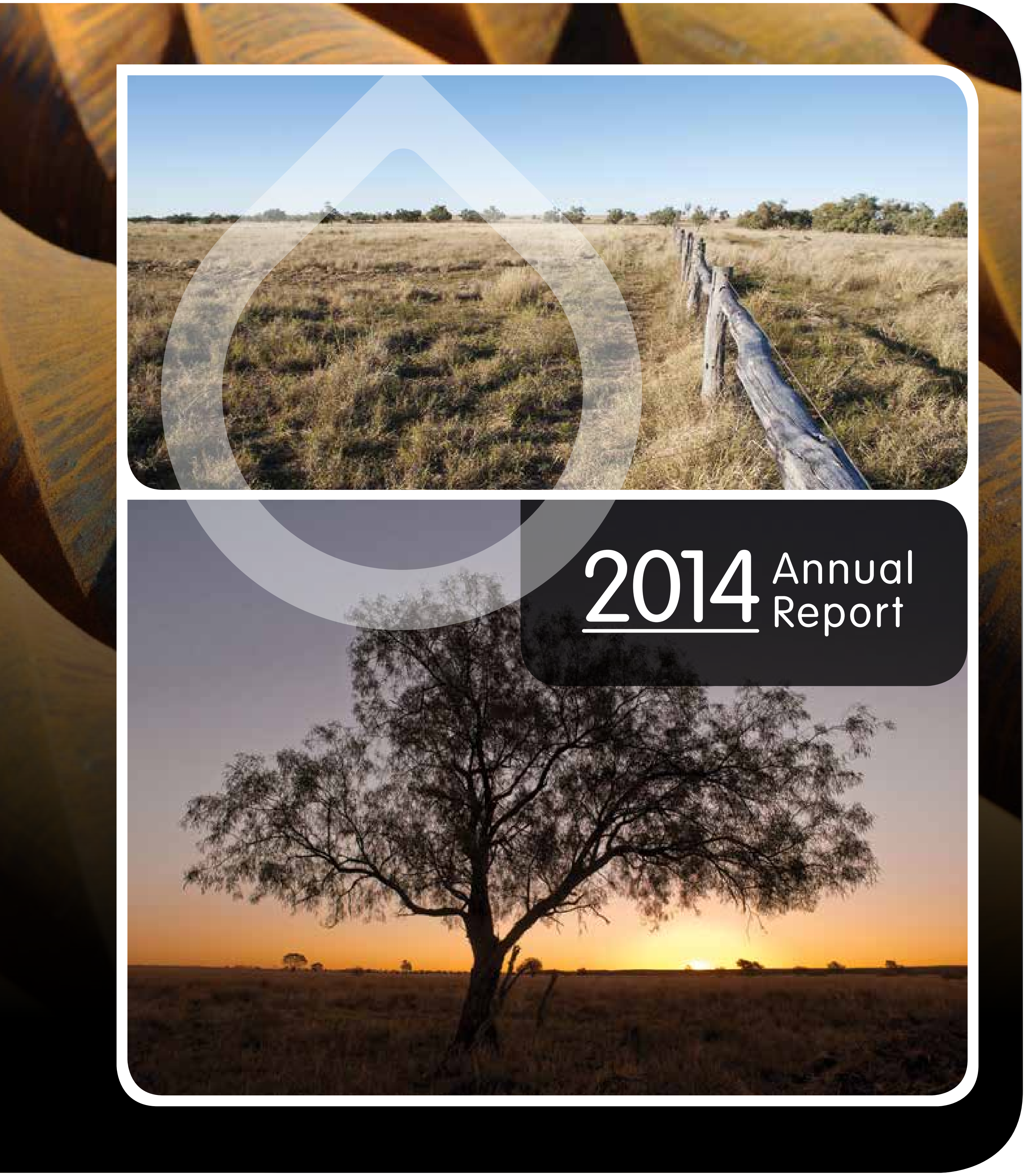
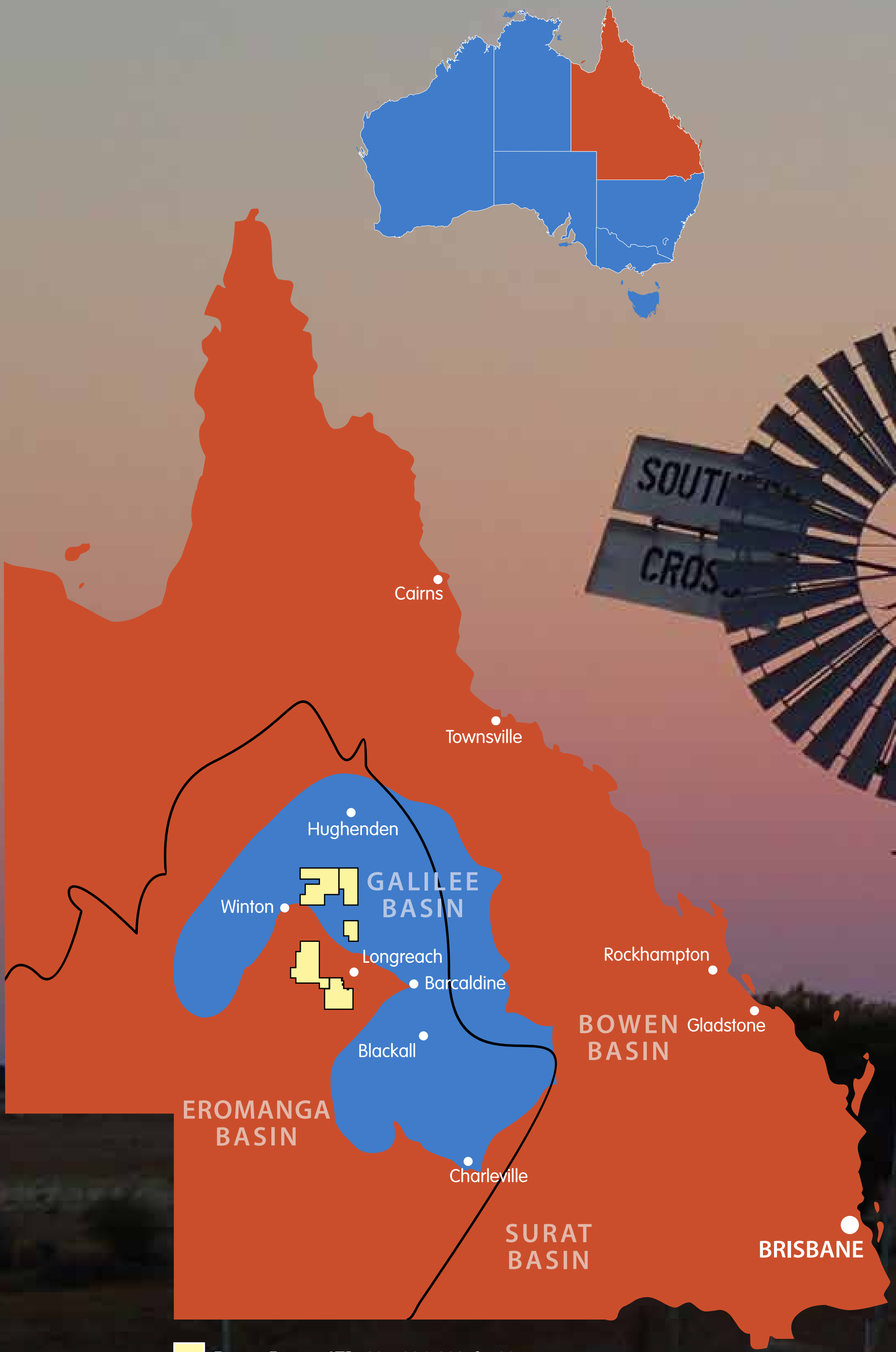
exoma ENERGY

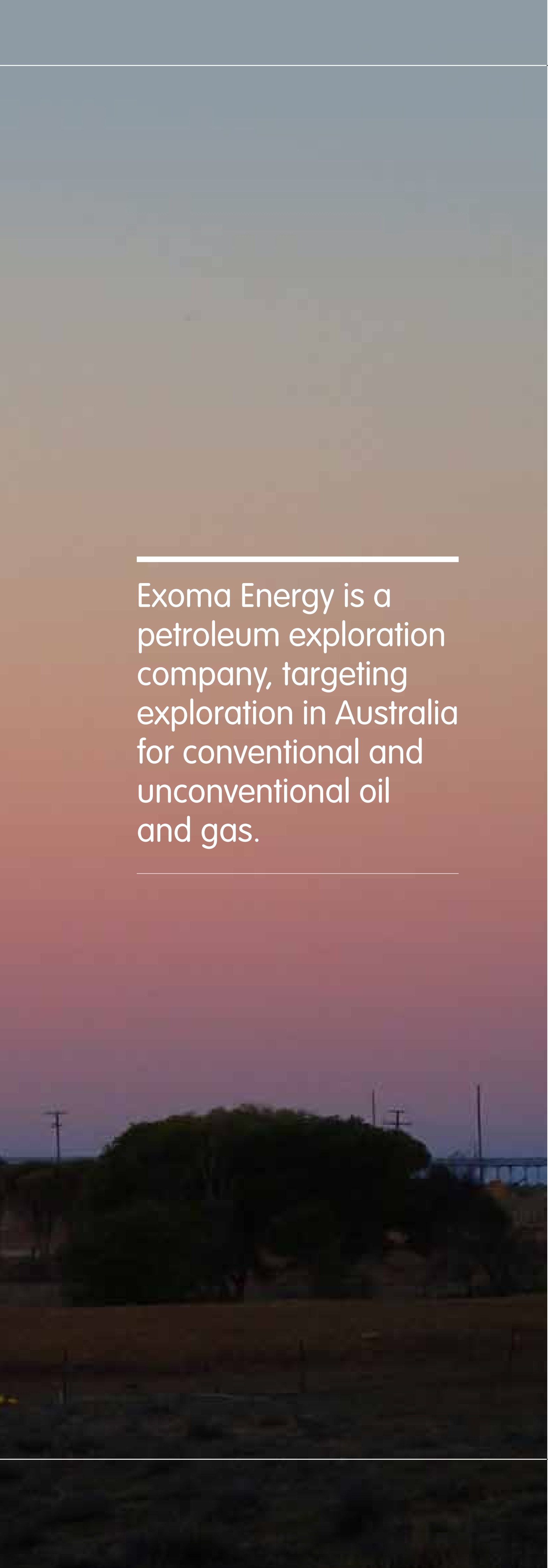
2014 Annual Report



Map of Tenements



Exoma Energy ATPs 991, 996, 999, & 1005


Exoma Energy is a petroleum exploration company, targeting exploration in Australia for conventional and unconventional oil and gas.

Contents

Chairman's Report

Dear Shareholder

On behalf of the Board, I am pleased to present the Annual Report of Exoma Energy Limited, covering the Company's activities for the twelve months to 30 June 2014.

General Overview

Exoma's principal focus during the 2013/14 year was the identification and evaluation of new venture opportunities. In addition, the Company, as Operator of the Galilee Joint Venture, submitted its Later Work Program proposals in relation to the next term for the ATPs on 26 June 2013 and following a number of discussions with the Department of Natural Resources and Mines (DNRM), subsequently lodged amended proposals in May 2014. Exoma received DNRM approval for the Later Work Progam proposals (as amended) on 2 June 2014.

As highlighted in last year's annual report and at the presentations given at our 2013 AGM, Exoma and its Joint Venture partner, CNOOC Galilee Gas Company Pty Ltd (a wholly owned subsidiary of CNOOC Gas and Power Australia Investments Pty Ltd) (CNOOC) conducted a detailed and comprehensive regional exploration program covering the central part of the Galilee Basin in Queensland. This program involved the drilling of 19 exploration wells, extensive laboratory-based analysis and interpretation by specialists in the field of unconventional hydrocarbons. This work indicated that while there may be localised CSG opportunities, the technical results are not supportive of the concept that the coals in the Galilee Basin generally are capable of broad scale commercial CSG development. In addition, the results indicated that the hydrocarbon resources in the Toolebuc Formation in our permit areas are also not capable of commercial production. However, our exploration did identify a series of conventional oil and gas leads and prospects – as well as pointing to the possibility of localised CSG projects. These plays have technical and commercial merit and are targets for future exploration; although they do not have the scale and risk profile of major development projects.

Bearing in mind the results of our first term work programs, Exoma and CNOOC have agreed a forward plan for those permits which have further exploration merit. ATP 1008 and additional areas of each of the other four permits have been relinquished, as the Joint Venture has determined there are no plausible leads or prospects within those areas. The Later Work Program for each permit broadly provides for one well to be drilled in each of ATPs 991, 995, 999 and 1005. Exoma is working with CNOOC to agree the funding arrangements for the costs of the Later Work Programs. If a suitable arrangement cannot be made with CNOOC, Exoma intends to further farmdown its interest in the ATPs.

During the financial year, Exoma continued to reduce its overhead and costs. Our CEO is the only full time employee, supported by three part time employees filling the positions of Company Secretary/Legal Counsel, Financial Controller and technical/administration support. Our head office space at 40 Creek Street was sublet in December 2013 and we relocated our office to much smaller and more economical serviced office space. The effort to manage our overhead as efficiently as possible continues and as at 30 June 2014 our ongoing costs (net of joint venture recoveries) have been reduced to around $100,000 per month.

Strategic Focus

In 2012, the Board set a strategy for the Company to seek out farm-in or acquisition opportunities with a focus on conventional oil and gas exploration in mature basins in Australia. The objective of this strategy was to provide the Company with asset diversification, thereby leading to risk mitigation.

Over the past 18 months Exoma has put significant effort into the search for new ventures. During this time, we have closely examined a wide range of possible opportunities that fit within Exoma's financial capacity. Some of these were rejected on technical grounds, some were rejected due to the heavy permit work commitments that have become characteristic of the Australian industry in recent years, and in some cases we were unsuccessful at the bid stage. In examining these opportunities the Board was highly cognisant of the difficult equity market conditions, which had the effect of raising the level of concern as to whether further capital raisings could be successfully implemented to support ongoing exploration efforts.

Early in the financial year, the Board concluded that the opportunities available to Exoma via the asset market offered less value to shareholders than opportunities available via corporate transactions. Added to this was our ongoing concern about the weak state of the equity markets for junior resource exploration companies. As a result, the Board has decided to concentrate on securing and concluding a transaction that will realise the most value from Exoma's corporate assets – its cash reserves, the Company's ASX listing and the value of our Galilee Basin permit interests. To that end, the Company has engaged BDO to provide a strategic review of the Company and the market, and to identify potential opportunities. Further announcements will be made as and when appropriate.

Equity Issues

No shares were issued during the financial year. However, 5,336,337 shares were issued to current and former employees on 15 July 2014 pursuant to the Company's Deferred Bonus Scheme. No further grants are currently planned to be made under the Deferred Bonus Scheme.

Board Matters

I was appointed to the Board as an independent, non-executive director on 1 July 2014 and assumed the Chairmanship from Mr Brian Barker on 22 July 2014. I would like to thank Mr Barker for his service to the Company over the past five years and the leadership he has provided. Mr Gary Castledine and Mr Neville Bassett were also appointed to the Board as independent non-executive directors on 20 August 2014, further strengthening the Board.

Changes to the Share Register

On 25 July 2014, two significant shareholders, QBETS Pty Ltd and Jasmah Pty Ltd sold approximately 70,000,000 shares in the Company. These shares represented approximately 16.6% of the issued share capital of the Company. No shareholder filed a notice of becoming a substantial shareholder following the date of that trade. The Company understands that those shares were purchased by a number of individual shareholders, with no individual shareholder acquiring more than 5%. The Board is continuing to monitor trading activity.

Outlook

Exoma ended the financial year in a sound financial position with $8.2 million in cash and cash equivalents ($0.4 million of which was restricted cash). Exoma has significantly reduced its ongoing operating and overhead costs. The Board remains committed to utilising these cash reserves to maximise returns to shareholders, either through a corporate opportunity such as a merger or takeover or through strategic farmin investments.

The Board and management continue to actively evaluate corporate opportunities. Some of these opportunities involve oil and gas assets located overseas and some involve assets that are solely Australian based. We have maintained our previously announced focus on proven producing basins rather than on exploration assets in higher risk frontier basins. We are also open to opportunities outside of the oil and gas sector and will evaluate these opportunities on their merits.

