

ODIN ENERGY LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 30TH JUNE 2014



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ANNUAL REPORT – 30 June 2014

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CORPORATE INFORMATION

Directors

Chairman Alex Bajada

Director/Company Secretary Roland Berzins

Non executive director Anthony Short

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Auditors Somes Cooke
Level 2/35 Outram Street
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Solicitors - Perth Muries Lawyers
16 Emerald Terrace
West Perth WA 6005

Bank National Australia Bank
1232 Hay St
West Perth WA 6005

Stock exchange listings Odin Energy Limited shares and options are listed on the
Australian Stock Exchange under the code ODN

Website Address www.odinenergy.com.au

REVIEW OF OPERATIONS

Operational Overview

Galveston 307 Project (WI 11.25%, NRI 9.0%)

In July 2011, the Company completed a re-structure of its joint venture with Kilgore Oil and Gas Ltd concerning the Galveston-307 Block on offshore Texas waters. Odin had previously executed a farm-in with Kilgore Oil and Gas Ltd (Kilgore) to participate in the drilling of the Sandpiper, Snipe and Egret prospects in the Galveston 307 Block. The three wells were all discoveries and were subsequently completed. The re-structure involved the transfer of Kilgore's 100% owned subsidiary, Kilgore Exploration Inc ("KEI") which holds the interests in the Galveston 307 Block to Odin in return for the termination of the joint venture thereby doubling Odin's interest in the project.

For the twelve month period daily production averaged 1,064 Mcfe/d (KEI share 93 Mcfe/d), with total production for the year being 388,214 Mcfe (KEI share 33,935 Mcfe). KEI's weighted average NRI for the project during the year was 8.74%. During the year Egret and Sandpiper were in production, while Snipe was largely shut in due to low pressure, with production only sufficient to hold the lease. The production profile continued the expected and natural decline. In February 2014 a compressor was installed on the platform, a procedure which was part of the original production plan when the wells were drilled, since wellhead pressure would eventually fall below that of the pipeline

Corporate Overview

In July 2013 the Company entered into an MOU to acquire the exclusive technology rights for Australia to a non-recyclable plastics to diesel conversion technology. This transaction did not proceed beyond the due diligence stage.

In November 2013 the Company executed an Option Agreement to earn an 80% interest in two oil licences in Russia. At the date of this report the transaction has not progressed further.

The Company's subsidiary, Kilgore Exploration Inc, appealed in the September 2013 quarter against a judgement rendered against it in March 2013 in a lawsuit with Apache Corporation. At the date of this report the outcome of this appeal is unknown. The Company has brought all costs to account in respect of this matter; but if ultimately successful in its appeal (and any subsequent appeal to the Texas Supreme Court) would result in a payment to the Company of around USD700,000 and the write back of all liabilities currently recorded in the records.

Operating Results for the Year- Odin Energy

The net operating loss of the Group for the financial year ending 30 June 2014 after income tax amounted to \$1,693,280 (2013: \$1,024,872).

CORPORATE GOVERNANCE

COMPLIANCE WITH ASX CORPORATE GOVERNANCE RECOMMENDATIONS

APPROACH TO CORPORATE GOVERNANCE

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

During the financial period ended, shareholders continued to receive the benefit of an efficient and cost – effective corporate governance policy for the Company.

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

Upon listing, the Company established a set of Corporate Governance policies and procedures. These were based on the Australia Securities Exchange Corporate Governance Council's ("Council") "Principles of Good Corporate Governance and Best Practice Recommendations".

In accordance with the Council's recommendations, the Company has followed the guidelines during this period. Where a recommendation is not followed, that fact must be disclosed, together with the reason for the departure.

For further information on Corporate Governance policies adopted by the Company, refer to our website: www.odinenergy.com.au

Principle 1 – Lay solid foundations for management and oversight			
1.1	Establish the functions reserved to the Board of Odin Energy Limited and those delegated to senior executives and disclose those functions.	The Board is responsible for the overall corporate governance of the Company. The Board has adopted a Board Charter that formalises its roles and responsibilities and defines the matters that are reserved for the Board and specific matters that are delegated to management. A summary of those matters is set out in this Corporate Governance Statement. The Board has adopted a Delegations of Authority that sets limits of authority for senior executives. On appointment of a Director, the Company issues a letter of appointment setting out the terms and conditions of appointment to the Board.	Complies.
1.2	Disclose the process for evaluating the performance of senior executives.	Senior executives prepare strategic objectives that are reviewed and signed off by the Board. These objectives must then be met by senior executives as part of their key performance targets. The Chairman then reviews the performance of the senior executives against those objectives. The Board reviews the Chairman's compliance against his and the Company's objectives. These reviews occur annually.	Complies.
1.3	Provide the information indicated in the <i>Guide to reporting on Principle 1</i> .	A copy of the Board Charter is available on the Company's website and is summarised in this Corporate Governance Statement. The performance evaluation process for senior executives is summarised in this Corporate Governance Statement. The Board conducted a performance evaluation for senior executives in the financial year in accordance with the process summarised in this Corporate Governance Statement.	Complies.

Principle 2 – Structure the Board to add value			
2.1	A majority of the Board should be independent directors.	The Company has one independent Director, Mr Roland Berzins. Mr Alex Bajada and Mr Anthony Short are not considered independent by virtue of their positions as Executive Chairman and Executive Director respectively and their shareholdings. Due to the experience and historical conduct of the Directors, the Company believes that the current structure of the board complies with the spirit and intent of Recommendation 2.1 The Directors are satisfied that the composition and structure of the Board is appropriate for the size of the Company and the nature of its operations. The membership of the Board, its activities and composition is subject to periodic review.	Does not comply.
2.2	The Chair should be an independent director.	The Chairman of the Board, Mr Alex Bajada, is not an independent Director for the reasons set out in 2.1 above. The role of the Chairman is to provide leadership to the board and to facilitate the efficient organisation and conduct of the board's functioning, which is performed by Mr Bajada.	Does not comply.
2.3	The roles of Chair and Chief Executive Officer should not be exercised by the same individual.	Mr Alex Bajada is the Chairman and Anthony Short the Chief Executive Officer.	Complies.
2.4	The Board should establish a nomination committee.	The Company has not established a separate Nomination Committee. Given the Company's current size and nature, the Board considers that the current board is a cost effective and practical method of directing and managing the Company. Accordingly, the duties of the Nomination Committee, as set out in the Nomination Committee Charter on the Company's website, are currently undertaken by the full Board. Each year the Board will review the necessity or ability to establish a separate Nomination Committee and, if appropriate, delegate certain responsibilities to such Committee. The Board has adopted a Nomination Committee Charter which it follows when considering matters that would usually be considered by a nomination committee.	Does not comply.
2.5	Disclose the process for evaluating the performance of the Board, its committees and individual directors.	The Board has established a Performance Evaluation Policy, which is available on the Company's website. The Performance Evaluation Policy covers the Board, its Committees, if any, and its individual Directors. The Board as a whole will discuss and analyse its own performance on an annual basis including suggestions for change or improvement from individual Board members and senior management to examine ways to perform its duties more effectively. The Board's induction program provides incoming Directors with information that will enable them to carry out their duties in the best interests of the Company. This includes supporting ongoing education of Directors for the benefit of	Complies.

		the Company.	
2.6	Provide the information indicated in the <i>Guide to reporting on Principle 2</i> .	The skills, experience and expertise of by each Director are set out in the Directors' Report in this Annual Report. The Company has one independent Directors. A Director is considered independent when he substantially satisfies the test for independence as set out in the ASX Corporate Governance Recommendations. Refer to 2.1 above. Members of the Board are able to take independent professional advice at the expense of the Company, subject to prior consultation with the Chairman. Alex Bajada, Executive Chairman, was appointed to the Board on 30 March 2007. Anthony Short, Chief Executive Officer, was re-appointed to the Board on 2 August 2011. Roland Berzins, Non-Executive Director, was appointed to the Board on 23 February 2009. The Board has not established a Nomination Committee for the reasons set out in 2.4 above. The Board has undertaken a review of the mix of skills and experience on the Board in light of the Company's principal activities and direction, and has considered diversity in succession planning. The Board considers the current mix of skills and experience of members of the Board and its senior management is sufficient to meet the requirements of the Company.	Complies.
Principle 3 – Promote ethical and responsible decision making			
3.1	Establish a code of conduct and disclose the code or a summary of the code as to: - 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; - the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	The Board has adopted a code of conduct which provides a framework for decisions and actions in relation to ethical conduct of the Company's Directors, officers and employees. A copy of the Code of Conduct is available on the Company's website. The Code of Conduct sets out the principles covering appropriate conduct in a variety of contexts and outlines the minimum standard of behaviour expected from management and employees. The Company encourages the reporting of matters that may cause financial and/or non-financial loss to the Company, or may damage the Company's reputation. All employees are responsible for reporting circumstances that may involve a breach of the Code of Conduct. The Company also has adopted a Securities Trading Policy that establishes a procedure for dealings in the Company's securities by Directors, senior executives, employees, and related parties, and also dealings in securities of other entities with whom the Company may have business dealings. The Securities Trading Policy is further described at the end of this Corporate Governance Statement under the section titled 'Dealing in Company Securities'. A copy of Securities Trading Policy is available in the Corporate Governance section of the Company's website.	Complies.

