

# **SPRINT ENERGY LIMITED**

**ACN 119 749 647**

## **ANNUAL REPORT**

**FOR THE FINANCIAL YEAR ENDED  
30 JUNE 2014**

**SPRINT ENERGY LIMITED**  
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**FOR THE YEAR ENDED 30 JUNE 2014**

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**SPRINT ENERGY LIMITED  
CORPORATE DIRECTORY  
FOR THE YEAR ENDED 30 JUNE 2014**

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<b>Directors:</b>	Gary Roper (Non-Executive Chairman) Andrew Chapman (Non-Executive Director) Roderick Corps (Non-Executive Director)
<b>Company Secretary:</b>	Piers Lewis
<b>Registered Office:</b>	Level 1,981 Wellington Street West Perth WA 6005 T: (08) 6555 2950 F: (08) 9321 3102
<b>Principal Place of Business:</b>	Level 1,981 Wellington Street West Perth WA 6005 T: (08) 6555 2950 F: (08) 9321 3102
<b>Share Register:</b>	Computershare Investor Services Pty Ltd Level 2 Reserve Bank Building 45 St George Terrace Bank Building Perth WA 6000 T: (08) 9323 2000 F: (08) 9323 2033
<b>Auditor:</b>	Regency Audit Pty Ltd Suite 1 GF, 437 Roberts Road Subiaco WA 6008 T: (08) 6380 2555 F: (08) 9381 1122
<b>Securities Exchange Listing:</b>	Sprint Energy Limited shares are listed on the Australian Securities Exchange (ASX code: SPS)
<b>Website:</b>	<a href="http://www.sprintenergy.com.au">www.sprintenergy.com.au</a>

**SPRINT ENERGY LIMITED**  
**DIRECTORS REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2014**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Sprint Energy Limited (referred to hereafter as the 'company' or 'Sprint') and the entities it controlled for the year ended 30 June 2014.

## 1. DIRECTORS

The following persons were Directors of Sprint Energy Limited during the whole financial year and up to the date of this report, unless otherwise stated:

Directors	Position	Duration of Appointment
Gary Roper	Non-Executive Chairman	(Appointed 24 December 2013)
Andrew Chapman	Non-Executive Director	(Appointed 8 October 2012)
Roderick Corps	Non-Executive Director	(Appointed 24 December 2013)
Jon Knapp	Non-Executive Director	(Appointed 22 August 2013, Resigned 17 January 2014)
Mark Kogos	Non-Executive Director	(Appointed 25 October 2013, Resigned 24 December 2013)
Steve Flynn	Non-Executive Director	(Appointed 22 August 2013, Resigned 17 December 2013)
Adrian Edwards	Non-Executive Director	(Appointed 16 October 2013, Resigned 17 December 2013)
Ken Chad	Non-Executive Director	(Appointed 18 February 2013, Resigned 27 September 2013)
James Thompson	Non-Executive Director	(Appointed 30 July 2012, Resigned 22 August 2013)
Dr Jaap Poll	Non-Executive Director	(Appointed 6 January 2012, Resigned 31 July 2013)

## 2. INFORMATION ON DIRECTORS

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for the entire year unless otherwise stated.

**Name:** Gary Roper  
**Title:** Non-Executive Chairman (Appointed 24 December 2013)  
**Qualifications:** Nil  
**Experience and expertise:** Gary Roper has 38 years' experience in mining and exploration commencing in the Department of Mines Western Australia. Later in the private sector he worked through all facets of field exploration, mining tenement maintenance and acquisition, management and the funding of exploration programmes.

In 1987 he along with others acquired a project portfolio, raised seed capital and successfully listing AuDAX Resources NL on the Australian Securities Exchange. Gary continued as Managing Director and later as Chairman for many years as AuDAX conducted exploration and small mining operations throughout WA. During his years as a managing director and chairman, Gary gained invaluable experience with ASX and ASIC reporting requirements and all the obligations which go with the day to day operation a publicly listed company.

**Other current directorships:** Nil

**Former directorships**

**(in the last 3 years):** Nil

**Special responsibilities:** Nil

**Interests in shares:** Nil

**Interests in options:** Nil

**Name:** Andrew Chapman  
**Title:** Non- Executive Director (Appointed 8 October 2012)  
**Qualifications:** Bachelor of Business, Diploma of Financial Planning, Graduate Diploma of Finance & Investment  
**Experience and expertise:** Mr Chapman holds a Bachelor of Business and Economics with a Graduate Diploma of Applied Finance and Investment. Andrew is currently the Managing Director of Merchant Funds Management Pty Ltd and the Portfolio Manager of the Merchant Opportunities Fund.

**Other current directorships:** Nil

**Former directorships**

**(in the last 3 years):** Nil

**Special responsibilities:** Nil

**Interests in shares:** 8,416,706

**Interests in options:** Nil

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**Name:** Roderick Corps  
**Title:** Non- Executive Director (Appointed 24 December 2013)  
**Qualifications:** Nil  
**Experience and expertise:** Rod is a highly experienced financial markets professional and Australian equities specialist who has performed trading and capital raising roles for some of the world's top investment banks. Rod is well connected within the investment fund community, particularly with funds investing in natural resources companies. He has also built an excellent network of contacts among Australia's established and fast growing mining, oil and gas companies from his involvement in the sector over many years.

**Other current directorships:** Nil

**Former directorships**

**(in the last 3 years):** Nil

**Special responsibilities:** Nil

**Interests in shares:** Nil

**Interests in options:** Nil

**Name:** Jonathan Josef Knapp  
**Title:** Non-Executive Director (Appointed 22 August 2013, Resigned 17 January 2014)  
**Qualifications:** Bachelor of Law  
**Experience and expertise:** Mr Knapp holds a bachelor of Laws degree (English & European) from the University of Essex, the United Kingdom, and is an accomplished banking industry executive with over 10 years' experience. A former director within Lehman Brothers and Nomura, he has worked within Europe, Asia, the Americas and Africa and speaks Japanese.

A British national, Mr. Knapp currently resides in Mauritius.

**Other current directorships:** Nil

**Former directorships**

**(in the last 3 years):** Nil

**Special responsibilities:** Nil

**Interests in shares:** Nil

**Interests in options:** Nil

**Name:** Mark Kogos  
**Title:** (Appointed 25 October 2013, Resigned 24 December 2013)  
**Qualifications:** Nil  
**Experience and expertise:** Mr Kogos is a vastly experienced investment professional with over 20 year's corporate experience, most recently as the director and co-owner of BHD Capital, Australia. Specialising in industry regulation, Corporations law and ASX Business rules, Mr Kogos provides bespoke capital equipment and capital intensive financing solutions for major Australian companies with particular emphasis on the mining and infrastructure sectors. Holding a network of relationships with groups throughout Europe, America, Africa and Asia, Mr Kogos has high-level experience with multi-million dollar oil, coal and iron sands projects encompassing exploration, operation, transportation, purification and processing. Prior to BHD, Mr Kogos was a Director and Co-owner of Bravura Capital, an Australian/South African JV whose successes included the design and implementation for the funding of a major South African FTSE-listed mine operator. An Australian national, Mr Kogos currently resides in Sydney.

**Other current directorships:** Nil

**Former directorships**

**(in the last 3 years):** Nil

**Special responsibilities:** Nil

**Interests in shares:** Nil

**Interests in options:** Nil

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**Name:** Steven Robert Flynn  
**Title:** Non-Executive Director (Appointed 22 August 2013, Resigned 17 December 2013)  
**Qualifications:** ACA  
**Experience and expertise:** Mr Flynn is a UK Chartered Accountant with extensive corporate experience. He has devoted his entire working career to the business of global corporate finance, having been employed by such household names as Ernst & Young and Fidelity and most recently as an Independent Consultant on business strategies, stock market listings and capital raising with a particular focus on Asia, Africa and India. Mr Flynn's previous positions include Managing Director of Multiconsult and CEO of Cim Global Business Cluster.

A British national, Mr Flynn currently resides in Mauritius.

**Other current directorships:** Nil

**Former directorships**

**(in the last 3 years):** Nil

**Special responsibilities:** Nil

**Interests in shares:** Nil

**Interests in options:** Nil

**Name:** Adrian Edwards  
**Title:** Non-Executive Director (Appointed 16 October 2013, Resigned 17 December 2013)  
**Qualifications:** B. Juris, L.L.B, L.L.M degrees and in addition is a Graduate of Applied Laws (UQ) and an accredited Trust and Estate Practitioner (TEP)  
**Experience and expertise:** Mr Edwards is a lawyer and solicitor qualified and admitted to practice as a principle in Australia and South Africa. Mr Edwards holds the B. Juris, L.L.B, L.L.M degrees and in addition is a Graduate of Applied Laws (UQ) and an accredited Trust and Estate Practitioner (TEP). Mr Edwards is a full member of the Queensland Law Society and in good standing with the Law Society of the Cape of Good Hope as well as a full member of the Society of Trust and Estate Practitioners and the Compliance Institute of Australia. Mr Edwards commenced his career in the crown prosecution services and later as a magistrate before entering private practice to engage in corporate and commercial law specialising in banking and financial services.

**Other current directorships:** Nil

**Former directorships**

**(in the last 3 years):** Nil

**Special responsibilities:** Nil

**Interests in shares:** Nil

**Interests in options:** Nil

**Name:** Ken Chad  
**Title:** Non-Executive Director (Appointed 18 February 2013, Resigned 27 September 2013)  
**Qualifications:** Graduated from Wollongong University  
**Experience and expertise:** Mr Chad is the current CEO of Advanced Capital Partners Limited, a firm based in Hong Kong, which specialises in raising private equity capital from Asian-based strategic and financial investors for natural resources and related projects around the world.

Mr Chad has been involved in capital raising activities for over 20 years, including investments in over twenty resource projects for amounts between USD 5 million and USD 100 million each, as well as capital-raising for four natural resources funds totalling USD 2.8 billion.

Mr Chad is an Australian, born in Hong Kong and has lived in Asia most of his life. He was educated in Australia at Sydney Grammar School and graduated from Wollongong University.

**Other current directorships:** Nil

**Former directorships**

**(in the last 3 years):** Nil

**Special responsibilities:** Nil

**Interests in shares:** Nil

**Interests in options:** Nil

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**Name:** James Thompson  
**Title:** Non-Executive Director (Appointed 30 July 2012, Resigned 22 August 2013)  
**Qualifications:** Mr Thompson is a qualified chartered accountant, admitted legal practitioner, Fellow of FINSIA and holds a Bachelor of Commerce and Bachelor of Laws.  
**Experience and expertise:** Mr Thompson has 20 years' experience in principal investment, private equity and investment banking. He has held senior positions in New York, Sydney, London, HK/China and Perth with organisations including Macquarie Bank, Quadrant Private Equity and KPMG. His experience spans the resources, energy, infrastructure and financial services sectors.  
**Other current directorships:** Stratos Resources Limited (ASX: SAT)  
**Former directorships (in the last 3 years):** Modun Resources Ltd (ASX: MOU) (Resigned 14 October 2013)  
**Special responsibilities:** Nil  
**Interests in shares:** Nil  
**Interests in options:** Nil

**Name:** Dr Jaap Poll  
**Title:** Non-Executive Director (Appointed 6 January 2012, Resigned 31 July 2013)  
**Qualifications:** Dr Poll holds a BSc, MSc, and a PhD in Structural Geology from the University of Leiden in Holland.  
**Experience and expertise:** Dr Poll has held a number of technical and executive positions with the like of Shell and Woodside, and has been Chief Executive Officer, an advisor and a Board member to a number of small and medium sized oil and gas companies, most notably Oil Search, Petroz, Otto Energy and Anzoil. His illustrious 46-year petroleum exploration and production management career has spanned the globe, including the Americas, Europe, the Middle East, South East Asia and Australia. Dr Poll is a certified professional member of the American Association of Petroleum Geology (AAPG) and a distinguished Member of the Petroleum Exploration Society of Australia (PESA).  
**Other current directorships:** Nil  
**Former directorships (in the last 3 years):** Nil  
**Special responsibilities:** Nil  
**Interests in shares:** Nil  
**Interests in options:** Nil

### **3. INFORMATION ON COMPANY SECRETARY**

Piers Lewis – B Comm, CA, AGIA (Appointed 17 December 2012)

Piers Lewis joined the Company in December 2012. Mr Lewis is a Chartered Accountant with 15 years corporate experience, and has held executive and senior management positions throughout London and Australia. Mr Lewis also holds directorships, Company Secretary and CFO positions with other ASX-listed resource companies.

### **4. PRINCIPAL ACTIVITIES**

During the financial year, the principal activities of Sprint Energy Limited was to pursue opportunities in the Energy Sector. This involved managing and evaluating the Company's activities in Russia (Tomsk Project).

On 13 May 2014 however, the Company executed a conditional, binding terms sheet to acquire 100% of Sydney-based financial services Company – Voyager Global Choice Pty Ltd. The completion of the restructuring and the acquisition of Voyager will require regulatory and ASX approval, plus shareholder approval, which will be sorted at the earliest opportunity.

### **5. REDUCTION OF DEBT AND EXPENDITURE**

Throughout the financial year and on a continuing basis the Company has reduced its debt position markedly and continues to pursue cost efficiencies wherever possible. The Company converted its convertible notes to equity, following shareholder approval at the General Meeting of Shareholders, held on 25 March 2014.

At 30 June 2014, the Company disposed of its USA subsidiary, Modena Operating LLC ('Modena') for \$1, as a result, all liabilities within Modena are no longer carried on the balance sheet of Sprint Energy Limited. At 30 June 2014 the Company is debt free, with a robust balance sheet, therefore allowing the Company to pursue its current projects and to review new projects, such as the Voyager acquisition.