I would like to thank the other members of the Board for their positive contributions during this challenging year. I would also like to thank the Exoma management team for their continued efficient management of the Company and most particularly for conducting our activities safely and with great care and respect for the environment and the communities in which we work. The Board and management thank the shareholders for their support and patience and we will continue to work to build shareholder value.

Yours faithfully

J Forbes

Jeffrey Forbes
Chairman

Brisbane, 8 September 2014

Directors' Report

Your directors present their report on the consolidated entity (referred to hereafter as Exoma or the Group) consisting of Exoma Energy Limited (referred to as the Company) and the entities it controlled at the end of, or during, the year ended 30 June 2014.

Operating and Financial Review

Overview

Exoma is the Joint Venture Operator and retains a 50% interest in the Galilee Basin permits ATP 991P, ATP 996P, ATP 999P and ATP 1005P (held by its wholly owned subsidiary Longreach Number 2 Pty Ltd).

Analysis of the results of exploration drilling conducted in 2011 and 2012 has shown that the hydrocarbon potential of the permits is low and the Company concluded that further exploration expenditure by the Company would be inappropriate.

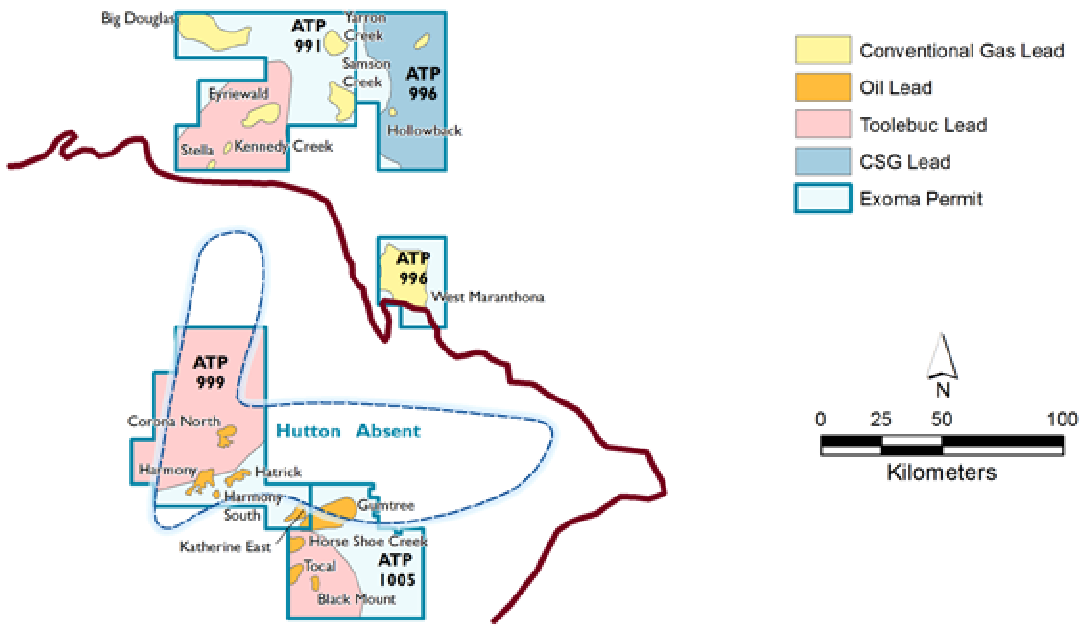
Exoma's focus over the past 12 months has therefore been to manage the permit commitments and seek opportunities to further farmout its interest. As a result of the reduction in operational requirements, the Company has been obliged to reduce its technical team and support staff to the minimum required to administer the Joint Venture and manage the ongoing permit issues. The Company has also been looking for new investment opportunities to deliver shareholder value.

Permit Management

The initial term of the five Galilee Basin permits concluded in August 2013. The Galilee Joint Venture (Exoma 50% (Operator), CNOOC Gas & Power 50%) relinquished 33% of its interest in the five Galilee Basin permits as required by the terms of the permits.

The Joint Venture submitted a minimum work program for the second term and negotiated this with the DNRM.

Figure 1



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In the course of these negotiations, the Joint Venture reassessed the exploration potential of the permits and decided to fully relinquish ATP 1008P and to relinquish further acreage in each of the other four permits. In June 2014, DNRM approved the minimum work program for a second three year term to August 2017.

Exoma considers that the exploration potential in these permits is in conventional oil in ATP 999P and in ATP 1005P. Source and migration modelling completed during the year, combined with oil shows discovered by Exoma at Katherine and Katherine West and by earlier drilling at Corona, has identified a number of structures that may contain oil accumulations.

Exoma intends to farmout the drilling of these prospects.

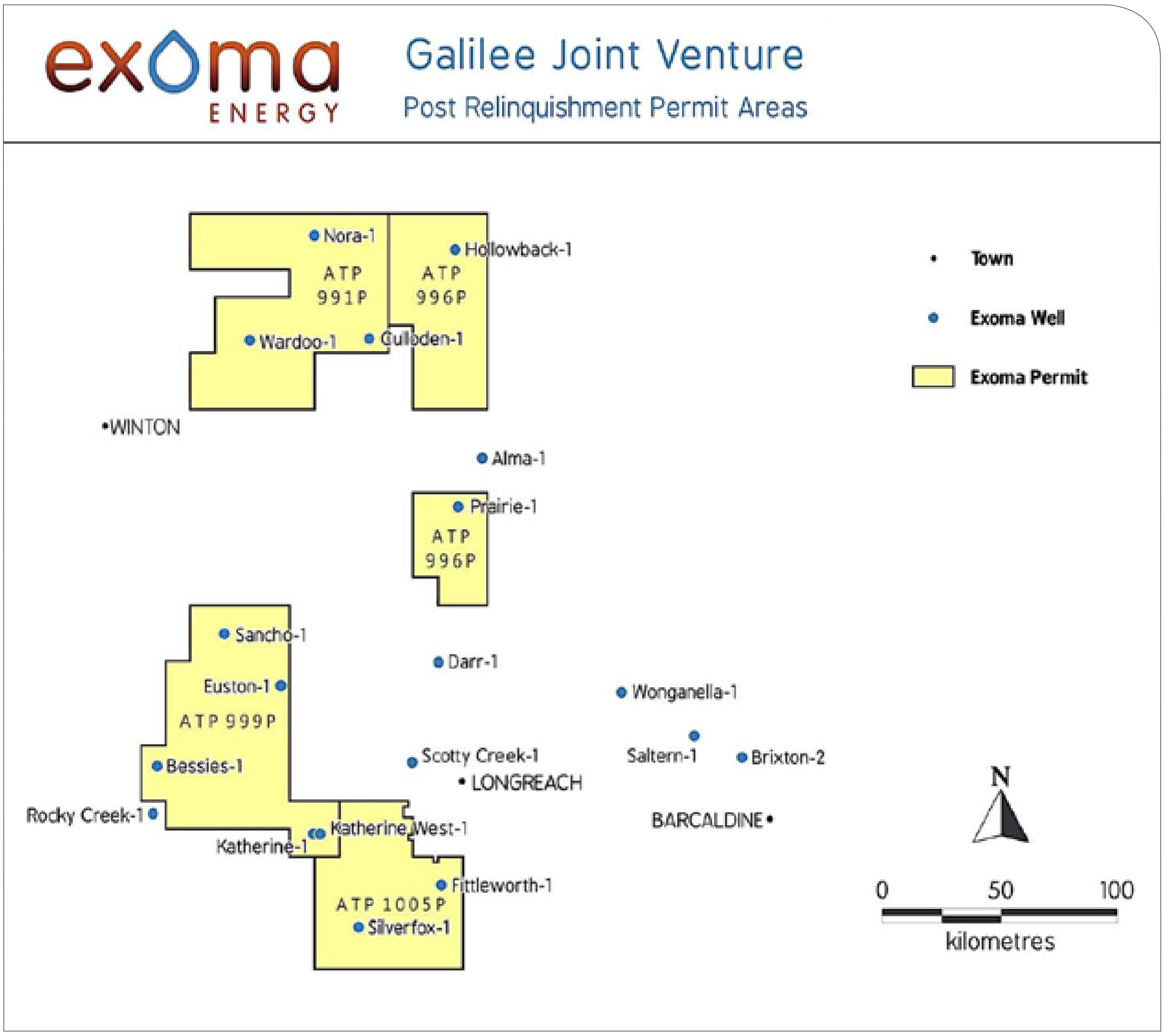
New Ventures Evaluation

In the course of the year, Exoma has sourced and evaluated a large number of farmout and corporate opportunities in Australia – and a smaller number in selected locations in New Zealand and the USA.

For technical or commercial reasons, none of these opportunities were concluded.

The Chairman's Report on pages 2 to 3 contains further details of the Company's strategy and objectives over the coming months.

Figure 2



Directors' Report

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Directors

The directors of Exoma Energy Limited who held office at any time during the financial year and up to the date of this report were:

Director	Date of appointment	Date of resignation	Time in office
Brian Barker	26 October 2009	–	4 years 11 months
Stephen Harrison	26 October 2009	–	4 years 11 months
Robbert Willink	8 October 2012	–	1 year 11 months
Jeffrey Forbes	1 July 2014	–	2 months
Gary Castledine	20 August 2014	–	1 month
Neville Bassett	20 August 2014	–	1 month

Principal activities

The principal activities of the Group during the financial year were (a) the identification and evaluation of new venture opportunities and (b) to carry out exploration in on-shore Australia, with a primary focus on conventional oil, shale oil and gas and coal seam gas contained in coal and carbonaceous shales. There was no significant change in the nature of the Group's principal activities during the financial year.

Financial Results

The loss after tax of the Group for the financial year ended 30 June 2014 amounted to $4,267,633 (2013 loss: $1,973,480). The most significant item contributing to the loss for the year was the write off of the carrying value of capitalised exploration expenditure totalling $3,073,534. Loss per share was 10c (2013: 5c).

At 30 June 2014, cash and cash equivalents were $8.2 million – $0.4 million of which was restricted cash (2013: $9.9 million – $0.7 million of which was restricted cash).

Dividends

The directors recommend that no dividend be paid or declared at this point in time. No amounts have been paid or declared by way of dividend during the financial year.

Review of operations

Information on the operations of the Group and its business strategies and prospects is set out in the Chairman's Report and the Operating and Financial Review on pages 2 to 3 of this Annual Report. The financial position of the Group is presented on page 35 of this Annual Report. During the year, the Group was able to meet its exploration commitments from its cash reserves and had at 30 June 2014 had a cash balance of $8.2 million – $0.4 million of which was restricted cash (2013: $9.9 million – $0.7 million of which was restricted cash).

Significant changes in the state of affairs

Significant changes in the Group's state of affairs during the financial year were:

- A write-off in the carrying value of the permits totalling $3,073,534 was recognised, based on the Company's assessment of the exploration results to date;
- The Joint Venture and the DNRM agreed the terms of the Later Work Programs for each of ATPs 991, 995, 999 and 1005. The Company is discussing the funding arrangements required for the Later Work Programs with CNOOC. If a suitable agreement cannot be reached with CNOOC, the Company intends to farmout part of its interest in the ATPs in exchange for its funding commitments being met. There is a risk that a suitable farmout partner may not be found. In that case, it is open to the Company to withdraw from the permits in accordance with the terms of the Joint Operating Agreement;

- The Joint Venture relinquished all of ATP 1008 and additional areas of ATPs 991, 995 ,999 and 1005 (see map on page 5 for details of post relinquishment permit areas);
- Exoma sublet all of its office space at 40 Creek Street and has taken up short term serviced office space at 127 Creek Street. The sublease revenue does not fully cover the head lease expense. The shortfall between sublease revenue and head lease expense is approximately $80,000 per annum (without taking into account joint venture recoveries) until the lease expires on 30 April 2017;
- The Company reduced its staffing levels from five to four; and
- R&D tax offsets of $218,585 were received during the financial year.

Events since the end of the financial year

Additional comments on the operations of the Group are included in the Chairman's Report and the Operating and Financial Review section of this Annual Report on pages 2 to 5.

5.3 million new shares were issued to current and former staff pursuant to the Company's Deferred Bonus Scheme on 15 July 2014.

No other matter or circumstance has arisen since the end of the financial year which significantly affected or may significantly affect the operations, the results of those operations or the state of affairs of the Group in future years.

Future developments and expected results of operations

The Group proposes to continue its exploration programs and investment activities. Future developments in the operations of the Group that were not finalised at the date of this report include:

- The Company is continuing discussions with CNOOC as to the scope of future exploration in the Galilee Joint Venture permit areas and the best means of funding Exoma's share of this exploration; and
- There is a strong focus on identifying and concluding a corporate transaction such as a scheme of arrangement or takeover with a suitable counterparty. This transaction may or may not be in the oil and gas sector.

More information on these developments is included in the Chairman's Report and the Operating and Financial Review section of this Annual Report on pages 2 to 5.

Business strategies and prospects

The Chairman's Report and the Operating and Financial Review contain details of the Company's business strategies and prospects over the short and medium term.

Directors' Report

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Information about Directors

Jeffrey Forbes BCom, GAICD, MAusIMM

Chairman, Independent Non-Executive Director – Age 61

Experience and expertise

Non-Executive Director since 1 July 2014 and Chairman from 22 July 2014. Mr Forbes has a proven track record as a public company director and CFO with a background in M&A, debt and equity markets. He has more than 30 years experience in the resources sector in Australia, Indonesia, PNG, the USA, the UK, New Zealand and Ecuador. Mr Forbes is currently the non-executive chairman of Talon Petroleum Limited and is a non-executive director of Affinity Education Group Limited, CMI Limited and the Horizon Housing Group. He is a member of the Finance Committee of the Anglican Board of Mission. Previously Mr Forbes has held the positions of CFO, Executive Director and Company Secretary of Cardno Limited and CFO and Executive Director of Highlands Pacific Limited.

The Board has determined that no relationships exist which may impact Mr Forbes' independence.

Other current directorships	Non-executive Chairman of Talon Petroleum Limited Non-executive Director of Affinity Education Group Limited Non-executive Director of CMI Limited
Former directorships in last 3 years	Executive Director of Cardno Limited
Special responsibilities	Chairman of the Board since 22 July 2014
Interests in shares and options	Nil

Brian Barker BBus, MBA

Non-Executive Director – Age 63

Experience and expertise

Non-Executive Director since 26 October 2009 and Chairman from 31 March 2010 until 22 July 2014. Mr Barker has more than 35 years experience in the upstream oil and gas industry in Australia, PNG, Asia, Europe and Africa. He also has extensive petroleum services experience in both rig ownership and rig contracting. Since 2004 Mr Barker has been advising PNG Government-owned corporations on their oil and gas interests and since 2007 he has been heavily involved in representing these corporations in the Exxon Mobil operated PNG LNG Project. Mr Barker has published papers on the economics of coal seam gas development and production.

Other current directorships	Nil
Former directorships in last 3 years	Nil
Special responsibilities	Chairman of the Board until 22 July 2014
Interests in shares and options	Ordinary Shares: 37,543,051

Stephen Harrison BEc, CPA

Non-Executive Director – Age 57

Experience and expertise

Non-Executive Director since 26 October 2009. Mr Harrison has over 30 years experience in the financial services, funds management, private equity and accounting fields. He has held director positions with Investec Funds Management and the Australian subsidiary of US based fund manager Sanford C. Bernstein. Previously, he was National Director, Financial Services for BDO Nelson Parkhill, Chartered Accountants. Mr Harrison has been a founder and held directorships in a number of listed companies both in Australia and overseas.

Other current directorships	Non-executive director of Kairiki Energy Limited
Former directorships in last 3 years	Nil
Special responsibilities	Member of Audit Committee
Interests in shares and options	Ordinary Shares: 35,375,545

Robbert Willink BSc (Hons), PhD

Non-Executive Independent Director – Age 61

Experience and expertise

Non-Executive Independent Director since 8 October 2012. Dr Willink has more than 35 years industry experience and is currently Adjunct Professor, School of Earth Sciences at the University of Queensland. He was head of exploration at Origin Energy Limited from 2000 until 2011 and oversaw numerous oil and gas discoveries in the Bass, Otway, Perth and Surat Basins and expansion of the company's portfolio to include conventional and CSG exploration interests in Queensland, South East Asia, Africa and New Zealand.

Although Dr Willink receives additional consultancy fees for consulting services provided to the Company, the Board has determined that the quantum of these fees is such that Dr Willink's independence is not impaired. Aside from these consultancy arrangements, no other relationships exist which may impact Dr Willink's independence.

