ANTARES ENERGY LIMITED

A.C.N. 009 230 835

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Subiaco WA 6008

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www.antaresenergy.com

31 March 2015

Companies Announcements Office
Australian Securities Exchange Ltd
20 Bridge Street
SYDNEY NSW 2000

December 2014 Annual Report

Please find attached, Antares Energy Limited's December 2014 Annual Report.

A copy of the Annual Report is also available on the Company's website: - www.antaresenergy.com

For further information please contact:
James Cruickshank
Chairman & CEO
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Antares Energy is an oil and gas exploration and production company focused on the Permian Basin, West Texas, United States of America.

Currently Antares has three core projects being Southern Star, Northern Star and Big Star each located in the prolific Wolfberry Trend of the Permian Basin.

Antares Energy is an Australian public company listed on the Australian Securities Exchange (ASX) under the ticker symbol AZZ.

For more information please visit our website at www.antaresenergy.com.

2014 ANNUAL REPORT

ANTARES ENERGY LIMITED AND CONTROLLED ENTITIES

ABN 75 009 230 835

ANNUAL REPORT
FOR THE YEAR ENDED
31 DECEMBER 2014

ANTARES ENERGY LIMITED AND CONTROLLED ENTITIES

ABN 75 009 230 835

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COMPANY DIRECTORY

DIRECTORS:
James Cruickshank, Chairman & CEO
Gregory Shoemaker, Chief Scientist
Mark Clohessy, Non-Executive Director
Vicky McAppion, Finance & Administration Manager

COMPANY SECRETARY:
Graeme Smith

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ANNUAL GENERAL MEETING

The Annual General Meeting of Antares Energy Limited will be held at 3pm on Thursday, 7 May 2015 at the Parmelia Hilton Perth, 14 Mill Street, Perth, Western Australia 6000.

CHAIRMAN'S LETTER

Antares' year began with the ongoing management of an Unsolicited Bid for all of Antares' Permian assets, initiated with the '300,000,000 USD Executed Letter Of Intent For The Sale Of All Permian Assets' announced on the 26th June 2013. This potential transaction progressed during the next 60 days to a '300,000,000 USD Executed Purchase And Sale Agreement For The Sale Of All Permian Assets' announced on the 26th August 2013. Antares' Board of Directors rigorously pursued all the requirements of the proposed transaction inclusive of seeking Shareholder Approval at a General Meeting where the Directors unanimously recommended Shareholders vote in favour of the Resolution and each of the Directors voted all of their Shares in favour of the Resolution. The closing date was initially expected to be on the 15th January 2014 or before by mutual agreement and was then revised to the 28th February 2014. Despite Antares' extremely proactive pursuit of a timely closing of a transaction resulting from an Unsolicited Bid, the proposed sale process expanded into its eighth month, increasing the uncertainty of closing and thus Antares made the decision to withdraw from the sales process. This decision was backed by highly encouraging Dawson County results supporting the belief that the highest possible return for Shareholders could be achieved through further field development.

In May the merit of Antares' Permian projects attracted the attention of an activist fund, Lone Star Value Management run by Jeffrey Eberwein. The Lone Star Value Management approach began with what the Board of Directors considered to be false and misleading statements to the media and continued in a disingenuous manner with no direct engagement of the Board of Directors. The Board of Directors believe Lone Star Value Management brought nothing of merit to Antares and the lack of veracity of their statements was clearly demonstrated by the failure of Jeffrey Eberwein to attend the General Meeting he imposed upon Shareholders at which he and his group's proposals all failed and were rejected by Shareholders. The Directors believe the actions of Lone Star Value Management were purely motivated by self interest, to gain Board control and effective control of the company without making a cash bid or paying shareholders a premium for control. Antares encouraged Jeffrey Eberwein multiple times in writing to make a cash bid for Antares to the benefit of all shareholders however it seems as judged by his actions, he lacked the genuine desire or alternatively did not have the financial backing to do so. Lone Star's actions were seen for what they were by Antares and with overwhelming Shareholder support, management was successful in protecting Antares' assets.

On the 7th July Antares announced that it had received a Confidential, Non Binding, Letter of Intent in the amount of 300,000,000 USD for the purchase of all Permian Assets.

On the 21st July 2014 Antares announced that it had received a Confidential, Unsolicited, Indicative and Incomplete proposal in relation to the acquisition of the entire issued capital of the Company.

In both instances Antares moved quickly and proactively to assess if this counter party was truly willing and able to close the proposed transaction. These unsolicited approaches further demonstrated the industry view of value in our Permian projects.

On the 27th October 2014 Antares announced the sale of 'Southern Star To Breitburn Energy Partners LP For 50,000,000 USD And 4,300,000 Breitburn Common Units'. The Board of Directors are very pleased to have executed another step in our Permian Portfolio Strategy. Our Strategy of creating, developing, producing and realizing value from our project assets, resulting in the redeployment of capital into our remaining Dawson County Permian project assets, has taken a very large step forward.

Notwithstanding the greater than 50% reduction in oil prices and the commensurate reduction in Breitburn's dividend payments and share price, resulting in an accounting write down of our asset values. I remain extremely confident that the transaction has been highly successful to date and will conclude favorably when fully realized, thus underpinning the future of Antares during very challenging times. When the oil price inevitably recovers it is my expectation that Antares will see full value in both its Breitburn shares and Dawson County projects.

Since a change of CEO and Board of Directors which commenced on the 1st July 2008, Antares has adopted a Portfolio Management approach to the management of its project assets with a singular focus of creating as much shareholder value as possible throughout its ownership life of the project assets. This was demonstrated during the development of Yellow Rose and Bluebonnet our two project assets within our Eagle Ford Portfolio resulting in the sale of both projects to Chesapeake Energy on the 15th December 2010 for 200,000,000 USD netting 156,200,000 USD and creating a Net Profit After Tax in excess of 75,000,000 AUD. Additionally this Eagle Ford Portfolio yielded a further 10,000,000 USD in a subsequent sale of remaining non-core interests to BHP Billiton.

In 2011 our strategic objective was to create a Permian Portfolio consisting of three project assets. This objective was achieved with the creation of Southern Star (Howard County), Northern Star and Big Star (Dawson County).

In 2012 our strategic objectives were to achieve Southern Star, Held By Production and to achieve a daily production rate of 2,500 boepd. Both these objectives were achieved with Southern Star Held By Production and then expanded to the North, whilst 2,500 boepd daily production was achieved and then exceed with a rate of 2,722 boepd.

In 2013 our strategic objective was to achieve commercial success in our Northern Star project asset. This objective was achieved with Cozart 19 No. 1 which has been Antares' most successful well and most importantly has evidenced the sustainability of our Northern Star project asset.

In 2014 our strategic objective was to realize the value which had been created in Southern Star and to redeploy this capital into our Dawson County project assets being Northern Star and Big Star. This objective has now been achieved as of the 24th October 2014 with the signing of a Purchase and Sale agreement as well as the closing of the transaction. On the 24th March 2015 the Final Settlement Statement closing was completed.

In 2015 our Permian Portfolio Management approach continues with the redeployment of capital from the Southern Star sale into our Dawson County project assets. This process has begun already with the singular focus of creating as much shareholder value as possible and is inclusive of development, joint venture and sale considerations.

In a very similar manner to the way Howard County progressed from Vertical development, to Horizontal development to Mergers and Acquisitions; Dawson County in now undergoing a very similar process.

To our immediate South in Dawson County Diamondback Energy Inc (Nasdaq:FANG) has reported strong Lower Spraberry results being:
"The Estes B Unit 1602LS, Diamondback's first Lower Spraberry well in Dawson County, has an 8,289 foot lateral completed with 36 stages, achieving a peak 24 hour 2-stream IP rate of 1,067 boe/d (95% oil) on ESP, with an average peak 30 day 2-stream IP rate of 694 boe/d (93% oil)."

To our immediate North in Dawson County Elk River Resources (Quantum Energy Partners) has proceeded with a multi well Horizontal drilling program.

Dawson County has already seen Merger and Acquisition activity:
"In early December 2014, Occidental Petroleum Corp (OXY:US) announced the imminent purchase of 87,400 acres and associated oil rich production (281 wells with 11,500 BOPED (69% oil)) from Three Rivers Operating Company (TROC) below $20,000 per acre ($1.75 B gross transaction – industry estimates are $1.2 -1.35 B). Occidental is the leading producer in the Permian Basin with 224,000 BOEPD currently and this acquisition will boost their drilling inventory from 7,000+ to over 9,000 locations."

It is important to note that whilst Antares was very successful in the execution of its Permian Portfolio in Howard County this success was achieved with approximately 3,700 net acres and thus if the same success is extrapolated over in excess of 20,000 net acres in Dawson County the upside potential to Antares shareholders is very significant.

Antares has bought back and cancelled approximately 59,000,000 shares in aggregate and has returned in excess of $23,000,000 to shareholders through this process resulting in 241,500,000 shares on issue. Directors increased their shareholdings by purchasing additional shares in the secondary market. No Director has sold a share in the history of Antares.

Additionally Antares during the year executed the successful repayment of the Macquarie Bank Term Debt Facility within the three year term. Further demonstrating our excellent relationship with Macquarie, Antares has negotiated a new 5 year Term Debt Facility in the amount of 200,000,000 USD at a rate of LIBOR plus 4%. The availability of the Facility and the terms are subject to Macquarie's absolute discretion.

Early in the year Kelli Roach, Director – Chief Counsel & Chief Administrative Officer resigned. This has resulted in a further reduction in Antares' General and Administrative costs of approximately $500,000 and thus Antares continues to be as lean and cost conscious as possible.

2014 as demonstrated above has been an extremely busy and demanding year. However the ongoing support and confidence in the Board of Directors by Shareholders has facilitated the protection of Antares' assets, the part realization of Southern Star value and the progress of the realization of Antares' Dawson County assets. I wish to recognize the extraordinary efforts of my fellow Directors as their dedication and commitment has been exceptional and unwavering. The Board of Directors and I are excited to continue the implementation of the company's Permian projects strategic plan as the current success and activity in Dawson County suggests a very significant upside for shareholders.

James Cruickshank
Chairman
31 March 2015

DIRECTORS' REPORT

The directors of Antares Energy Limited ("Antares" or "the Company") present their report and the financial report of Antares and the entities it controlled ("the Consolidated Entity") at the end of, or during the year ended 31 December 2014.

1. DIRECTORS AND COMPANY SECRETARY

The directors in office at any time during the year to 31 December 2014 and until the date of this report are as follows. Directors were in office for this entire period unless specified otherwise.

James Andrew Cruickshank, B.Com, GDipAppnFin, FAICD, ASA, F.Fin
Chairman, Managing Director & Chief Executive Officer

Mr Cruickshank has over 20 years of commercial experience in Commercial Banking and Equity Markets. In addition, Mr Cruickshank has served overseas with the Royal Australian Regiment of the Australian Armed Forces as a result of being a graduate of The Royal Military College Duntroon where he was awarded the Leadership Award. Mr Cruickshank is a graduate of the University of Canberra with a Bachelor of Commerce with a double major in Banking & Finance, and Accounting as well as holding a Graduate Diploma in Applied Finance with a major in Investment Analysis from the Securities Institute of Australia. Mr Cruickshank is a Graduate of the Australian Institute of Company Directors Diploma qualification and the International Directors Course as well as being a Fellow of the Australian Institute of Company Directors. Mr Cruickshank has completed Advanced Certificates at the University of New South Wales, School of Petroleum Engineering, concerning the Oil & Gas Industry and the Australasian Investor Relations Association concerning Advanced Investor Relations. Mr Cruickshank is a member of CPA Australia and a Fellow of the Financial Services Institute of Australasia. Mr Cruickshank is a member of the Audit and Compliance Committee, Remuneration Committee and Nomination Committee of Antares Energy Limited. Mr Cruickshank has held no other public company directorships during the last three years.

Gregory David Shoemaker, B.Sc. Geosciences (Geophysics)
Director & Chief Scientist

Mr Shoemaker has over 30 years of experience in onshore/offshore international and US exploration projects in which he has principally served as a lead Geoscientist. Mr Shoemaker's most recent position within Antares was that of Chief Geophysicist. Prior to joining Antares, Mr Shoemaker has served as an Exploration and General Manager in European onshore/offshore seismic and drilling campaigns and as a New Ventures Specialist with worldwide experience in over 250 basins. He is a graduate of The University of Texas (B.Sc. – Geosciences (Geophysics Major/Geology Minor)). Mr Shoemaker holds memberships in the Society of Exploration Geophysicists (SEG) and the Houston Geological Society (HGS). Mr Shoemaker has held no other public company directorships during the past three years.

Vicky Ann McAppion, CSA (Certificate in Governance, Practice and Administration)
Director & Finance & Administration Manager

Mrs McAppion has over 20 years accounting experience in the energy and resource industries. Mrs McAppion's most recent position within Antares Energy was that of Finance & Administration Manager. Prior to joining Antares, Mrs McAppion served in various accounting roles within Rio Tinto Limited for eleven years. Mrs McAppion has held no other public company directorships during the past three years.

Mark Gerard Clohessy, BA, GDippAppFin, F.FIN, Cert REM
Non Executive Director

Mr Clohessy is Managing Director of Structured Property Finance Pty Ltd with over 25 years of experience in the commercial property finance industry. Prior to commencing his own consultancy business Mr Clohessy was a shareholder and Director of Security Capital Corporation Pty Ltd (SCC) for 20 years. SCC is one of Australia's oldest and most respected Financial Broking Houses.

Mr Clohessy is also a Director of Security Capital Australia Pty Ltd which holds an Australian Financial Services License and is involved in wholesale property syndications.

Mr Clohessy is also a shareholder and Director of Australian Superannuation and Compliance Pty Ltd which specialises in the management of Self Managed Superannuation Funds.

Mr Clohessy is a Fellow of the Financial Services Institute of Australasia and holds membership of the Mortgage Finance Association of Australia (MFAA) Mr Clohessy is Chairman of the Audit and Compliance Committee, Remuneration Committee and Nomination Committee of Antares Energy Limited. Mr Clohessy has held no other public company directorships during the past three years.

Kelli Roach, BA, MA, JD

Director & Chief Counsel & Chief Administrative Officer - Resigned 30 April 2014

Ms Roach has more than 14 years of experience representing oil & gas and business clients in a variety of matters including oil & gas transactions, commercial matters and corporate governance. Ms Roach is a member of the American Bar Association, the State Bar of Texas, and the Dallas Bar Association and its Energy Law, Corporate Counsel and Labour and Employment Law sections. Ms Roach has held no other public company directorships during the past three years.

COMPANY SECRETARY

Graeme Smith, BEc, MBA, MComLaw, FCPA, FCIS, FGIA MAusIMM

Graeme Smith is a finance professional with over 25 years' experience in accounting and company administration. He graduated from Macquarie University with a Bachelor of Economics degree and has since received a Master of Business Administration and a Master of Commercial Law. He is a Fellow of both the Australian Society of Certified Practicing Accountants and Governance Institute.

Mr Smith has held CFO and Company Secretary positions with Top 10 Australian and overseas mining companies and is a director Anglo Australian Resources NL.

At the date of this report, the directors' share holdings and relevant interests therein were:

Name of Director	Fully Paid Ordinary Shares
J.A. Cruickshank	10,500,000
G.D. Shoemaker	825,000
V.A. McAppion	198,226
M.G. Clohessy	2,865,000

During the year to 31 December 2014 14 directors' meetings were held. The number of meetings attended by each director and the number of meetings held during each director's term of office during the financial year are shown below.