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**6. REVIEW OF OPERATIONS**

**Highlights**

- On 9 April 2014, the Company completed a share and option consolidation on the basis of every fifty (50) shares/options to be consolidated into one (1) share/option as approved by Shareholders at the General Meeting of Shareholders held 25 March 2014.
- On 23 April 2014, the Company completed a capital raising for \$1.38m, which was strongly oversubscribed.
- On 13 May 2014, the Company executed a conditional, binding terms sheet to acquire 100% of Sydney-based financial services Company – Voyager Global Choice Pty Ltd.

Sprint Energy Ltd ("Sprint" or the "Company") (ASX Code: SPS) is pleased to provide the following update on its activities for the year.

**Voyager Global Choice Pty Ltd**

On 13 May 2014 the Company executed a conditional, binding terms sheet to acquire 100% of Sydney-based financial services Company – Voyager Global Choice Pty Ltd ("Voyager"). Voyager has identified an opportunity in the Australian financial services market to provide retail investors with exposure to global investment opportunities. As the size of funds in the Australian superannuation industry continues to grow, it is the belief of many market commentators that the pool of investable assets within the Australian market will not provide investors with a sufficiently large universe of attractive investment opportunities.

To that end, Voyager is in the final stages of securing significant multi-year funding commitments from six leading US-based fund management groups who are interested in providing access to their investment funds to Australian investors -principally retail and the fast growing DIY Super sector (US Funds). This funding is intended to be non-dilutive and non-recourse and to provide for substantial expenditure over three years by Voyager to build their brand and market their funds in the Australian market. In exchange, Voyager will be entitled to a trailing commission on all amounts invested into these US-based funds from the Australian market.

Voyager aims to provide retail investors with access to previously out of reach international products via subscription and redemption facility using the mFund platform in the same way shares are brought or sold on the ASX.

**Tomsk Project (Russia)**

As previously announced, the Board has taken a strategic decision that it wishes to re-structure its activities with regard to the Tomsk Project. Subsequent to this decision, it has come to the Board's attention that a Swedish company listed on AktieTorget, a Swedish exchange for developing entrepreneurial marketplace for trading financial instruments, has also purportedly signed an agreement to acquire an interest in the Tomsk Project.

The Board of Sprint has no further update on its legal position and is still reviewing its contractual obligations regarding its ownership rights of the Tomsk Project.

**7. FINANCIAL PERFORMANCE AND FINANCIAL POSITION**

The financial results of the Company for the year ended 30 June 2014 are:

	<b>30-Jun-14</b>	<b>30-Jun-13</b>
<b>Cash &amp; cash equivalents (\$)</b>	956,346	79,636
<b>Net assets / (liabilities) (\$)</b>	814,272	(5,392,069)
<b>Revenue (\$)</b>	3,901,712	30,361
<b>Net Profit / (loss) after tax (\$)</b>	3,326,603	(6,522,147)
<b>Profit / (loss) per share (cents)</b>	6.56	(0.91)
<b>Dividend (\$)</b>	-	-

**8. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

On 1 December 2013 the Company issued 5,520,000 shares to clear the \$110,400 in share applications received in advance.

On 13 December 2013 the Company issued 367,974,816 shares following the conversion of convertible notes, as approved by November 2013 Annual General Meeting.

On 13 December 2013 the Company issued 3,125,000 shares to pay consultants in lieu of cash \$62,500.

On 9 April 2014 the Company completed a share and option consolidation on the basis of every fifty (50) shares/options to be consolidated into one (1) share/option as approved by shareholders at the general meeting of shareholder held 25 March 2014.



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On 23 April 2013 the Company issued 98,400,000 shares at 1.25 cents per share to raise \$1,230,000, as approved by resolution 1 at the Company's General Meeting held on 25 March 2014.

On 23 April 2013 the Company issued 1,600,000 shares at 1.25 cents per share to pay SmallCap Corporate Pty Ltd (a company of which Piers Lewis is a Director) in lieu of cash \$20,000.

On 23 April 2013 the Company issued 11,168,000 shares at 1.25 cents per share to raise \$139,600.

On 23 April 2013 the Company issued 10,000,000 shares at 1.25 cents per share as settlement of \$125,000 worth of debt, as approved by resolution 3 at the Company's General Meeting held on 25 March 2014.

On 23 April 2013 the Company issued 4,000,000 shares at 1.25 cents per share as settlement of \$50,000 worth of related party debt, as approved by resolution 4 at the Company's General Meeting held on 25 March 2014.

On 23 April 2013 the Company issued 607,258 shares at 4 cents per share to pay Andrew Chapman in lieu of cash \$24,290, as approved by resolution 6 at the Company's General Meeting held on 25 March 2014.

On 13 May 2014, the Company announced that it had executed a conditional, binding terms sheet to acquire 100% of Sydney-based financial services Company – Voyager Global Choice Pty Ltd ("Voyager"). For further detail, refer Note 10 below.

At 30 June 2014, the Company disposed of its USA subsidiary, Modena Operating LLC ('Modena') for \$1, as a result, all liabilities within Modena are no longer carried on the balance sheet of Sprint Energy Limited.

There were no other significant changes in the state of affairs of the Group during the financial year.

## **9. MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR**

On 4 September 2014 the Company issued its notice of general meeting, to be held 8 October 2014 at 10.00am at Level, 981 Wellington Street, West Perth WA 6005. The Company will seek approval for the following resolutions:

- Resolution 1 – Change of Nature and Scale of Activities;
- Resolution 2 – Consolidation of Capital;
- Resolution 3 – Change of Company Name;
- Resolution 4 – Issue of Securities Under Prospectus;
- Resolution 5 – Issue of Consideration Shares;
- Resolution 6 – Issue of Options to Offshore Funds;
- Resolution 7 – Participation of Mr Andrew Chapman in the Prospectus;
- Resolution 8 – Participation of Mr Rod Corps in the Prospectus;
- Resolution 9 – Participation of Mr Gary Roper in the Prospectus; and
- Resolution 10 – Ratification of Prior Placement of Shares.

No other matters or circumstance has arisen since 30 June 2014 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

## **10. FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES**

The near term focus for the Company is to finalise the 100% acquisition of Voyager, a Sydney-based financial services company. The key terms of the Term Sheet pursuant to which the Company has agreed to acquire 100% of the issued share capital in Voyager, as per the notice of General Meeting, are as follows:

- (a) On completion of the Acquisition, Sprint will issue 62,283,457 Shares (post-Consolidation) to the Voyager Shareholders as consideration for the Acquisition (as per Resolution 5 of the Notice of General Meeting).

The Company will seek to enter into Commercial Arrangements whereby over time Voyager will seek financial commitments from a number of Offshore Funds. These financial commitments may comprise contributions towards advertising and marketing expenditure in combination with a trailing fee payable based upon total assets under management. As part of this transaction, Voyager must secure commitments from these offshore managers totalling a minimum of US\$3.6m per annum to be spent on advertising and marketing expenditure, subject to certain terms and conditions. If within 12 months from the issue of the Consideration Shares, the Company has entered into Commercial Arrangements valued at less than US\$3.6m, some or all of the share consideration provided to the Voyager Shareholders will be subject to forfeiture and cancellation in accordance with the following formula:

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$$\text{Forfeited and cancelled Consideration} = \left(1 - \frac{C}{\text{US\$3,600,000}}\right) \times N$$

C: the value of the Commercial Arrangements (in US dollars) entered into between the Company and the Offshore Funds

N: 62,283,457.

- (b) Sprint may issue up to 17,437,519 (post-Consolidation) unlisted options only to the Offshore Funds under Resolution 6 of the Notice of General Meeting, as part of the Commercial Arrangements and to assist in negotiations with these Offshore Funds. These Options will be issued to the Offshore Funds only upon the execution of Commercial Arrangements with the Company.
- (c) The Acquisition is conditional upon:
  - (i) Sprint entering into acceptable service agreements with key personnel;
  - (ii) Sprint re-complying with Chapters 1 & 2 of the ASX Listing Rules, including:
    - A. raising sufficient funds so that Sprint holds a minimum of AU\$3,000,000 cash (net of fees and expenses) following Sprint being relisted on the ASX (Resolution 4 of the Notice of Meeting);
    - B. obtaining the approval of Sprint shareholders to the Acquisition (Resolution 1 of the Notice of General Meeting);
    - C. a Consolidation of Sprint's capital (Resolution 2 of the Notice of General Meeting);
    - D. Sprint obtaining conditional ASX approval to reinstatement of the Company to official quotation on the ASX on conditions satisfactory to Sprint; and
    - E. Sprint entering into Share Sale Agreements with the Voyager Shareholders such that:
      - I. following execution by the Voyager shareholders of all of the Share Sale Agreements, Sprint will be unconditionally entitled to acquire 100% of the issued shares in Voyager; and
      - II. such other terms as agreed between the parties that are necessary for completion of the Acquisition.
- (d) Voyager to appoint to the Sprint board that number of Directors that is in proportion to its holding in Sprint; and
- (e) Following successful completion of the Acquisition, Sprint will change its name to "Voyager Global Group Ltd" (Resolution 3 of the Notice of General Meeting).

## 11. ENVIROMENTAL REGULATION

There have been no recorded incidents of non-compliance with any applicable international, national or local declarations, treaties, conventions or regulations associated with environmental issues during the reporting period. There have not been any known significant breaches of any environmental regulations during the year under review and up until the date of this report. The Directors have considered compliance with the National Greenhouse and Energy Reporting Act 2007 which requires entities to report annual greenhouse gas emissions and energy use. The directors have assessed that there are no current reporting requirements.

## 12. MEETINGS OF DIRECTORS

The numbers of meetings of the Company's Board of Directors held during the year ended 30 June 2014, and the numbers of meetings attended by each Director were:

Directors	Number Eligible to Attend	Number Attended
G Roper	4	3
A Chapman	7	7
R Corps	4	4
J Knapp	2	2
M Kogos	1	1
S Flynn	2	2
A Edwards	1	1
K Chad	3	3
J Thompson	2	2
Dr J Poll	-	-

Due to the size and scale of the Company, there is no Remuneration and Nomination Committees or Audit Committee at present. Matters typically dealt with by these Committees are, for the time being, reverted to the Board. For details of the function of the Board please refer to the Corporate Governance Statement.

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**DIRECTORS REPORT**  
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**13. REMUNERATION REPORT (AUDITED)**

The remuneration report, which has been audited, outlines the director and executive remuneration arrangements for the Company, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

The remuneration report is set out under the following main headings:

- A. Principles used to determine the nature and amount of remuneration
- B. Details of remuneration
- C. Service agreements
- D. Share-based compensation
- E. Shareholdings and Option holdings

**A Principles used to determine the nature and amount of remuneration**

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

- competitiveness and reasonableness;
- acceptability to shareholders;
- alignment of executive compensation; and
- transparency.

The Remuneration and Nomination Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives ('program participants'). The performance of the consolidated entity and company depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

Alignment to shareholders' interests:

- has economic profit as a core component of plan design;
- focuses on sustained growth in shareholder wealth, growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracts and retains high calibre executives.

Alignment to program participants' interest

- rewards capability and experience;
- reflects competitive reward for contribution to growth in shareholder wealth; and
- provides a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of non-executive directors and executive remunerations are separate.

*Non-executive directors' remuneration*

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Remuneration Committee.

ASX listing rules requires that the aggregate non-executive director's remuneration shall be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 17 February 2012, where the shareholders approved an aggregate remuneration of \$350,000.

*Executive remuneration*

The Company aims to reward executives with a level and mix of remuneration based on their position and responsibility, which is both fixed and variable.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits;
- share-based payments;
- other remuneration such as superannuation; and
- long service leave.

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Remuneration Committee, based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives can receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and adds additional value to the executive.

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The long-term incentives ('LTI') include long service leave and share-based payments. Options may be awarded to executives based on long-term incentive measures.

*Consolidated entity performance and link to remuneration*

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. The achievement of this aim has been through the issue of options to directors and executives to encourage the alignment of personal and shareholder interests.

Non-Executive directors, other key management personnel and other senior employees have been granted options over ordinary shares. The recipients of options are responsible for growing the Company and increasing shareholder value. The options provide an incentive to the recipients to remain with the Company and to continue to work to enhance the Company's value.

**B Details of remuneration**

Details of the remuneration of the directors, other key management personnel (defined as those who have the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity) and specified executives of Sprint Energy Limited are set out in the following tables.

	Short-term employee benefits				Post-employment benefits	Share-based payments		Percentage of remuneration consisting of options for the year
30-Jun-14	Salary & fees \$	Cash bonus \$	Non-monetary \$	Other \$	Super-annuation \$	Options & rights \$	Total \$	%
<b>Executive Directors</b>								
None	-	-	-	-	-	-	-	-
<b>Sub-total</b>	-	-	-	-	-	-	-	-
<b>Non-Executive Directors</b>								
G Roper	18,000	-	-	-	-	-	18,000	-
A Chapman	23,549	-	-	-	5,734	24,290	53,573	-
R Corps <sup>(1)</sup>	12,772	-	-	6,357	1,769	-	20,898	-
J Knapp	33,000	-	-	-	-	-	33,000	-
M Kogos	5,000	-	-	-	-	-	5,000	-
S Flynn	-	-	-	-	-	-	-	-
A Edwards	5,000	-	-	-	-	-	5,000	-
K Chad	15,000	-	-	-	-	-	15,000	-
J Thompson	8,548	-	-	-	5,734	-	14,282	-
Dr J Poll	5,733	-	-	-	-	-	5,733	-
<b>Sub-total</b>	126,602	-	-	6,357	13,237	24,290	170,486	-
<b>Other Key Management</b>								
None	-	-	-	-	-	-	-	-
<b>Sub-total</b>	-	-	-	-	-	-	-	-
<b>Total</b>	126,602	-	-	6,357	13,237	24,290	170,486	-

<sup>(1)</sup> During the financial year the Company purchased a motor vehicle for Rod Corps (Non-Executive Director) worth \$52,485 which has been leased over four years. Mr Corps is currently receiving his monthly Non-Executive Director fee, less the monthly lease repayment for the motor vehicle. For further detail refer Note 13 Borrowings.

