

WHL Energy Ltd 

Annual Report 2014

ABN 25 113 524

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Corporate Information

ABN: 25 113 326 524

Directors:
Mr Faldi Ismail – Chairman
Mr David Rowbottom – Managing Director
Mr Stuart Brown – Non-Executive Director

Company Secretary:
Mr Ian Hobson

Registered office:
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West Perth WA 6005

Principal place of business:
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West Perth WA 6005
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Fax: +61 8 9321 5212
Email: contact@whlenergy.com
Web: www.whlenergy.com

Postal Address:
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Share registry:
Link Market Services
Level 4, Central Park, 152 St Georges Terrace, Perth WA 6000
Phone: 1300 554 474

Solicitors:
Corrs Chambers Westgarth
Level 5, Woodside Plaza, Perth WA 6000
Phone: +61 8 9460 1666
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Hardy Bowen
Level 1, 28 Ord Street,
West Perth WA 6872
Phone: +61 8 9211 3600
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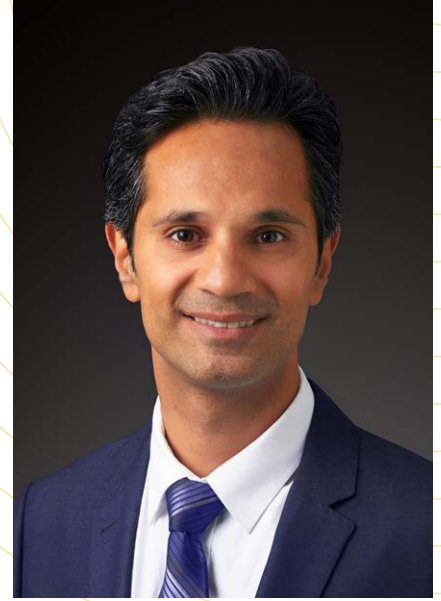
Bankers:
Westpac
Level 6, 109 St Georges Terrace,
Perth WA 6000

Auditors:
HLB Mann Judd
Level 4, 130 Stirling Street,
Perth WA 6000

Securities Exchange Listing:
WHL Energy Ltd shares are listed on the Australian Securities Exchange (ASX: WHN)

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Chairman's Report



Dear Shareholder

Having joined the Board of WHL Energy Ltd (ASX: WHN) ("**WHL Energy**" or "**the Company**") in September 2013, I am proud to report that there have been many highlights, in a year that again has seen considerable activity for the Company in a climate which was particularly challenging for small and mid-size exploration companies. The Company's Board and Management have focussed on delivering against the commitments made to shareholders to successfully complete farm-in transactions with partners of international standing.

Major highlights included the successful farmout of 75% of WHL Energy's offshore Seychelles acreage to Ophir Energy plc ("Ophir") along with the signing of an amended Petroleum Agreement with the Seychelles government. The farmout was concluded during a time extension awarded for the permit and the Company continues to appreciate the co-operation of the Seychelles regulators in facilitating the completion of the farmout. This was quickly followed by the award of the seismic contract and we were delighted to be able to advise that the 3D Marine Seismic Survey was completed on time and within budget by the 29 July 2014, within 3 months of the farmout being finalised. We look forward to receiving the initial fast track processed data set and the final processed volume later this year.

Within the Australian portfolio of assets, there was also a string of successes regarding the VIC/P67 asset. In September 2013, the Company secured a farmout agreement with AWE Ltd (ASX: AWE) ("AWE") as well as a separate farmout agreement with Tap Oil Ltd (ASX: TAP) ("TAP"). These agreements were quickly followed by the appointment of a seismic contractor and we were pleased to announce the successful completion of the La Bella 3D Marine Seismic Survey during December 2013. The initial results look encouraging and the Company is now focussed on progressing the project as efficiently as possible with the fully processed data set having recently been delivered to both WHL Energy and its JV partners at the end of July 2014. We are currently focussed on interpreting this data and maturing prospects for the two well drilling campaign planned for 2015.

At the Board level there were two key appointments including Mr Stuart Brown and Mr Jeff Schrull. These Non-Executive Directors bring skills, talent and experience to the team which complement those of existing directors, providing a well-balanced, highly skilled Board ideally positioned to steer the Company through the next exciting growth phase as we look at additional assets in the African and Australian regions. Unfortunately, Mr Schrull accepted a new role and he subsequently tendered his resignation on 18 August 2014.

The continued trajectory of WHL Energy's performance during the year has largely been as a result of the ability of a small but highly capable management team and staff to not only meet, but exceed expectations and I thank them for their effort.

On behalf of the rest of the Board of Directors, the Executive Team and Staff, I thank you for your ongoing support. I would also like to welcome the new shareholders that have joined the share register through the year. Your Board is confident that the emerging opportunities will carry us through 2015.

Faldi Ismail
Non-Executive Chairman
Perth, 26 September 2014

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Directors' Report

Your Directors submit the annual financial report of the Consolidated Entity consisting of WHL Energy Ltd and its controlled entities ("the Group") for the financial year ended 30 June 2014. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

DIRECTORS

The names of directors who held office during or since the end of the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

MR FALDI ISMAIL, B.BUS

Independent Non-Executive Chairman (Appointed 24 September 2013)

Mr Ismail has significant experience working as a corporate advisor specialising in the restructure and recapitalisation of a wide range of ASX-listed companies utilising his many years of investment banking experience covering a wide range of sectors. Mr Ismail has significant cross-border experience, having advised on numerous overseas transactions including capital raisings, structuring of acquisitions and joint ventures in numerous countries.

Mr Ismail is currently the CEO and Deputy Chairman of dual listed Kalimantan Gold Corporation Ltd and in addition is also the founder and Managing Director of Otsana Capital, a boutique advisory firm specialising in mergers & acquisitions, capital raisings and Initial Public Offerings.



In the 3 years immediately before the end of the financial year, Mr Ismail also served as a director of the following listed companies:

- Style Ltd (ASX: SYP) (Appointed 3 May 2013)
- Emergent Resources Ltd (ASX: EMG) (Appointed 31 May 2014)
- Kalimantan Gold Corporation Ltd (TSX.V: KLG) (Appointed 12 September 2009)
- Coventry Resources Inc (ASX: CYY) (Appointed 28 May 2009 - Resigned 8 January 2013)
- Ascot Resources Ltd (ASX: AZQ) (Appointed 24 September 2010 - Resigned 27 March 2013)
- Minbos Resources Ltd (ASX: MNB) (Appointed 17 December 2009 - Resigned 1 January 2012)

Interests in WHL Energy Ltd:

3,200,000 Ordinary shares
4,800,000 Unlisted performance rights

MR DAVID ROWBOTTAM, B.BUS

Managing Director
(Appointed 1 October 2013)
Finance Director (Appointed 6 June 2011)
Company Secretary
(Appointed 31 January 2013)
(Resigned 23 August 2013)

Mr Rowbottam was previously the founding Managing Director of Exoma Energy Ltd; an ASX listed US focused oil and gas exploration company from July 2007 through to March 2010. In this role Mr Rowbottam led the management team and was responsible for overseeing the company's ASX listing and its



management of offshore assets. Prior to that Mr Rowbottam worked as a senior financial executive with international and Australian experience as General Manager, Chief Financial Officer, Financial Controller, and in Senior Management positions with businesses including Antares Energy Ltd, the Alinta Group and BHP.

As Manager of Corporate Investments at Alinta Group he worked closely with the General Manager for Business Development and was involved in the financial assessment of project investments, construction accounting, cost management services, corporate financial planning and modelling. In his subsequent role as Financial Controller he was involved in the operation of five power stations and had a further two Cogeneration Power Stations under construction.

In the 3 years immediately before the financial year, Mr Rowbottam held no other directorship in listed entities.

Interests in WHL Energy Ltd:

12,109,090 Ordinary shares
6,800,000 Unlisted performance rights

MR STUART BROWN, B.SC HONOURS (GEOLOGY)

Independent Non-Executive Director (Appointed 6 December 2013)

Mr Brown has a proven and successful track record in the oil and gas industry with extensive experience at technical, managerial, executive and Board levels. Mr Brown has been involved in all areas of the upstream oil and gas industry

with demonstrated success in strategic, business, technical and human resource management.

Mr Brown is currently the Managing Director of International Oil and Gas Strategies Pty Ltd. For the previous five years, he held the position of Vice President Strategic Planning with Woodside Energy Ltd and his career spans more than 30 years of international experience with both Woodside and Shell International.

In the 3 years immediately before the end of the financial year, Mr Brown also served as a Non-Executive Director of the following listed companies:

- Empire Oil and Gas N.L (ASX: EGO) (Appointed 21 January 2014)
- Cossack Energy Ltd (ASX: COD) (Appointed 31 January 2014)

He has also recently been appointed as a Non-Executive Director to:

- Cue Energy Resources Ltd (ASX: CUE) (Appointed 24 July 2014)

Interests in WHL Energy Ltd:

3,200,000 Ordinary shares
4,800,000 Unlisted performance rights

MR JEFFREY SCHRULL, M.S. GEOPHYSICS

Independent Non-Executive Director
(Appointed 15 April 2014)
(Resigned 18 August 2014)

Mr Schrull is a Senior Executive with over 25 years' experience as an oil and gas professional in the upstream exploration and production business. In recent years, Mr Schrull held the position of Managing Director at Rialto Energy Ltd (now Azonto Petroleum Ltd), focussed on West Africa, following his successful role as General Manager Exploration at Addax Petroleum. Mr Schrull spent over 18 years working internationally with Chevron in E&P roles of increasing responsibility.

His experience, together with his strong technical and commercial background in both exploration and developmental projects, provided WHL Energy with further strength for future growth in terms of executive technical and commercial resources at a Board level.

In the 3 years immediately before the end of the financial year, Mr Schrull served as the Managing Director of the following listed company:

- Azonto Petroleum Ltd (formerly Rialto Energy Ltd) (ASX: EGO) (Appointed 21 July 2010 – Resigned 20 December 2012)

Interests in WHL Energy Ltd
(at date of resignation): NIL

MR TREVOR BENSON, B.SC

Independent Non-Executive Chairman
(Appointed 4 June 2012)
(Resigned 24 September 2013)

Mr Benson is a Director of Corporate Advisory at PCF Capital Group, a Perth based boutique investment banking organisation. Mr Benson's experience includes directorships on a number of ASX listed resources and oil and gas companies and has been adviser to many companies involving listing on both ASX, AIM and TSX, mergers and acquisitions, corporate restructuring and equity capital market transactions.

In the 3 years immediately before the end of the financial year, Mr Benson also served as a Director of the following listed companies:

- Chrysalis Resources Ltd (ASX: CYS) (Appointed 24 September 2012 – Resigned 29 November 2013)
- Paramount Mining Corporation Ltd (ASX: PCP) (Appointed 4 August 2011 – Resigned 18 October 2011)

Interests in WHL Energy Ltd
(at date of resignation): NIL

MR STEVEN NOSKE, B.ENG HONOURS (MECH)

Managing Director
(Appointed 6 June 2011)
(Resigned 23 August 2013)

Mr Noske is a Senior Energy Industry Manager with more than 27 years' experience, working in both Australia and throughout Asia. Mr Noske's career has encompassed periods with major oil and gas organisations building into senior management roles with BHPB, TRU Energy and Mitsui E&P Australia Pty Ltd. Mr Noske was employed with Woodside Energy and Shell International in various engineering and operational roles. Mr Noske established BNA Petroleum Asset Management Pty Ltd (BNA) to offer management services in the areas of petroleum commercialisation, specialising in the commercialisation of gas opportunities worldwide.

In the 3 years immediately before the financial year, Mr Noske held no other directorship in listed entities.

Interests in WHL Energy Ltd
(at date of resignation):

12,300,000 Ordinary shares
875,000 Listed options
15,000,000 Unlisted options
13,200,000 Unlisted performance rights**

**Following Mr Noske's resignation the unlisted options and performances rights were forfeited.

MR GARY KING, B.SC HONOURS, MSC

Independent Non-Executive Director
(Appointed 18 October 2012)
(Resigned 9 December 2013)

Mr King has a 30 year international career in oil and gas and investing in natural resources. Mr King has successfully initiated and implemented unique regional and emerging market projects focused on oil and gas and other natural resources as well as having held executive positions in oil exploration, oil trading and investment banking. Mr King was a founding member of the private equity GCC Energy Fund, held the position of CEO of Dubai Mercantile Exchange and was CEO of Dubai Natural Resources World.

In the 3 years immediately before the financial year, Mr King also served as a Director of the following internationally listed companies:

- Parker Drilling Company (USD:PKD) (Appointed 1 September 2008)
- Serinus Energy Inc (TSX: SEN) (Appointed 25 October 2007)

Interests in WHL Energy Ltd
(at date of resignation):

450,000 Ordinary shares

COMPANY SECRETARY

MR IAN HOBSON, B. BUS, FCA, ACIS, MAICD

Company Secretary
(Appointed 23 August 2013)

Mr Hobson is a Fellow Chartered Accountant in Australia and Chartered Secretary. Mr Hobson is a sole practitioner with over 25 years' experience in the profession. Mr Hobson provides company secretarial, finance and administration services to listed public companies and a number of private/ benevolent organisations.

Interests in WHL Energy Ltd: NIL

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Directors' Report Cont.



Directors' interests in the shares options and performance rights of the Company and related bodies corporate

The following relevant interests in the shares of the Company or a related body corporate were held by the Directors as at the date of this report.

Directors	Shares No.	Listed options No.	Unlisted options and performance rights No.
Mr Brown	3,200,000	-	4,800,000
Mr Ismail	3,200,000	-	4,800,000
Mr Rowbottom	12,109,090	-	6,800,000

Ordinary shares issued as a result of options and performance rights issued

Details of ordinary shares issued by the Company during or since the end of the financial year as a result of the exercise of options and performance rights are:

Interest exercised	Shares No.	Paid per share \$
Performance rights and options	41,535,294	0.0000

Options and performance rights that have lapsed

Details of options and performance rights of the Company that have lapsed during or since the end of the financial year are:

Lapsed	Shares No.	Exercise price \$
WHNAI (Series 1)	35,000,000	0.0495
WHNAI (Series 2)	3,550,000	0.0392
WHNAI (Series 5)	1,200,000	0.0392
WHNAS	13,200,000	0.0000
WHNAQ (Series 4)	5,000,000	0.0850
WHNAM	5,000,000	0.0750
WHNAK	5,000,000	0.0500
WHNAO	250,000,000	0.0001

Remuneration of key management personnel

Information about the remuneration of key management personnel is set out in the Remuneration Report of this Directors' Report, on pages 11 to 22. The Remuneration Report details the remuneration arrangements for key management personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

Unissued ordinary shares under option by KMP

At the date of this report unissued ordinary shares of the Company under option held by the Directors and other members of KMP are:

Directors and officers	Performance rights granted since 1 July 2013	Performance rights options over ordinary shares held at report date	Options granted	Options over ordinary shares held at report date
	No.	No.	No.	No.
Share options and performance rights				
Directors				
Mr Brown	8,000,000	4,800,000	-	-
Mr Ismail	8,000,000	4,800,000	-	-
Mr Rowbottom	8,000,000	6,800,000	-	-
Senior Executives				
Mr Fittall (Exploration Manager)	-	-	-	2,400,000

Share under options

At the date of this report unissued ordinary shares of the Company under option are:

Expiry date	Exercise price	Shares under option
	\$	No.
Listed options		
31/12/2014	0.040	401,734,157
		401,734,157
Unlisted options		
01/07/2015	0.000	3,400,000
03/12/2017	0.014	193,000,000
		196,400,000
Unlisted performance rights		
01/07/2015	0.000	11,600,000
01/07/2016	0.000	4,800,000
		16,400,000

Dividends

The Directors do not recommend the payment of a dividend in respect of the year ended 30 June 2014. No dividends have been paid or declared during the financial year.

Principal activities

The principal activities of the entities within the Group during the year were oil and gas exploration. WHL Energy is an Australian based diversified energy exploration company with projects both within the Republic of Seychelles and Australia. The Group's asset portfolio is comprised of conventional oil and gas projects, focusing specifically on opportunities within East Africa and

offshore Australia.

Review of operations

On behalf of your Board, I am pleased to present this report on the Group's progress and activities over the financial year ended 30 June 2014.

VIC/P67 - La Bella

(WHN: 40% Operator), Otway Basin, Victoria, SE Australia,

WHL Energy holds 40% equity and is operator of VIC/P67, with Peedamullah Petroleum ("AWE"), a subsidiary of AWE holding the other 60%. Subject to AWE's review of the recently released final seismic volume, AWE has an option to continue its participation at a reduced

level of 30% and will become operator regardless of equity level. TAP also has an option to enter the Joint Operation at either 10% or 15% equity, subject to certain conditions.

The permit lies offshore in the Otway Basin, approximately 200km southwest of Melbourne off the Victorian coastline. VIC/P67 contains the La Bella gas discovery and a substantial portfolio of very attractive exploration prospects. The area is proximal to existing development infrastructure, including the Santos operated Casino facility, the Origin operated Otway gas project and the BHPB operated Minerva development.

The Company's objective in VIC/P67 is to commercialise the gas potential within

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Directors' Report Cont.

the block through successful exploration drilling and the development of the La Bella field.

This year has been one of significant achievement for WHL Energy in VIC/P67. On 4 September 2013 the Company made a significant step forward when AWE agreed to farm-in. Under the terms of the farm-in agreement, AWE earned 60% equity by funding 75% of the cost of the La Bella 3D Seismic Survey up to a cost cap of US\$9m (net AWE share). AWE also retained the right to assign part or all of its equity back to WHL Energy following the 3D seismic phase. AWE is a well-credentialed operator with the capability to deliver the drilling and development phases of the project. AWE will assume operatorship for the drilling phase if they elect to participate after the 3D seismic phase.

Shortly thereafter, on 18 September 2013, the Company announced a further agreement with TAP, where TAP agreed to pay up to \$2.95m for an option to acquire a 10% interest in VIC/P67. TAP will not be required to exercise the seismic option until 10 days after incoming JV partner, AWE, confirms whether it wishes to elect to enter the drilling phase. In the event the seismic option is exercised, TAP has an option to acquire an additional 5% interest in VIC/P67, increasing TAP's equity in VIC/P67 to a total of 15%, by paying a total of 20% of the cost of the first commitment well to a gross well cost of cap US\$35m. The completion of the TAP option agreement substantially covered WHL Energy's cost exposure to the La Bella 3D Seismic Survey.

The Company also successfully operated the acquisition of the 928km² La Bella 3D Seismic Survey during November and December 2013. The state-of-the-art broadband 3D seismic survey was acquired by the CGG vessel the VIKING II, commencing on 16 November 2013 and completed on 17 December 2013 without any reportable HSE incidents. The operation of the survey itself was a significant achievement as the planned survey was not only completed within

budget but in an area which has a track record for projects running over time, or not being fully completed due to the challenges of the sea conditions and the environmental values of the area with the seasonal presence of Southern Right and Blue Whales.

The initial data indicates that VIC/P67 is highly prospective for gas and has led to a major upgrade in the resource estimates for the exploration prospects for the block. On 3 June 2014, the Company announced the initial results of the interpretation of an interim subset volume of the La Bella 3D. A group of 4 prospects immediately west of the La Bella Field are characterised by stacked, structurally conforming amplitude anomalies (Mylus, Mylius West, Ferrier and Ferrier South), and are considered to have relatively low geological risk. Best estimate Prospective Resources* for these features total some 183 Bcf sales gas and 5.8 MMbbls of condensate and LPG. These amplitude anomalies are analogous to the amplitude anomaly present at the La Bella field. A number of additional prospects are also being evaluated along with ongoing interpretation of the data which will add to the exploration inventory for this block.

The initial interpretation of the La Bella 3D survey has confirmed the prospectivity and has exceeded the Company's expectations.

Transformation of the eastern Australia gas market has continued due to increased gas demand, driven by the growth of the Queensland LNG industry and upward pressure continues to be exerted on domestic gas prices. The relatively low cost, conventional gas resources in VIC/P67 are well placed to supply this market.

The Company undertook further concept selection engineering studies and ongoing geoscience and commercial evaluations to evaluate and progress the development concepts for any potential project. The Company also commenced the initial preparations for exploration drilling in the block. A drilling consulting company has been engaged to assist with well

design, well planning, rig contracting and execution of the drilling program.

Looking forward, the Company will complete the processing of the La Bella 3D seismic data, complete interpretation of the final processed data, redefine the exploration prospect inventory and select the best prospects for the planned drilling campaign. Exploration well design, well planning and rig contracting leading up to exploration drilling will also be undertaken. The timing of the drilling campaign will be subject to rig availability and is expected to be late 2015.

Seychelles

(WHN: 25% Non-Operator)

Significant progress has been made with our Seychelles project during the year with a farm-in by proven East Africa explorer, Ophir as operator, and the commencement of the Junon 3D seismic survey.