	Board of Directors' Meetings		Remuneration Committee Meetings		Audit and Compliance Committee Meetings	
	Held	Attended	Held	Attended	Held	Attended
J.A. Cruickshank	14	14	-	-	2	2
G.D. Shoemaker	14	14	-	-	-	-
V.A. McAppion	14	14	-	-	-	-
K. L. Roach	4	3	-	-	-	-
M.G. Clohessy	14	14	-	-	2	2

Remuneration Committee
The Remuneration Committee comprises of Messrs Clohessy (Chairman) and Cruickshank.

Audit and Compliance Committee
The Audit and Compliance Committee comprises of Messrs Clohessy (Chairman) and Cruickshank.

2. PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the financial year were hydrocarbon production and exploration in the United States of America.

3. FINANCIAL RESULTS

The net loss after income tax of the Consolidated Entity for the year ended 31 December 2014 was $127.616 million (2013: profit of $22.943 million). This loss included an impairment of $53.594m on the carrying value of our Breitburn Energy Partners stock; an impairment of $64.314 million on the carrying value of our oil and gas, and exploration assets; and a loss on re-classification of assets from held for sale.

4. DIVIDEND

The directors do not recommend the payment of a dividend and no amount has been paid or declared by way of dividend since the end of the previous financial period, or to the date of this report.

5. SHARE OPTIONS

During the year to 31 December 2014 and to the date of this report no fully paid ordinary shares have been issued as a result of the exercising of options.

At the date of this report, the Company has no options for ordinary fully paid shares on issue.

Since 31 December 2014 and to the date of this report no options have been issued. Refer to Note 27 of the financial statements for more details.

6. CORPORATE STRUCTURE

Antares Energy Limited is a company limited by shares that is incorporated and domiciled in Australia.

7. OPERATING AND FINANCIAL REVIEW

Overview of the Consolidated Entity
Antares Energy Limited is determined to be a successful exploration and production company pursuing oil and gas opportunities located onshore Texas, United States of America.

Performance Indicators
The Board and management team establish and approve the direction of the Company by discussing and preparing strategic plans and budgets. The key performance indicators identified from the plans and budgets are used to monitor performance. Management monitor the key performance indicators on an ongoing basis and the Board receives outcomes for review, allowing the directors to actively monitor performance and change strategy as required.

Operating Results for the Period

	Year ended 31 December 2014	Year ended 31 December 2013
Production (BCFe)	0.6	0.8
Production ('000 BOE)	121	219
Sales revenue ($mil.)	18.150	24.686
Overall net (loss) / profit after tax ($mil.)	(127.616)	22.943
Operating cashflow ($mil.)	(1.960)	16.541

Antares maintains its discipline in the execution of its Dawson County Projects strategy for the greatest possible creation of shareholder wealth.

Reserves & Resources

Estimates of the proved, probable and possible reserves and resultant future cash flows of the Consolidated Entity's oil and gas assets as at 31 December 2014 are below. The estimates were prepared by La Roche Petroleum Consultants Ltd and Mr Greg Shoemaker, the Company's Chief Scientist, in accordance with generally accepted engineering and evaluation principles as set forth by the Society of Petroleum Engineers – Petroleum Resources Management System (SPE – PRMS). The Company estimated the net reserves and net cash flows of the Consolidated Entity as at 31 December 2014 to be as follows:

	Net Reserves			
Category	**Oil (Barrels)**	**NGLs (Barrels)**	**Gas (Mcf)**	**BOE (Mboe)**
Proved +Probable + Possible	-	-	-	-
Contingent Resources (1C)	**5,457,513**	**1,511,465**	**5,469,224**	**7,880.515**

* Basic assumptions are:

(i) Summarised in the above table are the estimates of contingent resources.

(ii) Contingent resources have been determined based on the deterministic method.

(iii) This report is based on information which has been compiled by LaRoche Petroleum Consultants Ltd and Antares Energy's Chief Scientist, Mr Greg Shoemaker, who is a full-time employee of Antares Energy. The Reserves Statement is based on and fairly represents information and supporting documentation prepared by qualified petroleum reserves and resources evaluators. Mr Shoemaker exceeds the professional qualifications of reserve estimators as set forth by the SPE/WPC/AAPG/SPEE Petroleum Resource Management System (SPE-PRMS). Mr Shoemaker is qualified in accordance with ASX Listing Rule 5.11 and has consented to the form and context in which this statement appears.

Comparison with 2013 Annual Report

			Net Reserves		
Category	**31 Dec 2013 BOE (Mboe)**	**Less Southern Star Reserves**	**Less Production**	**(Revisions) / Additions**	**31 Dec 2014 BOE (Mboe)**
Proved Developed					
Producing	10,392	(3,188)	(463)	(6,741)	-
Non-Producing	-	-	-	-	-
Proved Undeveloped	4,823	(4,800)	-	(23)	-
Total Proved	**15,215**	**(7,988)**	**(463)**	**(6,764)**	**-**
Probable	37,986	(4,580)	-	(33,406)	-
Proved + Probable	**53,201**	**(12,568)**	**(463)**	**(40,170)**	**-**
Possible	13,626	-	-	(13,626)	-
Proved +Probable + Possible	**66,827**	**(12,568)**	**(463)**	**(53,796)**	**-**
Contingent Resources (1C)	**-**	**-**	**-**	**7,880**	**7,880**

Governance and Assurance

Antares Energy Limited (AZZ), (Antares or the Company) reports its estimates of proved, probable and possible and contingent resources reserves using definitions and guidelines consistent with the 2007 Society of Petroleum Engineers (SPE) Petroleum Resources Management System (PRMS).

Antares has several processes to provide assurance for reserves reporting, including minimum competency levels and external reserves audits.

Shareholder Returns

The following table shows the last five years financial performance against shareholder returns as measured by the closing share price at 31 December each year.

	31 Dec 2014	31 Dec 2013	31 Dec 2012	31 Dec 2011	31 Dec 2010
Sales revenue ($'million)	18.150	24.686	26.536	8.920	3.859
Net (loss)/profit after tax ($'million)	(127.616)	22.943	(7.929)	($3.734)	75.379
Basic earnings/(loss) per share (cents)	(50.3)	8.9	(3.1)	(1.4)	23.5
Closing period end share price ($)	0.19	0.55	0.43	0.41	0.61

Notes:

1. No dividends were paid at any time over the last five years.
2. In the 12 months to 31 December 2014, the Company bought back 13 million shares on-market at an average price of $0.34. (2013: 2,000,000 @ $0.35).
3. In the 12 months to 31 December 2014, the Company bought back 3.75 million convertible notes on-market at an average price of $1.99. (2013: NIL).
4. Sales revenue, net profit after tax and EPS include discontinued operations.

Strategy and Investments for Future Performance

The Company has a strategy to explore, develop and produce hydrocarbons onshore, Texas, USA. The company has an operational office in Dallas, Texas and a corporate office remains in Perth, Western Australia.

8. ENVIRONMENTAL REGULATION AND PERFORMANCE

The Consolidated Entity is a party to various exploration and development licences or permits in the country in which it operates. In most cases, these contracts and licences specify the environmental regulations applicable to oil and gas operations in the respective jurisdictions. The Consolidated Entity aims to ensure that it complies with the identified regulatory requirements in each jurisdiction in which it operates. There have been no significant known breaches of the environmental obligations of the Consolidated Entity's licences.

9. REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for directors and executives of the Company and Group. The information contained in the Remuneration Report has been audited.

9.1 Remuneration policies

The Remuneration Committee is responsible for making recommendations to the Board on remuneration policies applicable to directors and executives of the Company.

Remuneration levels for directors and senior executives of the Consolidated Entity ("the key management personnel") are competitively set to attract and retain appropriately qualified and experienced directors and senior executives. The remuneration committee evaluates the appropriateness of remuneration packages given trends in comparative companies and the objectives of the Company's remuneration strategy.

The remuneration structures explained below are designed to attract suitable, qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. The remuneration structures take into account:

- the capability and experience of the directors and senior executives;
- the ability of directors and senior executives to control the performance of the relevant area of responsibility;
- the performance of the Consolidated Entity including:
  - the success of exploration and production operations;
  - the Consolidated Entity's earnings;
  - the growth in share price and returns to shareholders; and
- the amount of incentives within each executive's remuneration.

Remuneration packages typically include a mix of fixed and variable remuneration and short and long-term performance-based incentives.

Hedging of equity awards

The Company prohibits executives from entering into arrangements to protect the value of unvested LTI awards. The prohibition includes entering into contracts to hedge their exposure to options and performance rights awarded as part of their remuneration package.

9.2 Chairman and Executive Directors

Fixed remuneration

Fixed remuneration consists of base remuneration (which is calculated on a total cost basis and includes any FBT charges related to employee benefits), as well as employer contributions to superannuation funds where applicable.

Remuneration levels are reviewed annually by the remuneration committee through a process that considers individual, segment and overall performance of the Consolidated Entity. A review of externally provided remuneration data is conducted to ensure the Chairman's and other Key Management Personnel's remuneration is competitive in the market place. Remuneration is also reviewed on promotion. Key Management Personnel are as set out in 9.4 "Key Management Personnel" below.

Variable remuneration

Variable remuneration is designed to reward the Chairman and executive directors for meeting or exceeding financial, operational and/or individual objectives or expectations. While these criteria are used as a guide, the awarding of variable remuneration is at the discretion of the board. Those incentives are an "at risk" bonus provided in the form of cash and/or performance rights.

Performance Rights

Any performance rights granted are issued under the Performance Rights Plan as approved by shareholders at the annual general meeting held in 2010. The Board formulated the Performance Rights Plan to align the long-term creation of value for shareholders with rewards to participants.

Under the plan the Board can determine the number of rights to be issued and the performance hurdles and performance period that govern the vesting of the rights. Hurdles are linked to the Company's share price. One ordinary share is issued upon the exercising of one performance right. The rights are issued for nil consideration and a vested performance right can be exercised for nil consideration.

At the end of each performance period management prepares a report for the Board detailing the calculated performance against the predetermined performance hurdles. The Board reviews these calculations and may choose to have these audited before determining if, and to what extent, the performance hurdles have been met. If the performance hurdles have not been met, the performance rights available for the relevant period lapse.

The performance rights have a service condition attached whereby performance rights are forfeited if a performance rights holder is no longer an employee.

As at 31 December 2014 there were no performance rights on issue.

Share holdings of Key Management Personnel

	Balance at 1 January	On exercise of performance rights	Change due to appointment / (resignation)	On market purchase	Balance at 31 December
2014					
J.A. Cruickshank	10,375,000	-	-	125,000	10,500,000
G.D. Shoemaker	809,665	-	-	15,335	825,000
V.A. McAppion	198,226	-	-	-	198,226
M.G. Clohessy	2,765,000	-	-	100,000	2,865,000
K. L. Roach	-	-	-	-	-
	14,147,891	-	-	**240,335**	**14,388,226**

	Balance at 1 January	On exercise of performance rights	Change due to appointment / (resignation)	On market purchase	Balance at 31 December
2013					
J.A. Cruickshank	10,250,000	-	-	125,000	10,375,000
G.D. Shoemaker	809,665	-	-	-	809,665
V.A. McAppion	198,226	-	-	-	198,226
M.G. Clohessy	2,765,000	-	-	-	2,765,000
K. L. Roach	-	-	-	-	-
	14,022,891	-	-	**125,000**	**14,147,891**

All equity transactions with key management personnel other than those arising from the exercise of performance rights have been entered into under terms and conditions no more favourable than those the Consolidated Entity would have adopted if dealing at arms' length.

During the year ended 31 December 2010 an interest free loan was provided to a Director (J.A. Cruickshank: USD 600,000), repayable on demand if the Director ceases employment with Antares or ceases to be located in Dallas, Texas. The Board considers the benefit reasonable remuneration within the meaning of Section 211 of the Corporations Act. The loan remains outstanding as at 31 December 2014 (USD 600,000; A$731,528) (2013: USD600,000; A$670,540). The benefit to the Director of having an interest free loan was A$23,842 for the 2104 year.

Options
No options were granted during the year ended 31 December 2014.

As of the date of this report, no options have been granted or exercised, since 31 December 2014.

Cash bonus
Where an executive has performed at a level beyond that which would normally be required in his role or achieved an outcome beyond expectations, either over a period of time or on a specific task, the remuneration committee may, in its absolute discretion, recommend that the Board grant a cash bonus to the individual or individuals.

Other benefits
In accordance with generally acceptable work practices in the United States, medical insurance is provided to all executives.

Employment contracts

It is the Consolidated Entity's policy that employment agreements for senior executives are unlimited in term but capable of termination with twelve months' notice and that the Consolidated Entity retains the right to terminate the contract immediately, by making payment in lieu of notice.

The Consolidated Entity has entered into an unlimited term employment agreement with each senior executive. The employment agreements outline the components of remuneration paid to each executive but does not prescribe how remuneration levels are modified year to year. Remuneration levels are reviewed each year to take into acc,ount cost-of-living changes, any change in the scope of the role performed by the executive and any changes required to meet the principles of the remuneration policy.

As at 31 December2014, there are no fixed term employment agreements.

9.3 Non-executive directors

Total remuneration for all non-executive directors, last voted upon by shareholders at the 2002 AGM, is not to exceed $250,000 per annum. Fees are set based on a review of externally provided remuneration data with reference to fees paid to other non-executive directors of comparable companies.

Non-executive directors do not receive any retirement benefits other than statutory requirements.

9.4 Key management personnel

Directors

J.A. Cruickshank	Chairman appointed 16 October 2009 Managing Director and CEO appointed 1 July 2008 Executive Director appointed 8 October 2014
G.D. Shoemaker	Director & Chief Scientist – appointed 16 October 2009
V.A. McAppion	Director, Finance & Administration Manager– appointed 16 October 2009
M.G. Clohessy	Director (non-executive) – appointed16 October 2009
K.L. Roach	Director, General Counsel and Chief Administrative Officer – appointed 3 January 2012, resigned 30 April 2014

9.5 Key management personnel remuneration

The following table sets out the remuneration of directors and executives of the Consolidated Entity during the reporting period.

	Short-Term				Long-Term	Post Employ-ment	Share-Based Payments	Total	Total Perform-ance Related
Year to 31 Dec 2014	Salary & Fees	Cash Bonus	Non Monetary Benefits	Other	Long-Service Leave (v)	Super-annuation	Performance Rights		
	$	$	$	$	$	$	$	$	
Directors									
J.A. Cruickshank (ii)	775,053	-	31,174	178,463	42,598	-	-	1,027,288	-
G D Shoemaker (iii)	422,756	-	39,683	-	25,112	-	-	487,551	-
M G Clohessy	91,533	-	-	-	-	8,581	-	100,114	-
V McAppion	204,563	-	4,901	-	10,228	18,279	-	237,971	-
K L Roach (iv)	293,725	-	11,354	-	-	-	-	305,079	-
Total	**1,787,630**	**-**	**87,112**	**178,463**	**77,938**	**26,860**		**2,158,003**	

(i) Directors' liability insurance premiums are not included due to the confidentiality clause in the insurance contract.

(ii) Mr Cruickshank's salary is paid in US dollars and totalled US$698,775 for the year ended 31 December 2014. His salary has been translated to A$775,053 using an average exchange rate of 0.9016.

(iii) Mr Shoemakers' salary is paid in US dollars and totalled US$381,150 for the year ended 31 December 2014. His salary has been translated to A$422,756 using an average exchange rate of 0.9016.

(iv) Ms Roach's salary is paid in US dollars and totalled US$270,715 for the period until her resignation. Her salary has been translated to A$293,725 using an average exchange rate of 0.9217.

(v) Long service leave is an accrual and has not been paid out.

