FINANCIAL REPORT

30 June 2014

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ALEATOR ENERGY LIMITED
CHAIRMAN'S LETTER

Dear Shareholder,

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

In past year we have witnessed substantive events in Ukraine, in particular the annexation of Crimea by Russia, which have both directly and indirectly impacted our ability to commence drilling the POV-105 well in the Povorotnoye Gas and Condensate Field, Crimea. The nature of sovereign claims on Crimea where the project is located, together with ongoing conflict in the east of Ukraine has also dried up any possibility of acquiring necessary funding in the short term for the drill programme.

The "ownership" status of projects in Crimea under the new Russian jurisdiction remains uncertain although recently the Company was able to announce it had received correspondence from the Crimean authorities that the Povorotnoye Joint Venture (JV) and license remains in good standing until January 2015, after which time the JV may apply for a new licence on the field, subject to preconditions being met. Our local staff continue to work hard in identifying and meeting bureaucratic requirements to give the best possibility of securing the Company's interests in the Povorotnoye project. I take this opportunity to thank them for their efforts over the past year under trying conditions.

Meanwhile, in the past year the Company has taken opportunity to pay attention to reviewing past operations on its other project, the Golden Eagle Gas Field in Utah, USA. The outcome of this was revealing, in that it presents the historical main targets in the field as essentially untested. With gas prices in the US falling from over US$13 per Mcf when the field was acquired to less than US$3 per Mcf in the intervening period, there has not been a lot of interest in our efforts to acquire a sale or joint venture for this project. With positive findings in the review and a resurgence of gas prices up to US$6 per Mcf in the Northern Hemisphere winter this year, the Company believes it can now progress a transaction for Golden Eagle in the short term.

Although the Company has been dealt a number of setbacks in the past year, we look forward to new opportunities in coming year which may be developed to refresh investor interest and provide a productive outcome for our shareholders.

I would like to thank the staff and management of Aleator Energy for their efforts in the past year and to thank you, our shareholders, for your ongoing support.

Lewis Cross
Chairman

ALEATOR ENERGY LIMITED
DIRECTORS' REPORT

Your Directors submit the financial report of Aleator Energy Limited for the year ended 30 June 2014.

Directors

The names and qualifications of persons who have held the position of Director of Aleator Energy Limited at any time during the financial year and up to the date of this report are:

- Lewis Cross – Non Executive Chairman
- Gennady Varitsky – Non Executive Director
- Mark Rowbottam – Executive Director

Information on Directors, KMP & Company Secretary

Lewis Cross, BBus (Acc) CPA FAICD, Non-Executive Chairman

Mr Cross was appointed director on 22 May 2006. Mr Cross is a Certified Practising Accountant and has a Bachelor of Business majoring in Accounting from Curtin University and is a Fellow of the Institute of Company Directors. Mr Cross has been involved in the mining industry for many years as well as various other industries in the course of his work in providing accounting and business consulting services. He has had extensive experience as a company director and is currently a director of Aspermont Limited, an international publisher focusing on the various sectors of the mining industry, and White Canyon Uranium Limited. Mr Cross has not been a director of any other public listed companies during the 3 years prior to the current year.

Gennady Varitsky, Non-Executive Director

Mr Varitsky has spent the last seven years as an executive and director of Ukraine oil and gas companies focussed on developing energy assets within Ukraine. He has substantial experience in the sector and has assisted a number of western companies enter the Ukraine oil and gas sector, including Aleator's acquisition of its interest in the Povorotnoye field. He holds degrees in Social Studies and Law and was formerly the Head of the Legal Department of the Ukraine Naval Forces and Head of International Law in the Ministry of Defence. After leaving the Defence Forces, Mr Varitsky held positions as Legal Advisor and International Practice Partner with Grant Thornton Ukraine. Mr Varitsky has not been a director of any other public listed companies during the 3 years prior to the current year.

Mark Rowbottam, Executive Director

Mr Rowbottam is an experienced corporate executive, advisor and company director. Mr Rowbottam has undergraduate science qualifications and a Master of Business Administration with specialties in corporate administration and marketing. He is a Fellow of the Securities Institute of Australia and active member of the Australian Institute of Company Directors and Governance Institute of Australia. Mr Rowbottam has more than 15 years' experience in the corporate financial arena and has been involved in numerous IPOs, ASX capital raisings, mergers/acquisitions and corporate transactions in the mineral and energy sectors,. He is a founder and current Non-Executive Director of ASX listed Latin Resources Limited and the Non-Executive Chairman of GRP Corporation Limited.

Wal Muir, BSc (HONS) MBA, Chief Executive Officer

Mr Muir has a B.Sc. (Hons) degree from the University of New South Wales (1978) with a double major in Geology, a major in Pure Mathematics and Honours in Geophysics. He has a Master of Business Administration (1989) from the University of Queensland. Mr Muir has more than 30 years of experience in the petroleum exploration and production industry, both within Australia and overseas.

Mr Muir is a member of the Australian Society of Exploration Geophysicists, Queensland Petroleum Exploration and is a Distinguished Member of the Petroleum Exploration Society of Australia (PESA). He has filled all the executive positions at PESA Queensland, and was Federal President of PESA from 1997 until 1999. Mr Muir is an Adjunct Professor in Biogeosciences at the Queensland University of Technology.

An experienced and motivated petroleum professional, Mr Muir specialises in the accurate evaluation of the value and risks associated with exploration acreage. He has specific skills in seismic interpretation, risk analysis, play and prospect evaluation and team leadership. Prior to founding his own consulting group in 2001, Mr Muir was the New Ventures and Exploration Manager for Petroz NL. He has worked on all Australian petroleum basins, and extensively in basins overseas including SE Asia, the North Sea, Italy, Falklands and East Africa.

Hamish Carnachan, Company Secretary & Chief Financial Officer (resigned 22 August 2014)

Mr Carnachan graduated from the University of Western Australia in 1982 with a Bachelor of Commerce degree and attained his Chartered Accountant status in 1986. He has broad commercial experience having worked in Australia and London in accounting, audit, finance and executive management roles with Australian and international companies including Price Waterhouse Coopers and Merrill Lynch Europe and Middle East. Mr Carnachan was previously also CFO of White Canyon Uranium Limited.

Ranko Matic, Company Secretary

Mr Matic was appointed to the position of Company Secretary on 1 February 2007. Mr Matic is a Chartered Accountant with over 20 years' experience in the areas of financial and executive management, accounting, audit, business and corporate advisory. Mr Matic has considerable experience in a range of industries with particular exposure to publicly listed companies and large private enterprises. Mr Matic is a director of a Chartered Accounting firm and a Corporate Advisory company based in West Perth, and has specialist expertise and exposure in areas of audit, corporate services, due diligence, mergers and acquisitions, and valuations. Through these positions Mr Matic has been involved in an advisory capacity to a significant number of initial public offerings on the ASX in the last ten years. Mr Matic has also acted as CFO and company secretary for companies in the publicly listed and private sectors and currently holds non-executive directorships and corporate secretarial roles for several private and publicly listed companies.

Interests in the shares and options of the Company

As at the date of this report, the interests of the directors in the shares and options of Aleator Energy Limited were:

	Ordinary Shares	Options over Ordinary Shares
Lewis Cross	7,680,000	20,030,000
Mark Rowbottam	42,099,888	15,000,000
Gennady Varitsky	20,000,000	25,000,000

Meetings of Directors

The attendance of directors at meeting of the company's Board of Directors held during the year is as follows:

	Number of Meetings	
Director	**Attended**	**Eligible to Attend**
Lewis Cross	6	6
Mark Rowbottam	6	6
Gennady Varitsky	2	6

Principal Activities

The principal activity of the consolidated entity during the year has been exploration for oil and gas.

Operating Results

The consolidated operating loss amounted to $1,989,651 (2013: $2,590,595) after providing for income tax and eliminating non-controlling equity interests.

Dividends Paid or Recommended

There were no dividends declared or paid by the company during the year and no dividend is recommended.

Review of Operations

The principal activities of the entities within the consolidated entity during the year were gas and oil exploration. Aleator Energy Limited is an Australian based energy company with projects in Ukraine and the USA. The Company's flagship operation is based in the Crimea, Ukraine where it jointly operates the Povorotnoye Gas and Condensate field with the license holder. The Company is also the 100% operator of the Golden Eagle Gas Field in Grand County Utah USA. Royalty interests are retained in several mineral projects in Western Australia.

THE POVOROTNOYE GAS & CONDENSATE FIELD – ONSHORE UKRAINE

Early in 2012 Aleator Energy acquired the Povorotnoye Gas Field located on the Kerch Peninsula in the region of Crimea (at that time, an autonomous region of Ukraine). The Company has a 61.2% beneficial interest in the project. Operational management of the field is conducted under a Joint Activity Agreement with the license holder, Nadra Krymu, the State body controlling oil and gas operations in Crimea.

The Povorotnoye Field

The licence area covers some 104 km^2 with structural closure estimated at more than 20 square kilometres (5,000 acres). The discovery well (POV-1) in the Povorotnoye oil and gas field flowed gas at a stabilised flow rate of 5.1 Mmcfgpd with some condensate through a 20/64" choke with a shut-in surface pressure of 5,100 psi. The gas is from the M-3 sandstone reservoir (gross thickness 18m) at a depth of 3,900m where the formation pressure is 10,500 psi. A nearby well in the field (POV-2, two km from the POV-1 well) had a gas flow estimated to be 17 Mmcfgpd (prior to well control problems) probably from the same M3 reservoir,

Aleator had proposed to drill a new well designated "POV-105" on the Povorotnoye field, to be drilled on the crestal position of the identified hydrocarbon structure and have a bottom-hole location approximately 100m from the POV-1 well which historically tested at a stabilised flow was 5.1 MMcfgpd.

Political Impacts

In past year substantive political events have occurred in Ukraine, in particular the annexation of Crimea by Russia, which have both directly and indirectly impacted on the Company's ability to commence drilling the POV-105. The nature of sovereign claims on Crimea where the project is located, together with ongoing conflict in the east of Ukraine has curtailed opportunities to raise necessary funding for the drill programme.

The Company has been reassured during recent meetings with Crimean governing officials in relation to its ongoing interest in the Povorotnoye Project and has received formal written confirmation that the license and JAA remains in good standing until January 2015, after which, an application may be made by the JAA to renew the license for a further term. The Company continues to work with its local Crimean management team to effect the necessary changes to continue operations in Crimea under a Russian legal, regulatory and financial system.

The Company continues to maintain the security of its office, warehouse and drill site without incident and is pursuing opportunities to partner or monetise the project.

GOLDEN EAGLE GAS FIELD

The Golden Eagle gas field is located in Grand County, Utah, USA and was discovered by Golden State Resources Ltd in 2006 with the drilling of the first of three Paradox Basin wells, Paradox Basin #1. The field is a large shelf-edge/basement structure with multiple objectives within Pennsylvanian and Mississippian aged strata.

On 07 March 2014 the Company received formal confirmation from the BLM that two existing production capable wells may be utilised to hold the new Golden Eagle 70 II Unit by production. Leases which are held by production to a Unit will normally extend the individual expiry dates to two years beyond the life of the Unit. The Golden Eagle 70 II Unit has a current expiry date of 05 December 2017 and the individual leases should now have a tenure until 05 December 2019.

On 14 March 2014 the Company reported that it was conducting an assessment of geological data and past operations to determine the ongoing prospectivity of USA project Golden Eagle Gas Field (Golden Eagle). This assessment was completed and was reported in an announcement to the ASX.