**SPRINT ENERGY LIMITED**  
**DIRECTORS REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	Short-term employee benefits				Post-employment benefits	Share-based payments		Percentage of remuneration consisting of options for the year
30-Jun-13	Salary & fees \$	Cash bonus \$	Non-monetary \$	Other \$	Super-annuation \$	Options & rights \$	Total \$	%
<b>Executive Directors</b>								
B Boyle	109,157	-	-	-	9,911	-	119,068	-
<b>Sub-total</b>	<b>109,157</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,911</b>	<b>-</b>	<b>119,068</b>	
<b>Non-Executive Directors</b>								
Dr J Poll	68,807	-	-	-	6,193	-	75,000	-
C Martin	14,787	-	-	-	1,331	-	16,118	-
J Roestenburg <sup>(1)</sup>	174,541	-	-	-	-	-	174,541	-
J Thompson	77,820	-	-	-	-	-	77,820	-
K Chad	21,852	-	-	-	-	-	21,852	-
A Chapman	43,710	-	-	-	-	-	43,710	-
<b>Sub-total</b>	<b>401,517</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,524</b>	<b>-</b>	<b>409,041</b>	
<b>Other Key Management</b>								
None	-	-	-	-	-	-	-	-
<b>Sub-total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Total</b>	<b>510,674</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,435</b>	<b>-</b>	<b>528,109</b>	

<sup>(1)</sup> J.Roestenburg received consultancy fees for technical work performed outside his Non-Executive Director's duties.

**C Service agreements**

The employment arrangements of the Directors and key management personnel are not formalised in contracts of employment.

**D Share-based compensation**

*Issue of shares*

During the financial year 607,258 shares were issued to Mr Chapman (Non-Executive Director) in lieu of cash totalling \$24,290. There were no other shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2014.

*Issue of Options*

There were no options issued to directors and other key management personnel as part of compensation during the year ended 30 June 2014.

**E Shareholdings and Option holdings**

*Shareholding*

The number of shares in the parent entity held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

**30-Jun-14**

Directors	Opening Balance	Share Consolidation	Received as Remuneration	Exercise of Options	Additions	Disposals / other	Closing Balance
G Roper	-	-	-	-	-	-	-
A Chapman	60,541,408	(59,330,580)	-	-	7,205,878	-	8,416,706
R Corps	-	-	-	-	-	-	-
J Knapp <sup>1</sup>	-	-	-	-	-	-	-
M Kogos <sup>1</sup>	-	-	-	-	-	-	-
S Flynn <sup>1</sup>	-	-	-	-	-	-	-
A Edwards <sup>1</sup>	-	-	-	-	-	-	-
K Chad <sup>1</sup>	-	-	-	-	-	-	-
J Thompson <sup>1</sup>	34,935,835	-	-	-	-	(34,935,835)	-
Dr J Poll <sup>1</sup>	-	-	-	-	-	-	-
<b>Total</b>	<b>95,477,243</b>	<b>(59,330,580)</b>	<b>-</b>	<b>-</b>	<b>7,205,878</b>	<b>(34,935,835)</b>	<b>8,416,706</b>

<sup>1</sup> Director resigned during the 2014 financial year.

**SPRINT ENERGY LIMITED**  
**DIRECTORS REPORT**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**30-Jun-13**

<b>Directors</b>	<b>Opening Balance</b>	<b>Share Consolidation</b>	<b>Received as Remuneration</b>	<b>Exercise of Options</b>	<b>Additions</b>	<b>Disposals / other</b>	<b>Closing Balance</b>
A Hamilton <sup>1</sup>	-	-	-	-	-	-	-
D Jendry <sup>1</sup>	-	-	-	-	-	-	-
Dr J Poll <sup>2</sup>	1,000,000	-	-	-	-	(1,000,000)	-
B Boyle <sup>2</sup>	-	-	-	-	-	-	-
J Thompson <sup>3</sup>	-	-	-	-	34,935,835	-	34,935,835
C Martin <sup>2</sup>	-	-	-	-	750,000	(750,000)	-
J Roestenburg <sup>23</sup>	-	-	-	-	200,000	(200,000)	-
A Chapman <sup>4</sup>	-	-	-	-	60,541,408	-	60,541,408
K Chad	-	-	-	-	-	-	-
<b>Total</b>	<b>1,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>96,427,243</b>	<b>(1,950,000)</b>	<b>95,477,243</b>

<sup>1</sup> Director resigned during the 2012 financial year.

<sup>2</sup> Director resigned during the 2013 financial year.

<sup>3</sup> Acquired through an on market acquisition.

<sup>4</sup> Directors opening balance at time of appointment.

*Option holding*

No Key management personnel held options during the 2014 and 2013 financial year.

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

**14. SHARES UNDER OPTION**

Unissued ordinary shares of Sprint Energy Limited under option at the date of this report are as follows:

<b>Date Options Granted</b>	<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Number Under Option</b>
27 February 2012 (unlisted)	31-Mar-15	\$3	1,100,000
27 February 2012 (unlisted)	31-Mar-15	\$2	100,000
			<b>1,200,000</b>

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

**15. SHARES ISSUED ON THE EXERCISE OF OPTIONS**

There were no shares of Sprint Energy Limited issued on the exercise of options during the year ended 30 June 2014 and up to the date of this report.

**16. INDEMNITY AND INSURANCE OF OFFICERS**

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

**17. PROCEEDINGS ON BEHALF OF THE COMPANY**

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

**SPRINT ENERGY LIMITED  
DIRECTORS REPORT  
FOR THE YEAR ENDED 30 JUNE 2014**

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**18. DIVIDENDS**

No dividends have been paid or declared since the end of the previous financial year to the date of this report.

**19. NON-AUDIT SERVICES**

There were no non-audit services provided during the financial year by the Company's auditor.

**20. OFFICERS OF THE COMPANY WHO ARE FORMER AUDIT PARTNERS OF REGENCY AUDIT PTY LTD**

There are no officers of the company who are former audit partners of Regency Audit Pty Ltd.

**21. AUDITOR'S INDEPENDENCE DECLARATION**

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

**22. AUDITOR**

Regency Audit Pty Ltd continues in office in accordance with section 327 of the *Corporations Act 2001*.

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



---

Andrew Chapman  
Non-Executive Director  
25 September 2014  
Perth

Regency Audit Pty Ltd

ABN 85 165 181 822

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Suite 1 GF, 437 Roberts Road  
SUBIACO WA 6008

Phone: 6380 2555 Fax: 9381 1122  
[www.regencypartners.com.au](http://www.regencypartners.com.au)

To The Board of Directors

**Auditor's Independence Declaration under Section 307C of the Corporations Act 2001**

As lead audit director for the audit of the financial statements of Sprint Energy Limited and Controlled Entities for the financial year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully



**CHRIS WATTS CA**  
Director

**REGENCY AUDIT PTY LTD**

DATED at PERTH this 25<sup>th</sup> day of September 2014



**SPRINT ENERGY LIMITED**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2014**

		<b>30-Jun-14</b>	<b>30-Jun-13</b>
		<b>\$</b>	<b>\$</b>
Revenue from continuing operations	5	9,529	30,361
Other income	5	3,892,183	-
<b>Expenses</b>			
Administration, consulting and other expenses		(495,041)	(1,039,755)
Depreciation and amortisation expenses		(6,093)	(4,615)
Directors fees and benefits expenses		(120,537)	(372,250)
Employee benefits expenses		-	(14,969)
Exploration and evaluation expenditure		-	(5,042,887)
Finance costs	6	37,189	(78,032)
Reversal of impairment of receivables		10,528	-
Net loss on disposal of property, plant and equipment		(1,155)	-
<b>Profit / (Loss) before income tax expense</b>		<b>3,326,603</b>	<b>(6,522,147)</b>
Income tax expense	7	-	-
<b>Profit / (Loss) for the year from continuing operations</b>		<b>3,326,603</b>	<b>(6,522,147)</b>
<b>Discontinued operation</b>			
Loss from discontinued operation, net of tax	8	-	(4,326,195)
<b>Profit / (Loss) after income tax expense for the year attributable to the owners of Sprint Energy Limited</b>		<b>3,326,603</b>	<b>(10,848,342)</b>
<b>Other comprehensive income / (loss)</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Foreign currency translation		-	(269,164)
Reclassification of foreign currency reserve on discontinued operation		(85,264)	3,495,133
<b>Items that will not be reclassified to profit or loss</b>		-	-
<b>Other comprehensive Income / (loss) for the year, net of tax</b>		<b>(85,264)</b>	<b>3,225,969</b>
<b>Total comprehensive Income / (loss) for the year attributable to the owners of Sprint Energy Limited</b>		<b>3,241,339</b>	<b>(7,622,373)</b>
		<b>Cents</b>	<b>Cents</b>
<b>Profit / (Loss) per share attributable to the ordinary equity holders of Sprint Energy Limited:</b>			
Basic/diluted profit / (loss) per share from continuing operations	25	6.56	(0.91)
Basic/diluted profit / (loss) per share from discontinued operation	25	-	(0.52)

The accompanying notes are an integral part of these financial statements.

**SPRINT ENERGY LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2014**

		<b>30-Jun-14</b>	<b>30-Jun-13</b>
		<b>\$</b>	<b>\$</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	9	956,346	79,636
Cash and cash equivalents of discontinued operation	9	-	6,720
Trade and other receivables	10	89,516	81,662
<b>Total Current Assets</b>		<b>1,045,862</b>	<b>168,018</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	11	53,154	12,687
<b>Total Non-Current Assets</b>		<b>53,154</b>	<b>12,687</b>
<b>TOTAL ASSETS</b>		<b>1,099,016</b>	<b>180,705</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	12	234,311	644,950
Borrowings	13	9,664	226,585
Share applications received in advance		-	110,400
Discontinued operations liabilities	8	-	2,679,797
<b>Total Current Liabilities</b>		<b>243,975</b>	<b>3,661,732</b>
<b>Non-Current Liabilities</b>			
Borrowings	13	40,769	1,911,042
<b>Total Non-Current Liabilities</b>		<b>40,769</b>	<b>1,911,042</b>
<b>TOTAL LIABILITIES</b>		<b>284,744</b>	<b>5,572,774</b>
<b>NET ASSETS / (LIABILITIES)</b>		<b>814,272</b>	<b>(5,392,069)</b>
<b>EQUITY</b>			
Contributed equity	14	72,127,554	69,065,616
Reserves	15	148,000	444,936
Accumulated losses		(71,461,282)	(74,902,621)
<b>TOTAL EQUITY / (TOTAL DEFICIENCY IN EQUITY)</b>		<b>814,272</b>	<b>(5,392,069)</b>

The accompanying notes are an integral part of these financial statements.

**SPRINT ENERGY LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	Contributed Equity	Reserves	Accumulated Losses	Total Equity
	\$	\$	\$	\$
<b>At 1 July 2012</b>	<b>64,146,270</b>	<b>(2,877,969)</b>	<b>(64,054,279)</b>	<b>(2,785,978)</b>
<b>Comprehensive income:</b>				
Income / (Loss) after income tax expense for the year	-	-	(10,848,342)	<b>(10,848,342)</b>
Other comprehensive income / (loss) for the year, net of tax	-	3,225,969	-	<b>3,225,969</b>
<b>Total comprehensive income / (loss) for the year</b>	<b>-</b>	<b>3,225,969</b>	<b>(10,848,342)</b>	<b>(7,622,373)</b>
<b>Transactions with owners in their capacity as owners:</b>				
Securities issued during the year	5,114,701	-	-	<b>5,114,701</b>
Capital raising costs	(195,355)	-	-	<b>(195,355)</b>
Embedded derivatives recognised during the year	-	96,936	-	<b>96,936</b>
<b>At 30 June 2013</b>	<b>69,065,616</b>	<b>444,936</b>	<b>(74,902,621)</b>	<b>(5,392,069)</b>
	Contributed Equity	Reserves	Accumulated Losses	Total Equity
	\$	\$	\$	\$
<b>At 1 July 2013</b>	<b>69,065,616</b>	<b>444,936</b>	<b>(74,902,621)</b>	<b>(5,392,069)</b>
<b>Comprehensive income:</b>				
Income / (Loss) after income tax for the year	-	-	3,326,603	<b>3,326,603</b>
Other comprehensive income for the year, net of tax	-	-	(85,264)	<b>(85,264)</b>
<b>Total comprehensive income / (loss) for the year</b>	<b>-</b>	<b>-</b>	<b>3,241,339</b>	<b>3,241,339</b>
<b>Transactions with owners in their capacity as owners:</b>				
Securities issued during the year	3,075,628	-	-	<b>3,075,628</b>
Capital raising costs	(13,690)	-	-	<b>(13,690)</b>
Embedded derivatives cleared on conversion of convertible notes	-	(102,656)	-	<b>(102,656)</b>
Embedded derivatives recognised during the year	-	5,720	-	<b>5,720</b>
Lapse of options	-	(200,000)	200,000	<b>-</b>
<b>At 30 June 2014</b>	<b>72,127,554</b>	<b>148,000</b>	<b>(71,461,282)</b>	<b>814,272</b>

The accompanying notes are an integral part of these financial statements.

**SPRINT ENERGY LIMITED**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

	<b>30-Jun-14</b>	<b>30-Jun-13</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows used in operating activities</b>		
Receipts from customers	-	12,790
Payment to suppliers and employees	(617,196)	(3,522,198)
Interest received	2,802	8,465
Interest and other finance costs paid	-	(155,972)
<b>Net cash flows used in operating activities</b>	<b>9 (614,394)</b>	<b>(3,656,915)</b>
<b>Cash flows used in investing activities</b>		
Payment for property, plant and equipment	(4,168)	-
Net cash used in discontinued operations	-	(459,547)
<b>Net cash flows used in investing activities</b>	<b>(4,168)</b>	<b>(459,547)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	1,496,600	1,563,966
Proceeds from borrowings	-	2,557,563
Share issue transaction costs	(13,690)	(195,355)
Proceeds from employee contribution on lease	5,642	-
<b>Net cash flows from financing activities</b>	<b>1,488,552</b>	<b>3,926,174</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>869,990</b>	<b>(190,288)</b>
Cash and cash equivalents at the beginning of the financial year	86,356	276,644
<b>Cash and cash equivalents at the end of the financial year</b>	<b>9 956,346</b>	<b>86,356</b>

The accompanying notes are an integral part of these financial statements.