	Short-Term				Long-Term	Post Employ-ment	Share-Based Payments	Total	Total Perform-ance Related
Year to 31 Dec 2013	Salary & Fees	Cash Bonus	Non Monetary Benefits	Other	Long-Service Leave	Super-annuation	Performance Rights(vi)		
	$	$	$	$	$	$	$	$	
Directors									
J.A. Cruickshank (ii)	660,878	59,675	29,040	145,280	20,275	-	107,805	**1,022,953**	16.4%
G D Shoemaker (iii)	360,266	32,550	30,720	-	-	-	53,902	**477,438**	18.1%
M G Clohessy	82,568	-	-	-	-	7,534	17,967	**108,069**	16.6%
V McAppion	185,656	15,471	4,806	-	3,169	16,972	35,935	**262,009**	19.6%
K L Roach (iv)	360,266	32,550	12,108	-	-	-	-	**404,924**	8.0%
M D Gentry (v)	21,725	-	477	-	-	-	(139,247)	**(117,045)**	-
Total	**1,671,359**	**140,246**	**77,151**	**145,280**	**23,444**	**24,506**	**76,362**	**2,158,348**	

(i) Directors' liability insurance premiums are not included due to the confidentiality clause in the insurance contract.

(ii) Mr Cruickshank's salary is paid in US dollars and totalled US$635,610 for the year ended 31 December 2013. His salary has been translated to A$660,878 using an average exchange rate of 0.9618.

(iii) Mr Shoemakers' salary is paid in US dollars and totalled US$346,500 for the year ended 31 December 2013. His salary has been translated to A$360,266 using an average exchange rate of 0.9618.

(iv) Ms Roach's salary is paid in US dollars and totalled US$346,500 for the year ended 31 December 2013. Her salary has been translated to A$360,266 using an average exchange rate of 0.9618.

(v) Mr Gentry's salary is paid in US dollars and totalled US$22,799 for the year ended 31 December 2013. His salary has been translated to A$21,725 using an average exchange rate of 1.0494. Mr Gentry resigned 15 January 2013

(vi) Represents the value of performance rights expensed during the year. All performance rights able to be vested in 2013 lapsed and no performance rights were issued to Directors.

9.6 Relationship between Remuneration Policy and Company Performance

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. Two methods have been applied to achieve this aim, the first being a performance-based issue of rights based on key performance indicators, and the second being the issue of options to encourage the alignment of personal and shareholder interests. No options have been issued in the 2014 year. Whilst the Company's results and its share price have fluctuated over the past five years, the Company believes the adoption of performance related KPI's provide both an incentive and a reward to those who have excelled. The KPI's target areas the Board believes hold greater potential for expansion and profit, covering financial and non-financial areas.

Performance in relation to the KPI's is assessed annually with performance rights being vested depending on the number and deemed difficulty of the KPI's achieved. The KPI's are set over a three year period and after each period, the Remuneration Committee reviews their efficiencies in relation to the Company's goals and shareholder wealth, before the KPI's are set for the next 3 year period.

9.7 Company performance and the link to remuneration

The following table shows the last five years financial performance against shareholder returns as measured by the closing share price at 31 December each year.

	12 months to 31 Dec 2014	12 months to 31 Dec 2013	12 months to 31 Dec 2012	12 months to 31 Dec 2011	12 months to 31 Dec 2010
Sales revenue ($'million)	18.150	24.686	26.531	8.920	3.859
Net (loss)/profit after tax ($'million)	(127.616)	22.943	(7.929)	(3.734)	75.379
Basic earnings/(loss) per share (cents)	(50.3)	8.9	(3.1)	(1.4)	23.5
Closing period end share price ($)	0.19	0.55	0.49	0.43	0.41

End of Remuneration Report

10. INDEMNIFICATION OF DIRECTORS, COMPANY SECRETARY AND AUDITORS

An indemnity agreement has been entered into with each of the directors of the Company as at the end of the reporting period (as named in section 1 of this report) and the Company Secretary. Under the agreement, the Company has agreed to indemnify those Directors and the Company Secretary against any claim or for any expenses or costs that may arise as a result of work performed in their respective capacities, to the extent allowed under the Corporations Act. There is no monetary limit to the extent of this indemnity.

The Company has paid a premium under a contract insuring each Director and Officer of the Company and its Consolidated Entities against liability incurred in that capacity. Disclosure of the nature of the liability covered by and the amount of premium payable for such insurance is subject to a confidentiality clause under the contract of insurance.

The Company has agreed to indemnify its auditors, Ernst & Young, to the fullest extent possible as part of the terms of its audit engagement agreement against claims by third parties arising from audit (for an unspecified amount). No payments has been made to indemnify Ernst & Young during or since the financial year

11. RISK MANAGEMENT

The Company takes a proactive approach to risk management. The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the Company's objectives and activities are aligned with the risks and opportunities identified by the Board.

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include the following:

- Board approval of a strategic plan, which encompasses the Company's vision, mission and strategy statements, designed to meet stakeholders' needs and manage business risk.

- Implementation of Board approved operating plans and budgets and Board monitoring of progress against these budgets, including the establishment and monitoring of both financial and non-financial KPI's.

The following are a range of risks which may adversely affect the Company.

Operating Risks - The Company's businesses are subject to numerous operating risks which include: unexpected geological seismic activity; interruptions to power supplies; industrial action or disputes; environmental controls and technical failures, fires, explosions and other accidents. These risks and hazards could result in damage to, or destruction of, properties or production facilities, may cause production to be reduced or cease at those properties or production facilities, may result in personal injury, environmental damage, business interruption and possible legal liability and may result in actual production differing from estimates of production, including those contained in this document (whether expressly or by implication).

The Company will utilize best practice in managing, project, safety, environmental, health and operational risks through the management of systems and processes and effective leadership to minimize and / or mitigate the above risks.

Commodity price volatility - The revenue the Company will derive through the sale of commodities it produces, exposes the potential income of the Company to the commodity price risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for oil and gas, technological advancements, forward selling activities and other macro-economic factors.

Exploration and development risks - The exploration for, and development of, producing wells involves a high degree of risk. Resource exploration and development is a speculative business, characterised by a number of significant risks, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits, but also from finding mineral deposits that, although present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Company may be affected by numerous factors that are beyond the control of the Company and that cannot be accurately predicted, and this may result in the Company not receiving an adequate return on investment capital.

However the Company mitigates this risk through a disciplined, strategic approach to target selection by the Company's Chief Scientist and Chairman

Service providers and contractors - The Company is unable to predict the risk of insolvency or other managerial failure by any of the contractors or other service providers who are currently or may be in the future used by the Company in relation to the Project.

Any of the foregoing may have a material adverse effect on the results of operations or the financial condition of the Company. In addition, the termination of these arrangements, if not replaced on similar terms, could have a material adverse effect on the results of operations or the financial condition of the Company and/or the Project.

Changes in Government Policies and Legislation - Any material adverse changes in government policies or legislation in any other country where the Company may acquire economic interests may affect the viability and profitability of the Company. The Company currently operates in the United States which has low sovereign risk.

12. STATE OF AFFAIRS

Significant changes in the state of affairs of the Consolidated Entity during the year ended 31 December 2014 were as follows:

A decrease in share capital from $89,026,165 to $84,670,807	$'000
Opening Balance, 1 January 2014	89,026
On-market buy-back of 13,000,000 fully paid ordinary shares at an average price of $0.35	(4,355)
Closing Balance, 31 December2014	84,671

There have been no ordinary shares issued between the balance date and the date of this report.

There have been no ordinary shares bought back or cancelled between the balance date and the date of this report.

13. SIGNIFICANT EVENTS AFTER BALANCE DATE

The share price of Breitburn Energy Partners LP has fallen approximately 21% from December 2014 to 30 March 2015. In AUD this represents a reduction in its carrying value of $5.3 million.

An additional 500,000 ordinary shares and 2,250,000 convertible notes were bought back between 1January 2015 and 31 March 2015.

14. LIKELY DEVELOPMENTS AND RESULTS

The Company will continue to pursue oil and gas opportunities located in onshore Texas, United States of America.

15. CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Antares Energy Limited support and in general have adhered to the principles of corporate governance. The Company's corporate governance statement is contained as part of this annual report.

16. GENDER DIVERSITY

At the date of this report, women occupy 33% of all executive positions, 25% of all board positions and 25% of all positions in the Company.

17. ROUNDING

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the company under ASIC Class Order 98/0100. The company is an entity to which the Class Order applies.

18. AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The independence declaration received from the auditor of Antares Energy Limited is set out on page 11 and forms part of this directors' report for the year ended 31 December 2014.

Non-audit services

Local and international tax services to the value of $16,000 were the only non-audit services provided by the entity's auditor, Ernst & Young during the year. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence of auditors imposed by the Corporations Act. The nature and scope of the non-audit service provided means that auditor independence was not compromised.

Signed in accordance with a resolution of directors.

J.A. CRUICKSHANK
Chairman
31 March 2015

Building a better
working world

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Auditor's independence declaration to the Directors of Antares Energy Limited

In relation to our audit of the financial report of Antares Energy Limited for the year ended 31 December 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst and Young

Gavin Buckingham

Gavin Buckingham
Partner
31 March 2015

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Antares Energy Limited (the “Company”) is responsible for the corporate governance of the Consolidated Entity. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Board of Directors

The company's constitution provides that the number of directors shall not be less than three and not more than nine. There is no requirement for any shareholding qualification.

As and if the company's activities increase in size, nature and scope the size of the board will be reviewed periodically, and as circumstances demand. The optimum number of directors required to supervise adequately the company's constitution will be determined within the limitations imposed by the constitution.

The membership of the board, its activities and composition, is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the board shall include quality of the individual, background of experience and achievement, compatibility with other board members, credibility within the company's scope of activities, intellectual ability to contribute to board's duties and physical ability to undertake board's duties and responsibilities.

Directors are initially appointed by the full board subject to election by shareholders at the next general meeting. Under the company's constitution the tenure of a director (other than managing director, and only one managing director where the position is jointly held) is subject to reappointment by shareholders not later than the third anniversary following his or her last appointment. Subject to the requirements of the Corporations Act 2001, the board does not subscribe to the principle of retirement age and there is no maximum period of service as a director. A managing director may be appointed for any period and on any terms the directors think fit and, subject to the terms of any agreement entered into, may revoke any appointment.

The board considers that the company is not currently of a size, nor are its affairs of such complexity to justify the formation of separate or special committees (other than an Audit Committee and Remuneration Committee) at this time. The board as a whole is able to address the governance aspects of the full scope of the company's activities and to ensure that it adheres to appropriate ethical standards.

Role of the Board

The board's primary role is the protection and enhancement of long-term shareholder value.

To fulfil this role, the board is responsible for oversight of management and the overall corporate governance of the company including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

Appointments to Other Boards

Directors are required to take into consideration any potential conflicts of interest when accepting appointments to other boards.

Independent Professional Advice

The board has determined that individual directors have the right in connection with their duties and responsibilities as directors, to seek independent professional advice at the company's expense. With the exception of expenses for legal advice in relation to director's rights and duties, the engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably.

Continuous Review of Corporate Governance

Directors consider, on an ongoing basis, how management information is presented to them and whether such information is sufficient to enable them to discharge their duties as directors of the company. Such information must be sufficient to enable the directors to determine appropriate operating and financial strategies from time to time in light of changing circumstances and economic conditions. The directors recognise that mining exploration is an inherently risky business and that operational strategies adopted should, notwithstanding, be directed towards improving or maintaining the net worth of the company.

ASX Principles of Good Corporate Governance

The board has reviewed its current practices in light of the revised ASX Corporate Governance Principles and Recommendations with a view to making amendments where applicable after considering the company's size and the resources it has available.

As the company's activities develop in size, nature and scope, the size of the board and the implementation of any additional formal corporate governance committees will be given further consideration.

The board has adopted the revised Recommendations and the following table sets out the company's present position in relation to each of the revised Principles.

Corporate Governance Statement continued

	ASX Principle	Status	Reference/comment
Principle 1:	**Lay solid foundations for management and oversight**		
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions	**A**	Matters reserved for the Board are included on the Company website in the Corporate Governance Section.
1.2	Companies should disclose the process for evaluating the performance of senior executives	**A**	Acting in its ordinary capacity the Board from time to time carries out the process of considering and determining performance issues.
1.3	Companies should provide the information indicated in the Guide to reporting on Principle 1	**A (in part)**	Matters reserved for the Board can be viewed on the Company website.
Principle 2:	**Structure the board to add value**		
2.1	A majority of the board should be independent directors	**N/A**	Given the Company's background, the nature and size of its business and the current stage of its development, the board comprises four directors, only one of whom is non-executive. The board believes that this is both appropriate and acceptable at this stage of the Company's development.
2.2	The chair should be an independent director	**N/A**	Given the Company's background, the nature and size of its business and the current stage of its development, the board only comprises four directors, only one of whom is non-executive. The board believes that this is both appropriate and acceptable at this stage of the Company's development.
2.3	The roles of chair and chief executive officer should not be exercised by the same individual	**N/A**	The Company believes it appropriate to utilise this structure at this point in time.
2.4	The board should establish a nomination committee	**A**	
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors	**N/A**	Given the size and nature of the Company a formal process for performance evaluation has not been developed.
2.6	Companies should provide the information indicated in the Guide to reporting on Principle 2	**A (in part)**	The skills and experience of the Directors are set out in the Company's Annual Report and on the website.
Principle 3:	**Promote ethical and responsible decision-making**		
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: • the practices necessary to maintain confidence in the company's integrity • the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders • the responsibility and accountability of individuals for reporting and investigating reports of unethical practices	**A**	The Board of the Company actively promotes ethical and responsible decision-making. The standard of ethical behaviour required by directors and officers, is set out in a Directors and Officers Code of Conduct. Complimenting this is a Code of Conduct for all employees and directors. Both Codes form part of the Company's Corporate Governance documentation which is published on the Company's website.
3.2	Companies should establish a policy concerning diversity and disclose policy or a summary of that policy.	**A**	The Company has formulated a diversity policy, which can be viewed on its website.
3.3	Companies should disclose in each annual report the measurable	**A**	Refer Paragraph 16

Corporate Governance Statement continued

	objectives for achieving gender diversity set by the board.		
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, in senior executive positions and on the board.	**A**	Refer Paragraph 16
3.5	Companies should provide the information indicated in the Guide to reporting on Principle 3.	**A**	
Principle 4:	**Safeguard integrity in financial reporting**		
4.1	The board should establish an audit committee	**A**	
4.2	The audit committee should be structured so that it:		
	• consists only of non-executive directors	**N/A**	There is only one non-executive director
	• consists of a majority of independent directors	**N/A**	As above
	• is chaired by an independent chair, who is not chair of the board	**A**	
	• has at least three members	**N/A**	The audit committee only has 2 members due to the size of the Board of directors.
4.3	The audit committee should have a formal charter	**A**	
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4	**A**	
Principle 5:	**Make timely and balanced disclosure**		
5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies	**A**	Directors must obtain the approval of the Chairman of the Board and notify the Company Secretary before they buy or sell shares in the Company, and it is subject to Board veto. Directors must provide the information required by the Company to ensure Compliance with Listing Rule 3.19A.
5.2	Companies should provide the information indicated in the Guide to reporting on Principle 5	**A**	The Board receives monthly reports on the status of the Company's activities and any new proposed activities. Disclosure is reviewed as a routine agenda item at each Board Meeting.
Principle 6:	**Respect the rights of shareholders**		
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy	**A**	In line with adherence to continuous disclosure requirements of the ASX all shareholders are kept informed of major developments affecting the Company. This disclosure is through regular shareholder communications including the Annual Report, Quarterly Reports, the Company Website and the distributions of specific releases covering major transactions and events.
6.2	Companies should provide the information indicated in the Guide to reporting on Principle 6	**A**	The Company has formulated a Communication Policy which is included in its Corporate Governance Statement on the Company Website.