In summary, the review confirmed that past operations on the Golden Eagle have resulted in no true test of the play potential and the Company considers that the two main targets, the Paradox and Leadville, remain essentially untested by the Paradox Basin wells having been drilled off structure or not penetrating the target formation. It is now apparent that past operations have not disproved original assertions of the field's prospectivity, as described in the Company's Prospectus lodged with the ASX on 04 January 2006 (original prospectus). Past wells have nevertheless provided a significant contribution to understanding the geology in the Golden Eagle and have made significant gas discoveries, which demonstrates the aspect of a hydrocarbon charge and seal which is crucial to prospectivity.

It is now understood that the Golden Eagle Field contains complex geology, with a number of faults and natural fractures, and it is considered that the Company needs to acquire better information on the structure(s) by conducting a seismic program prior to engaging in any further drilling operations. In the opinion of the Company, an initial limited 2D seismic program should be conducted and focused on identifying the form and nature of the Golden Eagle anticlinal structure and determine if it conforms to original inferred projections. Aleator has already sought and received proposals and costings from reputable US geophysical firms. From this information the Company can formally prepare and cost a seismic program to meet its objectives. It is considered prudent to phase the evaluation and development of the Golden Eagle field to match a conservative policy approach to expenditure and yet maintain momentum on this project.

With positive findings in the review and a resurgence of gas prices up to US$6 per Mcf in the Northern Hemisphere winter this year, the Company believes it can now progress a transaction for Golden Eagle in the short term.

JOHNSTON RANGE

The Company sold its previously owned Johnston Range Iron Ore tenements in the Yilgarn region of Western Australia to Cliffs Asia Pacific Iron Ore Pty Ltd ("Cliffs") in April 20110. The consideration for the sale to Cliffs is a gross royalty of 2% on the iron ore sales from the tenements as well as a 2% gross royalty on the sale of all other minerals, and included a $3 million pre-payment of royalties in April, 2010. In its April 2014 progress report to Environmental Protection Authority, Cliffs stated intentions to commence activities on project in Q1, 2015.

Financial Position

The company had decreases in the net assets to $63,967,945, a decrease of $2,823,814 from net assets of $66,791,759 at 30 June 2013. Further capital of $969,424 (2013: $5,755,255) net of costs, was issued during the year to fund ordinary capital.

Significant Changes in the State of Affairs

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

Events after the reporting period

On 3 September 2014 the Company announced that its Povorotnoye licence has been issued and will remain valid until 1 January 2015 in accordance with a resolution of the Council of Ministers of the Republic of Crimea.

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

Future Developments, Prospects and Business Strategies

Further information on likely developments in the operations of the company has not been included in this report because at this stage the directors believe it would be likely to result in unreasonable prejudice to the company. As Aleator Energy Limited is listed on the Australian Stock Exchange, it is subject to the continuous disclosure requirements of the ASX Listing Rules which require immediate disclosure to the market of information that is likely to have a material effect on the price or value of Aleator Energy Limited's securities.

Environmental Regulation

Aleator Energy Limited is committed to environmental care and aims to carry out its activities in an environmentally-responsible and scientifically-sound way. In performing exploration activities, some disturbance of the land in the creation of tracks, drill rig pads, sumps and the clearing of vegetation occurs. These activities have been managed in a way that reduces environmental impact to a practical minimum and rehabilitation of any land disturbance commences after exploration activity in an area has been completed.

Aleator Energy Limited has complied with all statutory requirements involving protection of the environment as enforced by the Western Australian Department of Industry and Resources, Department of Environment, and Department of Conservation and Land Management.

The company also has environmental obligations with respect to its proposed operations in Utah, USA. These obligations are regulated by the Utah Division of Oil, Gas and Mining, and the Bureau of Land Management of the Federal Department of the Interior.

The directors have considered the enacted National Greenhouse and Energy Reporting Act 2007 (the NGER Act) which introduces a single national reporting framework for the reporting and dissemination of information about the greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of developments, the directors have determined that the NGER Act will have no effect on the company for the current or subsequent financial year. The directors will reassess this position as and when the need arises.

Officer's Indemnities and Insurance

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

Options

At the date of this report, the unissued ordinary shares in the company under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Option
30 June 2011	31 January 2015	2 cents	11,000,000
8 & 14 July 2011	31 January 2015	2 cents	424,742,609
11 January 2012	31 January 2015	2 cents	300,000,000
29 June 2012	31 January 2015	2 cents	30,555,558
29 June 2012	31 January 2015	2 cents	66,666,664
6 July 2012	31 January 2015	2 cents	152,777,774
12 July 2012	31 January 2015	2 cents	83,333,334
30 August 2012	31 January 2015	2 cents	250,000,000
			1,319,075,939

Option holders do not have any rights to participate in any issues of shares or other interests in the company or any other entity. For details of options issued to directors and executives as remuneration, refer to the Remuneration Report. During and since the year ended 30 June 2014, there were nil (2013: nil) ordinary shares in the company issued on the exercise of options granted. No amounts are unpaid on any of the shares. No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

Proceedings on Behalf of the Company

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

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

Remuneration Report (Audited)

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

A Principles used to determine the nature and amount of remuneration

B Details of directors' and key management personnel remuneration

C Service agreements

D Share-based compensation

E Additional information

The remuneration report, which has been audited, outlines the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its regulations.

A Principles used to determine the nature and amount of remuneration

Remuneration Policy

The remuneration policy of the company has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the company's financial results. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the company.

The Board's policy for determining the nature and amount of remuneration for Board members and senior executives of the company is as follows:

(i) The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the Board. All executives receive a base salary (which is based on factors such as skills, experience and length of service) and superannuation. The Board reviews executive packages annually by reference to the company's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

(ii) The Board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract and retain the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

(iii) Executives are also eligible to participate in the employee share and option arrangements.

(iv) The executive directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9.25%, and do not receive any other retirement benefits.

(v) All remuneration paid to directors and executives is valued at the cost to the company and expensed.

(vi) The Board policy is to remunerate non-executive directors at market rates for comparable companies for 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. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting (currently $500,000). Fees for non-executive directors are not linked to the performance of the company. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the company.

Performance based remuneration

The company currently has no performance based remuneration component built into director and executive remuneration packages.

Company performance, shareholder wealth and directors' and executives' remuneration

The remuneration policy has been tailored to increase the direct positive relationship between shareholders' investment objectives and directors and executives' performance. Currently, this is facilitated through the issue of options to the majority of directors and executives to encourage the alignment of personal and shareholder interests. The company believes this policy will be effective in increasing shareholder wealth. At commencement of mine production, performance based bonuses based on key performance indicators are expected to be introduced.

B Details of directors' and key management personnel remuneration

Details of the remuneration of the directors, the key management personnel of the company (as defined in AASB 124 Related Party Disclosures) and specified executives of the company are set out in the following table. The key management personnel of the company include the directors, the chief executive officer and the chief financial officer. The company secretary is not considered to be key management personnel as he is not involved in management decisions and performs duties in relation to statutory and compliance matters only.

Given the size and nature of operations of the company and the company, there are no other employees who are required to have their remuneration disclosed in accordance with the Corporations Act 2001.

1) Key management personnel compensation

2014

Key Management Person	Short-term Benefits				Post-employment Benefits	Other Long-term Benefits	Share based Payment		Total
	Cash, salary & commis-sions	Cash profit share	Non-cash Benefit	Other	Super-annuation	Other	Equity	Options	
Directors	$	$	$	$	$	$	$	$	$
Lewis Cross	60,916	-	-	-	5,635	-	-	-	66,551
Gennady Varitsky	27,000	-	-	-	-	-	-	-	27,000
Mark Rowbottam	232,499	-	-	-	21,506	-	-	-	254,005
Other KMP									
Wal Muir (CEO)	102,212	-	-	-	9,454	-	-	-	111,666
Hamish Carnachan (CFO) (resigned 22/8/14)	209,475	-	-	-	18,853	-	-	-	228,328
	632,102	-	-	-	55,448	-	-	-	687,550

1) Key management personnel compensation

2013

Key Management Person	Short-term Benefits				Post-employment Benefits	Other Long-term Benefits	Share based Payment		Total
	Cash, salary & commis-sions	Cash profit share	Non-cash Benefit	Other	Super-annuation	Other	Equity	Options	
Directors	$	$	$	$	$	$	$	$	$
Lewis Cross	85,000	-	-	-	7,650	-	-	-	92,650
Gennady Varitsky (appointed 30 November 2012)	21,000	-	-	-	-	-	-	-	21,000
John Armstrong (resigned 19 October 2012)	32,671	-	-	-	2,940	-	-	-	35,611
Richard Sciano (resigned 12 July 2012)	2,301	-	-	-	207	-	-	-	2,508
Anthony Kain (resigned 30 November 2012)	29,167	-	-	-	2,625	-	-	-	31,792
Mark Rowbottam	168,167	-	-	-	3,750	-	-	-	171,917
Other KMP									
Wal Muir (CEO)	299,088	-	-	-	12,000	-	-	-	311,088
Hamish Carnachan (CFO)	209,475	-	-	-	18,853	-	-	-	228,328
	846,869	-	-	-	48,025	-	-	-	894,894

2) Directors and Key Management Personnel Shareholding

The number of ordinary shares in the company held by each KMP during the financial year is as follows:

30 June 2014 Shares	Balance at beginning of year	Granted as remuneration during the year	Issued on exercise of options during the year	Other changes during the year	Balance at end of year
L Cross	7,680,000	-	-	-	7,680,000
M Rowbottam	34,850,000	-	-	7,249,888	42,099,888
G Varitsky	20,000,000	-	-	-	20,000,000
W Muir	26,115,959	-	-	4,000,000	30,115,959
	88,645,959	-	-	11,249,888	99,895,847

3) Directors and Key Management Personnel Option Holding

The number of options over ordinary shares held by each KMP of the company during the financial year is as follows:

30 June 2014 Share Options	Balance at beginning of year	Granted as remunerati on during the year	Exercised during the year	Issued	Other changes during the year	Balance at end of year	Vested during year	Vested and exerciseable
L Cross	20,030,000	-	-	-	-	20,030,000	-	20,030,000
M Rowbottam	15,000,000	-	-	-	-	15,000,000	-	15,000,000
G Varitsky	25,000,000	-	-	-	-	25,000,000	-	25,000,000
W Muir	2,777,778	-	-	-	-	2,777,778	-	2,777,778
H Carnachan*	12,012,000	-	-	-	-	12,012,000	-	12,012,000
	74,819,778	-	-	-	-	74,819,778	-	74,819,778

***-** *H Carnachan (CFO) resigned 22nd August, 2014*

4) Other transactions with directors and their related parties

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

During the year, there were no payments to AWT International, a company with which Mr Wal Muir was a director until 31 October 2012 and existing shareholder. (2013: $1,109,772) The payments in the prior year were for technical services in relation to the proposed Pov 105 well in Ukraine.

In the prior year, Mr Wal Muir's CEO secondment costs from AWT International before he was employed directly by the company amounted to $165,775. During the year, there were no such payments.

During the year, there were no payments to Bogart Group Ltd, a company with which Mr Gennady Varitsky is a shareholder. (2013:$ 129,658) The prior year payments were for corporate services.

There were no other transactions with related parties. All related party transactions are on normal commercial terms and conditions.