**SPRINT ENERGY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

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**1. REPORTING ENTITY**

The financial report covers Sprint Energy Limited as a consolidated entity consisting of Sprint Energy Limited and the entities it controlled during the year. Sprint Energy Limited is a listed public company limited by shares, incorporated and domiciled in Australia. The registered office and principal place of business are disclosed in the Corporate Directory of the annual report.

The financial statements of the Company are for the financial year ended 30 June 2014.

The nature of operations and principal activities of the Company are described in the Director's Report.

**2. BASIS OF PREPARATION**

**(a) Statement of Compliance**

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. The financial report of Sprint Energy Ltd and controlled entities complies with all International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ('IASB') in their entirety.

The financial report was authorised for issue, in accordance with a resolution of directors, on 25 September 2014.

**(b) Statement of Measurement**

The financial statements have been prepared on the historical cost basis. Cost is based on the fair values of consideration given in exchange for assets.

**(c) Functional and Presentation Currency**

The financial report is presented in Australian dollars, which is Sprint Energy Limited's functional and presentation currency.

**3. SIGNIFICANT ACCOUNTING POLICIES**

**(a) Principles of consolidation**

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent Sprint Energy Limited and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 24.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

**(b) Operating segments**

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

**(c) Foreign currency transactions and balances**

*Foreign currency transactions*

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

**SPRINT ENERGY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

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*Foreign operations*

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the date of the transaction, for the period. All resulting foreign exchange differences are recognised in the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

**(d) Revenue recognition**

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

*Oil and gas sales*

Sales of oil and gas are recognised at the point of sale, which occurs when the risks and rewards of ownership have transferred to the customer.

*Interest*

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

*Rent*

Rent revenue is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the rental revenue. Contingent rentals are recognised as income in the period when earned.

*Other revenue*

Other revenue is recognised when it is received or when the right to receive payment is established.

**(e) Income tax**

The income tax expense or benefit for the year is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or 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 nor taxable profits; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

**(f) Cash and cash equivalents**

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

**SPRINT ENERGY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

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**(g) Trade and other receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

**(h) Investments and other financial assets**

Investments and other financial assets are measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted. The fair values of quoted investments are based on current bid prices. For unlisted investments, the consolidated entity establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

*Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

*Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are either: i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit; or ii) designated as such upon initial recognition, where they are managed on a fair value basis or to eliminate or significantly reduce an accounting mis-match. Except for effective hedging instruments, derivatives are also categorised as fair value through profit or loss. Fair value movements are recognised in profit or loss.

*Impairment of financial assets*

The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for loans and receivables carried at amortised cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. If there is a reversal of impairment, the reversal cannot exceed the amortised cost that would have been had the impairment not been recognised and is reversed to profit or loss.

The amount of the impairment allowance for financial assets carried at cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for similar financial assets.

**(i) Property, plant and equipment**

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment: 3-7 years  
Motor Vehicle: 8 Years

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

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

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**(j) Exploration and evaluation assets**

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

**(k) Trade and other payables**

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

**(l) Borrowings**

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time, is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders' equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

**(m) Finance costs**

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred, including:

- interest on short-term and long-term borrowings.

**(n) Provisions**

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

**(o) Employee benefits**

*Wages and salaries, annual leave and sick leave*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating sick leave is expensed to profit or loss when incurred.

*Share-based payments*

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.



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The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

**(p) Contributed equity**

Ordinary shares are classified as equity.

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

**(q) Earnings per share**

*Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to the owners of Sprint Energy Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

*Diluted earnings per share*

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

**(r) Goods and Services Tax ('GST') and other similar taxes**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

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

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**(s) Application of new and revised Accounting Standards**

**New and revised AASB's affecting amounts reported and/or disclosures in the financial statements**

In the current year, the Group has applied a number of new and revised AASB's issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective from an accounting period on or after 1 January 2013.

The Group has applied AASB 13 'Fair Value Measurement' 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 measurements. The scope of AASB 13 is broad; the fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items.

AASB 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under AASB 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, AASB 13 includes extensive disclosure requirements.

In addition, standards on consolidation, joint arrangements, associates and disclosures were adopted. The impact of the application of these standards is not material.

**Standards and Interpretations in issue not yet adopted**

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective.

The Group does not anticipate that there will be a material effect on the financial statements from the adoption of these standards.

<b>Standard/Interpretation</b>	<b>Effective for annual reporting periods beginning on or after</b>	<b>Expected to be initially applied in the financial year ending</b>
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2017	30 June 2018
AASB 1031 'Materiality' (2013)	1 January 2014	30 June 2015
AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'	1 January 2014	30 June 2015
AASB 2013-3 'Amendments to AASB 135 – Recoverable Amount Disclosures for Non-Financial Assets'	1 January 2014	30 June 2015
AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities'	1 January 2014	30 June 2015
AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments'	1 January 2014	30 June 2015
IFRS 15 'Revenue from contracts with customers'	1 January 2017	1 July 2017

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**(t) Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

*Share-based payment transactions*

The consolidated entity 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 either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

*Provision for impairment of receivables*

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the ageing of receivables, historical collection rates and specific knowledge of the individual debtors financial position.

*Impairment of exploration and evaluation*

The Group's policy for exploration and evaluation requires management to make certain assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. At the date of this report the Group does not have sufficient reason to believe:

- rights to explore in specific areas, once expired, will be renewed;
- substantive expenditure on further exploration and evaluation in specific areas has been budgeted;
- exploration in specific areas is ongoing and the Group has not decided to discontinue such activities; and

no specific sufficient data exists that indicates that the carrying amount of the exploration and evaluation asset is unlikely to be recovered.

**4. OPERATING SEGMENT**

Identification of reportable operating segments

AASB 8 requires operating segments to be identified on the basis of internal reports about the components of the Group that are regularly reviewed by the chief decision maker in order to allocate resources to the segment and to assess its performance. The Board have been deemed to be the chief decision makers.

For the current financial year, the Group operated as one business segment, as its US Operations were discontinued.

The segment information provided to the Board of Directors for the reportable segments for the year ended 30 June 2013 is as follows:

	<b>Discontinued US Operation</b>	<b>Russia</b>	<b>Corporate and Treasury</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Interest revenue	-	-	8,465	8,465
Revenue	581,821	-	21,896	603,717
Total segment revenue	581,821	-	30,361	612,182
Elimination of discontinued operation				(581,821)
Total consolidated revenue from continuing operations				30,361
Depreciation and amortisation	-	-	(4,615)	(4,615)
Finance costs	-	-	(78,032)	(78,032)
Segment net loss	(831,062)	(5,042,887)	(1,479,260)	(7,353,209)
Elimination of discontinued operation				831,062
Total consolidated loss from continuing operations				(6,522,147)
Segment assets	6,720	-	173,985	180,705
Segment liabilities	2,679,797	-	2,892,976	5,572,773

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**5. REVENUE**

	<b>30-Jun-14</b>	<b>30-Jun-13</b>
	<b>\$</b>	<b>\$</b>
<b>Revenue from continuing operations</b>		
<i>Other revenue</i>		
Interest income	2,802	8,465
Employee contribution - Lease	5,642	-
Other revenue	1,085	21,896
<b>Total Revenue</b>	<b>9,529</b>	<b>30,361</b>

**Other Income**

Gain on debt forgiveness on convertible notes	13	925,000	-
Gain on reversal of related party payables	12	208,842	-
Gain on disposal of subsidiary	9(d)	2,758,341	-
<b>Total Other Income</b>		<b>3,892,183</b>	<b>-</b>

**6. EXPENSES**

	<b>30-Jun-14</b>	<b>30-Jun-13</b>
	<b>\$</b>	<b>\$</b>
<b>Finance costs</b>		
Interest on convertible notes paid / payable	(93,248)	(78,032)
Reversal of interest on convertible note as a result of conversion	131,606	-
Finance charges - Lease	(1,169)	-
<b>Total Finance Costs</b>	<b>37,189</b>	<b>(78,032)</b>

**7. INCOME TAX EXPENSE**

	<b>30-Jun-14</b>	<b>30-Jun-13</b>
	<b>\$</b>	<b>\$</b>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	3,326,603	(6,522,147)
Tax at the statutory tax rate of 30%	997,981	(1,956,644)
Add tax effect of:		
Non-deductible expenses	(1,167,169)	-
Current year tax losses not recognised	162,967	1,978,002
Current year temporary differences not recognised	6,221	(21,358)
Income tax expense / (benefit)	-	-
Components of deferred tax		
Unrecognised deferred tax asset - losses	2,450,410	2,331,560
Unrecognised deferred tax asset – provisions and accruals	20,593	13,557
Unrecognised deferred tax asset – capital raising costs	17,102	7,802
<b>Total unrecognised deferred tax asset</b>	<b>2,488,105</b>	<b>2,352,919</b>

There are no franking credits available to the group.

Net deferred tax assets have not been brought to account as it is not probable within the immediate future that tax profits will be available against which deductible temporary differences and tax losses can be utilised.

The benefit of the tax losses will only be obtained if the group comply with conditions imposed by the tax legislation in Australia

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**8. DISCONTINUED OPERATIONS**

	<u>30-Jun-13</u>
	<u>\$</u>
<i>Results of discontinued operation</i>	
Revenue	581,821
Expenses	(1,412,883)
<b>Results from operating expenses</b>	<b>(831,062)</b>
Tax	-
<b>Results from operating activities, net of tax</b>	<b>(831,062)</b>
Reclassification of foreign currency differences on discontinued operation	(3,495,133)
<b>Total comprehensive loss for the year</b>	<b>(4,326,195)</b>
Basic loss per shares (cents)	(0.52)
Diluted loss per share (cents)	(0.52)

The loss from discontinued operation of \$4,326,195 in the 2013 financial year is attributable entirely to the owners of the company

*Cash flows from (used in) discontinued operation*

Net cash used in operating activities	(459,547)
Net cash used in investing activities	-
Net cash from financing activities	445,041
<b>Net cash flows for the year</b>	<b>(14,506)</b>

The discontinued operation comprised the following assets and liabilities:

*Assets of disposal group held for sale*

Cash and cash equivalents	6,720
Trade and other receivables	-
Property, plant and equipment	-
	<u>6,720</u>
Trade and other payables	492,997
Provisions – legal claims	-
Provisions – plug & abandonment *	2,186,800
	<u>2,679,797</u>

*Cumulative income or expense included in other comprehensive income*

Reclassification of foreign currency differences on discontinued operation	<u>(3,495,133)</u>
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\* This provision is based on the government cost calculation for plugging and abandoning wells in the State of Texas, with additional contingent amounts estimated by the Directors. Final costs may be higher or lower than the amount prescribed by the government.

In June 2013, the Company was advised by the Texan government that it is taking all necessary steps to make a demand on the full amount of Modena's USD\$200,000 irrevocable letter of credit.

At 30 June 2014, the Company disposed of its USA subsidiary, Modena Operating LLC ('Modena') for \$1, as a result, all liabilities within Modena are no longer carried on the balance sheet of Sprint Energy Limited.

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**9. CASH AND CASH EQUIVALENTS**

<b>30-Jun-14</b>	<b>30-Jun-13</b>
<b>\$</b>	<b>\$</b>
Cash at bank and in hand	
956,346	79,636

**(a) Reconciliation of cash**

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	956,346	79,636
Discontinued operation assets	-	6,720
	<b>956,346</b>	<b>86,356</b>

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

The Group's exposure to interest rate risk is discussed in Note 17.

The effective interest rate for the 30 June 2014 year was 1.00% (2013: 4.00%).

**(b) Reconciliation of net profit / (loss) after income tax to net cash flows used in operating activities**

<b>30-Jun-14</b>	<b>30-Jun-13</b>
<b>\$</b>	<b>\$</b>
Net profit / (loss) after income tax	
3,241,339	(7,622,373)

**Adjustments for:**

Depreciation and amortisation expenses	6,093	4,615
Foreign exchange differences	-	(269,162)
Gain on debt forgiveness	(1,133,842)	-
Gain on disposal of subsidiary (refer Note 9(d))	(2,758,341)	-
Loss on discontinued operation	-	831,062
Share based payments	-	3,107,335
Net loss on disposal of property, plant and equipment	1,155	-

**Change in assets and liabilities:**

(Increase) / decrease in trade and other receivables	(7,854)	302,889
Increase / (decrease) in trade and other payables	37,056	(11,281)
<b>Net cash flows used in operating activities</b>	<b>(614,394)</b>	<b>(3,656,915)</b>

**(c) Non-cash investing and financing activities**

<b>30-Jun-14</b>	<b>30-Jun-13</b>
<b>\$</b>	<b>\$</b>
Convertible notes issued in lieu of services	
-	29,564
Conversion of convertible notes	
13 1,488,838	443,400
Shares issued in lieu of services	
106,790	3,107,335
<b>1,595,628</b>	<b>3,580,299</b>

**(d) Disposal of subsidiary**

At 30 June 2014 the Company disposed of its subsidiary, Modena Operating LLC.