The Group retains a 25% equity position in 12,856km² high potential, frontier exploration area offshore Seychelles. A world class exploration portfolio which includes new exploration concepts is being matured in this virtually unexplored exploration acreage. WHL Energy has previously mapped a prospect and lead inventory containing at least 18 features, with prospects in the Junon area in the east and the Beau Vallon in the west being high-graded.

During 2012 and 2013 the Company accomplished a series of break-through technical advances in the Seychelles exploration acreage. Substantially improved seismic data enabled the Company to complete a detailed tectono-stratigraphic analysis, complete the re-interpretation of the available seismic data set and a "bottom-up" reconstructed basin model and mature several potential drilling opportunities within a revised exploration prospect and lead inventory. Two key areas, Junon and Beau Vallon, were high graded for the acquisition of further seismic data prior to selecting a suitable location for an exploration well.

On 4 March 2014, the Company announced a farm-in agreement with the highly successful, London listed, East Africa explorer, Ophir, which was subject to certain approvals from the Government of the Seychelles and its regulatory representative, PetroSeychelles.

Under the terms of the farm-in, Ophir will fully fund the acquisition of 1,500km² of 3D seismic, up to a total amount of US\$17m, and paid US\$4m in cash for partial recovery of past costs. Ophir also assumed operatorship of the Seychelles areas under the farm-in agreement. Following the acquisition and evaluation of the initial seismic, and on or before 31 December 2015, Ophir may either withdraw from the farm-in or exercise the option to both:

- fully fund the acquisition of a further 1,000km² of 3D seismic, up to a total amount of US\$12m; and
- fund 90% of the costs of the first exploration well, up to a total amount of US\$30m.

Upon exercising the option to retain its interests, Ophir will also pay the Group a further US\$2m in cash for further partial

recovery of past costs.

Following the farm-in, acquisition of a 1,500km² 3D seismic survey over the Junon South trend, high graded by WHL Energy's previous regional geological studies, commenced on 25 June 2014. The Junon 3D dataset is expected to provide a high definition subsurface image of the Junon structures and provide a number of prospects from which to select a proposed drilling location. WHL Energy was pleased to announce that the survey was completed on 29 July 2014.

Palta WA 460P

(WHN: 33.33% Non-Operator), Carnarvon Basin, Western Australia

The Company holds 33.33% equity in WA 460P located 70km west of Cape Range. The permit lies adjacent to the Shell operated permit WA 384P. Shell spudded Palta-1 in WA 384P on 14 October 2012 and completed drilling and evaluation on 1 August 2013. Subsequently Shell advised its minority interest partners that the Palta-1 well had failed to encounter commercial

hydrocarbons. The well was then plugged and abandoned. The Shell led WA 384P joint venture have since relinquished the block. WHL Energy is currently reviewing its forward options for WA 460P.

*Best Estimate Prospective Resources

1. Prospective Resources; The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) related to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration, appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.
2. The reported best estimate Prospective Resources are 100% gross deterministic best estimates. WHL Energy's net equity interest in these estimates is 40% in VIC/P67, 25% in the Seychelles areas and 33.33% in WA 460P.

These Prospective Resource estimates were initially reported to the ASX on 29 May and 3 June 2014.

Operating results for the year

The net loss after income tax of the Group for the year ended 30 June 2014 totalled \$5,520,850 (year ended 30 June 2013: loss \$3,745,258). This is equivalent to a loss of 0.37 cents per share (year ended 30 June 2013: loss of 0.27 cents per share).

Operating results for the year	30 June 2014 \$	30 June 2013 \$
Net loss after tax from continuing operations	\$5,520,850	3,745,258
Overall net loss after tax	\$5,520,850	3,745,258

Shareholder returns

The table below shows the financial performance against shareholder returns as measured by the closing share price at 30 June 2014:

Shareholder returns	30 June 2014	30 June 2013
Net loss after tax (\$)	5,520,850	3,745,258
Basic loss per share (cents)	0.37	0.27
Closing period end share price (cents)	1.20	2.20

Review of financial conditions

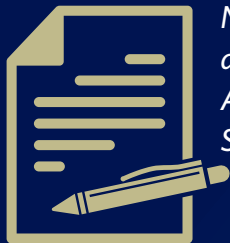
The net assets of the Group have decreased from \$27,993,033 at 30 June 2013 to \$25,539,654 at 30 June 2014. This decrease resulted mainly from the increase in the operating expenditure as a result of the cost of the financing facilities that were entered into during the year.

The Group's cash position at 30 June 2014 is \$3,833,381 (30 June 2013: \$5,723,344).

Cash of \$712,700 generated from the Share Purchase Plan ("SPP") has been used to fund exploration and development expenditure and working capital.



NOPSEMA



National Offshore Petroleum Safety
and Environmental Management
Authority accept the La Bella 3D
Seismic Environment Plan

August

September



Appointment
Faldi Ismail
Non-Executive
Chairman of the Board

December



\$712,700
TOTAL RAISED

**SUCCESSFUL
SHARE
PLACEMENT
PLAN**

September



WHL Energy
signs a Farmout
agreement for
VIC/P67 with
AWE Limited

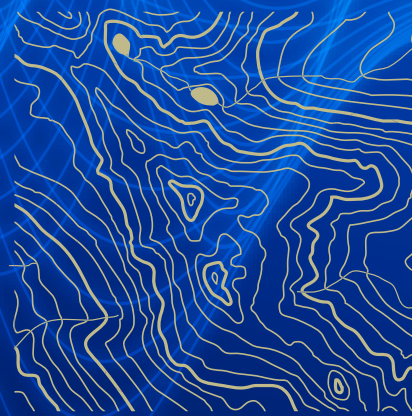
September



US\$2.95
MILLION

Tap Oil agree to pay up to a
maximum US\$2.95 million for an
option to acquire an initial 10%
interest in the offshore
Otway Basin
VIC/P67 permit

November



LA BELLA



SEISMIC SURVEY



AWE

TapOil

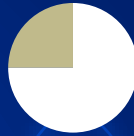
The Seychelles



Acquire 75% interest
in WHL Energy's
exploration interests
offshore the
Seychelles

US\$4
MILLION
UP TO
US\$17
MILLION

ACQUISITION
OF 1,500KM² OF 3D
SEISMIC SURVEY



**MAJOR
UPGRADES
IN RESOURCE
ESTIMATES**

June

Following
La Bella 3D
Seismic Survey

“

Given the level of
uncertainty in the
broader market, the
Directors are pleased
with the level of support
received from
shareholders and I would
like to thank our
shareholders for their
continuing support.

”

March

April

May

EARLY PAYOUT

US\$3.2
MILLION



**Vice-President
Danny Faure**
Signed the Petroleum
Agreement on behalf of
the President

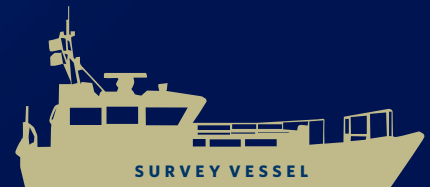


**1500km²
SEYCHELLES
3D**

SEISMIC SURVEY

Junon South
Trend underway

June



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Directors' Report Cont.

Significant changes in the state of affairs

Board of Directors

There were numerous changes to the Board during the year. Mr Noske tendered his resignation on 23 August 2013 and Mr Rowbottom was appointed in his stead. Mr Ismail was appointed as an independent Non-Executive Chairman on 24 September 2013, following Mr Benson's resignation due to commitments in his full-time role. Mr Ismail brought additional expertise to WHL Energy at a critical time in the Company's growth.

Mr Brown was appointed as an independent Non-Executive Director on 6 December 2013 and his extensive experience was a welcome addition to the Board. Mr King tendered his resignation on 9 December 2013 as he had relocated internationally. Mr Schrull was appointed as an independent Non-Executive Director on 15 April 2014 and subsequent to the balance date, on 18 August 2014, he tendered his resignation after relocating to the Eastern Seaboard for business purposes. Mr King and Mr Schrull's contributions were much appreciated.

Farm-in activities

During the year the Group entered into farm-in transactions that have resulted in changes to the Group's interests in the exploration assets and enabled the Group's cost exposure to be substantially covered on seismic surveys.

On 4 September 2013, the Company entered into a farm-in agreement with AWE, where AWE earned 60% equity by funding 75% of the cost of the La Bella 3D Seismic Survey up to a net cost cap of US\$9.0m. AWE also retained the right to assign part or all of its equity back to WHL Energy following the 3D seismic phase. On 18 September 2013, the Company entered into a Seismic Option agreement with TAP, where TAP agreed to pay up to US\$2.95m for an option to acquire a 10% interest in VIC/P67. The funding from TAP is to be received no later than 31 March 2015. TAP will not be required to exercise the seismic option until 10 days after AWE confirms whether it wishes to elect to enter the drilling phase. If the seismic

option is exercised, TAP has an option to acquire an additional 5% interest in VIC/P67, by paying a total of 20% of the cost of the first commitment well to a gross well cost cap of US\$35m.

On 4 March 2014, the Group entered into a farm-in agreement with Ophir, where Ophir earned 75% equity by fully funding the acquisition of 1,500km² of 3D seismic, up to a cost cap of US\$17m, and paid US\$4m in cash for partial recovery of past costs. Ophir also assumed operatorship of the Seychelles areas under the farm-in agreement. Following the acquisition and evaluation of the initial seismic, and on or before 31 July 2015, Ophir may either withdraw from the farm-in or exercise the option to proceed to the drilling phase.

Capital raising

On 30 October 2013 the Company offered an opportunity to eligible shareholders to participate in the Company's SPP. The SPP closed with subscriptions for 64,790,827 ordinary shares raising a total of \$712,700.

On 14 November 2013, WHL Energy announced the details of a plan to assist shareholders of unmarketable parcels to sell their WHL Energy shares. At 6 November 2013, approximately 43% of shareholders held unmarketable share parcels but accounted for only approximately 3.5% of the fully paid ordinary shares on issue. On completion of the plan on 20 January 2014, 1,440 shareholders had taken up the plan.

The Company entered into a Controlled Placement Agreement ("CPA") in September 2013. The CPA provides WHL Energy with up to \$5m of standby equity capital for a period of 12 months. Importantly, the Company retains full control of the placement process, including having sole discretion as to whether or not to utilise the CPA. The CPA provides the Company with the flexibility to raise capital.

Financing Facilities

In December 2013, the Company entered into a finance agreement with Bergen Global Opportunity Fund V, LLC. The short-term facility provided US\$2.7m, that was used to monetise the TAP

Seismic Option and complete the funding of the VIC/P67 3D seismic acquisition. On 6 May 2014, following the receipt of US\$4.0m from Ophir for the recovery of past costs, the Company elected to repay this facility.

A replacement financing agreement was entered into with Argonaut Equity Partners on 27 May 2014, for \$3.2m. The terms of this short-term facility are competitive and allow the Company an early repayment option that is less restrictive. This facility is repayable on 2 April 2015.

Significant events after the balance date

VIC/P67

The final processed data volume of the La Bella 3D seismic survey in VIC/P67 was delivered on 28 July 2014. Interpretation of this data set has commenced.

Seychelles

The acquisition of the Junon 3D seismic survey in the Seychelles was completed on 26 July 2014. Processing of the data has commenced and the initial fast track volume is expected during September 2014 and the final volume in December 2014.

Vesting of performance rights, options and issue of shares

At the General Meeting held on 28 March 2014, the shareholders approved the issue of 24,000,000 performance rights to Directors. On 1 July 2014, 40% of these performance rights (9,600,000) vested to Mr Ismail, Mr Brown and Mr Rowbottom and in addition Performance Rights (4,000,000) previously granted to Mr Rowbottom also vested. On 1 July 2014, 6,800,000 options granted to employees under the Employee Share Option Plan ("ESOP") vested.

Board of Directors changes

On 18 August 2014, Mr Schrull tendered his resignation, as he was no longer in a position to actively participate as a Director after relocating to the Eastern States for business purposes.

There has not been any other matter or circumstance that have arisen after the reporting period that has significantly

affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial periods.

Capital Raising

On 22 September 2014, the Company announced a proposed non-renounceable rights offer. The capital raised will be directed to working capital, financing exploration and evaluation of new projects.

Likely developments and expected results

Other than the matters included in this Directors Report or elsewhere in the Annual Financial Report, future developments, business strategies and prospects of the Company and the expected results of those operations have not been disclosed, as the Directors believe that their inclusion would most likely result in unreasonable prejudice to the Company.

Environmental legislation

The operations of the Company are subject to a range of statutory environmental regulations relating to oil and gas exploration in Australia and the Seychelles. There is legislation that governs the general requirements for managing environmental impact and specific environmental authorities with conditions for each area of operation.

The Board of Directors in its ongoing monitoring of compliance with environmental regulations has not become aware of any significant breach of the regulations governing the Company's operations during the period covered by this report.

Community

It is pleasing to note that WHL Energy's prior community support activities in the Seychelles are having far reaching benefits. The renewable energy hybrid

system on Aride Island is now also providing a great opportunity for local school children visiting the island to learn about photovoltaics and their use to create renewable energy

Remuneration Report (Audited)

This report outlines the remuneration arrangements in place for the KMP of the Group for the financial year ended 30 June 2014. The information provided in this Remuneration Report has been audited as required by Section 308(3C) of the Corporations Act 2001.

The Remuneration Report details the remuneration arrangements for KMP who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group.

Key management personnel

Directors

Mr Ismail	Chairman Non-Executive Director	Appointed 24 September 2013
Mr Brown	Non-Executive Director	Appointed 6 December 2013
Mr Schrull	Non-Executive Director	Resigned 18 August 2014 Appointed 15 April 2014
Mr Rowbottom	Managing Director	Appointed 6 June 2011
Mr Benson	Chairman Non-Executive Director	Resigned 23 August 2013 Appointed 4 June 2012
Mr Noske	Managing Director	Resigned 23 August 2013 Appointed 6 June 2011
Mr King	Non-Executive Director	Resigned 9 December 2013 Appointed 18 October 2012

Senior Executives

Mr Fittall	Exploration Manager	Appointed 6 June 2011
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Remuneration philosophy

The performance of the Company depends upon the quality of the directors and executives. The philosophy of the Company in determining remuneration levels is to:

- set competitive remuneration packages to attract and retain high calibre employees;
- link executive rewards to shareholder value creation; and
- establish appropriate, demanding performance hurdles for variable executive remuneration.

Remuneration committee

The Nomination and Remuneration Committee is responsible for determining and reviewing compensation arrangements for the Executive Directors. The remuneration for Non-Executive Directors is set out in the constitution of the Company and the aggregate remuneration was approved in the Annual General Meeting ('AGM') held in November 2011. The current Executive Director's contract was approved by the Chairman.

The Nomination and Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of directors and executives on a periodic basis by reference to relevant employment market conditions with an overall objective of ensuring maximum stakeholder benefit for the retention of a high quality Board and executive team.

The Nomination and Remuneration Committee was not convened during the year. As such, the responsibilities that traditionally fall to the Nomination and Remuneration Committee were undertaken by the full Board.

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Directors' Report Cont.

Remuneration structure

In accordance with best practice Corporate Governance, the structure of Non-Executive Directors and Executive Directors remuneration is separate and distinct.

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 directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The Board considers advice from external stakeholders as well as the fees paid to Non-Executive Directors of comparable companies when undertaking the annual review process.

Each director receives a fee for being a director of the Company inclusive of additional fees paid for each Board committee on which a director sits.

The remuneration of Non-Executive Directors for the period ended 30 June 2014 is detailed within this report in the Table of Remuneration of Key Management Personnel.

Senior Executive remuneration

Remuneration consists of fixed remuneration and variable remuneration (comprising short-term and long-term incentive schemes).

Remuneration for the Executive Directors is subject to ongoing review by the Nomination and Remuneration Committee. Senior Executive remuneration is subject to review by the Board.

Fixed remuneration

Fixed remuneration is reviewed annually. The process consists of a review of relevant comparative remuneration both within the market and internally and, where appropriate, external advice on policies and practices. The Nomination and Remuneration Committee has access to external, independent advice where necessary.

Senior Executives are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and other. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Company.

The fixed remuneration component of the KMP of the Company is detailed in the Remuneration of Key Management Personnel Table in this report.

Variable remuneration

The objective of the short term incentive programme is to link the achievement of the Company's operational targets with the remuneration received by the executives and senior management charged with meeting those targets. The total potential short term incentive available is set at a level so as to provide sufficient incentive to achieve the operational targets such that the cost to the Company is reasonable in the circumstances.

Actual payments granted depend on the extent to which specific operating targets are met.

The aggregate of annual payments available for Senior Executives across the Company is subject to the approval of the Board. Payments made are delivered as a cash bonus in the following reporting period.

The Company makes long term incentive awards to Senior Executives in a manner that aligns this element of remuneration with the creation of shareholder wealth. The details of these awards are included in the employee share option plans.

Employment contracts

Non-Executive Directors

The Company has entered into terms of engagement with Mr Ismail, Mr Brown and Mr Schrull whereby they are appointed respectively as Chairman and Non-Executive Directors of the Company. The terms of the appointment are determined in accordance with the Company's

constitution and are subject to the provisions of the Constitution dealing with retirement, re-election and removal of directors of the Company.

The terms of the engagement provide that the Company will maintain an appropriate level of directors' and officers' insurance and provide access to the Company's records in accordance with the terms of indemnity, insurance and access entered into between the Company and each Non-Executive Director.

The remuneration payable to the Chairman, Mr Ismail, is \$72,750 per annum exclusive of superannuation and payment commenced on 24 September 2013. The remuneration payable to the Non-Executives, Mr Brown, Mr King and Mr Schrull is \$48,000 per annum exclusive of superannuation from the respective dates of appointment. Mr Schrull resigned on 18 August 2014.

At the General Meeting on 28 March 2014, shareholders approved the grant of 8,000,000 performance rights to Mr Brown and Mr Ismail respectively. The purpose of the grant was to provide a retention incentive component to the remuneration packages.

Executive Directors

At the date of this report Mr Rowbottom is the only Executive Director.

The executive employment agreement for Mr Rowbottom was reviewed by the Nomination and Remuneration Committee. Mr Rowbottom's remuneration was amended, following his appointment as Managing Director on 1 October 2014 to a total fixed cost remuneration of \$394,000 inclusive of superannuation. The executive employment agreement is due to expire on 30 September 2016.

The executive employment agreement for 2014 did not provide for a short-term cash incentive bonus. Mr Rowbottom was granted 10,000,000 performance rights as part of a long term incentive in November 2012 and a further 8,000,000 performance rights were granted on 28 March 2014 and approved by

shareholders in the General Meeting. The purpose of the grant was to provide a retention incentive component to the remuneration to motivate the performance in his role as Managing Director. On 1 July 2013, 6,000,000 of the first awarded performance rights vested. On 31 December 2013, 10,000,000 options granted on the 30 July 2011 under the ESOP lapsed as the vesting conditions were not met. Subsequent to 30 June 2014, 7,200,000 performance rights vested, refer Note 26.

Other than the terms of office, the Managing Director employment agreement terms were not changed from his original employment agreement. He may terminate his executive employment by giving 2 months' notice in writing, or such shorter period as may be agreed. Except for the Company's right to terminate without notice in prescribed circumstances, the Company may terminate the executive director's employment as follows:

- by giving Mr Rowbottom 6 months' written notice (or payment in lieu); or
- by providing either 1 month's written notice, if by reason of any illness, injury or incapacity, Mr Rowbottom is unable to perform his duties for a total of two months in any period of 12 months.

The terms of the engagement provide that the Company will maintain an appropriate level of directors' and officers' insurance and provide access to the Company's records in accordance with the terms of indemnity, insurance and access entered into between the Company and each executive director.

Mr Noske was appointed Managing Director on 6 June 2011 under an executive employment agreement. The executive employment agreement was due to expire on 30 June 2014. Mr Noske's remuneration was subject to review by the Nomination and Remuneration Committee during November 2012. Mr Noske's fixed cost remuneration of \$603,000 was inclusive of superannuation and remained unchanged for 2014 financial year. No short term incentives had been set for the 2014 financial year prior to his resignation.

The executive employment agreement provided for a long term incentive bonus of 15,000,000 share options under the ESOP and 22,000,000 performance rights as part of a long term incentive. On 1 July 2013, 8,800,000 performance rights vested. Following Mr Noske's



resignation 13,200,000 performance rights and 15,000,000 options were forfeited.

In terms of the employment agreement Mr Noske could terminate his executive employment by giving 3 months' notice in writing, or such shorter period as agreed. In the event of a fundamental change he could terminate his executive employment by giving 1 month's notice in writing. Except for the Company's right to terminate without notice in prescribed circumstances, the Company could terminate the executive director's employment as follows:

- by giving Mr Noske not less than 6 months' written notice (or payment in lieu);
- by providing either 1 month's written notice, if by reason of any illness, injury or incapacity, Mr Noske was unable to perform his duties for a total of 3 months in any period of 12 months; or
- in the event of redundancy or defined change in circumstances entitled to severance pay of 6 months' salary.

