



6 March 2015

Company Announcements  
ASX Limited  
Electronic Lodgement

**ANNOUNCEMENT TO AUSTRALIAN SECURITIES EXCHANGE**  
**FROM PAWNEE ENERGY LIMITED (FORMERLY ISLAND SKY AUSTRALIA LTD)**

**Appendix 4E**  
**Preliminary final report for the period ending 31 December 2014**

The following information is provided to ASX under listing rule 4.3A.

**1. Reporting period**

- a. Current Period: 12 months ended 31 December 2014
- b. Prior Period: 12 months ended 31 December 2013

**2. Results for announcement to the market**

	Item		Change \$	% Change		31 December 2014
Revenue – excluding interest received (continued operations)	2.1	No change	Not Applicable	Not Applicable		Not Applicable-
Profit/(Loss) after tax attributable to members	2.2	up	316,534	54.91%		(234,065)
Net Profit/(Loss) attributable to members	2.3	up	316,534	54.91%		(234,065)
Dividend	2.4	The Board is not proposing any dividend for the 2014 or 2013 financial year.				

---

Registered Office

Level 3, 100 Pirie Street, Adelaide SA 5000

t +61 8 8232 2550 f +61 8 8232 2540

The record date for determining entitlements to the dividend	2.5	N/A
Explanatory information	2.6	Please see comments below together with the attached Preliminary Financial Report 2014 for an explanation of the figures in 2.1 to 2.4

## 2.7 Net tangible assets per security

	<b>31 December 2014</b>	<b>31 December 2013</b>
Number of securities	7,428,340	371,412,496
Net tangible assets per security	\$0.0467	\$0.0016

The 2014 financial results report a loss of \$234,065.

## **AUDIT STATUS**

The Preliminary Final Report 2014 is based upon unaudited accounts that have been prepared by management. The annual audit has not been finalised.

Yours faithfully



David Lindh  
Director



(formerly Island Sky Australia Limited)

**ABN 73 122 948 805**

## **PRELIMINARY FINANCIAL REPORT 2014**

**CONTENTS**

Statement of profit or loss and other comprehensive income	3
Statement of financial position	4
Statement of changes in equity	5
Statement of cash flows	6
Notes to the financial statements	7

# Pawnee Energy Limited

ABN 73 122 948 805

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 \$	2013 \$
Other income	2	37,084	63,573
Occupancy	2	-	-
Administration	2	(80,103)	(120,974)
Professional fees	2	(44,488)	(244,632)
Other expenses	2	(145,656)	(216,811)
Impairment in investment in associate	2	-	-
Finance costs	2	(902)	(347)
(Loss) before income tax		(234,065)	(519,188)
Income tax expense	3	-	-
(Loss) / Profit for the year		(234,065)	(519,188)
<b>Other comprehensive income</b>			
<i>Items that may subsequently be reclassified to profit or loss:</i>			
Foreign Currency Translation Adjustment (loss)		-	-
Total comprehensive loss for the year		(234,065)	(519,188)
Profit attributable to:			
Members of the company		(234,065)	(519,188)
Total comprehensive income attributable to members of the company:		(234,065)	(519,188)
<b>Earnings per share for loss from continuing operations attributable to the ordinary equity holders of the company:</b>			
Basic earnings per share from continuing operations (cents per share)	7	(1.345)	(0.173)
Diluted earnings per share from continuing operations (cents per share)	7	(1.345)	(0.173)
<b>Earnings per share for loss from discontinued operations attributable to the ordinary equity holders of the company:</b>			
Basic earnings per share from discontinued operations (cents per share)	7	-	-
Diluted earnings per share from discontinued operations (cents per share)	7	-	-

The accompanying notes form part of these financial statements.