<b>30-Jun-14</b>	<b>30-Jun-13</b>
<b>\$</b>	<b>\$</b>
Assets and liabilities held at deconsolidation date	
Trade and other payables	
504,741	-
Borrowings	
2,253,600	-
<b>Net gain on disposal</b>	<b>-</b>

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**10. TRADE AND OTHER RECEIVABLES**

	<b>30-Jun-14</b>	<b>30-Jun-13</b>
	<b>\$</b>	<b>\$</b>
Trade receivables (i)	3,551	9,106
Other receivables (i)	30,695	30,694
Receivable - Arturus Energy LLC (ii)	-	644,142
Allowance for impairment of receivable (ii)	-	(644,142)
Receivable - BNP Petroleum (ii)	-	672,035
Allowance for impairment of receivable (ii)	-	(672,035)
GST and other tax recoverable	44,298	41,862
Prepayments	10,972	-
	<b>89,516</b>	<b>81,662</b>

(i) Trade and other receivables

- Trade and other receivables are non-interest bearing and generally repayable within 30 days.
- Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

*Past due but not impaired*

Customers with balances past due but without provision for impairment of receivables amount to \$3,551 as at 30 June 2014 (\$9,106 as at 30 June 2013).

The ageing of the past due but not impaired receivables are as follows:

	<b>30-Jun-14</b>	<b>30-Jun-13</b>
	<b>\$</b>	<b>\$</b>
60-90 days	-	9,106
120+ days	3,551	-
	<b>3,551</b>	<b>9,106</b>

In determining the recoverability of a trade receivable, the Group considers any changes in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The directors believe that there is no further credit provision required in excess of the allowance for impairment.

(ii) Receivables – Arturus Energy LLC and BNP Petroleum

- At 30 June 2012 the Arturus Energy LLC and BNP Petroleum receivables were impaired as the previous Board believed there was significant uncertainty in relation to the recoverability of these receivables. Given the uncertainty regarding recoverability, the current Board believes it is prudent to write off the receivables at 30 June 2014.

(iii) Risk exposure

- Information about the Group's exposure to credit risk, foreign currency and interest rate risk in relation to trade and other receivables is provided in Note 17.
- The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable mentioned above.

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**11. PROPERTY, PLANT AND EQUIPMENT**

	<b>Computer Equipment</b>	<b>Motor Vehicle</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b><u>Year Ended 30 June 2014</u></b>			
<b>Opening net book amount</b>	12,687	-	12,687
Additions	-	47,714	47,714
Written off	(1,155)	-	(1,155)
Depreciation expense	(3,625)	(2,467)	(6,092)
<b>Closing net book amount</b>	<b>7,907</b>	<b>45,247</b>	<b>53,154</b>
<b><u>At 30 June 2014</u></b>			
Cost	13,178	47,714	60,892
Accumulated depreciation	(5,271)	(2,467)	(7,738)
<b>Net book amount</b>	<b>7,907</b>	<b>45,247</b>	<b>53,154</b>
	<b>Computer Equipment</b>	<b>Motor Vehicle</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b><u>Year Ended 30 June 2013</u></b>			
<b>Opening net book amount</b>	102,342	-	102,342
Additions	-	-	-
Written off	(85,040)	-	(85,040)
Depreciation expense	(4,615)	-	(4,615)
<b>Closing net book amount</b>	<b>12,687</b>	<b>-</b>	<b>12,687</b>
<b><u>At 30 June 2013</u></b>			
Cost	18,127	-	18,127
Accumulated depreciation	(5,440)	-	(5,440)
<b>Net book amount</b>	<b>12,687</b>	<b>-</b>	<b>12,687</b>

**12. TRADE AND OTHER PAYABLES**

	<b>30-Jun-14</b>	<b>30-Jun-13</b>
	<b>\$</b>	<b>\$</b>
Interest payable on convertible notes	100,790	139,148
Trade and other payables	133,521	296,960
Provision for related party payables (i)	-	208,842
	<b>234,311</b>	<b>644,950</b>

- (i) Provision for related party payables: In the prior period, the Board had taken a conservative approach and kept \$208,842 worth of provisions on the balance sheet, which reflects the maximum amount that could potentially be claimed by related party creditors. At 30 June 2014 however, the Board of Sprint Energy Limited agreed to reverse the prior period provision as they believe the outstanding debt will not be called upon.

Refer to note 17 for further information on financial instruments.



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**13. BORROWINGS**

	30-Jun-14	30-Jun-13
	\$	\$
<b>Current</b>		
Convertible notes payables (i)	-	226,585
Lease liability (ii)	9,664	-
	<b>9,664</b>	<b>226,585</b>
<b>Non-Current</b>		
Convertible notes payables (i)	-	1,911,042
Lease liability (ii)	40,769	-
	<b>40,769</b>	<b>1,911,042</b>

- (i) Convertible Notes Payable: During the 2014 financial year, all outstanding convertible notes either converted to equity or were forgiven, leaving a nil balance at 30 June 2014. The outstanding interest on the convertible notes at 30 June 2014 was \$100,790, which has been accrued for the purpose of this report, refer Note 12.

**Movement in Convertible Notes:**

	30-Jun-14	30-Jun-13
	\$	\$
<i>Convertible Note - September / November 2012</i>		
Opening balance	945,925	-
Draw down amount	-	1,000,000
Value of embedded derivative	54,075	(54,075)
Conversion into equity	14 (125,000)	-
Loan forgiveness	5 (875,000)	-
	<b>-</b>	<b>945,925</b>
<i>Convertible Note - May 2013</i>		
Opening balance	1,191,702	-
Draw down amount	-	1,234,564
Value of embedded derivative	42,862	(42,862)
Conversion into equity	14 (1,234,564)	-
	<b>-</b>	<b>1,191,702</b>
<i>Convertible Note - August 2013</i>		
Opening balance	-	-
Draw down amount	79,274	-
Conversion into equity	14 (79,274)	-
	<b>-</b>	<b>-</b>
<i>Convertible Note - October / November 2013</i>		
Opening balance	-	-
Draw down amount	100,000	-
Conversion into equity	14 (50,000)	-
Loan forgiveness	5 (50,000)	-
	<b>-</b>	<b>-</b>

- (ii) Lease Liability: During the financial year the Company purchased a motor vehicle for Rod Corps (Non-Executive Director) worth \$52,485 which has been leased over four years. Mr Corps is currently receiving his monthly Non-Executive Director fee, less the monthly lease repayment for the motor vehicle.

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**14. CONTRIBUTED EQUITY**

	<b>30-Jun-14</b>		<b>30-Jun-13</b>	
	<b>\$</b>	<b>No.</b>	<b>\$</b>	<b>No.</b>
<b>Fully paid ordinary shares</b>	72,127,554	151,733,359	69,065,616	921,540,359

<b>Movement in ordinary shares</b>		<b>\$</b>	<b>No.</b>	<b>Issue price</b>
<b>Balance at 30 June 2012</b>		<b>64,146,270</b>	<b>660,364,963</b>	
Issue on conversion of convertible note	13-Aug-12	443,400	24,910,114	\$0.02
Share issue	24-Aug-12	26,364	1,649,307	\$0.02
Share issue	19-Sep-12	1,537,600	76,880,000	\$0.02
Share issue	20-Nov-12	2	100	\$0.02
Issue in lieu of services	7-Dec-12	2,934,335	146,716,767	\$0.02
Settlement of trade payables	7-Dec-12	173,000	11,019,108	\$0.02
Cost of capital raising		(195,355)	-	-
<b>Balance at 30 June 2013</b>		<b>69,065,616</b>	<b>921,540,359</b>	

<b>Movement in ordinary shares</b>		<b>\$</b>	<b>No.</b>	<b>Issue price</b>
<b>Balance at 30 June 2013</b>		<b>69,065,616</b>	<b>921,540,359</b>	
Share issue	1-Dec-13	110,400	5,520,000	\$0.02
Issue on conversion of convertible note	13-Dec-13	1,313,838	367,974,816	\$0.00357
Consultants payment	13-Dec-13	62,500	3,125,000	\$0.02
Share consolidation	9-Apr-14	-	(1,272,202,074)	-
Placement of shares	23-Apr-14	1,230,000	98,400,000	\$0.0125
Issue of shares in lieu of fees	23-Apr-14	20,000	1,600,000	\$0.0125
Placement of shares	23-Apr-14	139,600	11,168,000	\$0.0125
Issue on conversion of convertible note	23-Apr-14	125,000	10,000,000	\$0.0125
Issue on conversion of related convertible note	23-Apr-14	50,000	4,000,000	\$0.0125
Issue of shares in lieu of fees	23-Apr-14	24,290	607,258	\$0.04
Cost of capital raising		(13,690)	-	-
<b>Balance at 30 June 2014</b>		<b>72,127,554</b>	<b>151,733,359</b>	

*Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

*Share buy-back*

There is no current on-market share buy-back.

*Capital risk management*

The consolidated entity's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, obtain new financing or sell assets to reduce debt.

The capital risk management policy remains unchanged from the 30 June 2013 Annual Report.

	<b>30-Jun-14</b>	<b>30-Jun-13</b>
	<b>\$</b>	<b>\$</b>
<b>Capital Risk Management</b>		
Cash and cash equivalents	956,346	86,356
Less: Total liabilities	(284,744)	(5,572,774)
<b>Net cash and cash equivalents asset / (deficiency)</b>	<b>671,602</b>	<b>(5,486,418)</b>

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**15. RESERVES**

	30-Jun-14	30-Jun-13
	\$	\$
Convertible notes – equity portion	-	96,936
Share-based payments reserve	148,000	148,000
Options reserve	-	200,000
	<b>148,000</b>	<b>444,936</b>

	Convertible notes	Options and share-based payments	Total
	\$	\$	\$
<b>Movement in Reserve</b>			
<b>Balance at 30 June 2012</b>	-	<b>348,000</b>	<b>348,000</b>
Embedded derivatives recognised during the year	96,936	-	<b>96,936</b>
<b>Balance at 30 June 2013</b>	<b>96,936</b>	<b>348,000</b>	<b>444,936</b>
<b>Movement in Reserve</b>			
<b>Balance at 30 June 2013</b>	<b>96,936</b>	<b>348,000</b>	<b>444,936</b>
Embedded derivatives recognised during the year	5,720	-	<b>5,720</b>
Embedded derivative cleared on conversion of convertible note	(102,656)	-	<b>(102,656)</b>
Lapse of options	-	(200,000)	<b>(200,000)</b>
<b>Balance at 30 June 2014</b>	-	<b>148,000</b>	<b>148,000</b>

*Options reserve*

The reserve is used to recognise amounts received in relation to listed options in the period before they expire or are exercised.

*Share-based payments reserve*

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

**16. DIVIDENDS**

There were no dividends paid, recommended or declared during the current or previous financial year.

**17. FINANCIAL INSTRUMENTS**

***Financial risk management objectives***

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

Risk management is carried out by the Board of Directors. These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits.

***Market risk***

*Foreign currency risk*

The Company's exposure to foreign currency is nil at 30 June 2014 as the Company sold its US subsidiary at year end. In the prior year however, the consolidated entity undertook certain transactions denominated in foreign currency, predominantly in relation to its US subsidiaries, and was exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

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The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities for the prior year was as follows:

	<u>30-Jun-13</u>
	\$
<b>Assets</b>	
US dollars	6,720
<b>Liabilities</b>	
US dollars	2,679,797

Refer below for a sensitivity analysis in relation to the consolidated entity's foreign currency exposure. The Company's exposure to foreign currency is nil at 30 June 2014 as the Company sold its US subsidiary at year end. In the prior financial year however, a rate of 10% was deemed appropriate, given the fluctuations between the two currencies during that time.

	AUD strengthened			AUD weakened		
	% change	Effect on profit before tax	Effect on equity	% change	Effect on profit before tax	Effect on equity
<b>30-Jun-13</b>						
US dollars	10%	-	(256,452)	10%	-	256,452

*Price risk*

The consolidated entity is not exposed to any significant price risk.

*Interest rate risk*

The Group's exposure to risks of changes in market interest rates relates primarily to the Group's cash balances. The Group constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing positions and the mix of fixed and variable interest rates. As the Group has no variable rate interest bearing borrowings its exposure to interest rate movements is limited to the amount of interest income it can potentially earn on surplus cash deposits. The Company does not account for any fixed rate instruments at fair value.

Refer below for sensitivity analysis:

	Basis points increase			Basis points decrease		
	Basis points change	Effect on profit before tax	Effect on equity	Basis points change	Effect on profit before tax	Effect on equity
<b>30-Jun-14</b>						
Cash and cash equivalents	100	9,563	9,563	100	(9,563)	(9,563)
<b>30-Jun-13</b>						
Cash and cash equivalents	100	796	796	100	(796)	(796)

*Credit risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

Receivable balances are monitored on an ongoing basis with the result that the Group does not have a significant exposure to bad debts. The only significant concentration of credit risk was in relation to the loan with Arturus Energy LLC, an entity related to Andrew Waller (a former director), and the loan with BNP Petroleum. A full impairment of \$644,142 and \$672,035 has been recognised in relation to these loans in the prior year and both balances have been written off at 30 June 2014 as the current Board believes the amounts will not be recovered.