Other current directorships	Nil
Former directorships in last 3 years	Nil
Special responsibilities	Chair of Audit Committee
Interests in shares and options	Nil

Directors' Report

continued...

Gary Castledine

Non-Executive Independent Director – Age 43

Experience and expertise

Non-Executive Independent Director since 20 August 2014. Mr Castledine has over 20 years experience in stockbroking and capital markets. He was a founding director and the head of corporate with Indian Ocean Capital in Perth, Western Australia, a specialist boutique securities dealer and corporate advisory firm. Mr Castleldine is currently director/head of corporate with full service boutique stockbroking and investment firm CPS Capital Group Pty Ltd, established in June 2013 through the merger of Indian Ocean Capital and CPS Securities. Mr Castledine's experience has enabled him to gather an extensive suite of clients in a corporate advisory role which has seen him involved in many capital raisings and IPOs across a spectrum of industries. He is currently a member of the Stockbrokers Association of Australia.

Although Mr Castledine is an owner and director of CPS Capital Group whose clients hold in excess of 40% of the share register of Exoma, the Board has determined that this relationship does not impair Mr Castledine's independence and no other relationships exist which may impact Mr Castledine's independence.

Other current directorships	Non-executive Chairman of Vector Resources Limited
Former directorships in last 3 years	Mamba Minerals Limited
Special responsibilities	Nil
Interests in shares and options	Ordinary Shares: 2,930,000

Neville Bassett B Bus, FCA

Non-Executive Independent Director – Age 57

Experience and expertise

Non-Executive Independent Director since 20 August 2014. Mr Bassett is a Chartered Accountant operating his own corporate consulting business, specialising in the area of corporate, financial and management advisory services. Mr Bassett has been involved with numerous public company listings and capital raisings. His involvement in the corporate arena has also taken in mergers and acquisitions, and includes significant knowledge and exposure to the Australian financial markets. Mr Bassett has experience in matters pertaining to the Corporations Act, ASX listing requirements, corporate taxation and finance. He is a director or company secretary of a number of public and private companies.

Other current directorships	Non-executive Chairman of Ram Resources Limited Non-executive director of Meteoric Resources NL Non-executive director of Vector Resources Limited
Former directorships in last 3 years	Mamba Minerals Limited, NeuorDiscovery Limited
Special responsibilities	Nil
Interests in shares and options	Ordinary Shares: 2,500,000

Information about senior management

Chief Executive Officer and Joint Company Secretary

The Chief Executive Officer and Joint Company Secretary is Mr Rob Crook BSc, MBA, MIE Aust, CPEng. In addition to 10 years operations experience in the mining industry, Mr Crook has over 25 years experience in the petroleum industry in a variety of senior managerial roles, specialising in general management, gas marketing, resource commercialisation, project development and project finance. His particular field of interest is in the commercial development of complex, vertically integrated energy projects spanning upstream and downstream decision-making. His experience is gained in conventional petroleum in Australia and internationally and in CSG in Australia.

Financial Controller

The Financial Controller is Ms Kerry Freeburn BBus (Acc), Grad Dip Bus Admin, CPA. Ms Freeburn has an extensive background in the Queensland oil and gas industry, having held financial and managerial accounting roles with various exploration and production companies, including Comet Ridge Limited, QGC, Petroz NL, AGL and Associated Pipelines Limited, as well as with resource companies Rio Tinto Alcan and Advanced Magnesium Limited.

Joint Company Secretary and Legal Counsel

The Company Secretary and Legal Counsel is Ms Josie King BCom, LLB (Hons I), GradDipACG, AGIA, ACIS. Ms King is a chartered secretary and is admitted as a solicitor in Queensland and in England & Wales. She has over 18 years experience in legal practice in Australia and internationally, working with a wide range of corporate clients. Ms King has held positions as internal Legal Counsel to several large corporations and has managed Company Secretarial and Corporate Governance functions.

Directors' Report

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Meetings of directors

The numbers of meetings of the Company's Board of Directors and of the Audit Committee held during the financial year, and the numbers of meetings attended by each director were:

	Meetings of Directors		Meetings of Audit Committee	
	A	B	A	B
Brian Barker	13	13	–	–
Stephen Harrison	13	13	2	2
Robbert Willink	13	13	2	2

A = Number of meetings attended.
B = Number of meetings held during the time the director held office or was a member of the committee during the year.

No meetings were held by the Nomination Committee or the Remuneration Committee. The duties of these committees were handled directly by the full Board.

Retirement, election and continuation in office of directors

Mr Stephen Harrison is the director retiring by rotation who, being eligible, offers himself for re-election at the 2014 Annual General Meeting.

Mr Jeffrey Forbes was appointed as a director by the Board with effect from 1 July 2014. His election will be confirmed at the Annual General Meeting. Mr Gary Castledine and Mr Neville Bassett were appointed as directors of the Board with effect from 20 August 2014. Their election will be confirmed at the Annual General Meeting.

Loans to directors and executives

There are no loans to directors or executives made by Exoma Energy Limited, or any entity controlled by it.

Shares under option

Unissued ordinary shares of Exoma Energy Limited under option at the date of this report are:

Unlisted performance based incentive options:

Expiry date	Issue price of shares	Number under option
17 May 2015	$0.336	1,000,000

Insurance of officers

The Company has entered into agreements with directors to indemnify them against any claims and related expenses that may arise in their capacity as directors and officers of the Company or a related body corporate, except where the liability arises out of conduct involving a lack of good faith and subject to the provisions of the *Corporations Act 2001*.

During the financial year, the Company paid premiums for directors' and officers' liability insurance. The contract prohibits disclosure of the details of the nature of the liabilities covered or the premium paid.

Proceedings on behalf of the Company

At the date of this report the Company and the entities controlled by it are not party to any legal proceedings. The directors are not aware of any pending proceedings to which the Company and the entities controlled by it may be party.

Non-audit services

Details of the amounts paid or payable to the auditor for audit services provided during the year are set out in the financial statements.

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important.

The Board has considered the position and, in accordance with advice received from the Audit Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for these two reasons:

- all non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

Fees paid or payable for non-audit services provided by the auditor of the Company, its related practices and non-related audit firms during the financial year:

	Consolidated	
	2014 $	2013 $
PricewaterhouseCoopers Australian firm:		
Taxation consulting and compliance services	31,425	137,864
Total remuneration for non-audit services	31,425	137,864

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the *Corporations Act 2001* is given on page 20.

Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that class order to the nearest dollar.

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

J Forbes

Jeffrey Forbes
Chairman

Brisbane, 8 September 2014

Remuneration Report

This report details the nature and amount of remuneration for each director of Exoma Energy Limited and for the key management personnel.

The information provided in this report has been audited as required by Section 308 (3C) of the *Corporations Act 2001*.

During the course of the financial year, the entire Board considered remuneration matters (given the size of the Company and its current stage of development, no remuneration committee has been established).

Non-executive director remuneration

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain suitably skilled non-executive directors, while incurring a cost that is acceptable to shareholders.

The Constitution of the Company and the ASX Listing Rules specify that the non-executive directors' aggregate maximum remuneration shall be determined from time to time by shareholders at a General Meeting. The maximum remuneration was set at $500,000 by a resolution approved at the Annual General Meeting held on 24 November 2010.

The remuneration of non-executive directors for the year ended 30 June 2014 is detailed in Table A of this report. The level of fees for directors was set by the Board on 1 May 2010 and has not been increased since that time.

Directors also received additional consultancy fees for providing consulting services to the Company, details of which appear in Table B of this report.

Key management personnel remuneration

The Company aims to reward key management personnel with a level and mix of remuneration commensurate with their position and responsibilities within the Company in order to:

- reward key management personnel for company and individual performance against targets set by reference to appropriate benchmarks;
- align the interests of key management personnel with those of shareholders;
- link reward with the strategic goals and performance of the Company; and
- ensure total remuneration is competitive by market standards.

The remuneration of key management personnel may from time to time be fixed by the Board. As noted above, the Board's policy is to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering long term incentives. The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market.

Fixed remuneration is reviewed annually by the whole Board and the process consists of a review of company-wide and individual performance, relevant comparative remuneration in the market and internal, and where appropriate, external advice on policies and practices. Key management personnel are given the opportunity to receive fixed remuneration in a variety of forms. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.

The remuneration of key management personnel for the year ended 30 June 2014 is detailed in Table C of this report.

Short term incentives

During the year, no short term cash incentive bonuses were paid to permanent employees.

Deferred Bonus Scheme

The Company established a Deferred Bonus Scheme for all employees and certain key contractors in April 2013. The purpose of the scheme was to (a) encourage staff to stay with the Company following the decision to make the operations team redundant in March 2013 (b) provide staff with access to equity in the Company and thereby align employee performance with the interests of shareholders and (c) provide a competitive remuneration package without increasing overall cash outlays.

Under the Deferred Bonus Scheme, grants were made to staff in April 2013 giving staff the opportunity to receive up to 15% of their base salary in ordinary shares (which may be sourced either from a new issue or purchased on-market), provided that they remain employed by the Company as at 1 July 2014. No grant has been made under the Deferred Bonus Scheme during the 2013/2014 financial year.

A number of staff members who received a grant under the Deferred Bonus Scheme in April 2013 were made redundant between August and October 2013. These staff members were 'good leavers' under the Deferred Bonus Scheme and the Board exercised its discretion to permit a pro-rata retention of their entitlements under the Deferred Bonus Scheme.

On 1 July 2014, staff were entitled to receive approximately 5.3 million shares under the Deferred Bonus Scheme (1.28% of issued share capital). These entitlements were satisfied by the issue of 5.3 million new shares on 15 July 2014. Because of the implementation of the Deferred Bonus Scheme, no short term cash bonus is planned for the 2014 calendar year, with only one part-time staff member given a pay increase during the financial year ended 30 June 2014.

Option Incentive Scheme

The Company also has an Option Incentive Scheme in place under which the Board has the discretion to award options to employees, directors and consultants of the Company. The purpose of the scheme is to encourage participation in the Company through share ownership and to attract, motivate and retain employees, directors and consultants. The Board typically approves the grant of options which vest on the subsequent anniversaries of the employee's date of commencement, provided that the Company's share price has also met certain criteria. Given the recent challenges faced by the Company no options were issued under the Option Incentive Scheme during the year. Details of options issued under the plan in past years to key management personnel (excluding lapsed or cancelled options) are shown on Table D of this report. The Company will seek shareholder approval if any options are proposed to be issued to directors.

Details of KMP Remuneration

Group performance

The table below shows the performance of the Group for the past six periods.

	Net Profit/ (Loss) $	Share Price at the beginning of the financial year $	Share Price at the end of the financial year $	Market capitalisation $	Dividend paid per share $
For the 6 months ended 30/06/2009	(891,576)	0.030	0.160	11,836,200	Nil
For the year ended 30/06/2010	(1,096,747)	0.160	0.190	57,747,966	Nil
For the year ended 30/06/2011	(4,859,578)	0.190	0.110	45,854,353	Nil
For the year ended 30/06/2012	(1,184,904)	0.110	0.100	41,735,776	Nil
For the year ended 30/06/2013	(1,973,480)	0.100	0.013	5,427,635	Nil
For the year ended 30/06/2014	(4,267,633)	0.017	0.017	7,097,676	Nil

Performance evaluation

In previous years, the CEO has been issued options under the Option Incentive Scheme. On 1 July 2014, Mr Crook was also entitled to receive 1.98 million shares under the Company's Deferred Bonus Scheme. Accordingly, he may benefit from an increase in the share price. As the Company's current focus is on exploration activities, it is considered inappropriate to link remuneration with the Company's profit or loss performance.

Employment contracts

It is the Board's policy that employment contracts are entered into with all directors, executives and employees. Contracts do not provide for pre-determined annual increases to compensation values or method of payment. Rather the amount of compensation is determined by the Board in accordance with the remuneration principles described above.

All employment contracts for permanent employees have a three month (or less) notice period. No current employment contracts contain early termination clauses. All non-executive directors have received letters outlining the key terms of their appointment.

Key management personnel are entitled to their statutory entitlements of accrued annual leave and long service leave.

Remuneration Report

continued...

Terms of employment contracts for key management personnel during the financial year

Name	Term of Agreement	Base Salary (including Super-annuation)	Equity based entitlements (including incentive options and deferred bonus scheme entitlements)	Notice Periods
Rob Crook *Chief Executive Officer and joint Company Secretary*	The agreement commenced on 15 May 2010 and the initial term expired on 14 May 2013. In April 2013, the Company and Mr Crook agreed to an amendment to the contract which provides that the contract continues indefinitely until terminated by either party.	$360,525 pa	3,000,000 performance based incentive options vesting in three equal tranches. The conditions of issue are dependent on length of service, the Company's share price and shareholder approval. The first and second tranches of 1,000,000 options each expired on 17 May 2013 and 17 May 2014 respectively, without the Company share price hurdle having been met. The remaining tranche of 1,000,000 options has an expiry date of 17 May 2015. Mr Crook was entitled to 1,980,000 rights to shares under the Deferred Bonus Scheme described on page 14, on 1 July 2014.	3 months
Josie King *Company Secretary & Legal Counsel*	Ongoing commencing on 14 July 2012	$112,527 pa (part time based on 20 hours per week).	Ms King was entitled to 618,000 rights to shares under the Deferred Bonus Scheme described on page 14, on 1 July 2014.	1 month

Table A

Directors' remuneration

	Primary benefit		Post Employment		Total	
	Salary and fees $	Non Monetary benefits $	Super $	Retirement benefits $	$	Performance related %
For the year ended 30 June 2014						
Brian Barker	90,000	–	–	–	**90,000**	**0%**
Stephen Harrison	60,000	–	–	–	**60,000**	**0%**
Robbert Willink (a)	54,920	–	5,080	–	**60,000**	**0%**
Total	**204,920**	**–**	**5,080**	**–**	**210,000**	**0%**
For the year ended 30 June 2013						
Brian Barker	90,000	–	–	–	**90,000**	**0%**
Stephen Harrison	60,000	–	–	–	**60,000**	**0%**
Robbert Willink (a)	40,249	–	3,622	–	**43,871**	**0%**
Howard Dewhirst (b)	25,000	–	–	–	**25,000**	**0%**
Total	**215,249**	**–**	**3,622**	**–**	**218,871**	**0%**

(a) Dr Willink was appointed on 8 October 2012.

(b) Mr Dewhirst resigned on 29 November 2012.

Certain non-executive directors provided consulting services to the Company during the year. These services were charged to the Company, based on the days worked.

The daily rate and total amount payable while they held positions as directors are as listed below:

Table B

Consulting fees paid to Directors

	Company	Daily rate $	Amount Payable $
For the year ended 30 June 2014			
Brian Barker	Stardrift Pty Ltd	2,000	48,000
Stephen Harrison		2,000	42,486
Robbert Willink [(a)]	Investigative Exploration Pty Ltd	2,000	24,000
For the year ended 30 June 2013			
Brian Barker	Stardrift Pty Ltd	2,000	65,500
Stephen Harrison		2,000	75,582
Robbert Willink [(a)]	Investigative Exploration Pty Ltd	2,000	20,000

(a) Dr Willink was appointed on 8 October 2012.

Remuneration Report

continued...

Table C

Remuneration of key management personnel

	Primary benefit			Post Employment		Equity		Total	
	Salary and fees $	Non Monetary benefits $	Performance Bonus (STI) $	Super $	Termination Benefits $	Options (LTI) $	Deferred Bonus $	$	Performance related %
For the year ended 30 June 2014								Total	
Rob Crook	335,525	–	–	25,000	–	–	**26,588**	**387,113**	**7%**
Josie King [(a)]	100,029	–	–	9,253	–	–	**8,299**	**117,581**	**7%**
Doug Barrenger [(b)]	133,891	–	–	9,971	–	–	**2,665**	**146,527**	**2%**
Ken Dups [(c)]	12,600	–	–	–	–	–	**(3,571)**	**9,029**	**0%**
Total	**582,045**	**–**	**–**	**44,224**	**–**	**–**	**33,981**	**660,250**	**5%**
For the year ended 30 June 2013									
Rob Crook	334,700	–	53,955	25,000	–	10,548	7,072	**431,275**	**17%**
Josie King [(a)]	97,686	–	4,428	9,190	–	–	2,208	**113,512**	**6%**
Doug Barrenger [(b)]	171,028	–	–	8,473	–	–	7,500	**187,001**	**4%**
Ken Dups [(c)]	283,700	–	15,280	–	–	–	3,571	**302,551**	**6%**
Josh Whitcombe [(d)]	260,965	–	47,960	13,725	124,426	18,108	–	**465,184**	**14%**
Vic Palanyk [(e)]	95,781	–	–	6,250	–	–	–	**102,031**	**0%**
Stephen Weld [(f)]	146,332	–	31,575	13,170	–	–	–	**191,077**	**17%**
Brian McGillivray [(g)]	7,440	–	–	–	–	–	–	**7,440**	**0%**
Total	**1,397,632**	**–**	**153,198**	**75,808**	**124,426**	**28,656**	**20,351**	**1,800,071**	**10%**

(a) Ms King commenced as Company Secretary and Legal Counsel on 14 July 2012.