Corporate Governance Statement continued

Principle 7:	**Recognise and manage risk**		
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies	**A**	The Company takes a proactive approach to risk management. The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the group's objectives and activities are aligned with the risks and opportunities identified by the Board. The Board has a separate Risk Management policy. The Board oversees the risk management of the Company through the Audit and Compliance Committee. Determined areas of risk which are regularly considered include: • performance and funding of exploration activities • budget control and asset protection • status of mineral tenements • compliance with government laws and regulations • safety and the environment • continuous disclosure obligations
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks	**A**	
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks	**A**	Assurances received from CEO and CFO (or equivalent) each year.
7.4	Companies should provide the information indicated in the Guide to reporting on Principle 7	**A**	
Principle 8:	**Remunerate fairly and responsibly**		
8.1	The board should establish a remuneration committee	**A**	It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and executive team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the Remuneration Committee links the nature and amount of executive directors' and officers' emoluments to the Company's financial and operational performance. The expected outcomes of the remuneration structure are: • retention and motivation of key executives; • attraction of quality management to the Company; • performance incentives which allow executives to share the rewards of the success of the Company. Refer to the Annual Report and the Corporate Governance section of the Company's website.
8.2	The remuneration committee should be structured so that it:		
	• consists of a majority of independent directors	**N/A**	
	• is chaired by an independent chair	**A**	
	• has at least three members	**N/A**	
8.3	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives	**A**	
8.4	Companies should provide the information indicated in the Guide to reporting on Principle 8	**A**	

A = Adopted
N/A = Not adopted

Statement of Profit or Loss & Other Comprehensive Income
Antares Energy Limited and its Controlled Entities
For the Year Ended 31 December 2014

	Notes	Consolidated 2014 $'000s	2013 $'000s Represented
Continuing operations			
Revenue	3	4,964	4,575
Cost of sales	4(a)	(3,284)	(3,979)
Gross profit		1,680	596
Other income	3	-	10,593
General & other expenses	4(b)	(3,421)	(1,131)
Loss on re-classification of non-current assets from discontinued to continuing operations	12	(16,495)	-
Impairment of available for sale financial assets	19	(53,594)	-
Impairment of exploration and evaluation expenditure	13	(44,091)	-
Impairment of oil & gas properties	12	(20,223)	-
Depreciation		(344)	-
Finance costs	4(c)	(16,777)	(2,347)
(Loss) / Profit before income tax		(153,265)	7,711
Income tax benefit/(expense)	5	16,461	(703)
(Loss) / Profit from continuing operations		(136,804)	7,008
Discontinued operation	10	9,188	15,935
Net profit/(loss) for the period		**(127,616)**	**22,943**
Other comprehensive loss			
Amounts that may be subsequently recycled to profit or loss			
Foreign currency translation		15,042	16,766
Available for sale financial asset revaluation		53,594	-
Available for sale financial asset impairment		(53,594)	-
Other comprehensive profit / (loss) for the period net of tax		15,042	16,766
Total comprehensive profit / (loss) for the period		**(112,574)**	**39,709**
Earnings per share (cents per share)			
Earnings from continuing operations:			
Basic loss per share for the period	6	**(53.9)**	**(0.1)**
Diluted loss per share for the period	6	**(53.9)**	**(0.1)**
Earnings from all operations:			
Basic loss per share for the period	6	(50.3)	8.9
Diluted loss per share for the period	6	(50.3)	8.9

The above statement of profit or loss & other comprehensive income should be read in conjunction with the accompanying notes.

Statement of Financial Position
Antares Energy Limited and its Controlled Entities
As at 31 December 2014

	Notes	Consolidated 31 December 2014 $'000	31 December 2013 $'000
CURRENT ASSETS			
Cash and cash equivalents	7	14,732	4,681
Trade and other receivables	8	1,134	4,111
Prepayments	9	47	5,173
Current tax assets		-	856
Disposal group classified as held for sale	10(a)	-	192,055
Available for sale financial assets	11	36,698	-
Total current assets		**52,611**	**206,876**
NON-CURRENT ASSETS			
Other receivable	8	731	-
Property, plant and equipment	12	126	159
Oil and gas properties	13	3,700	-
Deferred exploration and evaluation expenditure	14	-	-
Total non-current assets		**4,557**	**159**
TOTAL ASSETS		**57,168**	**207,035**
CURRENT LIABILITIES			
Trade and other payables	15	1,958	7,665
Interest-bearing loans and borrowings	16	50,686	36,386
Provisions	17	798	803
Liabilities directly associated with disposal group classified as held for sale	10(b)	-	4,925
Total current liabilities		**53,442**	**49,779**
NON-CURRENT LIABILITIES			
Interest-bearing loans and borrowings	16	-	28,589
Provisions	17	1,262	72
Deferred tax liability	5	-	10,235
Total non-current liabilities		**1,262**	**38,896**
TOTAL LIABILITIES		**54,704**	**88,675**
NET ASSETS		**2,464**	**118,360**
EQUITY			
Contributed equity	18	84,671	89,026
Reserves	19	25,620	9,545
(Accumulated Losses)/Retained profits		(107,827)	19,789
TOTAL EQUITY		**2,464**	**118,360**

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity
Antares Energy Limited and its Controlled Entities
For the Year Ended 31 December 2014

CONSOLIDATED	Ordinary Share Capital $'000	Retained Profits / (Accumulated Losses) $'000	Foreign Currency Reserve $'000	Convertible Note Premium Reserve $'000	Share Option Reserve $'000	AFS Reserve $'000	Total $'000
Balance at 1 January 2013	**89,727**	**(3,154)**	**(16,005)**	**1,755**	**5,807**	**-**	**78,130**
Profit for the period	-	22,943		-	-	-	22,943
Other comprehensive profit	-	-	16,766	-	-	-	16,766
Total comprehensive profit for the period	-	22,943	16,766	-	-	-	39,709
Transactions with owners in their capacity as owners:							
Issue of Convertible Notes	-	-	-	1,637	-	-	1,637
Tax effect on issue of convertible notes	-	-	-	(491)	-	-	(491)
Shares bought back	(701)	-	-	-	-	-	(701)
Share based payments	-	-	-	-	76	-	76
Balance at 31 December 2013	**89,026**	**19,789**	**761**	**2,901**	**5,883**	**-**	**118,360**
Balance at 1 January 2014	**89,026**	**19,789**	**761**	**2,901**	**5,883**	**-**	**118,360**
Loss for the period	-	(127,616)	-	-	-	-	(127,616)
Other comprehensive profit	-	-	15,042	-	-	-	15,042
Decrement in AFS fair value	-	-	-	-	-	53,594	53,594
Impairment of AFS financial asset	-	-	-	-	-	(53,594)	(53,594)
Total comprehensive loss for the period	-	(127,616)	15,042	-	-	-	(112,574)
Transactions with owners in their capacity as owners:							
Issue of Convertible Notes	-	-	-	1,119	-	-	1,119
Securities bought back	(4,355)	-	-	(86)	-	-	(4,441)
Balance at 31 December 2014	**84,671**	**(107,827)**	**15,803**	**3,934**	**5,883**	**-**	**2,464**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

Antares Energy Limited and its Controlled Entities

For the Year Ended 31 December 2014

	Note	Consolidated 2014 $'000	2013 $'000
Cash flows from operating activities			
Receipts from customers		18,925	28,779
Payments to suppliers and employees		(15,669)	(12,372)
Interest received		111	42
Payments of withholding and franchise taxes		-	(279)
Income taxes refunded		518	2,722
Interest paid		(5,845)	(2,351)
Net cash inflows/(outflows) from operating activities	7	**(1,960)**	**16,541**
Cash flows from investing activities			
Dividend received		1,735	-
Proceeds from sale of oil and gas properties		60,961	9,978
Payments for property, plant and equipment		(61)	-
Exploration, evaluation and development expenditure		(24,907)	(26,244)
Net cash outflows from investing activities		**37,728**	**(16,266)**
Cash flows from financing activities			
Payments for share buy-back		(4,355)	(701)
Payment for convertible note buyback		(7,488)	-
Proceeds from borrowings		29,500	15,964
Repayment of borrowings		(36,386)	(17,554)
Finance fees		(7,136)	-
Net cash inflows/(outflows) from financing activities		**(25,865)**	**(2,291)**
Net increase / (decrease) in cash and cash equivalents held		**9,903**	**(2,016)**
Cash and cash equivalents at the beginning of the period		4,681	3,349
Effects of exchange rate changes on cash		148	3,348
Cash and cash equivalents at the end of the period	7	**14,732**	**4,681**

The above statement of cash flows should be read in conjunction with the accompanying notes.

NOTE 1 CORPORATE INFORMATION AND BASIS OF PREPARATION

The financial report of Antares Energy Limited and its subsidiaries ("the Consolidated Entity") for the year ended 31 December 2014 was authorised for issue in accordance with a resolution of the Directors on 31 March 2015.

Antares Energy Limited is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Stock Securities Exchange and is a for profit entity. The address of the registered office and principal place of business is Ground Floor, 63 Hay Street, Subiaco, Western Australia, 6008.

The principal activity of Antares Energy Limited is the exploration and production of oil and gas, with current activities based primarily in Texas in the United States of America.

(a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Australian Accounting Standards and other mandatory professional reporting requirements.

The financial report has been prepared in accordance with the historical cost convention other than available for sale financial assets which are measured at fair value.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated under the option available to the company under ASIC Class Order 98/100. The Company is an entity to which the class order applies.

Going Concern

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

For the year ended 31 December 2014, the Group generated a consolidated loss of $127.616 million and generated operating cash outflows of $1.96 million. As at 31 December 2014 the Group has cash and cash equivalents of $14.732 million and net current liabilities of $0.831 million, due to the convertible notes being due for redemption in October 2015.

The Group cash balance at 30 March 2015 was $8.971 million and the market value of the available for sale financial asset was $31.261 million representing a reduction in the two current assets of $11.198 million from 31 December 2014.

Notwithstanding the above the Directors consider it appropriate to prepare the financial statements on a going concern basis after having regard to the following pertinent matter.

In October 2015 there will be an opportunity for convertible note holders to redeem their notes. The carrying value of the convertible note liability is $50.686 million, however, it is the opinion of the directors that the notes will, once again, be rolled over and therefore the cash required to redeem the notes will not be required.

Should the convertible notes not be rolled over on their redemption date, there is significant uncertainty as to whether the Group will be able to continue as a going concern unless additional working capital to repay the convertible notes can be secured.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amount and classification of liabilities that might be required should the Group not be able to achieve the matters set out above and thus be able to continue as a going concern.

Statement of compliance

The financial report complies with Australian Accounting Standards and International Financial Standards (IFRS) as issued by the International Accounting Standard Board.

(b) New and amended accounting standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except as follows:

All new and amended Standards and Interpretations effective from 1 January 2014 have been adopted, including:

NOTE 1 BASIS OF PREPARATION (CONT.)

Reference	Title	Summary
AASB 2011-4	Amendments to Australian Accounting Standards to *Remove Individual Key Management Personnel Disclosure Requirements* [AASB 124]	This amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies. It also removes the individual KMP disclosure requirements for all disclosing entities in relation to equity holdings, loans and other related party transactions.
AASB 2012-3	Amendments to Australian Accounting Standards - *Offsetting Financial Assets and Financial Liabilities*	AASB 2012-3 adds application guidance to AASB 132 *Financial Instruments: Presentation* to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement.
Interpretation 21	*Levies*	This Interpretation confirms that a liability to pay a levy is only recognised when the activity that triggers the payment occurs. Applying the going concern assumption does not create a constructive obligation.
AASB 2013-3	*Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*	AASB 2013-3 amends the disclosure requirements in AASB 136 *Impairment of Assets*. The amendments include the requirement to disclose additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal.

Adoption of these Standards and Interpretations did not have any effect on the financial position or performance of the Group but did effect disclosure. The Group has not elected to early adopt any new standards or amendments.

The following standards and interpretations have been issued by the AASB but are not yet effective for the period ending 31 December 2014.
The Group has not yet assessed the impact of these new standards and interpretations.

Reference	Title	Summary	Application date of standard	Application date for Group
AASB 9	*Financial Instruments*	AASB 9 (December 2014) is a new Principal standard **which replaces AASB 139.** This new Principal version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early application. The own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. Amendments to AASB 9 (December 2009 & 2010 editions)(AASB 2013-9) issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139.	1 January 2018	1 January 2018

NOTE 1 BASIS OF PREPARATION (CONT.)

Reference	Title	Summary	Application date of standard	Application date for Group
		The main changes are described below. a. Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. b. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. c. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. d. Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: ► The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ► The remaining change is presented in profit or loss AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E. AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9 in Dec 2014. AASB 2014-8 limits the application of the existing versions of AASB 9 (AASB 9 (December 2009) and AASB 9 (December 2010)) from 1 February 2015 and applies to annual reporting periods beginning on after **1 January 2015**.	1 January 2018	1 January 2018
AASB 2014-1 Part A - Annual Improvements 2010–2012 Cycle	Amendments to Australian Accounting Standards - Part A Annual Improvements to IFRSs 2010–2012 Cycle	AASB 2014-1 Part A: This standard sets out amendments to Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards (IFRSs) *Annual Improvements to IFRSs 2010–2012 Cycle* and *Annual Improvements to IFRSs 2011–2013 Cycle*. Annual Improvements to IFRSs 2010–2012 Cycle addresses the following items: ► AASB 2 - Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'. ► AASB 3 - Clarifies the classification requirements for contingent consideration in a business combination by removing all references to AASB 137. ► AASB 8 - Requires entities to disclose factors used to identify the entity's reportable segments when operating segments have been aggregated. An entity is also required to provide a reconciliation of total reportable segments' asset to the entity's total assets. ► AASB 116 & AASB 138 - Clarifies that the determination of accumulated depreciation does not depend on the selection of the valuation technique and that it is calculated as the difference between the gross and net carrying amounts. ► AASB 124 - Defines a management entity providing KMP services as a related party of the reporting entity. The amendments added an exemption from the detailed disclosure requirements in paragraph 17 of AASB 124 for KMP services provided by a management entity. Payments made to a management entity in respect of KMP services should be separately disclosed.	1 July 2014	1 January 2015

NOTE 1 BASIS OF PREPARATION (CONT.)