The terms of the engagement provided that the Company would maintain an appropriate level of directors' and officers' insurance and provide access to the Company's records in accordance with the terms of indemnity, insurance and access entered into between the Company and each executive director.

Senior Executives

Mr Fittall was appointed as Exploration Manager under an executive employment agreement on 6 June 2011. Mr Fittall's fixed cost remuneration is currently

\$433,530 inclusive of superannuation and remains unchanged from the 2013 financial year. The executive employment agreement for 2014 did not provide for a short-term incentives bonus.

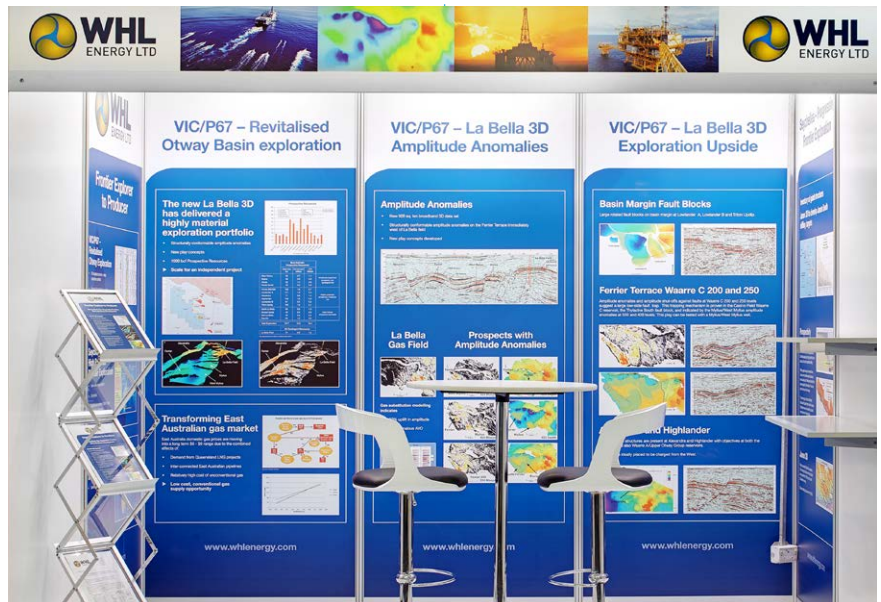
The executive employment agreement provided for a long term incentive bonus of 10,000,000 share options under the ESOP granted on 30 July 2011 and 12,000,000 zero priced options as part of a long term incentive granted on 17 December 2012. On 31 December 2013, 10,000,000 share options lapsed as the vesting conditions were not met. On 1 July 2013, 4,800,000 of the zero priced options vested and were exercised. Subsequent to 30 June 2014, 4,800,000 of the remaining zero priced options vested, refer Note 26.

The senior executive may terminate his executive employment by giving 3 months' notice in writing, or such shorter period as may be agreed. Except for the Company's right to terminate without notice in prescribed circumstances, the Company may terminate the executive's employment as follows:

- by giving Mr Fittall 6 months' written notice (or payment in lieu); or
- in the event of redundancy or defined change in circumstances entitled to severance pay of 6 months' salary.

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Directors' Report Cont.



Remuneration of key management personnel for the year ended 30 June 2014

KMP		Short-term employee benefits				Post-employment benefits		Equity	Total	
		Salary & fees	Bonuses	Termination Benefits	Other	Super-annuation	Other	Equity based payments		Performance related
		\$	\$	\$	\$	\$	\$	\$	\$	%
Directors										
Mr Benson	2014	18,188	-	-	40,000	1,682	-	-	59,870	Nil
	2013	72,750	-	-	-	6,548	-	-	79,298	Nil
Mr Brown	2014	27,261	-	-	-	1,891	-	40,010	69,162	Nil
	2013	-	-	-	-	-	-	-	-	Nil
Mr Ismail	2014	55,681	-	-	-	2,884	-	43,929	102,494	Nil
	2013	-	-	-	-	-	-	-	-	Nil
Mr King	2014	24,076	-	-	-	-	-	-	24,076	Nil
	2013	32,990	-	-	-	-	-	-	32,990	Nil
Mr Noske	2014	87,034	-	90,498	2,753	4,444	-	-	184,729	Nil
	2013	586,530	80,000	-	10,806	16,470	-	281,600	975,406	8.20
Mr Rowbottam	2014	361,064	-	-	7,719	17,775	-	146,619	533,177	Nil
	2013	316,886	80,000	-	6,455	16,470	-	188,460	608,271	13.15
Mr Schrull	2014	7,661	-	-	-	709	-	-	8,370	Nil
	2013	-	-	-	-	-	-	-	-	Nil
Dr Wulff	2014	-	-	-	-	-	-	-	-	Nil
	2013	16,775	-	-	-	1,510	-	-	18,285	Nil
Total Directors Remuneration	2014	580,965	-	90,498	50,472	29,385	-	230,558	981,878	Nil
	2013	1,025,931	160,000	-	17,261	40,998	-	470,060	1,714,250	9.33
Senior Executives										
Mr Fittall	2014	432,722	-	-	-	17,775	-	142,415	592,912	Nil
	2013	433,530	31,500	-	-	16,470	-	244,475	725,975	4.34
Mr Laurie	2014	-	-	-	-	-	-	-	-	Nil
	2013	152,030	-	-	-	8,235	-	-	160,265	Nil
Total Senior Executives Remuneration	2014	432,722	-	-	-	17,775	-	142,415	592,912	Nil
	2013	585,560	31,500	-	-	24,705	-	244,475	886,240	3.55

Unlisted performance rights and option plans in existence during the financial year relating to KMP

Performance rights and options granted to KMP were as remuneration unless otherwise noted. All rights and options expire on resignation of the individual's employment.

	Grant date	Expiry date	Fair value at grant date \$	During the financial year	Vesting date
Performance Rights series					
WHNAS	17/12/2012	01/07/2015	0.032	40% vested	Conditional on continuous employment 40% on 1 July 2013 40% on 1 July 2014 20% on 1 July 2015
WHNAS	04/04/2013	01/07/2016	0.001	-	Conditional on continuous employment 40% on 1 July 2014 40% on 1 July 2015 20% on 1 July 2016
Option series					
WHNAI (Series 1)	30/07/2011	31/12/2013	0.003	Lapsed	Dependent on performance criteria
WHNAQ (Series 4)	01/12/2011	31/08/2013	0.016	Lapsed	On grant date
WHNAI (Series 5)	17/12/2012	01/07/2015	0.035	40% vested	Conditional on continuous employment 40% on 1 July 2013 40% on 1 July 2014 20% on 1 July 2015

Subsequent to the balance date on, 1 July 2014, 40% of the WHNAI Series 5 options and 40% of the WHNAS performance rights vested and were exercised, refer to Note 26.

Unlisted performance rights granted

The following performance rights over ordinary shares were granted to KMP during the financial year. These were granted as remuneration unless otherwise noted. The performance rights granted have no exercise price, are exercisable from the date of vesting, refer Note 18. All performance rights expire on termination of the individual's employment. At the General Meeting held on 28 March 2014 shareholders approved the issue of 24,000,000 performance rights.

2014	Performance rights granted No.	Grant Date	Fair value at grant date \$	Value of the right granted \$	Expiry date	Vesting date	Performance rights vested No.
Mr Brown	8,000,000	03/04/2014	0.0010	80,000	01/07/2016	Conditional on continuous employment 40% on 1 July 2014 40% on 1 July 2015 20% on 1 July 2016	-
Mr Ismail	8,000,000	04/04/2014	0.0011	88,000	01/07/2016	Conditional on continuous employment 40% on 1 July 2014 40% on 1 July 2015 20% on 1 July 2016	-
Mr Rowbottom	8,000,000	03/04/2014	0.0010	80,000	01/07/2016	Conditional on continuous employment 40% on 1 July 2014 40% on 1 July 2015 20% on 1 July 2016	-

Each right granted entitles the holder to one share in the Company upon vesting.

A total of 12,800,000 performance rights vested on 1 July 2013 (2013: Nil) and 13,200,000 performance rights were forfeited (2013: Nil) during the financial year. Subsequent to the balance date on 1 July 2014, 13,600,000 performance rights vested and were exercised, refer to Note 26.

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Directors' Report Cont.

Unlisted performance rights granted (continued)

2013	Performance rights granted No.	Grant Date	Fair value at grant date \$	Value of the right granted \$	Expiry date	Vesting date	Performance rights vested No.
Executive Director							
Mr Noske	22,000,000	10/12/2012	0.032	704,000	01/07/2015	Conditional on continuous employment 40% on 1 July 2013 40% on 1 July 2014 20% on 1 July 2015	8,800,000
Mr Rowbottom	10,000,000	10/12/2012	0.032	320,000	01/07/2015	Conditional on continuous employment 40% on 1 July 2013 40% on 1 July 2014 20% on 1 July 2015	4,000,000

Each performance right granted entitles the holder to one share in the Company upon vesting. 13,200,000 performance rights granted to Mr Noske were forfeited upon his resignation.

Unlisted options granted

There were no options granted to KMP during the financial year.

2013	Options granted No.	Grant Date	Fair value at grant date \$	Value of the option granted \$	Expiry date	Vesting date	Options vested No.
Senior Executives							
Mr Fittall	12,000,000	17/12/2014	0.0035	420,000	01/07/2015	Conditional on continuous employment 40% on 1 July 2013 40% on 1 July 2014 20% on 1 July 2015	4,800,000

Subsequent to the balance date, on 1 July 2014, 4,800,000 options vested and were exercised, refer to Note 26.

Details of Employee Share Option Plans

The Company believes that the best way to encourage employees is to align their interests with those of shareholders. On 31 May 2011 at a General Meeting, shareholders approved the adoption of the ESOP.

Retention Incentive

1. Employee Share Options
During the year under review no options (2013: 12,000,000) were granted under the ESOP to KMP under long term employment agreements.

In November 2012 the Company had issued unlisted zero priced options under ESOP (Series 5) (WHNAI) to KMP other than directors. Conditional on continuous employment the automatic vesting of these options is as follows:

- 40% vested on 1 July 2013;
- 40% will vest on 1 July 2014; and
- 20% will vest on 1 July 2015.

4,800,000 options vested and were exercised by KMP during the year and a further 4,800,000 options vested and were exercised subsequent to the balance date, refer Note 26.

2. Performance Rights

During the year 24,000,000 (2013: 32,000,000) performance rights (WHNAS) were granted to Directors. Conditional on continuous employment and the automatic vesting of these performance rights is as follows:

- 40% vested on 1 July 2014;
- 40% will vest on 1 July 2015; and
- 20% will vest on 1 July 2016.

At the AGM on 22 November 2012, shareholders voted to issue performance rights (WHNAS) to the Executive Directors, Mr Noske and Mr Rowbottom.

Conditional on continuous employment the automatic vesting of these performance rights is as follows:

- 40% vested on 1 July 2013;
- 40% will vest on 1 July 2014; and
- 20% will vest on 1 July 2015.

During the year under review 12,800,000 performance rights vested and were exercised and 13,200,000 performance rights were forfeited following the resignation of Mr Noske, refer Note 18. Subsequent to the balance date 13,600,000 performance rights vested and were exercised, refer Note 26.

Performance Incentive

As part of the policy to retain KMP, options are available to be issued under the ESOP. No options were issued to KMP during the year as a performance incentive.

35,000,000 share options were issued to KMP in 2012, in accordance with the following milestones:

- The Company (or one of its subsidiaries) has entered into one or more binding farm-in agreements with one or more third parties under which the farminee/s have a collective obligation to spend the greater of \$10m or 50% of the Work Commitment on the Licences; or
- The volume weighted average price of the Company's shares as traded on the ASX is at least 10 cents or more for ten (10) consecutive trading days.

In either case prior to the expiry date 31 December 2013.

15,000,000 options were forfeited following the resignation of Mr Noske and 20,000,000 options lapsed on 31 December 2013 as vesting conditions were not met, refer Note 18.

Equity-based compensation granted to KMP during the current financial year

During the year the following performance rights were granted to KMP as part of compensation.

Name	Granted No.	Date granted	FV at grant date \$	Vested No.	Grant vested %	Grant forfeited %	compensation for the year consisting of equity %
Directors							
Performance rights							
Mr Benson	-	-	-	-	-	-	-
Mr Brown	8,000,000	03/04/2014	0.010	-	-	-	57.85
Mr Ismail	8,000,000	04/04/2014	0.011	-	-	-	42.86
Mr King	-	-	-	-	-	-	-
Mr Noske	-	-	-	-	-	-	-
Mr Schrull	-	-	-	-	-	-	-
Mr Rowbottom	8,000,000	03/04/2014	0.010	-	-	-	27.50
Senior Executives							
Options							
Mr Fittall	-	-	-	-	-	-	-

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Directors' Report Cont.

Performance rights and options exercised by KMP that were granted during the current financial year

During the year the following KMP exercised options and performance rights that were granted as part of compensation.

Name	Option/performance rights exercised No.	Ordinary shares of WHL Energy Ltd issued No.	Amount paid \$
Directors			
Performance rights			
Mr Benson	-	-	-
Mr Brown	-	-	-
Mr Ismail	-	-	-
Mr King	-	-	-
Mr Noske	8,800,000	8,800,000	-
Mr Schrull	-	-	-
Mr Rowbottam	4,000,000	4,000,000	-
Senior Executives			
Options			
Mr Fittall	4,800,000	4,800,000	-

Subsequent to the balance date 13,600,000 performance rights and 4,800,000 options vested and were exercised, refer Note 26. Each option and performance right converts into one ordinary share of WHL Energy Ltd.

Performance rights and options granted, exercised or lapsed during the year to KMP

The following table summarises the value of performance rights and options granted, exercised or lapsed during the year.

Name	Value of options granted at the grant date (i) \$	Value of options exercised at the exercise date (ii) \$	Value of options lapsed at the date of lapse (iii) \$
Directors			
Performance rights			
Mr Benson	-	-	-
Mr Brown	80,000	-	-
Mr Ismail	88,000	-	-
Mr King	-	-	-
Mr Noske	-	193,600	184,800
Mr Schrull	-	-	-
Mr Rowbottam	80,000	88,000	-
Senior Executives			
Options			
Mr Fittall	-	105,600	-

(i) The value of options granted during the financial year is calculated as at the date of grant. This grant date value is allocated to remuneration of KMP on a straight line basis over the period from grant date to vesting date.

(ii) The value of options exercised during the financial year is calculated as at the exercise date.

(iii) The value of options lapsed during the financial year due to failure to satisfy a vesting condition is calculated as at the date the options lapsed (but assuming that the condition was satisfied).

Bonuses

KMP's did not have a short term incentive component linked to defined performance measures as part of their remuneration for the year ended 30 June 2014.

Key Management personnel equity holdings

Fully paid ordinary shares of WHL Energy Ltd held by KMP

The number of ordinary shares in WHL Energy Ltd held during the financial year ended 30 June 2014 by KMP of the Group including their personally related parties, are set out below:

Name	Balance at beginning of year No.	Received on exercise of options No.	Granted as compensation No.	Net change other ¹ No.	Balance at end of year No.	Balance held nominally No.
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30 June 2014

Directors

Mr Benson ²	-	-	-	-	-	-
Mr Brown	-	-	-	-	-	-
Mr Ismail	-	-	-	-	-	-
Mr King	450,000	-	-	(450,000)	-	-
Mr Noske	3,500,000	8,800,000	-	(12,300,000)	-	-
Mr Schrull	-	-	-	-	-	-
Mr Rowbottam	-	4,000,000	-	909,090	4,909,090	4,909,090

Senior Executives

Mr Fittall	634,438	4,800,000	-	1,000,000	6,434,438	6,434,438
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30 June 2013

Directors

Mr Benson ²	-	-	-	-	-	-
Mr King ²	-	-	-	-	450,000	450,000
Mr Noske ²	3,500,000	-	-	-	3,500,000	3,500,000
Mr Rowbottam	-	-	-	-	-	-
Dr Wulff ³	-	-	-	-	-	-

Senior Executives

Mr Fittall	634,438	-	-	-	634,438	634,438
Mr Laurie ³	-	-	-	-	-	-

1. Net change other includes balances held at the time of appointment, balances at time of termination, forfeitures and transactions that do not involve the Company.
2. These KMP resigned during the year to 30 June 2014.
3. These KMP resigned during the year to 30 June 2013.

2

Directors' Report Cont.

WHL Energy Ltd is an Australian based diversified energy company with projects in the Republic of Seychelles and Australia.

Listed options of WHL Energy Ltd

The number of listed options in WHL Energy Ltd held during the financial year ended 30 June 2014 by each KMP of the Group including their personally related parties, are set out below.

Name	Balance at beginning of year No.	Received on exercise of options No.	Granted as compensation No.	Net change other ¹ No.	Balance at end of year No.	Balance held nominally No.
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30 June 2014

Directors

Mr Benson ²	-	-	-	-	-	-
Mr Brown	-	-	-	-	-	-
Mr Ismail	-	-	-	-	-	-
Mr King ²	-	-	-	-	-	-
Mr Noske ²	875,000	-	-	(875,000)	-	-
Mr Schrull	-	-	-	-	-	-
Mr Rowbottam	-	-	-	-	-	-

Senior Executives

Mr Fittall	1,408,609	-	-	-	1,408,609	1,408,609
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30 June 2013

Directors

Mr Benson ²	-	-	-	-	-	-
Mr King ²	-	-	-	-	-	-
Mr Noske ²	-	-	-	875,000	875,000	-
Mr Rowbottam	-	-	-	-	-	-
Dr Wulff ³	-	-	-	-	-	-

Senior Executives

Mr Fittall	-	-	-	1,408,609	1,408,609	1,408,609
Mr Laurie ³	-	-	-	-	-	-

1. Net change other includes balances held at the time of appointment, balances at time of termination, forfeitures and transactions that do not involve the Company.

2. These KMP resigned during the year to 30 June 2014.

3. These KMP resigned during the year to 30 June 2013.

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

Unlisted options of WHL Energy Ltd

The unlisted options over ordinary shares in WHL Energy Ltd held during the financial year ended 30 June 2014 by KMP of the Group including their personally related parties, is set out below.

Name	Balance at beginning of year No.	Granted as remuneration No.	Options exercised No.	Net change other ¹ No.	Balance at end of year No.	Vested as at end of the year		
						Total No.	Exercisable No.	Not exercisable No.
30 June 2014								
Directors								
Mr Benson ²	-	-	-	-	-	-	-	-
Mr Brown	-	-	-	-	-	-	-	-
Mr Ismail	-	-	-	-	-	-	-	-
Mr King ²	-	-	-	-	-	-	-	-
Mr Noske ²	15,000,000	-	-	(15,000,000)	-	-	-	-
Mr Rowbottom	10,000,000	-	-	(10,000,000)	-	-	-	-
Mr Schrull	-	-	-	-	-	-	-	-
Senior Executives								
Mr Fittall	22,000,000	-	(4,800,000)	(10,000,000)	7,200,000	-	-	-
Mr Laurie ³	-	-	-	-	-	-	-	-
30 June 2013								
Directors								
Mr Benson ²	-	-	-	-	-	-	-	-
Mr King ²	-	-	-	-	-	-	-	-
Mr Noske ²	15,000,000	-	-	-	15,000,000	-	-	-
Mr Rowbottom	10,000,000	-	-	-	10,000,000	-	-	-
Dr Wulff ³	-	-	-	-	-	-	-	-
Senior Executives								
Mr Fittall	10,000,000	12,000,000	-	-	22,000,000	-	-	-
Mr Laurie ³	-	-	-	-	-	-	-	-

1. Net change other includes balances held at the time of appointment, balances at time of termination, forfeitures and transactions that do not involve the Company.
2. These KMP resigned during the year to 30 June 2014.
3. These KMP resigned during the year to 30 June 2013.

All share options issued to KMP were made in accordance with the provisions of the employee share option plan. During the financial year, 4,800,000 options (2013: Nil) were exercised by KMP at a nil exercise price per option for 4,800,000 ordinary shares in WHL Energy Ltd (2013: Nil). At 30 June 2014, no amounts remain unpaid on the options exercised during the year. Subsequent to the balance date, 4,800,000 options vested and were exercised, refer Note 26.

2

Directors' Report Cont.

Performance Rights of WHL Energy Ltd

The unlisted performance rights over ordinary shares in WHL Energy Ltd held during the financial year ended 30 June 2014 by KMP of the Group including their personally related parties, is set out below.

Name	Balance at beginning of year No.	Granted as remuneration No.	Options exercised No.	Net change other ¹ No.	Balance at end of year No.	Vested as at end of the year		
						Total No.	Exercisable No.	Not exercisable No.