*Liquidity risk*

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing and capital raising facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

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*Remaining contractual maturities*

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
30-Jun-14	%	\$	\$	\$	\$	\$
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	234,311	-	-	-	234,311
<i>Interest-bearing - fixed rate</i>						
Borrowings	17.48	9,664	9,663	31,106	-	50,433
<b>Total non-derivatives</b>		<b>243,975</b>	<b>9,663</b>	<b>31,106</b>	<b>-</b>	<b>284,744</b>

	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
30-Jun-13	%	\$	\$	\$	\$	\$
<b>Non-derivatives</b>						
<i>Non-interest bearing</i>						
Trade payables	-	644,949	-	-	-	644,949
<i>Interest-bearing - fixed rate</i>						
Borrowings*	8	2,137,627	-	-	-	2,137,627
<b>Total non-derivatives</b>		<b>2,782,576</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,782,576</b>

\*convertible into debt at the Company's option

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

**Fair value of financial instruments**

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

**18. RELATED PARTY DISCLOSURES**

*Directors*

The following persons were directors of Sprint Energy Limited during the financial year:

Directors	Position	Duration of Appointment
Gary Roper	Non-Executive Chairman	(Appointed 24 December 2013)
Andrew Chapman	Non-Executive Director	(Appointed 8 October 2012)
Roderick Corps	Non-Executive Director	(Appointed 24 December 2013)
Jon Knapp	Non-Executive Director	(Appointed 22 August 2013, Resigned 17 January 2014)
Mark Kogos	Non-Executive Director	(Appointed 25 October 2013, Resigned 24 December 2013)
Steve Flynn	Non-Executive Director	(Appointed 22 August 2013, Resigned 17 December 2013)
Adrian Edwards	Non-Executive Director	(Appointed 16 October 2013, Resigned 17 December 2013)
Ken Chad	Non-Executive Director	(Appointed 18 February 2013, Resigned 27 September 2013)
James Thompson	Non-Executive Director	(Appointed 30 July 2012, Resigned 22 August 2013)
Dr Jaap Poll	Non-Executive Director	(Appointed 6 January 2012, Resigned 31 July 2013)

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*Compensation*

The aggregate compensation made to directors and other members of key management personnel of the Company is set out below:

	30-Jun-14	30-Jun-13
	\$	\$
Short-term employee benefits	132,959	510,674
Post-employment benefits	13,237	17,435
Share-based payments	24,290	-
<b>Total</b>	<b>170,486</b>	<b>528,109</b>

**Compensation by category**

*Shareholding*

The number of shares in the parent entity held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

**30-Jun-14**

Directors	Opening Balance	Share Consolidation	Received as Remuneration	Exercise of Options	Additions	Disposals / other	Closing Balance
G Roper	-	-	-	-	-	-	-
A Chapman	60,541,408	(59,330,580)	-	-	7,205,878	-	8,416,706
R Corps	-	-	-	-	-	-	-
J Knapp <sup>1</sup>	-	-	-	-	-	-	-
M Kogos <sup>1</sup>	-	-	-	-	-	-	-
S Flynn <sup>1</sup>	-	-	-	-	-	-	-
A Edwards <sup>1</sup>	-	-	-	-	-	-	-
K Chad <sup>1</sup>	-	-	-	-	-	-	-
J Thompson <sup>1</sup>	34,935,835	-	-	-	-	(34,935,835)	-
Dr J Poll <sup>1</sup>	-	-	-	-	-	-	-
<b>Total</b>	<b>95,477,243</b>	<b>(59,330,580)</b>	<b>-</b>	<b>-</b>	<b>7,205,878</b>	<b>(34,935,835)</b>	<b>8,416,706</b>

<sup>1</sup> Director resigned during the 2014 financial year.

**30-Jun-13**

Directors	Opening Balance	Share Consolidation	Received as Remuneration	Exercise of Options	Additions	Disposals / other	Closing Balance
A Hamilton <sup>1</sup>	-	-	-	-	-	-	-
D Jendry <sup>1</sup>	-	-	-	-	-	-	-
Dr J Poll <sup>2</sup>	1,000,000	-	-	-	-	(1,000,000)	-
B Boyle <sup>2</sup>	-	-	-	-	-	-	-
J Thompson <sup>3</sup>	-	-	-	-	34,935,835	-	34,935,835
C Martin <sup>2</sup>	-	-	-	-	750,000	(750,000)	-
J Roestenburg <sup>23</sup>	-	-	-	-	200,000	(200,000)	-
A Chapman <sup>4</sup>	-	-	-	-	60,541,408	-	60,541,408
K Chad	-	-	-	-	-	-	-
<b>Total</b>	<b>1,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>96,427,243</b>	<b>(1,950,000)</b>	<b>95,477,243</b>

<sup>1</sup> Director resigned during the 2012 financial year.

<sup>2</sup> Director resigned during the 2013 financial year.

<sup>3</sup> Acquired through an on market acquisition.

<sup>4</sup> Directors opening balance at time of appointment.

*Option holding*

No Key management personnel held options during the 2014 and 2013 financial year.

*Related party transactions*

Related party transactions are set out in note 22.

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**19. REMUNERATION OF AUDITORS**

During the financial year the following fees were paid or payable for services provided by Regency Audit Pty Ltd, the auditor of the company, and unrelated firms:

	30-Jun-14	30-Jun-13
	\$	\$
<b>Amounts received or due and receivable by Regency Audit Pty Ltd for:</b>		
(i) An audit or review of the financial report of the entity	20,500	55,550
(ii) Other services in relation to the entity	-	-
(iii) Tax services	-	-
<b>Total auditor remuneration</b>	<b>20,500</b>	<b>55,550</b>

The fees paid for an audit or review of the financial report of the entity in the 2013 financial year relates to amounts paid to Nexia Perth Audit Services Pty Ltd, the Company's previous auditor.

**20. CONTINGENT ASSETS AND LIABILITIES**

The near term focus for the Company is to finalise the 100% acquisition of Voyager, a Sydney-based financial services company. The key terms of the Term Sheet pursuant to which the Company has agreed to acquire 100% of the issued share capital in Voyager, as per the notice of General Meeting, are as follows:

- (a) On completion of the Acquisition, Sprint will issue 62,283,457 Shares (post-Consolidation) to the Voyager Shareholders as consideration for the Acquisition (as per Resolution 5 of the Notice of General Meeting).

The Company will seek to enter into Commercial Arrangements whereby over time Voyager will seek financial commitments from a number of Offshore Funds. These financial commitments may comprise contributions towards advertising and marketing expenditure in combination with a trailing fee payable based upon total assets under management. As part of this transaction, Voyager must secure commitments from these offshore managers totalling a minimum of US\$3.6m per annum to be spent on advertising and marketing expenditure, subject to certain terms and conditions. If within 12 months from the issue of the Consideration Shares, the Company has entered into Commercial Arrangements valued at less than US\$3.6m, some or all of the share consideration provided to the Voyager Shareholders will be subject to forfeiture and cancellation in accordance with the following formula:

$$\text{Forfeited and cancelled Consideration} = \left(1 - \frac{C}{\text{US\$3,600,000}}\right) \times N$$

C: the value of the Commercial Arrangements (in US dollars) entered into between the Company and the Offshore Funds

N: 62,283,457.

- (b) Sprint may issue up to 17,437,519 (post-Consolidation) unlisted options only to the Offshore Funds under Resolution 6 of the Notice of General Meeting, as part of the Commercial Arrangements and to assist in negotiations with these Offshore Funds. These Options will be issued to the Offshore Funds only upon the execution of Commercial Arrangements with the Company.
- (c) The Acquisition is conditional upon:
- Sprint entering into acceptable service agreements with key personnel;
  - Sprint re-complying with Chapters 1 & 2 of the ASX Listing Rules, including:
    - raising sufficient funds so that Sprint holds a minimum of AU\$3,000,000 cash (net of fees and expenses) following Sprint being relisted on the ASX (Resolution 4 of the Notice of Meeting);
    - obtaining the approval of Sprint shareholders to the Acquisition (Resolution 1 of the Notice of General Meeting);
    - a Consolidation of Sprint's capital (Resolution 2 of the Notice of General Meeting);
    - Sprint obtaining conditional ASX approval to reinstatement of the Company to official quotation on the ASX on conditions satisfactory to Sprint; and
    - Sprint entering into Share Sale Agreements with the Voyager Shareholders such that:
      - following execution by the Voyager shareholders of all of the Share Sale Agreements, Sprint will be unconditionally entitled to acquire 100% of the issued shares in Voyager; and
      - such other terms as agreed between the parties that are necessary for completion of the Acquisition.
- (d) Voyager to appoint to the Sprint board that number of Directors that is in proportion to its holding in Sprint; and
- (e) Following successful completion of the Acquisition, Sprint will change its name to "Voyager Global Group Ltd" (Resolution 3 of the Notice of General Meeting).

There were no other contingent assets or liabilities at 30 June 2014 or 30 June 2013.

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**21. COMMITMENTS**

*Rental Commitments*

Committed at the reporting date but not recognised as liabilities, payable:

	30-Jun-14	30-Jun-13
	\$	\$
Within one year	-	192,512
After one year but not more than five years	-	128,342
More than five years	-	-
<b>Total minimum commitment</b>	<b>-</b>	<b>320,854</b>

*Leasing Commitments*

Committed at the reporting date and recognised as borrowings in the Consolidated Statement of Financial Position:

	30-Jun-14	30-Jun-13
	\$	\$
Within one year	9,664	-
After one year but not more than five years	40,769	-
More than five years	-	-
<b>Total minimum commitment</b>	<b>50,433</b>	<b>-</b>

There were no other commitments for expenditure at 30 June 2014 or 30 June 2013.

**22. RELATED PARTY TRANSACTIONS**

*Parent entity*

Sprint Energy Limited is the parent entity.

*Subsidiaries*

Interests in subsidiaries are set out in note 24.

*Key management personnel*

Disclosures relating to key management personnel are set out in note 18 and the remuneration report in the directors' report.

*Transactions with related parties*

The following transactions occurred with related parties:

	30-Jun-14	30-Jun-13
	\$	\$
Placement and management fees for Convertible notes raised by Merchant Capital Markets (a Company of which Andrew Chapman is a director)	-	223,050
Commission paid to a significant shareholder for Convertible notes raised	-	20,000
Payments to a significant shareholder as part of an agreement for facilitation of the Tomsk project	-	213,599
Shares given to a significant shareholder as part of an agreement for facilitation of the Tomsk project	-	2,934,335

*Receivable from and payable to related parties*

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	30-Jun-14	30-Jun-13
	\$	\$
<b>Current payables:</b>		
Directors fee payable to Gary Roper	3,300	-
Directors fee payable to Andrew Chapman	-	10,000
Directors fee payable to Roderick Corps	3,563	-
Directors fee payable to Mark Kogos	5,000	-
Directors fee payable to Adrian Edwards	5,000	-
Directors fee payable to Ken Chad	-	10,000
Directors fee payable to James Thompson	-	10,000
Directors fee payable to Jaap Poll	25,417	11,467
Directors fee payable to Craig Martin	3,539	-



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*Loans to/from related parties*

There are no loans to for from the Group outstanding at the reporting date in relation to loans with related parties for 2014 or 2013.

*Terms and conditions*

All transactions were made on normal commercial terms and conditions and at market rates.

**23. PARENT ENTITY INFORMATION**

At 30 June 2014 the Company disposed of its subsidiary, Modena. As a result, the Company had no subsidiaries at 30 June 2014 and 'Parent Entity Information' is therefore not required. Set out below however is the supplementary information about the parent entity for the 2013 financial year.

***Statement of Profit or Loss and Other Comprehensive Income***

	<b>Parent 30-Jun-13</b>
	<b>\$</b>
Loss after income tax of the parent entity	(6,967,183)
Total comprehensive loss of the parent entity	<b>(6,967,183)</b>

***Statement of Financial Position***

	<b>Parent 30-Jun-13</b>
	<b>\$</b>
Total current assets	161,298
Total non-current assets	12,687
<b>Total assets</b>	<b>173,985</b>
Total current liabilities	981,934
Total non-current liabilities	1,911,042
<b>Total liabilities</b>	<b>2,892,976</b>
<b>Equity</b>	
Contributed equity	69,065,616
Convertible notes – equity portion	96,936
Share-based payments reserve	148,000
Options reserve	200,000
Accumulated losses	(72,229,545)
<b>Total deficiency in equity</b>	<b>(2,718,991)</b>

*Guarantees entered into by the parent entity in relation to the debts of its subsidiaries*

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2014 and 30 June 2013.

*Contingent assets and liabilities*

Refer note 20 for contingent assets and liabilities of the parent entity as at 30 June 2014 and 30 June 2013.

*Capital commitments - Property, plant and equipment*

Refer note 21 for leasing commitments of the parent entity as at 30 June 2014 and 30 June 2013. The parent entity had no other capital commitments as at 30 June 2014 and 30 June 2013.

**SPRINT ENERGY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**24. SUBSIDIARIES**

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 3:

Name of Entity	Country of Incorporation	Equity Holding	
		30 June 2014	30 June 2013
		%	%
Murivel Trading SA	Bahamas	-	100
Blackgate Resources LLC	USA	-	100
Modena Operating LLC	USA	-	100
Modena Petroleum LLC	USA	-	100
Modena Oil Field Services LLC	USA	-	100
Modena Oil& Gas LLC	USA	-	100
Modena South Texas LP	USA	-	100
Modena South Texas LLC	USA	-	100

At 30 June 2014 the Company sold its subsidiary, Modena Petroleum LLC ('Modena') to RZJ Capital LLC ('RZJ'), a Company incorporated in Delaware, USA. As part of the acquisition, RZJ agreed to acquire all of Modena's rights and interests in all of their membership interests in the capital of Modena (representing 100% of the membership's interest of the Company and its subsidiaries). Consideration for the sale of Modena was \$1 and was paid on settlement, which was 30 June 2014.

**25. EARNINGS PER SHARE**

	30-Jun-14	30-Jun-13
Net profit / (loss) from continuing operations attributable to ordinary equity holders of the Company (\$)	3,241,339	(7,622,373)
Net profit / (loss) from discontinued operations attributable to ordinary equity holders of the Company (\$)	-	(4,326,195)
Weighted average number of ordinary shares used in calculating basic earnings per share (No.)	49,390,204	833,628,382
- Basic loss per share from continuing operations (cents)	6.56	(0.91)
- Basic loss per share from discontinued operations (cents)	-	(0.52)

Options have not been included in the calculation of diluted earnings per share as they are not dilutive.

**26. EVENTS AFTER THE REPORTING PERIOD**

On 4 September 2014 the Company issued its notice of general meeting, to be held 8 October 2014 at 10.00am at Level, 981 Wellington Street, West Perth WA 6005. The Company will seek approval for the following resolutions:

- Resolution 1 – Change of Nature and Scale of Activities;
- Resolution 2 – Consolidation of Capital;
- Resolution 3 – Change of Company Name;
- Resolution 4 – Issue of Securities Under Prospectus;
- Resolution 5 – Issue of Consideration Shares;
- Resolution 6 – Issue of Options to Offshore Funds;
- Resolution 7 – Participation of Mr Andrew Chapman in the Prospectus;
- Resolution 8 – Participation of Mr Rod Corps in the Prospectus;
- Resolution 9 – Participation of Mr Gary Roper in the Prospectus; and
- Resolution 10 – Ratification of Prior Placement of Shares.