Reference	Title	Summary	Application date of standard	Application date for Group
AASB 2014-1 Part A - Annual Improvements 2011–2013 Cycle	Amendments to Australian Accounting Standards - Part A Annual Improvements to IFRSs 2011–2013 Cycle	Annual Improvements to IFRSs 2011–2013 Cycle addresses the following items: ► AASB13 - Clarifies that the portfolio exception in paragraph 52 of AASB 13 applies to all contracts within the scope of AASB 139 or AASB 9, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in AASB 132. ► AASB 140 - Clarifies that judgment is needed to determine whether an acquisition of investment property is solely the acquisition of an investment property or whether it is the acquisition of a group of assets or a business combination in the scope of AASB 3 that includes an investment property. That judgment is based on guidance in AASB 3.	1 July 2014	1 January 2015
AASB 2014-3	Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]	AASB 2014-3 amends AASB 11 to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. The amendments require: (a) the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 *Business Combinations*, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and (b) the acquirer to disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations. This Standard also makes an editorial correction to AASB 11	1 January 2016	1 January 2016
AASB 2014-4	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)	AASB 116 and AASB 138 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendment also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.	1 January 2016	1 January 2016
AASB 15	Revenue from Contracts with Customers	In May 2014, the IASB issued IFRS 15 *Revenue from Contracts with Customers*, which replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue* and related Interpretations (IFRIC *13 Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate,* IFRIC 18 *Transfers of Assets from Customers* and SIC-31 *Revenue—Barter Transactions Involving Advertising Services*). The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps: (a) Step 1: Identify the contract(s) with a customer (b) Step 2: Identify the performance obligations in the contract (c) Step 3: Determine the transaction price (d) Step 4: Allocate the transaction price to the performance obligations in the contract (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation Early application of this standard is permitted. AASB 2014-5 incorporates the consequential amendments to a number Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15.	1 January 2017	1 January 2017
AASB 2014-9	Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements	AASB 2014-9 amends AASB 127 *Separate Financial Statements*, and consequentially amends AASB 1 *First-time Adoption of Australian Accounting Standards* and AASB 128 *Investments in Associates and Joint Ventures*, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements. AASB 2014-9 also makes editorial corrections to AASB 127. AASB 2014-9 applies to annual reporting periods beginning on or after 1 January 2016. Early adoption permitted.	1 January 2016	1 January 2016

NOTE 1 BASIS OF PREPARATION (CONT.)

Reference	Title	Summary	Application date of standard	Application date for Group
AASB 2014-10	Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	AASB 2014-10 amends AASB 10 *Consolidated Financial Statements* and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require: (a) a full gain or loss to be recognised when a transaction involves a business (whether it is housed in a subsidiary or not); and (b) a partial gain or loss to be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. AASB 2014-10 also makes an editorial correction to AASB 10. AASB 2014-10 applies to annual reporting periods beginning on or after 1 January 2016. Early adoption permitted.	1 January 2016	1 January 2016
Disclosure Initiative	Amendments to IAS 1	As part of the IASB's Disclosure Initiative projects, the IASB issued Amendments to IAS 1 in December 2014. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments also clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.	1 January 2016	1 January 2016

(d) Principles of consolidation

The consolidated financial statements comprise the financial statements of Antares Energy Limited and its subsidiaries during the year ended 31 December 2014 ("the Consolidated Entity").

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

In preparing the consolidated financial statements, all inter-company balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity and cease to be consolidated from the date on which control is transferred out of the Consolidated Entity.

(e) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Oil and Gas Properties
Oil and gas properties include construction, installation or completion of infrastructure facilities such as pipelines and platforms, capitalised borrowing costs, transferred exploration and evaluation costs, and the cost of development wells.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Consolidated Entity and the cost of the item can be measured reliably. All other costs are charged to profit or loss during the financial period in which they are incurred.

Depreciation
Property, plant and equipment, other than freehold land, is depreciated to their residual values at rates based on the expected useful lives of the assets concerned. Oil and gas properties are depreciated on the Units of Production (UOP) basis using proven plus probable reserves.

The remaining assets use the straight line approach. The major categories of assets are depreciated as follows:

Category	Method
Plant and equipment	Straight line at 20% to 33%.
Oil and gas properties	Over the life of proved plus probable reserves on a units of production basis.
Leasehold improvements	Straight line over the shorter of useful life and the lease term.

Currently there are no buildings owned by the Consolidated Entity.
Work in progress assets are carried in the accounts at cost. They are not depreciated until they are installed at the intended location and ready for use in the manner at which they were intended to be used.

NOTE 1 BASIS OF PREPARATION (CONT.)

Impairment

The carrying values of property, plant and equipment are reviewed for impairment at each reporting date, with the recoverable amount being estimated when events or changes in circumstances indicate the carrying value may be impaired.

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

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For property, plant and equipment, impairment losses are recognised in profit or loss.

Disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(f) Exploration and evaluation

Expenditure on exploration and evaluation is accounted for in accordance with the "area of interest" method.

Exploration licence acquisition costs are capitalised and subject to half-yearly impairment testing.

All exploration and evaluation costs, including general permit activity, geological and geophysical costs and new venture activity costs, are expensed as incurred except where:

- The expenditure relates to an exploration discovery where, at balance date, an assessment of the existence or otherwise of economically recoverable reserves is not yet complete and significant operations in, or in relation to, the area of interest are continuing; or
- An assessment has been made and it is expected that the expenditure will be recouped through successful exploitation of the area of interest, or alternatively, by its sale.

The costs of drilling exploration wells are initially capitalised pending the results of the well. Costs are expensed where the well does not result in the successful discovery of economically recoverable hydrocarbons. Areas of interest may be recognised at either the field or the well level, depending on the nature of the project. Subsequent to the recognition of an area of interest, all further costs relating to the area of interest are capitalised.

Each potential or recognised area of interest is reviewed half-yearly to determine whether economic quantities of reserves have been found or whether further exploration and evaluation work is underway or planned to support the continued carry forward of capitalised costs.

Upon approval for the commercial development of an area of interest, accumulated expenditure for the area of interest is transferred to oil and gas properties.

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

(g) Impairment

Non-financial assets

At each reporting date, the Consolidated Entity assesses whether there is any indication that an asset may be impaired. If any such indication of impairment exists, or when annual impairment testing for an asset is required, the Consolidated Entity makes a formal estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of fair value less costs to sell and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases, the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of 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 (cash-generating unit).

(h) **Available for sale financial assets**

Available for sale financial assets consist of equity investments. Equity investments classified as available for sale are those that are neither classified as held for trading nor designated at fair value through profit or loss.

NOTE 1 BASIS OF PREPARATION (CONT.)

NOTE 1 BASIS OF PREPARATION (CONT.)

After initial measurement, available for sale financial assets are subsequently measured at fair value with unrealised gains or losses recognised as OCI and credited in the available for sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income in the statement of profit or loss, or the investment is determined to be impaired when the cumulative loss is reclassified from the available for sale reserve to the statement of profit or loss.

(i) Provision for restoration

The Consolidated Entity records the present value of the estimated cost of legal and constructive obligations to restore operating locations in the period in which the obligation arises. The nature of restoration activities includes the removal of facilities, abandonment of wells and restoration of affected areas.

Typically, the obligation arises when the asset is installed at the production location. When the liability is initially recorded, the estimated cost is capitalised by increasing the carrying amount of the related oil and gas properties. Over time, the liability is increased for the change in the present value based on a risk adjusted pre-tax discount rate appropriate to the risks inherent in the liability. The unwinding of the discount is recorded as an accretion charge within finance costs. The carrying amount capitalised in oil and gas properties is depreciated over the useful life of the related asset (refer Note 1(e)).

Costs incurred that relate to an existing condition caused by past operations, and do not have future economic benefit, are expensed.

j) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when there is objective evidence that the Consolidated Entity will not be able to collect the full debt. Bad debts are written off when identified. Financial difficulties of the debtor and default payments are likely to be considered objective evidence of impairment.

(k) Cash and cash equivalents

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

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

(l) 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.

(m) Provisions

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

If the effect of the time value of money is material, provisions are discounted using a pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

(n) Employee benefits

(i) Short term benefits

Liabilities for wages and salaries, bonus payments, and other short term benefits expected to be settled within 12 months of the reporting date are recognised in current provisions in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

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

(o) Leases

Consolidated Entity as a lessee

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance leases, which transfer to the Consolidated Entity substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss.

NOTE 1 BASIS OF PREPARATION (CONT.)

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Consolidated Entity will obtain ownership by the end of the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

(p) Revenue recognition

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

Sales Revenue
Sales revenue is recognised when the significant risks and rewards of ownership have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of "delivery of goods to the customer". Delivery of product is by pipeline and under well specific contracts that define the place of transfer in ownership, the nominated transfer point has appropriate meter equipment installed. Product pricing is dependent upon product quality and delivery volumes rates, and base price marked to an appropriate commodity market benchmark.

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

Dividends
Revenue is recognised from dividends when the Company's right to receive the dividend payment is established.

(q) Income tax

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

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences; except:

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

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

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

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

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the balance date.

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

NOTE 1 BASIS OF PREPARATION (CONT.)

Tax consolidation legislation

Antares Energy Limited and its wholly-owned Australian controlled entities implemented the tax consolidation legislation as of 1 July 2002.

The head entity, Antares Energy Limited and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Consolidated Entity has applied the Group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

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

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Consolidated Entity. Details of the tax funding agreement are disclosed in note 5.

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

(r) Other taxes

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

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

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

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

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

(s) Interest bearing loans & borrowings

Convertible notes

The component of the convertible note that exhibits characteristics of debt is recognised as a liability in the Statement of Financial Position, net of issue costs. The residual amount is recognised as equity in the

Statement of Financial Position. The debt component of the convertible note is initially measured at fair value and subsequently measured at amortised cost.

Placement costs and interest may be payable on conversion or redemption. Such costs will be accrued as expenses until conversion or redemption. In the case that any or all of these expenses are converted to ordinary shares, the amount that is requested to be converted will be recognised against the issued capital at the time of conversion.

(t) Borrowing costs

Borrowing costs incurred for the construction of qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Assets are considered to be qualifying assets when this period of time is substantial (greater than 12 months). The interest rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Consolidated Entity's outstanding borrowings during the year.

(u) Interest in joint operations

A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement.

Interests in joint operations are reported in the financial statements by including the consolidated entity's share of assets employed in the Joint Operations, the share of liabilities incurred in relation to the Joint Operations and the share of any expenses and revenues in relation to the Joint Operations in their respective categories.

(v) Contributed equity

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

(w) Earnings per share ("EPS")

Basic EPS is calculated as net profit attributable to members of the parent, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as the net profit attributed to members of the parent, adjusted for:

- costs of servicing equity (other than dividends);
- the after-tax effect of dividends and interest associated with the dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenue and expenses during the period that would result from the dilution of potential ordinary shares;

NOTE 1 BASIS OF PREPARATION (CONT.)

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(x) Inventories

Inventories are valued at the lower of cost and net realisable value. Spares and consumables are valued at purchase cost on a first-in first-out basis. Surplus and obsolete items are identified and disposed of, or written down to realisable value pending disposal.

(y) Foreign currency translation

Both the functional and presentation currency of Antares Energy Limited and its Australian subsidiaries is Australian dollars ($). Entities within the Consolidated Entity that are based and operate outside of Australia use the functional currency of the country in which they operate, provided the local economy is not subject to hyperinflation. Each entity in the Consolidated Entity uses its specific functional currency to measure the items included in the financial statements of that entity.

Transactions in foreign currency are initially recorded in the functional currency by applying the exchange ruling at the date of the transaction or the average for the period when translating a large number of transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

Non-monetary items that are measured in terms of historic cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items are measured at fair value in a foreign currency are translated using the exchange rate as at the date when fair value was determined.

The functional currency of the Consolidated Entity's material foreign operation, Antares Energy Company, is United States dollars (USD).

As at the reporting date the assets and liabilities of this subsidiary were translated into the presentation currency of Antares Energy Limited at the rate of exchange ruling at the balance date and their profit or loss is translated at the average exchange for the period.

The exchange differences arising on the translation are taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the statement of comprehensive income.

(z) Non-current assets held for sale or for distribution to equity holders of the parent and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through sale or a distribution rather than through continuing use. Such non-current assets and disposal groups classified as held for sale or for distribution are measured at the lower of their carrying amount and fair value less costs to sell or to distribute. Costs to sell or distribute are the incremental costs directly attributable to the sale or distribution, excluding the finance costs and income tax expense.

The criteria for held for sale or for distribution classification is regarded as met only when the sale or distribution is highly probable and the asset or disposal group is available for immediate sale or distribution in its present condition. Actions required to complete the sale or distribution should indicate that it is unlikely that significant changes to the sale or distribution will be made or that the decision to sell distribute will be withdrawn. Management must be committed to the sale or distribution expected within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale or distribution.

Assets and liabilities classified as held for sale or distribution are presented separately as current items in the statement of financial position.

A disposal group qualifies as a discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale or distribution, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or
- Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement or profit or loss.

All other notes to the financial statements include amounts for continuing operations, unless otherwise mentioned.

(aa) Share-based payment transactions

The Consolidated Entity provides benefits to directors and employees of the Consolidated Entity in the form of equity, whereby directors and employees render services in exchange for shares, options to acquire shares or rights over shares.

There is currently no share based remuneration in place.

The cost of these equity-settled transactions with employees and directors is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using an appropriate model. In valuing equity-settled transactions, account is taken of performance conditions where the conditions are linked to the price of the shares of Antares Energy Limited.

NOTE 1 BASIS OF PREPARATION (CONT.)

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

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) for non-market based hurdles the

Consolidated Entity's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for changes in the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of the fair value at grant date. The profit or loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

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

(ab) Critical accounting estimates, assumptions and judgements

Estimates and assumptions are periodically evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Equally, the Consolidated Entity continually employs judgement in the application of its accounting policies.

(i) Critical Accounting Estimates and Assumptions

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

Reserves

The assessed recoverable quantities of proven and probable reserves used in the future cashflow estimations include assumptions regarding commodity prices, exchange rates, discount rates, production and transportation costs for future cash flows. It also requires interpretation of complex and difficult geological and geophysical models in order to make an assessment of the size, shape, depth and quality of reservoirs and their anticipated recoveries. The economic, geological and technical factors used to estimate reserves may change from period to period. Estimated recoverable reserves and their production profiles are integral to the amount of impairment, depreciation, depletion and amortisation charged to profit or loss.

Impairment of oil and gas properties

The Consolidated Entity's accounting policy for impairment is set out at Note 1(g).

Unless otherwise identified, the following discussion of impairment testing is applicable to the assessment of the recoverable amount of all of the Consolidated Entity's Oil and Gas Property assets.

Value in use is estimated based on discounted cash flows using market based oil price and exchange assumptions, estimated quantities of recoverable oil reserves and production costs. For oil and gas properties, expected future cash flow estimation is based on independent external assessments of potential reserves, future production profiles, commodity prices and costs.

Estimates of quantities of recoverable oil reserves, production levels and operating costs are based on a planning process which includes life of well modelling, budgets and forecasted outlook.

Significant judgements and assumptions are required in making estimates of value in use. This is particularly so in the assessment of long life assets. It should be noted that value in use calculations are subject to variability in key assumptions including, but not limited to, long-term oil prices, currency exchange rates, discount rates, production profiles and operating costs. An adverse change in one or more of the assumptions used to estimate value in use could result in a reduction in an Oil and Gas Property asset's recoverable amount.

Key assumptions

The table below summarises the key assumptions used in the 2014 end of year carrying value assessments

	2015	**2016**	**2017**	**2018 onwards**
Oil Price (USD)	$56.26	$62.63	$66.5	$80
Natural Gas price (USD)	$3.1	$3.49	$3.72	$3.75
Discount rate (pre-tax)	10%	10%	10%	10%

<u>Oil Prices</u>

Oil prices are estimated with reference to external market forecasts. The sizeable reduction in quoted oil prices towards the end of the financial year has resulted in significantly lower short-term and long-term oil price assumptions applied to the impairment reviews in 2014. The primary impact of this change was a reduction in carrying value of the Consolidated Entity's remaining oil & gas projects. Decline in oil prices was a trigger for impairment testing.

<u>Production activity and operating costs</u>

Production activity and operating costs assumptions are based on the Consolidated Entity's latest life of well models, budgets and forecasts.

NOTE 1 BASIS OF PREPARATION (CONT.)