30 June 2014

Directors

Mr Benson ²	-	-	-	-	-	-	-	-
Mr Brown	-	8,000,000	-	-	8,000,000	-	-	-
Mr Ismail	-	8,000,000	-	-	8,000,000	-	-	-
Mr King ²	-	-	-	-	-	-	-	-
Mr Noske ²	22,000,000	-	(8,800,000)	(13,200,000)	-	-	-	-
Mr Rowbottom	10,000,000	8,000,000	(4,000,000)	-	14,000,000	-	-	-
Mr Schrull	-	-	-	-	-	-	-	-

30 June 2013

Directors

Mr Benson ²	-	-	-	-	-	-	-	-
Mr King ²	-	-	-	-	-	-	-	-
Mr Noske ²	-	22,000,000	-	-	22,000,000	-	-	-
Mr Rowbottom	-	10,000,000	-	-	10,000,000	-	-	-
Dr Wulff ³	-	-	-	-	-	-	-	-

1. Net change other includes balances held at the time of appointment, balances at time of termination, forfeitures and transactions that do not involve the Company.

2. These KMP resigned during the year to 30 June 2014.

3. These KMP resigned during the year to 30 June 2013.

During the financial year, 12,800,000 performance rights (2013: Nil) were exercised by KMP at a nil exercise price for 12,800,000 ordinary shares in WHL Energy Ltd (2013: Nil). At 30 June 2014, no amounts remain unpaid on the performance rights exercised during the financial year. Subsequent to the balance date, 13,600,000 performance rights vested and were exercised, refer Note 26.

End of Remuneration Report.

Directors' meetings

The number of meetings of directors (including meetings of committees of directors) held during the year and the numbers of meetings attended by each director were as follows:

Name	Eligible to attend	Board meetings No.	Audit and Risk committee meetings No.	Nomination and Remuneration meetings No.
Meetings held		12	1	1
Meetings attended				
Mr Benson ¹	4	4	1	1
Mr Brown ²	6	6	-	-
Mr Ismail ³	9	9	-	-
Mr King ⁴	6	6	1	1
Mr Noske ⁵	1	-	-	-
Mr Rowbottam	12	12	-	-
Mr Schrull ⁶	2	2	-	-

1. Mr Benson resigned as Non-Executive Chairman on 24 September 2013.
2. Mr Brown was appointed as a Non-Executive Director on 6 December 2013.
3. Mr Ismail was appointed as Non-Executive Chairman on 24 September 2013.
4. Mr King resigned as a Non-Executive Director on 9 December 2013 and attended by telephone.
5. Mr Noske resigned as Managing Director on 23 August 2013.
6. Mr Schrull was appointed as a Non-Executive Director on 15 April 2014 and resigned on 18 August 2014.

Proceedings on behalf of the Company

No person has applied to the Court under Section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the company is a party, for the purposes of taking responsibility on behalf of the Company for all or part of the proceedings. No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under Section 237 of the Corporations Act 2001.

Indemnification and insurance of Directors and Officers

The Company has agreed to indemnify all the directors of the Company for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

During the financial year the Company paid a premium of \$19,014 in respect of a contract insuring the directors and officers of the Company and its controlled entities against any liability incurred in

the course of their duties to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability.

Auditor independence and non-audit services

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the audit of the annual report. This Independence Declaration is set out on page 28 and forms part of this directors' report for the year ended 30 June 2014.

Non-Audit services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 22 to the financial statements. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services do not compromise the auditor's independence as all non-audit services

have been reviewed to ensure that they do not impact the integrity and objectivity of the auditor and none of the services undermine the general principles relating to auditor independence, as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board.

Signed in accordance with a resolution of the Directors.



Mr David Rowbottam
Managing Director
Perth, 23 September 2014

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Corporate Governance Statement

WHL Energy and its Board are committed to achieving and maintaining best practice in corporate governance, consistent with its sector of operations and the size and maturity of the Company. The listing rules of the Australian Securities Exchange ("ASX") require the Company to disclose the extent to which it has followed the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations ("ASX Principles").

The Company has adopted a Board Charter which provides the framework for the Company's corporate governance practices. As part of its corporate governance practices, the Company has adopted detailed guidelines and policies referred to as:

- Audit and risk committee charter
- Community policy
- Continuous disclosure policy
- Corporate code of conduct
- Diversity policy
- Drug and alcohol policy
- Health, safety and environment policy
- Nomination and remuneration committee charter
- Performance evaluation statement
- Risk management statement
- Securities trading policy
- Shareholder communications strategy
- Anti-Bribery and corruption policy

The Board Charter and guidelines and policies can be located on the Company's website, www.whlenergy.com.

At regular intervals the Board will review these policies and procedures, as it is expected that requirements will change as the Company develops and grows in complexity, and to reflect changes in law and developments in corporate governance.

ASX Listing Rule 4.10 requires listed companies to include in their Annual Report a statement disclosing the extent to which they have complied with the ASX Corporate Governance Principles and Recommendations during the financial year. The recommendations are not prescriptive, but instead state suggestions to optimise corporate governance and accountability in the interests of shareholders. Where, after due consideration, the Company's governance practices depart from the ASX Corporate Governance Recommendations, the Board has set these out at the end of the Statement of Corporate Governance its "if not, why not" report.

Principle 1: Lay solid foundations for management and oversight

Role of the Board

The Board has the primary responsibility for guiding and monitoring the business and affairs of the Company, including compliance with the Company's corporate governance objectives. The Board is also responsible for the oversight and performance of the Company.

The Managing Director is responsible for the day to day activities of the Company, and such other activities as are delegated by the Board. The Board's role is set out in the Board Charter which establishes the relationship between the Board

and management and describes their respective functions and responsibilities.

The Board is responsible for the oversight and performance of the Company, including matters such as:

- evaluating, approving and monitoring the strategic and financial plans and performance objectives for the Company;
- evaluating, approving and monitoring the annual budgets and business plans;
- evaluating, approving and monitoring major capital expenditure, capital management and all major corporate transactions including the issue of any securities of the Company;
- monitoring and approving all financial reports and all other reporting and external communications by the Company; and
- approving and monitoring the Company's risk management strategy and internal controls and accountability systems and their effectiveness.

The Managing Director may delegate responsibilities to senior management. This responsibility and authority is subject to a delegation of authority. Matters beyond the scope of the delegation of authority require Board approval. The delegation of authority is reviewed annually.

Current directors of the Company have been provided with letters of appointment. All executives of the Company are employed under contracts which outline their duties, rights and responsibilities, and entitlements upon termination.

With the consent of the Chairman, directors may seek independent professional advice.

Evaluation of Senior Executives

The Company has published the process for evaluating the performance of senior executives on its website. The review of the executive team was not undertaken during the reporting period due to staff resignations and new appointments. The evaluation to be conducted in the current financial year will be based on specific criteria including the business performance of the Company and its subsidiaries, whether specific objectives were achieved and the development and management of personnel.

Principle 2: Structure the Board to add value

Director independence

An independent director is defined in the ASX Corporate Principles and

Recommendations as a non-executive director who is not a member of management and who is free of any business or other relationships which could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of judgement.

Composition

All Directors have a broad range of qualifications, experience and expertise in the oil and gas industry, all of which are outlined on pages 2 to 3 of the Directors Report. The Board is of the view that the current Directors possess an appropriate mix of skills, experience and knowledge to enable the Board to discharge its responsibilities, deliver the Company's corporate objectives and direct the Company in accordance with good corporate governance.

During the year there were a number of Board changes. For the period up to 15 April 2014 the Board consisted of

three directors. At balance date the Board consisted of four directors; one executive, being Mr Rowbottom and three Non-Executive Directors; the Chairman, Mr Ismail, Mr Brown and Mr Schrull. Mr Schrull resigned on 18 August 2014.

Independent Directors are expected to bring independent views and judgment to the Board's deliberations. The Board has reviewed the position and associations of each of the directors in office during the year under review and has determined that Mr Benson, Mr Brown, Mr Ismail, Mr King and Mr Schrull were independent. In making this determination the Board has had regard to the independence criteria in ASX Principle 2 and other facts, information and circumstances that the Board considers relevant. The Board assesses the independence of new directors upon appointment and reviews their independence, and the independence of the other directors, as appropriate.

The names, date of first appointment and status of the Company's directors are:

Name	Appointed	Executive	Independent	Term of appointment
Mr Noske	2010	Yes	No	Resigned 23 Aug 2014
Mr Rowbottom	2010	Yes	No	Until Sept 2016
Mr Benson	2011	No	Yes	Resigned 24 Sept 2014
Mr Brown	2013	No	Yes	Until AGM 2014
Mr Ismail	2013	No	Yes	Until AGM 2014
Mr King	2012	No	Yes	Resigned 9 Dec 2013
Mr Schrull	2014	No	Yes	Resigned 18 Aug 2014

Details of the number of meetings of the Board during the year, and each Director's attendance at those meetings, are set out on page 23 of the Directors' Report.

Board Structure

The Board has approved charters which set out the terms of reference and rules governing the Audit and Risk and Nomination and Remuneration Committees. Copies of the approved charters can be found on the Company's website.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee was convened once during the year before the significant Board changes. Following that one meeting, the responsibilities that traditionally fall to the Nomination and Remuneration Committee were undertaken by the full Board. These included succession planning and overseeing the performance evaluation process of the board, its committees and individual directors.

The constitution of the Company requires

one third of the directors, other than the Managing Director, to retire from office at the end of each AGM. Directors who have been appointed by the Board during the year are required to retire from office at the next AGM and are not taken into account in determining the number of directors to retire at that AGM. Directors cannot hold office for a period in excess of three years (or later than the third AGM following their appointment) without submitting themselves for re-election. Retiring directors may be eligible for re-election by shareholders. If the appointment of an executive director, including the Managing Director, is for a fixed term, the term must not exceed five years.

The Nomination and Remuneration Committee's role is to review and make recommendations to the Board on the remuneration for Directors and KMP, review remuneration policies and

practices, company incentive schemes and superannuation arrangements and assess the performance of the Managing Director annually.

Evaluation of the Board, its committees and individual directors

Improvement in Board processes and effectiveness is a continuing objective and the primary purpose of the Board evaluation is to identify ways to improve performance.

The Company continues to develop a process to educate new directors about the nature of the business, current issues, and the corporate strategy with respect to the performance of directors. Directors are given the opportunity to access management to obtain a greater understanding of the business. Directors are provided with access to continuing education opportunities to update and enhance their skills and knowledge.

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Corporate Governance Statement Cont.

A performance evaluation for the current Board, its committees and directors has not taken place in the reporting period in accordance with the process as outlined in the Performance Evaluation Statement, disclosed on the Company's website. An evaluation of the previous Board was conducted prior to the Board changes which took place during the period and included directors who subsequently resigned.

Principle 3: Promote ethical and responsible decision making

Code of conduct

The Company has adopted a code of conduct for directors, employees and contract staff to guide those parties as to the practices necessary to maintain confidence in the Company's integrity and the reporting of unethical practices. The corporate code of conduct is published on the Company's website.

Through its stewardship of Company activities, the Board ensures that best practice standards of ethics and integrity in all business dealings and operations are maintained, including the Company's interactions with its shareholders, employees, business partners, customers, suppliers, and the community.

The Company has adopted a securities trading policy for employees, contract staff and directors or their related entities. Employees, contract staff and directors of the Company may not trade in the Company's shares when in possession of inside information. The securities trading policy is published on the Company's website.

The Company has also adopted an anti-bribery and corruption policy. The Company is committed to conducting its business fairly, honourably, with integrity and in compliance with the law in all jurisdictions where it operates, including all applicable anti-corruption and bribery laws. This commitment is part of our core values of transparency, integrity and compliance and this policy is published on the Company's website.

Diversity

The Company has adopted a diversity policy which can be viewed on its website. The Company values diversity among the workforce. The Company seeks to employ, retain and develop employees for the long term, assisting in their development and the development of the culture and values of the Company. The Company seeks to develop a culture of diversity within the Company whereby an appropriate mix of skills and diverse backgrounds are employed at all levels.

The Board has identified the following as being relevant and achievable objectives for the Company at this time, to assist in working towards a balanced representation of diversity in the Company:

- Promoting flexible workplace practices;
- Maintaining or improving the current female representation across the Company and in the management team; and
- Creating and maintaining an equal opportunity culture

Female employees comprise 43% of the organisation and women represent 25% of senior management. There are presently no women on the Board.

Principle 4: Safeguard integrity in financial reporting

The Company is committed to ensuring that the Company's financial reports present a true and fair view of the Company and comply with applicable accounting standards and policies. While primary responsibility for the Company's financial reporting and internal controls are vested in management, the Board oversees this function and ultimately bears full responsibility for it.

Audit and Risk Committee, structure and formal charter

The purpose of the Audit Committee is to assist the Board in fulfilling its corporate governance and supervisory responsibilities. The Audit and Risk Committee has a formal charter which can be found on the Company's website.

The Audit and Risk Committee was not convened during the year. As such, the responsibilities and commitments that traditionally fall to the Audit and Risk committee were undertaken by the full Board.

External auditor

As part of the Company's commitment to safeguarding integrity in financial reporting, the Company has implemented procedures and policies to monitor the independence and competence of the Company's external auditors.

The Company's external auditors are HLB Mann Judd. The effectiveness, performance and independence of the external auditors are reviewed by the audit committee. If it becomes necessary to replace the external auditors for performance or independence reasons, the Board will then formalise a procedure and policy for the selection and appointment of new auditors. It is a requirement, given that the Company is ASX listed, that the audit engagement partner is rotated at least every five years.

Principle 5: Make timely and balanced disclosure

The Board established a formal policy on continuous disclosure, including requirements for approval for release of information by the Company. This can be found on the Company's website.

In addition to its disclosure obligations under the ASX Listing Rules, the Company communicates with its shareholders through a number of means including:

- annual and half-yearly reports, including material presented at the AGM;
- quarterly shareholder updates released to the ASX, sent by email to shareholders and others who so request, and placed on the Company's website; and
- media releases, public announcements and investor briefings.

All material disclosed, where feasible, and as authorised by the Chairman, is posted to the Company's website. A summary of the Continuous Disclosure Policy and Shareholder Communication Strategy, designed to guide compliance with Listing Rule disclosure requirements, is available on the Company's website.

Principle 6: Respect the rights of shareholders

The Company has a positive and formal strategy to communicate with shareholders and actively promote shareholder involvement in the Company. This can be found on the Company's website.

The Company also aims to continually increase and improve the information available to shareholders on its website. All Company announcements, presentations to analysts and other significant briefings will be posted on the Company's website after release to the ASX.

Consistent with ASX Principle 6 and The Corporate Law Economic Reform Programme (Audit Reform and Corporate Disclosure) Act 2004 (also known as CLERP 9) a representative of HLB Mann Judd will attend, and be available to answer questions, at the Company's AGM.

The Company encourages shareholders to register for receipt of announcements and updates electronically.

Principle 7: Recognise and manage risk

Consistent with ASX Principle 7, the Company is committed to the identification, monitoring and management of risks associated with its business activities and has established, as part of its management and reporting systems, a number of risk management controls.

The Board maintains practises designed to identify and manage significant business risks, including:

- The Company's business plan;
- Insurance and risk management review;
- Budget review;
- Regular financial reporting; and
- Delegation of authority procedures which include Board approval for commitments or expenditures exceeding prescribed amounts.

The Audit and Risk Committee was convened once during the year before the significant Board changes. Following that one meeting, the responsibilities and commitments that traditionally fall

to the Audit and Risk Committee were undertaken by the full Board.

The Company has adopted a general risk management statement addressing the profile of risk relevant to the Company given its operational context, supported by a set of internal procedures. Approval of detailed procedures and monitoring of their implementation is subject to ongoing review. A copy of the risk management statement is available on the Company's website.

In accordance with ASX Principle 7, the Managing Director, who performs the chief executive function, and the financial controller provide the Board with an annual written statement that:

- "the statement given with respect to the integrity of the financial statements is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects".

The Board receives regular reports on the financial condition of the Company.

The risk profile can be expected to change and procedures adapted as the Company's business develops and it grows in size and complexity. Regular review by the Board will be implemented to ensure that procedures adopted continue to be appropriate.

The Company has not yet established an internal audit function due to the small size of the Company but the internal control procedures are continually reviewed.

Principle 8: Remunerate fairly and responsibly

The Nomination and Remuneration Committee was convened once during the year before the significant Board changes. Following that one meeting, the responsibilities and commitments that traditionally fall to the Nomination and Remuneration Committee were undertaken by the full Board.

The aggregate remuneration of Non-Executive directors is determined by shareholders and the Board determines individual directors' remuneration and reviews the remuneration of employees including executive directors. The Company's remuneration policy is to balance the need to provide industry-competitive remuneration in order to attract and retain high quality

personnel, while ensuring effective use of shareholder funds.

In accordance with best practice corporate governance, the structure of the non-executive and executive remuneration is separate and distinct.

No schemes for retirement benefits, other than statutory contributions to superannuation schemes where relevant, are in place.

Details of the remuneration policies of the Company and the remuneration paid to KMP are set out in the Remuneration Report in the Directors Report on pages 11 to 22. Shareholders will be invited to consider and adopt the Remuneration Report at the 2014 AGM.

Explanations for departures from ASX Corporate Governance Recommendations

The Board sets out below, on an "if not, why not" basis, disclosure of any ASX Corporate Governance Recommendations that have not been adopted by the Company during the financial year ended 30 June 2014.

Principle 2 - Recommendations 2.4 and 2.5

Notification of and explanation for departure

A review of the performance of the Board was not undertaken during the year due to its small size and significant changes during the year. The length of service and total number of Board members was considered insufficient to permit a full assessment.

Principle 4 - Recommendation 4.2

Notification of and explanation for departure

By virtue of the size of the Board and a decision to source members for the Audit and Risk Committee solely from the Board, the Company could not satisfy ASX Corporate Governance Recommendation 4.2 requiring that the Audit and Risk Committee should be structured so that it consists only of Non-Executive Directors and a minimum of three members.

Principle 8 - Recommendation 8.2

Notification of and explanation for departure

By virtue of the size of the Board and a decision to source members for the Nomination and Remuneration Committee solely from the Board, the Company could not satisfy ASX Corporate Governance Recommendation 8.2 requiring that the Nomination and Remuneration Committee should be structured so that it has at least three members.

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Auditors' Independence Declaration



Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of WHL Energy Ltd for the year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.

A handwritten signature in blue ink, appearing to read 'Norman Neill'.

Perth, Western Australia
23 September 2014

N G Neill
Partner

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
Level 4, 130 Stirling Street Perth WA 6000. PO Box 8124 Perth BC 6849 Telephone +61 (08) 9227 7500. Fax +61 (08) 9227 7533.
Email: hib@hibwa.com.au. Website: <http://www.hib.com.au>
Liability limited by a scheme approved under Professional Standards Legislation

HLB Mann Judd (WA Partnership) is a member of HLB International, a worldwide organisation of accounting firms and business advisers.

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Statement Of Comprehensive Income

For The Year Ended 30 June 2014

	Notes	Consolidated 2014 \$	Consolidated 2013 \$
Revenue	2	797,187	366,573
Operating expenses	3	(5,777,975)	(4,108,592)
Finance costs	3	(298,113)	(3,239)
Loss before income tax expense		(5,278,901)	(3,745,258)
Income tax expense	4	(241,949)	-
Loss for the year		(5,520,850)	(3,745,258)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit and loss:</i>			
Exchange differences on translating foreign operations		(492,076)	1,551,064
Other comprehensive income /(loss)		(492,076)	1,551,064
Total comprehensive loss for the year		(6,012,926)	(2,194,194)
Loss attributable to:			
Owners of parent		(6,012,926)	(2,194,194)
Total comprehensive loss for the year		(6,012,926)	(2,194,194)
		Cents	Cents
Loss per share			
Basic loss per share (cents per share)	6	0.37	0.27

The accompanying notes form part of these financial statements.

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Statement Of Financial Position

As At 30 June 2014

	Notes	Consolidated 2014 \$	Consolidated 2013 \$
Current assets			
Cash and cash equivalents	7	3,833,381	5,723,344
Trade and other receivables	8	3,920,734	140,053
Total current assets		7,754,115	5,863,397
Non-current assets			
Plant and equipment	9	189,203	230,326
Deferred exploration expenditure	11	23,057,576	24,006,052
Total non-current assets		23,246,779	24,236,378
Total assets		31,000,894	30,099,775
Current liabilities			
Trade and other payables	12	1,295,530	1,974,572
Borrowings	13	3,680,000	-
Current tax liabilities	4	247,706	-
Deferred revenue	14	140,199	-
Provisions	15	97,805	132,170
Total current liabilities		5,461,240	2,106,742
Total liabilities		5,461,240	2,106,742
Net assets		25,539,654	27,993,033
Equity			
Issued capital	16	62,118,536	59,727,589
Reserves	17	6,359,148	6,493,746
Accumulated losses	17	(42,938,030)	(38,228,302)
Total equity		25,539,654	27,993,033

The accompanying notes form part of these financial statements.