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 and for the Board to assess annually both the objectives and progress in achieving them.	The Board has established a Diversity Policy and is committed to workplace diversity, with a particular focus on supporting the representation of women at the senior level in the Company and on the Board. A copy of the Diversity Policy is available on the Company's website.	Complies.
3.3	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.	The Company is at a stage of its development that the application of measurable objectives in relation to gender diversity, at the various levels of the Company's business, are not considered to be appropriate nor practical. The Chairman monitors the scope and currency of the Diversity Policy and the Company is responsible for implementing, monitoring and reporting on the measurable objectives. Measurable objectives, as set by the Board will be included in the annual key performance indicators for the CEO and/or Managing Director, and senior executives. In addition, the Board will review progress against the Objectives as a key performance indicator in its annual performance assessment.	Does not Comply.
3.4	Disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.	The Company has included the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board at the end of this Corporate Governance Statement, under the section 'Diversity'.	Complies.
3.5	Provide the information indicated in the <i>Guide to reporting on Principle 3</i> .	The Company has provided explanations of departures from Recommendations in relation to Principle 3 and has noted that copies of the Code of Conduct, Securities Trading Policy and the Diversity Policy are available on the Company's website.	Complies.

Principle 4 – Safeguard integrity in financial reporting

4.1	The Board should establish an audit committee.	The Board believes the Company is not currently of a sufficient size, nor are its financial affairs of such complexity to justify the formation of an audit committee. The full Board undertakes the functions normally associated with an audit committee. Each year the Board will review the necessity or ability to establish a separate Audit and Risk Committee and, if appropriate, delegate certain responsibilities to such Committee. The Board has adopted an Audit and Risk Committee Charter which it follows when considering matters that would usually be considered by an audit committee.	Does not comply.
4.2	The audit committee should be structured so that it consists of only non-executive directors, a majority of independent directors, is chaired by an independent chair who is not chair of the Board and has at least 3 members.	The Company has not established a separate Audit and Risk Committee for the reasons set out above.	Does not comply.
4.3	The audit committee should have a formal charter.	The Board has adopted a separate Audit and Risk Committee charter to assist it in performing the relevant	Complies.

		functions of an audit and risk committee. The Charter sets out the roles and responsibilities of the Audit and Risk Committee and contains information on the procedures for the selection, appointment and rotation of the external auditor. A copy of the Audit and Risk Committee Charter is available on the Company's website.	
4.4	Provide the information indicated in the <i>Guide to reporting on Principle 4</i> .	The Company has not established a separate Audit and Risk Committee for the reasons outlined above. Therefore, it has not disclosed the names and qualifications of the committee but has disclosed that the functions normally carried out by the committee are performed by the full Board. The Audit and Risk Committee Charter, which contains procedures for the selection and appointment of the external auditor, and for the rotation of external audit engagement partners, is available on the Company's website.	Complies.
Principle 5 – Make timely and balanced disclosure			
5.1	Establish written policies designed to ensure compliance with ASX Listing Rules disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	The Company has established a Continuous Disclosure Policy, to ensure that it complies with the continuous disclosure regime under the ASX Listing Rules and the Corporations Act 2001. Under the terms of the Continuous Disclosure Policy, the Chairman, Managing Director and Company Secretary are primarily responsible for making decisions about what information will be disclosed to the ASX. Approval is sought from the Board on all significant matters. Employees must inform the Managing Director, Chairman or Company Secretary of any potentially material price or value sensitive information as soon as they become aware of it. The Continuous Disclosure Policy is available on the Company's website.	Complies.
5.2	Provide the information indicated in the <i>Guide to reporting on Principle 5</i> .	The Company's Continuous Disclosure Policy is available on its website.	Complies.
Principle 6 – Respect the rights of shareholders			
6.1	Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose that policy or a summary of that policy.	The Company has designed a Shareholder Communications Policy for promoting effective communication with shareholders and encouraging their participation at general meetings. The Company uses its website, quarterly, interim and annual reports, market announcements and media disclosures to communicate with its shareholders. Additionally, the Company's auditor representative attends the annual general meetings of the Company to answer any questions raised by shareholders about the conduct of the audit and preparation and content of the auditor's report.	Complies.
6.2	Provide the information indicated in the <i>Guide to reporting on Principle 6</i> .	The Company's Shareholder Communications Policy is available on its website.	Complies.
Principle 7 – Recognise and manage risk			
7.1	Establish policies for the oversight and management of material	The Company has established policies for the oversight and management of material business risks. The Board is	Complies.

	business risks and disclose a summary of those policies.	responsible for overseeing risk management strategy and policies, internal compliance and internal control. The Risk Management Policy is available on the Company's website and is summarised in this Corporate Governance Statement under the section titled 'Risk'.	
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.	The Company has identified key risks within the business. In the ordinary course of business, management monitors and manages those risks. The responsibility for undertaking and assessing risk management and internal control effectiveness is delegated to management. Management is required to assess risk management and associated internal compliance and control procedures and report back to the Board quarterly. Key operational and financial risks are presented to and reviewed by the Board at each Board meeting.	Complies.
7.3	The Board should disclose whether it has received assurance from the Chief Executive Officer and 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 efficiently and effectively in all material respects in relation to the financial reporting risks.	The Board has received a statement from the Chief Executive Officer and Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act 2001 is founded on a sound system of risk management and internal control and that the system is operating efficiently and effectively in all material respects in relation to the financial reporting risks.	Complies.
7.4	Provide the information indicated in the <i>Guide to reporting on Principle 7</i> .	Management has reported to the Board as to the effectiveness of the Company's management of its material business risks. The Company has received a statement of assurance from the Chief Executive Officer and Chief Financial Officer (or equivalent) The Risk Management Policy is available on the Company's web site and is summarised in this Corporate Governance Statement under the section titled 'Risk'..	Complies.
Principle 8 – Remunerate fairly and responsibly			
8.1	The Board should establish a remuneration committee.	The Board has not established a separate Remuneration Committee. Given the Company's current size and nature, the Board considers that the current board is a cost effective and practical method of directing and managing the Company. Accordingly, the duties of the Remuneration Committee are currently undertaken by the full Board. Each year the Board will review the necessity or ability to establish a separate Remuneration Committee and, if appropriate, delegate certain responsibilities to such Committee. The Board has adopted a Remuneration Committee Charter which it follows when considering matters that would usually	Does not comply.

		be considered by a remuneration committee.	
8.2	The remuneration committee should be structured so that it consists of a majority of independent Directors, is chaired by an independent chair and has at least three members.	Refer to 8.1 above.	Does not comply.
8.3	Clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	The Company has separate policies relating to the remuneration of Non-Executive Directors and that of Executive Directors and senior executives. This information is detailed in the Remuneration Report, which forms part of the Directors' Report in this Annual Report.	Complies.
8.4	Provide the information indicated in the <i>Guide to reporting on Principle 8</i> .	The Company has not established a Remuneration Committee for the reasons outlined above. The Company does not have any schemes for retirement benefits other than superannuation for Non-Executive Directors. Explanations for departures from Recommendations 8.1 and 8.2 are set out above. A copy of the Remuneration Committee Charter, which is followed by the Board, is available on the Company's website. The Securities Trading Policy, a copy of which is available on the Company's website, prohibits the hedging of risk of fluctuation of the value of the Company's securities.	Complies.

Odin Energy Limited's corporate governance practices were in place for the financial year ended 30 June 2014 and to the date of signing the Directors' Report in this Annual Report.

Various corporate governance practices are discussed within this statement. For further information on corporate governance policies adopted by Odin Energy Limited, refer to our website, www.odinenergy.com.au.

The Role of the Board and Management

In carrying out the responsibilities and powers set out in the Board Charter, the Board of Directors of the Company recognises:

- its overriding responsibility to act honestly, fairly, diligently and in accordance with the law in serving the interests of its shareholders; and
- its duties and responsibilities to its employees, customers and the community.

In addition to matters it is expressly required by law to approve, the Board has the following specific responsibilities:

- appointment of the Chief Executive Officer and/or Managing Director, other senior executives and the Company Secretary and the determination of their terms and conditions including remuneration and termination;

- driving the strategic direction of the Company, ensuring appropriate resources are available to meet objectives and monitoring management's performance;
- reviewing and ratifying systems of risk management and internal compliance and control, codes of conduct and legal compliance;
- approving and monitoring the progress of major capital expenditure, capital management and significant acquisitions and divestitures;
- approving and monitoring the budget and adequacy and integrity of financial and other reporting;
- approving the annual, half-yearly and quarterly accounts;
- approving significant changes to organisational structure;
- approving the issue of any shares, options, equity instruments or other securities in the Company (subject to compliance with the ASX Listing Rules if applicable);
- ensuring a high standard of corporate governance practice and regulatory compliance and promoting ethical and responsible decision making;
- recommending to shareholders the appointment of the external auditor as and when their appointment or re-appointment is required to be approved by them (in accordance with the ASX Listing Rules if applicable); and
- meeting with the external auditor, at their request, without management being present.

The Board delegates responsibility for the day to day operations and administration of the Company to the Managing Director. In addition to formal reporting structures, members of the Board are encouraged to have direct communications with management and other employees within the Company to facilitate the carrying out of their duties as Directors.

Composition of the Board

The Company's Constitution governs the regulation of meetings and proceedings of the Board.

The Board determines its size and composition, subject to the terms of the Constitution. The Board does not believe that it should establish a limit on tenure other than stipulated in the Company's Constitution.

While tenure limits can help to ensure that there are fresh ideas and viewpoints available to the Board, they hold the disadvantage of losing the contribution of Directors who have been able to develop, over a period of time, increasing insight in the Company and its operations and, therefore, an increasing contribution to the Board as a whole. Where practical, it is intended that the Board should comprise a majority of independent Non-Executive Directors and comprise Directors with a broad range of skills, expertise and experience from a diverse range of backgrounds. Where practical, it is also intended that the Chair should be an independent Non-Executive Director. The Board regularly reviews the independence of each Director in light of the interests disclosed to the Board.