Directors and Key Management Personnel Balances	2014	2013
	$	$
Amount owing to Mr Mark Rowbottam for director fees	140,203	41,666
Amount owing to Mr Lewis Cross for director fees	71,652	-
Amount owing to Mr Gennady Varitsky for director fees	27,000	-
Amount owing to Mr Walter Muir for salary	123,666	-
Amount owing to Mr Hamish Carnachan for salary (resigned 22 August 2014)	57,212	-
	419,733	41,666

C Service agreements

The details of service agreements as at the date of the financial report for the key management personnel and specified executives of the company are as follows:

Lewis Cross, Non-Executive Director

The company has an agreement with Mr Cross for the provision of services for an agreed annual fee of $51,000 plus superannuation. From 1 April 2014 the Company has as agreement with Mr Cross for the provision of services at no cost to the Company.

Mark Rowbottam, Executive Director

The company had an agreement with Allegra Capital Pty Ltd for the provision of Mark Rowbottam's services for an agreed annual fee of $250,000 plus superannuation between May 2013 and March 2014. From 1 April 2014 the Company has as agreement with Mr Rowbottam for the provision of services for an agreed annual fee of $180,000 plus superannuation.

Gennady Varitsky, Non-Executive Director

From 1 December 2013 the company has a 12 month contract with Mr Varitsky for the provision of services for an agreed monthly fee of $3,000. From 1 April 2014 the Company has as agreement with Mr Varitsky for the provision of services at no cost to the Company.

Wal Muir, CEO

From November 2012 to December 2013 the Company has as agreement with Mr Muir for the provision of services for an agreed annual fee of $200,000 plus superannuation plus performance bonuses. From January 2014 Mr Muir has as agreement with the company for the provision of services for an agreed daily rate of $1000 per day or part thereof plus superannuation.

Hamish Carnachan, CFO – resigned 22 August 2014

The company has an agreement with Mr Carnachan for the provision of services on normal commercial terms and conditions. His annual salary is $209,475 plus statutory superannuation. The company may terminate the contract by giving three months' notice; Mr Carnachan may terminate by giving one month notice.

D Share-based compensation

There were no options or shares issued to directors and executives as part of their remuneration during the financial year.

E Additional information

Performance income as a proportion of total compensation

No performance based bonuses have been paid to key management personnel during the financial year except as indicated above.

The directors are entitled to reimbursement of out-of-pocket expenses incurred whilst on company business.

This report of Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.

This concludes the remuneration report, which has been audited.

NON AUDIT SERVICES

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 6 to the financial statements. The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 6 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor, and

- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

AUDITOR

RSM Bird Cameron Partners was appointed as the Group's auditor at the 2011 Annual General Meeting and continues in office in accordance with section 327 of the Corporations Act 2001.

AUDITOR'S INDEPENDENCE DECLARATION

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

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

Lewis Cross

Director

Dated this 30th day of September 2014

Aleator Energy Limited is listed on the Australian Securities Exchange. The company is relatively small with a simple corporate structure and its financial and management control requirements are tailored accordingly. It adheres to the eight Essential Corporate Governance Principles as published by the ASX Corporate Governance Council and has adopted those of the Best Practice Recommendations which its Board of Directors considers to be relevant and essential for the efficient management of the company and its business whilst safe guarding shareholder assets in the context of the inherent and well understood high risk nature of the exploration industry.

The following is a summary of the Corporate Governance measures adopted by the Company:

Board and Management

Objectives of the Board

The Board's key objectives are the addition of value corporate assets whilst safe guarding shareholders' rights and interests together with the provision of an appropriate overview of management. With this in mind, the Board meets regularly in the discharge of its responsibilities.

Board Responsibility

The Board focuses the company on the investigation of exploration opportunities in the oil and gas business which are judged to have the potential for success without exposing the company to undue risk by establishing and maintaining adequate management control through monitoring systems which include:

(a) continually reviewing the performance of the company and its executives, including management and financial performance, overseeing strategy implementation and where necessary, ensuring appropriate resources are available. The Board retains the right to replace the executive management of the company;
(b) regular Board meetings, reviewing, approving and amending where necessary, the Executive Director's annual programmes and budgets and the company's overall corporate objectives;
(c) putting in place systems of risk management and legal control mechanisms and ensuring their effectiveness;
(d) approving and monitoring the progress of major capital expenditure, capital management and acquisitions and divestitures;
(e) maintaining responsibility for the overall financial management of the company with the ability to approve the appointment (if necessary) of a financial officer and to replace the Company Secretary;
(f) monitoring and approving financial and other reporting;
(g) supervising the overall corporate governance of the company, including conducting regular reviews of the balance of responsibilities to ensure division of functions remain appropriate to corporate needs;
(h) liaising with the company's external auditors;
(i) monitoring, and ensuring compliance with all of the company's legal obligations, in particular those in relation to the maintenance of the company's mineral tenements, the environment, native title, cultural heritage and occupational health and safety requirements.

Materiality

The Board adopts the following guidelines, which are deemed appropriate for a company of the maturity and size of Aleator Energy Limited, for assessing the materiality of matters:

Qualitative

(a) any matters which impact on the reputation of the company and/or its Board;
(b) any activities of the company, its joint ventures, employees or contractors, which may involve a breach of legislation or are in the Board's view outside the ordinary course of its business;
(c) any matter which might negatively affect the company's rights to its assets;
(d) any activities of the company, its joint ventures, employees or contractors which have the capacity to involve a contingent liability that would in the Board's view have a potential material effect on the company's statement of financial position or a similar effect on one or more profit and loss items.

Contracts

Aleator Energy is a relatively small company and its Directors consider most contracts entered into by the company to be material. With the exception of day to day agreements the responsibility for which fall upon the executive directors, all contracts are subjected to review by the Board.

Structure of the Board

The name, expertise, experience and term of the office of each director is set out in the Directors' Report. The structure of the Board, at the date of this report, is comprised of one executive director and two non-executive directors.

Independent Directors
There is one independent director on the Board. Given the small size of the company this board structure is considered appropriate for the size of the company and to provide an adequate mix of independent and executive directors.

The Chairman
Mr Lewis Cross fulfils the role of Chairman. He is a non-executive, independent director and is responsible for leadership of the Board and for the efficient organisation and conduct of the Board. He also retains overall responsibility, subject to management input, for communication with shareholders.

Wal Muir, Chief Executive Officer
Wal Muir, chief executive officer runs the company on a day-to-day basis pursuant to authority delegated by the Board and is responsible from the implantation of Board and corporate policy and planning in accordance with approved programmes and budgets. He reports to the Board regularly and is under an obligation to make sure that all reports which he presents give a true and fair view of the company's exploration and other activities and its then current financial status.

Other Directors
The other directors assist in providing an independent oversight to the operations of the board.

Nomination for Board Positions
The Board will decide on the choice of any new director(s) upon the creation of any new board position and/or if any casual vacancy arises. Decisions to appoint new directors will be minuted. The small size of the company and the Board do not warrant the appointment of a nomination committee.

Independent Professional Advice
Each Director has the right to seek independent professional advice at the company's expense. Prior approval of the Chairman and/or Wal Muir is required and will not be unreasonably withheld.

Ethical and Responsible Decision Making

Code of Conduct
The Board adheres to and is responsible for enforcing the Corporate Code of Conduct set out in this Corporate Governance Statement.

Policy on Share Trading
Directors, officers and employees are prohibited from dealing in Aleator's shares when they possess inside information. The Board is to be notified promptly of any trading of shares in the company by any Director or officer of the Company.

Financial Reporting Integrity

Financial Reports
The CEO and the CFO are required to confirm in writing to the Board that the company's half year and full year financial reports present a true and fair view in all material respects of the company's financial condition and operational results and are in accordance with relevant accounting standards.

Audit Committee
The Directors do not consider that the company's affairs are of such a size and complexity as to merit the establishment of a separate audit committee. Until this situation changes, the Board of Aleator Energy will carry out any necessary audit committee functions.

The Board monitors the form and content of the company's financial statements; it also has an overview of the company's internal financial control and audit system and risk management systems.

Additionally, on an annual basis the Board, in line with its overall responsibility to shareholders, reviews the performance of the external auditor and the continuation of that appointment. Directors also approve the remuneration and terms of engagement of the external audit firm. Any appointment of a new external auditor is submitted for ratification by shareholders at the next annual general meeting of the Company.

Timely and Balance Disclosure
Detailed compliance procedures, to ensure timely balanced disclosure of information in line with ASX Listing Rule disclosure requirements and Continuous Disclosures Guideline, have been noted and adopted by the company. The Company Secretary is charged with ensuring that any necessary steps which need to be taken by the Company are brought before the Board for discussion and, subject to amendment, approval.

Rights of Shareholders

Aleator Energy maintains a website at www.aleatorenergy.com.au.

Under various headings Aleator Energy shareholders may find all current information on the Company, its recent ASX releases, its projects and its Corporate profile. Shareholders may also contact the Company and request a copy of the company's ASX releases.

The Company invites the external auditor to attend its annual general meeting and to be available to answer shareholders' questions about the conduct of the audit and the preparation and content of the auditor's report.

Management of Risk

Consistent with the compliance systems detailed elsewhere in this statement the Board takes responsibility for the risk management of the Company.

The Board routinely reviews corporate risk and supervises internal compliance and control systems.

The Chief Executive Officer is responsible to the board for ensuring the systems are complied with and is required annually to make a statement to the board in writing to this effect.

Whilst high priority is given to the management of risk in the company current and potential investors are reminded that they are investors in a company engaged in exploration activities which by their very nature are high risk and where successful may give rise to high rewards.

Performance Evaluation of the Board and Management

The Chairman conducts regular informal reviews of Board and management performance including that of the Company Secretary on at least an annual basis.

Remuneration of Directors and Executives

The Chief Executive Officer and Executive Directors are engaged on a service contract with a company related to each Director. The Chairman and any non-executive Directors carry out an annual review of the adequacy of their remuneration which may include participation in share incentive arrangements.

The size of Aleator Energy and the current remuneration of the non-executive Chairman and any non-executive Directors are not considered of a size and nature to warrant independent review.

Details of directors' and executives' remuneration are set out in the annual Financial Report in accordance with accounting standards.

Corporate Code of Conduct

Aleator Energy is committed to:

(a) applying the Company's funds efficiently to provide above average and sustainable return to shareholders through both capital appreciation and the payment of dividends when in a position to do so;
(b) adopting high standards of occupational health and safety, environmental management and ethics;
(c) ensuring that all of its business affairs are conducted legally, ethically and with integrity.

Corporate Responsibility

The Company complies with all legislative and common law requirements that affect its business, particularly environmental regulations, native title and cultural heritage laws.

Employment

The Company policy is to employ the best available staff. At this stage in the Company's development all potential employees will be subject to full Board scrutiny.

The proportion of women employees in the whole organisation, women in senior positions and women on the Board is disclosed as follows.

	2014		**2013**	
	No.	%	No.	%
Women on the Board	0	0%	0	0%
Women in senior management roles	0	0%	0	0%
Women employees in the company	2	40%	5	35%

Third Parties

The Company treats third parties in a fair and reasonable manner and does not engage in deceptive practices.

Conflict of Interest

The Board and the executives are obligated to avoid situations of real or apparent conflict of interest between them as individuals and as Directors or employees of Aleator Energy. If a situation where a conflict of interest arises the Chairman is to be notified; the matter will then be considered and the appropriate steps taken to avoid a repetition.

Breach of Corporate Governance

Any breach of Corporate Governance is to be reported directly to the Chairman.