(b) Mr Barrenger commenced as General Manager Exploration on 14 January 2013 and his position was made redundant on 22 November 2013.

(c) Mr Dups commenced as Exploration Advisor on 1 August 2011 and his services were terminated on 30 August 2013.

(d) Dr Whitcombe's position was made redundant on 31 March 2013.

(e) Mr Palanyk commenced as General Manager Subsurface on 5 March 2012 and left the Company on 28 September 2012.

(f) Mr Weld left the Company on 7 March 2013.

(g) Contract fees were paid to ASEAN Corporate Services Pty Ltd for Mr McGillivray who provided financial and secretarial services on a consulting basis from 27 October 2009. Mr McGillivray was appointed as Company Secretary on 19 March 2010 and resigned on 31 July 2012.

Table D

Options issued under the Long Term Incentive Plan to key management personnel but excluding those that have lapsed or been cancelled:

Description	Number of Options	Vesting date	Share Price Hurdle	Exercise price	Expiry date
Rob Crook					
Tranche 3	1,000,000	17/05/2013	60 cents	41.6 cents	17/5/2015

Voting and comments made at the Company's 2013 Annual General Meeting

At the Company's 2013 AGM, the Remuneration Report was passed by more than 75% on a show of hands. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

J Forbes

Jeffrey Forbes
Chairman

Brisbane, 8 September 2014

Auditor's Independence Declaration

pwc

Auditor's Independence Declaration

As lead auditor for the audit of Exoma Energy Limited for the year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Exoma Energy Limited and the entities it controlled during the period.

Debbie Smith
Partner
PricewaterhouseCoopers

Brisbane
8 September 2014

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Corporate Governance Statement

In accordance with Listing Rule 4.10, this statement discloses the extent to which the Company has followed the recommendations (the Recommendations) made by the ASX Corporate Governance Council (the Council). The relevant Recommendations are considered under each of the corporate governance principles identified by the Council. Note that the Council recognises that not all of the Recommendations will be suitable for all companies at all times in their corporate development.

The Company's Corporate Governance policies are provided on the Company's website (www.exoma.net) under the heading ***About Us/Corporate Governance***.

In accordance with the Recommendations, information published on the Company's website includes the Board Charter (for the Board and its sub-committees), the Code of Conduct, the Diversity Policy, the Disclosure Policy, the Shareholder Communications Policy, the Risk Management Policy and the Securities Trading Policy. Although the Company's practices are broadly consistent with the Council's principles, in certain cases they are not fully compliant. This is primarily due to the small size of the Company and its stage of development.

Principle 1: Lay solid foundations for management and oversight

Compliant ✓ Non-Compliant ✗

Recommendation	Comply
Recommendation 1.1 The entity has established the functions reserved to the Board and those delegated to senior executives.	✓
Recommendation 1.2 The entity has disclosed its process for evaluating the performance of senior executives.	✓
Recommendation 1.3 The entity has provided the information indicated in the guide to reporting on Principle 1.	✓

Role of the board

A Board Charter has been adopted by the Company and is disclosed on the Company's website under the heading ***About Us/Corporate Governance***.

The Company has established functions reserved to the Board and those delegated to senior management. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders. The Board recognises that it is accountable to shareholders and in carrying out its responsibilities, the Board undertakes to serve the interest of shareholders honestly, fairly and diligently.

The Board is responsible for the overall corporate governance of the Company including:

- appointment of the Chief Executive Officer and other senior executives and determination of their employment terms and conditions including remuneration and termination;
- driving the strategic direction of the Company, ensuring appropriate resources are available to meet objectives and monitoring management's performance;
- reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- approving and monitoring the progress of major capital expenditure, capital management and significant acquisitions and disposals;
- approving and monitoring the budget and the adequacy and integrity of financial and other reporting;
- approving the annual, half yearly and quarterly reports and accounts;
- approving significant changes to the organisational structure;
- approving the issue of any shares, options, equity instruments or other securities in Exoma;

Corporate Governance Statement

continued...

- approving the terms of ASX releases in accordance with the Continuous Disclosure policy in place from time to time;
- ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision making;
- recommending to shareholders the appointment of the external auditor as and when their appointment or re-appointment is required to be approved by them; and
- meeting with the external auditor, at their request, without management being present.

The Board has established a framework for the management of the Group including a system of internal controls, a business risk management process and appropriate ethical standards as set out in the Code of Conduct. The full Board schedules meetings, including strategy meetings and any extraordinary meetings, as necessary to address any specific significant matters that may arise. The agenda for meetings is prepared by the Company Secretary in conjunction with the Chairman and Chief Executive Officer (CEO). Standing items include the summary operations report (which includes review of the risk register and report), financial reports, strategic matters, corporate governance, continuous disclosure and compliance. Papers and reports are circulated in advance of meetings.

Separate from the Board, an independent management team headed by the CEO is responsible for the executive management of the business. The day to day operations of the Company have been delegated to the CEO, pursuant to a statement of delegated authority which sets out those matters reserved to the Board. The statement of delegated authority is reviewed regularly to reflect changes in the size, complexity and operations of the Company.

Appointment of Board members

Formal letters of appointment have been issued to all directors setting out the key terms and conditions of their appointment. Further details of their remuneration are set out in the Remuneration Report in Tables A and B.

Evaluation of senior management

The policy for inducting and evaluating senior management is formally documented. Each senior manager has a position description which includes performance criteria appropriate to their role. Performance against the criteria is reviewed by the CEO for all senior managers on an ongoing basis. Remuneration is adjusted to reflect performance and market conditions. The CEO's performance review is performed by the Chairman and his remuneration reviewed annually by the Board by reference to performance and market conditions. No remuneration increases were awarded to either the CEO or senior managers during the financial year in recognition of the challenges faced by the Company during this period.

Principle 2: Structure the Board to add value

Recommendation	Comply
Recommendation 2.1 A majority of the Board are independent directors.[1]	✓
Recommendation 2.2 The Chair is an independent director.[2]	✓
Recommendation 2.3 The roles of Chair and Chief Executive Officer are not exercised by the same individual.	✓

1. During the financial year, the Company only had three directors and did not have a majority of independent directors as Mr Barker and Mr Harrison were not considered independent by virtue of their substantial shareholdings. With the appointment of Mr Forbes on 1 July 2014 and Mr Castledine and Mr Bassett on 20 August 2014, the Board now has four independent directors from a total board of six directors.
2. During the financial year, Mr Brian Barker was the Chairman of the Company. Mr Barker, is a non-executive but non-independent director. He is not classified as independent because of his substantial shareholding interest in the Company. On 22 July 2014, Mr Brian Barker stepped down and Mr Jeffrey Forbes was appointed Chairman of the Company. Mr Forbes is an independent, non-executive director.

Recommendation	Comply
Recommendation 2.4 The Board has established a nomination committee. If not, why not explanation: Given the present size of the Board (three members to 30 June 2014, six members currently), the directors do not consider that any additional efficiencies or governance advantages would be obtained by constituting a nomination committee. The whole Board considers matters relating to the duties of a nomination committee and follows the principles set out in the nomination committee charter disclosed on the Company's website.	✗
Recommendation 2.5 The entity has disclosed the process for evaluating the performance of the Board, its committees and individual directors.	✓
Recommendation 2.6 The entity has provided the information indicated in the guide to reporting on Principle 2.	✓

Composition of the Board

Information on each of the directors of the Company in office at the date of this report is set out in the Directors' Report:

- Names, skills, experience and expertise relevant to the position of each director in office at the date of this report;
- The names of the independent directors;
- The existence of any relationships that may impact the independent directors' independence; and
- The period of office held by each director in office at the date of the Annual Report.

The composition of the Board is determined using the following principles:

- A minimum of three directors, with a broad range of expertise both nationally and internationally;
- A diverse Board with a mix of skills including directors having extensive knowledge of the Company's industries, and other directors having extensive expertise in significant aspects of auditing and financial reporting, or risk management, compliance and financing of public companies;
- The roles of Chair and CEO are not to be exercised by the same individual; and
- A maximum period of three years service, subject to re-election every three years.

Board members have a balanced mix of experience in the CSG and petroleum industries and in the management of public companies.

Corporate Governance Statement

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Mr Jeffrey Forbes, Dr Robbert Willink, Mr Gary Castledine and Mr Neville Bassett are considered by the Board to be independent directors on the basis that they have no existing or prior relationships, shareholdings or interests that could be considered material. Although Dr Willink receives consultancy fees for consulting services provided to the Company, the Board does not believe the quantum of the fees paid impairs Dr Willink's independence. Although Mr Castledine is an owner and director of CPS Capital Group whose clients hold in excess of 40% of the share register of Exoma, the Board has determined that this relationship does not impair Mr Castledine's independence and no other relationships exist which may impact Mr Castledine's independence. Mr Brian Barker and Mr Stephen Harrison were not considered to be independent because of their substantial shareholdings.

Director education

The Company has a process to educate new directors about the nature of the business, current issues, the corporate strategy and the expectations of the Company concerning performance of directors. Directors also have the opportunity to meet with management to gain a better understanding of business operations; this is accomplished by regular workshops specifically designed to present and discuss operational matters. Directors are given access to continuing education opportunities to update and enhance their skills and knowledge, including the opportunity to complete courses run by the Australian Institute of Company Directors (AICD).

Independent professional advice and access to Company information

Each director has the right of reasonable access to all relevant Company information and to the Company's senior management and may seek independent professional advice from a suitably qualified adviser at the Company's expense. The director must consult with an advisor suitably qualified in the relevant field, and inform the Chairman of the nature of the advice, the likely fees payable for the advice and the identity of the advisor before proceeding with the consultation. A copy of the advice received by the director may be made available to all other members of the Board (unless that will cause legal privilege to be waived). All directors have access to the Company Secretary and the Company Secretary is accountable to the Board for all governance matters.

Nomination Committee

During the course of the year, the Company had a small Board of three directors. On 1 July 2014 the Board increased to four directors following the appointment of Mr Jeffrey Forbes and on 20 August 2014 the Board further increased in size to six directors with the appointment of Mr Castledine and Mr Bassett. The Company is not currently considered to be of a size, nor are its affairs of such complexity to justify the establishment of additional separate Board committees, such as a Nomination Committee. Accordingly, all matters that may be considered by a Nomination Committee are dealt with by the full Board, in accordance with the principles set out in the Nomination Committee Charter included in the Company's Corporate Governance documents available on the Company's website.

As part of its usual role, the Board oversees the appointment and induction process for directors, and the selection, appointment and succession planning process of the Company's senior management. The Board considers the appropriate skill mix, personal qualities, expertise and diversity of each position. When a vacancy exists or there is a need for particular skills, the Board determines the selection criteria based on the skills deemed necessary.

The Board identifies potential candidates and may take advice from an external consultant. The Board then appoints the most suitable candidate. Board appointed candidates must stand for election at the next general meeting of shareholders.

It is the Company's policy that the Chair of the Board continually reviews the effectiveness of the Board, individual directors, and senior management on an informal basis. The other directors have an opportunity to contribute to the review process. The reviews generate recommendations to the Board for approval.

Principle 3: Promote ethical and responsible decision making

Recommendation	Comply
Recommendation 3.1 The entity has established a Code of Conduct and disclosed the code or a summary of the code.	✓
Recommendation 3.2 The entity has established a policy concerning diversity and disclosed the policy or a summary of that policy. The policy includes requirements for the Board to establish measurable objectives for achieving gender diversity for the Board to assess annually both the objectives and progress in achieving them. If not, why not explanation: The Board values diversity and recognises the organisational strengths, deeper problem solving ability and opportunity for innovation that diversity brings to an organisation. During the year, the Board adopted a Diversity Policy which is available on the Company's website. The policy explains that due to the small size of the Company's workforce, it is not possible to set meaningful measures of diversity at this point in the Company's development. The Board will review this matter at least annually, and when the Company's size justifies setting specific measures, appropriate metrics will be introduced.	✗
Recommendation 3.3 The entity has disclosed in its Annual Report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them. If not, why not explanation: As explained under Recommendation 3.2, due to the small size of the Company's workforce, it is not possible to set meaningful measures of diversity at this point in the Company's development. The Board will review this matter at least annually, and when the Company's size justifies setting specific measures, appropriate metrics will be introduced and reported upon in future annual reports.	✗
Recommendation 3.4 The entity has disclosed in its Annual Report the proportion of women employees in the whole organisation, women in senior management positions and women on the Board.	✓
Recommendation 3.5 The entity has provided the information indicated in the guide to reporting on Principle 3.	✓

Code of Conduct

The Company has established a Code of Conduct (Code) which aims to develop a consistent understanding of, and approach to, the desired standards of conduct and behaviour of the Company's directors, officers, employees and contractors (collectively, Personnel) in carrying out their roles for the Company. Through this Code, the Company seeks to encourage and develop a culture of professionalism, honesty and responsibility in order to maintain and enhance our reputation as a valued employer, business partner and corporate citizen.

The Code is designed to broadly outline the ways in which the Company wishes to conduct its business. The Code does not cover every possible situation that Personnel may face, but is intended to provide Personnel with a guide to taking a commonsense approach to any given situation, within an overall framework. The Code is consistent with Principle 3. A copy of the Code is available in the Corporate Governance section of the Company's website.

Corporate Governance Statement

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Ethical standards

All directors, managers and employees are expected to act fairly, impartially, ethically and responsibly and to comply with all applicable laws and regulations. The Board has adopted a formal statement of the ethical standards required by the Company which is contained in the Code, available in the Corporate Governance section of the Company's website.

Conflict of interest

Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company. The Board has developed procedures to assist directors and staff to identify and disclose potential conflicts of interest.

Where the Board believes that a significant conflict exists for a director on a Board matter, the director concerned is not present at the meeting whilst the item is considered. Details of director related entity transactions with the Company are set out in Note 21.

Trading in company securities by directors and employees

The Company has established a Securities Trading Policy that is provided to all directors and employees on commencement. Refresher training is provided at least annually to remind staff of their obligations under the Securities Trading Policy. The Constitution permits directors to acquire shares in the Company. However the Securities Trading Policy prohibits directors and employees from dealing in shares whilst in possession of price sensitive information. Directors must notify the Company Secretary once they have bought or sold shares in the Company or exercised options over ordinary shares. In accordance with the provisions of the *Corporations Act 2001* and the Listing Rules of the Australian Securities Exchange, the Company must advise the Australian Securities Exchange on behalf of the directors of any transactions conducted by the directors in shares and/or options in the Company.

Diversity reporting

As at 30 June 2014, the Company had three female employees out of a total of four employees (75%). There were no female directors on the Board.

Principle 4: Safeguard integrity in financial reporting

Recommendation	Comply
Recommendation 4.1 The Board has established an Audit Committee.	✓
Recommendation 4.2[3] The Audit Committee has been structured so that it: – consists only of non-executive directors; – consists of a majority of independent directors; – is chaired by an independent chair, who is not Chair of the Board; and – has at least three members.	✓
Recommendation 4.3 The Audit Committee has a formal charter.	✓
Recommendation 4.4 The entity has provided the information indicated in the guide to reporting on Principle 4.	✓

3. During the year, the Audit Committee consisted of only two non-executive directors. Dr Robbert Willink, the only independent director of the Company, has acted as Chair of the Audit Committee since his appointment on 8 October 2012 and will continue to do so. Following Mr Jeffrey Forbes appointment to the Board on 1 July 2014, Mr Forbes has also been appointed to the Audit Committee.