7

Statements Of Cashflows

For The Year Ended 30 June 2014

	Notes	Consolidated 2014 \$	Consolidated 2013 \$
Cash flows from operating activities			
Receipts from other		431,746	2,500
Payments to suppliers and employees		(2,698,854)	(2,834,091)
Cash used in operations		(2,267,108)	(2,831,591)
Interest paid		(141,150)	(3,955)
Income tax paid		-	-
Net cash used in operating activities	7	(2,408,258)	(2,835,546)
Cash flows from investing activities			
Payment for plant and equipment		(30,955)	(51,982)
Proceeds from sale of plant and equipment		767	-
Payment for deferred exploration expenditure		(6,007,815)	(3,331,289)
Net recovery of past exploration expenditure		3,072,263	-
Proceeds from disposal of entities		-	22,445
Interest received		58,396	260,500
Net cash used in investing activities		(2,907,344)	(3,100,326)
Cash flows from financing activities			
Proceeds from borrowings		6,200,000	-
Repayment of borrowings		(3,079,814)	-
Payment for borrowing costs		(255,106)	-
Proceeds from issue of shares		712,700	1,000
Payments for issue costs		(116,973)	-
Proceeds from issue of options		-	3,517,592
Payments for option issue costs		-	(191,206)
Net cash provided by financing activities		3,460,807	3,327,386
Net decrease in cash and cash equivalents		(1,854,795)	(2,608,486)
Cash and cash equivalents at beginning of year		5,723,344	8,176,683
Effect of exchange rate fluctuations on cash held		(35,168)	155,147
Cash and cash equivalents at end of year		3,833,381	5,723,344

The accompanying notes form part of these financial statements.

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Statement Of Changes In Equity

For The Year Ended 30 June 2014

Consolidated	Issued Capital	Accumulated Losses	Foreign Currency Translation Reserve	Equity Based Payment Reserve	Option Reserve	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2012	59,726,589	(34,524,074)	(68,503)	832,438	-	25,966,450
Loss for the year	-	(3,745,258)	-	-	-	(3,745,258)
Other comprehensive income	-	-	1,551,064	-	-	1,551,064
Total comprehensive loss for the year	-	(3,745,258)	1,551,064	-	-	(2,194,194)
Shares issued on conversion of options and performance rights	-	-	-	-	-	-
Shares issued during the year for cash	1,000	-	-	-	3,567,592	3,568,592
Shares issued for services	-	-	-	-	-	-
Shares issued for conversion of borrowings	-	-	-	-	-	-
Share issue costs	-	-	-	-	(241,206)	(241,206)
Recognition of equity-based payments for employees	-	-	-	893,391	-	893,391
Lapsed options transferred to accumulated losses	-	41,030	-	(41,030)	-	-
Balance at 30 June 2013	59,727,589	(38,228,302)	1,482,561	1,684,799	3,326,386	27,993,033
Balance at 1 July 2013	59,727,589	(38,228,302)	1,482,561	1,684,799	3,326,386	27,993,033
Loss for the year	-	(5,520,850)	-	-	-	(5,520,850)
Other comprehensive income	-	-	(492,076)	-	-	(492,076)
Total comprehensive loss for the year	-	(5,520,850)	(492,076)	-	-	(6,012,926)
Shares issued on conversion of options and performance rights	703,400	-	-	(703,400)	-	-
Shares issued during the year for cash	712,700	-	-	-	-	712,700
Shares issued for services	378,000	-	-	-	-	378,000
Shares issued for conversion of borrowings	939,814	-	-	-	-	939,814
Share issue costs	(342,967)	-	-	-	-	(342,967)
Recognition of equity-based payments for employees	-	-	-	433,517	-	433,517
Recognition of equity-based payments for services	-	-	-	1,438,483	-	1,438,483
Lapsed options transferred to accumulated losses	-	811,122	-	(811,122)	-	-
Balance at 30 June 2014	62,118,536	(42,938,030)	990,485	2,042,277	3,326,386	25,539,654

The accompanying notes form part of these financial statements.

Notes To Financial Statements

For The Year Ended 30 June 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and complies with other requirements of the law.

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated. The financial statements are for the consolidated entity consisting of WHL Energy Ltd and its subsidiaries.

The financial report has also been prepared on a historical cost basis except for financial instruments that are measured at fair values at the end of each reporting period as set out in the accounting policies. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report is presented in Australian dollars, which is the Company's functional currency unless otherwise stated.

The Company is a listed public company, incorporated in Australia and operating in Australia and the Republic of Seychelles. The entity's principal activities are oil and gas exploration.

(b) Adoption of new and revised standards

Changes in accounting policies on initial application of Accounting Standards

In the year ended 30 June 2014, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current annual reporting period.

The following new and revised Standards and Interpretations have been adopted in the current year and have had no impact on the amounts reported in these financial statements.

Standards affecting presentation and disclosure applicable at 30 June 2014.

AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'

The standard removes the individual key management personnel disclosure requirements in AASB 124 "related Party Disclosures". As a result the Group only discloses the key management personnel compensation in total and for each of the categories required in AASB 124.

In the current year the individual key management personnel disclosure previously required by AASB 124 is now disclosed in the remuneration report due to the amendments to Corporation Regulations 2001 issued in June 2013.

AASB 2012-2 'Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities'

The Group has applied the amendments to AASB 7 'Disclosures – Offsetting Financial Assets and Financial Liabilities' for the first time in the current year. The amendments to AASB 7 require disclosure of information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments have been applied retrospectively. As the Group does not have any offsetting arrangements in place, the application of the amendments does not have any material impact on the consolidated financial statements.

AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'

AASB 10 replaces the parts of AASB 127 'Consolidated and Separate Financial Statements' that deal with consolidated financial statements and Interpretation 112 'Consolidation Special Purpose Entities'. AASB 10 changes the definition of control such that an investor controls an investee when a) it has power over an investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee, and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The Directors concluded that WHL Energy has control of the subsidiaries since date of control and as a result of this review the Directors have determined that there is no impact, material or otherwise, of AASB 10 to the Group and, therefore, no change is necessary to Group accounting policies.

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Notes To Financial Statements

For The Year Ended 30 June 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Adoption of new and revised standards (continued)

AASB 11 'Joint Arrangements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Joint Arrangements standards'

AASB 11 replaces AASB 131 'Interests in Joint Ventures' and the guidance contained in a related interpretation, Interpretation 113 'Jointly Controlled Entities – Non-Monetary Contributions by Venturers', has been incorporated in AASB 128 (as revised in 2011). AASB 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under AASB 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under AASB 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement.

The Directors of the Company reviewed and assessed the classification of the Group's investments in joint arrangements in accordance with the requirements of AASB 11. The Directors of the Company concluded that the farm-in with Peedamullah Petroleum Pty Ltd ("AWE") is a joint operation under AASB 11 and the disclosure arrangements under AASB 12 in respect of joint operations. Once TAP's option becomes substantive, the arrangement will cease to be a joint operation. The Directors of the Company concluded that the farm-in with Ophir is not a joint operation and is accounted for under AASB 6 Exploration for and Evaluation of Mineral Resources.

Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expense incurred jointly). Each joint operation accounts for the assets and liabilities, as well as revenue and expenses, relating to its interest in the joint operation in accordance with the applicable Standards. There is no change in accounting for the Group as these arrangements were entered into during the year ended 30 June 2014.

AASB 12 'Disclosure of Interests in Other Entities' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidated and Joint Arrangements standards'

AASB 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of AASB 12 has resulted in more extensive disclosures in consolidated financial statements.

AASB 13 'Fair Value measurement and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'

The Group has applied AASB 13 for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value. AASB 13 requires prospective application from 1 July 2013. Other than the additional disclosures, the application of AASB 13 does not have any material impact on the amounts recognised in the consolidated financial statements.

AASB 2012-10 Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments'

This standard amends AASB 10 and various Australian Accounting Standards to revise the transition guidance on the initial application of those Standards.

A number of Australian Accounting Standards or Interpretations are in issue but are not effective for the current year end. The Directors have reviewed all the new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2014. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group's business and therefore no change is necessary to the Group accounting policies. Adoption will, however, result in changes to information currently disclosed in the financial statements. These Standards and Interpretations will be first applied in the financial report of the Group that relates to the annual reporting period beginning after the effective date of each pronouncement.

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Notes To Financial Statements

For The Year Ended 30 June 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Statement of compliance

The financial report was authorised for issue on 23 September 2014.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ("IFRS").

(d) Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of WHL Energy Ltd ("**the Company**" or "**Parent Entity**") as at 30 June 2014 and the results of all subsidiaries for the year then ended. WHL Energy Ltd and its subsidiaries are referred to in this financial report as the Group or the Consolidated Entity.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Entity, using consistent accounting policies.

Subsidiaries are fully consolidated from the date on which control is transferred to the Company and cease to be consolidated from the date on which control is transferred out of the Company. Control exists where the Company has power over the investee, is exposed or has rights to variable returns from its involvement with the investee and has the ability to use its power to affect its returns. The Company reassess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the control elements

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power.

Income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/ permitted by applicable AASBs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 139, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(e) Going concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business. The Group does not generate revenue to fund operations and ongoing investments in deferred exploration activities. The ability of the Group to continue as a going concern is dependent on the ability to raise additional equity or equity finance and to conclude farm-in arrangements in the exploration assets. Notwithstanding this fact, the Directors are of the opinion that the Group is a going concern for the following reasons.

The Directors anticipate that further equity raising will be required and will be completed in 2014 and 2015. This will be used to meet the ongoing working capital and exploration commitment requirements of the Group. The Directors also anticipate that further farm in arrangements will be concluded. Should the equity raising not be completed or other sources of funding accessed, there is a material uncertainty that may cast significant doubt as to whether the Group will be able to realise its assets and liabilities in the normal course of business.

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Notes To Financial Statements

For The Year Ended 30 June 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies the Directors of the Company are required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimation that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Classification of VIC/P67 as a joint operation

The Directors of the Company reviewed and assessed the classification of the Group's investments in joint arrangements in accordance with the requirements of AASB 11. The Directors concluded that the farm-in with AWE is a joint operation under AASB 11 and the disclosure arrangements under AASB 12 in respect of joint operations. Once TAP's option becomes substantive, the arrangement will cease to be a joint operation.

Equity-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using Black and Scholes and using the assumptions detailed in Note 18.

The Group measures the cost of cash-settled equity-based payments at fair value at the grant date using the Black and Scholes formula, market value and a binomial model taking into account the terms and conditions upon which the instruments were granted, as discussed in Note 18.

Exploration and evaluation costs carried forward

The recoverability of the carrying amount of exploration and evaluation costs carried forward has been reviewed by the Directors. In conducting the review, the recoverable amount has been assessed by reference to the higher of "fair value less costs to sell" and "value in use". The exploration and evaluation of the mineral resources has not reached a stage at which there is sufficient information to estimate future cash flows for determining value in use.

The Directors have decided that until there is sufficient data to determine technical feasibility and commercial viability, the exploration asset will not be assessed for impairment by reference to value in use. However, when such information becomes available or other fact and circumstances suggest that the asset may be impaired, the exploration asset will be assessed for impairment which in turn could impact future financial results.

Fair value measurements

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Note 19.

(g) 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 allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company.

(h) Foreign currency translation

Both the functional and presentation currency of the Company and its Australian subsidiaries is Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Notes To Financial Statements

For The Year Ended 30 June 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Foreign currency translation (continued)

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

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 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.

As at the balance date the assets and liabilities of these subsidiaries are translated into the presentation currency of the Company at the rate of exchange ruling at the balance date and their statements of comprehensive income are translated at the average exchange rate for the year.

The exchange differences arising on the translation are taken directly to a separate component of equity, being recognised in the foreign currency translation reserve.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

(i) Revenue recognition

Revenue is measured at fair value of the consideration received or receivable. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific criteria must also be met before revenue is recognised:

Sale of goods and rendering of services

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, the costs incurred or to be incurred in respect of the transaction can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Group. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

Interest income

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

Premium income

Premium income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Premium income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(j) Borrowing costs

Borrowing costs are capitalised when they are directly attributable to the acquisition, construction or production of qualifying assets where the borrowing cost is added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. In respect of exploration and evaluation, borrowing costs are capitalised as part of the cost of the related asset only when at the reporting date, the exploration and evaluation activities have reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and it is probable that they will result in the entity obtaining future economic benefits.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(k) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(l) Income tax

The income tax expense or benefit 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 difference and to unused tax losses.

Notes To Financial Statements

For The Year Ended 30 June 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Income tax (continued)

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated financial statements. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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

Deferred income tax is provided on all temporary differences at the balance 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; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

The carrying amount of deferred income tax assets is reviewed at each balance 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 income tax assets are reassessed at each balance 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 income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

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

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(m) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

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Notes To Financial Statements

For The Year Ended 30 June 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Impairment of assets

The Directors assess at each balance 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 revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each balance 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 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) Cash and cash equivalents

Cash comprises cash at bank and in hand.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(p) Trade and other receivables

Trade and other receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Trade and other receivables are generally due for settlement within periods ranging from 15 days to 30 days.

Impairment of trade and other receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original contractual terms.

Factors considered by the Group in making this determination include known significant financial difficulties of the debtor, review of financial information and significant delinquency in making contractual payments to the Group. The impairment allowance is set equal to the difference between the carrying amount of the receivable and the present value of estimated future cash flows, discounted at the original effective interest rate. Where receivables are short-term discounting is not applied in determining the allowance.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

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

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

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group) but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Notes To Financial Statements

For The Year Ended 30 June 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Non-current assets classified as held for sale and the assets of the 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. The results of discontinued operations are presented separately in the statement of comprehensive income.

(r) Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' ("FVTPL"), 'held-to-maturity' investments, 'available-for-sale' financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

▪ Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

▪ Financial assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL. A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

▪ Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Notes To Financial Statements

For The Year Ended 30 June 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Financial instruments (continued)

▪ Impairment of financial assets

The Company assesses at each balance date whether a financial asset or group of financial assets other than those at FVTPL is impaired. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets that are carried at cost if there is objective evidence that an impairment loss has been incurred, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods. The amount of the loss is recognised in profit or loss.

For financial assets that are carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment. For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

▪ Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL. A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item.

▪ Other financial liabilities

Other financial liabilities, including borrowings and trade and other payables, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

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Notes To Financial Statements

For The Year Ended 30 June 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Financial instruments (continued)

▪ Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

▪ Derivative financial instruments

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

(s) Interest in a jointly controlled operation

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the AASBs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation. The Group has certain contractual arrangements with other ventures to engage in joint venture activities that do not give rise to a jointly controlled entity. These arrangements involve the joint ownership of assets dedicated to the purposes of the joint venture. The assets are used to derive benefits for the ventures.

The interests of the Parent Entity and Group in the unincorporated joint ventures are brought to account by recognising in the financial statements under the Group's proportionate share of joint venture revenues expenses, assets and liabilities.

(t) Plant and equipment

Items of plant and equipment are stated at cost or deemed cost less accumulated depreciation and impairment losses. The residual value, useful life and depreciation method applied to an asset are reassessed at least annually.

Where parts of an item of plant and equipment have different useful lives, they are accounted for as separate items of plant and equipment. Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

- Plant and equipment – over 3 to 15 years.

The assets' residual values, useful lives and amortisation methods are reviewed and adjusted, if appropriate, at each financial year end.

Impairment

The carrying values of plant and equipment are reviewed for impairment at each balance date, with the recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income, unless an asset has previously been re-valued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through profit or loss.

The recoverable amount of assets is the greater of their net selling price and value in use. 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. 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.

Notes To Financial Statements

For The Year Ended 30 June 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) Plant and equipment (continued)

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Derecognition and disposal

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(u) 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:
 - o the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
 - o exploration and evaluation activities in the area of interest have not at the balance 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 areas of interest are 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 amortised 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 reclassified to development.

(v) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

(w) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

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Notes To Financial Statements

For The Year Ended 30 June 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(x) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

The fair value of the liability portion of a convertible note is determined using a market interest rate for an equivalent non-convertible note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the note. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

(y) Employee leave benefits

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, and annual leave expected to be settled within 12 months of the balance date are recognised in other payables in respect of employees' services up to the balance date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the balance date. Consideration is given to expected future wage and salary levels, experience of employee departures, and period of service. Expected future payments are discounted using market yields at the balance date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(z) Equity-based payment transactions

Equity settled transactions

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

There is currently one ESOP which provides benefits to directors, senior executives and employees. It was approved by shareholders at a General Meeting held on 31 May 2011.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using Black and Scholes, Binomial models or market value, further details of which are given in Note 18.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of WHL Energy Ltd (market conditions) if applicable.

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

Equity settled transactions

The cumulative expense recognised for equity-settled transactions at each balance date until vesting date reflects:

- the extent to which the vesting period has expired; and
- the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

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Notes To Financial Statements

For The Year Ended 30 June 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(z) Equity-based payment transactions (continued)

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

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

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

(aa) Issued capital

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. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

(bb) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss attributable to equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(cc) Parent Entity financial information

The financial information for the Parent Entity, WHL Energy Ltd, disclosed in Note 21 has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries are accounted for at cost in the financial statements of WHL Energy Ltd.

Equity-based payments

The grant by the parent entity of options or performance rights over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

NOTE 2: REVENUE

	Consolidated 2014 \$	Consolidated 2013 \$
Revenue from operations:		
Interest income	54,242	232,900
Premium fee income	129,054	-
Other	767	2,500
Overhead recovery	431,746	-
Share of unrealised foreign exchange gain from joint operations	181,378	-
Unrealised foreign exchange gain	-	131,173
	797,187	366,573

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Notes To Financial Statements

For The Year Ended 30 June 2014

NOTE 3: OPERATING EXPENSES

	Consolidated 2014 \$	Consolidated 2013 \$
Expenses and losses		
Depreciation	56,294	65,309
Employee benefit		
Equity based payments	433,517	893,391
Wages and salaries	1,207,519	1,617,122
Other	163,413	205,841
Total employee benefits	1,804,449	2,716,354
Finance costs		
Establishment fees	71,972	-
Interest	174,875	3,239
Premium fees	51,266	-
Total finance costs	298,113	3,239
Other expenses		
Accounting, audit and compliance	289,818	234,787
Consultants	633,213	365,726
Exploration expenditures	285,190	225,534
Fair value adjustments	1,879,149	-
Foreign exchange losses	209,433	5,266
General and administrative expenses	240,035	183,940
Impairment	92,902	-
Occupancy costs	254,377	248,942
Travel and accommodation	33,115	62,734
Total other expenses	3,917,232	1,326,929

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Notes To Financial Statements

For The Year Ended 30 June 2014

NOTE 4: INCOME TAX EXPENSE

	Consolidated 2014 \$	Consolidated 2013 \$
Numerical reconciliation between tax expense and pre-tax net loss		
Loss before tax	(5,278,902)	(3,745,258)
Income tax using the domestic corporation tax rate 30%	(1,583,671)	(1,123,577)
Increase/(decrease) in income tax expense due to:		
Non-deductible expenses	293,167	273,885
Foreign capital gains tax on recovery of past costs of Seychelles acreage	241,949	-
Other deferred tax assets and tax liabilities not recognised	(9,324)	(61,780)
Tax assets relating to losses not recognised	1,299,827	911,472
Income tax expense	241,949	-
Deferred tax assets have not been recognised in respect of the following:		
Taxable temporary differences (net)	49,126	313,333
Tax losses	5,705,925	4,517,994
Net deferred tax assets	5,755,050	4,831,327
The taxable temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits from.		
Income tax recognised in other comprehensive income		
Current tax		
Other	241,949	-
Total income tax recognised in other comprehensive income	241,949	-
The current tax is attributable to the past cost recovery from the farm-in transaction in the Seychelles acreage which resulted in the Group's equity interest being reduced from 100% to 25%. US tax rate applicable is 34%.		
Current tax liabilities		
Other	247,706	-

The current income tax liability is attributable to the US subsidiary PetroQuest International Inc.

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Notes To Financial Statements

For The Year Ended 30 June 2014

NOTE 5: SEGMENT REPORTING

The operating segments have been identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

Information reported to the Group's chief operating decision maker for the purpose of resource allocation and assessment of performance focused on operating oil and gas exploration, and the corporate administration entity.

The segment information for the corporate entity focused on the administration costs and the minimisation thereof as assessment of performance. The exploration activities were reviewed as a whole and the assessment of performance focused on exploration expenditure and cost minimisation. The monthly operating entity's performance was assessed based on cashflow information. A consolidated position was not used to assess the performance of the operating segments. This information prepared in the tables below reconciles to the Annual Financial Statements for the year.

There are no accounting policy differences between the reportable segments.

Information regarding the Group's reportable segments is presented below.

Segment information

The following table presents revenue and profit information and certain asset and liability information regarding business segments for the year ended 30 June 2014.