Review of Rules of Corporate Governance

The Board through the Chairman monitors the company's compliance with the Rules periodically.

CORPORATE GOVERNANCE STATEMENT

As an integral part of its preparations to list on the Australian Securities Exchange ("**ASX**"), the Company has considered and set up a framework for embracing the ASX Corporate Governance Principles and Recommendations (2nd Edition) ("**Recommendations**"). The Company has followed each of the Recommendations where the Board has considered the practices appropriate, taking into account factors such as size of the Company and the Board, the resources available to the Company and the activities of the Company. Where, after due consideration the Company's corporate governance policies depart from the Recommendations, the Board has outlined the nature of, and reason for, the adoption of its own practice.
Further information about the Company's corporate governance practices is available on the Company's web site at:

www.aleatorenergy.com.au

The Board sets out below its "if not why not" report in relation to those matters of corporate governance where the Company's practices depart from the Recommendations. As the Company's activities develop in size, nature and scope, further consideration will be given by the Board to the implementation of additional corporate governance structures.

DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES

Summary Statement

	ASX P & R[1]	If not, why not[2]		ASX P & R[1]	If not, why not[2]
Recommendation 1.1	✓		Recommendation 4.2		✓
Recommendation 1.2	✓		Recommendation 4.3	✓	
Recommendation 1.3	✓		Recommendation 4.4	✓	
Recommendation 2.1	✓		Recommendation 5.1	✓	
Recommendation 2.2	✓		Recommendation 5.2	✓	
Recommendation 2.3	✓		Recommendation 6.1	✓	
Recommendation 2.4		✓	Recommendation 6.2	✓	
Recommendation 2.5	✓		Recommendation 7.1	✓	
Recommendation 2.6	✓		Recommendation 7.2	✓	
Recommendation 3.1	✓		Recommendation 7.3	✓	
Recommendation 3.2		✓	Recommendation 7.4	✓	
Recommendation 3.3		✓	Recommendation 8.1		✓
Recommendation 3.4	✓		Recommendation 8.2	✓	
Recommendation 3.5	✓		Recommendation 8.3	✓	
Recommendation 4.1		✓	Recommendation 8.4	✓	

1 Indicates where the Company has followed the Principles & Recommendations
2 Indicates where the Company has provided "if not, why not" disclosure.

"If Not, Why Not" Disclosure

During the Company's 2013/2014 financial year ("**Reporting Period**") the Company has followed each of the Principles & Recommendations other than in relation to the matters specified below.

Principle 2
Recommendation 2.4: The board should establish a nomination committee.

Notification of departure:
During the reporting period there was no separate nomination committee.

Explanation for departure:
The full Board considers those matters that would usually be the responsibility of a nomination committee. The Board considers given its size and composition that no efficiencies or other benefits would be gained by establishing a separate committee. The Board has adopted a Nomination Committee Charter which it applies, as relevant.

Principle 3
Recommendation 3.2: Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.

Notification of departure:
During the reporting period there was no diversity policy in place.

Explanation for departure:
Currently, due to its size and operations the Board has yet to establish a diversity policy. This is an area which will continue to be reviewed, with a policy to be established, as soon as appropriate.

Principle 3
Recommendation 3.3: Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.

Notification of departure:
Information is not disclosed in the Annual Report.

Explanation for departure:
Due to the size of the company, there have ben no measurable objectives set.

Principle 4
Recommendations 4.1 & 4.2: The board should establish an audit committee and structure it in accordance with Recommendation 4.3.

Notification of departure:
A separate audit committee has not been formed and therefore is not structured in accordance with the compositional recommendation.

Explanation for departure:
The role of the audit committee is carried out by the full Board. The Board considers that given its size and composition, no efficiencies or other benefits would be gained by establishing a separate committee. When considering audit related matters, the Board functions in accordance with its Audit Committee Charter. The Audit Committee Charter also provides that the Board may meet with the external auditor, without management present, as required.

Principle 8
Recommendation 8.1: The board should establish a remuneration committee.

Notification of departure:
There is no separate remuneration committee.

Explanation for departure:
The role of the remuneration committee is carried out by the full Board. The Board considers that no efficiencies or other benefits would be gained by establishing a separate remuneration committee. However, the Board has adopted a Remuneration Committee Charter, which it applies when convening as the remuneration committee. No Directors participate in any deliberations regarding their own remuneration or related issues.

NOMINATION COMMITTEE

The full Board carries out the role of the Nomination Committee. The full Board did not officially convene as a Nomination Committee during the Reporting Period, however nomination related discussions occurred from time to time during the year as required. To assist the Board to fulfil its function as the Nomination Committee, it has adopted a Nomination Committee Charter (available on the Company's website).

AUDIT COMMITTEE

The full Board carries out the role of the Audit Committee. The full Board did not officially convene as an Audit Committee during the Reporting Period, however audit related discussions occurred from time to time during the year as required. To assist the Board to fulfil its function as the Audit Committee, it has adopted an Audit Committee Charter (available on the Company's website).

REMUNERATION COMMITTEE

Details of remuneration, including the Company’s policy on remuneration, are contained in the “Remuneration Report” which forms of part of the Directors’ Report.

The full Board carries out the role of the Remuneration Committee. The full Board did not officially convene as a Remuneration Committee during the Reporting Period, however remuneration related discussions occurred from time to time during the year as required. To assist the Board to fulfil its function as the Remuneration Committee, it has adopted a Remuneration Committee Charter (available on the Company's website).

OTHER

Skills, Experience, Expertise and term of office of each Director

A profile of each director containing their skills, experience and expertise is set out in the Directors' Report.

Assurances to the Board

The Board has received assurance from management that the Company's management of its material business risks are effective. Further, the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) have provided a declaration in accordance with section 295A of the Corporations Act and have assured the Board that such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risk.

Identification of Independent Directors and the Company's Materiality Thresholds

In considering the independence of directors, the Board refers to its *Policy on Assessing the Independence of Directors* (available on the Company's website).

The Board has agreed on the following guidelines for assessing the materiality of matters, as set out in the Company's *Board Charter* (available on the Company's website):

- Statement of financial position items are material if they have a value of more than 10% of pro-forma net asset.
- Profit and loss items are material if they will have an impact on the current year operating result of 10% or more.
- Items are also material if they impact on the reputation of the Company, involve a breach of legislation, are outside the ordinary course of business, they could affect the Company’s rights to its assets, if accumulated they would trigger the quantitative tests, involve a contingent liability that would have a probable effect of 10% or more on statement of financial position or profit and loss items, or they will have an effect on operations which is likely to result in an increase or decrease in net income or dividend distribution of more than 10%.
- Contracts will be considered material if they are outside the ordinary course of business, contain exceptionally onerous provisions in the opinion of the Board, impact on income or distribution in excess of the quantitative tests, there is a likelihood that either party will default, and the default may trigger any of the quantitative or qualitative tests, are essential to the activities of the Company and cannot be replaced, or cannot be replaced without an increase in cost of such a quantum, triggering any of the quantitative tests, contain or trigger change of control provisions, they are between or for the benefit of related parties, or otherwise trigger the quantitative tests.

There is currently one independent director of the Company.

Statement concerning availability of Independent Professional Advice

To assist directors with independent judgement, it is the Board's Policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval for incurring such expense from the Chair, the Company will pay the reasonable expenses associated with obtaining such advice.

Confirmation whether performance Evaluation of the Board and its members have taken place and how conducted

During the Reporting Period an evaluation of the performance of the Board, its committees and individual directors was not carried out due to operational priorities. During the Reporting Period a performance evaluation for senior executives was not carried out due to operational priorities.

Existence and Terms of any Schemes for Retirement Benefits for Non-Executive Directors

There are no termination or retirement benefits for non-executive directors (other than for superannuation).

RSM Bird Cameron Partners

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AUDITOR'S INDEPENDENCE DECLARATION

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

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS

Perth, WA
Dated: 30 September 2014

J A KOMNINOS
Partner

ALEATOR ENERGY LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 June 2014

	Note	2014 $	2013 $
Revenue	2	790	48,197
Depreciation expense		(33,142)	(30,018)
Finance costs		(427,875)	(164,343)
Corporate and administration expenses		(575,763)	(1,116,300)
Impairment of exploration expenditure capitalised		(12,662)	(239,372)
Director and employee benefits expense		(805,148)	(1,138,187)
Share based payments		(213,819)	-
Loss before income tax	3	(2,067,619)	(2,640,023)
Income tax expense	4	-	-
Net loss for the year		(2,067,619)	(2,640,023)
Other Comprehensive Income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(1,725,619)	5,806,724
Income tax relating to components of other comprehensive income for the year		-	-
Other comprehensive (loss) / income for the year, net of tax		(1,725,619)	5,806,724
Total comprehensive (loss) / income for the year		(3,793,238)	3,166,701
Net loss for the year is attributable to:			
Members of the parent entity		(1,989,651)	(2,590,595)
Non-controlling interest		(77,968)	(49,428)
		(2,067,619)	(2,640,023)
Total comprehensive loss for the year is attributable to:			
Members of the parent entity		(3,715,270)	(3,117,273)
Non-controlling interest		(77,968)	(49,428)
		(3,793,238)	(3,166,701)
Basic and diluted earnings per share for loss attributable to the owners of Aleator Energy Limited (cents per share)	7	(0.11)	(0.19)

The accompanying notes form part of these financial statements.

ALEATOR ENERGY LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 June 2014

	Note	2014 $	2013 $
CURRENT ASSETS			
Cash and cash equivalents	8	70,729	690,691
Trade and other receivables	9	71,850	92,744
Other assets	10	3,560	16,453
TOTAL CURRENT ASSETS		146,139	799,888
NON-CURRENT ASSETS			
Trade and other receivables	9	1,120,748	1,077,021
Plant and equipment	14	97,746	133,034
Deferred exploration and evaluation expenditure	15	64,409,184	65,561,124
TOTAL NON-CURRENT ASSETS		65,627,678	66,771,179
TOTAL ASSETS		65,773,817	67,571,067
CURRENT LIABILITIES			
Trade and other payables	16	1,261,974	757,365
Provisions	17	14,175	21,943
Borrowings	18	529,723	-
TOTAL CURRENT LIABILITIES		1,805,872	779,308
TOTAL LIABILITIES		1,805,872	779,308
NET ASSETS		63,967,945	66,791,759
EQUITY			
Issued capital	19	82,715,386	81,745,962
Reserves	20	(1,018,653)	706,966
Accumulated losses		(17,803,414)	(15,813,763)
Equity attributable to the owners of Aleator Energy Limited		63,893,319	66,639,165
Non-controlling interest		74,626	152,594
TOTAL EQUITY		63,967,945	66,791,759

The accompanying notes form part of these financial statements.