During the reporting period the Audit Committee undertook audit related responsibilities including:

- Reviewing the annual and interim financial reports and other financial information distributed externally. This includes approving new accounting policies to ensure compliance with Australian Accounting Standards and generally accepted accounting principles, and assessing whether the financial information is adequate for shareholders' needs;
- Assessing corporate risk assessment processes;
- Assessing whether non-audit services provided by the external auditor are consistent with maintaining the external auditor's independence. The external auditor provides an annual Declaration of Independence which is consistent with *Code of Conduct APES 110 Code of Ethics for Professional Accountants* issued by the Accounting Professional and Ethical Standards Board;
- Addressing any matters outstanding with auditors, Australian Taxation Office, Australian Securities and Investments Commission, Australian Securities Exchange and financial institutions;
- Reviewing the nomination and performance of the external auditor. The external audit engagement partner will be rotated every five years;
- Assessing the adequacy of the internal control framework and the Company's Code of Conduct; and
- Monitoring the procedures to ensure compliance with the *Corporations Act 2001* and the ASX Listing Rules and all other regulatory requirements.

The directors review the performance of the external auditors on a bi-annual basis and normally meet with them during the year to:

- Discuss the external audit plans, identify any significant changes in structure, operations, internal controls or accounting policies likely to impact the financial statements and to review the fees proposed for the audit work to be performed; and
- Review the annual and half year reports prior to lodgement with the ASX, and any significant adjustments required as a result of the auditor's findings, prior to announcement of results.

The Audit Committee consists of three directors as at the reporting date - Dr Robbert Willink (Chairman of the Audit Committee), Mr Jeffrey Forbes and Mr Stephen Harrison. The external auditor attends the Annual General Meeting to answer any questions concerning the audit and the content of the Auditor's Report.

Corporate Governance Statement

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Principle 5: Make timely and balanced disclosures

Recommendation	Comply
Recommendation 5.1 The entity has established written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior management level for that compliance and disclosed those policies or a summary of those policies.	✓
Recommendation 5.2 The entity has provided the information indicated in the guide to reporting on Principle 5.	✓

The Board has formally documented the Company's disclosure procedures and established a Disclosure Policy which is contained in the Company's Corporate Governance section of the Company's website. The Board, as part of its usual role, provides shareholders with information using continuous disclosure processes which includes identifying matters that may have a material effect on the price of the Company's securities, notifying the ASX and issuing media releases.

In summary, the continuous disclosure processes operate as follows:

- The Chair, the CEO and the Company Secretary are responsible for all communications with the ASX. Matters that may have an effect on the price of the Company's securities are advised to the ASX on the day they are discovered. Senior management monitor all areas of the Group's internal and external environment;
- The full annual financial report is made available on the Company's website and to all shareholders, and includes relevant information about the operations of the Company during the year, changes in the state of affairs and details of future developments;
- The half yearly report contains summarised financial information and a review of the operations of the Company during the period. The half year reviewed financial report is lodged with the Australian Securities and Investments Commission and the ASX, posted to the Company's website, and sent to any shareholder who requests it;
- Quarterly reports containing a review of operations during the quarter and details of how activities have been financed and the impact on cash flow are lodged with ASX and posted to the Company's website;
- Proposed major changes in the Company which may impact on share ownership rights are submitted to a vote of shareholders; and
- All announcements made to the market, and related information (including information provided to analysts and the media), are released to the ASX and posted to the Company's website.

Principle 6: Respect the rights of shareholders

Recommendation	Comply
Recommendation 6.1 The entity has a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclosed the policy or a summary of the policy.	✓
Recommendation 6.2 The entity has provided the information indicated in the guide to reporting on Principle 6.	✓

The Company's Shareholder Communications Policy is included in the Company's Corporate Governance section of the Company's website. It aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs. Information is communicated to shareholders through:

- the Company's Annual Report delivered by post (if required), a copy of which is also placed on the Company's website;
- the half yearly report which is placed on the Company's website;
- the quarterly reports which are placed on the Company's website;
- disclosures and announcements made to ASX (including investor presentations), copies of which are placed on the Company's website immediately following release by the ASX;
- notices and explanatory memoranda of the Company's annual general meetings (AGMs) and extraordinary general meetings (EGMs), copies of which are placed on the Company's website;
- the Chair's address and the CEO's address made at the AGMs and the EGMs, copies of which are placed on the Company's website;
- the Company's website on which the Company posts all announcements which it makes to ASX; and
- the auditor's lead engagement partner being present at the AGM to answer questions from shareholders about the conduct of the audit and the preparation and content of the Auditor's Report.

The Board encourages full participation of shareholders at the Annual General Meeting, to ensure a high level of accountability and identification with the Company's strategy and goals. Important issues are presented to the shareholders as single resolutions.

Shareholders are requested to vote on the appointment and aggregate remuneration of directors, the granting of options and shares to directors and changes to the Constitution. Copies of the Constitution are available to any shareholder on request.

Principle 7: Recognise and manage risk

Recommendation	Comply
Recommendation 7.1 The entity has established policies for the oversight and management of material business risks and disclosed a summary of those policies.	✓
Recommendation 7.2 The Board requires management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board has disclosed that management has reported to it as to the effectiveness of the Company's management of its material business risks.	✓
Recommendation 7.3 The Board has disclosed whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with Section 295A of the *Corporations Act 2001* is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	✓
Recommendation 7.4 The entity has provided the information indicated in the guide to reporting on Principle 7.	✓

Corporate Governance Statement

continued...

Overview of the risk management system

The Board adopts practices designed to identify significant areas of business risk and to effectively manage those risks in accordance with the Company's risk profile. This includes assessing, monitoring and managing strategic, operational, financial reporting, and compliance risks for the Group. A formal system for reporting risk management and associated compliance and controls is in place.

The system is based on core policies relating to the Group's key risk areas of Quality Management, Health and Safety and Environmental Management, together with a delegated authority manual.

Standards and policies to give effect to the core policies have been implemented and cover material matters necessary to appropriately manage key risks for the Company including Consultation and Communications, Contractor Management, Document and Record Management, Emergency Response, Incident Investigation and Reporting, Leadership and Commitment, Legal Compliance and Protocol, Land Access, Management of Change, Occupational Health, Responsibility and Accountability, Hazard Identification and Risk Management, Learning and Development, Cultural Heritage, Rehabilitation and Site Specific Safety Management. In addition, the Group has a HR policy manual which supports the core policies including policies in respect of Anti-Discrimination and Equal Employment, the Group's Code of Conduct, Emergency Evacuation, Performance and Misconduct and Training and Development.

These policies are supported by a statement of roles and responsibilities of each of the Company's senior management personnel. The statement of delegated financial authority sets out clear processes for authorising expenditure and entering into commitments on behalf of the Group. The Group has also established a risk register identifying key risks and steps to be taken to manage or mitigate these risks, together with an allocation of responsibility. Regular reports on the effectiveness and operation of these policies are made to the Board and the Board monitors the management and mitigation of key risk areas.

The CEO, acting in accordance with Company policy, approved all expenditure, was intimately acquainted with all operations and reported all relevant issues to the directors at the Board meetings.

The Board has received assurance from the CEO and Financial Controller that the declarations as to financial records and statements made under Section 295A of the *Corporations Act 2001*, have been founded on a system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Risk profile

The Company is not currently considered to be of a size, nor are its affairs of such complexity to justify the establishment of a separate Risk Management Committee. Instead, the Board, as part of its usual role and through direct involvement in the management of the Company's operations ensures risks are identified, assessed and appropriately managed. Where necessary, the Board draws on the expertise of appropriate external consultants to assist in dealing with or mitigating risk.

Risk management, compliance and control

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities.

Management practices described above have been established to ensure:

- The Company's operations are safe and conducted in accordance with all applicable laws including the applicable health and safety regulations;
- Capital expenditure and revenue commitments above a certain size obtain prior Board approval;
- Financial exposures are controlled, including the potential use of derivatives;
- Occupational health and safety standards and management systems are monitored and reviewed to achieve high standards of performance and compliance with regulations;
- Material contracts are reviewed by qualified legal personnel;
- Business transactions are properly authorised and executed;
- The quality and integrity of personnel (see page 31);
- Financial reporting accuracy and compliance with the financial reporting regulatory framework (see page 31); and
- Environmental regulation compliance (see page 31).

The Board has appointed suitably qualified personnel to manage these business matters under the control of an experienced CEO, Mr Rob Crook.

Quality and integrity of personnel

The Company conducts a comprehensive review of the ability and experience of potential employees prior to appointment. It is the Company's policy that informal appraisals will be conducted regularly with continuous feedback and on the job monitoring and training for all employees. Formal appraisals will be conducted at least annually for all employees.

Training and development and appropriate remuneration and incentives with regular performance reviews will create an environment of co-operation and constructive dialogue with employees and senior management.

Financial reporting

The Financial Controller and CEO have declared to the Board that the Company's financial reports are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board. Monthly actual results are reported against budgets approved by the directors and revised forecasts for the year are prepared regularly.

Environmental regulation

The Company is committed to achieving a high standard of environmental performance and has developed procedures to ensure operations are conducted to meet or exceed statutory requirements. Management is responsible for the regular monitoring of environmental exposures and compliance with environmental regulations.

The Board believes that the Company has adequate systems in place for the management of its environmental requirements and is not aware of any material breach of those environmental requirements as they apply to the Company.

Technical review

The Board has established a system of regular internal Technical Committee meetings at which directors are able to discuss the technical plans and activities of the Company directly with technical staff.

Internal audit

The Company does not have a formally established internal audit function. The Board ensures compliance with the internal controls and risk management procedures previously mentioned.

Principle 8: Remunerate fairly and responsibly

Recommendation	Comply
Recommendation 8.1 The Board has established a Remuneration Committee. If not, why not explanation: Given the present small size of the Board (three members to 30 June 2014, six members currently), the directors do not consider that any additional efficiencies or governance advantages would be obtained by constituting a Remuneration Committee. The whole Board considers matters relating to the duties of a Remuneration Committee and follows the principles set out in the Remuneration Committee Charter disclosed on the Company's website.	✗
Recommendation 8.2 The Remuneration Committee is structured so that it: – consists of a majority of independent directors – is chaired by an independent Chair – has at least three members. If not, why not explanation: As discussed in Recommendation 8.1, as and when the activities of the Company are such that the Board considers it appropriate to form a Remuneration Committee, the Board would expect that the Committee would comply with Recommendation 8.2.	✗

Corporate Governance Statement

continued...

Recommendation	Comply
Recommendation 8.3 The entity clearly distinguishes the structure of non-executive directors' remuneration from that of executive directors and senior management.	✓
Recommendation 8.4 The entity has provided the information indicated in the guide to reporting on Principle 8.	✓

During the course of the year, the Company had a small Board of three directors. Following the appointment of Mr Forbes on 1 July 2014 and Mr Castledine and Mr Barrett on 20 August 2014, the number of directors increased to six. The Company is not currently considered to be of a size, nor are its affairs of such complexity to justify the establishment of a separate Remuneration Committee. Accordingly, all matters that may be considered by a Remuneration Committee are dealt with by the full Board, in accordance with the principles set out in the Remuneration Committee Charter included in the Company's Corporate Governance section of the Company's website.

Remuneration levels are competitively set to attract and retain appropriately qualified and experienced directors and senior management. The Board may seek independent advice on the appropriateness of remuneration packages, given trends in comparative companies both locally and internationally.

Remuneration packages include a mix of fixed remuneration, performance based remuneration, and equity based remuneration.

– The remuneration structures are explained in the Directors' Report and are designed to attract suitably qualified candidates, and to produce the broader outcome of maximising the Company's profitability. The remuneration structures take into account:
  – Overall level of remuneration for each director and senior manager;
  – The senior manager's ability to control the performance of the relevant area; and
  – The amount of incentives within each senior manager's remuneration.

Shares and options can only be issued to directors under a resolution at a general meeting of shareholders.

Non-executive directors may receive a base fee and can be remunerated by way of share and option issues approved under a resolution at a general meeting of shareholders. The Board has no established retirement or redundancy schemes.

Annual Financial Report

30 June 2014

These financial statements are the consolidated financial statements of the Group, consisting of Exoma Energy Limited and its subsidiaries. The financial statements are presented in the Australian currency.

Exoma Energy Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Exoma Energy Limited
Level 7
127 Creek Street
Brisbane QLD 4000

A description of the nature of the Group's operations and its principal activities is included in the Chairman's Report on pages 2 to 3 and in the Directors' Report on pages 4 to 13, neither of which are part of these financial statements.

The financial statements were authorised for issue by the directors on 8 September 2014. The directors have the power to amend and reissue the financial statements.

Through the use of the internet, we have ensured that our corporate reporting is timely and complete. All press releases, financial reports and other information are available at our website **www.exoma.net**.

Statement of Comprehensive Income

For the year ended 30 June 2014

	Note	Consolidated for year ended 30 June 2014 $	Consolidated for year ended 30 June 2013 $
Revenue	3	683,092	3,180,729
Operating expenses	4	(4,950,725)	(5,154,209)
Loss before income tax expense		(4,267,633)	(1,973,480)
Income tax expense	5	–	–
Loss after tax from continuing operations		(4,267,633)	(1,973,480)
Loss for the year		(4,267,633)	(1,973,480)
Total comprehensive loss for the year		(4,267,633)	(1,973,480)
Loss attributable to:			
Owners of the parent		(4,267,633)	(1,973,480)
Total comprehensive loss attributable to:			
Owners of the parent		(4,267,633)	(1,973,480)

		$	$
Earnings per share			
Basic loss per share (weighted average)	23	(0.010)	(0.005)
Diluted loss per share (weighted average)	23	(0.010)	(0.005)

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

Statement of Financial Position

As at 30 June 2014

	Note	Consolidated 30 June 2014 $	Consolidated 30 June 2013 $
Assets			
Current assets			
Cash and cash equivalents	7	7,808,261	9,186,179
Trade and other receivables	8	271,875	208,121
Other financial assets	9	26,500	387,860
Total current assets		8,106,636	9,782,160
Non-current assets			
Trade and other receivables	8	274,250	62,800
Other financial assets	9	358,651	358,651
Property, plant and equipment	10	50,321	330,540
Deferred exploration expenditure	11	–	2,976,416
Total non-current assets		683,222	3,728,407
Total assets		8,789,858	13,510,567
Liabilities			
Current liabilities			
Trade and other payables	12	88,390	400,636
Accrual for employee entitlements	13	34,844	85,130
Total current liabilities		123,234	485,766
Non-current liabilities			
Trade and other payables	12	137,729	282,877
Total non-current liabilities		137,729	282,877
Total liabilities		260,963	768,643
Net assets		8,528,895	12,741,924
Equity			
Contributed equity	14	24,512,515	24,512,515
Reserves	14	4,082,555	4,027,951
Accumulated losses		(20,066,175)	(15,798,542)
Total equity		8,528,895	12,741,924

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

Statement of Changes in Equity

For the year ended 30 June 2014

		Attributable to owners of Exoma Energy Limited				
	Note	Contributed equity $	Accumulated losses $	Other reserve $	Employee equity benefits reserve $	Total $
Balance at 1 July 2013		24,512,515	(15,798,542)	3,855,147	172,804	12,741,924
Loss for year		–	(4,267,633)	–	–	(4,267,633)
Total comprehensive loss for year		–	(4,267,633)	–	–	(4,267,633)
Transactions with owners in their capacity as owners						
Expiry of employee options		–	–	103,991	(103,991)	–
Share based payments		–	–	–	54,604	54,604
		–	–	103,991	(49,387)	54,604
Balance at 30 June 2014	14	**24,512,515**	**(20,066,175)**	**3,959,138**	**123,417**	**8,528,895**

	Note	Contributed equity $	Accumulated losses $	Other reserve $	Employee equity benefits reserve $	Total $
Balance at 1 July 2012		27,416,586	(13,825,062)	486,227	536,103	14,613,854
Loss for year		–	(1,973,480)	–	–	(1,973,480)
Total comprehensive loss for year		–	(1,973,480)	–	–	(1,973,480)
Transactions with owners in their capacity as owners						
Issue of share capital		15,260	–	–	–	15,260
Expiry of listed options		(2,800,120)	–	2,800,120	–	–
Expiry of unlisted options		(119,211)	–	119,211	–	–
Expiry of employee options		–	–	449,589	(449,589)	–
Share based payments		–	–	–	86,290	86,290
		(2,904,071)	–	3,368,920	(363,299)	101,550
Balance at 30 June 2013	14	**24,512,515**	**(15,798,542)**	**3,855,147**	**172,804**	**12,741,924**

The above Statement of Changes of Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

For the year ended 30 June 2014

	Note	Consolidated for year ended 30 June 2014 $	Consolidated for year ended 30 June 2013 $
Cash inflow/(outflow) from operating activities			
Payments to suppliers and employees		(2,356,830)	(2,670,778)
Interest received		301,292	457,063
Sub-lease rental received		180,124	–
R&D tax offsets received		218,585	2,800,350
Other government grants received		–	75,000
Net cash inflow/(outflow) from operating activities		(1,656,829)	661,635
Cash inflow/(outflow) from investing activities			
Movement in restricted cash		361,360	78,147
Payments for property, plant and equipment		–	(109,833)
Proceeds on disposal of property, plant and equipment		14,670	22,636
Payments for exploration expenditure		(97,118)	(525,759)
Net cash inflow/(outflow) from investing activities		278,912	(534,809)
Cash inflow/(outflow) from financing activities			
Proceeds from issue of shares	14	–	15,260
Net cash inflow/(outflow) from financing activities		–	15,260
Net increase/(decrease) in cash and cash equivalents		(1,377,917)	142,086
Cash and cash equivalents at beginning of year		9,186,178	9,044,092
Cash and cash equivalents at end of year	7	7,808,261	9,186,178

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Financial Statements

Contents of the Notes to the Financial Statements

Note 1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of Exoma Energy Limited and its subsidiaries. Exoma Energy Limited is a for-profit entity for the purpose of preparing the financial statements.