Year ended 30 June 2014	Oil and Gas Exploration Australia \$	Oil and Gas Exploration Seychelles \$	Corporate Entity \$	Consolidation Entry \$	Total \$
Revenue					
Interest received	-	-	54,242	-	54,242
Other revenue	742,178	558,059	767	(558,059)	742,945
Total segment revenue	742,178	558,059	55,009	(558,059)	797,187
Operating expenses	(2,574,102)	(528,436)	(4,977,951)	2,004,401	(6,076,088)
Segment net operating loss before taxation	(1,831,924)	29,623	(4,922,942)	1,446,342	(5,278,901)
Taxation	-	(241,949)	-	-	(241,949)
Segment net operating loss	(1,831,924)	(212,326)	(4,922,942)	1,446,342	(5,520,850)
Segment assets					
Cash and cash equivalents	818,188	-	3,015,193	-	3,833,381
Other receivables	3,830,211	-	90,523	-	3,920,734
Loans subsidiaries	-	-	19,207,694	(19,207,694)	-
Investment subsidiaries	-	-	10,962,208	(10,962,208)	-
Deferred exploration expenditure	2,929,755	13,250,441	-	6,877,380	23,057,576
Plant and equipment	-	-	189,203	-	189,203
Total segment assets	7,578,154	13,250,441	33,464,821	(23,292,522)	31,000,894
Segment liabilities					
Trade and other payables	931,357	24,477	339,696	-	1,295,530
Borrowings	3,680,000	-	-	-	3,680,000
Provisions	-	-	97,805	-	97,805
Tax liability	-	247,706	-	-	247,706
Deferred revenue	140,199	-	-	-	140,199
Loan from parent entity	-	19,207,694	-	(19,207,694)	-
Total segment liabilities	4,751,556	19,479,877	437,501	(19,207,694)	5,461,240

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Notes To Financial Statements

For The Year Ended 30 June 2014

NOTE 5: SEGMENT REPORTING (CONTINUED)

Segment information

The following table presents revenue and profit information and certain asset and liability information regarding business segments for the year ended 30 June 2013.

Year ended 30 June 2013	Oil and Gas Exploration Australia \$	Oil and Gas Exploration Seychelles \$	Corporate Entity \$	Consolidation Entry \$	Total \$
Revenue					
Interest received	-	-	232,900	-	232,900
Other revenue	-	591,637	1,626,439	(2,084,403)	133,673
Total segment revenue	-	591,637	1,859,339	(2,084,403)	366,573
Operating expenses	(225,534)	(588,483)	(5,017,236)	1,719,422	(4,111,831)
Segment net operating loss before taxation	(225,534)	3,154	(3,157,897)	(364,981)	3,745,258
Taxation	-	-	-	-	-
Segment net operating loss	(225,534)	3,154	(3,157,897)	(364,981)	3,745,258
Segment assets					
Cash and cash equivalents	-	-	5,723,344	-	5,723,344
Other receivables	10,708	-	129,345	-	140,053
Loans subsidiaries	-	-	15,905,306	(15,905,306)	-
Investment subsidiaries	-	-	13,212,201	(13,212,201)	-
Deferred exploration expenditure	1,501,331	15,627,341	-	6,877,380	24,006,052
Plant and equipment	-	-	230,326	-	230,326
Total segment assets	1,512,039	15,627,341	35,200,522	(22,240,127)	30,099,775
Segment liabilities					
Trade and other payables	86,720	1,420,808	467,044	-	1,974,572
Borrowings	-	-	-	-	-
Provisions	-	-	132,170	-	132,170
Tax liability	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Loan from parent entity	-	17,055,306	-	(17,055,306)	-
Total segment liabilities	86,720	18,476,114	599,214	(17,055,306)	2,106,742

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Notes To Financial Statements

For The Year Ended 30 June 2014

NOTE 5: SEGMENT REPORTING (CONTINUED)

Segment net operating loss after tax reconciliation to the statement of comprehensive income

	Consolidated 2014 \$	Consolidated 2013 \$
Reconciliation of segment net operating loss after tax to net loss before tax		
Segment net operating loss after tax	(6,012,926)	(2,194,194)
Income tax	241,949	-
Translation differences on translating foreign operations	492,076	(1,551,064)
Total operating loss before tax per the statement of comprehensive income	(5,278,901)	(3,745,258)

Segment assets reconciliation to the statement of financial position

	Consolidated 2014 \$	Consolidated 2013 \$
Cash and cash equivalents	3,833,381	5,723,344
Other receivables	3,920,734	140,053
Plant and equipment	189,203	230,326
Deferred exploration expenditure	23,057,576	24,006,052
Total assets per the statement of financial position	31,000,894	30,099,775

Segment liabilities reconciliation to the statement of financial position

Segment liabilities include trade and other payables and debt. The Group has a centralised finance function that is responsible for raising debt and capital for the entire operations. Each entity or business uses this central function to invest excess cash or obtain funding for its operations.

Reconciliation of segment operating liabilities to the statement of financial position

	Consolidated 2014 \$	Consolidated 2013 \$
Trade and other payables	1,295,530	1,974,572
Borrowings	3,680,000	-
Provisions	97,805	132,170
Tax liability	247,706	-
Deferred revenue	140,199	-
Total liabilities per the statement of financial position	5,461,240	2,106,742

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Notes To Financial Statements

For The Year Ended 30 June 2014

NOTE 6: EARNINGS PER SHARE

	Consolidated 2014 Cents per share	Consolidated 2013 Cents per share
Total basic loss per share	0.37	0.27
Diluted earnings per share		
There is no dilution of shares due to options as the potential ordinary shares are not dilutive and are therefore not included in the calculation of diluted loss per share.		
Basic earnings per share	\$	\$
The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:		
Loss for the year	(5,520,850)	(3,745,258)
Weighted average number of ordinary shares	Number	Number
Weighted average number of ordinary shares for the purposes of basic earnings per share.	1,497,080,154	1,407,053,454

NOTE 7: CASH AND CASH EQUIVALENTS

	Consolidated 2014 \$	Consolidated 2013 \$
Cash at bank and on hand	2,473,014	2,612,977
Short-term deposits	1,360,367	3,110,367
Total cash and cash equivalents	3,833,381	5,723,344

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

Short-term deposits are made for varying periods of between one day and twelve months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Cash balances available for restricted use

The cash at bank includes \$818,188 of funds held by joint operations for the use in exploration and evaluation expenditure, refer Note 10.

Reconciliation to cash flow statement

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand at bank and investments in money market instruments, net of outstanding bank overdrafts.

Cash and cash equivalents as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

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Notes To Financial Statements

For The Year Ended 30 June 2014

NOTE 7: CASH AND CASH EQUIVALENTS (CONTINUED)

Reconciliation of loss for the year to net cash flows used in operating activities

	Consolidated 2014 \$	Consolidated 2013 \$
Loss from operations	(5,520,850)	(3,745,258)
Items classified as investing/financing activities		
Interest received	(58,396)	(260,500)
Borrowing costs	255,106	-
Non cash items		
Depreciation	56,294	65,309
Unrealised foreign exchange (gain)/ loss	94,855	(131,173)
Unrealised foreign exchange (gain) from joint operation	(181,378)	-
Impairment of oil and gas exploration assets	92,902	-
Share based payments relating to the financing facility	1,879,149	-
Provision for employee entitlements	(34,365)	58,664
Equity based payments	885,762	893,391
Change in assets and liabilities		
Receivables	(1,021,578)	116,692
Trade and other payables affecting operating activities	1,144,241	167,329
Net cash used in operating activities	(2,408,258)	(2,835,546)

During the current year, the Group entered into the following non- cash investing and financing activities which are not reflected in the consolidated statement of cash flows:

- Share based payment in respect of a borrowing facility as part of the repayment of principal and interest and establishment costs \$1,793,984 this facility was accounted for as financial liability at fair value
- Shares based payments were made in respect of share issue costs of \$225,995
- Share based payments were made in respect of a vendor of \$284,074

NOTE 8: TRADE AND OTHER RECEIVABLES

	Consolidated 2014 \$	Consolidated 2013 \$
GST recoverable	46,665	54,281
Other receivables	3,936	7,570
Seismic option funding receivable	2,756,772	-
Advanced financing premium	428,734	-
Prepaid expenses	684,627	78,202
Total trade and other receivables	3,920,734	140,053

Notes To Financial Statements

For The Year Ended 30 June 2014

NOTE 8: TRADE AND OTHER RECEIVABLES (CONTINUED)

Seismic option funding receivable

On 28 October 2013, WHL Energy entered into a Seismic Option and Farmout Agreement with TAP. Under the terms of this agreement TAP must pay US\$2.95m to the Company by no later than 31 March 2015. The amount payable will be due and owing regardless of any election by TAP to exercise or not exercise the Seismic option. TAP's funding commitment is based on paying 20% of the total projected cost for the Seismic Program of US\$13.5m. If the actual total cost of the seismic is less than the US\$13.5m.

TAP will be entitled to a pro rata refund of the Seismic funding commitment provided that the Company will be entitled to the first US\$112,500 of the refund. Included in this funding arrangement is a premium of US\$250,000 and this is accrued over the term of the arrangement, refer Note 14. The seismic option funding receivable has been pledged under a general security deed, refer Note 13.

Advanced financing premium

On the 27 May 2014, the Company entered into a financing facility and under the terms of this agreement a premium of 15% of the facility (being \$480,000) is payable on the termination date, 2 April 2015 (unless the loan is repaid earlier in which case the premium is payable in full on the date of repayment).

The average credit period on sales of goods and rendering of services is 30 days. An allowance has been made for estimated irrecoverable trade receivable amounts arriving from the past sale of goods and rendering of services, determined by reference to past default experience.

There are no related party receivables.

Ageing receivables	Consolidated 2014 \$	Consolidated 2013 \$
Ageing of past due but not impaired		
30 - 60 days	322,234	105,272
60 - 90 days	249,965	14,163
90 - 120 days	236,472	9,546
120 and over	3,112,063	11,072
	3,920,734	140,053

In determining the recoverability of receivables, the Group considers any changes in the credit quality of the receivables from the date credit were initially granted up to the balance date. The Directors believe that there is no provision required for impairment.

NOTE 9: PLANT AND EQUIPMENT

	Consolidated 2014 \$	Consolidated 2013 \$
Opening balance, net of accumulated depreciation and impairment	230,326	236,080
Additions	15,626	59,555
Disposals	(455)	-
Depreciation charge for the year	(56,294)	(65,309)
Closing balance, net of accumulated depreciation and impairment	189,203	230,326
Cost or fair value	369,096	354,240
Accumulated depreciation and impairment	(179,893)	(123,914)
Net carrying amount	189,203	230,326

During the year, the recoverable amount was estimated for certain items of plant and equipment. The recoverable amount estimation was based on fair value less costs to sell and was determined at the cash-generating unit level.

The useful life of the assets was estimated as follows for both 2014 and 2013:

Plant and equipment 3 to 15 years

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Notes To Financial Statements

For The Year Ended 30 June 2014

NOTE 10: JOINT CONTROLLED OPERATIONS AND ASSETS

VIC/P67

The Group has a 40% interest in the tenement in VIC/P67 (2013: 100%). The Group is entitled to a proportionate share of the income and expenses of the joint operations. AASB 11 requires that an investor in a joint operation accounting for its share of assets and liabilities attributable to it. In terms of IFRS requirements the Group has no legal right of offset. The Company has adopted the gross presentation of the joint arrangement when presenting the cash, receivables and trade payables. The Group's interests in the assets are detailed below and are included in the consolidated financial report in their respective classes:

	Consolidated 2014 \$	Consolidated 2013 \$
Current assets		
Cash	818,156	-
Other receivables	42,236	-
	860,392	-
Non-current assets		
Deferred exploration expenditure	1,066,474	-
	1,066,474	-
Current Liabilities		
Trade and other payables	799,355	-
Amount owing to farminee	106,993	-
	906,348	-

WA 460P

The Group has a 33.33% interest in the tenement in WA 460P (2012: 33.33%). The Group's interests in the assets are detailed below and are included in the consolidated financial report in their respective classes:

	Consolidated 2014 \$	Consolidated 2013 \$
Current assets		
Cash	32	1,502
Other receivables	520	109
	552	1,611
Non-current assets		
Deferred exploration expenditure	70,412	46,522
Impairment	(70,412)	-
	-	46,522
Current Liabilities		
Trade and other payables	404	1,059
	404	1,059

At 30 June 2014, WA 460P was impaired, refer Note 11.

Capital commitments arising from the Group's interests in joint controlled operations, refer Note 20.

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Notes To Financial Statements

For The Year Ended 30 June 2014

NOTE 11: DEFERRED EXPLORATION EXPENDITURE

	Consolidated 2014 \$	Consolidated 2013 \$
Costs carried forward in respect of:		
Exploration and evaluation phase – at cost		
Balance at beginning of year	24,006,052	17,841,086
Expenditure incurred	2,355,373	4,849,898
Net partial cost recovery	(2,746,540)	-
Impairment	(92,902)	-
Foreign currency exchange differences	(464,407)	1,315,068
Balance at end of financial year	23,057,576	24,006,052

Ultimate recoupment of this expenditure is dependent upon the Group's right to tenure of the area of interest and the discovery of commercially viable oil and gas reserves, their successful development and exploitation, or alternatively, the sale of the respective areas of interest at an amount at least equal to book value.

Impairment losses are provided when the carrying amounts exceed the recoverable amounts. During the year \$92,902 was impaired (2013: Nil).

Exploration expenditure is written off for any related impairment losses when the permits are relinquished or disposed of.

Interest in petroleum tenements

Tenure description	Location	Operator	Expiry date	2014 Interest %	2013 Interest %
Seychelles exploration blocks as defined in the Petroleum Agreement	Seychelles	Ophia Energy plc.	31/01/2040	25	100
WA 460P	WA Australia	Strike Energy Ltd	08/11/2017	33	33
VIC/P67	VIC Australia	WHL Energy Ltd	04/05/2018	40	100

Seychelles

In April 2014 the Group concluded a farm-in with Ophir reducing the Group's interest to 25% (2013: 100%). Ophir assumed operatorship of the Seychelles areas under the farm-in agreement. Following the acquisition and evaluation of the initial seismic, and on or before 31 December 2015, Ophir may either withdraw from the farm-in or exercise the option to:

- fully fund the acquisition of a further 1,000km² of 3D seismic, up to a total amount of US\$12m; and
- fund 90% of the costs of the first exploration well, up to a total amount of US\$30m.

Upon exercising the option to retain its interests, Ophir will also pay the Group a further US\$2m in cash for further partial recovery of back costs. Net partial cost recovery represents the net proceeds received from the Ophir farm-in of US\$4m less; advisory costs, settlement of the reduced overriding royalty interests and transaction costs associated with the transaction.

VIC/P67

In September 2013 under the terms of a farm-in agreement, AWE earned 60% equity by funding 75% of the cost of the La Bella 3D Seismic Survey up to a cost cap of US\$9m (net AWE share). AWE retained the right to assign part or all of its equity back to WHL Energy following the 3D seismic phase. AWE will assume operatorship for the drilling phase if they elect to participate after the 3D seismic phase.

In September 2013, the Company entered into a further agreement with TAP, where TAP agreed to pay up to US\$2.95m for an option to acquire a 10% interest in VIC/P67, refer Note 8. TAP will not be required to exercise the seismic option until 10 days after incoming JV partner, AWE, confirms whether it wishes to elect to enter the drilling phase. In the event the seismic option is exercised, TAP has a further option to acquire an additional 5% interest in VIC/P67, increasing TAP's equity in VIC/P67 to a total of 15%, by paying a total of 20% of the cost of the first commitment well to a gross well cost of cap US\$35m.

The Company's participating interest in VIC/P67 has been pledged under a General Security Deed in favour of the borrowing facility, refer Note 13.

WA 460P

At 30 June 2014, the asset was impaired as the Directors believe the carrying amount exceeded the recoverable amount.

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Notes To Financial Statements

For The Year Ended 30 June 2014

NOTE 12: TRADE AND OTHER PAYABLES

	Consolidated 2014 \$	Consolidated 2013 \$
Trade payables	1,295,530	1,974,572

Trade payables are non-interest bearing and are normally settled on 30-day terms. For terms and conditions relating to related party payables, refer Note 24. Information regarding the interest rate, foreign exchange and liquidity risk exposure is set out in Note 19.

NOTE 13: BORROWINGS

On 27 May 2014, the Company entered into a financing facility of \$3,200,000 to finance the seismic operation in VIC/P67.

Secured Borrowings

	Consolidated 2014 \$	Consolidated 2013 \$
Secured borrowings	3,680,000	-

The facility is repayable in full on 2 April 2015. No interest is payable on the facility. Under the terms of this agreement a premium of 15% of the facility (being \$480,000) is payable on the termination date, 2 April 2015 (unless the facility is repaid earlier in which case the premium is payable in full on the date of repayment). The premium is recognised over the term of the facility, refer Note 8. Under the terms of the Agreement the Company is to maintain a cash balance of \$1,000,000.

Facility

	Consolidated 2014 \$	Consolidated 2013 \$
Facility used at balance date	3,200,000	-
Facility unused at balance date	-	-
Total facility	3,200,000	-

The facility is secured by a General Security Deed. Under that General Security Deed, the borrower has security over the rights of the Company's Seismic Farmout and Option Agreement entered into with TAP, the interests in the exploration permit VIC/P67 and the Joint Operating Agreement. The Company and the borrower entered into Subordination Agreements to regulate the priority of their security against the security that each of AWE and TAP has under the Joint Operating Agreement. The carrying amount of assets pledged as security for the facility is:

Assets pledged as security

	Consolidated 2014 \$	Consolidated 2013 \$
Current		
Receivables	3,200,000	-
	3,200,000	-
Non-Current		
Deferred exploration expenditure	2,929,754	-
	2,929,754	-
Total assets pledged as security	6,129,754	-

Fair value of the Group's borrowings are set out in Note 19.

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Notes To Financial Statements

For The Year Ended 30 June 2014

NOTE 14: DEFERRED REVENUE

	Consolidated 2014 \$	Consolidated 2013 \$
Deferred revenue	140,199	-

The deferred revenue arises in respect of the Seismic Option and Farmout Agreement, refer Note 8.

NOTE 15: PROVISIONS

Employee benefits

	Consolidated 2014 \$	Consolidated 2013 \$
Balance at beginning of year	132,170	73,506
Arising during the year	116,338	198,725
Utilised	(150,703)	(140,061)
Balance at end of financial year	97,805	132,170

NOTE 16: ISSUED CAPITAL

	Consolidated 2014 No.	Consolidated 2014 \$	Consolidated 2013 No.	Consolidated 2013 \$
Ordinary shares issued and fully paid	1,596,836,414	62,118,536	1,407,063,386	59,727,589

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

Movement in ordinary shares on issue

	2014 No.	2014 \$	2013 No.	2013 \$
Balance at beginning of financial year	1,407,063,386	59,727,589	1,407,038,386	59,726,589
Issue of shares				
Options exercised on 1 July 2013	8,335,294	293,800	-	-
Performance rights exercised on 1 July 2013	12,800,000	409,600	-	-
Equity issued on 5 December 2013 pursuant to a financing facility arrangement	42,000,000	378,000	-	-
Equity issued on 16 December 2013 pursuant to Share Purchase plan	64,790,827	712,700	-	-
Equity issued on 14 April 2014 pursuant to part interest payment and part principal repayment for a financing facility	12,409,049	124,090	-	-
Equity issued on 30 April 2014 pursuant to a conversion notice for part principal repayment for a financing facility	24,718,958	420,222	-	-
Equity issued on 9 May 2014 pursuant to a conversion notice for part principal repayment for a financing facility	24,718,900	395,502	-	-
Options exercised on 22 November 2012	-	-	25,000	1,000
Share issue costs	-	(342,967)	-	-
Balance at end of financial year	1,596,836,414	62,118,536	1,407,063,386	59,727,589

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Notes To Financial Statements

For The Year Ended 30 June 2014

NOTE 16: ISSUED CAPITAL (CONTINUED)

Movement in listed options on issue

	2014 No.	2014 \$	2013 No.	2013 \$
Balance at beginning of financial year	401,734,157	3,326,386	-	-
Issue of options				
Options issued on 24 October 2012	-	-	164,035,028	1,640,350
Options issued on 2 November 2012	-	-	23,503,120	235,032
Options issued on 15 November 2012	-	-	164,221,009	1,642,210
Options issued on 22 November 2012	-	-	50,000,000	50,000
Options exercised	-	-	(25,000)	-
Option issue costs	-	-	-	(241,206)
Balance at end of financial year	401,734,157	3,326,386	401,734,157	3,326,386

Share options granted under the Company's employee share option plan

The Company has an ESOP under which options to subscribe for the Company's shares have been granted to certain executives and other employees. At 30 June 2014, executives and employees held 10,200,000 options over ordinary shares of the Company, of which 6,800,000 expire on 1 July 2014 and 3,400,000 expire on 1 July 2015. During the year, 44,750,000 options lapsed. Subsequent to the balance date on 1 July 2014, 6,800,000 options vested and were exercised, refer Note 26.

Share options granted under the Company's 2014 ESOP carry no right to dividends and no voting rights. Further details of the ESOP are provided in Note 18.