ALEATOR ENERGY LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 June 2014

	Issued Capital $	Accumulated Losses $	Foreign Currency Translation $	Option Reserve $	Non-controlling interest $	Total $
Balance at 1 July 2012	75,990,707	(13,223,168)	(12,854,347)	7,629,589	202,022	57,744,803
Loss after income tax	-	(2,590,595)	-	-	(49,428)	(2,640,023)
Other comprehensive income: Foreign currency translation – subsidiaries	-	-	5,806,724	-	-	5,806,724
Total other comprehensive loss for the year	-	(2,590,595)	5,806,724	-	(49,428)	3,166,701
Transactions with owners, in their capacity as owners						
Shares issued during the year	6,119,055	-	-	-	-	6,119,055
Options issued during the year	-	-	-	125,000	-	125,000
Capital raising costs	(363,800)	-	-	-	-	(363,800)
Balance at 30 June 2013	81,745,962	(15,813,763)	(7,047,623)	7,754,589	152,594	66,791,759
Balance at 1 July 2013	81,745,962	(15,813,763)	(7,047,623)	7,754,589	152,594	66,791,759
Loss after income tax	-	(1,989,651)	-	-	(77,968)	(2,067,619)
Other comprehensive income: Foreign currency translation – subsidiaries	-	-	(1,725,619)	-	-	(1,725,619)
Total other comprehensive loss for the year	-	(1,989,651)	(1,725,619)	-	(77,968)	(3,793,238)
Transactions with owners, in their capacity as owners						
Shares issued during the year	973,832	-	-	-	-	973,832
Options issued during the year	-	-	-	-	-	-
Capital raising costs	(4,408)	-	-	-	-	(4,408)
Balance at 30 June 2014	82,715,386	(17,803,414)	(8,773,242)	7,754,589	74,626	63,967,945

The accompanying notes form part of these financial statements.

ALEATOR ENERGY LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 June 2014

	Note	2014 $	2013 $
CASH FLOWS FROM OPERATING ACTIVITES			
Payments to suppliers and employees		(959,070)	(2,076,753)
Payments for exploration expenditure		(524,288)	(5,508,176)
Finance costs paid		(427,875)	(155,514)
Interest received		790	22,368
Net cash used in operating activities	23	(1,910,443)	(7,718,075)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of investment		-	47,675
Payments of plant and equipment		-	(89,274)
Procceds from/(payment for) bonds		5,153	(17,140)
Net cash provided / (used in) by investing activities		5,153	(58,739)
CASH FLOWS FROM FINANCING ACTIVITES			
Proceeds from borrowings		1,289,661	775,000
Proceeds from issue of options		-	125,000
Net (payments)/proceeds from issue of shares		(4,333)	4,974,754
Conversion of placement monies held in trust		-	(2,750,000)
Net cash provided by financing activities		1,285,328	3,124,754
Net decrease in cash and cash equivalents		(619,962)	(4,652,060)
Cash and cash equivalents at the beginning of the financial year		690,691	5,342,751
Cash and cash equivalents at end of the financial year	8	70,729	690,691

The accompanying notes form part of these financial statements.

The consolidated financial statements and notes represent those of Aleator Energy Limited and its controlled entities ("the consolidated entity"). Aleator Energy Limited is a listed public company, incorporated and domiciled in Australia.

The separate financial statements of the parent entity, Aleator Energy Limited, have not been presented within this financial report as permitted by the Corporations Act 2001.

The financial statements were authorised for issue by the Board on 30th September 2014.

Note 1: Statement of Significant Accounting Policies

Basis of Preparation

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

Going concern

The directors have prepared the financial statements on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business.

As disclosed in the financial statements, the company and consolidated entity incurred losses of $2,853,743 and $2,067,619 respectively and the consolidated entity had net cash outflows from operating activities of $1,910,443 for the year ended 30 June 2014. As at that date, the company and consolidated entity had net current liabilities of $1,418,161 and $1,659,733 respectively. The ability of the company and consolidated entity to continue as going concerns is contingent on a number of future events, the most significant of which is the ability of the company and the consolidated entity to obtain additional funding to continue its exploration activities and to pay its debts as and when they fall due.

These financial conditions indicate significant uncertainty as to whether the company and consolidated entity will continue as going concerns and therefore whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe, after taking account of these financial conditions, that the going concern basis of accounting is appropriate which has been determined after consideration of the following factors:

- During the financial year, the company signed a convertible note agreement, which provides for drawdowns of up to $5 million. The first draw down of $250,000 was completed in March 2014. There have been no subsequent drawdowns as shareholder approval at the 2014 Annual General Meeting is being sought to refresh a 10% placement capacity, in addition to the existing 15% annual limit;
- During the year ended 30 June 2014, $658,752 of convertible note debt was converted to equity and the company is planning for similar conversions in the next twelve months;
- The company has been successful in previous equity and convertible note raisings and the directors are planning, if required to do so, to raise further funding from these sources; and
- The company has the ability to scale down its operations, in order to curtail expenditure in the event the capital raising is delayed or insufficient cash is available to meet projected expenditures.

Going concern (Cont'd)

Accordingly, the Directors believe that the company and consolidated entity will obtain sufficient cash flows to enable them to continue as going concerns and that it is appropriate to adopt the going concern basis of accounting in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the company and consolidated entity do not continue as going concerns.

(a) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and result of entities controlled by Aleator Energy Limited at the end of the reporting period. A controlled entity is an entity over which Aleator Energy Limited has the ability or right to govern the financial and operating policies so as to obtain benefits from the entity's activities. In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated in full on consolidation. Where controlled entities have entered or left the consolidated entity during the year, the financial performance of those entities is included only for the period of the year that they were controlled.

(b) Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities. A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (ie parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated financial statements, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer. Fair value uplifts in the value of pre-existing equity holdings are taken to the statement of profit and loss and other comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as a receivable. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is remeasured each reporting period to fair value through the statement of profit and loss and other comprehensive income unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of profit or loss and other comprehensive income.

Note 1: Statement of Significant Accounting Policies (continued)

(c) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (revenue) is charged or credited outside profit or loss when the tax related to items that are recognised outside profit or loss.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(d) Plant and Equipment

Each class of plant and equipment is carried at cost or fair value, less, where applicable, any accumulated depreciation and impairment losses. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Note 1: Statement of Significant Accounting Policies (continued)

(d) Plant and Equipment (continued)

Depreciation

The depreciable amount of fixed assets is depreciated on the straight line method over their useful lives commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Furniture and Fixtures	15% - 25%
Plant and Equipment	15% - 33.3%
Leasehold Improvements	12%
Motor Vehicles	20%
Computer Equipment	50%

The asset's residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

(e) Exploration and Development Expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area of interest or sale of that area of interest, or exploration and evaluation activities have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active or significant operations in, or in relation to, the area of interest are continuing.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to the area of interest.

(g) Joint Ventures

A joint venture is a joint arrangement where the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the joint venture

(h) Impairment of Assets

At each reporting date, the consolidated entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Note 1: Statement of Significant Accounting Policies (continued)

(i) Impairment of Assets (continued)

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit and loss and other comprehensive income immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in the statement of profit and loss and other comprehensive income immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

Impairment testing is performed annually for intangible assets with indefinite useful lives.

(j) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

(k) Foreign Currency Transactions and Balances

Functional and Presentation Currency

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

Transactions and Balances

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

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

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

Group companies

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

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

(j) Foreign Currency Transactions and Balances

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

Note 1: Statement of Significant Accounting Policies (continued)

(k) Employee Entitlements

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Provision is made for the consolidated entity's obligation for short-term employee benefits. Short-term employee benefits are benefits that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The consolidated entity's obligations for short-term employee benefits such as wages and salaries are recognised as a part of current trade and other payables in the statement of financial position. The consolidated entity's obligations for employees' annual leave entitlements are recognised as provisions in the statement of financial position.

Equity-settled compensation

The consolidated entity operates an employee share ownership plan. Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black-Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest.

(l) Provisions

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

(m) Financial Instruments

Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as "at fair value through profit or loss". Transaction costs related to instruments classified as "at fair value through profit or loss" are expensed to the statement of profit or loss and other comprehensive income immediately.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the consolidated entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in the statement of profit and loss and other comprehensive income.

Note 1: Statement of Significant Accounting Policies (continued)

Classification and Subsequent Measurement

i. Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designed as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in the statement of profit or loss and other comprehensive income.

ii. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method. Loans and receivables are included in current assets, where they are expected to mature within 12 months after the end of the reporting period.

iii. Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the consolidated entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method. Held-to-maturity investments are included in non-current assets where they are expected to mature within 12 months after the end of the reporting period. All other investments are classified as current assets.

iv. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

v. Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment of Assets

At the end of each reporting date, the consolidated entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of profit or loss and other comprehensive income. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to the statement of profit or loss and other comprehensive income at this point.

(n) Cash and Cash Equivalents

Cash and equivalents include cash on hand, deposits held at call with banks and other short term highly liquid investments. For the purpose of the statement of cash flows, cash includes deposits at call, which are readily convertible to cash on hand and subject to an insignificant risk of changes in value.

Note 1: Statement of Significant Accounting Policies (continued)

(o) Revenue and Other Income

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. All revenue is stated net of the amount of goods and services tax (GST).

(p) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(q) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year that are unpaid and arise when the consolidated entity becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(r) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. Trade receivables are due for settlement within 30 days from the date of recognition. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off.

(s) Comparative Figures

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

(t) Critical Accounting Estimates and Judgements

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

There have been no judgements, apart from those involving estimation, in applying accounting policies that have a significant effect on the amounts recognised in these financial statements. Following is a summary of the key assumptions concerning the future and other key sources of estimation at reporting date that have not been disclosed elsewhere in these financial statements.

Exploration and evaluation expenditure

The board of directors determines when an area of interest should be abandoned. When a decision is made that an area of interest is not commercially viable, all costs that have been capitalised in respect of that area of interest are written off. The directors' decision is made after considering the likelihood of finding commercially viable reserves. No areas of interest have been abandoned at the date of this report.

Environmental Issues

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors understanding thereof. At the current stage of the company's development and its current environmental impact the directors believe such treatment is reasonable and appropriate.

Note 1: Statement of Significant Accounting Policies (continued)

Taxation
Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates take into account both the financial performance and position of the consolidated entity as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by the Australian Taxation Office.

Share based payment transactions
The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using a Black-Scholes option pricing model.

Impairment
The consolidated entity assesses impairment at the end of each reporting period by evaluation conditions and events specific to the consolidated entity that may be indicative of impairment triggers. Validity for future operations are all elements that are considered. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

(u) New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

New Accounting Standards and Interpretations not yet mandatory or early adopted

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. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9: Financial Instruments and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2017).

The Standard will be applicable retrospectively (subject to the comment on hedge accounting below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes made to the Standard that may affect the consolidated entity on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of AASB 9, the application of such accounting would be largely prospective.

The adoption of this standard will not have a material impact on the consolidated entity.

Note 1: Statement of Significant Accounting Policies (continued)

New Accounting Standards and Interpretations not yet mandatory or early adopted (continued)

AASB 2012–3: Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard provides clarifying guidance relating to the offsetting of financial instruments, which is not expected to impact the consolidated entity's financial statements.

Interpretation 21: Levies (applicable for annual reporting periods commencing on or after 1 January 2014).

Interpretation 21 clarifies the circumstances under which a liability to pay a levy imposed by a government should be recognised, and whether that liability should be recognised in full at a specific date or progressively over a period of time. This Interpretation is not expected to significantly impact the consolidated entity's financial statements.

AASB 2013–3: Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard amends the disclosure requirements in AASB 136: Impairment of Assets pertaining to the use of fair value in impairment assessment and is not expected to significantly impact the consolidated entity's financial statements.

AASB 2013–5: Amendments to Australian Accounting Standards – Investment Entities (applicable for annual reporting periods commencing on or after 1 January 2014).

AASB 2013–5 amends AASB 10: Consolidated Financial Statements to define an "investment entity" and requires, with limited exceptions, that the subsidiaries of such entities be accounted for at fair value through profit or loss in accordance with AASB 9 and not be consolidated. Additional disclosures are also required. As neither the parent nor its subsidiaries meet the definition of an investment entity, this Standard is not expected to significantly impact the consolidated entity's financial statements.