(a) Basis of preparation

These financial statements are a general purpose financial report that has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. The financial statements also comply with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

Going concern

The Company is an exploration company that relies on the availability of shareholders' funds to finance its exploration.

The Company experienced material operating losses during the year ended 30 June 2014; however the Company had sufficient cash to fund its activities during the year without raising additional equity. Cash and cash equivalents totalled $8.2 million (of which $0.4 million was restricted cash) at 30 June 2014, compared with $9.9 million (of which $0.7 million was restricted cash) at 30 June 2013.

Based on its current commitments, the Company has sufficient cash to meet its debts as and when they fall due, and accordingly the financial report has been prepared on a going concern basis. The longer-term viability of the Company is dependent upon the Company being successful in raising additional funds to meet future exploration commitments. There are several means of achieving this, including the contribution of new equity and by the sale or farm-out of further interests in the Company exploration permits. The directors believe that the Company will be successful in the above matters.

Functional currency

The consolidated financial statements are presented in Australian dollars, which is also the Company's functional currency.

Historical cost convention

The financial statements have been prepared on an accruals basis and are measured at historical cost, except for the available-for-sale assets when held, which have been measured at fair value.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Exoma Energy Limited as at 30 June 2014 and the results of all subsidiaries for the year then ended. Exoma Energy Limited and its subsidiaries together are referred to in this financial report as the Company or the Group.

Subsidiaries are all entities (including special purpose entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

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

Investments in subsidiaries are accounted for at cost in the separate financial statements of Exoma Energy Limited.

Notes to the Financial Statements

For the year ended 30 June 2014

Note 1. Summary of significant accounting policies continued

(ii) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Exoma Energy Limited.

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a jointly-controlled entity or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for the allocation of resources and assessing performance of the operating segments, has been identified as the Board of Exoma Energy Limited.

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Exoma Energy Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income, except where they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates as at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that the economic benefits will flow to the Group and specific criteria have been met for each of the Group's activities as described below:

– **Interest income**

  Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

– **Sublease income**

  Payments received under operating leases (net of any incentive paid to the lessee) are recognised in the profit and loss on a straight line basis over the period of the lease.

– **Government grants**

  Grants from the government, including Australian Research and Development tax offsets, are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

(f) Cash and cash equivalents

Cash and cash equivalents includes cash at bank and in hand, and short term deposits with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(g) Trade and other receivables

Trade receivables, which are generally due for settlement within thirty days, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. When a trade receivable for which an allowance had been recognised becomes uncollectible it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(h) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (Note 16). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(i) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current tax assets and liabilities for the current 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 balance sheet date.

Deferred tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences except when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. They are also not recognised when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 1. Summary of significant accounting policies continued

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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 balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

(j) Other taxes

GST

Revenues, expenses and assets are recognised net of the amount of GST, unless the GST incurred is not recoverable from the taxation authority. In these circumstances, GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables in the Statement of Financial Position are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Statement of Financial Position.

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.

(k) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and impairment losses. The depreciable amount of all plant and equipment is calculated on a straight-line basis over the asset's useful life to the Group, commencing from the time the asset is held ready for use. Estimates of useful lives are:

- Office equipment – 5 years
- Computer equipment – 3 years
- Plant and vehicles – 3 to 5 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at the end of each reporting period. The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the time value of money and the risks specific to the asset are considered. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. An item of property, plant and equipment is de-recognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Gains or losses on disposal are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Comprehensive Income.

(l) Acquisitions of assets

The purchase method of accounting is used for all acquisitions of assets. Cost is measured as the fair value of the assets given up, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition.

(m) Financial assets

Financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates these designations at each financial year end.

All regular purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than twelve months after the reporting period which are classified as non-current assets. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are de-recognised or impaired, as well as through the amortisation process.

(n) Impairment of assets

The Group assesses at the end of each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset, unless the asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at the revalued amount, in which case the reversal is treated as a revaluation increase.

After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(o) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within thirty days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within twelve months from the reporting date.

(p) Employee leave benefits

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the accrual for employee entitlements and presented as payables. No liabilities are recognised for non-accumulating sick leave.

Notes to the Financial Statements

For the year ended 30 June 2014

Note 1. Summary of significant accounting policies continued

(q) Equity-based compensation benefits

Equity-based compensation benefits are provided to employees via the Company's Incentive Option Scheme.

The fair value of incentive options issued to employees for no cash consideration is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised in reserves over the period during which the employees become unconditionally entitled to the shares, options or rights. When the shares are issued, options exercised or rights converted to shares, the value is transferred to Contributed Equity.

The fair value of incentive options are determined using option pricing models that take into account the exercise price, term of the options, the share price at grant date, expected volatility of the underlying share and the risk free interest rate for the term of the options.

The assessed fair value at grant date of incentive options granted to employees is allocated equally over the period of service to which the benefit relates up to the actual or expected vesting date with the quantity of options being included in the measurement of the transaction being adjusted to reflect the number of options which are expected to, or actually vest.

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

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the Statement of Financial Position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the Statement of Financial Position.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately in the Statement of Comprehensive Income.

(s) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of subsidiaries or associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

(t) Contributed equity

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

(u) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit or loss attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares; and
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for any 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 tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(v) Exploration and evaluation

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- the rights to tenure of the area of interest are current, and at least one of the following conditions is also met:
  a. the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest; or
  b. by its sale; or
  c. exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest is continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

(w) Joint Arrangements

Under AASB 11 *Joint Arrangements*, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangements. The group only has joint operations at this time.

Joint operations

The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings. Details of the joint operations are set out in Note 26.

(x) New accounting standards and interpretations

The Group has applied the following standards and amendments for the first time for its annual reporting period commencing 1 July 2013:

- AASB10 *Consolidated Financial Statements,* AASB 11 *Joint Arrangements,* AASB 12 *Disclosure of Interests in Other Entities,* AASB 128 *Investments in Associates and Joint Ventures,* AASB 127 *Separate Financial Statements* and AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards*
- AASB 2012-10 *Amendments to Australian Accounting Standards – Transition Guidance and other Amendments* which provides an exemption from the requirement to disclose the impact of the change in accounting policy on the current period
- AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13*
- AASB 119 *Employee Benefits (September 2011)* and AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)*
- AASB 2012-5 *Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle,* and
- AASB 2012-2 *Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities*

These standards only affected the disclosures in the notes to the financial statements.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2014 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is as follows.

Notes to the Financial Statements

For the year ended 30 June 2014

Note 1. Summary of significant accounting policies continued

AASB 9 Financial Instruments (effective from 1 January 2017)

AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. Since December 2013, it also sets out new rules for hedge accounting. When adopted, the standard will affect in particular the Group's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss.

There will be no impact on the Company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The new hedging standard will introduce expanded disclosure requirements and changes in presentation.

The Company has not yet decided when to adopt AASB 9.

There are no other standards that are not yet effective and that are expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

Note 2. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Exploration and evaluation assets

Exploration, evaluation and development expenditure in respect to each identifiable area of interest is carried forward as an asset. These costs are only carried forward as an asset, to the extent that they are expected to be recouped through the successful development of the area, or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. All such carried costs are subject to technical, commercial and management review at least once a year to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are written off.

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

The results of exploration activities in the Galilee Basin area to date have raised significant uncertainty over the ability of the Company to recover the carrying value from successful development or sale. Accordingly, the Company has reduced the carrying value of these tenements to nil.

Note 3. Revenue

	Consolidated for year ended 30 June 2014 $	Consolidated for year ended 30 June 2013 $
Revenue and other income from continuing operations		
Interest	**305,623**	428,240
Sub-lease rental	**158,368**	87,083
R&D tax offsets*	**218,585**	2,590,188
Other government grants	**–**	75,000
Net foreign exchange gain	**516**	218
Total	**683,092**	3,180,729

* A government grant in the form of an R&D tax offset incentive of $218,585 was recognised during the current financial year. There are no unfulfilled conditions or other contingencies attached to this grant. The Group did not directly benefit from any other forms of government assistance.

Note 4. Operating expenses

	Consolidated for year ended 30 June 2014 $	Consolidated for year ended 30 June 2013 $
Expenses and losses from continuing operations		
Depreciation		
Depreciation expense	**157,801**	261,417
Employee benefits		
Wages and salaries	**957,269**	2,799,954
Other	**22,542**	154,076
Share based payments	**54,604**	86,290
JV cost recoveries	**(274,877)**	(2,037,843)
	759,538	1,002,477
Other expenses		
General and administrative expenses	**615,324**	1,364,235
Consultants' fees	**197,375**	858,808
Insurance	**92,573**	163,062
Occupancy costs	**366,501**	904,070
Travel and accommodation	**23,499**	50,890
Exploration expenditure written off	**3,073,534**	–
Loss on relinquishment of ATPs	**–**	1,531,938
Loss/(gain) on disposal of property, plant and equipment	**107,747**	(18,576)
New ventures exploration costs	**66,313**	365,293
JV cost recoveries	**(509,480)**	(1,329,405)
	4,033,386	3,890,315
Total	**4,950,725**	5,154,209

Notes to the Financial Statements

For the year ended 30 June 2014

Note 5. Income tax

	Consolidated for year ended 30 June 2014 $	Consolidated for year ended 30 June 2013 $
Reconciliation of income tax expense to prima facie tax payable		
Loss from continuing operations before income tax expense	(4,267,633)	(1,973,480)
Income tax benefit at the Australian tax rate of 30% (2013: 30%)	1,280,290	592,044
Add /(Less) tax allowances:		
Effect of tax allowance S40-880	56,336	55,470
Effect of capital tax allowance	29,135	(2,275,374)
Add /(Less) non-assessable income/non-deductible expenses:		
Effect of exploration expenditure written off	(922,060)	–
Effect of share based payment expense	(16,381)	(25,887)
Effect of non assessable income	65,575	–
Effect of other	92,713	283,912
Unrecognised tax losses used to offset taxable income	–	1,369,835
Unrecognised tax losses	(585,608)	–
Income tax expense	–	–

The Group has tax losses arising in Australia of $2,730,876 at 30% (2013: $2,289,833) that are available indefinitely for offset against future taxable profits of the Group in which the losses arose, subject to the satisfaction of loss integrity and utilisation rules.

The Group also has capital losses arising in Australia of $1,354,150 at 30% (2013: $1,354,150) that are available indefinitely for offset against future capital gains of the income tax consolidated group, subject to the satisfaction of loss integrity and utilisation rules.

Note 6. Segment information

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The Group is managed primarily on a geographic basis – that is the location of the respective areas of interest (tenements) in Australia. Operating segments are determined on the basis of financial information reported to the Board. The Group does not have any products/services from which it derives revenue. Accordingly, management currently identifies the Group as having only one operating segment, being exploration. All significant operating decisions are based upon analysis of the Group as one segment. The financial results from the segment are equivalent to the financial statements of the Group as a whole.

Note 7. Current assets – cash and cash equivalents

	Consolidated 30 June 2014 $	Consolidated 30 June 2013 $
Cash at bank and on hand	7,808,261	9,186,179

Cash at bank earns interest at the floating rates based on daily bank deposit rates.

Short-term deposits were made for varying periods of up to three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates. The average interest rate received for the year was 3.47% (2013: 4.76%)

Reconciliation to cash at the end of the year

For the purposes of the Statement of Cash Flows, cash and cash equivalents comprise cash on hand and at bank and investment in money market instruments, net of outstanding bank overdrafts.

The above figures reconcile to cash at the end of the financial year as shown in the Statement of Cash Flows.

Financing facilities

The Group does not have a bank overdraft facility.

Cash balances – available for use	7,808,261	9,186,179
Total	7,808,261	9,186,179

Reconciliation of loss for the year to net cash flows from operating activities:		
Loss for the year	(4,267,633)	(1,973,480)
Depreciation expense	157,801	261,417
Loss on relinquishment of ATPs	–	1,531,938
Exploration expenditure written off	3,073,534	–
Net loss / (gain) on disposal of assets	107,747	(18,576)
Share based payment expense	54,604	86,290
Changes in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	(275,204)	769,908
Increase/(decrease) in trade and other payables	(457,392)	67,951
Increase/(decrease) in accrual for employee entitlements	(50,286)	(63,812)
Net cash flows from operating activities	(1,656,829)	661,636

Notes to the Financial Statements

For the year ended 30 June 2014

Note 8. Current and non-current assets – trade and other receivables

	Consolidated 30 June 2014 $	Consolidated 30 June 2013 $
Current:		
Trade receivables (i)	9,331	88,023
Other receivables (ii)	262,544	120,098
Total	271,875	208,121

(i) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 day terms. An allowance for doubtful debts is made when there is objective evidence that a trade receivable is impaired. The amount of the allowance/impairment loss has been measured as the difference between the carrying amount of the trade receivables and the estimated future cash flows expected to be received from the relevant debtors.

As at 30 June 2014, trade receivables of $NIL (2013: $998) were past due but not impaired. The ageing analysis of trade receivables is as follows:

	Consolidated 30 June 2014 $	Consolidated 30 June 2013 $
Less than 30 days	9,331	80,556
30 to 60 days	–	6,469
Over 90 days	–	998
Total	9,331	88,023

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due.

	Consolidated 30 June 2014 $	Consolidated 30 June 2013 $
Non-current:		
Environmental security deposits – Queensland Government	60,000	60,000
Other receivables (ii)	214,250	2,800
Total	274,250	62,800

(ii) Other receivables

These amounts generally arise from transactions outside the usual operating activities of the Group. In particular, incentive payments totalling $395,000 were paid to the sublessee of the Company's 40 Creek St premises in January 2014. Under UIG Interpretation 15 *Operating Leases – Incentives*, this payment is not expensed in the year it is paid, but is effectively treated as a prepaid expense and the cost is amortised over the life of the sublease. A net amount of $21,756 was expensed during the current financial year. $165,869 is recorded as a current asset and will be expensed during 2015/16. The balance of $207,375 is recorded as a non-current asset.

(iii) Fair values of trade and other receivables

Due to the short-term nature of current receivables, their carrying amount is assumed to be same as their fair value. For non-current receivables, the fair values are not significantly different to their carrying amounts.

Note 9. Current and non-current assets – other financial assets

	Consolidated 30 June 2014 $	Consolidated 30 June 2013 $
Current:		
Restricted cash balances		
Security deposits provided for corporate credit cards	20,000	60,000
Current portion of fixed deposits provided as guarantee	6,500	327,860
Total	26,500	387,860
Non-current:		
Restricted cash balances		
Non-current portion of fixed deposits provided as guarantee	358,651	358,651
Total	358,651	358,651

The fair values of the non-current other financial assets are not significantly different to their carrying amounts.

