuing operations attributable to ordinary shareholders for basic and diluted earnings per share	(2,619,884)	(2,590,569)
Net (loss) from discontinuing operations attributable to ordinary shareholders for basic and diluted earnings per share	-	(184,460)
b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	52,448,260	744,499,740

## **20. Financial Risk Management**

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, and aging analysis for credit risk.

Risk management is carried out by the Board of Directors.

### **(a) Market risk**

#### **(i) Foreign exchange risk**

Foreign exchange risk arises from commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency.

The Group's exposure to foreign exchange risk at the reporting date is limited to the transfer of funding from the Australian head office to fund the US operations.

The American subsidiaries are not exposed to foreign exchange risk as all transactions are denominated in its functional currency being US dollars.

#### **(ii) Price risk**

Over the reporting period, the Company did not have any oil and gas production and was therefore not exposed to movements in the price of oil and gas. The Company therefore has no requirement to mitigate oil and gas price risk.

Group sensitivity

As the Company did not receive any revenue from the sale of oil and gas, it is not considered necessary to review sensitivities to movements in oil and gas prices.

#### **(iii) Cash flow and fair value interest rate risk**

Interest rate risk arises from both short and long-term borrowings and cash at bank. Borrowings issued at variable rates would expose the Group to cash flow interest rate risk. During 2015 and 2014, the Group had no borrowings at a variable rate of interest. The Group reviews its arrangements on a regular basis. The Group had no fixed rate Borrowings as at 31 December 2015.

Group sensitivity

At 31 December 2015 and 2014, if interest rates had changed by +/- 10% from the year-end rates with all other variables held constant, post-tax loss for the year would have been materially the same.

### **(b) Credit risk**

The Group has no significant concentrations of credit risk. As the Group does not presently have any debtors, significant stock levels or any other significant financial assets, a formal credit risk management policy is not maintained.

### **(c) Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities and/or the capacity to raise additional equity. As an oil and gas producer, the Group has aimed to maintain flexibility in funding by keeping committed credit lines available with a variety of counterparties. In light of the Company's current activities, the need to maintain a diverse range of funding maturities has been diminished.

**20. Financial Risk Management (continued)**

**(i) Maturities of financial liabilities**

The tables below analyses the Group's material financial liabilities based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows as at 31 December 2015 and are no different to the carrying values.

Group	2015						
	Within 6 months \$	6 Months to 1 year \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Total contractual cash flows \$	Carrying amount \$
Financial Liabilities							
Trade creditors and accruals	146,057	-	-	-	-	146,057	146,057
Total Financial Liabilities	146,057	-	-	-	-	146,057	146,057
Group	2014						
	Within 6 months \$	6 Months to 1 year \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Total contractual cash flows \$	Carrying amount \$
Financial Liabilities							
Trade creditors and accruals	181,077	-	-	-	-	181,077	181,077
Total Financial Liabilities	181,077	-	-	-	-	181,077	181,077

**(d) Fair value estimation**

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

## 21. Discontinued Operations

On 6 June 2014 the Company disposed of its 100% interest in Celiastad Pty Ltd (which had a 100% interest in Celiastad Holdings Ltd, which in turn had a 100% interest in Epic Energy Ukraine LLC), thereby discontinuing its operations in this business segment.

Financial information relating to the discontinued operations to the date of loss of control is set out below.

The financial performance of the discontinued operations to the date of loss of control, which is included in loss from discontinued operations per the consolidated statement of profit or loss and other comprehensive income, is as follows:

	2015 \$	2014 \$
Revenue	-	-
Expenses	-	-
(Loss) / profit before income tax	-	-
Income tax expense	-	-
Loss attributable to members of the parent entity	-	-
Loss on sale of subsidiaries before income tax	-	(184,460)
Income tax expense	-	-
Loss on sale after income tax	-	(184,460)
Total loss after tax attributable to the discontinued operations	-	(184,460)

Loss on disposal of the subsidiaries included in loss from discontinued operations per the consolidated statement of profit or loss and other comprehensive income.