The Board only considers Directors to be independent where they are independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to interfere with, the exercise of their unfettered and independent judgment. The Board has adopted a definition of independence based on that set out in Principle 2 of the ASX Corporate Governance Revised Principles and Recommendations. The Board reviews the independence of each Director in light of interests disclosed to the Board, including their participation in Board activities associated with related entities, from time to time.

In accordance with the definition of independence above, none of the Directors of R Limited is considered to be independent:

The appointment date of each Director in office at the date of this report is as follows:

Name	Position	Appointment Date
Alex Bajada	Executive Director, Chairman	Appointed 30 March 2007
Anthony Short	Executive Director, Managing Director and Chief Executive Officer	Re-Appointed 2 August 2011
Roland Berzins	Non-Executive Director	Appointed 23 February 2009

Further details on each Director can be found in the Directors' Report in this Annual Report.

Committees of the Board

Given the Company's current size and nature, the Board considers that the current board is a cost effective and practical method of directing and managing the Company. Accordingly, the duties of the committees below are currently undertaken by the full Board:

- Audit and Risk Committee;
- Remuneration Committee; and
- Nomination Committee.

Each year the Board will review the necessity or ability to establish separate committees and, if appropriate, delegate certain responsibilities to each such committee.

Access to Advice

The Board, Committees, if any, or individual Directors may seek independent external professional advice as considered necessary at the expense of the Company, subject to prior consultation with the Chairman. A copy of such advice received is made available to all members of the Board.

Dealings in Company Securities

The Company's Securities Trading Policy outlines when Key Management Personnel (the Company's Directors and those employees directly reporting to the Managing Director) may deal in the Company's securities and contains procedures to reduce the risk of insider trading.

Key Management Personnel must not, except in exceptional circumstances, deal in the securities of the Company in the following periods:

- from the day after the Company's half-year end, being 1 January, to the close of trading on the business day after the half-year report is released and the day of, and 1 trading day after the release of the Appendix 5B Report to the ASX;
- 1 April and 1 trading day after release of the Appendix 5B Report to the ASX;
- from the day after the Company's financial year end, being 1 July, to the close of trading on the business day after the annual report is released and the day of, and 1 trading day after the release of the Appendix 5B Report to the ASX;
- 1 October and 1 trading day after release of the Appendix 5B Report to the ASX.

As required by the ASX Listing Rules, the Company notifies the ASX of any transactions conducted by Directors in the securities of the Company within five business days of the transaction taking place.

The Securities Trading Policy prohibits Key Management Personnel from entering into transactions which would have the effect of hedging or transferring the risk of any fluctuation in the value of the Company's securities.

The Securities Trading Policy has been issued to ASX and a copy is available on the Company's website

Risk

The responsibility of overseeing risk usually falls within the charter of the Audit and Risk Committee (a copy of which is available on the Company's website). However, there is currently no separate Audit and Risk Committee. Given the Company's current size and nature, the Board considers that the current board is a cost effective and practical method of directing and managing the Company. Accordingly, the duties of the Audit and Risk Committee, including overseeing risk management, are undertaken by the full Board.

The Company has established a Risk Management Policy for the oversight and management of material business risks (a copy of which is available on the Company's website).

The Company will:

- oversee the Company's risk management systems, practices and procedures to ensure effective risk identification and management and compliance with internal guidelines and external requirements;
- assist management to determine the key risks to the businesses and prioritise work to manage those risks; and
- review reports by management on the efficiency and effectiveness of risk management and associated internal compliance and control procedures.

The risk assessment is aimed at identifying the following:

- a culture of risk control and the minimisation of risk throughout the Company, which is being done through natural or instinctive processes by employees of the Company;

- a culture of risk control that can easily identify risks as they arise and amend practices;
- the installation of practices and procedures in all areas of the business that are designed to minimise an event or incident that could have a financial or other effect on the business and its day to day management; and
- adoption of these practices and procedures to minimise many of the standard commercial risks, i.e. taking out the appropriate insurance policies, or ensuring compliance reporting is up to date.

The Company's process of risk management and internal compliance and control includes:

- identifying and measuring risks that might impact upon the achievement of the Company's goals and objectives, and monitoring the environment for emerging factors and trends that affect these risks;
- formulating risk management strategies to manage identified risks, and designing and implementing appropriate risk management policies and internal controls; and
- monitoring the performance of, and improving the effectiveness of, risk management systems and internal compliance and controls, including regular assessment of the effectiveness of risk management and internal compliance and control.

CEO and CFO certification

The Chief Executive Officer and Chief Financial Officer (or equivalent) have given a written declaration to the Board required by section 295A of the Corporations Act 2001 that in their view:

- the financial statements of the Company present a true and fair view, in all material aspects, of the Company's financial position and operating results and are in accordance with accounting standards;
- the above statement is founded on a sound system of risk management and internal compliance and control; and
- the Company's risk management and internal compliance and control system is operating effectively in all material respects in relation the financial reporting risks.

Performance

The performance of the Board and key Executives is reviewed regularly using both measurable and qualitative indicators.

On an annual basis, Directors will provide verbal feedback in relation to the performance of the Board and its Committees, if any, against a set of agreed criteria.

- Feedback will be collected by the Chair of the Board, or an external facilitator, and discussed by the Board, with consideration being given as to whether any steps should be taken to improve performance of the Board;
- The Chief Executive Officer will also provide feedback from senior management in connection with any issues that may be relevant in the context of Board performance review; and
- Where appropriate to facilitate the review process, assistance may be obtained from third party advisers.

A review of the performance of the Board was conducted in accordance with the process disclosed.

Remuneration

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and Executive team by remunerating Directors and key executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the Board, in assuming the responsibilities of assessing remuneration to employees, links the nature and amount of Executive Directors' and officers' remuneration to the Company's financial and operational performance. The expected outcomes of the remuneration structure are:

- retention and motivation of key executives;
- attraction of high quality management to the Company; and
- performance incentives that allow executives to share in the success of Odin Energy Limited.

For a more comprehensive explanation of the Company's remuneration framework and the remuneration received by Directors and key Executives in the current period, please refer to the Remuneration Report, which forms part of the Directors' Report in this Annual Report.

There is no scheme to provide retirement benefits to Non-Executive (or Executive) Directors.

The duties of the Remuneration Committee are currently undertaken by the full Board, which is responsible for determining and reviewing compensation arrangements for the Directors themselves and the Chief Executive Officer and Executive team.

Diversity

The Company and all its related bodies corporate are committed to workplace diversity. The Company recognises the benefits arising from employee and Board diversity, including a broader pool of high quality employees, improving employee retention, accessing different perspectives and ideas and benefitting from all available talent.

Diversity includes, but is not limited to gender, age, ethnicity and cultural background.

The Diversity Policy is available on the Company's website.

As stated earlier, the Company is at a stage of its development that the application of measurable objectives in relation to gender diversity, at the various levels of the Company's business, are not considered to be appropriate nor practical.

The participation of women in the Company and consolidated entity at 30 June 2014 was as follows:

- | | |
|--|----|
| • Women employees in the consolidated entity | 0% |
| • Women in senior management positions | 0% |
| • Women on the board | 0% |

DIRECTORS' REPORT

Your Directors present their report for Odin Energy Ltd (or "the Company") and its controlled entities (or "the Group") for the year ended 30 June 2014.

a) Directors

The names and details of the Company's Directors in office at any time during the financial year and until the date of this report are detailed below.

A. Bajada
R. Berzins
A. Short

b) Principal activities

Odin Energy Ltd was incorporated on 20 March 2007 and controls three whollyowned operating subsidiaries, Glory Run Pty Ltd which was incorporated on 25 September 2007, Jet Strike Pty Ltd which was acquired on 31 May 2011 and Kilgore Exploration Inc which was acquired on 31 May 2011. The principal activity of the Group and Company during the financial year was the production of and exploration for oil and gas predominantly in Australia and US.

There were no changes in the nature of the activities of the Group during the year.

c) Operating results

The net operating loss of the Group for the year ended 30 June 2014 before income tax amounted to \$1,693,280 (2013: loss \$1,024,872).

d) Dividends paid or recommended

No dividend was paid or declared during the period and the Directors do not recommend the payment of a dividend.

e) Review of operations

A detailed review of the Group's activities is contained in the Review of Operations section of the Annual Report.

f) Significant changes in the state of affairs

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

g) Matters subsequent to the end of the financial year

There has not arisen in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material or unusual nature, likely, in the opinion of the directors, to affect significantly the operations or the state of affairs of the group in future financial years, other than the August announcements in respect of the binding heads of agreement with TV2U Pty Ltd ("TV2U"), and the appointment of SilikonRok Pty Ltd as its technical advisor in regard to this potential transaction. TV2U's technologies enable telecommunication companies and network operators to increase profitability by generating revenue through the delivery of live and video on demand content to multiple consumer devices over multiple networks, on a global scale.

h) Likely Developments

Further information on operations and likely developments are supplied in the Review of Operations.

i) Environmental Regulations

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

The Group is subject to the reporting requirements of both the Energy Efficiency Opportunities Act 2006 and the National Greenhouse and Energy Reporting Act 2007.

The Energy Efficiency Opportunities Act 2006 requires the Group to assess its energy usage, including the identification, investigation and evaluation of energy saving opportunities, and to report publicly on the assessments undertaken, including what action the Group intends to take as a result.

The National Greenhouse and Energy Reporting Act 2007 require the Group to report its annual greenhouse gas emissions and energy use. The Group is in an early stage of production so no measurements have been recorded. The Group intends to implement system and process for the collection and calculation of the data required in financial year 2014.

j) Information on Directors and Secretary

Names, qualifications, experience and special responsibilities

Mr Alex Bajada B.Econ (UWA) – Executive Chairman

Mr Bajada is Executive Director of Spartan Nominees Pty Ltd, corporate consultants. He is a former stockbroker with many years' experience in the corporate sector and has been involved in the management of public companies for many years fulfilling the roles of chairman and director.

