



ANTARES ENERGY LIMITED

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27 October 2015

QUARTERLY ACTIVITY REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2015

Highlights:

- 1. Northern Star Purchase and Sale agreement in the amount of 148,788,560 USD**
- 2. Big Star Purchase and Sale agreement in the amount of 105,069,420 USD**

ACTIVITY REPORT
FOR THE QUARTER ENDED 30 SEPTEMBER 2015

During the quarter ended 30 September 2015 Antares Energy Company entered into two Purchase and Sale agreements, for its Northern Star asset, 148,788,560 USD and its Big Star asset, 105,069,420 USD.

Antares is progressing the sale of the assets whilst continuing to manage the Northern Star and Big Star field operations in a prudent manner. As with all transactions of this nature, completion remains subject to closing risks but the parties are working co-operatively towards completion of the transactions.

As previously disclosed, if both sale transactions are completed, the sale of Northern Star and Big Star will result in Antares receiving gross pretax proceeds from the transactions of approximately 250,000,000 USD, subject to customary closing adjustments and estimated taxation and frictional costs of approximately \$70,000,000 USD.

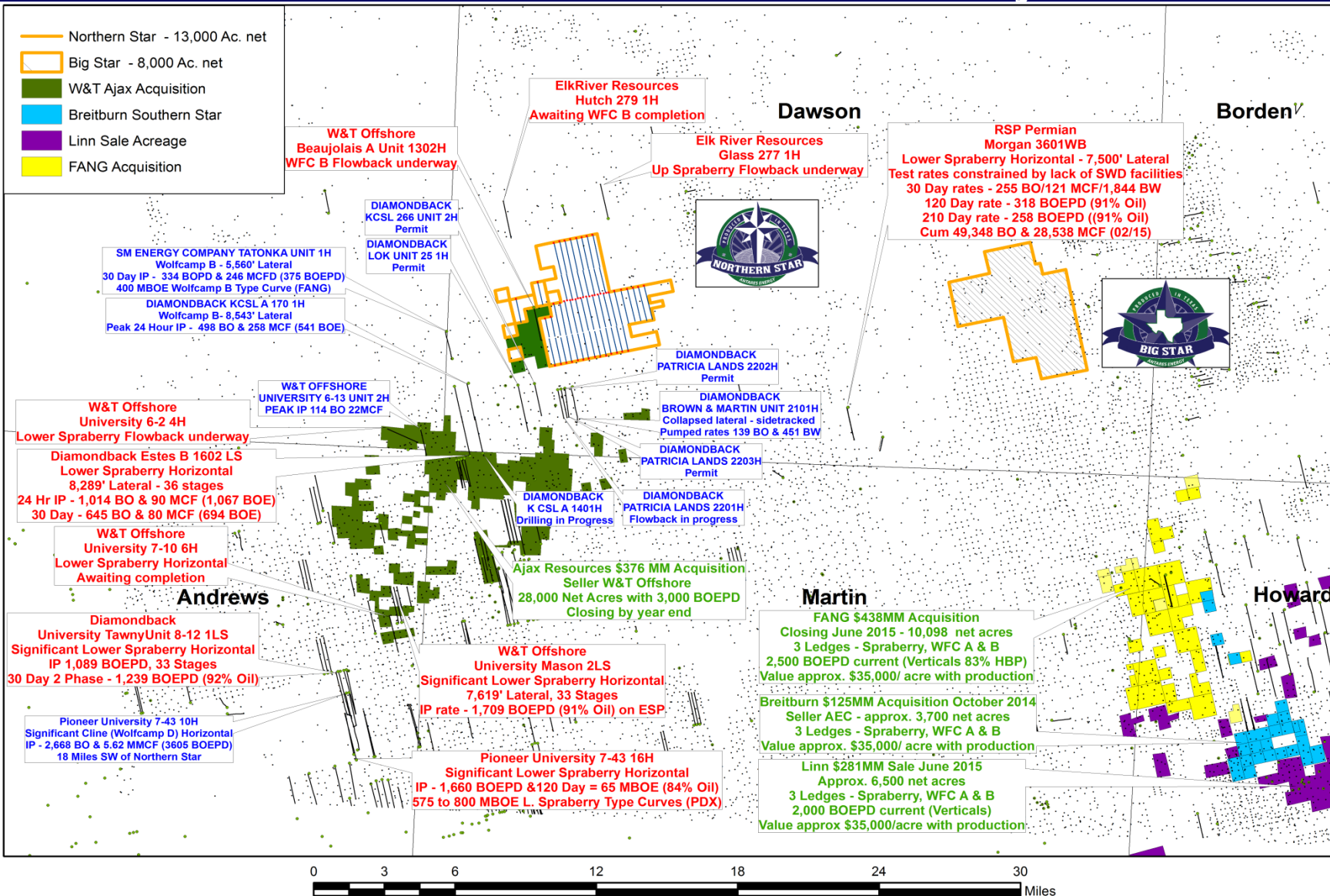
Antares notes that W&T has announced the closing of the sale of their Yellow Rose Field in the Permian Basin to the Private Equity funded entity established for the transaction being Ajax Resources. This transaction in the amount of 376,000,000 USD represented approximately \$14,500 per acre. This transaction adjoins the Westin boundary of our Northern Star project.