No other matters or circumstance has arisen since 30 June 2014 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**SPRINT ENERGY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2014**

**27. SHARE-BASED PAYMENTS**

No option based payments were made in the 2014 and 2013 financial year.

Set out below are the options exercisable at the end of the financial year:

Date Options	Expiry Date	30-Jun-14 Number	30-Jun-13 Number
27-Feb-12	31-Mar-15	1,200,000	134,011,252
<b>Total Exercisable</b>		<b>1,200,000</b>	<b>134,011,252</b>

Grant Date	Expiry Date	Number of Options	Shares Price at grant date	Exercise Price	Expected Volatility	Dividend Yield	Risk-Free Interest Rate	Fair Value at Grant Date
27/02/2012	31/03/2015	100,000	\$0.02	\$2	119.79%	-	4.03%	\$0.016
27/02/2012	31/03/2015	1,100,000	\$0.02	\$3	119.79%	-	4.03%	\$0.014

These options vested at the grant date.

Liabilities settled through the issue of shares:

30-Jun-14	\$ per share	No of shares	Total \$
Settlement in lieu of services	\$0.02	3,125,000	62,500
Settlement in lieu of services	\$0.0125	1,600,000	20,000
Settlement in lieu of services	\$0.04	607,258	24,290
		<b>5,332,258</b>	<b>106,790</b>

30-Jun-13	\$ per share	No of shares	Total \$
Settlement in lieu of services	0.02	146,716,767	2,934,335
Settlement in lieu of services	0.0157	11,019,108	173,000
		<b>157,735,875</b>	<b>3,107,335</b>

**SPRINT ENERGY LIMITED  
DIRECTORS' DECLARATION  
FOR THE YEAR ENDED 30 JUNE 2014**

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In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the directors



---

Andrew Chapman  
Non-Executive Director

25 September 2014  
Perth

Regency Audit Pty Ltd

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## **Independent Auditor's Report**

### **To the Members of Sprint Energy Limited**

We have audited the accompanying financial report of Sprint Energy Limited ("the Company") and Controlled Entities ("the Consolidated Entity"), which comprises the consolidated statement of financial position as at 30 June 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Consolidated Entity, comprising 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 and fair presentation of the financial report 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, the directors also state, in accordance with Accounting Standards AASB 101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing 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 judgment, 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 entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

## **Independence**

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

## **Auditor's Opinion**

In our opinion:

- a. The financial report of Sprint Energy Limited and Controlled Entities 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;
- b. The financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

## **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 Sprint Energy Limited for the year ended 30 June 2014, complies with section 300A of the Corporations Act 2001.

Regency Audit

**REGENCY AUDIT PTY LTD**



**CHRIS WATTS CA**  
**Director**

DATED at PERTH this 25<sup>th</sup> day of September 2014

## SPRINT ENERGY LIMITED

### SHAREHOLDERS INFORMATION

The shareholder information set out below was applicable as at 26 August 2014.

#### Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares	Number of holder of options over ordinary shares (SPSOA)
1 to 1,000	537	-
1,001 to 5,000	158	-
5,001 to 10,000	63	-
10,001 to 100,000	89	-
100,001 and over	95	3
	<b>942</b>	<b>3</b>
Holding less than a marketable parcel	802	-

#### Equity security holders

*Twenty largest quoted equity security holders*

The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
PAN AUSTRALIAN NOMINEES PTY LIMITED	15,114,786	9.96
AJAVA HOLDINGS PTY LTD	11,670,115	7.69
THE TRUST COMPANY (AUSTRALIA) LIMITED <MOF A/C>	10,578,817	6.97
GEMELLI NOMINEES PTY LTD <GEMELLI FAMILY A/C>	8,000,000	5.27
MR JOHN ANDREW RODGERS <JOHN RODGERS FAMILY A/C>	8,000,000	5.27
PROVENCAL HOLDINGS (WA) PTY LTD <PROVENCAL A/C>	7,000,000	4.61
NATIONAL NOMINEES LIMITED <DB A/C>	5,936,855	3.91
MR COLIN ALEXANDER MACKELLAR + MRS MICHELE ELIZABETH MACKELLAR <CA MACKELLAR SUPER FUND A/C>	4,400,000	2.90
MR PETER COOK <PETER COOK A/C>	4,000,000	2.64
MR MATHEW DONALD WALKER	4,000,000	2.64
MR IAN MICHAEL PATERSON PARKER + MRS CATRIONA SYLVIA PARKER <PARKER SUPER FUND A/C>	3,333,334	2.20
SABRELINE PTY LTD <JPR INVESTMENT A/C>	2,666,667	1.76
BLIGH PARTNERSHIP PTY LTD <EFILEVEROF PSF A/C>	2,666,666	1.76
MR KEVIN THOMAS MAHON <MAHON FAMILY A/C>	2,300,000	1.52
MR ROBERT REGINALD FISHER + MRS LYNETTE GLADYS FISHER <CAPRICE SUPER FUND A/C>	2,108,427	1.39
DOZEMEI PTY LTD <LA REPUBBLICA VENEXIANA A/C>	2,000,000	1.32
MR ALEXANDAR BOWES HAY	2,000,000	1.32
GELC PTY LTD <MORRIS SUPER FUND A/C>	1,915,001	1.26
LESSAR PTY LTD <THE RODNEY SHEA FAMILY A/C>	1,690,000	1.11
CRANLEY CONSULTING PTY LTD <CRANLEY CONSULTING A/C>	1,656,016	1.09
	<b>101,036,684</b>	<b>66.59</b>

**SPRINT ENERGY LIMITED**  
**SHAREHOLDERS INFORMATION**

	Options over ordinary shares (SPSOA)	
	Number held	% of total options issued
MACARONIS PTY LTD	600,000	50.00
TRUESTONE CAPITAL LIMITED	500,000	41.67
CYNTHIA NYUK HA MATTIN	100,000	8.33
	1,200,000	100.00

**Unquoted equity securities**

	Number held	% of total
PROVENCAL HOLDINGS (WA)	2,000,000	100.00
	2,000,000	100.00

**Substantial holders**

Substantial holders in the company are set out below:

	Ordinary Shares	
	Number held	% of total shares issued
PAN AUSTRALIAN NOMINEES PTY LIMITED	15,114,786	9.96
AJAVA HOLDINGS PTY LTD	11,670,115	7.69
THE TRUST COMPANY (AUSTRALIA) LIMITED <MOF A/C>	10,578,817	6.97
GEMELLI NOMINEES PTY LTD <GEMELLI FAMILY A/C>	8,000,000	5.27
MR JOHN ANDREW RODGERS <JOHN RODGERS FAMILY A/C>	8,000,000	5.27

	Options	
	Number held	% of total options issued
MACARONIS PTY LTD	600,000	50.00
TRUESTONE CAPITAL LIMITED	500,000	41.67
CYNTHIA NYUK HA MATTIN	100,000	8.33

**Voting rights**

The voting rights attached to ordinary shares are set out below:

*Ordinary shares*

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.



**SPRINT ENERGY LIMITED**  
**CORPORATE GOVERNANCE STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2014**

The Board of Directors of Sprint Energy Limited is responsible for the corporate governance of the Company. The Board guides and monitors the business and affairs of Sprint Energy Limited on behalf of the shareholders by whom they are elected and to whom they are accountable. This statement reports on Sprint Energy Limited's key governance principles and practices.

**1 COMPLIANCE WITH BEST PRACTICE RECOMMENDATIONS**

The Company, as a listed entity, must comply with the Corporations Act 2001 and the ASX Limited (ASX) Listing Rules. The ASX Listing Rules require the Company to report on the extent to which it has followed the Corporate Governance Recommendations published by the ASX Corporate Governance Council (ASXCGC). Where a recommendation has not been followed, that fact is disclosed, together with the reasons for the departure.

The table below summaries the Company's compliance with the Corporate Governance Council's Recommendations:

Principle #	ASX Corporate Governance Council Recommendations	Reference	Comply
<b>Principle 1</b>	<b>Lay solid foundations for management and oversight</b>		
1.1	Establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	2(a)	Yes
1.2	Disclose the process for evaluating the performance of senior executives.	2(h), 3(b), Remuneration Report	Yes
1.3	Provide the information indicated in the Guide to reporting on principle 1.	2(a), 2(h), 3(b), Remuneration Report	Yes
<b>Principle 2</b>	<b>Structure the board to add value</b>		
2.1	A majority of the board should be independent directors.	2(e)	Yes
2.2	The chair should be an independent director.	2(b), 2(c), 2(e)	Yes
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	2(b), 2(c)	Yes
2.4	The Board should establish a nomination committee.	2(d)	No
2.5	Disclose the process for evaluating the performance of the board, its committees and individual directors.	2(h)	Yes
2.6	Provide the information indicated in the Guide to reporting on principle 2.	2(b), 2(c), 2(d), 2(e), 2(h)	Yes
<b>Principle 3</b>	<b>Promote ethical and responsible decision-making</b>		
3.1	Establish a code of conduct and disclose the code or a summary as to:	4(a)	Yes
	• the practices necessary to maintain confidence in the Company's integrity;		
	• the practices necessary to take into account the Company's legal obligations and the reasonable expectations of its stakeholders; and		
	• the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.		
3.2	Establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	4(b)	Yes
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	4(b)	Yes
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	4(b)	Yes
3.5	Provide the information indicated in the Guide to reporting on principle 3.	4(a), 4(b)	Yes

**SPRINT ENERGY LIMITED**  
**CORPORATE GOVERNANCE STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2014**

<b>Principle 4</b>	<b>Safeguard integrity in financial reporting</b>		
4.1	The Board should establish an audit committee.	3(a)	No
4.2	The audit committee should be structured so that it:	3(a)	No
	• consists only of non-executive directors;		
	• consists of a majority of independent directors;		
	• is chaired by an independent chair, who is not chair of the Board; and		
	• has at least three members.		
4.3	The audit committee should have a formal charter	3(a)	No
4.4	Provide the information indicated in the Guide to reporting on principle 4.	3(a)	Yes
<b>Principle 5</b>	<b>Make timely and balanced disclosure</b>		
5.1	Establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.	5(a), 5(b)	Yes
5.2	Provide the information indicated in the Guide to reporting on principle 5.	5(a), 5(b)	Yes
<b>Principle 6</b>	<b>Respect the rights of shareholders</b>		
6.1	Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose the policy or a summary of that policy.	5(a), 5(b)	Yes
6.2	Provide the information indicated in the Guide to reporting on principle 6.	5(a), 5(b)	Yes
<b>Principle 7</b>	<b>Recognise and manage risk</b>		
7.1	Establish policies for the oversight and management of material business risks and disclose a summary of those policies.	6(a)	Yes
7.2	The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	6(a), 6(b), 6(d)	Yes
7.3	The Board should disclose whether it had received assurance from the chief executive officer and the chief financial officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	6(c)	Yes
7.4	Provide the information indicated in the Guide to reporting on principle 7.	6(a), 6(b), 6(c), 6(d)	Yes
<b>Principle 8</b>	<b>Remunerate fairly and responsibly</b>		
8.1	The Board should establish a remuneration committee.	3(b)	No
8.2	The remuneration committee should be structured so that it:	3(b)	No
	• consists of a majority of independent directors		
	• is chaired by an independent chair		
	• has at least three members.		
8.3	Clearly distinguish the structure on non-executive directors' remuneration from that of executive directors and senior executives.	3(b), Remuneration Report	Yes
8.3	Provide the information indicated in the Guide to reporting on principle 8.	3(b),	Yes

## **2. THE BOARD OF DIRECTORS**

### **(a) Roles and Responsibilities of the Board**

The Board is accountable to the shareholders and investors for the overall performance of the Company and takes responsibility for monitoring the Company's business and affairs and setting its strategic direction, establishing and overseeing the Company's financial position.

The Board is responsible for:

- Appointing, evaluating, rewarding and if necessary the removal of the Chief Executive Officer ("CEO") and senior management;
- Development of corporate objectives and strategy with management and approving plans, new investments, major capital and operating expenditures and major funding activities proposed by management;
- Monitoring actual performance against defined performance expectations and reviewing operating information to understand at all times the state of the health of the Company;
- Overseeing the management of business risks, safety and occupational health, environmental issues and community development;
- Satisfying itself that the financial statements of the Company fairly and accurately set out the financial position and financial performance of the Company for the period under review;
- Satisfying itself that there are appropriate reporting systems and controls in place to assure the Board that proper operational, financial, compliance, risk management and internal control process are in place and functioning appropriately.
- Approving and monitoring financial and other reporting;
- Assuring itself that appropriate audit arrangements are in place;
- Ensuring that the Company acts legally and responsibly on all matters and assuring itself that the Company has adopted a Code of Conduct and that the Company practice is consistent with that Code; and other policies; and
- Reporting to and advising shareholders.

Other than as specifically reserved to the Board, responsibility for the day-to-day management of the Company's business activities is delegated to the Chief Executive Officer and Executive Management.

### **(b) Board Composition**

The Directors determine the composition of the Board employing the following principles:

- the Board, in accordance with the Company's constitution must comprise a minimum of three Directors;
- the roles of the Chairman of the Board and of the Chief Executive Officer should be exercised by different individuals;
- the majority of the Board should comprise Directors who are non-executive;
- the Board should represent a broad range of qualifications, experience and expertise considered of benefit to the Company; and
- the Board must be structured in such a way that it has a proper understanding of, and competency in, the current and emerging issues facing the Company, and can effectively review management's decisions.

The Board is currently comprised of a majority of independent Directors. The board is currently comprised of all non-executive Directors.

The skills, experience, expertise, qualifications and terms of office of each director in office at the date of the annual report is included in the Directors' Report.