Impacts

After conducting the impairment analysis, the Group has recognised an impairment loss on assets within the Consolidated Entity's as follows:

	Impairment
Oil & Gas properties	$20,223

The recoverable amount of the oil and gas property cash generating units impaired at 31 December 2014 are as follows:

Northern Star	Archer	$228,046
Northern Star	Cozart 11	$77,191
Northern Star	Debnam	$151,935
Northern Star	Pettaway	$124,077
Big Star	Simmons	$135,454

Restoration obligations

Where a restoration obligation exists, the Consolidated Entity estimates the future removal costs of production facilities, wells and pipelines at the time of installation of the assets. In most instances, removal of assets occurs many years into the future. This requires judgemental assumptions regarding removal date, future environmental legislation, the extent of reclamation activities required, the engineering methodology for estimating cost, future removal techniques in determining the removal cost and asset specific discount rates to determine the present value of these cashflows. For more detail regarding this policy in respect of the provision for restoration refer to Note 1(i).

NOTE 2 SEGMENT REPORTING

For management purpose, the Company is organised into one main operating segment, which involves oil and gas exploration, development and production in the USA. All the Consolidated Entity's activities are interrelated, and discrete financial information is reported to the Chairman and the management team (Chief Operating Decision Makers) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Consolidated Entity as a whole.

The Consolidated Entity derives its revenue primarily from the sale of oil and gas produced in the USA. During the years ended 31 December 2014 and 31 December 2013 external sales of oil and gas were made to customers solely located in the USA.

	Consolidated	
	2014 $'000	2013 $'000
Analysis of revenue – Continued operations:		
Oil	2,533	3,614
Gas	232	919
Interest	112	42
Dividend	2,087	-
	4,964	4,575
Geographical split of non-current assets:		
USA	4,544	129
Australia	13	30
	4,557	159

NOTE 3 REVENUE & INCOME

	2014 $'000	2013 $'000
Revenue		
Sale of product	2,765	4,533
Dividend revenue	2,087	-
Interest revenue	112	42
	4,964	4,575
Income		
Gain on sale of assets	-	10,593
	-	10,593
Expenses		
(a) Cost of sales:		
Amortisation expenses	947	2,100
Other production costs	2,337	1,879
Total cost of goods sold	3,284	3,979

	Consolidated 2014 $'000	2014 $'000
NOTE 4 EXPENSES AND LOSSES/(GAINS) (CONT.)		
(b) Other expenses:		
General and administrative expenses	1,259	(886)
Foreign exchange (gain) / loss	-	(28)
	1,259	(914)
Wages and salaries	2,162	1,969
Share based payments	-	76
Total employee benefits	2,162	2,045
Total other expenses	3,421	1,131
(c) Finance costs:		
Interest paid/payable	6,330	2,342
Finance costs on extinguishment of debt	10,316	-
Loss on extinguishment of financial instrument	106	-
Unwinding of present value discount	25	5
	16,777	2,347

NOTE 5 INCOME TAX

The major components of income tax expense are:

Income Statement		
Current Income Tax		
Current income tax (benefit)/charge	(947)	(460)
Deferred Income Tax		
Relating to origination and reversal of timing differences	(10,567)	9,744
	(11,514)	9,284
Income tax expense / (benefit) is attributable to:		
Loss from continuing operations	(16,461)	703
Profit from discontinued operations	4,947	8,581
	(11,514)	9,284

(a) A reconciliation between tax expense and the product of accounting profit/(loss) before income tax multiplied by the Group's applicable income tax rate is as follows:

Accounting profit / (loss) before income tax	(145,800)	32,227
At Group's statutory income tax rate of 30%	(43,740)	9,668
Adjustments in respect of current year income tax:		
- Share based payments	-	23
- Non deductible expense / assessable income	(332)	(490)
- Impact of foreign jurisdiction tax rate	1,595	1,607
- Sale of assets	1,830	-
- Other	(4,781)	(388)
- Deferred tax asset not brought to account	33,634	(121)
- Prior year adjustments	280	(1,015)
Income tax (benefit) / expense	(11,514)	9,284

Deferred tax balances CONSOLIDATED	**Opening Balance $'000**	**Charged to income $'000**	**Charged to equity $'000**	**Closing Balance $'000**
12 months to 31 December 2014				
Taxable and deductible temporary differences arise from the following:				
Deferred tax assets				
Provisions	1,894	(1,337)	-	557
Section 40 – 880 costs	37	(37)	-	-
Financial assets	124	6,528	-	6,652
Oil and gas assets	-	21,443	-	21,443
Losses available for offset against future taxable income (Australian)	11,811	4,413	-	16,224
Deferred tax liabilities				
Convertible notes	(491)	-	(332)	(823)
Oil and gas assets	(13,124)	13,124	-	-
Property, plant and equipment	(38)	19	-	(19)
Financial liabilities	(518)	48	-	(470)
Less Unrecognised Net Deferred Tax Assets	(9,930)	(33,634)	-	(43,564)
	(10,235)	10,567	(332)	-

NOTE 5 INCOME TAX (CONT.)

	Opening Balance $'000	Charged to income $'000	Charged to equity $'000	Closing Balance $'000
12 months to 31 December 2013				
Taxable and deductible temporary differences arise from the following:				
Deferred tax assets				
Provisions	1,260	634	-	1,894
Section 40 – 880 costs	226	(189)	-	37
Financial assets	-	124	-	124
Oil and gas assets	3,276	(3,276)	-	-
Losses available for offset against future taxable income (Australian)	10,748	1,063	-	11,811
Deferred tax liabilities				
Convertible notes	-	-	(491)	(491)
Oil and gas assets	-	(13,124)	-	(13,124)
Property, plant and equipment	(45)	7	-	(38)
Financial liabilities	-	(518)	-	(518)
Less Unrecognised Net Deferred Tax Assets	(15,465)	5,535	-	(9,930)
	-	(9,744)	(491)	(10,235)

Unrecognised deferred tax balances	Consolidated 31 December 2014 $'000	31 December 2013 $'000
The following deferred tax assets have not been brought to account as follows:		
Tax losses - revenue (Australian)	14,912	9,930
Temporary difference – oil and gas assets	21,443	-
Temporary differences – financial assets	6,652	-
Temporary differences – provisions	557	-
	43,564	9,930

The deferred tax assets will only be obtained if:

i) Future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
ii) The conditions for deductibility imposed by tax legislation continue to be complied with; and
iii) No changes in tax legislation adversely affect the consolidated entity in realising the benefit.

Tax consolidation

Effective 1 July 2002, for the purposes of income taxation, Antares Energy Limited and its 100% owned Australian controlled entities formed a tax consolidated group. Members of the group have entered into a tax sharing arrangement. The tax sharing agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the balance date, the possibility of default is remote. The head entity of the tax consolidated group is Antares Energy Limited.

Members of the tax consolidated group have entered into a tax funding agreement. Under the funding agreement the funding of tax within the Group is determined with reference to the amount recognised by individual members The tax funding agreement requires payments to/from the head entity to be recognised via an inter-entity receivable (payable) which is at call. To the extent that there is a difference between the amount charged under the tax funding agreement and the allocation under AASB Interpretation 1052, the head entity accounts for these as equity transactions with the subsidiaries.

The amounts receivable or payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Franking credits

Antares Energy Limited does not have any franking credits at 31 December 2014.

NOTE 6 EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit or loss for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the net profit or loss attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computations:	Consolidated 31 December 2014 $'000	31 December 2013 $'000
Net loss attributable to ordinary equity holders of the parent (used in calculating basic and diluted loss per share)	(127,616)	22,943

NOTE 6 EARNINGS PER SHARE (CONT.)

	2014 '000	2013 '000
Weighted average number of ordinary shares outstanding during the year used in calculating basic and dilutive EPS	253,801	256,978

In order for outstanding performance rights and convertible notes to be considered dilutive, they are required to be dilutive to the continuing operations of the Consolidated Entity. There are 78,000,000 contingently issuable and anti-dilutive potential shares outstanding at 31 December 2014 that have not been included in the calculation of diluted earnings per share.

NOTE 7 CASH AND CASH EQUIVALENTS

	Consolidated	
	31 December 2014 $'000	31 December 2013 $'000
Cash at bank and on hand	14,732	4,681
	14,732	4,681

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

Short-term deposits are made for varying periods of between 1 and 3 months depending on the cash requirements of the Consolidated Entity. These deposits earn interest at the respective short term-deposit rates.

	Consolidated	
	31 December 2014 $'000	31 December 2013 $'000
Reconciliation of net loss after tax to net operating cashflows		
Net profit / (loss)	(127,616)	22,943
Non-cash Items and other adjustments:		
Depreciation and amortisation	1,290	5,227
Loss on reclassification from discontinued to continuing operations	16,495	-
Gain on sale of assets	(7,600)	-
Impairment of available for sale financial assets	53,594	(27,585)
Impairment of exploration and evaluation expenditure	44,091	105
Impairment of oil & gas properties	20,223	-
Loss on convertible note buyback	106	-
Finance fee in financing activities	6,900	-
Share based payments – employee benefits	-	76
Unwinding of present value discount	25	78
Foreign exchange movement	(485)	(1,552)
Dividends in investing activities	(1,735)	-
Change in operating assets and liabilities:		
Decrease in receivables and prepayments	3,326	4,731
Increase / (Decrease) in creditors and payables	485	(185)
Increase / (Decrease)in provisions	(827)	227
Increase / (Decrease) in tax balances	(10,232)	12,476
Net cash inflows/(outflows) from operating activities	(1,960)	16,541

NOTE 8 TRADE AND OTHER RECEIVABLES

Current		
Trade receivables (i)	1,126	3,434
Other receivables (ii)	8	7
Loan to related party (note 26)	-	670
	1,134	4,111
Non-current		
Loan to related party (note 26)	731	-
	731	-

(i) Trade receivables are non-interest bearing and are generally 30-90 day terms. Trade receivables do not include any impaired or past due amounts. It is expected that all amounts will be received when due.

(ii) Other receivables includes BAS refunds.

	Consolidated	
	31 December 2014 $'000	31 December 2013 $'000
NOTE 9 PREPAYMENTS (CURRENT)		
Prepayments	47	5,173
	47	5,173

NOTE 10 ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE AND DISCONTINUED OPERATION

(a) Assets classified as held for sale		
Disposal group held for sale (discontinued operation – see (c) below)		
Oil and gas properties	-	160,375
Deferred exploration and evaluation expenditure	-	31,680
Total assets of disposal group held for sale	-	192,055
(b) Liabilities directly associated with assets classified as held for sale		
Disposal group held for sale (discontinued operation – see (c) below)		
Provisions	-	4,925
	-	4,925

(c) Discontinued operation

(i) Description

During June 2013 the Group announced the execution of a Letter of Intent for the sale of all of the Group's Permian Assets in the amount of USD $300,000,000. On 26 August 2013 the Group announced the execution of a Purchase and Sale Agreement for same. The assets and liabilities associated with the Permian Assets were classified as held for sale as at 31 December 2013 and the results are reported as a discontinued operation in these financial statements.

The Company was of the belief that at 31 December 2013 the asset sale was highly probable and this is reflected in its position to hold a general meeting of the Company on 22 January 2014 to approve the disposal of its main business undertaking, being the Permian Assets.

During October 2014, the Consolidated Entity announced the sale of only its Southern Star assets to Breitburn Energy Partners LP. As a result of the sale, the Company's Big Star and Northern Star assets were transferred back from assets held for sale to oil and gas properties.

Sales proceeds consisted of cash of US$50,000,000 and Breitburn common units on acquisition date of US$74,347,000. This was applied against net carrying value of Southern Star assets disposed of US$118,073,512. This resulted in a gain on sale of A$7,600,000.

The profit and loss from discontinued operations below has been represented for 2013 to show only those items related to assets sold in October 2014. The 2013 financial statements assumed that Northern Star and Big Star assets would also be sold.

	Consolidated	
	31 December 2014 $'000	31 December 2013 $'000 Represented
(ii) Financial performance		
Revenue	13,186	20,111
Cost of sales	(6,651)	(12,004)
Gross profit	6,535	8,107
Other income	7,600	-
Reversal of impairment/(impairment) of oil and gas properties and capitalised exploration	-	16,492
Finance costs	-	(83)
	7,600	**16,409**
Profit before income tax of discontinued operation	14,135	24,516
Income tax (expense) / benefit	(4,947)	(8,581)
Profit after tax from discontinued operation	9,188	15,935
Basic & Diluted EPS from discontinued operations (cents per share)	3.6	6.2

NOTE 11 AVAILABLE FOR SALE FINANCIAL ASSETS

	Consolidated	
	31 December 2014 $'000	31 December 2013 $'000
Available For Sale Financial Assets at fair value		
Quoted equity shares	36,698	-
Movement in AFS financial assets		
Initial recognition	90,645	-
Impairment	(53,594)	-
FX variation	(353)	-
Balance 31 December 2014	36,698	-

AFS financial assets comprise 4.3 million equity securities in Breitburn Energy Partners LP (NASDAQ:BBEP) received as part of the sale of the Company's Southern Star assets.

On acquisition the securities were valued at $90.645 million. In December 2014 an impairment of $53.594 million was made to the value of the securities to reflect their fair value based on the current quoted market price of Breitburn securities at 31 December 2014. The impairment was made as the Group believes the decline in fair value of 59% was significant. Fair value of available for sale financial assets is with reference to quoted market prices (level 1 in the fair value hierachy).

NOTE 12 PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	31 December 2014 $'000	31 December 2013 $'000
Property, plant & equipment - cost	989	852
Accumulated depreciation	(863)	(693)
Total Property, Plant and Equipment	126	159

Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year:

Office equipment, vehicles and furniture		
Balance at start of period	159	236
Additions	61	6
Exchange differences from translation	12	16
Depreciation	(106)	(99)
Balance at end of period	126	159

NOTE 13 OIL AND GAS PROPERTIES

Oil and gas properties		
- at cost	28,961	4,678
- accumulated amortisation & impairment	(25,261)	(4,678)
	3,700	-

Reconciliation

Reconciliation of carrying amounts of oil and gas properties at the beginning and end of the current financial year:

Balance at start of period	-	106,909
Additions	13,753	2,507
Impairment*	(20,223)	18,701
Transfer from exploration and evaluation	-	20,501
Transfer from/(to) disposal group held for sale	22,798	(160,375)
Amortisation	(958)	(5,401)
Loss on re-classification from discontinued operations	(16,495)	-
Foreign exchange translation	3,853	17,158
Borrowing costs capitalised	972	-
Balance at end of period	3,700	-

Balances comprise of:

Big Star	3,482	-
Northern Star	218	-
	3,700	-

NOTE 13 OIL AND GAS PROPERTIES (CONT.)

(Impairment)/reversal relates to:		
Big Star	(6,098)	-
Northern Star	(14,097)	-
Southern Star	-	18,701
Hawkville	(28)	
	(20,223)	18,701

In 2013, the Permian Assets held for sale had their impairment costs written back to reflect the relationship between their carrying value ($160 million) and their sale value ($300 million).

Oil and gas properties consist of the Northern Star and Big Star projects. In 2014, an estimate of reserves was prepared by LaRoche Petroleum Consultants Ltd. Cash flows and NPV's were prepared by the Company. The impairment loss represents the write-down of these properties in the USA to their recoverable amount. This resulted in an impairment of $20.223m against the projects. This has been recognised through profit or loss in the line item "Impairment". The recoverable amount was based on value in use and was determined at the cash-generating unit level. In determining value in use for the cash-generating unit, the cash flows were discounted at a rate of 10% on a pre-tax basis. Refer to Note 1(z) for further details on the inputs used to determine the value of impairment in 2014.