Other Current Directorships

Executive Chairman of Excalibur Mining Corporation Limited (Appointed 30 November 2004)

Other Directorships within the last three years

AXG Mining Limited (appointed 13/02/2007 and resigned 19/12/2012).

Mr Roland Berzins – Non-Executive Director – Company Secretary

Mr. Berzins graduated from the University of Western Australia with a Bachelor of Commerce degree majoring in accounting and finance. He has over 20 year experience in the mining industry and was previously Chief Accountant for 6 years at Kalgoorlie Consolidated Gold Mines Pty Ltd ("Kalgoorlie Super Pit"). Since 1996 Mr Berzins has been Company Secretary for a variety of ASX listed companies, and has also had experience in retail, merchant banking, venture capital and SME business advisory.

Other Current Directorships

No other current listed company directorships.

Other Directorships within the last three years

AXG Mining Ltd (Appointed 15 December 2005 and resigned 8 September 2014))
Palace Resources Ltd (appointed 20/05/2005 and resigned 03/09/2011)

Anthony Short, BPE, B.Comm, Grad Dip Fin, MAICD Non- Executive Director, (appointed – 02 August 2011)

Mr Short has more than 20 years' experience in the administration and management of listed public companies. He has extensive experience at board level in the management and formation of public companies in the areas of oil and gas exploration and production, and gold mining in both Australia and the US, where he has an extensive. Mr Short has held the position of chairman, CFO and managing director in a number of listed public companies and has also acted as corporate advisor on a number of successful public listings.

Current Directorship and date of appointment:

No other current listed company directorships.

Other Directorships within the last three years:

Advance Energy Ltd (appointed 16/11/2004 and resigned 18 June 2014)
Kilgore Oil and Gas Ltd (appointed – 26/09/2007 and resigned 01/08/2011).

Meetings of Directors

The Company's board meetings held during the year ended 30 June 2014 and the number of meeting attended by each director were:

	Board meetings able to attend	Board meetings attended
A. Bajada	7	7
R. Berzins	7	7
A. Short	7	7

Securities held and controlled by Directors

As at the date of this report, the interests of the Directors in shares, Convertible Preference Shares ("CPS") and options of the Company were:

Holder	Ordinary shares	Options	Convertible Preference Shares (CPS)
Alex Bajada			
Indirect	14,193,334	-	1,750
Roland Berzins	-	-	-
Anthony Short	26,833,333	-	1,750
Indirect			

Details of the conditions relating to conversion of the Convertible Preference Shares are included in note 15.

k) Remuneration Report (Audited)

This report outlines the remuneration arrangements in place for Directors and executives of Odin Energy Limited. This report has been set out under the following main headings:

- A. Principles Used to Determine the Nature and Amount of Remuneration
- B. Service Agreements
- C. Details of Remuneration
- D. Additional Information

The Board is responsible for the remuneration of the Company's executives including share and benefit plans. This will result in the Company establishing appropriate remuneration levels and incentive policies for all executives. Establishment of a remuneration committee will be reviewed as the Company's operations evolve. Remuneration is not directly linked to performance as it is considered that all Directors have other material vested interests in the success of the business.

The information provided in this remuneration report has been audited as required by S308 (3c) of the Corporations Act, 2001.

A. Principles Used to Determine the Nature and Amount of Remuneration

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

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered the Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage/alignment of executive compensation
- transparency
- capital management

The Board policy is to remunerate non-executive Directors at fair market rates for comparable companies for the relevant time, commitment and responsibilities. The Board determines payments to the non-executive Directors and reviews their remuneration

annually based on market practice, duties and accountability. The maximum amount of fees that can be paid to Directors is subject to approval by shareholders at the Annual General Meeting to a fixed sum not exceeding the aggregate maximum of \$300,000 per annum. Fees for non-executive Directors are not linked to the performance of the Group. However, to align director's interests with shareholder interests the Directors are encouraged to hold shares in the Company and may be issued with additional securities as deemed appropriate.

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

Executive Officers are those directly accountable for the operational management and strategic direction of the Company and the consolidated entity.

All contracts with Directors and executives may be terminated by either party with three months notice.

Fixed remuneration

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

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

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

Performance-linked remuneration

Bonuses to Directors and executives are paid based upon unspecified performance criteria as determined by the Board from time to time. No bonuses or any other form of performance remuneration were paid in the current year.

B. Service Agreements

Remuneration, consulting and other terms of employment for the key management personnel are determined by the Board and were not formalised by way of a Service Agreement but by a Board Resolution in the current financial year. Two of the current Directors have fully paid ordinary shares and convertible preference shares in the Company which gives them considerable incentive to see the Company perform well. Other current provisions are set out below or can be found in the Company's June 2007 prospectus.

The Directors and key management personnel during the year included:

Directors

Mr A Bajada, Chairman

Consulting fees (which includes Directors fees), for the year ended 30 June 2014 of \$120,000 to be reviewed annually by the Board with no termination date. A termination benefit on early termination by the Company, other than for gross misconduct, equal to three month's consulting will be paid.

Mr A Short, Director

Consulting fees (which includes Directors fees and company secretary fees) for the year ended 30 June 2014 of \$120,000 to be reviewed annually by the Board with no termination date. A termination benefit on early termination by the Company, other than for gross misconduct, equal to three month's consulting will be paid.

Mr R Berzins, Director and Company Secretary

Consulting fees (which includes Directors fees and company secretary fees) for the year ended 30 June 2014 of \$20,000 to be reviewed annually by the Board with no termination date. A termination benefit on early termination by the Company, other than for gross misconduct, equal to three month's consulting will be paid.

C. Details of Remuneration

The key management personnel of Odin Energy Limited during the year ended 30 June 2014 includes all Directors and executives mentioned above.

Remuneration packages can contain the following key elements:

- primary benefits – salary/fees and bonuses;
- post-employment benefits – including superannuation and services provided after termination;
- equity – share options and other equity securities; and
- other benefits.

Nature and amount of remuneration for the year ended 30 June 2014.

		Short-term employee benefits		Post - employment benefits	Equity Performance Related		
		Salary, consulting fees \$	Bonus \$	Superannuation, Services after termination \$	Preference share based payments \$	Total \$	Proportion of remuneration performance related %
Executive Directors							
A Bajada	2014	120,000	-	-	-	120,000	-
	2013	150,000	-	-	-	150,000	-
Non-executive Directors							
R Berzins	2014	20,000	-	-	-	20,000	-
	2013	20,000	-	-	-	20,000	-
A Short	2014	120,000	-	-	-	120,000	-
	2013	92,500	-	-	-	92,500	-
Total compensation	2014	260,000	-	-	-	260,000	-
	2013	262,500	-	-	-	262,500	-

No cash bonuses were paid for the year.

D. Additional Information

(b) Equity instrument disclosures relating to key management personnel.

Ordinary Shares

Holder		Held at beginning of period	Acquired	Sold	Converted CPS	Balance at end of period
Alex Bajada	2014	14,913,334	-	-	-	14,193,334
	2013	14,913,334	-	-	-	14,193,334
Roland Berzins	2014	-	-	-	-	-
	2013	-	-	-	-	-
Anthony Short	2014	26,833,333	-	-	-	26,833,333
	2013	26,833,333	-	-	-	26,833,333

Converting Performance shares (CPS)

Holder		Held at beginning of period	Acquired	Sold	Converted CPS	Balance at end of period
Alex Bajada	2014	1,750	-	-	-	1,750
	2013	1,750	-	-	-	1,750
Roland Berzins	2014	-	-	-	-	-
	2013	-	-	-	-	-
Anthony Short	2014	1,750	-	-	-	1,750
	2013	1,750	-	-	-	1,750

Options

Holder		Held at beginning of period	Acquired	Expired	Converted CPS	Balance at end of period
Alex Bajada	2014	-	-	-	-	-
	2013	2,687,500	-	(2,687,500)	-	-
Roland Berzins	2014	-	-	-	-	-
	2013	-	-	-	-	-
Anthony Short	2014	-	-	-	-	-
	2013	3,687,500	-	(3,687,500)	-	-

Principles used to determine the nature and amount of remuneration: relationship between remuneration and Company performance.

In considering the Company's performance and its effect on shareholder wealth, the Board have regard to a broad range of factors, some of which are financial and others of which relate to the progress on the Company's projects, results and progress of exploration and development activities, joint venture agreements etc. The Board also gives consideration to the Company's result and cash consumption for the year. It does not utilise earnings per share as a performance measure or contemplate payment of any dividends in the short to medium term given that all efforts are currently being expended to build the business and establish self-sustaining revenue streams.

Use of remuneration consultants

In the year to 30 June 2014, the Company has not employed a remuneration consultant.

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

The Remuneration Report was approved at the 2013 annual general meeting of the company and it did not receive a strike notice.

END OF AUDITED REMUNERATION REPORT**l) Share-based Compensation****Options**

No options were granted during the year.