## 22. Related Party Transactions

### a) Transactions with related parties

Directors and officers, or their personally-related entities, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. A number of these entities transacted with the Company in the reporting period. The terms and conditions of these transactions, which involved primarily the Companies, charged by related entities for office, administration and company secretarial services, and for travel and accommodation costs, were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to unrelated entities on an arm's length basis.

In addition to the amounts paid to directors and their related parties during the financial year as disclosed in Section B of the Remuneration Report, the amounts charged during the year to related entities and the trading balances outstanding at the 31 December 2015 are detailed below:

AAG Management Pty Ltd and GCP Capital Ltd are management companies with which Mr Anthony Short, a director of Antilles during part of 2014, is a director of both companies. They provide facilities, human resources, and other administration and consulting services. During the year payments for these services amounted to nil (2014: \$64,818).

**22. Related Party Transactions (continued)**

During the year, there were payments made to Bentleys Corporate Advisory (WA) Pty Ltd (formerly Capital and Corporate Advisors Pty Ltd), a company in which Mr Ranko Matic is a shareholder and director. The payments are for the provision of corporate secretarial and CFO/general accounting services and amounted to \$89,000 (2014: \$61,943).

**b) Payables owing to related parties**

	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>
Bentleys Corporate Advisory (WA) Pty Ltd	5,500	9,900
Energy Elements Consulting Pty Ltd	11,000	11,000
Lenoir Capital Pty Ltd	5,500	5,500
Gary Grubitz	22,500	-
	<u>44,500</u>	<u>26,400</u>

**23. Key Management Personnel Compensation**

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 31 December 2015.

The totals of remuneration paid to KMP of the company and the Group during the year are as follows:

Short-term employee benefits	352,792	300,902
Post-employment benefits	23,156	12,469
Share based payments	114,138	1,312,000
Total KMP compensation	<u>490,086</u>	<u>1,625,371</u>

**Short-term employee benefits**

These amounts include fee and benefits paid to the non-executive directors as well as all salary, paid leave benefits for executive directors and other KMP.

**Post-employment benefits**

These amounts are the current-year's superannuation contributions made during the year.

**Share-based payments**

These amounts represent the expense related to the participation of KMP in equity-settled benefit schemes as measured by the fair value of the options and rights granted on grant date.

Further information in relation to KMP remuneration can be found in the directors' report.

## ANTILLES OIL AND GAS NL DIRECTORS' DECLARATION

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The directors of the company declare that:

1. the financial statements and notes, as set out in the financial report, are in accordance with the Corporations Act 2001 and:
  - a) comply with Australian Accounting Standards, which, as stated in accounting policy note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and
  - b) give a true and fair view of the financial position as at 31 December 2015 and of the performance for the year ended on that date of the consolidated entity;
2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
3. the directors have been given the declarations required by s295A of the Corporations Act 2001.

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



Mr Ranko Matic  
Non-Executive Director

Dated this 31st day of March 2016



## Independent Auditor's Report

To the members of Antilles Oil and Gas NL

### Report on the Financial Report

We have audited the accompanying financial report of Antilles Oil and Gas NL, which comprises the consolidated statement of financial position as at 31 December 2015, 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, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of Antilles Oil and Gas NL comprising the entity and the entities it controlled at the year's end or from time to time during the financial year.

#### *Directors' Responsibility 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 Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

#### *Independence*

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

#### *Opinion*

In our opinion:

- (a) the financial report of Antilles Oil and Gas NL is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the company's and the consolidated entity's financial position as at 31 December 2015 and of their performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the consolidated financial statements and notes also comply with *International Financial Reporting Standards* as disclosed in Note 1.

*Report on the Remuneration Report*

We have audited the Remuneration Report included in pages 6 to 13 of the directors' report for the year ended 31 December 2015. 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 in accordance with Australian Auditing Standards.