Sensitivity Analysis on carrying value

Any variation in the key assumptions used to determine value in use would result in a change of the estimated recoverable amount. If the variation in assumption had a negative impact on recoverable amount it could indicate a requirement for additional impairment to non-current assets.

It is estimated that changes in the key assumptions would have the following approximate impact on the recoverable amount of the Company's oil and gas properties.

Oil & Gas Properties	**$'000**
10% change in oil price per barrel	+ - $252
10% change in natural gas price	+ - $8
5% change in the discount rate	+ - $106
10% change in operating costs	+ - $174
10% increase in oil and gas prices, and operating costs	+ - $87

The sensitivities above assumes that the specific assumption moves in isolation (unless stated otherwise), whilst all other assumptions are held constant. In reality, a change in one of the aforementioned assumptions may accompany a change in another assumption which may have an offsetting impact

NOTE 14 DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	31 December 2014 $'000	**31 December 2013 $'000**
Exploration and evaluation costs carried forward in respect of areas of interest:		
Exploration and/or evaluation phase	-	-

The ultimate recoupment of costs carried forward for the exploration and evaluation phase is dependent on the successful development and commercial exploitation or sale of the respective areas.

Reconciliation

Reconciliation of carrying amounts of exploration and evaluation expenditure at the beginning and end of the current financial year:

Balance at start of period	-	24,083
Additions	10,105	24,338
Transfer from/(to) disposal group held for sale of oil & gas properties	-	(20,501)
Transfer (to) / from oil & gas properties disposal group held for sale	31,680	(31,680)
Foreign exchange translation	2,306	3,865
Expenditure impaired	(44,091)	(105)
Balance at end of period	-	-

NOTE 14 DEFERRED EXPLORATION AND EVALUATION EXPENDITURE (CONT.)

In 2014, the carrying value of the Big Star and Northern Star exploration assets was reviewed following transfer from non-current assets held for sale. In aligning the exploration assets carrying value with their fair value, an impairment of $44.091 million was made to their carrying values. Fair value was determined based on discounted cash flows (level 3 in fair value hierarchy).

	Consolidated	
	31 December 2014 $'000	31 December 2013 $'000
NOTE 15 TRADE AND OTHER PAYABLES (CURRENT)		
Trade creditors and accruals	1,958	7,665

Trade creditors are non-interest bearing and generally payable within 30 – 60 days.
Accruals include amounts payable as a result of cash calls made by operators of non-operated projects for upcoming capital expenditure such as wells.

NOTE 16 INTEREST-BEARING LOANS AND BORROWINGS

	31 December 2014 $'000	31 December 2013 $'000
Current		
US$200 million term debt facility	-	36,386
Convertible notes	50,686	-
	50,686	36,386
Non- Current		
Convertible notes	-	28,589
	-	28,589

Convertible Notes

The convertible notes are a financial instrument comprising a debt component and an equity component. Interest is recognised using the effective interest method over the period to the next reset date of 31 October 2015 at which time noteholders can elect to redeem their notes for $2 each.

During 2014 14,750,000 new notes were issued for $2 each (2013: 7,981,999).

During 2014 3,750,000 notes were bought back, on market (2013:Nil).

As at 31 December 2014 there was a total of 26,000,000 notes on issue (31 December 2013: 15,000,000) with a face value of $52,000,000 (31 December 2013: $30,000,000). Notes are convertible to ordinary shares on a 3:1 ratio and have a coupon rate of 10% per annum.

US$200 million term debt facility

The Group had established a US$200 million three year term debt facility at an interest rate of LIBOR plus 4.0% with Macquarie Bank Limited. The facility has been secured by fixed and floating charges over all the assets and undertakings of the Company and all its subsidiary companies. This facility was paid out in 2014.

	Consolidated	
	31 December 2014 $'000	31 December 2013 $'000
Facility used at reporting date	-	64,988
Facility unused at reporting date	-	158,526
NOTE 17 PROVISIONS		
Current		
Employee leave benefits	798	678
Restoration	-	125
	798	803
Non-Current		
Restoration	1,262	72
	1,262	72
Reconciliation of movements in restoration provision		
Balance at start of period	197	4,517
Additions during period	(237)	(179)
Unwinding of present value discount	25	72
Transfer from/(to) disposal group held for sale	1,261	(4,925)
Foreign exchange movements	16	712
Balance at end of period	1,262	197

NOTE 17 PROVISIONS (CONT.)

The restoration obligations are expected to be incurred over a period from 1 to 15 years.

The Company has recognised a provision for restoration related to the estimated cost of restoration work required at the end of the useful life of the producing fields, including removal of facilities and equipment required or intended to be removed.

These provisions have been created based on the Company's estimate. These estimates are reviewed regularly to take into account any material changes to the assumptions. However actual decommissioning costs will ultimately depend upon future market prices for the necessary decommissioning works required which will reflect market conditions at the relevant time. Furthermore, the timing of the decommissioning is likely to depend on when the fields cease to produce at economically viable rates. This, in turn, will depend upon future oil prices, which are inherently uncertain. These estimates of restoration are subject to significant estimates and assumptions which are outlined in Note 1(h).

NOTE 18 CONTRIBUTED EQUITY

	Consolidated 31 December 2014 $'000	Consolidated 31 December 2013 $'000
Issued and paid up capital:		
Fully paid ordinary shares	84,671	89,026

The only shares the Company has on issue are fully paid ordinary shares. These shares have the right to receive dividends as declared and, in the event of a winding up of the Company, to participate in the proceeds of the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle the holder to one vote, either in person or by proxy, at a meeting of the Company.

	12 months to 31 December 2014		12 months to 31 December 2013	
	No. of shares	$'000	No. of shares	$'000
Movement in ordinary shares on issue:				
Beginning of the period	255,000,000	89,026	257,000,000	89,727
Shares bought back on market	(13,000,000)	(4,355)	(2,000,000)	(701)
End of the period	242,000,000	84,671	255,000,000	89,026

Capital management

When managing capital, the Board's objective is to ensure the Consolidated Entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

The Board may in the future adjust the capital structure to take advantage of favourable costs of capital and issue further shares in the market. In 2014 the Board issued 14,750,000 new convertible notes and bought back, on market, 3,750,000. A total of 13 million ordinary shares were also bought back in 2014. There are no plans to distribute dividends in the next year.

The Consolidated Entity is not subject to any externally imposed capital requirements.

Management monitor capital by reviewing the level of cash on hand, future revenue streams from oil and gas reserves and assessing the impact of possible future commitments in respect of the convertible notes and the potential capital structure that would be required to meet those potential commitments.

	Consolidated 31 December 2014 $'000	Consolidated 31 December 2013 $'000
Total borrowings	50,686	64,975
Less cash and cash equivalents	(14,732)	(4,681)
Net debt (minimum balance is nil)	35,954	60,294
Total equity	2,464	118,360
Total capital	38,418	178,654

NOTE 19 RESERVES

Option reserve	5,883	5,883
Convertible Note reserve	3,934	2,901
FX Translation reserve	15,803	761
AFS Reserve	-	-
	25,620	9,545

NOTE 19 RESERVES (CONT.)

Nature and purpose of reserves:

Option reserve

The option reserve is used to record the value of share based payments provided to Key Management Personnel, as part of their remuneration. There were no options on issue or issued in 2013 or 2014.

Convertible Note reserve

The convertible note reserve is used to record the equity portion of convertible notes issued by the Company.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the conversion of the financial statement of foreign subsidiaries.

AFS financial assets reserve

Available for sale financial assets reserve is used to record fair value differences in available for sale financial assets until they are disposed of.

	Consolidated			
	Number	**31 December 2014 $'000**	**Number**	**31 December 2013 $'000**
Movement in Option reserve				
Beginning of the period	-	5,883	-	5,807
Movement	-	-	-	76
End of the period	-	5,883	-	5,883
Movement in Convertible Note reserve				
Beginning of the period	15,000,000	2,901	7,018,000	1,755
Issue of convertible notes	14,750,000	1,119	7,982,000	1,146
Buy back of convertible notes	(3,750,000)	(86)	-	-
End of the period	26,000,000	3,934	15,000,000	2,901
Movement in FX Translation reserve				
Beginning of the period		761		(16,005)
Translation of foreign currency		15,042		16,766
End of the period		15,803		761
Movement in AFS financial assets reserve				
Beginning of the period		-		-
Decrement in AFS fair value		53,594		-
Impairment of AFS financial asset		(53,594)		-
End of the period		-		-
		25,620		**9,545**

NOTE 20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Overview

The Company and the Consolidated Entity have exposure to the following risks from their use of financial instruments:

a) market risk;

b) liquidity risk; and

c) credit risk.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the Audit and Compliance Committee, which is responsible for developing and monitoring risk management policies.

The Consolidate Entity's principal financial instruments comprise cash and short-term deposits and convertible notes.

The main purpose of these financial instruments is to provide working capital for the Consolidated Entity's operations.

The Consolidated Entity's has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations.

Throughout the period under review, the Consolidated Entity's policy is that no trading in financial instruments shall be undertaken.

The main risks arising from the Consolidated Entity's financial instruments are market risk (which includes interest rate risk, foreign currency risk and commodity risk), liquidity risk and credit risk. The Board reviews and agrees on policies for managing each of these risks and they are summarised below:

NOTE 20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT.)

a) Market risk

Equity price risk

At balance date the Consolidated Entity's exposure to equity price risk for changes in equity price relates primarily to the Company's available for sale financial assets.

The Board manages the potential risk by monitoring and stress testing the Consolidated Entity's forecast financial position to sustained periods of low and high equity prices. During the year to 31 December 2014 and 31 December 2013 no forward contracts were entered into and there were no open positions at 31 December 2014 or 31 December 2013.

At balance date, the Consolidated Entity had the following financial assets and liabilities exposed to variable equity prices that are not designated in cash flow hedges:

	Consolidated	
	31 December 2014 $'000	**31 December 2013 $'000**
Financial Assets		
Available for sale financial assets	36,698	-
Net exposure	**36,698**	**-**

The following sensitivity analysis is based on the equity price risk exposures in existence at the balance sheet date. The 20.0% sensitivity is based on reasonably possible changes, over a financial year, using an observed range of historical price movements.

In the year to 31 December 2014 if equity prices had moved as illustrated in the table below, with all other variables held constant, the post tax result relating to financial assets of the Consolidated Entity would have been affected as follows:

	Consolidated	
	31 December 2014 $'000	**31 December 2013 $'000**
Judgements of reasonably possible movements:		
Post tax profit – higher/(lower)		
+20.0% (2013: +20.0% per annum)	-	-
-20.0% (2013: -20.0% per annum)	(3,336)	-
Equity – higher/(lower)		
+20.0% (2013: +20.0% per annum)	3,670	-
-20.0% (2013: -20.0% per annum)	-	-

Interest rate risk

At balance date the Consolidated Entity's exposure to market risk for changes in interest rates relates primarily to the Company's short-term cash deposits and the term debt borrowing facility. The Consolidated Entity is not exposed to cash flow volatility from interest rate changes on the convertible notes as they carry a fixed rate of interest of 10% per annum.

The Consolidated Entity constantly analyses its exposure to interest rates, with consideration given to potential renewal of existing positions, the mix of fixed and variable interest rates and the period to which deposits may be fixed.

The Group's policy is to select the most cost efficient mix of fixed and variable rate debt.

At balance date, the Consolidated Entity had the following financial assets and liabilities exposed to variable interest rates that are not designated in cash flow hedges:

	Consolidated	
	31 December 2014 $'000	**31 December 2013 $'000**
Financial Assets – interest bearing		
Cash and cash equivalents	14,732	4,681
Financial Liabilities – interest bearing		
US$200 million term debt facility	-	(36,386)
Net exposure	**14,732**	**(31,705)**

NOTE 20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT.)

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date. The 1.0% sensitivity is based on reasonably possible changes, over a financial year, using an observed range of historical short term deposit rate movements over the last 3 years.

In the year to 31 December 2014 if interest rates had moved as illustrated in the table below, with all other variables held constant, the post tax result relating to financial assets of the Consolidated Entity would have been affected as follows:

	Consolidated	
	31 December 2014 $'000	**31 December 2013 $'000**
Judgements of reasonably possible movements:		
Post tax profit – higher/(lower)		
Financial assets		
+1.0% (2013: +1.0% per annum)	147	47
-1.0% (2013: -1.0% per annum)	(147)	(47)
Financial liabilities		
+1.0% (2013: +1.0% per annum)	-	(337)
-1.0% (2013: -1.0% per annum)	-	337

There would have been no other impact on equity (reserves) from movements in interest rates relating to financial assets or liabilities of the Group.

Foreign currency risk

As a result of oil and gas exploration, development and production operations in the USA being denominated in USD, the Consolidated Entity's balance sheet can be affected significantly by movements in the USD/AUD exchange rates. The Company does not hedge this translational risk exposure.

The Consolidated Entity manages its foreign exchange risk by constantly reviewing its exposure to commitments payable in foreign currency and ensuring appropriate cash balances are maintained in United States Dollars, to meet current operational commitments.

At 31 December 2014 and 31 December 2013 the Consolidated Entity had no forward foreign exchange contracts in place.

At 31 December 2014, the Group had no foreign currency exposure, being an exposure to a currency other than a functional currency.

Commodity price risk

The Consolidated Entity is exposed to commodity price fluctuations through the sale of petroleum products denominated in US dollars – specifically the natural gas, condensate and oil prices in the USA.

The Board manages the potential risk by monitoring and stress testing the Consolidated Entity's forecast financial position to sustained periods of low and high commodity prices. During the year to 31 December 2014 and 31 December 2013 no forward contracts were entered into and there were no open positions at 31 December 2014 or 31 December 2013.

The Consolidated Entity did not hold any financial assets and liabilities at 31 December 2014 or 31 December 2013 that would be impacted by a change in commodity price.

(b) Liquidity risk

The Consolidated Entity's objective is to maintain a balance between continuity of funding and flexibility through the use of its cash and funding alternatives.

The Consolidated Entity manages liquidity risk by maintaining adequate banking and borrowing facilities through the monitoring of future rolling cash flow forecasts of its operations, which reflect management's expectations of the settlement of financial assets and liabilities.

Management of liquidity has been discussed in note 1(a) of these financial statements.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of any netting agreements.

	Consolidated	
	31 December 2014 $'000	**31 December 2013 $'000**
0 – 6 months	4,314	19,013
6 – 12 months	49,894	29,796
1 – 5 years	-	42,257
	54,208	91,066

NOTE 20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT.)

The following table discloses maturity analysis of financial assets and liabilities based on management expectation:

Consolidated as at 31 December 2014	≤ 6 months $'000	6 – 12 months $'000	1 – 5 years $'000	> 5 years $'000s	Total $'000
Financial Assets					
Cash and cash equivalents	14,732	-	-	-	14,732
Trade and other receivables	1,865	-	-	-	1,865
	16,597	-	-	-	16,597
Financial Liabilities					
Payables	1,958	-	-	-	1,958
Convertible notes	2,356	49,894	-	-	52,250
	4,314	49,894	-	-	54,208
Net inflow/(outflow)	12,283	(49,894)	-	-	(37,611)

Consolidated as at 31 December 2013	≤ 6 months $'000	6 – 12 months $'000	1 – 5 years $'000	> 5 years $'000s	Total $'000
Financial Assets					
Cash and cash equivalents	4,681	-	-	-	4,681
Trade and other receivables	731	-	-	-	731
	5,412	-	-	-	5,412
Financial Liabilities					
Payables	7,665				7,665
Convertible notes	1,610	1,709	42,257	-	45,576
US$200 million term debt facility	9,738	28,087	-	-	37,825
	19,013	29,796	42,257	-	91,066
Net inflow/(outflow)	(3,601)	(29,796)	(42,257)	-	(85,654)

(c) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Consolidated Entity.