**Pawnee Energy Limited**  
**ABN 73 122 948 805**

**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014**

	Note	2014 \$	2013 \$
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	7	580	35,013
Trade and other receivables	8	1,056,181	1,021,221
<b>TOTAL CURRENT ASSETS</b>		<b>1,056,761</b>	<b>1,056,234</b>
NON-CURRENT ASSETS			
Trade and other receivables	8	-	-
Investment in associate	9	-	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>		<b>1,056,761</b>	<b>1,056,234</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	709,560	474,968
<b>TOTAL CURRENT LIABILITIES</b>		<b>709,560</b>	<b>474,968</b>
<b>TOTAL LIABILITIES</b>		<b>709,560</b>	<b>474,968</b>
<b>NET ASSETS</b>		<b>347,201</b>	<b>518,266</b>
<b>EQUITY</b>			
Issued capital	11	12,739,687	12,739,687
Reserves	12	82,626	82,626
Retained losses		(12,475,112)	(12,241,047)
<b>TOTAL EQUITY</b>		<b>347,201</b>	<b>518,266</b>

The accompanying notes form part of these financial statements.

**Pawnee Energy Limited**  
**ABN 73 122 948 805**

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	Share Capital Ordinary \$	Foreign currency translation reserve \$	Share Based Payment Reserve \$	Retained Losses \$	Total \$
<b>Balance at 1 January 2013</b>		<b>12,315,716</b>	<b>-</b>	<b>82,626</b>	<b>(11,721,859)</b>	<b>676,483</b>
Shares issued during the year		423,971				(423,971)
Total comprehensive income for the year		-		-	(519,188)	(519,188)
<b>Balance at 31 December 2013</b>		<b>12,739,687</b>	<b>-</b>	<b>82,626</b>	<b>(12,241,047)</b>	<b>581,266</b>
Shares issued during the year	11	-	-	-	-	
Total comprehensive income for the year		-	-	-	(234,065)	(234,065)
<b>Balance at 31 December 2014</b>		<b>12,739,687</b>	<b>-</b>	<b>82,626</b>	<b>(12,475,112)</b>	<b>347,201</b>

The accompanying notes form part of these financial statements.

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2014**

**Note**

**Pawnee Energy Limited**  
**ABN 73 122 948 805**

		<b>2014</b>	<b>2013</b>
		<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Payments to suppliers and employees		(181,447)	(70,740)
Interest received		14	339
Finance costs		-	-
Net cash (used in) operating activities	14	(181,433)	(70,401)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Deposit paid for oil and gas licences in the USA		-	(113,895)
Net cash (used in)/provided by investing activities		-	(113,895)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		-	175,421
Proceeds from Director Loans		147,000	
Net cash provided by financing activities		147,000	175,421
Net (decrease) in cash held		(34,433)	(8,875)
Cash at beginning of financial year		35,013	43,888
Effect of exchange rates on cash holdings in foreign currencies		-	-
Cash at end of financial year	7	580	35,013

The accompanying notes form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

This financial report includes the financial statements and notes of Pawnee Energy Limited (formerly Island Sky Australia Limited).

**Basis of Preparation**

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated. Pawnee Energy Limited is a for-profit company for the purpose of preparing financial statements.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

**Adoption of new and revised accounting standards**

The company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period as shown below.

AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements, AASB 128 Investments in Associates and Joint Ventures, AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards and AASB 2013-10 Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments (effective 1 January 2013)

When these standards were first adopted for the year ended 31 December 2013, there was no impact on the transactions and balances recognised in the financial statements.

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 (effective 1 January 2013)

There was no impact on the amounts recognised in the financial statements but has added additional disclosures in relation assets and liabilities which are measured using fair values.

(iv) Revised AASB 119 Employee Benefits and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)

The company does not have any defined benefit plans. Therefore, these amendments had no impact on the company.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES – CONT**

**Accounting Policies**

**Income Tax**

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

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

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

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

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

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

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

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

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

**Trade and other receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established where there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables.