	2014 $	2013 $

Note 2: Revenue and Other Income

	2014 $	2013 $
OTHER INCOME		
Interest	790	25,522
Other income	-	22,675
	790	48,197

Note 3: Loss for the year

The loss before income tax includes the following specific items:

	2014 $	2013 $
Rental expenses on operating leases	85,712	87,887
Share registry expense	32,342	24,523

Note 4: Income Tax Expense

(a) Reconciliation

The prima facie tax on the loss is reconciled to income tax expense as follows:

	2014 $	2013 $
Loss for the year	(2,067,619)	(2,640,023)
Prima facie tax expense at 30%	620,286	792,007
Difference in foreign tax rate	(91,179)	(75,634)
Deferred tax asset not brought to account	(529,107)	(716,373)
Income tax benefit relating to loss	-	-

Aleator Energy Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidation group under the Tax Consolidation Regime. Aleator Energy Limited is responsible for recognising the current and deferred tax assets and liabilities for the tax consolidation group. The tax consolidation group has entered a tax sharing agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net results of the tax consolidation group.

(b) Deferred Tax Asset

Deferred tax asset not brought to account comprises the future benefits at applicable tax rates:

	2014 $	2013 $
Tax losses – revenue (resident)	4,753,771	4,315,842
Tax losses – revenue (non-resident)	5,135,276	5,044,098
	9,889,047	9,359,940

Note 4: Income Tax Expense (continued)

Resident tax losses calculated at the Australian income tax rate of 30%.

Non-resident tax losses calculated at the respective country tax rate threshold of 15%.

This asset has not been recognised as an asset in the statement of financial position as its realisation is not considered probable. The asset will only be obtained if:

(a) the company derives future assessable income of a nature and of an amount sufficient to enable the asset from the deductions for the loss to be realised;
(b) the company continues to comply with the conditions for deductibility imposed by the law; and
(c) no changes in tax legislation adversely affect the company in realising the asset from deductions for the losses.

Note 5: Key Management Personnel Disclosures

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the company's key management personnel for the year ended 30 June 2014. For details of transactions with KMP, refer to Note 26: Related Party Transactions.

The total remuneration paid to key management personnel of the company and the consolidated entity during the year are as follows:

	2014 $	2013 $
Short-term employee benefits	632,102	846,869
Post-employment benefits	55,448	48,025
	687,550	894,894

Note 6: Auditors' Remuneration

Remuneration of the auditor of the parent entity for:		
- auditing or reviewing the financial report	38,000	44,000
- tax advice and compliance services	9,540	1,717
	47,540	45,717

	2014 **$**	**2013** **$**

Note 7: Earnings per Share

Loss for the year	(1,989,651)	(2,590,595)
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic loss per share	1,793,424,405	1,385,509,410

The company's potential ordinary shares, being its options granted, are not considered dilutive as the conversion of these options was unlikely during the year.

Note 8: Cash and Cash Equivalents

Cash at bank and at hand	70,729	690,691

Note 9: Trade and Other Receivables

CURRENT		
Other receivables	18,544	1,195
GST receivable	53,306	90,989
Accrued interest	-	560
	71,850	92,744
NON CURRENT		
Deposits	350,000	350,000
Bond receivable	164,561	169,715
VAT receivable	606,187	557,306
	1,120,748	1,077,021

There are no balances within trade and other receivables that contain assets that are impaired and are past due. It is expected these balances will be received when due. Impaired assets are provided for in full.

Note 10: Other Assets

CURRENT		
Prepayments	3,560	16,453

Note 11: Controlled Entities

Ultimate Parent Entity:
Aleator Energy Limited

Subsidiaries	Country of incorporation	Class of shares	Ownership Interest 2014	2013
Technology Resource Company Limited	AUS	Ordinary	100%	100%
Western Nickel Limited	AUS	Ordinary	100%	100%
Golden Paradox Inc	USA	Ordinary	100%	100%
Golden Eagle Exploration LLC USA	USA	Ordinary	100%	100%
Golden Eagle Production LLC USA	USA	Ordinary	100%	100%
Honoratus Investments Ltd	Cyprus	Ordinary	100%	100%
Honoratus Holdings Ltd	AUS	Ordinary	100%	100%
Crimea Energy Limited BVI	British Virgin Isles	Ordinary	100%	100%
East Crimea Energy BV (a)	Netherlands	Ordinary	85%	85%
Pivenspetsbud LLC (b)	Ukraine	Ordinary	85%	85%

(a) Held via Honoratus Investments Ltd
(b) Held via East Crimea Energy B.V.

Note 12: Parent Entity Disclosures

	2014 $	2013 $
Financial Position		
Assets		
Current assets	107,720	771,876
Non-current assets	65,386,106	67,482,014
Total assets	**65,493,826**	**68,253,890**
Liabilities		
Current liabilities	1,525,881	574,511
Total liabilities	**1,525,881**	**574,511**
Equity		
Issued capital	82,715,386	81,745,962
Reserves:		
Options Reserve	7,754,587	7,754,587
Foreign currency reserve	(8,860,790)	(7,033,675)
Accumulated losses	(17,641,238)	(14,787,495)
Total Equity	**63,967,945**	**67,679,379**

	2014 $	2013 $
Note 12: Parent Entity Disclosures		
Financial Performance		
Loss for the year	(2,853,743)	(2,135,797)
Other comprehensive income	(1,827,115)	5,971,257
Total comprehensive (loss) / income for the year	(4,680,858)	3,835,460

Guarantees

Aleator Energy Limited has not entered into any guarantees in relation to the debts of its subsidiary.

Commitments for expenditure

Aleator Energy Limited has no commitments to acquire property, plant and equipment, and has no contingent liabilities.

Note 13: Interests in Joint Venture Operations

Joint venture agreements have been entered into with various tenement holders, whereby the company has purchased an interest in exploration areas or has earned or can continue to earn an interest in exploration areas by expending specified amounts in the exploration areas. The company's percentage interests in the future output of the joint ventures, if all its obligations are fulfilled, are as follows:

Joint Venture – Australia	Interest %
• Johnston Range Iron Ore Joint Venture	Royalty – 3
• Leonora (Pig Well Prospect)	Royalty – 1
• Laverton (Barmicoat West Prospect)	Royalty – 2
• Laverton (Mt Ida Prospect)	Royalty – 2

1. Royalty payable to the company is 1% of gross value of minerals produced from the tenements;
2. Royalty payable to the company is 50 cents per tonne of ore mined from the tenements and milled;
3. Royalty payable to the company is 2% of gross value of minerals produced from the tenements

Joint Venture – United States

The company has earned 100% working interest in the Golden Eagle Gas Field through its 100% owned subsidiary Golden Eagle Exploration LLC. Joint venture partners retain a right to back-in with a combined 16.67% working interest.

There are no assets employed by these joint ventures and the company's expenditure in respect of them is brought to account initially as deferred exploration and evaluation expenditure.

Joint Venture – Ukraine

The company holds a 62.1% beneficial interest in a number of oil and gas exploration licences containing the Povortnoye gas/condensate field, in the autonomous region of Crimea, south-eastern Ukraine.

Note 14: Plant and Equipment

	2014 $	2013 $
Plant and equipment		
At cost	240,237	242,598
Accumulated depreciation	(142,491)	(109,564)
	97,746	133,034

Movements in Carrying Amounts

Movement in the carrying amounts for each class of plant and equipment between the beginning and the end of the current financial year:

	2014 $	2013 $
Balance at the beginning of year	133,034	66,594
Additions	-	95,590
Translation difference	(2,146)	868
Depreciation expense	(33,142)	(30,018)
Carrying amount at the end of year	97,746	133,034

Note 15: Deferred Exploration and Evaluation Expenditure

	2014 $	2013 $
Cost brought forward	65,561,124	55,111,289
Expenditure incurred during year	574,780	4,910,424
Effects of foreign exchange on exploration	(1,714,058)	5,778,783
Expenditure impairment for the year	(12,662)	(239,372)
Cost carried forward	64,409,184	65,561,124

Recoverability of the carrying amount of exploration and evaluation assets is dependent on the successful exploration and sale of the oil and gas resources.

	2014	2013
	$	$
Note 16: Trade and Other Payables		
Trade payables	593,002	556,234
Sundry payables and accrued expenses	668,972	201,131
	1,261,974	757,365

Trade creditors are expected to be paid within agreed terms.

Note 17: Provisions

	2014	2013
Employee entitlements	14,175	21,943

Note 18: Borrowings

	2014	2013
Short term loans (i)	257,474	-
Convertible notes (ii)	272,249	-
	529,723	-

(i) The short term loans are unsecured, bear interest at 10% per annum and were repayable on 30 June 2014. The Company is in negotiation with the loan provider with respect to the repayment terms.

(ii) The convertible notes comprise the following:

- Convertible note of $114,000 which is unsecured, interest free and repayable by 6 March 2015. The conversion price will be 80% of the 5 day VWAP prior to the conversion notice..
- Convertible note of $158,249 which is secured against the assets of the company, interest free and convertible subject to shareholder approval. The conversion price will be the lesser of $0.0006 or 80% of the 5 day VWAP 20 trading days following a share consolidation.

Note 19: Issued Capital

	2014 $	2013 $
2,207,212,167 (2013: 1,665,769,734) fully paid ordinary shares	82,715,386	81,745,962

(a)	Ordinary Shares		No. of shares 2014	No. of shares 2013	2014 $	2013 $
	At beginning of reporting period			1,189,100,517		75,990,707
	Shares issued during the year:					
	-	6 July 2012		152,777,774		2,750,000
	-	10 May 2013		88,068,182		775,000
	-	10 May 2013		235,813,261		2,593,945
	-	12 June 2013		10,000		110
	Capital Raising Costs			-		(363,800)
	At beginning of reporting period		1,665,769,734		81,745,962	
	Shares issued during the year:					
	-	30 October 2013	11,578,130		68,543	
	-	1 November 2013	10,000		60	
	-	2 December 2013	1,090,789		6,457	
	-	7 January 2014	100,000,000		500,000	
	-	13 March 2014	35,000,000		70,000	
	-	18 March 2014	10,000		6	
	-	31 March 2014	37,319,270		37,317	
	-	10 April 2014	120,000,000		96,000	
	-	23 May 2014	236,424,244		195,439	
	-	23 May 2014	10,000		10	
	Capital Raising Costs		-		(4,408)	
	At the end of the reporting period		2,207,212,167	1,665,769,734	82,715,386	81,745,962

At the shareholders meetings each ordinary share is entitled to one vote. The company does not have authorised share capital and there is no par value for shares.

Note 19: Issued Capital (continued)

Share options

	Exer-cise price	Expiry date	Balance at beginning of year Number	Granted during the year Number	Exercised during the year Number	Transferred during the year Number	Expired or forfeited during the year Number	Balance at end of year Number	Options exercisable at end of year Number
2014 year									
Listed options	$0.02	31/01/15	1,319,075,939	-	-	-	-	1,319,075,939	1,319,075,939
			1,319,075,939	-	-	-	-	1,319,075,939	1,319,075,939
2013 year									
Unlisted options	$0.02	31/01/15	11,000,000	-	-	(11,000,000)	-	-	-
Listed options	$0.02	31/01/15	821,964,831	486,111,108	-	11,000,000	-	1,319,075,939	1,319,075,939
			832,964,831	486,111,108	-	-	-	1,319,075,939	1,319,075,939

The weighted average remaining contractual life of share options outstanding at the end of the financial year was 215 days (2013: 580 days), and the exercise price is 2 cents.