Credit risk arises from the financial assets of the Consolidated Entity, which comprise cash and cash equivalents, trade and other receivables and other financial assets. The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Consolidated Entity's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained. Exposure at balance date is addressed in each applicable note.

The Consolidated Entity does not hold any credit derivatives to offset its credit exposure.

The Consolidated Entity trades only with recognised, creditworthy third parties and has adopted a policy of dealing with creditworthy counterparts and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

Receivable balances are monitored on an ongoing basis with the result that the Consolidated Entity's exposure to bad debts is not significant.

Specific concentration of credit risk exists primarily within cash and cash equivalents and trade receivables in respect of receivables due from joint venture operators for the Consolidated Entity's share of proceeds from the sale of oil and gas by the operator, as well as cash held by joint venture operations in advance of operations being performed.

As at 31 December 2014 all trade receivables and other receivables relating to cash held in advance of operations were receivable from joint operations operators who have no history of credit default with the Consolidated Entity, and no allowance for impairment is considered necessary for potential default.

Other than the concentration of credit risk described above, the consolidated entity does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The carrying amount of financial assets recorded in the financial statements, net of any allowance for impairment losses, represents the consolidated entity's maximum exposure to credit risk.

(d) Fair Value

All assets and liabilities for which fair value is disclosed in the financial statements are categorised within the fair value hierarchy, described below as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The Directors consider that the carrying amount of the financial assets, available for sale financial assets and liabilities recorded in the financial statements approximate their fair values except for the convertible notes.

The fair value of convertible notes we determined with reference to the closing market price on 31 December 2014. The fair value of the financial liability was $2.00 per note (quote price less option value, level 2) which equates to a total fair value of $52,000,000 compared to the carrying value of $50,686,150 (2013: fair value $31,500,000, carrying value $28,588,637).

NOTE 21 COMMITMENTS FOR EXPENDITURE AND CONTINGENCIES

There are no outstanding commitments or contingent liabilities not provided for in the financial statements of the Consolidated Entity as at 31 December 2014.

NOTE 22 INTEREST IN JOINT OPERATIONS

(ii) At 31 December 2014 the Consolidated Entity held the following interests in oil and gas production and exploration joint operations:

Joint Operations	**Working Interest**	
	31 Dec 2014	**31 Dec 2013**
Oyster Creek – Texas	67.5%	67.50%
Alamo – Texas	-	50.00%
Cottonwood – Texas	-	50.00%
Jewell Williams – Texas	-	20.00%
Levy – Texas	-	97.00%
Live Oak – Texas	-	50.00%
Lloyd SWD – Texas	-	90.50%
Lonestar – Texas	-	50.00%
McCann – Texas	-	50.00%
Mesquite – Texas	-	50.00%
Nichols – Texas	-	48.50%
Paloma – Texas	-	97.00%
Pecan – Texas	-	50.00%
Ray – Texas	-	97.00%
Thomas – Texas	-	97.00%
Big Star – Simmons Prospect – Texas	72.0%	72.00%

(iii) Principal activities of joint operations

Petroleum exploration and production is the principal activity of all of the joint ventures that the Consolidated Entity is a participant in at 31 December 2014. All joint operations are located onshore Texas, USA.

NOTE 23 RELATED PARTY DISCLOSURES

(i) ULTIMATE PARENT
Antares Energy Limited is the ultimate parent company.

(ii) CONSOLIDATED ENTITY
At year end the Consolidated Entity consisted of the subsidiaries listed in the following table:

	Country of Incorporation	Class of Share	Equity interest 31 December 2014	31 December 2013
Controlled entities of Antares Energy Limited:				
Santa Energy Pty Ltd	Australia	Ord Shares	100%	100%
Controlled entities of Santa Energy Pty Ltd:				
Antares Energy Company	USA	Common Stock	100%	100%

There are no restrictions on access to assets and liabilities of the subsidiaries

NOTE 24 EVENTS AFTER THE BALANCE SHEET DATE

The share price of Breitburn Energy Partners LP has fallen approximately 21% from December 2014 to 30 March 2015. In AUD this represents a reduction in its carrying value of $5.3 million.

An additional 500,000 ordinary shares and 2,250,000 convertible notes were bought back between 1 January 2015 and 31 March 2015.

NOTE 25 AUDITOR'S REMUNERATION

The auditor of Antares Energy Limited is Ernst & Young.

	Consolidated 31 December 2014 $'000	31 December 2013 $'000
Amounts received or due and receivable by Ernst & Young Australia in relation to the entity or any other entity in the Consolidated Entity:		
- an audit or review of the financial report	126	120
- tax and compliance services	16	18
- other services	-	-
	142	138

NOTE 26 DIRECTOR AND EXECUTIVE DISCLOSURES

(a) Details of Key Management Personnel

Directors

J.A. Cruickshank	Chairman, Managing Director and Chief Executive Officer
G.D. Shoemaker	Director and Chief Scientist
V.A. McAppion	Director – Finance & Administration Manager
M.G. Clohessy	Non-Executive Director
K.L. Roach	Director and General Counsel and Chief Administrative Officer – resigned April 2014

There were no other changes in the key management personnel between the end of the financial year and the date of this report.

(b) Remuneration of Key Management Personnel

(i) Compensation by Category: Key Management Personnel

	Consolidated 2014 $	2013 $
Short-Term	2,053,205	2,034,036
Post Employment	26,860	24,506
Long-Term	77,938	23,444
Share-based Payments	-	76,362
	2,158,003	2,158,348

(ii) Loans to Key Management Personnel

During the year ended 31 December 2010 an interest free loan was provided to a Director (J.A. Cruickshank; $731,528), repayable on demand if the Director ceases employment with Antares or ceases to be located in Dallas, Texas. The Board considers the benefit reasonable remuneration within the meaning of Section 211 of the Corporations Act. The loan remains outstanding as at 31 December 2014 (2013: $670,540). The benefit to J.A. Cruickshank of having an interest free loan is $23,482 for the year ending 31 December 2014.

(iii) Other transactions and balances with Key Management Personnel

During the year ended 31 December 2014 and the year ended 31 December 2013 there were no transactions with Key Management Personnel other than those described above. At 31 December 2014 and 31 December 2013 there were no balances outstanding in relation to Key Management Personnel other than those described above and in the Remuneration Report.

NOTE 27 SHARE OPTIONS & PERFORMANCE RIGHTS

Share options

The parent entity has not granted any options during 2014. At balance date there were no options outstanding.

Performance Rights

At the Company's annual general meeting in 2010, shareholders approved Performance Rights Plans. Under the plans the Board can determine the number of rights to be issued and the performance hurdles and performance period that govern the vesting of the rights. The rights are provided at no cost to the employee and a vested right can be exercised by the holder for nil consideration. The performance rights have a service condition attached whereby performance rights are forfeited if a performance rights holder is no longer an employee.

NOTE 27 SHARE OPTIONS & PERFORMANCE RIGHTS (CONT.)

As at 31 December 2014 there was no series of performance rights remaining.

	31 December 2014	31 December 2013
Reconciliation of performance rights:		
Balance at beginning of period	-	2,500,000
- granted	-	-
- lapsed	-	(2,500,000)
- exercised	-	-
Balance at end of period	-	-
Exercisable at end of period (i.e. vested)	-	-

NOTE 28 PARENT ENTITY INFORMATION

The following information relates to the parent entity, Antares Energy Limited, at 31 December 2014. The information presented here has been prepared using accounting policies consistent with those presented in note 1.

	31 December 2014 $'000	31 December 2013 $'000
Current assets	9,288	3,113
Non-current assets	47,120	105,449
Total assets	56,408	108,562
Current liabilities	53,944	858
Non-current liabilities	-	28,589
Total liabilities	53,944	29,447
Contributed equity	84,671	89,026
Reserves	8,132	9,276
Accumulated losses	(90,339)	(19,187)
Total equity	2,464	79,115
Profit / (Loss) for the year	(71,643)	6,656
Total comprehensive profit / (loss) for the year	(71,643)	6,656

ANTARES ENERGY LIMITED

ABN 75 009 230 835

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Antares Energy Limited, I state that:

(1) In the opinion of the directors:

(a) the financial statements and notes of Antares Energy Limited for the financial year ended 31 December 2014 are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of its financial position as at 31 December 2014 and performance for the year ended on that date; and

(ii) complying with Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 1(b); and

(c) subject to the matters described in note 1(a), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(2) This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 31 December 2014.

On behalf of the Board.

J.A. CRUICKSHANK
Chairman

Subiaco, Western Australia

Building a better working world

Ernst & Young
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Independent auditor's report to the members of Antares Energy Limited

Report on the financial report

We have audited the accompanying financial report of Antares Energy Limited, which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the period's end or from time to time during the financial period.

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 controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

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

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

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

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Opinion

In our opinion:

a. the financial report of Antares 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 31 December 2014 and of its performance for the year then ended; 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(a).

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 1(a) in the financial report. The matters set forth in Note 1(a), indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern, and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 31 December 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 Antares Energy Limited for the year ended 31 December 2014 complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Gavin Buckingham

Gavin Buckingham
Partner
Perth
31 March 2015

SHAREHOLDER INFORMATION
AS AT 25 MARCH 2015

Ordinary Shares

(a) Twenty Largest Shareholders

Rank	Holder Name	Securities	%
1	J P MORGAN NOMINEES AUST LTD	38,212,057	15.82%
2	HSBC CUSTODY NOMINEES AUST LIMITED	34,723,958	14.38%
3	JAMES ANDREW CRUICKSHANK	10,500,000	4.35%
4	CITICORP NOMINEES PTY LTD	10,453,706	4.33%
5	NATIONAL NOMINEES LTD	6,747,410	2.79%
6	ESSENTIAL FAITH PTY LTD	3,500,001	1.45%
7	TANGLED-BLUE INVESTMENTS PTY LTD	3,236,255	1.34%
8	YANDAL INVESTMENTS PTY LTD	2,988,006	1.24%
9	MARK CLOHESSY	2,865,000	1.19%
10	JOHJAM PL	2,795,000	1.16%
11	WESTBLOCK SVCS PL	1,938,334	0.80%
12	RODNEY ALEXANDER SHEA	1,797,000	0.74%
13	KAYSU HLDGS NO 2 PTY LTD	1,752,882	0.73%
14	KILLAWARRA PTY LTD	1,700,000	0.70%
15	ENERVIEW PTY LTD	1,550,000	0.64%
16	ONE MANAGED INV FUNDS LTD	1,513,725	0.63%
17	KERR-SHEPPARD JONATHAN B	1,500,000	0.62%
18	DARTALE PTY LTD	1,300,000	0.54%
19	WHITEHALL SEC PTY LTD	1,300,000	0.54%
20	RUSSO SUPER QLD PTY LTD	1,275,000	0.53%
		131,648,334	54.52%

(b) Distribution of Shareholdings

Spread of Holdings	Holders	Securities	% of Issued Capital
NIL holding	0	0	0.00%
1 - 1,000	992	318,207	0.13%
1,001 - 5,000	1,091	3,168,543	1.31%
5,001 - 10,000	636	5,259,966	2.18%
10,001 - 100,000	1,162	37,173,474	15.39%
100,001 - 9,999,999	216	195,579,810	80.99%
TOTAL ON REGISTER	4,097	241,500,000	

(c) Substantial Shareholders	**Number of Shares**	**% of Issued Shares**
J P Morgan Nominees Aust Ltd	38,212,057	15.82%
HSBC Custody Nominees Aust Ltd	34,723,958	14.38%

(d) Unmarketable Parcels
There were 1,708 members holding less than a marketable parcel of shares in the Company.

(e) Voting Rights
Voting rights of members are governed by the Company's Constitution. In summary, on a show of hands, every member present in person or by proxy shall have one vote and in the event of a poll every such member shall be entitled to one vote for each ordinary fully paid share held.

(f) Exchanges
Antares Energy Limited is listed on the Australian Securities Exchange. Ordinary shares are listed under the AZZ code.

(g) On-market Share Buy-back
In the period from 1 January 2014 to 28 February 2015 the Company bought back 13,500,000 shares on-market.

Convertible Notes

(a) Twenty Largest Convertible Note Holders

Rank	Holder Name	Securities	%
1	HSBC CUSTODY NOMINEES AUST LIMITED	7,365,200	31.01%
2	UBS NOMINEES PTY LTD	2,388,098	10.06%
3	CITICORP NOMINEES PTY LTD	1,110,000	4.67%
4	V S I HARDWARE PTY LTD	870,000	3.66%
5	AUST EXECUTOR TRUSTEES LTD	780,032	3.28%
6	SEYMA LEDERMAN PRIVATE AN	750,000	3.16%
7	BERGER GABRIEL	404,000	1.70%
8	BERGER EQUITIES PTY LTD	383,500	1.61%
9	JILLIBY PL	375,000	1.58%
10	JAMES IAN DRYSDALE	250,000	1.05%
11	MICHAEL EDWARD CONSTABLE	178,000	0.75%
12	AUST EXECUTOR TTEES LTD	170,448	0.72%
13	DUE DI DUE PTY LTD	150,000	0.63%
14	JOHN MATTHEW ROGAN	150,000	0.63%
15	CORINNE CALVERT PTY LTD	150,000	0.63%
16	JAMES WAYNE R + C M	150,000	0.63%
17	RIJEAN PTY LTD	149,461	0.63%
18	TEO YEE TECK	140,000	0.59%
19	RUTTEN JAKE JOHN + D A	131,000	0.55%
20	BRISAN PROJECTS PTY LTD	125,000	0.53%
		16,169,739	68.07%

(b) Distribution of Convertible Note Holdings

Spread of Holdings	Holders	Securities	% of Issued Capital
NIL holding	0	0	0.00%
1 - 1,000	9	6,649	0.03%
1,001 - 5,000	87	304,873	1.28%
5,001 - 10,000	41	350,092	1.47%
10,001 - 100,000	200	6,686,647	28.15%
100,001 - 9,999,999	22	16,401,739	69.06%
TOTAL ON REGISTER	359	23,750,000	

(c) Voting Rights

Except as required by the Corporations Act, the Notes do not carry any right, and the Noteholders, in that capacity, do not have any right to vote at any general meeting of the Company.

(d) Exchanges

Antares Energy Limited Convertible Notes are listed on the Australian Securities Exchange under the code AZZG.

(c) On-market Share Buy-back

In the period from 1 January 2014 to 28 February 2015 the Company bought back 6,000,000 notes on-market.

LIST OF INTERESTS

AS AT 25 MARCH 2015

USA

Project Name	County/State	Well Name	% Interest
Oyster Creek	Brazoria/TX	Harrison 2	67.50
Big Star	Dawson/TX	Cline 46-1	100.00
		Esmond 20-1	100.00
		Simmons 27-2	72.00
		Stuart 12-1	100.00
		Woodward 7-1	100.00
Northern Star	Dawson/TX	Archer 16-1	100.00
		Cozart A-1	100.00
		Cozart 11-1	100.00
		Cozart 19-1	100.00
		Debnam 22-1	100.00
		Pettaway 7-1	100.00
Hawkville	McMullen/TX	Donnell 457 1&2	0.1250
(ORRI Only)		Donnell C-1H	0.99345
		Donnell C-2H	1.06537
		Donnell-Mulholland Unit 1&2	0.059553

ANNUAL GENERAL MEETING

The Annual General Meeting of Antares Energy Limited will be held at 3.00pm on Thursday, 7 May 2015 at Parmelia Hilton Perth, 14 Mill Street, Perth, Western Australia, 6000.