**Plant and Equipment**

Each class of plant and equipment is carried at historical cost or fair value less, where applicable, any accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES - CONT**

**Plant and Equipment - *cont***

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 company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

**Trade and Other Payables**

These amounts represent liabilities for goods and services provided to the company prior to the period end, which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

**Financial Instruments**

**Recognition and Initial Measurement**

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

Financial instruments are initially measured at fair value plus transaction costs where the instrument is not classified as at fair value through profit and loss. Transactions costs related to instruments classified as at fair value through profit and loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

**Derecognition**

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

**Classification and Subsequent Measurement**

**(i) *Financial assets at fair value through profit or loss***

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

**(ii) *Loans Receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

**(iii) *Held-to-maturity investments***

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold those investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

**(iv) *Available-for-sale financial assets***

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES – CONT**

**(v) *Financial Liabilities***

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

**(vi) *Fair Value***

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

**(vii) *Impairment***

At each reporting date, the company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

**Impairment of Non-financial Assets**

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

Impairment testing is performed annually with intangible assets having an indefinite life.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash generating unit to which the asset belongs.

**Contributed Equity**

Ordinary Shares are classified as equity with incremental costs directly attributable to the issue of new shares and options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are included in the cost of the acquisition as part of the purchase consideration.

**Provisions**

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

**Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

**Revenue**

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

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is stated net of the amount of goods and services tax (GST).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES – CONT**

**Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**Comparative Figures**

When required by accounting standards comparative figures have been adjusted to conform to changes in presentation for the current financial year.

**Critical Accounting Estimates and Judgments**

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

*Key Estimates — Impairment*

The company assesses impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

**Earnings per Share**

**(i) Basic Earnings per Share**

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

**(ii) Diluted Earnings per Share**

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

**Associates and Joint Ventures**

Associates are those entities over which the Company is able to exert significant influence but which are neither subsidiaries nor joint ventures. Investments in associates are initially recognised at cost and subsequently accounted for using the equity method. Any goodwill or fair value adjustment attributable to the Company's share in the associate is not recognised separately and is included in the amount recognised as investment in associates.

The carrying amount of the investments in associates is increased or decreased to recognise the Company's share of the profit or loss and other comprehensive income of the associate, adjusted where necessary to ensure consistency with the accounting policies of the Company.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES – CONT**

Unrealised gains and losses on transactions between the Company and its associates and joint ventures are eliminated to the extent of the Company's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

**Functional and presentation currency translation**

The financial statements are presented in Australian dollars (AUD), which is also the functional currency of the company.

***Foreign currency transactions and balances***

Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the date of the transaction), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

**Loss from discontinued operations**

A discontinued operation is a component of the entity that either has been disposed of, or is classified as held for sale, 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

Profit or loss from discontinued operations in the prior year relate to all operations that have been discontinued by the reporting date for the latest period presented.

**Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the company:**

The accounting standards that have not been early adopted for the year ended 31 December 2014, but will be applicable to the company in future reporting periods, are detailed below. Apart from these standards, other accounting standards that will be applicable in future periods have been reviewed, however they have been considered to be insignificant to the company.

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the company.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES – CONT**

Management anticipates that all of the relevant pronouncements will be adopted in the company's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the company's financial statements is provided below.

Certain other new standards and interpretations have been issued but are not expected to have a material impact on the company's financial statements.

(i) AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) and AASB 2013-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures (effective from 1 January 2015)

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:

- 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; and (2) the characteristics of the contractual cash flows.
- 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 (instead of in profit or loss).
- 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.
- 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.
- 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) and the remaining change is presented in profit or loss.

There will be no impact on the Company's accounting for financial assets or liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Company does not have any such liabilities. The de-recognition rules have been transferred from AASB 139

Financial Instruments: Recognition and Measurement and have not been changed. The Company has not yet decided when to adopt AASB 9.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements

The Standard amends AASB 124 Related Party Disclosures to remove the individual key management personnel (KMP) disclosures required by Australian specific paragraphs. This amendment reflects the AASB's view that these disclosures are more in the nature of governance disclosures that are better dealt within the legislation, rather than by the accounting standards. When these amendments are first adopted for the year ending 31 December 2014, they are unlikely to have any significant impact on the Company.

# Pawnee Energy Limited

ABN 73 122 948 805

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES – CONT

AASB 2013-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities

AASB 2013-3 adds application guidance to AASB 132 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. When AASB 2013-3 is first adopted for the year ended 31 December 2014, there will be no impact on the Company as this standard merely clarifies existing requirements in AASB 132.