(b) Capital Risk Management

The Company is not subject to any externally imposed capital requirements.

Management's objectives when managing capital is to ensure the company continues as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the company's activities, being exploration, the company does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the company's capital risk management is the current working capital position against the requirements of the company to meet exploration programmes and corporate overheads.

The company's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

The working capital position of the company at 30 June 2014 and 30 June 2013 are as follows:

	2014 $	2013 $
Total borrowings (including trade and other payables)	1,791,697	757,365
Less cash and cash equivalents	(70,729)	(690,691)
Net debt	1,720,968	66,674
Total equity	63,967,945	66,791,759
Total capital	65,688,913	66,858,433
Gearing ratio	2.6%	0.1%

Note 20: Reserves

The option reserve records items recognised as expenses on valuation of directors and specified consultant share options.

The foreign currency translation reserve records exchange differences arising on translation of foreign controlled subsidiaries.

Note 21: Contingent Liabilities and Contingent Assets

Contingent Liabilities

There were no known contingent liabilities at reporting date.

Contingent Assets

There are no contingent assets at reporting date.

Note 22: Operating Segments

The directors have considered the requirements of AASB 8 – Operating Segments and the internal reports that are reviewed by the chief operating decision maker (the Board) in allocating resources and have concluded during the year, Aleator Energy Limited operated in the exploration industry within the geographical segments of Australia, USA and Ukraine.

Revenues of approximately Nil (2013: Nil) are derived from a single external customer.

SEGMENT INFORMATION

The segment information provided to the Board of Directors for the reportable segments for the year ended 30 June 2014 and 30 June 2013 are as follows:

2014	Exploration activities AUSTRALIA $	Exploration Activities USA $	Exploration Activities Ukraine $	Consolidated $
Other revenue	594	169	27	790
Total segment revenue	594	169	27	790
Segment result before income tax	(1,843,663)	(35,274)	(188,682)	(2,067,619)
Loss before income tax				(2,067,619)
Segment assets	107,120	51,019,126	14,647,571	65,773,817
Total assets				65,773,817
Segment liabilities	1,503,287	28,273	274,312	1,805,872
Total Liabilities				1,805,872

Note 22: Operating Segments (continued)

2013	Exploration activities AUSTRALIA $	Exploration Activities USA $	Exploration Activities Ukraine $	Consolidated $
Other revenue	46,860	151	1,186	48,197
Total segment revenue	46,860	151	1,186	48,197
Segment result before income tax	(2,423,513)	(34,045)	(182,465)	(2,640,023)
Loss before income tax				(2,640,023)
Segment assets	946,995	52,451,471	14,172,601	67,571,067
Total assets				67,571,067
Segment liabilities	574,511	23,720	181,077	779,308
Total Liabilities				779,308

Note 23: Cash Flow Information

(a)Reconciliation of Cash Flow from Operations with Loss after Income Tax

	2014 $	**2013 $**
Loss after income tax	(2,067,619)	(2,640,023)
Non-cash items:		
Depreciation	33,142	30,018
Impairment of capitalised exploration expenditure	12,662	239,372
Share based payments	213,819	-
Changes in assets and liabilities:		
- Receivables	(27,986)	(377,902)
- Prepayments	12,895	28,402
- Payables and accruals	496,841	(85,602)
- Exploration expenditure capitalised	(584,197)	(4,912,340)
- Cash flow from operations	(1,910,443)	(7,718,075)

Note 24: Share Based Payments

Employees and Contractors Option Incentive Plan

The company provides benefits to employees (including directors) and contractors in the form of share-based payment transactions, whereby employees render services in exchange for options to acquire ordinary shares. The exercise price of the options granted is 2 cents per option. All options granted have an expiry date of 31 January 2015.

Options granted carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share of the Company with full dividend and voting rights.

There were share based payments of $213,819 made during the current financial year (2013: nil). These were for finance facility fees.

Note 25: Events After the Reporting Period

On 3 September 2014 the Company announced that its Povorotnoye licence has been issued and will remain valid until 1 January 2015 in accordance with a resolution of the Council of Ministers of the Republic of Crimea.

Other than the above, since the end of the financial year, there has not arisen any item, transactions or event of a material and unusual nature likely, in the opinion of the Directors of the consolidated entity, to effect substantially the operations of the consolidated entity in subsequent financial years.

Note 26: Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. In addition to the transactions noted in Note 5: Key Management Personnel:

Directors and Key Management Personnel Transactions

During the year, there were no payments AWT International, a company with which Mr Wal Muir was a director until 31 October 2012 and existing shareholder. (2013: $1,109,772) The payments in the prior year were for technical services in relation to the proposed Pov 105 well in Ukraine.

In the prior year, Mr Wal Muir's CEO secondment costs from AWT International before he was employed directly by the Company amounted to $165,775. During the year, there were no such payments.

During the year, there were no payments to Bogart Group Ltd, a company with which Mr Gennady Varitsky is a shareholder. (2013:$129,658) The prior year payments were for corporate services.

There were no other transactions with related parties. All related party transactions are on normal commercial terms and conditions.

Directors and Key Management Personnel Balances	2014 $	2013 $
Amount owing to Mr Mark Rowbottam for director fees	140,204	41,666
Amount owing to Mr Lewis Cross for director fees	71,652	-
Amount owing to Mr Gennady Varitsky for director fees	27,000	-
Amount owing to Mr Walter Muir for salary	123,666	-
Amount owing to Mr Hamish Carnachan for salary (resigned 22 August 2014)	57,212	-
	419,734	41,666

Note 27: Financial Instruments

The consolidated entity's financial instruments consist mainly of deposits with banks, short term investments and accounts receivable and payable. The main risks the consolidated entity is exposed to through its financial instruments are interest rate risk, credit risk, liquidity risk, price risk and foreign exchange risk.

(a) Interest rate risk

The company's exposure to interest rate risk, which is the risk that a financial instrument will fluctuate as a result of changes in market interest rates and effective average interest rates on those financial assets and liabilities, is set out below.

	Weighted Average Interest Rate	Floating Interest Rate	Fixed Interest Rate Within 1 Year	Fixed Interest Rate Within 1-5 Years	Non-Interest Bearing	Total
	%	$	$	$	$	$
2014						
Financial Assets:						
Cash	1.1	70,729	-	-	-	70,729
Receivables	-	-	-	-	1,192,598	1,192,598
Total financial assets		70,729	-	-	1,192,598	1,263,327
Financial Liabilities:						
Payables	-	-	-	-	1,261,974	1,261,974
Borrowings	4.86	-	257,474	-	272,249	529,723
Total financial liabilities		-	257,474	-	1,534,223	1,791,697
Net financial assets		70,729	(257,474)	-	(341,625)	(528,370)

	Weighted Average Interest Rate	Floating Interest Rate	Fixed Interest Rate Within 1 Year	Fixed Interest Rate Within 1-5 Years	Non-Interest Bearing	Total
2013	%	$	$	$	$	$
Financial Assets:						
Cash	3.20	690,691	-	-	-	690,691
Receivables	-	-	-	-	1,169,765	1,169,765
Total financial assets	-	690,691	-	-	1,169,765	1,860,456
Financial Liabilities:						
Payables	-	-	-	-	757,365	757,365
Total financial liabilities	-	-	-	-	757,365	757,365
Net financial assets	-	690,691	-	-	412,400	1,103,091

Sensitivity Analysis

The effect on profit and equity as a result of changes in interest rates on net financial assets is immaterial.

Note 27: Financial Instruments (continued)

(b) Credit Risk

Credit risk related to balances with banks and other financial institutions is managed by the board of directors in accordance with approved Board policy. Such policy requires that surplus funds are only invested with counterparties with a Standard & Poor's rating of at least AA-. The following table provides information regarding the credit risk relating to cash and money market securities based on Standard & Poor's counterparty credit ratings.

	Note	2014 $	2013 $
Cash and cash equivalents — AA Rated	8	70,729	690,691

(c) Net Fair Values

The net fair value of financial assets and liabilities of the consolidated entity approximated their carrying amount. The consolidated entity has no financial assets and liabilities where the carrying amount exceeds the net fair value at reporting date. The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and notes to the financial statements.

(d) Liquidity Risk

Liquidity risk arises from the possibility that the consolidated entity might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The consolidated entity manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities
- obtaining funding from a variety of sources
- maintaining a reputable credit profile
- managing credit risk related to financial assets
- investing only in surplus cash with major financial institutions
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets

The consolidated entity does not have a significant exposure in terms of financial liabilities or illiquid financial assets and is able to settle its debts or otherwise meet its obligations related to financial liabilities.

The financial asset and financial liability maturity analysis are as follows:

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2014 $	2013 $	2014 $	2013 $	2014 $	2013 $	2014 $	2013 $
Financial liabilities								
Payables	1,261,974	757,364	-	-	-	-	1,261,974	757,364
Total Expected outflows	1,261,974	757,364	-	-	-	-	1,261,974	757,364
Financial assets								
Cash and cash equivalents	70,729	690,691	-	-	-	-	70,729	690,691
Receivables	71,850	612,459	1,120,748	557,306	-	-	1,192,598	1,169,765
Total Anticipated Inflows	142,579	1,303,150	1,120,748	557,306	-	-	1,263,327	1,860,456
Net inflow on financial instruments	(1,119,395)	545,786	1,120,748	557,306	-	-	1,353	1,103,092

Note 27: Financial Instruments (continued)

(f) Price Risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices largely due to demand and supply factors for commodities. As at 30 June 2014 and 30 June 2013 the consolidated entity is not exposed to any material price risk.

(g) Foreign Exchange Risk

Foreign exchange risks arise when future commercial transactions and recognised financial assets and financial liabilities are denominated in a currency that is not the entity's functional currency.

The consolidated entity is primarily exposed to the fluctuations in the US dollar and the Ukraine Hryvnia as the consolidated entity up holds US dollar bank deposits and much of the consolidated entity's exploration costs and contracts are denominated in US dollars and Ukraine Hryvnia.

Note 28: Commitments for Expenditure

(a) Exploration Expenditure

In order to maintain the mineral tenements in which the company and other parties are involved, the company is committed to fulfil the minimum annual expenditure conditions under which the tenements are granted. The minimum estimated expenditure requirements in accordance with the Western Australian Department of Industry and Resources requirements for the next twelve months is $Nil (2013: $Nil). These requirements are expected to be fulfilled in the normal course of operations but maybe varied from time to time subject to approval by the Grantor of Titles. The estimated expenditure represents potential expenditure, which may be avoided by relinquishment of tenure, or the gaining of exemptions from the Grantor of Titles.

The minimum estimated expenditure requirements in accordance with the United States Golden Eagles lease rentals for the next twelve months is $43,462, with a suspended amount payable of $89,898 (2013: $43,463, suspended amount payable of $89,898).

As per the "Framework Share Purchase Agreement" dated 9 January 2012 whereby the Company secured a 61.2% beneficial interest in the Povorotnoye gas and condensate project in Ukraine, the following amounts are payable to Transeuro Energy Corporation:

- Tranche 2 – upon spud of Pov 105 USD$ 500,000
- Tranche 3 – upon commencement of testing Pov 105 USD$ 500,000

There are no other exploration expenditure commitments at year end for the Ukraine areas of interest.