*Opinion*

In our opinion, the Remuneration Report of Antilles Oil and Gas NL for the year ended 31 December 2015 complies with section 300A of the *Corporations Act 2001*.

Somes Cooke

**SOMES COOKE**

Nicholas Hollens

**NICHOLAS HOLLENS**

Partner

31 March 2016

Perth



## ADDITIONAL INFORMATION

Additional information required by Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 14 March 2016.

### (a) Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

Range	Total Holders	Units	% of Issued Capital
1 – 1,000	536	47,112	0.08
1,001 – 5,000	60	150,779	0.24
5,001 – 10,000	30	245,214	0.40
10,001 – 100,000	151	6,657,358	10.81
100,001 and above	95	54,469,463	88.47
<b>Total</b>	<b>872</b>	<b>61,569,926</b>	<b>100.00</b>

#### Unmarketable Parcels

Minimum Parcel Size	Holders	Units
Minimum \$500.00 parcel at \$0.03 per unit	16,667	648
		752,357

### (b) Twenty largest shareholders

The names of the twenty largest holders of quoted ordinary shares are:

Rank	Name	Units	% of Units
1	MULTICLIENT GEOPHYSICAL ASA	10,550,000	17.13
2	CELTIC CAPITAL PTE LTD <INVESTMENT 1 A/C>	3,250,000	5.28
3	MR JASON PETERSON & MRS LISA PETERSON <J & L PETERSON S/F A/C>	3,249,195	5.28
4	HAVOC PARTNERS LLP	2,500,000	4.06
5	ORMEROD FAMILY PTY LTD <ORMEROD FAMILY SMSF A/C>	1,883,414	3.06
6	S3 CONSORTIUM PTY LTD	1,612,500	2.62
7	EURO-LATIN CAPITAL SA	1,523,332	2.47
8	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,314,045	2.13
9	MS NICOLE GALLIN & MR KYLE HAYNES <GH SUPER FUND A/C>	1,250,000	2.03
10	BRIJOHN NOMINEES PTY LTD <NELSONIO A/C>	1,203,339	1.95
11	MS NICOLE JOAN GALLIN	1,000,000	1.62
12	PAMPLONA CAPITAL PTY LTD	961,765	1.56
13	MS JEWEL NKECHI OKWECHIME & MS ROSE ADA OKWECHIME	937,500	1.52
14	MR JOHN ANDREW HAMILTON	871,324	1.42
15	PHEAKES PTY LTD <SENATE A/C>	822,917	1.34
16	MR DAVID ARTHUR PAGANIN <D A PAGANIN FAMILY NO 2 A/C>	791,667	1.29
17	WILLIAM TAYLOR NOMINEES PTY LTD	750,000	1.22
18	MR DAMIAN PETER BLACK & MR ANDREW JAMES BLACK <LENOIR SUPERFUND A/C>	724,948	1.18
19	JDK NOMINEES PTY LTD <KENNY CAPITAL A/C>	625,000	1.02
20	TROCA ENTERPRISES PTY LTD <COULSON SUPER A/C>	625,000	1.02
<b>Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (TOTAL)</b>		<b>36,445,946</b>	<b>59.19</b>

## ADDITIONAL INFORMATION

### (c) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

### (d) Options

There are 22,898,252 listed options over unissued shares on issue. There are 3,000,000 unlisted options over unissued shares on issue.

### (e) Schedule of interest in mining tenements

#### Oil and Gas Interests as at 31 December 2015

Tenement Reference	Tenement	Location	Interest Held
Roman "27" #1 * API# 42-317-36123	Spraberry	Texas, USA RRC# 40739	WI 50% NRI 38.75%

\* Interest is APO (after payout only) and the operator is Endeavor Energy Resources L.P.  
Total acreage held is 160. The interest is held by the Company's subsidiary, Advance Exploration and Production, Inc.

#### Summary of farm-in or Farm-out arrangements

Tenement Reference	Tenement	Location	Interest Held
Block 105	Block 105	Onshore Peru – Titicaca Basin	50%