(viii) Recoverable Amount Disclosures for Non-Financial Assets (Amendments to AASB 136)

These narrow-scope amendments address disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. When these amendments are adopted for the first time on 1 January 2014, they are unlikely to have any significant impact on the Company given that they are largely of the nature of clarification of existing requirements.

### NOTE 2: (LOSS) FOR THE PERIOD FROM OPERATIONS

	2014 \$	2013 \$
The following revenue and expense items are relevant in explaining the financial performance for the annual period from continuing operations:		
Other income		
Interest from Bank deposits	182	339
Interest from long term receivable	36,888	63,237
Other	14	-
Total interest revenue	37,084	63,576
— Bank charges and fees	902	347
Total finance costs	902	347

# Pawnee Energy Limited

ABN 73 122 948 805

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### NOTE 2: (LOSS) FOR THE PERIOD FROM OPERATIONS

	2014 \$	2013 \$
Administration		
— Travel, accommodation and entertaining	-	21,232
— Office expenses	80,103	99,742
Total administration costs	80,103	120,974
Professional Fees:		
— Accounting and audit fees	16,000	37,750
— Legal	157	102,400
— Corporate advisory fees	9,325	69,000
— Other consulting fees	19,006	35,482
Total professional fees	44,488	244,632
Other Expenses		
— Salaries, director fees and other related costs	145,656	100,627
— Write off of deposits paid for oil and gas licences in the USA	-	116,184
	145,656	216,811

# Pawnee Energy Limited

ABN 73 122 948 805

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### NOTE 3: INCOME TAX EXPENSE

	2014 \$	2013 \$
The components of tax expense comprise:		
Current tax	-	-
Deferred tax	-	-
	-	-
The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax as follows:		
Prima facie tax payable on profit/(loss) from ordinary activities before income tax at 30% (2013: 30%)	(70,220)	(155,756)
Add/(Less):		
Tax effect of:		
— Other non-allowable items	-	-
	(70,220)	(155,756)
Deferred tax assets recognised direct to equity and not meeting the recognition criteria of AASB 112		-
Tax effect of tax losses not brought into accounts as they do not meet the recognition criteria	70,220	155,756
Income tax attributable to entity	-	-

# Pawnee Energy Limited

ABN 73 122 948 805

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### NOTE 4: AUDITORS' REMUNERATION

	2014 \$	2013 \$
Remuneration of the auditor of the company for:		
— auditing or reviewing the financial report	16,000	23,750
— Investigating Accountants Report for prospectus		14,000
— taxation services	3,000	3,000
	<u>19,000</u>	<u>40,750</u>

### NOTE 5: EARNINGS PER SHARE

	2014 \$	2013 \$
Reconciliation of earnings to loss from operations		
Earnings used in the calculation of basic and diluted EPS from operations	<u>(234,065)</u>	<u>(519,188)</u>
Weighted average number of ordinary shares outstanding during the period used in calculating basic and diluted EPS.		
In accordance with AASB 133 there were no dilutive securities.	<u>17,400,509</u>	<u>300,613,275</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

**NOTE 6: KEY MANAGEMENT PERSONNEL REMUNERATION**

**Remuneration**

Directors	Short-term Benefits	Share-based payment	Post-employment Benefits	Total	Performance Related
	Salary & fees	Options	Superannuation		
2014	\$	\$	\$	\$	%
David Lindh <sup>(1)</sup>	80,000	-		80,000	.
Richard Groden	20,000	-	-	20,000	.
Neville Martin <sup>(2)</sup>	40,000	-	-	40,000	.
	<b>140,000</b>	<b>-</b>		<b>140,000</b>	<b>.</b>

(1) Director fees were accrued during the 2014 year, however Mr Lindh has not received any payment for 2014 director fees. Mr Lindh had outstanding director fees from the 2013 year of \$43,700.

(2) Director fees were accrued during the 2014 year, however Mr Martin has not received any payment for 2014 director fees. Mr Martin had outstanding director fees for the 2013 year of \$20,000.