As announced on 8 October 2015, Antares has convened a meeting of convertible noteholders to be held at 10:00am WST on 30 October 2015. The Noteholder Meeting seeks Noteholder approval to amend the reset date of the Notes to 31 March 2016.

The Directors of Antares encourage Noteholders to vote in favour of Resolution 1 to extend the reset date at the Noteholder Meeting to allow Antares sufficient opportunity to progress the current sale process being conducted in respect of its Northern Star and Big Star projects.

For further information please contact:
James Cruickshank
Chairman & CEO
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or + (1) 214 762 2202

AEC Project Areas – Significant Horizontals & Recent M&A Activity



AEC Northern Star - Recent M&A Activity

Ajax Resources \$376MM

Ajax Resources and Kelso Announce Acquisition of Permian Basin Assets from W&T Offshore

Jefferies served as sole M&A advisor and as lead financial advisor to Ajax and Kelso, respectively

AJAX RESOURCES, LLC

KELSO

W&T OFFSHORE

September 2015
Pending

AJAX RESOURCES, LLC

KELSO

\$376,000,000

Acquisition of Permian assets from
W&T Offshore Inc.
Sole M&A Advisor

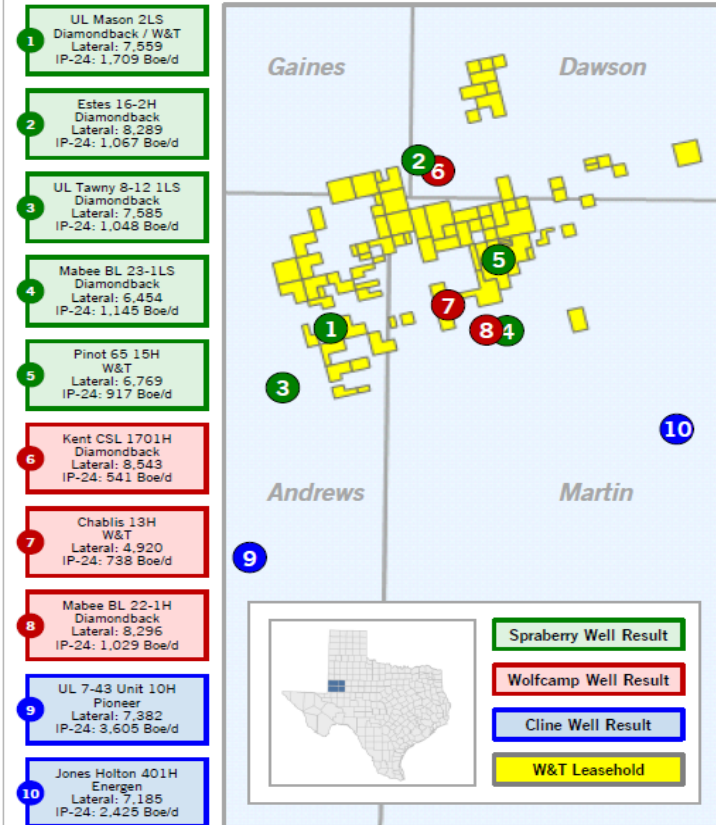
Transaction Summary

- On September 1, 2015, Ajax Resources, LLC ("Ajax") and affiliates of Kelso & Company ("Kelso") announced that they had entered into a definitive agreement with W&T Offshore, Inc. ("W&T") to acquire W&T's interest in the Yellow Rose field in the Permian Basin
 - Gross pre-tax proceeds from the transaction are expected to be approximately \$376 Million, subject to customary closing adjustments
 - W&T will also retain a one to four percent sliding scale overriding royalty interest in the field
- Key attributes of W&T's interests in the Yellow Rose field:
 - Approximately 25,800 net acres in Andrews, Martin, Gaines and Dawson counties
 - 3.0 MBoe/d of net production as of July 2015
 - Acreage position is 90% HBP with significant existing infrastructure in-place to support future development
- Ajax is a newly-formed, Houston-based oil and gas company backed by Kelso, established to acquire W&T's Permian Basin assets