Shares under option

There were no unissued ordinary shares of Odin Energy Ltd under option at the date of this report are as follow:

Convertible Preference Shares

There was no convertible performance shares were converted into ordinary shares during the year (2013: Nil).

m) Indemnification and Insurance of Directors and Officers

During the financial period, the Company maintained an insurance policy which indemnifies the Directors and Officers of Odin Energy Limited in respect of any liability incurred in connection with the performance of their duties as Directors or Officers of the Company. The Company's insurers have prohibited disclosure of the amount of the premium payable and the level of indemnification under the insurance contract.

n) Proceedings on Behalf of the Company

No person has applied for Leave of the Court to bring proceedings on behalf of the Company or 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 any part of those proceedings. The Company was not a party to any such proceedings during the period.

o) Company Strategy

Odin Energy is currently focusing upon an aggressive exploration program for oil and gas on its current portfolio of project, with the objective of identifying and exploiting commercial resources. Odin is also continuing to consider and evaluate opportunity within the USA and other locations, for future potential acquisitions which may offer value enhancing opportunities for shareholders. Material business risks that may impact results of future operations include further exploration results, future commodity prices and funding

p) Non-Audit Services

No non-audit services were provided by the entity's auditor, Somes Cooke or associated entities.

Somes Cooke received or are due to receive the following amounts for the provision of audit:

➤ audit and assurance services	\$ 26,300 (2013: \$30,000)
➤ tax and other services	\$ Nil (2013: Nil)

q) Auditors Independence Declaration

The Auditor's Independence Declaration, as required under Section 307C of the Corporations Act 2001, for the financial year ended 30 June 2014 has been received and can be found on page 21.

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



Alex Bajada
Chairman
West Perth, W.A.
30 September 2014

Auditor's Independence Declaration

To those charged with the governance of Odin Energy Limited

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

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



Somes Cooke



Nicholas Hollens
Partner

Perth

30 September 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For The Year Ended 30 June 2014

		Group	
		2014	2013
	Notes	A\$	A\$
Revenue from continuing operations	5	123,488	197,685
Other income	5	114,086	839,406
Accounting and audit expenses		(63,829)	(30,500)
Depletion expense		(41,043)	(118,366)
Staff/consultancy expenses		(364,795)	(317,911)
Legal expenses		-	(316,742)
Regulatory expenses		(26,234)	(13,155)
Travel expenses		(28)	(1,565)
Impairment expenses	5	(894,389)	(95,022)
Other administrative expenses		(540,536)	(1,168,702)
Operating loss before income tax		(1,693,280)	(1,024,872)
Income tax expense	6	-	-
Loss attributed to owners of Odin Energy Ltd		(1,693,280)	(1,024,872)
Other Comprehensive Income for the year:			
Available for sale reserve		-	(58,452)
Exchange differences arising on translation of foreign operations		(6,587)	(19,123)
Other comprehensive income for the year net of tax		(6,587)	(77,575)
Total comprehensive income for the year attributed to owners of Odin Energy Ltd		(1,699,867)	(1,102,447)
Loss per share from continuing operations attributable to the ordinary equity holders of the Company:			
Basic loss per share/ Diluted loss per share (cents)	18	(0.83)	(0.51)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

		Group	
	Notes	2014 A\$	2013 A\$
Assets			
Current Assets			
Cash and cash equivalents	7	2,951	33,136
Trade and other receivables	8	65,695	269,246
Available for sale assets	10	80,355	556,110
Total current assets		149,001	858,492
Non-current Assets			
Property, plant and equipment	9	3,601	5,531
Oil & gas properties	12	673,934	765,925
Other financial assets	13	83,333	331,035
Total non-current assets		760,868	1,102,491
Total assets		909,869	1,960,983
Current liabilities			
Trade and other payables	14	2,535,473	1,886,720
Total current liabilities		2,535,473	1,886,720
Total liabilities		2,535,473	1,886,720
Net Assets(liability)		(1,625,604)	74,263
Equity			
Contributed Equity	15	14,745,209	14,745,209
Reserves	16	(40,011)	(33,424)
Accumulated losses	17	(16,330,802)	(14,637,522)
Total Equity		(1,625,604)	74,263

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2014

		Group	
	Notes	2014 A\$	2013 A\$
Cash flows from operating activities			
Receipt from customers		248,570	832,278
Payments to suppliers & employees		(409,090)	(1,427,907)
Production costs		-	(60,441)
Interest received		-	159,406
Net cash generated (used in) operating activities	19	(160,520)	(496,664)
Cash flows from investing activities			
Payment for property, plant and equipment		-	(4,248)
Payment for available for sale financial assets		(10,189)	(161,901)
Proceeds from sale of available for sale financial assets		115,449	-
Net cash generated from/(used in) investing activities		105,260	(166,149)
Cash flows from financing activities			
Loan from other entities		31,662	-
Net cash generated from financing activities		31,662	-
Net movement in cash and cash equivalents		(23,598)	(662,813)
Opening cash and cash equivalents		33,136	715,072
Foreign exchange (loss)		(6,587)	(19,123)
Closing cash and cash equivalents	7	2,951	33,136

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Consolidated							
Year ended 30 June 2014	Contributed Equity	Share Based Payment Reserve	Foreign Exchange Reserve	Option Reserve	Available for Sale Reserve	Accumulated losses	TOTAL
\$							
Balance at beginning of period	14,745,209	-	(33,424)	-	-	(14,637,522)	74,263
Loss for year	-	-	-	-	-	(1,693,280)	(1,693,280)
Movement in Foreign Exchange Reserve	-	-	(6,587)	-	-	-	(6,587)
Total Comprehensive Income for the period	-	-	(6,587)	-	-	(1,693,280)	(1,699,867)
Expiry of Options	-	-	-	-	-	-	-
Balance at end of the year	14,745,209	-	(40,011)	-	-	(16,330,802)	(1,625,604)

Consolidated							
Year ended 30 June 2013	Contributed Equity	Share Based Payment Reserve	Foreign Exchange Reserve	Option Reserve	Available for Sale Reserve	Accumulated losses	TOTAL
\$							
Balance at beginning of period	14,745,209	311,488	(14,301)	1,053,650	58,452	(14,977,788)	1,176,710
Loss for year	-	-	-	-	-	(1,024,872)	(1,024,872)
Movement in Foreign Exchange Reserve	-	-	(19,123)	-	-	-	(19,123)
Movement in Available for Sale Assets	-	-	-	-	(58,452)	-	(58,452)
Total Comprehensive Income for the period	-	-	(19,123)	-	(58,452)	(1,024,872)	(1,102,447)
Expiry of Options	-	(311,488)	-	(1,053,650)	-	1,365,138	-
Balance at end of the year	14,745,209	-	(33,424)	-	-	(14,637,522)	74,263

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes to the financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended 30 June 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements represent the consolidated entity consisting of Odin Energy Limited (or "the Company") and its subsidiaries (or "the Group").

(a) **Basis of Preparation**

These general purpose financial statements have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the Corporations Act 2001.

i) Going concern

This report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The Consolidated entity has incurred a net loss after tax for the year ended 30 June 2014 of \$1,693,280 (2013: loss \$1,024,872) and experienced net cash outflows from operations of \$160,520 (2013: \$496,664). As at 30 June 2014, the consolidated entity had net liabilities of \$1,625,604 (30 June 2013: net assets of \$74,263).

The Directors believe that there are sufficient funding strategies and alternatives to meet the Company's working capital requirements and are confident the Company will be able to raise the required funds in the future. However, the Directors recognise that the ability of the Company to continue as a going concern and to pay its debts as and when they fall due is dependent on the ability of the Company to secure additional funding through either the issue of further shares and/or options and convertible notes, or through asset sales, or through the conversion of a significant portion of liabilities into equity.

The directors have reviewed the business outlook and are of the opinion that the use of the going concern basis of accounting is appropriate. As such, the directors believe that they will continue to be successful in securing additional funds through debt conversion, equity raisings or asset sales as and when the need to raise working capital arises.

Notwithstanding this, there is still a level of uncertainty whether the Company will be able to continue as a going concern.

Should the Company be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different from those stated in the financial report.

The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that may be necessary should the Company be unable to continue as a going concern.

ii) Compliance with IFRSs

The consolidated entity financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

iii) Early adoption of standards

The Group has not elected to apply any early pronouncements.

iv) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets.

(b) Principles of Consolidation

Subsidiaries

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

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group (refer to note 1(z)).

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

Investments in subsidiaries are accounted for at cost in the individual financial statements of Odin Energy Limited, as adjusted by any necessary provision for diminution.

(c) Segment reporting

Operating segments are reported in a manner that is consistent with the internal reporting to the chief operating decision maker ("CODM"), which has been identified by the Company as the board.

(d) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured.

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised as follows:

(i) Interest income

Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income.

(ii) Oil and Gas revenue

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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

(e) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less allowance for doubtful debts. Trade receivables are due for settlement between thirty (30) and ninety (90) days from the date of recognition.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of profit and loss and other comprehensive income within "other expenses". When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of profit and loss and other comprehensive income.

Recoverability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of 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. The amount of the allowance is recognised in the statement of profit and loss and other comprehensive income.

(f) Property, Plant and Equipment

(i) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated losses for impairment.

(ii) Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset which is estimated to vary between 5 and 15 years.

(iii) Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any indication of impairment exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses are recognised separately in the profit or loss.

Any item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of profit and loss and other comprehensive income in the year the item is derecognised.

(g) Leases

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as an expense in the statement of profit and loss and other comprehensive income on a straight line basis over the lease term.

(h) Investments and other financial assets

The Group classifies its investments in the following categories: loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

(i) 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 arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the statement of financial position date which are classified as non-current assets. Loans and receivables are included in receivables in the statement of financial position (note 8).

(ii) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally of marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve (12) months of the statement of financial position date.

Regular purchases and sales of investments are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category, including interest and dividend income, are presented in the statement of profit and loss and other comprehensive income within other income or other expenses in the period in which they arise.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences are recognised in profit or loss and other changes in carrying amount are recognised in other comprehensive income. Changes in the fair value of other monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for sale are impaired, the accumulated fair value adjustments recognised in other comprehensive income are included in the statement of profit and loss and other comprehensive income as gains and losses from investment securities.