Directors	Short-term Benefits	Share-based payment	Post-employment Benefits	Total	Performance Related
	Salary & fees	Options	Superannuation		
2013	\$	\$	\$	\$	%
David Lindh <sup>(3)</sup>	40,000	-	3,700	43,700	.
Richard Groden	20,000	-	-	20,000	.
Neville Martin <sup>(4)</sup>	20,000	-	-	20,000	.
	<b>80,000</b>	<b>-</b>	<b>3,700</b>	<b>73,700</b>	<b>.</b>

(3) Director fees were accrued during the 2013 year, however Mr Lindh has not received any payment for 2013 director fees. Mr Lindh had outstanding director fees from prior years of \$42,100, which were fully paid during the year by a share issue.

(4) Director fees were accrued during the 2014 year, however Mr Martin has not received any payment for 2013 director fees. Mr Martin had outstanding director fees from prior years of \$24,996 which were fully paid during the year by a share issue.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

**NOTE 6: KEY MANAGEMENT PERSONNEL REMUNERATION - CONT**

**Shareholdings**

**Number of Shares held by Key Management Personnel**

	<b>Balance on 1.1.2014</b>	<b>Received as Compensation</b>	<b>Options Exercised</b>	<b>Net Change Other</b>	<b>Balance 31.12.2014</b>
David John Lindh*	19,863,562			(19,466,291)	397,271
Richard Jay Groden**	13,096,913			(12,834,975)	261,938
Neville Wayne Martin***	13,761,333			(13,486,106)	275,227
Total	46,721,808			(45,787,372)	934,436

**Number of Shares held by Key Management Personnel**

\*397,271 of the shares are held by Davan Nominees Pty Ltd. Mr Lindh is a Director and shareholder of Davan Nominees Pty Ltd.

\*\*Included in the above are 240,000 share held in joint names of Richard Jay Groden and Susan Groden. Also included are 15,888 shares held in Rhythm & Blues Holdings Inc, a company associated with Richard Groden.

\*\*\*178,046 of the shares are held by Houmar Nominees Pty Ltd as trustee for the Martin Superannuation Fund. Mr Martin is a Director and shareholder of Houmar Nominees Pty Ltd and a beneficiary of the Martin Superannuation Trust. Mr Martin is a potential beneficiary of Chaffey Consulting Pty Ltd, which as trustee for Minter Ellison Investment Trust holds 649 shares on behalf of Mr Martin. Stansbury Petroleum Investments Pty Ltd, a company associated with Mr Martin holds 400 of the shares.

**NOTE 7: CASH AND CASH EQUIVALENTS**

	<b>2014 \$</b>	<b>2013 \$</b>
Cash at bank and in hand	580	35,013
	580	35,013

The effective interest rate on short-term bank deposits was 1.55% (2013: 1.775%); these deposits have an average maturity of 30 days.

**Reconciliation of cash**

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

Cash and cash equivalents	580	35,013
---------------------------	-----	--------

# Pawnee Energy Limited

ABN 73 122 948 805

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### NOTE 8: TRADE AND OTHER RECEIVABLES

	2014 \$	2013 \$
CURRENT		
Trade receivables	-	-
Receivable from related party (a)	1,054,929	1,018,040
Workcover	133	616
GST Receivable	1,119	2,565
Total Receivables	<u>1,056,181</u>	<u>1,021,221</u>

- (a) On 15 June 2012 the Company signed a Stock Purchase Agreement (SPA) with Mr Richard Groden to sell 933,077 shares in Island Sky Corporation for \$1,154,929. \$100,000 was received following shareholders approval of the SPA, with the balance \$1,054,929 payable within 2 years after the SPA was approved. As the receivable is interest free a discount of 6.6% was applied against the balance to reflect the time value of money. This discount will unwind over the term of the receivable.

A breakdown of the receivable as at 31 December 2014 from the related party is as follows:

Consideration for 933,077 shares:	1,154,929
Less: Deposit paid	( 100,000)
Add: Interest	-
	<u>1,054,929</u>

The Company entered into a Stock Pledge and Security Agreement with Mr Richard Groden to secure the remaining payment of \$1,054,929 to the Company by granting a first priority senior lien and security interest in the 933,077 shares in Island Sky Corporation.

As at the date of lodgement the balance of the receivable had not been received and discussions with Mr Groden are continuing to arrange payment.