Note 10. Non-current assets – property, plant and equipment

	Office furniture and equipment $	Plant and vehicles $	Total $
Year ended 30 June 2014			
At 1 July 2013, net of accumulated depreciation	307,216	23,324	330,540
Disposals	(102,190)	(20,228)	(122,418)
Depreciation charge for the year	(154,705)	(3,096)	(157,801)
At 30 June 2014, net of accumulated depreciation	50,321	–	50,321
At 30 June 2014			
Cost or fair value	321,248	–	321,248
Accumulated depreciation	(270,927)	–	(270,927)
Net book amount	50,321	–	50,321
Year ended 30 June 2013			
At 1 July 2012, net of accumulated depreciation	442,203	43,980	486,183
Additions	109,833	–	109,833
Disposals	(2,216)	(1,843)	(4,059)
Depreciation charge for the year	(242,604)	(18,813)	(261,417)
At 30 June 2013, net of accumulated depreciation	307,216	23,324	330,540
At 30 June 2013			
Cost or fair value	796,794	34,444	831,238
Accumulated depreciation	(489,578)	(11,120)	(500,698)
Net book amount	307,216	23,324	330,540

Notes to the Financial Statements

For the year ended 30 June 2014

Note 11. Deferred exploration expenditure

	Consolidated 30 June 2014 $	Consolidated 30 June 2013 $
Exploration and evaluation phase – costs carried forward		
Reconciliation of carrying amounts of exploration and evaluation at the beginning and end of the financial year:		
Balance at 1 July, net of impairment	2,976,416	3,982,595
Deferred exploration expenditure during the year	97,118	525,759
Less: relinquishment of ATPs	–	(1,531,938)
Less: exploration expenditure written off	(3,073,534)	–
Balance at 30 June, net of impairment	–	2,976,416

As at 30 June 2014, the Company and the Galilee Joint Venture were resolved to continue exploration in the four remaining Galilee Basin exploration permits. The Company intends to fund its share of exploration costs by way of a further farm-out of interest.

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas. Following a review of the Company's exploration tenements, expenditure of $3,073,534 was written off in respect of the exploration and evaluation costs carried forward for the Company's five ATPs in the Galilee Basin in Queensland. The results of exploration activities in the region to date have raised significant uncertainty over the ability of the Company to recover the carrying value from successful development or sale. Accordingly, the carrying value of these tenements has been reduced to NIL.

At 30 June 2014 the Group has net capitalised exploration expenditure of $NIL (2013: $2,976,416).

Interests in petroleum tenements

Tenure number		Operator	Expiry date	Interest 30 June 2014	Interest 30 June 2013
ATP 991	QLD	Longreach No.2 Pty Ltd	31/08/2021	50%	50%
ATP 996	QLD	Longreach No.2 Pty Ltd	31/08/2021	50%	50%
ATP 999	QLD	Longreach No.2 Pty Ltd	31/08/2021	50%	50%
ATP1005	QLD	Longreach No.2 Pty Ltd	31/08/2021	50%	50%
ATP1008	QLD	Longreach No.2 Pty Ltd	31/08/2021	NIL	50%

CNOOC earned a 50% participating interest in these permits by a Farm-in Agreement, whereby CNOOC provided the first $50 million of exploration expenditure. Under the terms of the Joint Venture Agreement, all further expenditure in relation to the permits is to be funded on a 50/50 basis, unless otherwise agreed.

During the year, the Joint Venture relinquished its entire interest in ATP 1008.

Note 12. Current and non-current liabilities – trade and other payables

	Consolidated 30 June 2014 $	Consolidated 30 June 2013 $
Current:		
Trade payables (i)	29,086	221,627
Accruals, provisions and other payables (ii)	59,204	179,009
Total	88,390	400,636
Non-current:		
Accruals, provisions and other payables (ii)	137,729	282,877
Total	137,729	282,877

The carrying amounts of trade and short term payables are assumed to be the same as their fair values, due to their short term nature.

(i) Trade payables are non-interest bearing and generally payable within normal time frames for the industry.

(ii) Accruals, provisions and other payables are non-interest bearing and include a provision for the estimated shortfall between sublease revenue and head lease expense of office premises at 40 Creek Street.

Note 13. Current liabilities – accrual for employee entitlements

	Consolidated 30 June 2014 $	Consolidated 30 June 2013 $
Employee leave accrual	34,844	85,130
Total	34,844	85,130

Notes to the Financial Statements

For the year ended 30 June 2014

Note 14. Contributed equity and reserves

Movement in ordinary shares:

Date	Details	Number of shares	Issue price cents	$
1 July 2013	**Balance**	417,510,359		24,512,515
30 June 2014	**Balance**	**417,510,359**		**24,512,515**
1 July 2012	**Balance**	**417,357,759**		**24,494,875**
17 Sept 2012	Exercise of 10c options	2,600	10.0	260
17 Sept 2012	Transfer from option reserve on exercise			40
30 Sept 2012	Exercise of 10c options	150,000	10.0	15,000
30 Sept 2012	Transfer from option reserve on exercise			2,340
30 June 2013	**Balance**	**417,510,359**		**24,512,515**

Movement in listed options:

Date	Details	Number of options	Exercise price cents	Expiry date	Option reserve $
1 July 2012	**Balance**	172,626,250	various	30/9/2012	2,802,500
17 Sept 2012	Transfer to share capital on exercise of options	(2,600)		30/9/2012	(40)
30 Sept 2012	Transfer to share capital on exercise of options	(150,000)		30/9/2012	(2,340)
30 Sept 2012	Expiry of options	(172,473,650)	various	30/9/2012	(2,800,120)
30 June 2013	**Balance**	–			–

Movement in unlisted options:

Date	Details	Number of options	Exercise price cents	Expiry date	Option reserve $
1 July 2012	**Balance**	2,000,000	31.5	31/12/2012	119,211
31 Dec 2012	Expiry of options	(2,000,000)	31.5	31/12/2012	(119,211)
30 June 2013	**Balance**	–			–

Total contributed equity:

	2014 Shares	2013 Shares	Equity 2014 $	Equity 2013 $
Balance at 30 June				
Ordinary shares	417,510,359	417,510,359	24,512,515	24,512,515

Movement in accumulated losses:

	Consolidated 30 June 2014 $	Consolidated 30 June 2013 $
Opening balance	(15,798,542)	(13,825,062)
Net loss for year	(4,267,633)	(1,973,480)
Balance at 30 June	(20,066,175)	(15,798,542)

Reserves:

	Employee equity benefits reserve $	Other reserves $	Total $
Opening balance 1 July 2013	172,804	3,855,147	4,027,951
Expiry of employee options	(103,991)	103,991	–
Share-based payments	54,604	–	54,604
Closing balance 30 June 2014	**123,417**	**3,959,138**	**4,082,555**
Opening balance 1 July 2012	536,103	486,227	1,022,330
Expiry of listed options	–	2,800,120	2,800,120
Expiry of unlisted options	–	119,211	119,211
Expiry of employee options	(449,589)	449,589	–
Share-based payments	86,290	–	86,290
Closing balance 30 June 2013	172,804	3,855,147	4,027,951

Nature and purpose of reserves:

Employee equity reserve

This reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration.

Other reserves

This reserve is used to record the value of net equity paid for options that have subsequently lapsed.

Notes to the Financial Statements

For the year ended 30 June 2014

Note 15. Financial risk management objectives and policies

Capital risk management:

The Company's objectives when managing capital are to safeguard their ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may return capital to shareholders, issue new shares or sell assets.

	Consolidated 30 June 2014 $	Consolidated 30 June 2013 $
Financial assets		
Trade and other receivables	546,125	270,921
Cash and cash equivalents (including restricted cash)	8,193,412	9,932,690
Financial liabilities		
Trade and other payables	226,119	683,513

Financial risk management objectives:

The Group is exposed to market risk (including currency risk, fair value interest rate risk and commodity risk), credit risk, liquidity risk and cash flow interest risk. Exposure limits are reviewed by management on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Interest rate risk:

Exposure to interest rate risk arises on cash and term deposits recognised at reporting date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

The sensitivity analysis below has been determined on the exposure to interest rates at the reporting date and the stipulated change taking place at the beginning of the year and held constant throughout the reporting period.
A sensitivity of 1.0% has been selected, as this is considered reasonable considering the current market conditions.
The average monthly cash balance was $8.8 million (including restricted cash), and the average interest rate received was 3.47%

At 30 June 2014, if interest rates had moved, as illustrated in the table below, with all other variables held constant, profit/(loss) would have been affected as follows:

	Consolidated 30 June 2014 $	Consolidated 30 June 2013 $
Profit/(loss)		
+ 1.0% (100 basis points)	88,052	90,287
- 1.0% (100 basis points)	(88,052)	(90,287)

These movements would not have any impact on other reserves, other than accumulated losses. The Group's exposure to interest rate risk is minimal as it has no borrowings with variable interest rates. The risk is attributable to the Group's exposure to interest rates on its variable rate deposits.

Credit risk management:

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only invests with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses publicly available financial information and its own trading record to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions conducted is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by management on a continuous basis.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. Deposits are held at three different banks to increase investment diversification.

Cash deposits are placed with a range of financial institutions, all with a minimum long-term credit rating of A+:

	Consolidated 30 June 2014 $	Consolidated 30 June 2013 $
Cash and cash equivalents (including restricted cash)		
Counter parties with external credit rating (Standard & Poors)		
AA-	5,666,110	6,908,402
A+	2,527,102	3,024,168
Cash on hand	200	120
Total	8,193,412	9,932,690

The carrying amount of financial assets recorded in the Financial Statements, net of any allowance for losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained. The Group's maximum exposure to credit risk is limited to the carrying value of the financial assets, net of any provisions for doubtful debts, as disclosed in the Statement of Financial Position and Notes to the Financial Statements. The Group does not have any material credit risk to any single debtor group or group of debtors under financial arrangements entered into by the Group.

The maximum exposure to credit risk at the reporting date was:

	Consolidated 30 June 2014 $	Consolidated 30 June 2013 $
Cash and cash equivalents (including restricted cash)	8,193,412	9,932,690
Trade and other receivables	546,125	270,921

There are no derivative contracts in place.

Liquidity risk management:

Ultimate responsibility for liquidity risk management rests with the Board, who has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and had access to $7.8 million in cash and deposits as at 30 June 2014. The Group continuously monitors forecast and actual cash flows.

Fair value:

The fair values of all monetary financial assets and liabilities approximate their carrying values. No financial assets or financial liabilities are readily traded on organised markets in standardised form. The aggregate fair values and carrying amounts of financial assets and liabilities are disclosed in the Statement of Financial Position and in the notes to and forming part of the financial statements.

Notes to the Financial Statements

For the year ended 30 June 2014

Note 16. Operating lease commitments

Commitments for minimum lease payments under non-cancellable operating leases are payable as follows:

	Consolidated 30 June 2014 $	Consolidated 30 June 2013 $
Within one financial year	476,162	484,001
Later than one and before five years	916,008	1,394,884
Total	1,392,170	1,878,885

Sublease:

Future minimum lease payments expected to be received in relation to non-cancellable sub-lease of operating lease:

Within one financial year	395,724	–
Later than one and before five years	725,447	–
Total	1,121,171	–

Note 17. Key management personnel disclosures

Key management personnel compensation:

The following compensation table includes remuneration paid to key management personnel and directors, but excludes fees paid for consulting services to directors:

	For year ended 30 June 2014 $	For year ended 30 June 2013 $
Short-term employee benefits	786,965	1,766,079
Post-employment benefits	49,304	203,856
Share-based payments	33,981	49,007
Total	870,250	2,018,942

Detailed remuneration disclosures are provided in the Remuneration Report on pages 14 to 19.

Apart from the detail in this note (including the following table), no director has entered into a material contract with the Company or the Group since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end.

Name	Company	Consulting Service
Brian Barker	Stardrift Pty Ltd	Strategic management services
Stephen Harrison		Financial and management services
Robbert Willink	Investigative Exploration Pty Ltd	Geotechnical services

Certain non-executive directors provided consulting services to the Group during the year. These services were charged to the Group based on the days worked. The daily rate and total amount payable while they held positions as directors is shown in Table B of the Remuneration Report as set out on page 17.

Shareholdings of key management personnel:

All equity transactions with key management personnel other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

Shares:

The number of ordinary shares in the Group held during the financial year by each director of Exoma Energy Limited and other key management personnel of the Group, including their personally related parties, is set out below.

For the year ended 30 June 2014	Balance at start of year	Other changes	Balance at end of year
Directors			
Brian Barker	52,543,051	–	52,543,051
Stephen Harrison	40,375,545	–	40,375,545
Robbert Willink	–	–	–
Key management personnel			
Rob Crook	950,000	–	950,000
Josie King (a)	3,700	–	3,700
Doug Barrenger (b)	–	–	–
Total	**93,872,296**	–	**93,872,296**

For the year ended 30 June 2013	Balance at start of year	Other changes	Balance at end of year
Directors			
Brian Barker	52,543,051	–	52,543,051
Howard Dewhirst (c)	52,343,051	(52,343,051)	–
Stephen Harrison	40,375,545	–	40,375,545
Robbert Willink	–	–	–
Key management personnel			
Rob Crook	950,000	–	950,000
Stephen Weld (d)	300,000	(300,000)	–
Josh Whitcombe (e)	157,000	(157,000)	–
Josie King (a)	–	3,700	3,700
Doug Barrenger (b)	–	–	–
Total	**146,668,647**	**(52,796,351)**	**93,872,296**

Other changes include: the balances held at the time of appointment, balances at the time of termination, and transactions that do not involve the Company.

(a) Ms King commenced as Company Secretary and Legal Counsel on 14 July 2012
(b) Mr Barrenger's position was made redundant on 22 November 2013
(c) Mr Dewhirst resigned on 29 November 2012
(d) Mr Weld left the Company on 7 March 2013
(e) Dr Whitcombe's position was made redundant on 31 March 2013

Notes to the Financial Statements

For the year ended 30 June 2014

Note 17. Key management personnel disclosures continued

Listed Options:

The number of listed options over ordinary shares in the Group held during the financial year by each director of Exoma Energy Limited and other key management personnel of the Group, including their personally related parties, is set out below.

For the year ended 30 June 2013	Balance at start of year	Expiry of options	Other changes	Balance at end of year
Directors				
Brian Barker	23,109,226	(23,109,226)	–	–
Stephen Harrison	18,350,177	(18,350,177)	–	–
Howard Dewhirst (a)	22,909,226	(22,909,226)		
Total	**64,368,629**	**(64,368,629)**	–	–

Other changes include: the balances held at the time of appointment, balances at the time of termination, and transactions that do not involve the Company.

These options had a 10 cent exercise price and expired on 30 September 2012.

(a) Mr Dewhirst resigned on 29 November 2012

Options under the terms of the Incentive Option Scheme:

The number of unlisted options over ordinary shares in the Company, issued under the terms of the Incentive Option Scheme, held during the financial year by each director of Exoma Energy Limited and other key management personnel of the Group, including their personally related parties, is set out below.

For the year ended 30 June 2014	Balance at start of year	Options exercised	Options lapsed	Other changes	Balance at end of year
Rob Crook	2,000,000	–	(1,000,000)	–	1,000,000
Total	**2,000,000**	–	**(1,000,000)**	–	**1,000,000**
For the year ended 30 June 2013					
Rob Crook	3,000,000	–	(1,000,000)	–	2,000,000
Josh Whitcombe (a)	1,800,000	–	–	(1,800,000)	–
Total	**4,800,000**	–	**(1,000,000)**	**(1,800,000)**	**2,000,000**

Other changes include: the balances held at the time of appointment, balances at the time of termination, and transactions that do not involve the Company.

(a) Dr Whitcombe's position was made redundant on 31 March 2013

Deferred Bonus Scheme:

The cost expensed in relation to the Deferred Bonus Scheme for key management personnel was:

	For year ended 30 June 2014 $	For year ended 30 June 2013 $
Rob Crook	**26,588**	7,072
Josie King (a)	**8,299**	2,208
Doug Barrenger (b)	**2,665**	7,500
Ken Dups (c)	**(3,571)**	3,571
Total	**33,981**	20,351

(a) Ms King commenced as Company Secretary and Legal Counsel on 14 July 2012

(b) Mr Barrenger commenced as General Manager Exploration on 14 January 2013 and his position was made redundant on 22 November 2013

(c) Mr Dups commenced as Exploration Advisor on 1 August 2011 and his services were terminated on 30 August 2013

Current and former employees were entitled to receive 5.3 million new shares pursuant to the Company's Deferred Bonus Scheme on 1 July 2014 and these shares were issued on 15 July 2014.

Refer to page 14 and 15 of the Remuneration Report for details.