The Group assesses balances at each reporting date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss- measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss – is removed from equity and recognised in the statement of profit and loss and other comprehensive income. Impairment losses recognised in the profit or loss on equity instruments classified as available-for-sale are not reversed through the profit or loss.

(i) Investments in associates

The Group's investment in its associate is accounted for using the equity method of accounting in the consolidated financial statements. Associates are entities over which the Group has significant influence and that are neither subsidiaries nor joint ventures.

The Group generally deems they have significant influence if they have Board positions and a substantial shareholding which is determined on a case by case situation but in the vicinity of 20% of the equity.

Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share of the net assets of the associate. After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in the associate.

The Group's share of its associate's post-acquisition profits or losses is recognised in the statement of profit and loss and other comprehensive income, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables and loans, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The reporting dates of the associate and the Group are identical and the associate's accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

Derecognition

An investment in an associate is derecognised when the Group ceases to have significant influence over an associate. The carrying amount of the investment at the date that it ceases to be an associate is regarded as its cost on initial measurement as a financial asset.

(j) Exploration, evaluation and development expenditure

Exploration, evaluation and development expenditure incurred is either written off as incurred or accumulated in respect of each identifiable area of interest. Costs are only carried forward where rights to tenure are current, and to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

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

When production commences, the accumulated costs for the relevant area of interest are transferred to oil & gas properties and amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Restoration, rehabilitation and environmental costs necessitated by exploration and evaluation activities are expensed as incurred and treated as exploration and evaluation expenditure.

(k) Oil and gas properties

Following commencement of production activities all acquisition, exploration, evaluation and development expenditure in relation to an area of interest is accumulated into an oil and gas property.

When further development expenditure is incurred in respect of a property after the commencement of production, such expenditure is carried forward as part of the cost of that property only when substantial economic benefits are established, otherwise such expenditure is classified as part of the cost of production.

Amortisation of the cost of oil and gas properties is provided on the unit-of-production basis over the proved developed reserves of the field concerned with separate calculations being made for each resource. The unit-of-production basis results in an amortisation charge proportional to the depletion of the economically recoverable reserves. Amortisation is charged from the commencement of production.

The net carrying value of each property is reviewed regularly for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If the asset does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs. If such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets are written down to their recoverable amount.

The recoverable amount is the greater of fair-value less costs to sell and value in use. In assessing value in use, the estimated cash flows are discounted to their present value using the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the assets.

(l) Fair Value estimation

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

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example convertible notes) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held.

Other techniques such as estimated discounted cash flows are used to determine fair value for remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(m) Borrowing

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of profit and loss and other comprehensive income over the period of the borrowings using the effective interest method.

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

(n) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year, which remain unpaid at year end. The amounts are unsecured and are usually paid within 60 days of recognition. They are recognised initially at fair value and subsequently at amortised cost.

(o) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit and loss and other comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

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

(p) Employee benefits

(i) 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 other payables 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.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit

method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(q) Share Based Payments

The Group may at times provide benefits to employees (including Directors) and consultants of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the Black & Scholes method. The valuation will take into consideration the current market conditions affecting the equity.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than those specified in the Terms and Conditions of the Convertible Preference Shares.

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

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

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

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

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

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

(r) Borrowing Costs

Borrowing costs are recognised as an expense when incurred except if costs were incurred for the construction of any qualifying asset, where the costs are capitalised over the period that is required to complete and prepare the asset for its intended use or sale.

(s) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

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

(t) Income Tax

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

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

- i) Except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- ii) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilised:

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

The carrying amount of deferred income tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the statement of financial position date. Deferred tax assets and liabilities are recognised when it is probable that the future taxable amounts will be available to utilise those temporary differences and losses or that it is probable that the timing differences will not reverse in the foreseeable future.

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

Tax consolidation legislation

Odin Energy Limited and its wholly owned Australian controlled entities have implemented the tax consolidation legislation. This came into effect on the 25th September 2007.

The head entity, Odin Energy Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Odin Energy Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group.

Any difference between amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly owned tax consolidated entities.

(u) Goods and Services Tax (GST)

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

- i) Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authorities, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense item as applicable; and
- ii) Receivables and payables are stated with the amount of GST included.

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

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

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

(v) Contributed Equity

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction, net of tax, of the share proceeds received.

(w) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Australian dollars, which is Odin Energy Limited's functional and presentation currency. The functional currency of the overseas subsidiary is US\$.

(ii) Transactions and balances

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

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position
- income and expenses for each statement of profit and loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the statement of profit and loss and other comprehensive income, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

(x) Earnings per share

(i) Basic earnings per share

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

(ii) Diluted earnings per share

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

(y) New accounting standards and interpretations

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2014. These standards and interpretations would not have materially impacted on the figures or disclosure in these financial statements if they had been adopted early.

(z) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts have been reviewed, the difference is recognised directly in profit and loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discounted rate used in the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

2. FINANCIAL RISK MANAGEMENT

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

Risk management is carried out by the Board of Directors.

(a) Market risk**(i) Foreign exchange risk**

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. This is limited to returns from the sale of assets. Carrying amounts for Parent and Australian subsidiaries are in Australian dollars and for the US subsidiary are in US dollar so there is no day to day exposure to foreign exchange risk.

(ii) Price Risk

The Group is not materially exposed to price risk on its financial instruments.

(iii) Cash flow and fair value interest rate risk

Interest rate risk arises from both short and long-term bank deposits as well as from interest bearing loans to other entities. Deposits held at variable rates expose the Group to cash flow interest rate risk. Deposits held at fixed rates expose the Group to fair value interest rate risk. During 2014 and 2013, the Group deposits were held at variable rate. The interest bearing loans had fixed interest rates which limits the Group's exposure to the timings of payments only.

At 30 June 2014, if interest rates had changed by $\pm 10\%$, based on a 7 year average of rate fluctuations, from the year-end rates with all other variables held constant, post-tax loss for the year would have been \$11,408 lower/higher (2013: \$15,940 lower/higher), mainly as a result of lower/higher interest income.

(b) Credit risk

The Group's significant concentration of credit risk is with its loans to other entities and investments in convertible notes. Further credit risk relates to the credit rating of the Group's Bank. The Group banks with the National Australia Bank which has an "AA" S&P Credit Rating.

The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. The credit quality of financial assets that are neither due nor impaired is desired by reference to historical credit behavior of each counter party. The maximum exposure to credit risk is the financial assets disclosed in the statement of financial position.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of cash facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group aims at maintaining flexibility in funding by keeping committed cash facilities available or the establishment of credit facilities if required with a variety of counterparties. The Group has no material risk to liquidity risk at 30 June 2014 and 30 June 2013. All payables are due within 60 days (2013: 60 days).

(d) Fair value estimation

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

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

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments and/or the inherent value of the financial assets where an active trading market exists (note 13).

(e) Capital risk management

The Group's objectives when managing capital is to safeguard their ability to continue as a going concern. Where possible it seeks to optimise the use of longer term debt and to minimise additional equity capital, to avoid unnecessary shareholder dilution. Refer to note 1(a) for further information on current working capital arrangements.

In order to maintain or adjust the capital structure, the Group may issue new shares or sell assets to reduce debt.

3. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

(i) Estimated impairment

The Group tests annually whether oil and gas properties have suffered any impairment, in accordance with the accounting policy stated in note 1(k). The recoverable amounts of cash generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions. Some of these assumptions may be amended in the future and this may lead to the subsequent impairment of the assets concerned.

The main assumptions used are:

- Longevity of tenure over the area of interest;
- Future planned expenditure in the area of interest; and
- Continued exploration in the area of interest.

(ii) Fair Value of Securities

- Convertible Preference Shares ("CPS")

The assessed fair value at grant date of CPS granted during the 2009 period was independently determined using a Black-Scholes pricing model that takes into account the exercise price, the term of the CPS, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the CPS, 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.

Since issue the estimated full value of CPS is amortised to the Statement of profit and loss and other comprehensive income with profit and loss by assuming the probability of conversion equal to the percentage production achieved. Should conversion quotas not be achieved however, these amounts will be written back to the Statement of profit and loss and other comprehensive income.

No CPS were granted in 2014 (2013: Nil).

(iii) Exploration expenditure

Exploration and development expenditure that does not form part of the cash generating units assessed for impairment has been carried forward on the basis that exploration and evaluation activities have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in relation to the area are continuing. In the event that significant operations cease and/or economically recoverable reserves are not assessed as being present, this expenditure will be expensed to the statement of profit and loss and other comprehensive income.

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

(iv) Functional and presentation currency

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

(v) Estimated recoverable amount of oil and gas properties

Reserve estimates

Estimates of recoverable quantities of proven, probable and possible reserves reported include judgemental assumptions regarding commodity prices, exchange rates, discount rates and production and transportation costs for future cash flows. It also requires interpretation of complex and difficult geological and geophysical models in order to make an assessment of the size, shape, depth and quality of reservoirs, and their anticipated recoveries. The economic, geological and technical factors used to estimate reserves may

change from period to period. Changes in reported reserves can impact asset carrying values and the recognition of deferred tax assets due to changes in expected future cash flows. Reserves are integral to the amount of amortisation charged to the statement of profit and loss and other comprehensive income. The Group uses suitably qualified persons to prepare a regular evaluation of proven hydrocarbon reserves compliant with US professional standards for petroleum engineers.