### Provision for Impairment of Receivables

Current trade and term receivables are non-interest bearing loans and generally on 30 day terms. Non-current trade and term receivables are assessed for recoverability based on the underlying terms of the contract. A provision for impairment is recognised when there is objective evidence that an individual trade or term receivable is impaired.

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

# Pawnee Energy Limited

ABN 73 122 948 805

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### NOTE 9: INVESTMENT IN ASSOCIATE

	2014 \$	2013 \$
<b>Investment in associate</b>		
Unlisted investments		
NON - CURRENT		
— Shares – Island Sky Corporation	116,800	116,800
— Provision for Impairment	(116,800)	(116,800)
Investment in associate	-	-

#### Investments in associates

The company holds a 25% voting power and equity interest in Island Sky Corporation which manufactures and distributes water-making machines. The investment is accounted for under the equity method. The associate has a reporting date of 31 December.

The shares are not publicly listed on a stock exchange and hence published price quotes are not available.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

**NOTE 10: TRADE AND OTHER PAYABLES**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
CURRENT		
Trade payables	322,964	195,627
Sundry payables and accrued expenses	386,596	279,341
	<u>709,560</u>	<u>474,978</u>

All amounts are short-term in nature. The carrying values are considered to be a reasonable approximation of fair value.

Details of trade and other payables to related parties are outlined in Note 17.

**Note 11: ISSUED CAPITAL**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>a. Ordinary Shares</b>		
At the beginning of the year	12,739,687	12,315,716
Shares issued during the year – pursuant to EGM notice	-	423,971
Sale of subsidiary – previously accounted for as a reverse acquisition	-	-
At the end of the year	<u>12,739,687</u>	<u>12,739,687</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

**NOTE 11: ISSUED CAPITAL - CONT**

	<b>2014</b>	<b>2013</b>
	<b>No.</b>	<b>No.</b>
<b>Ordinary shares</b>		
At the beginning of the year	371,412,496	285,701,996
Shares issued during the year	-	85,710,500
Share consolidation during the period	(363,984,156)	-
At the end of the year	<u>7,428,340</u>	<u>371,412,496</u>

In January 2014, as previously approved by shareholders, the Company completed a 50:1 share consolidation, resulting in a reduction in the issued ordinary shares.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

**b. Unlisted Options**

	<b>2014 Unlisted Options</b>	
	<b>2014</b>	<b>2013</b>
	<b>No.</b>	<b>No.</b>
At the beginning of the year	5,000,000	5,000,000
Options issued during the year		
Effect of Share Consolidation during the period	(4,900,000)	-
Options Expired during the period	(100,000)	-
At the end of the reporting period	<u>-</u>	<u>5,000,000</u>

(i) The unlisted options had an exercise price of \$0.25 and expired on 4 August 2014.

**c. Unlisted Options**

	<b>2014 A Class Options</b>	
	<b>2014</b>	<b>2013</b>
	<b>No.</b>	<b>No.</b>
At the beginning of the year	300,000	300,000
Options issued during the year		
Effect of Share Consolidation during the period	(294,000)	-
Options Expired during the period	(6,000)	-
At the end of the reporting period	<u>-</u>	<u>300,000</u>

(i) The unlisted options had an exercise price of \$20.00 and expired on 30 April 2014

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

**Capital Management**

Management effectively manages the company's capital by assessing the company's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

**NOTE 12: RESERVES**

**Share Based Payment Reserve**

The share based payments reserve records items recognised as expenses on valuation of employee share options.

**Foreign currency translation reserve**

On 15<sup>th</sup> June 2012, Pawnee Energy Limited entered into an agreement to dispose of its foreign operation. The cumulative translation differences recognised in equity at the date of sale were reclassified to profit or loss and recognised as part of the gain or loss on disposal.

**NOTE 13: OPERATING SEGMENTS**

**Identification of reportable segments**

Following the disposal of the company's operating subsidiary Island Sky Corporation (based in the USA) as outlined in Note 3, the directors are of the view that there is no longer distinguishable operating segments which require disclosure.