Note 28: Commitments for Expenditure (continued)

(b) Operating Lease Commitments

The property lease is a non-cancellable lease with a three year term expiring July 2015, with rent payable on a monthly basis. Contingent rental provisions within the lease agreement require the minimum lease payments shall be increased by the CPI per annum. An option exists to renew the term at the end of each year. The lease allows for subletting of all lease areas.

	2014 $	2013 $
Payable:		
No later than twelve months	68,472	93,705
One to five years	-	68,472
Greater than five years	-	-
	68,472	162,177

Note 29: Company Details

The registered office is:
- Unit 18, 40 St Quentin Avenue, Claremont, WA, 6010

The principal place of business is:
- Unit 18, 40 St Quentin Avenue, Claremont, WA, 6010

ALEATOR ENERGY LIMITED
DIRECTORS’ DECLARATION

The directors of the company declare that:

1. the financial statements and notes, as set out in the financial report, are in accordance with the Corporations Act 2001 and:

   a) comply with Australian Accounting Standards, which, as stated in accounting policy note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); 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 consolidated entity;

2. in the directors’ opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

3. the directors have been given the declarations required by s295A of the Corporations Act 2001.

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

Lewis Cross
Director

Dated this 30th day of September 2014

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ALEATOR ENERGY LIMITED

Report on the Financial Report

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

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation 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 conducting the audit in accordance with Australian Auditing Standards. Because of the matters described in the Bases for Disclaimer of Opinion paragraphs, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial report. However, we believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Remuneration Report.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Aleator Energy Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Bases for Disclaimer of Opinion

Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the company and consolidated entity incurred net losses of $2,853,744 and $2,067,619 respectively and the consolidated entity had net cash outflows from operating activities of $1,910,443 for the year ended 30 June 2014. As of that date, the company and consolidated entity had net current liabilities of $1,418,161 and $1,659,733 respectively. The ability of the company and consolidated entity to continue as going concerns is contingent on a number of future events, the most significant of which is the ability of the company and the consolidated entity to obtain additional funding to continue its exploration activities and to pay its debts as and when they fall due. We have been unable to obtain sufficient appropriate evidence as to whether the company and the consolidated entity may be able to obtain such funding, and hence, we have been unable to determine whether the preparation of the financial report on a going concern basis is appropriate.

Recoverability of Assets

As a result of the uncertainties relating to the adoption of the going concern basis of accounting by the company and consolidated entity, their future capital raising and the continuation of their exploration activities, we have been unable to obtain sufficient appropriate evidence regarding the carrying amount in the statement of financial position as at 30 June 2014 of the consolidated entity's deferred exploration and evaluation expenditure disclosed in Note 15 of $64,409,184 and other non-current receivables disclosed in Note 9 of $1,120,748. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Carrying Amount of Assets

As disclosed in Note 22, the consolidated entity has assets located in Ukraine, which are recorded in the statement of financial position at a carrying amount of $14,647,571 as at 30 June 2014. There are geo-political uncertainties surrounding the region, which have resulted in the consolidated entity suspending its exploration activities in Ukraine indefinitely. Accordingly, we have been unable to obtain sufficient appropriate audit evidence about the carrying amount of the assets located in Ukraine and we are therefore, unable to determine whether any adjustments to these amounts were necessary.

Disclaimer of Opinion

Because of the significance of the matters described in the Bases for Disclaimer of Opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion whether:

(a) the financial report of Aleator 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.

Report on the Remuneration Report

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

Opinion

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

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS

Perth, WA
Dated: 30 September 2014

J A KOMNINOS
Partner

SHAREHOLDER INFORMATION (as at 16 SEPTEMBER 2014)

(i) Number of shareholders: 5,542
(ii) Ordinary shares issued: 2,207,212,167
(iii) The twenty largest shareholders hold 623,035,667 ordinary shares representing 28.23% of the issued capital
(iv) Distribution schedule of holdings

NO OF SHARES	NO OF HOLDERS
1 – 1,000	613
1,001 - 5,000	1,477
5,001 – 10,000	684
10,001 – 100,000	1,587
100,001 and over	1,181

(v) Shareholders with less than a marketable parcel: 4,854

VOTING RIGHTS OF ORDINARY SHARES

Each member presents in person, or by proxy, representative or attorney, has one vote on a show of hands and one vote per share on a poll for each share held. Each member is entitled to notice of, and to attend and vote at, general meeting.

TOP 20 HOLDERS OF ORDINARY FULLY PAID SHARES AT 16 SEPTEMBER 2014

1.	CONFADENT LIMITED	100,000,000	4.53
2.	LORILAW PTY LTD <WINDSOR HOTEL A/C>	69,496,599	3.15
3.	MR TARECQ ELIAS ALDAOUD	40,000,000	1.81
4.	EUTHENIA TYCHE PTY LTD	34,957,000	1.58
5.	MR MARK RUSCONI	32,000,000	1.45
6.	MR DEAN ROBERT MELLERS	30,503,401	1.38
7.	SILVER KNIGHT HOLDINGS PTY LTD <GANDOSSI FAMILY A/C>	28,640,548	1.30
8.	REVOLVE PROJECTS PTY LTD <THE HEM A/C>	28,357,271	1.28
9.	MR DIONYSIUS VANDERBURG	28,300,000	1.28
10.	MR JOHN LEWIS YOUNG + MRS SUSAN WENDY YOUNG <MENDIP HILLS SUPER FUND A/C>	27,625,000	1.25
11.	MR MICHAEL JAMES SMITH	24,500,000	1.11
12.	MR STEPHEN JOHN BRONAR <BRONAR FAMILY A/C>	23,561,000	1.07
13.	MR WALTER FITZGERALD MUIR & MRS ELIZABETH JANE MUIR <WAL AND LIZ MUIR FAM S/F A/C>	22,032,323	1.00
14.	MR SETAYESH BEHIN-AIN	20,000,000	0.91
15.	BOGART GROUP LTD	20,000,000	0.91

16. CELTIC CAPITAL PTY LTD <THE CELTIC CAPITAL A/C>	20,000,000	0.91
17. MR PETER ANDREW HOWARD + MRS LORRAINE DAWN HOWARD	20,000,000	0.91
18. GOODARZI HOLDINGS PTY LTD <GOODARZI FAMILY SERVICE A/C>	18,300,000	0.83
19. NEFCO NOMINEES PTY LTD	17,762,525	0.80
20. MR YUEJIN LI + MR DAVID SHUO LI <GOLDENCONCEPT FUND A/C>	17,000,000	0.77
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES	**623,035,667**	**28.23**
Total Remaining Holders Balance	**1,584,176,500**	**71.77**

STATEMENT OF LISTED OPTION HOLDERS

(i) Number of option holders: 863
(ii) Options issued: 1,319,075,939
(iii) The twenty largest option holders hold 558,432,552 options representing 42.34% of the options on issue
(iv) Distribution schedule of holdings

NO OF SHARES	NO OF HOLDERS
1 – 1,000	149
1,001 - 5,000	137
5,001 – 10,000	56
10,001 – 100,000	104
100,001 and over	417

(v) Option holders with less than a marketable parcel: 522

TOP 20 HOLDERS OF LISTED OPTIONS AT 16 SEPTEMBER 2014

Rank	Name	Units	% of Units
1.	BUZZ CAPITAL PTY LTD <THE BEELEAF A/C>	59,000,000	4.47
2.	FEINT HOLDINGS PTY LTD <HERMANO A/C>	55,000,000	4.17
3.	AH SUPER PTY LTD <THE AH SUPER FUND A/C>	40,000,000	3.03
4.	BERENES NOMINEES PTY LTD <BERENES SUPER FUND A/C>	40,000,000	3.03
5.	MR JASON PETERSON + MRS LISA PETERSON <J & L PETERSON S/F A/C>	40,000,000	3.03
6.	ZENIX NOMINEES PTY LTD	39,688,888	3.01
7.	J & D ROBERTS NOMINEES PTY LTD <BOOKMARKETING SA UNIT A/C>	34,978,664	2.65
8.	ODIN CAPITAL PTE LTD	30,000,000	2.27
9.	BRIJOHN NOMINEES PTY LTD <NELSONIO A/C>	26,250,000	1.99
10.	BOGART GROUP LTD	25,000,000	1.90
11.	CICAK PTY LTD <CREATIVE TECHNOLOGY A/C>	21,000,000	1.59
12.	PETERBOROUGH NOMINEES PTY LTD <CAPITAL DEVELOPMENT FUND A/C>	20,005,000	1.52
13.	AOTEA MINERALS LTD	20,000,000	1.52
14.	SILVER KNIGHT HOLDINGS PTY LTD <GANDOSSI FAMILY A/C>	20,000,000	1.52
15.	CONFADENT LIMITED	16,500,000	1.25
16.	HEELMO HOLDINGS PTY LTD <ROWBOTTAM SUPER A/C>	15,000,000	1.14
17.	MR DEAN ROBERT MELLERS	14,750,000	1.12
18.	MR PHILIPPE DUCHEIX	13,810,000	1.05
19.	MR DAMIAN PETER BLACK + MR ANDREW JAMES BLACK <LENOIR SUPERFUND A/C>	13,750,000	1.04
20.	EUTHENIA TYCHE PTY LTD	13,700,000	1.04
Totals: Top 20 holders of LISTED OPTIONS EXPIRING ON 31/01/15 @ $0.02		**558,432,552**	**42.34**
Total Remaining Holders Balance		**760,643,387**	**57.66**

PROJECT & JOINT VENTURE SCHEDULE

Project	Tenements	AWD's Interest	Other Parties
Leonora (Pig Well)	P37/6426, P37/6427, P37/6428, P37/6431	Royalty(1)	Hannans Reward NL
Mt Ida	E38/2033, E38/2034, P38/3726 – P37/3731 P37/3732 – P38/3738	Royalty	Crescent Gold Limited(2)
Johnston Range Iron Ore Gold and Base Metals	E77/1038, E77/1155, E77/1387 - E77/1389 P77/3670 – P77/3674, P77/3676 – P77/3677	Royalty	Cliffs Asia Pacific(3)
Golden Eagle Oil & Gas JV, Utah	ML47311, ML47365, ML47533, ML48735, ML51681, ML51682, UTU75547, UTU75751, UTU75752, UTU75753, UTU75756, UTU75761, UTU75762, UTU76326, UTU76510, UTU82583, UTU82584, UTU84159	100%(4)	Eclipse Exploration Corporation, GLNA (LCC), Dave Waters
Povorotnoye Joint Activity, Ukraine	1946	61.2%(5)	Crymgeologica, Transeuro Energy Corporation(5)

Notes:
1. Pig Well Sale and Royalty agreement signed April 29 2005. Aleator Energy retains 1% net royalty
2. Deed of assignment and assumption signed 30th July 2012 GSR retains 50c per tonne royalty
3. Aleator Energy sold all of its interests in Johnson Range to Cliffs Asia Pacific. GSR retains a 2% royalty
4. Aleator Energy has earned 100% working interest. Partners retain a right to back-in to 16.7% working interest.
5. Aleator Energy has an 85% interest in East Crimea Energy B.V. (Transeuro 15%). East Crimea Energy B.V. has a 100% interest in Pivdenspetsbud LLC which will receive 72% of profit distribution from the Povorotnoye Field Joint Activity with Nadra Krimu before reimbursement of costs. Subsequent to reimbursement of costs the profit distribution reverts to 60% of Joint Activity profits.