Because the economic assumptions used to estimate reserves change from period to period, and because additional geological data is generated during the course of operations, estimates of reserves may change from period to period. Changes in reported reserves may affect company's financial results and financial position in a number of ways, including the following:

- Asset carrying values may be affected due to changes in estimated future cash flows.
- Depreciation and amortisation charges in the statement of profit and loss and other comprehensive income may change where such charges are determined by the units of production basis, or where the useful economic lives of assets change.
- The carrying value of deferred tax assets may change due to changes in estimates of the likely recovery of tax benefits.

4. SEGMENT REPORTING

Management has determined the operating segments based on reports reviewed by the Board of Directors that are used to make strategic decisions. The Board of Directors considers the business from a geographic perspective and have identified the below reportable segments:

Geographical segment	2014(AU\$)			2013(AU\$)		
	USA	Australia	Total	USA	Australia	Total
Revenue	123,488	134,495	257,982	197,685	839,406	1,037,091
Segment result (loss)	(103,030)	(1,970,591)	(2,073,621)	(330,690)	(694,152)	(1,024,842)
Depletion	(41,043)	-	(41,043)	(118,336)	-	(118,336)
Total segment assets	347,662	739,084	1,086,746	309,950	2,086,199	2,396,149
Acquisition of assets	-	-	-	-	-	-
Total segment liabilities	(1,291,890)	(1,855,761)	(3,147,652)	(1,346,424)	(739,775)	(2,086,199)

1) Revenue from continuing operations

Segment revenue reconciles to total revenue from the continuing operations as follow:

	GROUP	
	2014	2013
	\$	\$
Total segment revenue	257,982	1,037,091
Intersegment eliminations- intercompany loan interest	(20,408)	-
Total revenue from continuing operations (Note 5)	237,574	1,037,091

2) Segment results

Segment result reconciles to total comprehensive income as follows:

	GROUP	
	2014	2013
	\$	\$
Total segment result	(2,073,621)	(1,024,872)
Intersegment eliminations	380,341	-
Total comprehensive loss for the year	(1,693,280)	(1,024,872)

3) Segment assets

The amounts provided to the board with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

Reportable segments' assets are reconciled to total assets as follows:

	GROUP	
	2014	2013
	\$	\$
Total segment assets	1,086,746	2,396,149
Intersegment eliminations	(176,877)	(435,166)
Total assets	909,869	1,960,983

4) Segment liabilities

The amounts provided to the board with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment and the physical location of the asset.

Reportable segments' liabilities are reconciled to total assets as follows:

	GROUP	
	2014	2013
	\$	\$
Total segment liabilities	(3,147,652)	(2,086,199)
Intersegment eliminations	612,179	199,479
Total liabilities	(2,535,473)	(1,886,720)

5. REVENUE AND EXPENSES

	GROUP	
Revenue	2014	2013
	\$	\$
i) Interest – Other financial assets	114,086	159,406
ii) Settlement of Legal Dispute	-	680,000
v) Oil and gas revenue	123,488	197,685
Total Revenue	237,574	1,037,091
Expenses		
Impairment expense:	894,389	95,022
Impairment expense comprises:		
Impairment of other financial assets	247,702	-
Impairment of oil and gas assets	11,335	-
Impairment of available for sale financial assets	370,495	95,022
Impairment of trade and other receivables	232,063	-
Other impairment	32,794	-
	-	-
Total Impairment of assets	894,389	95,022

6. INCOME TAX

Income tax recognised in profit or loss

	Group	
	2014	2013
	\$	\$
Tax expense/(income) comprises:		
Current tax expense/(income) in respect of the current year	-	-
Deferred tax expense/(income) relating to the origination and reversal of temporary differences	-	-
Total tax expense/(income)	-	-

The prima facie income tax expense/(income) on pre-tax accounting loss from operations reconciles to the income tax expense/(income) in the financial statements as follows:

	Group	
	2014	2013
	\$	\$
Loss before tax	(1,693,280)	(1,024,872)
Income tax expense/(income) calculated at 30% (2013:30%)	(507,984)	(307,462)
Effect of expenses that are not deductible in determining taxable profit	273,394	111,315
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	234,590	196,147
Effect of different tax rates of subsidiaries operating in other jurisdictions	-	-
Other	-	-
	-	-

The tax rate used for the 2014 and 2013 reconciliations above is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law.

Unrecognised deferred tax balances

	Group	
	2014	2013
	\$	\$
Deferred tax assets/(liabilities) recognised and un-recognised:		
Tax losses:		
Tax losses – revenue	5,049,440	4,814,850
Temporary differences:		
Write down of investments	-	914,261
Other	6,923	63,000
Un-recognised deferred tax assets	5,056,363	5,792,111

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

Tax consolidation legislation is discussed in Note 1.

7. CASH AND CASH EQUIVALENTS

	GROUP	
	2014	2013
	\$	\$
Cash at bank	2,951	33,136
Term deposit at bank*	-	-
	2,951	33,136

Cash at bank earned a floating rate of interest of between 0% and 3.2%(2013: between 0.0% and 3.2%).

The Group's exposure to interest rate risk is discussed in note 2. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of cash and cash equivalents mentioned above.

8. TRADE AND OTHER RECEIVABLES

	GROUP	
	2014 \$	2013 \$
Current		
Trade receivables	64,101	138,239
	<u>64,101</u>	<u>138,239</u>
Other		
Related party receivables	-	90,000
Prepayments and other	1,594	41,007
	<u>1,594</u>	<u>131,007</u>
	<u>65,695</u>	<u>269,246</u>

Other receivables

These amounts generally arise from transactions outside the usual operating activities of the Group. Interest may be charged at commercial rates where the terms of the repayment exceed six months. Collateral is not normally obtained.

Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amounts are assumed to approximate their fair value.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. Refer to note 2 for more information on the risk management policy of the Group.

9. PROPERTY, PLANT AND EQUIPMENT

	GROUP	
	2014 \$	2013 \$
Plant and equipment – cost	18,843	19,385
Less accumulated depreciation	(15,242)	(13,854)
	<u>3,601</u>	<u>5,531</u>
Computer Equipment – cost	6,864	6,864
Less accumulated depreciation	(6,864)	(6,864)
	<u>-</u>	<u>-</u>
Other Tangible Properties – cost	304,896	304,896
Less accumulated depreciation	(304,896)	(304,896)
	<u>-</u>	<u>-</u>
Total Property, Plant and Equipment	<u>3,601</u>	<u>5,531</u>

Movements in carrying amounts of plant and equipment are reconciled as follows:

Balance at the beginning of period	5,531	7,003
Additions	-	4,248
Foreign exchange adjustments	2	-
Depreciation expense	(1,932)	(5,720)
	<u>3,601</u>	<u>5,531</u>

10. AVAILABLE FOR SALE FINANCIAL ASSETS

	GROUP	
	2014	2013
	\$	\$
Listed Securities		
Equity securities	80,355	556,110
	<u>80,355</u>	<u>556,110</u>

Investments in related parties:

Refer to note 20 for information on the carrying amount of investments in subsidiaries, joint ventures and associates.

All available for sale assets are denominated in Australian currency. For an analysis of the sensitivity of available for sale financial assets to price and interest rate risk refer to note 2.

11. SHARE BASED PAYMENTS

During the year there were no share based payment issued (2013:Nil).

12. OIL & GAS PROPERTIES

	GROUP	
	2014	2013
	\$	\$
Oil & gas development	673,934	765,925
Movements in carrying amounts are reconciled as follows:		
Balance at the beginning of period	765,925	823,850
Additions	-	60,441
Depletion	(41,043)	(118,366)
Foreign exchange	(39,613)	-
Impairment expense	(11,335)	-
	<u>673,934</u>	<u>765,925</u>

13. OTHER FINANCIAL ASSETS

	GROUP	
	2014	2013
	\$	\$
Non-Current –convertible notes (i)	83,333	331,035
Reconciled follow:		
Balance at the beginning of period	331,035	331,035
Impairment of convertible notes	(247,702)	-
	<u>83,333</u>	<u>331,035</u>

Available-for-sale financial assets are carried at fair value.

(i) Convertible notes in Advance Energy Limited. Subsequent to year end, the notes were converted into ordinary shares in Advance Energy Limited. The balance at year end comprises cost of \$1,600,000, less accumulated impairment of \$1,516,667.

14. TRADE AND OTHER PAYABLES

	GROUP	
	2014	2013
	\$	\$
Trade creditors (i)	2,495,473	1,864,563
Accruals	40,000	22,157
	<u>2,535,473</u>	<u>1,886,720</u>

(i) Of this amount at year end, \$1,363,503 is owing to directors and their related parties, and \$770,000 relates to the Apache Case (Note 26).

15. CONTRIBUTED EQUITY

Movement in ordinary fully paid shares on issue

	2014			2013	
	Date	Number of shares	\$	Number of shares	\$
Opening balance		203,360,037	14,745,209	203,360,037	14,745,209
Rights issue		-	-	-	-
Share purchase plan		-	-	-	-
Transaction costs on share issues		-	-	-	-
Closing balance		<u>203,360,037</u>	<u>14,745,209</u>	<u>203,360,037</u>	<u>14,745,209</u>

- Effective 1 July 1998 the Corporations Legislation in place abolished the concepts of authorised capital and par value of shares. Accordingly the Parent does not have authorised capital or par value in respect of issued shares.
- Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.
- At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Options

No options have been issued or exercised in 2014 and 2013.

Converting Preference Shares

All convertible preference shares were issued during the period ended 30 June 2007.