Loans to key management personnel:

No loans have been provided to key management personnel during the period.

Other transactions and balances with key management personnel:

During the year the Group entered into transactions with Brian Barker and Stephen Harrison for the disposal of property, plant and equipment totalling $495. These disposals were made on terms equivalent to those that prevailed in arm's length transactions.

There were no other transactions with key management personnel during the period.

Note 18. Remuneration of auditor

During the year, the following fees were paid or payable for services provided by the auditor of the Group, PricewaterhouseCoopers Australia:

	For year ended 30 June 2014 $	For year ended 30 June 2013 $
– Audit services – auditing or reviewing the financial statements	**46,035**	63,550
– Non-audit services – tax consulting and compliance services	**31,425**	137,864
Total	**77,460**	201,414

It is the Group's policy to employ PricewaterhouseCoopers on assignments additional to their statutory audit duties where PricewaterhouseCoopers' expertise and experience with the Group are important. These assignments are principally tax advice and advice on accounting treatments. It is the Group's policy to seek competitive tenders for all major consulting projects.

Notes to the Financial Statements

For the year ended 30 June 2014

Note 19. Commitments

There are no outstanding commitments not provided for in the financial statements of the Group as at 30 June 2014.

Future exploration commitments:

Through its subsidiary Longreach Number 2 Pty Ltd, the Company has a 50% interest in ATP 991P, ATP 996P, ATP 999P and ATP 1005P, all of which are located in the Galilee Basin Queensland. CNOOC Galilee Gas Company Pty Ltd (CNOOC), holds the remaining interest.

The Galilee Joint Venture has work commitments to the Queensland Government, including the drilling of four wells, attached to these permits. The estimated cost of this work is approximately $15 million, with $7.5 million representing the Company's 50% joint venture interest.

The Company is seeking to farmout its interest in these permits for a full carry of these liabilities. If it is unable to do so, the Company has the right to withdraw from the Joint Venture without further liability for expenditure. On this basis, the Company does not expect to be liable for any future exploration costs.

The Group's minimum expenditure obligations from its interests in the Galilee Joint Venture, which are not provided for in the financial statements are therefore as follows:

	For year ended 30 June 2014 $	For year ended 30 June 2013 $
Within one financial year	–	521,000
Later than one and before five years	–	8,229,000
Total	–	8,750,000

Note 20. Contingencies

There are no outstanding contingent liabilities not provided for in the financial statements of the Group as at 30 June 2014 other than bank guarantees totalling $365,151 provided by the National Australia Bank:

- $358,651 to the landlord of the office premises at 40 Creek St, in support of the Company's lease obligations.
- $6,500 to the landlord of the Longreach yard, in support of the Company's lease obligations.

The bank guarantees are each secured by term deposits.

Note 21. Related party transactions

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

The following table provides details of transactions that occurred with related parties for the relevant financial period.

Related Party	Consulting fees paid to related parties $	Purchases from related parties $	Amounts owed by related parties $	Amounts owed to related parties $
For the year ended 30 June 2014				
Brian Barker (Stardrift Pty Ltd)	48,000	–	–	8,408
Stephen Harrison	42,486	–	–	6,312
Robbert Willink (a) (Investigative Exploration Pty Ltd)	24,000	–	–	–
For the year ended 30 June 2013				
Brian Barker (Stardrift Pty Ltd)	63,500	–	–	13,662
Stephen Harrison	75,582	–	–	12,089
Robbert Willink (a) (Investigative Exploration Pty Ltd)	20,000	–	–	–

(a) Dr Willink was appointed on 8 October 2012

Brian Barker and Stephen Harrison are both non-executive directors, and hold shares in the Company. For further details refer to the Directors' Report.

Note 22. Events occurring after the reporting period

Nil

Notes to the Financial Statements

For the year ended 30 June 2014

Note 23. Earnings per share

	Consolidated 30 June 2014 $	Consolidated 30 June 2013 $
Basic earnings per share:		
Loss from continuing operations	(0.010)	(0.005)
Total basic loss per share	(0.010)	(0.005)
The loss and weighted average number of ordinary shares used in the calculation of basic earnings per share is:		
Loss for the year	(4,267,633)	(1,973,480)
Weighted average number of ordinary shares for the purposes of basic loss per share	417,510,359	417,471,988

Note 24. Equity-based payments

Options issued under Incentive Option Scheme:

The following table is a summary of the movement of options that have been issued under the Incentive Option Scheme.

	2014 number	2013 number	2014 weighted average exercise price	2013 weighted average exercise price
Outstanding at the beginning of the year	3,000,000	6,800,000	29.1 cents	28.0 cents
Granted during the year	–	–	–	–
Forfeited during the year	–	1,800,000	–	18.7 cents
Exercised during the year	–	–	–	–
Expired during the year	2,000,000	2,000,000	26.9 cents	27.4 cents
Outstanding at the end of the year	1,000,000	3,000,000	33.6 cents	34.1 cents
Exercisable at the end of the year	–	–		

All options were issued free of charge and were exercisable between 1 July 2011 and 23 April 2015. The exercise price varied between 25 cents and 33.6 cents, based on the employee's start date, the share price and the expected vesting date. All options that have not been exercised are forfeited following an employee's termination. The weighted average fair value of options charged against operations for the year (excluding cancelled options) was NIL (2013: 0.73 cents) and the total cost was NIL (2013: $50,177).

There have been no new grants of options under the Incentive Option Scheme since February 2012.

Deferred Bonus Scheme:

During the previous financial year, the Company established a Deferred Bonus Scheme for all employees and certain key contractors. The purpose of the scheme was to (a) encourage staff to stay with the Company following the decision to make the operations team redundant in March 2013 (b) to provide staff with access to equity in the Company and thereby align employee performance with the interests of shareholders and (c) provide a means to a competitive remuneration package without increasing overall cash outlays.

Under the Deferred Bonus Scheme, staff had the opportunity to receive up to 15% of their base salary in ordinary shares (which may be sourced either from a new issue or purchased on-market), provided that they remain employed by the Company as at 1 July 2014. If the relevant staff member was made redundant or incapacitated prior to that date (a 'good leaver'), the Board had the discretion to determine whether the 'good leaver' could retain some or all of their rights to receive shares under the Deferred Bonus Scheme. If the staff member resigned prior to that date, their entitlement to the Deferred Bonus lapsed.

As at 30 June 2013, the maximum number of shares that may have been required to be transferred to staff under the Deferred Bonus Scheme was approximately 10.1 million (2.4% of issued share capital). However, six employees were made redundant in August 2013, and these employees were classified as 'good leavers' under the Deferred Bonus Scheme rules. The Board determined that those employees were entitled to retain part of their rights to receive shares under the Deferred Bonus Scheme. As a result of the redundancies and the Board's determination, staff were entitled to approximately 5.3 million shares on 1 July 2014 (1.28% of issued share capital) and these entitlements were satisfied by the issue of 5.3 million new shares on 15 July 2014. Because of the implementation of the Deferred Bonus Scheme, no short term cash bonus is planned for the 2014 calendar year, and only one part-time staff member was given a pay increase during the financial year ended 30 June 2014.

The total cost expensed in relation to the Deferred Bonus Scheme for the year was $54,604 (2013: $36,113).

Note 25. Subsidiaries

Significant investments in subsidiaries:

The financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1.

All subsidiaries are consolidated. There are no contractual arrangements that would require the parent to provide financial support to the subsidiaries. No subsidiaries have significant restrictions (statutory, contractual or regulatory) on their ability to access or use the assets and settle the liabilities of the Group.

Name	Country of incorporation	Class of share	% Equity interest 2014	% Equity interest 2013	Principal Activities
Longreach Number 2 Pty Ltd	Australia	Ordinary	100%	100%	Exploration
Exoma 1127 Pty Ltd	Australia	Ordinary	100%	100%	Exploration
Exoma 1130 Pty Ltd	Australia	Ordinary	100%	100%	Exploration
Exoma 1137 Pty Ltd	Australia	Ordinary	100%	100%	Exploration
Exoma 1150 Pty Ltd	Australia	Ordinary	100%	100%	Exploration

Note 26. Interests in joint arrangements

A subsidiary is in a joint arrangement with CNOOC Galilee Gas Company Pty Ltd (CNOOC), to jointly explore the Company's four ATPs in the Galilee Basin in Queensland. Under the terms of the Farm-in Agreement, CNOOC earned a 50% participating interest in these permits by funding the first $50 million of exploration expenditure. Under the terms of the Joint Venture Agreement, all further expenditure in relation to the permits is to be funded on a 50/50 basis, unless otherwise agreed. The proportionate interests in the assets, liabilities and expenses of joint operations have been incorporated in the financial statements under the appropriate headings.

Notes to the Financial Statements

For the year ended 30 June 2014

Note 27. Parent entity disclosures

(a) Summary financial information:

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

	For year ended 30 June 2014 $	For year ended 30 June 2013 $
Statement of Financial Position		
Current assets	8,184,563	9,769,141
Total assets	14,705,491	15,673,379
Current liabilities	94,258	375,310
Total liabilities	130,187	658,187
Net assets	14,575,304	15,015,192
Equity		
Contributed equity	24,512,515	24,512,515
Reserves	4,082,555	4,027,951
Accumulated Losses	(14,019,766)	(13,525,274)
Total equity	14,575,304	15,015,192
Total comprehensive profit/(loss)	(494,492)	118,251

(b) Guarantees entered into by the parent entity:

There are no outstanding contingent liabilities not provided for in the financial statements of the parent entity as at 30 June 2014 other than bank guarantees totalling $365,151 provided by the National Australia Bank:

- $358,651 to the landlord of the office premises at 40 Creek St, in support of the Company's lease obligations.
- $6,500 to the landlord of the Longreach yard, in support of the Company's lease obligations.

The bank guarantees are each secured by term deposits.

(c) Operating lease commitments:

Commitments for minimum lease payments under non-cancellable operating leases are payable as follows:

	Consolidated 30 June 2014 $	Consolidated 30 June 2013 $
Within one financial year	476,162	484,001
Later than one and before five years	916,008	1,394,884
Total	1,392,170	1,878,885

Sublease:

Future minimum lease payments expected to be received in relation to non-cancellable sub-lease of operating lease:

Within one financial year	395,724	–
Later than one and before five years	725,447	–
Total	1,121,171	–

Directors' Declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 34 to 66 are in accordance with the *Corporations Act 2001*, including:

   (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

   (ii) giving a true and fair view of the Group's financial position as at 30 June 2014 and of its performance for the financial year ended on that date.

(b) as stated in Note 1, the financial statements also comply with International Financial Reporting Standards.

(c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations by the Chief Executive Officer and the Financial Controller required by Section 295A of the *Corporations Act 2001*.

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

J Forbes

Jeffrey Forbes
Chairman

Brisbane, 8 September 2014

Independent Auditor's Report

Independent auditor's report to the members of Exoma Energy Limited

Report on the financial report

We have audited the accompanying financial report of Exoma Energy Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Exoma Energy Limited (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at 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 is free from material misstatement, whether due to fraud or error.

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 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 consolidated entity's preparation and fair presentation of the financial report 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 entity'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.

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

Independence

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

PricewaterhouseCoopers, ABN 52 780 433 757
Riverside Centre, 123 Eagle Street, BRISBANE QLD 4000, GPO Box 150, BRISBANE QLD 4001
T: +61 7 3257 5000, F: +61 7 3257 5999, www.pwc.com.au

Auditor's opinion

In our opinion, the financial report of Exoma Energy Limited is in accordance with the *Corporations Act 2001,* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

(b) complying with Australian Accounting Standards including the Australian Accounting Interpretations and the *Corporations Regulations 2001*.

Report on the Remuneration Report

We have audited the remuneration report included in pages 14 to 19 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Exoma Energy Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

Matters relating to the electronic presentation of the audited financial report

This auditor's report relates to the financial report and remuneration report of Exoma Energy Limited (the company) for the year ended 30 June 2014 included on Exoma Energy Limited's web site. The company's directors are responsible for the integrity of Exoma Energy Limited's web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the financial report and remuneration report named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report or the remuneration report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report and remuneration report to confirm the information included in the audited financial report and remuneration report presented on this web site.

PricewaterhouseCoopers

PricewaterhouseCoopers

Brisbane

D.G. Smith

Debbie Smith
Partner

8 September 2014

Shareholder Information

The shareholder information set out below was applicable as at 1 September 2014:

Distribution of equity securities:

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

Holding	Total holders	% of issued capital
1 – 1,000	34	0.00
1,001 – 5,000	133	0.12
5,001 – 10,000	168	0.35
10,001 – 100,000	744	7.55
100,001 – 9,999,999,999	320	91.98
Total	1,399	100.00

	Number of shares in minimum parcel size	Holders	Units
Less than marketable parcel	25,000	550	5,741,873

Substantial holders:

Substantial holders in the Company are set out below:

Name	Number of shares	Class of shares
BRIAN JAMES BARKER + YOLAN BARKER, <STARDRIFT SUPER FUND A/C>	37,229,075	Ordinary
PERSHING AUSTRALIA NOMINEES PTY LTD <INDIAN OCEAN A/C>	35,758,242	Ordinary
MSJ CAPITAL PTY LIMITED <MSJ FAMILY A/C>	35,375,545	Ordinary
CPS CAPITAL GROUP PTY LTD	30,000,000	Ordinary

The names of the 20 largest holders of fully paid ordinary shares as at 1 September 2014:

Rank	Name	Number of shares	Percentage
1.	BRIAN JAMES BARKER + YOLAN BARKER, <STARDRIFT SUPER FUND A/C>	37,229,075	8.80
2.	PERSHING AUSTRALIA NOMINEES PTY LTD <INDIAN OCEAN A/C>	35,758,242	8.46
3.	MSJ CAPITAL PTY LIMITED <MSJ FAMILY A/C>	35,375,545	8.37
4.	CPS CAPITAL GROUP PTY LTD	30,000,000	7.09
5.	SCINTILLA STRATEGIC INVESTMENTS LIMITED	19,500,000	4.61
6.	MEDIDEW PTY LTD <THE MEDIDEW A/C>	12,879,317	3.05
7.	BLUESEAS INVESTMENTS PTY LTD <ASEAN SUPER FUND A/C>	12,470,623	2.95
8.	CHEMBANK PTY LIMITED <CABAC SUPER FUND A/C>	8,000,000	1.89
9.	MR ANTONIO CLAUDIO D'ERCOLE	6,250,000	1.48
10.	GOLDFIRE ENTERPRISES PTY LTD	6,000,000	1.42
11.	CITICORP NOMINEES PTY LIMITED	4,695,570	1.11
12.	TT NICHOLLS PTY LTD <NICHOLLS SUPER FUND A/C>	4,650,000	1.10
13.	AUSTRALIAN GLOBAL CAPITAL P/L	4,500,000	1.06
14.	MR CHRIS WELLS + MRS JOSEPHINE WELLS <C & J WELLS SUPER FUND A/C>	4,000,000	0.95
15.	SINBAD JACKSON PTY LTD <JACKSON SUPER FUND A/C>	3,406,667	0.81
16.	MR RUSSELL WYETH	3,000,060	0.71
17.	CANNING NOMINEES PTY LTD	3,000,000	0.71
18.	QTAPS PTY LTD <QTAPS A/C>	2,993,292	0.71
19.	JASMAH INVESTMENTS PTY LTD <JASMAH INVESTMENT A/C>	2,960,799	0.70
20.	RPM SUPER PTY LTD <RPM SUPER FUND A/C>	2,800,000	0.66
Total		239,469,190	56.63
Total all ordinary shares		422,846,696	100.00

Company Information

Exoma Energy Limited

ABN 56 125 943 240

Directors

Jeffrey Forbes BCom, GAICD, MAusIMM
Chairman

Brian Barker BBus, MBA
Non-executive

Stephen Harrison BEc, CPA
Non-executive

Robbert Willink BSc (Hons), PhD
Non-executive

Gary Castledine
Non-executive

Neville Bassett BBus, FCA
Non-executive

Company Secretaries

Josie King BCom, LLB (Hons I), Grad Dip ACG, AGIA, ACIS
Robert Crook BSc, MBA, MIE Aust, CPEng

Senior Management

Robert Crook BSc, MBA, MIE Aust, CPEng
Chief Executive Officer

Kerry Freeburn BBus (Acc),Grad Dip Bus Admin, CPA
Financial Controller

Registered Head Office

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