Performance Rights granted to directors

At 30 June 2014, executives and employees held 30,000,000 performance rights over ordinary shares of the Company of which 13,600,000 expire on 1 July 2014, 11,200,000 expire on 1 July 2015 and 4,800,000 expire on 1 July 2016. During the year ended 30 June 2014, 13,200,000 performance rights lapsed. Subsequent to the balance date on 1 July 2014, 13,600,000 performance rights vested and were exercised, refer Note 26.

Performance rights granted carry no right to dividends and no voting rights, further details are provided in Note 18.

Unlisted options on issue

At 30 June 2014, the Company has 203,200,000 unlisted share options on issue (2013: 322,550,000), exercisable on a 1:1 basis for 203,200,000 ordinary shares of the Company (2013: 322,550,000). The options exercise price and expiry dates are as follows:

Expiry date	Exercise price \$	Shares under option No.
01/07/2015	0.000	10,200,000
03/12/2017	0.014	193,000,000
		203,200,000

Subsequent to balance date on 1 July 2014, 6,800,000 options vested and were exercised, refer Note 26.

Performance rights on issue

At 30 June 2014, the Company has 30,000,000 performance rights on issue (2013: 32,000,000) to directors, exercisable on a 1:1 basis for 30,000,000 ordinary shares of the Company (2013: 32,000,000). The performance rights exercise price and expiry dates are as follows:

Expiry date	Exercise price \$	Shares under option No.
01/07/2015	0.000	6,000,000
01/07/2016	0.000	24,000,000
		30,000,000

Subsequent to balance date on 1 July 2014, 13,600,000 performance rights vested and were exercised, refer Note 26. Further details of the performance rights plan is provided in Note 18.

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Notes To Financial Statements

For The Year Ended 30 June 2014

NOTE 17: ACCUMULATED LOSSES AND RESERVES

Accumulated losses

Movements in accumulated losses were as follows:

	Consolidated 2014 \$	Consolidated 2013 \$
Balance at beginning of financial year	38,228,302	34,524,074
Net loss for the year	5,520,850	3,745,258
Transfer of lapsed options from option reserve	(811,122)	(41,030)
Balance at end of financial year	42,938,030	38,228,302

Nature and purpose of reserves

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. It is also used to record the effect of hedging net investments in foreign operations.

Equity based payments reserve

This reserve is used to record the value of equity benefits provided to:

- employees and directors as part of their remuneration, refer to Note 18;
- as part of the consideration to acquire controlled subsidiaries; and
- as part consideration for services.

Option reserve

The option reserve is used to record options issued and exercisable on a 1:1 basis for ordinary shares of the Company. The option reserve can be transferred to equity on exercise of options. Refer to Note 16 for details of the movement in the listed options during the year.

Movements in reserves were as follows:

Year ended 30 June 2014	Equity based payment reserve \$	Foreign currency translation reserve \$	Option reserve \$	Total \$
Balance at the beginning of the year	1,684,799	1,482,561	3,326,386	6,493,746
Equity based payments to employees	433,517	-	-	433,517
Equity based payments to suppliers	1,438,483	-	-	1,438,483
Currency translation differences	-	(492,076)	-	(492,076)
Options exercised	(703,400)	-	-	(703,400)
Net equity raised	-	-	-	-
Lapsed options transferred to accumulated losses	(811,122)	-	-	(811,122)
Balance at end of the financial year	2,042,277	990,485	3,326,386	6,359,148

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Notes To Financial Statements

For The Year Ended 30 June 2014

NOTE 17: ACCUMULATED LOSSES AND RESERVES (CONTINUED)

Movements in reserves were as follows (continued):

Year ended 30 June 2013	Equity based payment reserve	Foreign currency translation reserve	Option reserve	Total
	\$	\$	\$	\$
Balance at the beginning of the year	832,438	(68,503)	-	763,935
Equity based payments to employees	892,149	-	-	892,149
Equity based payments to suppliers	-	-	-	-
Currency translation differences	-	1,551,064	-	1,551,064
Net equity raised	-	-	3,326,386	3,326,386
Lapsed options transferred to accumulated losses	(39,788)	-	-	(39,788)
Balance at end of the financial year	1,684,799	1,482,561	3,326,386	6,493,746

NOTE 18: EQUITY BASED PAYMENTS

Employee share option plan

The Group believes that the way to encourage employees is to align their interests with those of shareholders. There is currently an ESOP approved by shareholders, which provides benefits to directors, senior executives and employees. The following incentives are provided for under the ESOP.

Each share option converts into one ordinary share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither right to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

Retention Incentive

As part of the policy to retain staff, other than directors and senior executives, options are available to be issued under the ESOP. Vesting of the options issued to employees will occur in accordance with milestones prescribed with the various options issued. During the year the following options were on issue as a retention incentive:

ESOP WHNAI (Series 2)

- 50% of the options vest after 12 months continuous employment; and
- 50% of the options vest after 24 months of continuous employment.

These options lapsed on 31 August 2013.

ESOP WHNAI (Series 5)

- 40% of the options vested on 1 July 2013 after continuous employment;
- 40% of the options vesting on 1 July 2014 after continuous employment; and
- 20% of the options vesting on 1 July 2015 after continuous employment.

Performance Incentive

As part of the policy to retain executive directors and senior executives, options are available to be issued under the ESOP. Vesting of any options issued to executive directors and senior executives will occur in accordance with the milestones prescribed with the options issued. During the year the following options were on issue as a performance incentive:

ESOP WHNAI (Series 1)

- The Company (or one of its subsidiaries) has entered into one or more binding farm-in agreements with one or more third parties under which the farminee/s' have a collective obligation to spend the greater of \$10m or 50% of the Work Commitment on the Licences; or
- The volume weighted average price of the Company's shares as traded on the ASX is at least 10 cents or more for ten (10) consecutive trading days.

Notes To Financial Statements

For The Year Ended 30 June 2014

NOTE 18: EQUITY BASED PAYMENTS (CONTINUED)

The exercise price of each option was determined by reference to the 5-day volume-weighted average share price ("VWAP") together with a predetermined uplift factor based on the length until expiry of the options. These options lapsed on 31 December 2013.

During the year no options were granted under the WHL Energy Ltd ESOP plan. During the year, 39,750,000 options lapsed under the ESOP plan and the fair value of these options was \$149,410. The fair value of options recognised in the statement of comprehensive income for the year was \$202,960. During the year 7,600,000 options granted in December 2012 vested and were exercised, the fair value of these options was \$268,800. Subsequent to balance date, 6,800,000 options vested and were exercised, refer Note 26.

Performance rights

At the General Meeting of shareholders held on 28 March 2014, approval was obtained to grant 8,000,000 performance rights to Mr Brown, Mr Ismail and Mr Rowbottom respectively with a zero exercise price (2013: 32,000,000 performance rights were granted to directors). Vesting of the performance rights granted to directors will occur as follows:

- 40% of the options vesting on 1 July 2014 after continuous employment;
- 40% of the options vesting on 1 July 2015 after continuous employment; and
- 20% of the options vesting on 1 July 2016 after continuous employment.

The fair value of the performance rights recognised in the statement of comprehensive income was \$230,557. During the year, 12,800,000 performance rights granted in December 2012 vested and were exercised and the fair value of these options was \$409,600. During the year, 13,200,000 performance rights were forfeited. Subsequent to the balance date, 13,600,000 performance rights vested and were exercised, refer Note 26.

The expense recognised in the statement of comprehensive income in relation to the employee equity-based payments of \$433,517 is disclosed in Note 3.

Equity based payments for services

Options

On 1 July 2013, 735,294 shares were issued to an employee in recognition for services rendered as a retention incentive. The fair value of the shares issued was \$25,000. The fair value of each share was determined by reference to the 5-day VWAP.

On 5 December 2014, 98,000,000 options (WHNAP) were issued as part of the fee payable for a Financing Arrangement. The options issued vested immediately with an exercise price \$0.014 and are exercisable on or before 3 December 2017.

On 21 March 2014, 30,000,000 options (WHNAP) were issued as part of the fee payable for the Controlled Placement agreement. The options issued vested immediately with an exercise price \$0.014 and are exercisable on or before 3 December 2017.

On 23 May 2014, 40,000,000 options (WHNAP) were issued as part of the fee payable for the borrowing facility. The options issued vested immediately with an exercise price \$0.014 and are exercisable on or before 3 December 2017.

On 30 May 2014, 25,000,000 options (WHNAP) were issued to a vendor as part of the fee payable for the reduction royalty rate on the Seychelles acreage. The options issued vested immediately with an exercise price \$0.014 and are exercisable on or before 3 December 2017.

Shares

On 5 December 2013, 42,000,000 shares were issued in respect of the fee payable for financing facility. The market value of the shares on the date of issue was \$0.009. Further shares were issued in respect of this facility detailed below:

- On 14 April 2014, 12,409,049 shares were issued pursuant to part interest payment and part principal repayment. The market value of the shares on the date of issue was \$0.010;
- On 30 April 2014, 24,718,958 shares were issued pursuant to conversion notice received for principal repayment. The market value of the shares on the date of issue was \$0.017; and
- On 9 May 2014, 24,718,900 shares were issued pursuant to conversion notice received for principal repayment. The market value of the shares on the date of issue was \$0.016

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Notes To Financial Statements

For The Year Ended 30 June 2014

NOTE 18: EQUITY BASED PAYMENTS (CONTINUED)

Options and performance rights

The following equity-based payment arrangements were in place during the current year and prior reporting periods:

	Number	Grant date	Expiry date	Exercise price \$	Fair value at grant date	Vesting date \$
Option series						
Equity based payments for services-WHNAK	5,000,000	18/11/2010	30/09/2013	0.0500	45,854	Vests at the date of grant
Equity based payments for services-WHNAI	5,000,000	18/11/2010	30/09/2013	0.0750	37,630	Vests at the date of grant
Equity based payments to acquire subsidiary-WHNAO	250,000,000	28/02/2011	31/12/2013	0.0001	500,000	Vests on specific criteria ¹
Employee Share Option Plan-WHNAI (Series 1)	35,000,000	30/07/2011	31/12/2013	0.0495	101,500	Vests on specific criteria ¹
Employee Share Option Plan-WHNAI (Series 2)	3,550,000	04/07/2011	31/07/2013	0.0392	37,935	Vests on continuous employment ²
Equity based payments for services-WHNAQ	5,000,000	01/12/2011	31/08/2013	0.0850	78,228	Vests at the date of grant
Employee Share Option Plan WHNAI (Series 5)	19,000,000	17/12/2012	01/07/2015	0.0000	391,953	Vests on continuous employment ³
Equity based payments for services-WHNAI	98,000,000	16/12/2013	03/12/2017	0.0140	509,600	Vests at the date of grant
Equity based payments for services-WHNAI	30,000,000	21/03/2014	03/12/2017	0.0140	418,815	Vests at the date of grant
Equity based payments for services-WHNAI	40,000,000	23/05/2014	03/12/2017	0.0140	225,995	Vests at the date of grant
Equity based payments for services-WHNAI	25,000,000	30/05/2014	03/12/2017	0.0140	284,074	Vests at the date of grant
Performance rights						
Directors Performance Rights WHNAS	32,000,000	10/12/2012	01/07/2015	0.0000	603,073	Vests on continuous employment ³
Directors Performance Rights WHNAS	24,000,000	10/12/2012	01/07/2016	0.0000	248,000	Vests on continuous employment ⁴

1. Vests upon either the Company (or one of its subsidiaries) has entered into one or more binding farm-in agreements with one or more third parties under which the farminee/s' have a collective obligation to spend the greater of \$10m or 50% of the Work Commitment on the Licences or the volume weighted average price of the Company's shares as traded on the ASX is at least 10 cents or more for ten (10) consecutive trading days.

2. 50% of the options vest after 12 months continuous employment and 50% of the options vest after 24 months continuous employment.

3. 40% of the options vested on 1 July 2013 and 1 July 2014 respectively, and 20% of the options vesting on 1 July 2015 provided in continuous employment.

4. 40% of the options vested on 1 July 2014 and 40% vesting on 1 July 2015 and 20% of the options vesting on 1 July 2015 provided in continuous employment.

Fair value of options granted in the year

ESOP (WHNAI Series 5)

The fair value of the equity-settled share options granted under ESOP (WHNAI Series 5) is estimated at the grant date, using the market value at the date of grant taking into account the terms and conditions upon which the options were granted. The options were granted for nil consideration and the exercise price of each of the options is nil and they automatically vest into one share. The options vest in three tranches as set out above.

Vesting conditions, other than market conditions, attached to equity instruments granted are not taken into account when estimating the fair value at measurement date. The number of equity instruments included in the measurement is adjusted to reflect the number of equity instruments expected to vest. This is revised based on subsequent information.

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Notes To Financial Statements

For The Year Ended 30 June 2014

NOTE 18: EQUITY BASED PAYMENTS (CONTINUED)

Fair value of options granted in the year (continued)

The following lists the inputs used for the valuation of the options issued during the year ended 30 June 2014:

- Market value of the shares at the date of grant of the options was \$0.035; and
- Number of days for the vesting conditions.

WHNAP

The fair value of the equity-settled share options granted under WHNAP is estimated at the grant date, using the market value at the date of grant taking into account the terms and conditions upon which the options were granted. The options were priced using Binomial and Black and Scholes models. The options vested at grant date. Vesting conditions, other than market conditions, attached to equity instruments granted are not taken into account when estimating the fair value at measurement date. Expected volatility is based on the historical share price volatility over the past 12 months based on the assumption that it is indicative of future trends, which may also not necessarily be the actual outcome. The expected life of the options is based on historical data and is not necessarily indicative of the exercise patterns. No other features of the options granted were incorporated into the measurement of fair value.

WHNAP	98,000,000 options	30,000,000 options	40,000,000 options	25,000,000 options
Dividend yield	-	-	-	-
Expected volatility (%)	9.00%	8.58%	15.50%	15.80%
Risk free interest rate (%)	3.46%	3.05%	3.05%	2.85%
Expected life of option	48 months	45 months	43 months	43 months
Exercise price (cents)	1.40	1.40	1.40	1.40
Grant date share price (cents)	0.08	1.10	1.40	1.50

Movement in unlisted options during the year

The following table illustrates the number and weighted average exercise prices of and movements in unlisted options during the year.

	2014 No.	2014 Weighted average exercise price \$	2013 No.	2013 Weighted average exercise price \$
Outstanding at the beginning of the year	322,550,000	0.00910	306,550,000	0.01030
Granted during the year	193,000,000	0.01400	19,000,000	0.00000
Forfeited during the year	(1,200,000)	0.00000	(1,000,000)	0.01310
Exercised during the year	(7,600,000)	0.00000	-	-
Expired during the year	(303,550,000)	0.06110	(2,000,000)	0.0567
Outstanding at the end of the year	203,200,000	0.01330	322,550,000	0.0091
Exercisable at the end of the year	193,000,000		18,550,000	

Subsequent to balance date, 6,800,000 options vested and were exercised, refer Note 26.

Share options exercised during the year

	Options exercised No.	Exercise date.	Share price at exercise date \$
Granted 17 December 2012	7,600,000	01/07/2013	0.022
	7,600,000		

No options were exercised during the year ended 30 June 2013.

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Notes To Financial Statements

For The Year Ended 30 June 2014

NOTE 18: EQUITY BASED PAYMENTS (CONTINUED)

Unlisted options outstanding at the end of the year

Option Series	Options No.	Exercise price \$
Employee Share Option Plan - WHNAI (Series 5) ¹	10,200,000	0.000
Equity based payments for services - WHNAP	168,000,000	0.014
Equity based payments to vendor for reduced overriding royalty rate - WHNAP	25,000,000	0.014
	203,200,000	

1. 6,800,000 options vested and were exercised on 1 July 2014, refer Note 26.

The weighted average remaining contractual life for the share options outstanding at 30 June 2014 is 195 days (2013: 210 days).

The range of exercise prices for options outstanding at the end of the year was \$0.000 - \$0.014 (2013: \$0.000 - \$0.085).

Performance rights

Fair value of performance rights granted in the year

The fair value of the equity-settled performance rights granted under WHNAS is measured at the grant date based on the market value at the date of grant taking into account the terms and conditions upon which the performance rights were granted. The performance rights were granted for nil consideration and the exercise price of each of the performance rights is nil and they automatically vest into one share. The performance rights vest in three tranches as set out above.

Vesting conditions, other than market conditions, attached to equity instruments granted are not taken into account when estimating the fair value at measurement date. Instead, the number of equity instruments included in the measurement shall be adjusted to reflect the number of equity instruments expected to vest. This is revised based on subsequent information.

The following lists the inputs used for the valuation of the performance rights granted during the year ended 30 June 2014:

- Market value of the shares at the date of grant of the performance rights was \$0.001 - \$0.0011; and
- Number of days for the vesting conditions.

Movement in unlisted performance rights during the year

The following table illustrates the number and weighted average exercise prices of and movements in performance rights issued during the year.

	2014 No.	2014 Weighted average exercise price	2013 No.	2013 Weighted average exercise price
Outstanding at the beginning of the year	32,000,000	0.000	-	-
Granted during the year	24,000,000	0.000	32,000,000	0.000
Forfeited during the year	(13,200,000)	0.000	-	-
Exercised during the year	(12,800,000)	0.000	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	30,000,000	0.000	32,000,000	0.000
Exercisable at the end of the year	-	-	-	-

Subsequent to balance date, 13,600,000 performance rights vested and were exercised, refer Note 26.

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Notes To Financial Statements

For The Year Ended 30 June 2014

NOTE 18: EQUITY BASED PAYMENT PLANS (CONTINUED)

Performance rights exercised during the year

	Performance right exercised No.	Exercise date	Share price at exercise date \$
Granted 10 December 2012	12,800,000	01/07/2013	0.022
	12,800,000		

No performance rights were exercised during the year ended 30 June 2013.

Performance rights outstanding at the end of the year

	Performance rights No.	Exercise price \$
Performance rights - WHNAS	30,000,000	0.000
	30,000,000	

Subsequent to balance date, 13,600,000 performance rights vested and were exercised, refer Note 26.

The weighted average remaining contractual life for the performance rights outstanding at 30 June 2014 is 259 days (2013: 313 days).

Fair value of shares granted during the year

The fair value of the shares granted as equity based payments was determined by the listed market price at the measurement date. No dividends or other features were incorporated into the fair value measurement.

NOTE 19: FINANCIAL INSTRUMENTS

Capital risk management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they 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.

The Group's overall strategy remains unchanged from 2013.

None of the Group's entities are subject to externally imposed capital requirements.

Categories of financial instruments

	Consolidated 2014 \$	Consolidated 2013 \$
Financial assets		
Loans and receivables	2,807,373	61,851
Cash and cash equivalents	3,833,381	5,723,344
Financial liabilities		
Trade and other payables	5,363,435	1,974,572

Financial risk management objectives

The Group is exposed to market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate 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.

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Notes To Financial Statements

For The Year Ended 30 June 2014

NOTE 19: FINANCIAL INSTRUMENTS (CONTINUED)

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and commodity prices. The Group enters into a variety of derivative financial instruments to manage its exposure to foreign currency risk including foreign exchange forward contracts to hedge the exchange rate.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts where applicable.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the balance date explained in Australian dollars are as follows:

	Liabilities 2014 \$	Liabilities 2013 \$	Assets 2014 \$	Assets 2013 \$
US dollars	722,516	1,412,998	3,887,089	1,236,643
GBP	-	5,831	-	-

The Group is exposed to US Dollar (USD currency fluctuations).

The following table details the Group's sensitivity to a 10% increase and decrease in the Australian dollar against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

The sensitivity analysis includes external loans as well as loans to foreign operations within the Group where the denomination of the loan is in a currency other than the currency of the lender or the borrower. A positive number indicates an increase in profit or loss and other equity where the Australian Dollar strengthens against the respective currency. For a weakening of the Australian Dollar against the respective currency there would be an equal and opposite impact on the profit and other equity and the balances below would be negative.

	USD Consolidated 2014 \$	USD Consolidated 2013 \$	GBP Consolidated 2014 \$	GBP Consolidated 2013 \$
Profit or loss	(297,913)	(14,572)	(-)	(530)
Other equity	297,913	14,572	-	530

Forward foreign exchange contracts

It is the policy of the Group to enter into forward foreign exchange contracts to only cover specific foreign currency payments. During the current year no forward exchange contracts were entered into.

There were no forward foreign currency contracts outstanding as at balance date.

At balance date, the aggregate amount of unrealised losses under forward foreign exchange contracts charged to the statement of comprehensive income is the exposure on these anticipated future transactions, which is \$Nil (2013: \$Nil).

Interest rate risk management

The Group is subject to interest rate exposure through its cash and cash equivalents. The Group is currently not exposed to interest rate risk on borrowings as the borrowings have no variable interest rate attached.