The Chair is independent and the role of Chair and chief executive officer are exercised by two different people.

The Company's constitution requires one-third of the Directors (or the next lowest whole number) to retire by rotation at each Annual General Meeting (AGM). The Directors to retire at each AGM are those who have been longest in office since their last election. Where Directors have served for equal periods, they may agree amongst themselves or determine by lot who will retire. A Director must retire in any event at the third AGM since he or she was last elected or re-elected. Retiring Directors may offer themselves for re-election.

A Director appointed as an additional or casual Director by the Board will hold office until the next AGM when they may be re-elected. The Chief Executive Officer is not subject to retirement by rotation and, along with and Director appointed as an additional or casual Director, is not to be taken into account in determining the number of Directors required to retire by rotation.

**SPRINT ENERGY LIMITED**  
**CORPORATE GOVERNANCE STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2014**

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**(c) Chairman**

The Chairman is responsible for:

- leadership of the Board;
- the efficient organisation and conduct of the Board's functions;
- the promotion of constructive and respectful relations between Board members and between the Board and management;
- contributing to the briefing of Directors in relation to issues arising at Board meetings;
- facilitating the effective contribution of all Board members; and
- committing the time necessary to effectively discharge the role of the Chairman.

During the year there was a Chair that was independent. The role of Chair and Chief Executive Officer are exercised by two different people.

The Chief Executive Officer is responsible for:

- implementing the Company's strategies and policies; and
- the day-to-day management of the Company's business activities

The Board specifies that the roles of the Chairman and the Chief Executive Officer are separate roles to be undertaken by separate people.

Due to the nature of the Company's current activities it does not currently have a chief executive officer and this role was, during the financial year, effectively undertaken by the board of directors. The Board considered that, at this stage of the Company's development, the executive role carried out by the board was in the best interests of the Company. The Board will monitor the need to separate these roles as the Company's circumstances change and on consideration of the appointment of a new chief executive officer.

**(d) Nomination Committee**

The Company does not comply with ASX Recommendation 2.4. The Company is not of a relevant size to consider formation of a nomination committee to deal with the selection and appointment of new Directors and as such a nomination committee has not been formed.

Nominations of new Directors are considered by the full Board. If any vacancies arise on the Board, all directors are involved in the search and recruitment of a replacement. The Board has taken a view that the full Board will hold special meetings or sessions as required. The Board are confident that this process for selection and review is stringent and full details of all Directors are provided to shareholders in the annual report and on the Company's website.

**(e) Independent Directors**

The Company recognises that independent directors are important in assuring shareholders that the Board is properly fulfilling its role and is diligent in holding senior management accountable for its performance. The Board assesses each of the directors against specific criteria to decide whether they are in a position to exercise independent judgment.

Directors of Sprint Energy Limited are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement.

In making this assessment, the Board considers all relevant facts and circumstances. Relationships that the Board will take into consideration when assessing independence are whether a Director:

- is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- is employed, or has previously been employed in an executive capacity by the Company or another Company member, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- has within the last three years been a principal of a material professional advisor or a material consultant to the Company or another Company member, or an employee materially associated with the service provided;
- is a material supplier or customer of the Company or other Company member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer; or
- has a material contractual relationship with the Company or another Company member other than as a Director.

The Board is currently comprised of three non-executive Directors, two of which are independent.

**SPRINT ENERGY LIMITED**  
**CORPORATE GOVERNANCE STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2014**

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In accordance with the definition of independence above, and the materiality thresholds set, the following directors of Sprint Energy Limited are considered to be independent:

<b>Name</b>	<b>Position</b>
Mr Roderick Corps	Non-Executive Director
Mr Gary Roper	Non-Executive Chairman

The term in office held by each director in office at the date of this report is as follows:

<b>Name</b>	<b>Term</b>
Mr Roderick Corps	Appointed 24 December 2013
Mr Gary Roper	Appointed 24 December 2013
Mr Andrew Chapman	Appointed 8 October 2012

In recognition of the importance of independent views and the Board's role in supervising the activities of management the Chairman should be a non-executive director.

**(f) Avoidance of conflicts of interest by a Director**

In order to ensure that any interests of a Director in a particular matter to be considered by the Board are known by each Director, each Director is required by the Company to disclose any relationships, duties or interests held that may give rise to a potential conflict. Directors are required to adhere strictly to constraints on their participation and voting in relation to any matters in which they may have an interest.

**(g) Board access to information and independent advice**

Directors are able to access members of the management team at any time to request relevant information. There are procedures in place, agreed by the Board, to enable Directors, in furtherance of their duties, to seek independent professional advice at the Company's expense.

**(h) Review of Board performance**

The performance of the Board is reviewed regularly by the Chairman. The Chairman conducts performance evaluations which involve an assessment of each Board member's performance against specific and measurable qualitative and quantitative performance criteria. The performance criteria against which directors and executives are assessed is aligned with the financial and non-financial objectives of Sprint Energy Limited. Primarily, the review will be carried out through consultation by the Chairman and with individual Directors. Directors whose performance is consistently unsatisfactory may be asked to retire.

**2. BOARD COMMITTEES**

**(a) Audit Committee**

The Company does not have a formal audit committee. The Board continues to strive to meet the ASX Corporate Governance Principles and Recommendations or other such principles and guidance as the Board may consider appropriate from time to time, however the Board also recognises that complying the ASX Corporate Governance Principles and Recommendations 4.1-4.3 is impractical given the size of the Company and the industry in which it operates. The board consists of three (3) members and therefore the Directors believe, it is sufficient for the full board to assume those responsibilities that are ordinarily assigned to an audit committee.

*External Auditors*

The Company's policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in the notes to the financial statements in the Annual Report.

There is no indemnity provided by the Company to the auditor in respect of any potential liability to third parties.

The external auditor is requested to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and preparation and content of the audit report.

Non-audit services provided by the auditors during the year are detailed in the financial statements.

**(b) Remuneration Committee**

The role of a Remuneration Committee is to assist the Board in fulfilling its responsibilities in respect of establishing appropriate remuneration levels and incentive policies for employees.

The Company does not have a formal remuneration committee. The Board continues to strive to meet the ASX Corporate Governance Principles and Recommendations or other such principles and guidance as the Board may consider appropriate from time to time, however the Board also recognises that complying the ASX Corporate Governance Principles and Recommendations 8.1-8.2 is impractical given the size of the Company and the industry in which it operates. The board consists of three (3) members and therefore the Directors believe, it is sufficient for the full board to assume those responsibilities that are ordinarily assigned to a remuneration committee

The responsibilities include setting policies for senior officers remuneration, setting the terms and conditions for the CEO, reviewing and making recommendations to the Board on the Company's incentive schemes and superannuation arrangements, reviewing the remuneration of both executive and non-executive directors and undertaking reviews of the CEO's performance.

The Company has structured the remuneration of its senior executive, where applicable, such that it comprises a fixed salary, statutory superannuation and participation in the Company's employee share option plan. The Company believes that by remunerating senior executives in this manner it rewards them for performance and aligns their interests with those of shareholders and increases the Company's performance.

Non-executive directors are paid their fees out of the maximum aggregate amount approved by shareholders for non-executive director remuneration. The Company does not adhere to Recommendation 8.2 Box 8.2 'Non-executive directors should not receive options or bonus payments'. The Company has previously granted options to non-executive directors and, potentially, will do so in the future. The Board is of the view that options (for both executive and non-executive directors) are a cost effective benefit for small companies such as Sprint Energy Limited that seek to conserve cash reserves. They also provide an incentive that ultimately benefits both shareholders and the optionholder, as optionholders will only benefit if the market value of the underlying shares exceeds the option strike price. Ultimately, shareholders will make that determination.

The board policy is to remunerate Directors at market rates for time, commitment and responsibilities. The Board determines payments to the Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. Fees for Non-Executive Directors are not linked to the performance of the consolidated entity. However, to align Directors' interests with shareholders' interests, the Directors are encouraged to hold shares in the Company.

The Company's aim is to remunerate at a level that will attract and retain high-calibre directors and employees. Company officers and Directors are remunerated to a level consistent with the size of the Company.

The Board believes that it has implemented suitable practices and procedures that are appropriate for an organisation of this size and maturity.

In accordance with best practice corporate governance, the structure of Non-Executive Director and Executive compensation is separate and distinct.

In determining remuneration, the Board has taken a view that the full Board will hold special meetings or sessions as required. No Director participated in any deliberation regarding his or her own remuneration or related issues. The Board are confident that this process for determining remuneration is stringent and full details of remuneration policies and remuneration received by directors and executives in the current period is contained in the "Remuneration Report" within the Directors' Report of the Annual Report.



### **3. ETHICAL AND RESPONSIBLE DECISION MAKING**

#### **(a) Code of Ethics and Conduct**

The Board endeavours to ensure that the Directors, officers and employees of the Company act with integrity and observe the highest standards of behaviour and business ethics in relation to their corporate activities. The “Code of Conduct” sets out the principles, practices, and standards of personal behaviour the Company expects people to adopt in their daily business activities.

All Directors, officers and employees are required to comply with the Code of Conduct. Senior managers are expected to ensure that employees, contractors, consultants, agents and partners under their supervision are aware of the Company’s expectations as set out in the Code of Conduct.

All Directors, officers and employees are expected to:

- a. comply with the law;
- b. act in the best interests of the Company;
- c. be responsible and accountable for their actions; and
- d. observe the ethical principles of fairness, honesty and truthfulness, including prompt disclosure of potential conflicts.

#### **(b) Diversity Policy**

The Company recognises that a diverse and talented workforce is a competitive advantage and that the Company’s success is the result of the quality and skills of our people. As such, the Board has adopted a policy to recruit and manage on the basis of qualification for the position and performance, regards of gender, age, nationality, race, religious beliefs, cultural background, sexuality, or physical ability. It is essential that the Company employs the appropriate person for each job and that each person strives for a high level of performance.

#### **Gender proportions:**

Currently the Company has no women directors, 0% senior executive staff are female.

### **4. TIMELY AND BALANCED DISCLOSURE**

#### **(a) Shareholder communication**

The Company believes that all shareholders should have equal and timely access to material information about the Company including its financial situation, performance, ownership and governance. The Company’s “ASX Disclosure Policy” encourages effective communication with its shareholders by requiring that Company announcements:

- be factual and subject to internal vetting and authorisation before issue;
- be made in a timely manner;
- not omit material information;
- be expressed in a clear and objective manner to allow investors to assess the impact of the information when making investment decisions;
- be in compliance with ASX Listing Rules continuous disclosure requirements; and
- be placed on the Company’s website promptly following release.

Shareholders are encouraged to participate in general meetings. Copies of addresses by the Chairman or Chief Executive Officer are disclosed to the market and posted on the Company’s website. The Company’s external auditor attends the Company’s annual general meeting to answer shareholder questions about the conduct of the audit, the preparation and content of the audit report, the accounting policies adopted by the Company and the independence of the auditor in relation to the conduct of the audit.

#### **(b) Continuous disclosure policy**

The Company is committed to ensuring that shareholders and the market are provided with full and timely information and that all stakeholders have equal opportunities to receive externally available information issued by the Company. The Company’s “ASX Disclosure Policy” described in 5(a) reinforces the Company’s commitment to continuous disclosure and outline management’s accountabilities and the processes to be followed for ensuring compliance.

The policy also contains guidelines on information that may be price sensitive. The Company Secretary has been nominated as the person responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements with the ASX Listing Rules and overseeing and coordinating information disclosure to the ASX.

**5. RECOGNISING AND MANAGING RISK**

The Board is responsible for ensuring there are adequate policies in relation to risk management, compliance and internal control systems. The Company's policies are designed to ensure strategic, operational, legal, reputation and financial risks are identified, assessed, effectively and efficiently managed and monitored to enable achievement of the Company's business objectives. A written policy in relation to risk oversight and management has been established ("Risk Management and Internal Control Policy"). Considerable importance is placed on maintaining a strong control environment. There is an organisation structure with clearly drawn responsibilities.

**(a) Board oversight of the risk management system**

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

The Board is responsible for approving and overseeing the risk management system. The Board reviews, at least annually, the effectiveness of the implementation of the risk management controls and procedures.

The principle aim of the system of internal control is the management of business risks, with a view to enhancing the value of shareholders' investments and safeguarding assets. Although no system of internal control can provide absolute assurance that the business risks will be fully mitigated, the internal control systems have been designed to meet the Company's specific needs and the risks to which it is exposed.

Annually, the Board is responsible for identifying the risks facing the Company, assessing the risks and ensuring that there are controls for these risks, which are to be designed to ensure that any identified risk is reduced to an acceptable level.

The Board is also responsible for identifying and monitoring areas of significant business risk. Internal control measures currently adopted by the Board include:

- (a) at least quarterly reporting to the Board in respect of operations and the Company's financial position, with a comparison of actual results against budget; and
- (b) regular reports to the Board by appropriate members of the management team and/or independent advisers, outlining the nature of particular risks and highlighting measures which are either in place or can be adopted to manage or mitigate those risks.

**(b) Risk management roles and responsibilities**

The Board is responsible for approving and reviewing the Company's risk management strategy and policy. Executive management is responsible for implementing the Board approved risk management strategy and developing policies, controls, processes and procedures to identify and manage risks in all of the Company's activities.

The Board is responsible for satisfying itself that management has developed and implemented a sound system of risk management and internal control.

**(c) Chief Executive Officer and Chief Financial Officer Certification**

The Chief Executive Officer and Chief Financial Officer, or equivalent, provide to the Board written certification that in all material respects:

- (a) The Company's financial statements present a true and fair view of the Company's financial condition and operational results and are in accordance with relevant accounting standards;
- (b) The statement given to the Board on the integrity of the Company's financial statements is founded on a sound system of risk management and internal compliance and controls which implements the policies adopted by the Board; and
- (c) The Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

**(d) Internal review and risk evaluation**

Assurance is provided to the Board by executive management on the adequacy and effectiveness of management controls for risk on a regular basis.