Transaction Highlights

- Ajax is well-capitalized with a flexible capital structure and substantial dry powder to optimally develop its leasehold position
- Allows Ajax and Kelso to enter one of the most prolific oil basins in the U.S. with a substantial acreage footprint that has been well delineated by offset operators
- Opportunity provides Ajax and Kelso significant resource potential in multiple stacked pay horizontal drilling zones

Activity Map



Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

ANTARES ENERGY LIMITED

ABN

75 009 230 835

Quarter ended ("current quarter")

30 September 2015

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	403	1,069
1.2 Payments for (a) exploration & evaluation	(1,826)	(2,814)
(b) development	-	(669)
(c) production	(31)	(199)
(d) administration	(847)	(2,852)
1.3 Dividends received	767	2,875
1.4 Interest and other items of a similar nature received	5	32
1.5 Interest and other costs of finance paid	(1,197)	(3,553)
1.6 Income taxes paid	-	1,316
1.7 Other:-		
Texas Franchise Tax	-	-
Withholding Tax	-	-
Net Operating Cash Flows	(2,726)	(4,795)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	(393)	(2,345)
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	(393)	(2,345)
1.13 Total operating and investing cash flows (carried forward)	(3,119)	(7,140)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(3,119)	(7,140)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)		
	• Share issue transaction costs	-	-
	• Share buy-back	(48)	(234)
	• Convertible Note buy-back	-	(4,378)
	• Frictional costs	-	-
	Net financing cash flows	(48)	(4,612)
	Net increase (decrease) in cash held	(3,167)	(11,752)
1.20	Cash at beginning of quarter/year to date	6,998	14,732
1.21	Exchange rate adjustments to item 1.20	574	1,425
1.22	Cash at end of quarter	4,405	4,405

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	(527)
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Item 1.23 includes aggregate amounts paid to directors including salary, directors' fees and superannuation.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available US\$'000	Amount used US\$'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements:- Antares Energy has renewed its 200,000,000 USD term debt facility for a 5 year period at an interest rate of LIBOR plus 4.0 percent with Macquarie Bank Limited.	US\$200,000	US Nil

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	125
4.2 Development	250
4.3 Production	125
4.4 Administration	500
Total	1,000

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	10	820
5.2 Deposits at call	4,395	6,178
5.3 Bank overdraft	-	-
5.4 Other (provide details):Escrow for convertible notes not issued as at 30 June 2014	-	-
Total: cash at end of quarter (item 1.22)	4,405	6,998

+ See chapter 19 for defined terms.

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	Big Star Project Relinquished /Lapsed 416 Acres		
6.2	Interests in mining tenements acquired or increased	Big Star Project Acquired/Increased 656 Acres	9,666	9,906

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>	Nil			
7.2 Changes during quarter				
(a) Increases through issues	Nil			
(b) Decreases through returns of capital, buy-backs, redemptions	Nil			
7.3 +Ordinary securities	240,000,000	240,000,000		Fully paid
7.4 Changes during quarter				
(a) Increases through issues	Nil			
(b) Decreases through buy-backs	(475,760)			
7.5 +Convertible debt securities*	23,750,000	23,750,000	\$2.00	Fully paid
7.6 Changes during quarter				
(a) Increases through issues	Nil			
(b) Decreases through buy-backs	Nil			
7.7 Performance Rights	Nil	Nil	Exercise price Nil	Expiry date N/A
7.8 Issued during quarter	Nil			
7.9 Exercised during quarter	Nil			
7.10 Expired during quarter	Nil			
7.11 Debentures <i>(totals only)</i>	Nil			
7.12 Unsecured notes <i>(totals only)</i>	Nil			

* Effective 12 July 2013 - Convertible at a rate of 1:3. Interest paid at 10% quarterly in arrears. Expiry date is 30 October 2023. The notes can be converted to ordinary shares at any time.

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does /does not* (*delete one*) give a true and fair view of the matters disclosed.

Sign here: Date: **27 October 2015**
(Director)

Print name: Vicky McAppion

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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**CHANGE IN TENEMENT HOLDINGS
FOR THE QUARTER ENDING 30 SEPTEMBER 2015**

USA - Wells

Project Name	County/State	Well Name	% Interest	% Interest Acquired/Increased During the Quarter	% Interest Disposed During the Quarter
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 (ORRI Only)	McMullen/TX	Donnell 457-1H	0.12500		
		Donnell C-1H	0.99345		
		Donnell C-2H	1.06054		
		Donnell-Mulholland #1	0.059553		
		Donnell-Mulholland #2	0.059553		

USA - Areas of Interest

Project Name	County/State	Notes		
Oyster Creek	Brazoria/TX			
Hawkville	McMullen/TX	ORRI Interest only		
Northern Star	Dawson/TX			
Big Star	Dawson/TX			