Interest rate risk sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates at the balance date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

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Notes To Financial Statements

For The Year Ended 30 June 2014

NOTE 19: FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate risk sensitivity analysis (continued)

At balance date, if interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's profit or loss will be impacted as follows:

	Consolidated 2014 \$	Consolidated 2013 \$
Profit or Loss	364	7,582
Equity	364	7,582

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 counterparty 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's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is reviewed and approved by managers 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 and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

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.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The following table details the Group's expected maturity for its non-derivative financial liabilities. These have been drawn up based on undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group anticipates that the cash flow will occur in a different period.

	Weighted average effective interest rate	Less than 1 month	1 - 3 months	3 months - 1 year	1-5 years	Total
	%	\$	\$	\$	\$	\$
30 June 2014						
Financial assets						
Non-interest bearing		1,182,781	1,653	2,756,772	-	3,941,206
Variable interest rate instruments	1.90	1,339,181	-	-	-	1,339,181
Fixed interest rate instruments	3.00	1,250,000	60,367	50,000	-	1,360,367
		3,771,962	62,020	2,806,772	-	6,640,754
Financial Liabilities						
Non-interest bearing		1,435,729	-	3,927,706	-	5,363,435
		1,435,729	-	3,927,706	-	5,363,435

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Notes To Financial Statements

For The Year Ended 30 June 2014

NOTE 19: FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk management (continued)

	Weighted average effective interest rate	Less than 1 month	1 – 3 months	3 months – 1 year	1-5 years	Total
	%	\$	\$	\$	\$	\$
30 June 2013						
Financial assets						
Non-interest bearing		1,304,497	-	-	-	1,304,497
Variable interest rate instruments	2.68	1,369,998	-	-	-	1,369,998
Fixed interest rate instruments	3.70	-	1,550,000	1,560,367	-	3,110,367
		2,674,495	1,550,000	1,560,367	-	5,784,862
Financial Liabilities						
Non-interest bearing		1,974,572	-	-	-	1,974,572
		1,974,572	-	-	-	1,974,572

NOTE 20: COMMITMENTS AND CONTINGENCIES

Work programme commitments

The Group has obligations to carry out certain work programme commitments on exploration in tenement areas. The work programmes are not defined in terms of annual commitments but in terms of periods which include more than one financial year. These obligations may be varied from time to time and are expected to be fulfilled in the normal course of operation of the Group. Expenditures are contingent upon successful raising of the required capital and/or farm-in partner arrangements and failure to make these expenditures may result in the forfeiture of the associated project rights or a reduction in working interest revenue until a multiple of capital costs are earned.

Commitments contracted for at balance date but not recognised as liabilities are as follows:

	Consolidated 2014 \$	Consolidated 2013 \$
Within one year	27,477,245	13,173,000
After one year but not more than five years	41,522,064	124,900,000
Total work programme commitments	68,999,309	138,073,000

The capital commitment is based on the Group's current equity interests. Included in the expenditure after one year but more than five years is \$30,864,660 which becomes guaranteed only on the commencement of the fourth year permit on a year by year basis.

Capital expenditure commitments

	Consolidated 2014 \$	Consolidated 2013 \$
Plant and equipment	-	22,532
Total capital expenditure commitments	-	22,532

Other expenditure commitments

The Group has non-cancellable operating leases for the following:

- Office Premises: the parent entity entered into a lease in August 2011. The lease expires on 11 August 2016 and the Company does not have an option to purchase the leased property at the expiry of the leased period; and
- Other operating contracts with varying terms from 12 months to 17 months.

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Notes To Financial Statements

For The Year Ended 30 June 2014

NOTE 20: COMMITMENTS AND CONTINGENCIES (CONTINUED)

Other expenditure commitments (continued)

Commitments contracted for at the balance date but not recognised as liabilities are as follows:

	Consolidated 2014 \$	Consolidated 2013 \$
Within one year	2,074,170	624,089
After one year but not more than five years	296,582	582,948
Longer than five years	-	-
Total other expenditure commitments	2,370,752	1,207,037

Operating lease arrangements included in other expenditure commitments

Payments recognised as an expense

	Consolidated 2014 \$	Consolidated 2013 \$
Minimum lease payments	254,092	237,339
Total operating lease payments	254,092	237,339

Non-cancellable operating lease commitments included in other expenditure commitments

	Consolidated 2014 \$	Consolidated 2013 \$
Within one year	254,092	238,986
After one year but not more than five years	293,722	533,790
Longer than five years	-	-
Total operating lease commitments	547,814	772,776

Guarantee entered into in relation to the operating lease

The Company lodged a deposit of \$60,367 as surety for a bank guarantee in respect of the operating lease for the West Perth office.

Legal claim

The Group at balance date was not party to any legal proceedings. The Directors are not aware of any pending proceedings to which the Group may be a party.

Contingent liabilities

Subject to commercial production commencing there are overriding royalty interests on the production of oil, gas and other associated hydrocarbons produced under the Seychelles Petroleum Agreement.

Securities granted over assets

The borrowing facility is secured by a General Security Deed. Under the General Security Deed, the borrower has security over the rights of the Seismic Farmout and Option Agreement entered into with TAP the interests in VIC/P67 and the Joint Operating Agreement. The Company entered into subordination agreements to regulate the priority of their security against the security that AWE and TAP have under the Joint Operating Agreement.

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Notes To Financial Statements

For The Year Ended 30 June 2014

NOTE 21: PARENT ENTITY DISCLOSURE

Financial position	2014	2013
	\$	\$
Assets		
Current assets	7,788,089	5,860,863
Non-current assets	22,957,202	24,235,380
Total assets	30,745,291	30,096,243
Liabilities		
Current liabilities	5,225,418	2,106,743
Total liabilities	5,225,418	2,106,743
Equity		
Issued capital	62,118,536	59,727,589
Option reserves	3,326,386	3,326,386
Equity based payment reserve	2,042,277	1,684,799
Retained earnings	(41,967,326)	(36,749,274)
Total equity	25,519,873	27,989,500
Financial performance	2014	2013
	\$	\$
Loss for the year	(6,029,172)	(3,789,744)
Other comprehensive income	-	-
Total comprehensive income	(6,029,172)	(3,789,744)

NOTE 22: AUDITOR'S REMUNERATION

The auditor of WHL Energy Ltd is HLB Mann Judd.

	Consolidated 2014	Consolidated 2013
	\$	\$
Amounts received or due and receivable by HLB Mann Judd for:		
An audit or review of the financial report of the entity and any other entity in the Group	50,450	46,450
Tax compliance	13,315	16,750
	63,765	63,200
Amounts received or due and receivable by non HLB Mann Judd audit firms:		
Tax compliance - US Lohrey	2,645	1,864
Review of the financial report - UK Lubbock Fine	-	(2,848)
	2,645	(984)

Notes To Financial Statements

For The Year Ended 30 June 2014

NOTE 23: DIRECTORS AND SENIOR EXECUTIVES DISCLOSURES

Details of key management personnel

Directors

Mr Benson	Chairman (Non-Executive) – Resigned 24 September 2013
Mr Brown	Director (Non-Executive) – Appointed 6 December 2013
Mr Ismail	Director (Non-Executive) – Appointed 24 September 2013
Mr King	Director (Non-Executive) – Resigned 9 December 2013
Mr Noske	Managing Director – Resigned 23 August 2013
Mr Rowbottom	Managing Director – Appointed 1 October 2013
Mr Schrull	Director (Non-Executive) – Appointed 15 April 2014

Senior Executives

Mr Fittall	Exploration Manager – Appointed 6 June 2011
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Key management personnel remuneration has been included in the Remuneration Report section of the Directors' Report.

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends. Information regarding the individual directors and executives compensation is provided in the Remuneration Report as set out on page 11.

The aggregate compensation made to key management personnel of the Group is set out below.

	Consolidated 2014 \$	Consolidated 2013 \$
Short-term employee benefits	1,154,657	1,820,252
Post-employee benefits	47,160	65,703
Equity based payments	372,973	714,535
Total	1,574,790	2,600,490

NOTE 24: RELATED PARTY TRANSACTIONS

Controlled entities

The consolidated financial statements include the financial statements of WHL Energy Ltd and its subsidiaries as outlined in Note 25.

WHL Energy Ltd is the ultimate Australian parent entity and ultimate parent of the Group.

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

Key management personnel

The following table provides the total amount of transactions that were entered into with key management personnel for the relevant financial year.

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

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Notes To Financial Statements

For The Year Ended 30 June 2014

NOTE 24: RELATED PARTY TRANSACTIONS (CONTINUED)

Key management personnel		Fees to related parties \$	Expenditure related parties \$	Amounts owed by related parties \$	Amounts owed to related parties \$
Mr Brown	2014	-	-	-	6,815
	2013	-	-	-	-
Mr Ismail	2014	-	-	-	24,500
	2013	-	-	-	-
Mr King (The Matrix Partnership)	2014	-	-	-	-
	2013	29,435	-	-	-
Mr Noske (E Noske)	2014	-	-	-	-
	2013	730	-	-	-

The amounts outstanding to Mr Brown and Mr Ismail relate to unpaid directors fees which Mr Brown and Mr Ismail voluntarily elected to have paid once the Company had secured milestones (2013: \$Nil), refer to Note 12.

NOTE 25: SUBSIDIARIES

Name	Country of Incorporation	Equity Interest and voting power held by the Company 2014 %	Equity Interest and voting power held by the Company 2013 %
PetroQuest International Seychelles Ltd	Seychelles	100	100
PetroQuest International Inc	USA	100	100
Indian Ocean Petroleum Holdings Pty Ltd (formerly Seyco Energy Proprietary Ltd)	Australia	100	100

Composition of the group

Information about the composition of the Group at the end of the reporting period is as follows:

Principal Activity	Country of Incorporation	Country of operation	Number of wholly owned subsidiaries 2014	
Exploration	Australia	Australia	1	1
Exploration	Australia	Australia	1	1
Exploration	USA	Seychelles	-	-
Exploration	Seychelles	Seychelles	-	-

NOTE 26: EVENTS AFTER THE BALANCE DATE

Board of Directors

On 18 August 2014 Mr Schrull tendered his resignation.

Vesting of performance rights and issue of shares

On 1 July 2014, 13,600,000 performance rights (WHNAS) vested and were exercised by Mr Brown, Mr Ismail and Mr Rowbottom.

Vesting of options and issue of shares

Under the ESOP (WHNAI Series 5) 6,800,000 options vested and were exercised on 1 July 2014, 4,800,000 related to Mr Fittall.

There has not been any other matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial periods.

Capital Raising

On 22 September 2014, the Company announced a proposed non-renounceable rights offer. The capital raised will be directed to working capital, financing exploration and evaluation of new projects.

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Directors' Declaration

1. In the opinion of the directors of WHL Energy Ltd ("the Company"):
 - a. the accompanying financial statements, notes and the additional disclosures are in accordance with the Corporations Act 2001 including:
 - i. 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 then ended; and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
 - b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
 - c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2014.

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



Mr Rowbottam
Managing Director
Perth, 23 September 2014

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Independent Auditor's Report



Accountants | Business and Financial Advisers

To the members of WHL Energy Limited

Report on the Financial Report

We have audited the accompanying financial report of WHL Energy Limited ("the company"), which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

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

In Note 1(c), the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial report complies with International Financial Reporting Standards.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation 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 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.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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*.

HLB Mann Judd (WA Partnership) ABN 22 193 232 714
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Independent Auditor's Report



Accountants | Business and Financial Advisers

Auditor's opinion

In our opinion:

- (a) the financial report of WHL Energy Limited is in accordance with the Corporations Act 2001, including:
 - (i) 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
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(c).

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1(e) in the financial report, which indicates that the company will need to seek additional funding in the coming year in order to meet its operating expenditure and planned exploration expenditure for the next twelve months from the date of signing these financial statements. Should these equity raisings or other sources of funding be unable to be completed or sourced, there is a material uncertainty that may cast significant doubt as to whether the company will be able to realize its assets and extinguish its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the remuneration report included in 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 WHL Energy Limited for the year ended 30 June 2014 complies with section 300A of the Corporations Act 2001.

HLB Mann Judd
Chartered Accountants

N G Neill
Partner

Perth, Western Australia
23 September 2014

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Asx Additional Information

Australian Securities Exchange Ltd ("ASX") and not shown elsewhere in this report is as follows. The information is current as at X September 2014.

a) Twenty largest shareholders

(i) The names of the twenty largest holders of ordinary shares are:

	Number of shares	% of ordinary shares
SEYCHELLES PETROLEUM COMPANY LIMITED	65,000,000	4.00%
MR ROBERT HEALY	56,500,000	3.48%
JP MORGAN NOMINEES AUSTRALIA LIMITED	53,672,411	3.30%
CITICORP NOMINEES PTY LIMITED	42,122,704	2.59%
NEFCO NOMINEES PTY LIMITED	37,950,000	2.34%
MR PETER JOHN BARTTER	34,000,000	2.09%
RAMCO INVESTMENTS PTY LTD	30,000,000	1.85%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	27,370,032	1.69%
CONFADENT LIMITED	22,000,000	1.35%
ALLOR AUSTRALIA INVESTMENTS PTY LTD	17,267,703	1.06%
A DI BELLA PTY LTD	17,000,000	1.05%
MS TRACEY LEANNE MARSHALL	15,513,636	0.96%
MR SIMON JOHN BOWN	15,200,000	0.94%
MR SHANE LESLIE MCKENZIE	14,000,000	0.86%
BERGEN GLOBAL OPPORTUNITY FUND V LLC	12,849,549	0.79%
MR DAVID PAUL ROWBOTTAM	12,109,090	0.75%
GKM CORPORATION PTY LTD	10,944,277	0.67%
MRS JENNIFER ANN BARTTER	10,000,000	0.62%
UOB KAY HIAN PRIVATE LIMITED	8,895,000	0.55%
VICTOR M LEWIS PTY LTD	8,001,090	0.49%
TOTAL	510,395,492	31.43%

(ii) The names of the twenty largest holders of options are:

	Number of options	% of options
MR SIMON JOHN BOWN	15,000,000	3.73%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	14,400,000	3.58%
CONFADENT LIMITED	12,918,124	3.22%
DR DANIEL HAUSTEAD	12,485,300	3.11%
MR GRANT STEWART GIBSON	11,825,000	2.94%
JP MORGAN NOMINEES AUSTRALIA LIMITED	11,607,313	2.89%
VICTOR M LEWIS PTY LIMITED	10,000,000	2.49%
REVOLVE PROJECTS PTY LIMITED	10,000,000	2.49%
NEFCO NOMINEES PTY LIMITED	8,725,000	2.17%
MR PETER JOHN BARTTER	8,500,000	2.12%
MR JAN MARACH & MRS RENATA MARACH	7,762,500	1.93%
PEJEN SUPERANNUATION PTY LTD	6,500,000	1.62%
TRANS PACIFIC OPTION PTY LIMITED	5,500,000	1.37%
MR CRAIG STEPHEN MARSHALL	5,125,000	1.28%
MR RODNEY HAY	5,000,000	1.24%
A DI BELLA PTY LTD	5,000,000	1.24%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,802,500	1.20%
MRS JANE LOUISE HIRST	4,500,000	1.12%
MR ROSS WILLIAM MCGUIGAN	3,567,887	0.89%
MR WILLIAM JAMES BLEAKLEY	3,062,500	0.76%
TOTAL	166,281,124	41.39%

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Asx Additional Information

b) Distribution of equity securities

(i) Listed securities

As at 15 September 2014 there were 4,014 holders of ordinary voting shares and 1,888, option holders, distributed as follows:

	Ordinary voting shares		Options	
	Number of holders	Number of ordinary shares	Number of holders	Number of options
1 to 1,000	63	1,537	11	6,975
1,001 to 5,000	23	85,779	364	1,353,987
5,001 to 10,000	84	768,270	235	1,828,331
10,001 to 100,000	1,858	113,523,294	900	32,417,487
100,001 and over	1,986	1,509,869,504	378	366,127,377
Total	4,014	1,624,248,384	1,888	401,734,157
Holdings less than a marketable parcel	698	13,099,583	1,724	80,229,654

(ii) Unlisted securities

Unlisted Options

As at 15 September 2014 there were 2 holders of the ESOP WHNAI (series 5) and 4 holders of the WHAP unlisted options, distributed as follows:

	Unlisted ESOP (Series 5)		Unlisted Options WHNAP	
			Number of holders	Number of ordinary shares
1 to 1,000			0	0
1,001 to 5,000			0	0
5,001 to 10,000			0	0
10,001 to 100,000			0	0
100,001 and over	2	3,400,000	4	193,000,000
Total	2	3,400,000	4	193,000,000

Name of holders of greater than 20%	Total
Name of holder of greater than 20% of ESOP (Series 5)	
M Fittall	2,400,000
B Scully	1,000,000

Name of holders of greater than 20%	Total
Name of holder of greater than 20% of WHNAP	
Bergen Global Opportunity Fund V LLC	98,000,000

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Asx Additional Information

Unlisted Performance Rights

As at 15 September 2014 there were 3 holders of the WHNAS unlisted performance rights, distributed as follows:

	Unlisted ESOP WHNAI(SERIES 5)	
	Number of holders	Number of options
1 to 1,000	0	0
1,001 to 5,000	0	0
5,001 to 10,000	0	0
10,001 to 100,000	0	0
100,001 and over	3	16,400,000
Total	3	16,400,000

Name of holders of greater than 20%	Total
Name of holder of greater than 20% of WHNAS	
D Rowbottom	6,800,000
S Brown	4,800,000
F Ismail	4,800,000

c) Substantial shareholders of ordinary shares

Nil.

d) Class of shares and voting rights

The voting rights attached to ordinary shares, as set out in the Company's Constitution, are that every member in person or by proxy, attorney or representative, shall have one vote on a show of hands and one vote for each share held on a poll.

A member holding partly paid shares is entitled to a fraction of a vote equivalent to the proportion which the amount paid up bears to the issue price for the share.

No other class of equity security carries any voting rights.

e) Home exchange

The Company is listed on the Australian Securities Exchange. The Home Exchange is Perth. The Company's securities are not quoted on any other stock exchange.

f) Buy back

Nil.

g) Restricted securities

There were no securities restricted by the ASX at the date of this report or the year ended 30 June 2014.

Interest in mining tenements

(i) Australian oil and gas interests

WA 460P - Palta - 33%

Cloates (SF49) Map Sheet, Block No 1719

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Asx Additional Information

VIC/P67 - 40%

Hamilton (SJ54) Map Sheet

Block Number	Block Number	Block Number	Block Number	Block Number
2137 (part)	2138 (part)	2139 (part)	2209	2210
2211	2212	2281	2282	2283
2353	2354	2355	2356	2358
2425	2426	2427	2428	2429
2430	2497	2498	2499	2500
2501	5202	2571	2572	2573
2574	2575	2576	2577	2645
2646	2647	2648	2649	2718
2719	2720	2721	2791 (part)	2792 (part)
2793 (part)				

(ii) Seychelles exploration blocks - 25%

Block Number	Block Number	Block Number	Block Number	Block Number
B38/81	B40/141	B51/23	B51/71	B51/118
B38/82	B40/142	B51/24	B51/72	B51/119
B38/83	B50/4	B51/25	B51/77	B51/120
B38/84	B50/5	B51/26	B51/78	B51/125
B38/93	B50/6	B51/33	B51/79	B51/126
B38/94	B50/7	B51/34	B51/80	B51/127
B38/95	B50/8	B51/35	B51/81	B51/128
B38/96	B50/9	B51/36	B51/82	B51/129
B38/103	B50/10	B51/38	B51/83	B51/130
B38/104	B50/11	B51/45	B51/84	B51/131
B38/105	B50/12	B51/46	B51/89	B51/132
B38/106	B50/17	B51/47	B51/90	B51/137
B38/107	B50/18	B51/48	B51/91	B51/138
B38/108	B50/19	B51/51	B51/92	B51/139
B38/115	B50/20	B51/52	B51/93	B51/140
B38/116	B50/21	B51/53	B51/94	B51/141
B38/117	B50/22	B51/54	B51/95	B51/142
B38/118	B50/23	B51/55	B51/96	B51/143
B38/119	B50/24	B51/56	B51/101	B51/144

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Asx Additional Information

(ii) Seychelles exploration blocks - 25% (continued)

Block Number	Block Number	Block Number	Block Number	Block Number
B38/120	B50/35	B51/57	B51/102	B52/25
B38/128	B50/36	B51/58	B51/103	B52/26
B38/129	B51/1	B51/59	B51/104	B52/37
B38/130	B51/2	B51/60	B51/105	B52/38
B38/131	B51/9	B51/63	B51/106	B52/49
B38/132	B51/10	B51/64	B51/107	B52/50
B39/97	B51/11	B51/65	B51/108	B52/61
B39/109	B51/12	B51/66	B51/113	B52/62
B39/121	B51/13	B51/67	B51/114	
B39/136	B51/14	B51/68	B51/115	
B40/129	B51/21	B51/69	B51/116	
B40/130	B51/22	B51/70	B51/117	