The movements in Converting Preference Shares during the period were as follows:

2014

Class	No. at beginning of year	Issued	Converted into ordinary shares	No. at end of year
CPS - A	-	-	-	-
CPS - B	-	-	-	-
CPS - C	3,500	-	-	3,500
CPS - D	3,500	-	-	3,500
	<u>7,000</u>	<u>-</u>	<u>-</u>	<u>7,000</u>

2013

Class	No. at beginning of year	Issued	Converted into ordinary shares	No. at end of year
CPS - A	-	-	-	-
CPS - B	-	-	-	-
CPS - C	3,500	-	-	3,500
CPS - D	3,500	-	-	3,500
	<u>7,000</u>	<u>-</u>	<u>-</u>	<u>7,000</u>

Each Converting Preference Share (CPS) converts into 1,000 ordinary shares as follows:

CPS-A – upon the Company's shares being listed on the main Board of the ASX; these were converted into ordinary shares on date of listing, being 5 September 2007.

CPS-B – upon completion of the first well in which the Company participates.

CPS-C – upon the Company proving up reserves of 2 Bcfe.

CPS-D – upon the Company proving up reserves of 4 Bcfe.

16. RESERVES

	GROUP	
	2014	2013
	\$	\$
Option reserve (i)	-	-

There were no options issued during the year.

	GROUP	
	2014	2013
	\$	\$
Available for sale reserve (ii)	-	-
Available for sale reserve	-	-
Opening balance	-	58,452
Fair value adjustment of assets during period	-	(58,452)
	<u>-</u>	<u>-</u>

	GROUP	
	2014	2013
	\$	\$
Share based payment reserve	-	-

There were no share based payments during the year.

	GROUP	
	2014	2013
	\$	\$
Foreign exchange reserve (iii)	(40,011)	(33,424)
Foreign exchange reserve		
Opening balance	(33,424)	(14,301)
Movement during the year	(6,587)	(19,123)
	<u>(40,011)</u>	<u>(33,424)</u>
Total Reserves	(40,011)	(33,424)

Nature and purpose of reserves

(i) Available for sale reserve

The available for sale reserve represents the adjustment of the fair value of assets available for sale during the period.

(ii) Foreign exchange reserve

Exchange difference arising on translation of the foreign controlled entity is taken to the foreign currency translation reserve as described in note 1. The reserve is recognised in profit and loss when the net investment is disposed of.

17. ACCUMULATED LOSSES

	GROUP	
	2014	2013
	\$	\$
Accumulated losses at the beginning of the year	(14,637,522)	(14,977,788)
Release of option and share based payment reserve	-	1,365,138
Net loss attributable to the members of the parent entity	(1,693,280)	(1,024,872)
Accumulated losses at the end of the financial year	(16,330,802)	(14,637,522)

18. EARNINGS PER SHARE

	GROUP	
	2014	2013
	\$	\$
Reconciliation of earnings to net loss		
Net loss	(1,693,280)	(1,024,872)
Earnings/(loss) used in the calculation of basic and dilutive EPS	(1,693,280)	(1,024,872)
	Number	Number
Weighted average number of ordinary shares outstanding during the period	203,360,037	203,360,037
used in calculation of basic and dilutive EPS	(0.83)	(0.51)

Details of the shares issued are included under note 15. Dilutive EPS is not reflected as it would result in the reduction of the loss per share.

19. CASH FLOW INFORMATION

Reconciliation of cash flow from operations with loss from continuing operations after income tax

	GROUP	
	2014	2013
	\$	\$
Loss after income tax	(1,693,280)	(1,024,872)
Non cash flows in loss for the year		
Gain on transfers of related party loans		
Depreciation and depletion	42,975	124,086
Impairment	894,389	95,022
Foreign exchange	(6,587)	
Interest	(114,086)	-
Changes in assets and liabilities		
Increase in trade creditors and accruals	512,718	455,955
(Increase)/decrease in trade and other receivables	203,351	(45,407)
(Increase) in oil and gas properties	-	(60,441)
(Increase) in prepayments	-	(41,007)
Cash flows from (used in) operations	(160,520)	(496,664)

Non-cash investing activity: During the year, the Company received shares in Advance Energy Limited in lieu of interest receivable on the convertible notes of \$114,086 (Note 5).

20. SUBSIDIARIES

The Company has the following Subsidiaries:

Name of Subsidiary	Place of Incorporation	Percentage held
Glory Run Pty Ltd	Perth WA	100% (2013:100%)
Kilgore Exploration Inc	Texas USA	100% (2013:100%)
Jet Strike Pty Ltd	Perth WA	100% (2013:100%)

21. RELATED PARTY TRANSACTIONS

Details of remuneration accrued during the year to Directors or their related entities, are as follows:

Specified Director/Officer	Transaction	Note	30 June 2014 \$	30 June 2013 \$
Alex Bajada	Consulting fees	(i)	120,000	150,000
Roland Berzins	Consulting fees	(ii)	20,000	20,000
Anthony Short	Consulting fees	(iii)	120,000	90,000

- (i) The Company used the management consulting services of Spartan Nominees Pty Ltd, a Company of which Mr Alex Bajada is a director.
- (ii) The Company used the consulting services of Mr Roland Berzins.
- (iii) The Company used the consultancy services of Cumberland Pty Ltd, a company of which Mr Anthony Short is a director. Mr Short is also director of Kilgore Exploration Inc.

The amounts above constitute the short-term benefits as disclosed in Note 21 and the Remuneration Report in the Directors Report.

In addition, the following related party transactions occurred during the year:

During the year to 30 June 2014, expenses of \$335,522 were incurred by the Group for services rendered by AAG Management Pty Ltd ("AAG"); and

During the year to 30 June 2014, expenses of \$101,750 were incurred by the Group for corporate advisory services rendered by GCP Capital Limited ("GCP").

AAG is a management company which provides facilities (which includes rent, telephone and company secretarial), human resources, and other administration and consulting services. AAG is a related party because Anthony Short, a non executive director of Odin Energy Ltd was the sole director during the year. In January 2013, AAG was acquired by Mr Short. Anthony Short and Alex Bajada are directors of GCP.

22. KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Key management personnel remuneration:

	30 June 2014 \$	30 June 2013 \$
Short-term employee benefits	260,000	262,500
Bonus	-	-
Post employment benefits	-	-
Equity performance related	-	-
	<u>260,000</u>	<u>262,500</u>

Refer to the Remuneration Report in the Directors Report for information of the Share and Converting Preference Shares held by the Key Management Personnel during the year.

23. REMUNERATION OF AUDITORS

	GROUP	
	2014	2013
	\$	\$
Amounts received or due and receivable by Somes Cooke	26,300	30,000

24. COMMITMENTS

There are no commitments (2013: Nil)

25. EVENTS SUBSEQUENT TO REPORTING DATE

There has not arisen in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material or unusual nature, likely, in the opinion of the directors, to affect significantly the operations or the state of affairs of the group in future financial years, other than the August announcements in respect of the binding heads of agreement with TV2U Pty Ltd ("TV2U"), and the appointment of SilikonRok Pty Ltd as its technical advisor in regard to this potential transaction. TV2U's technologies enable telecommunication companies and network operators to increase profitability by generating revenue through the delivery of live and video on demand content to multiple consumer devices over multiple networks, on a global scale.

26. CONTINGENCIES

The Company's subsidiary, Kilgore Exploration Inc, is currently disputing approximately \$770,000 in joint interest billings, legal fees and interests from Apache Corporation. As at 30 June 2014 and the date of this report, the outcome of the appeals process is not determinable and all estimated costs have been included in these financial statements. If successful in its appeal Kilgore Exploration Inc will, in addition to the cash settlement, write back all liabilities in respect of this matter which are currently reflected in the consolidated accounts.

27. PARENT ENTITY INFORMATION

The ultimate holding Company of the group, Odin Energy Ltd (the "Parent") has not been reported in these financial statements other than the following, pursuant to changes to the corporation act 2001;

	Parent Entity	
	2014	2013
	\$	\$
Current Assets	24,427	199,446
Non Current Assets	534,463	1,240,274
Total Assets	558,890	1,439,720
Current Liabilities	1,817,231	1,103,907
Non Current Liabilities	-	-
Total Liabilities	1,817,231	1,103,907
Issued Capital	14,745,209	14,745,209
Accumulated Losses	(16,003,551)	(14,409,396)
Reserves	-	-
Total Equity	(1,258,341)	335,813
Loss for the Year	(1,594,155)	(655,268)
Total Comprehensive loss for the year	(1,594,155)	(655,268)

As at the reporting date the parent does not have any commitments or contingencies.

28. DIVIDENDS

There were no dividends paid or payable in respect of the current or previous financial period.

DIRECTORS' DECLARATION

The directors of the Company declare that:

- 1) The financial statements and notes, as set out on pages 21 to 47, are in accordance with the Corporations Act 2001 and:
 - a) comply with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b) give a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the company and Group;
- 2) In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- 3) The financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board
- 4) The directors have been given the declaration by the chief executive officer and chief financial officer required by section 295A of the Corporation Act 2001.

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

A handwritten signature in black ink, appearing to read 'Alex Bajada', with a long horizontal line extending from the end of the signature.

Alex Bajada
Chairman

West Perth, Western Australia
30 September 2014

Independent Auditor's Report To the members of Odin Energy Limited

Report on the Financial Report

We have audited the accompanying financial report of Odin Energy Limited, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, the 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

Opinion

In our opinion:

- (a) the financial report of Odin Energy Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of matter - Inherent uncertainty regarding continuation as a going concern

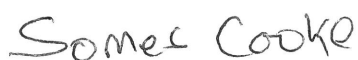
Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes that the ability of the company to continue as a going concern is dependent on the ability of the company to raise additional funding through either the issue of further shares and/or options and convertible notes, or through asset sales, or through the conversion of a significant portion of liabilities into equity. As a result there is material uncertainty related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 16 to 19 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit in accordance with Australian Auditing Standards.

Opinion

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



Somes Cooke



Nicholas Hollens
30 September 2014
Perth