# Pawnee Energy Limited

ABN 73 122 948 805

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### NOTE 14: CASH FLOW INFORMATION

	2014 \$	2013 \$
<b>Reconciliation of Cash Flow from Operations with (Loss) after Income Tax</b>		
(Loss) after income tax from continuing operations	(234,065)	(519,188)
Loss after income tax from discontinued operations	-	-
Non-cash flows adjustments		
Gain on disposal of subsidiary	-	-
Impairment of investment in associate	-	-
Write off of deposits paid for oil and gas licences	-	116,184
Share based payments	-	252,550
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/Decrease in trade and term receivables	(34,960)	(63,330)
Increase/(Decrease) in trade payables and accruals	87,592	143,383
(Decrease)/Increase in provisions	-	-
Cashflow from operating activities	<u>(181,433)</u>	<u>(70,401)</u>

**NOTE 15: SHARE-BASED PAYMENTS**

There were no share based payments during the 2014 year.

**Pawnee Energy Ltd Employee Option Plan**

The Company has established a Share Option Plan (the 'Plan') with the following key features:

**(a) Eligibility**

The Board may issue Options under the Plan to any officer or employee of the Company (Eligible Employee).

**(b) General Terms of the Options**

Options will be issued free of charge. Each Option is to subscribe for one Share and, when issued, the Shares will rank equally with other Shares. The Options are not transferable. Quotation of the Options on the ASX will not be sought but the Company will apply to the ASX for official quotation of Shares issued on the exercise of Options. Options may be granted subject to conditions specified by the Board, which must be satisfied, before the Option can be exercised.

**(c) Exercise of Options**

Subject to satisfaction of the Conditions of Exercise of Options, Options may be exercised at any time within 5 years of the date of grant (provided however that the number of Options the Eligible Employee may exercise during any period of 12 consecutive months shall not exceed that number of Options that equals one third of the total number of Options issued to the Eligible Employee under the Plan [whether or not exercised prior to the time of calculation]). Options lapse upon termination of the Eligible Employee's employment by the Company and, unless the terms of the offer of the Option specified otherwise each Option lapses 5 years after the date upon which it was granted.

**(d) Exercise Price**

The exercise price per Share for an option will be the amount determined by the Board at the time of the grant of the Option.

**(e) New Issue of Securities**

Option holders will not be entitled to participate in any new issue of securities in the Company unless they exercise their Options prior to the record date for the determination of entitlements to the new issue.

**(f) Bonus Issues**

If the Company makes a bonus issue of securities to ordinary shareholders, each unexercised Option will, on exercise, entitle its holder to receive the bonus securities as if the Option had been exercised before the record date for the bonus issue.

**(g) Rights Issues**

If the Company makes a pro-rata rights issue of Shares for cash to its ordinary shareholders, the exercise price of the unexercised Options will be adjusted to reflect the diluting effect of the issue.

**(h) Capital Reorganisations**

If there is any reorganisation of the capital of the Company, the number of Options and their exercise price will be adjusted in accordance with the Listings Rules.

**(i) Limit on Number of Options**

The maximum number of Options on issue under the Plan must not at any time exceed 5% of the total number of Shares on issue at that time.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

**NOTE 15: SHARE-BASED PAYMENTS - CONT**

Options granted to key management personnel are as follows:	Grant Date	Number
	Number	Weighted average exercise price
<b>Options outstanding as at 31 December 2012</b>	5,300,000	\$0.03
<b>Options exercisable as at 31 December 2012</b>	5,300,000	\$0.03
Granted	-	-
Forfeited	-	-
Exercised	-	-
Expired	-	-
<b>Options outstanding as at 31 December 2013</b>	5,300,000	\$0.03
<b>Options exercisable as at 31 December 2013</b>	5,300,000	\$0.03
Granted	-	-
Forfeited	-	-
Exercised	-	-
Effect of share consolidation	(5,194,000)	
Expired	(106,000)	-
<b>Options outstanding as at 31 December 2014</b>	-	-
<b>Options exercisable as at 31 December 2014</b>	-	-

**NOTE 16: EVENTS AFTER THE BALANCE DATE**

Between the reporting date and the date of this report, there have been no significant events.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**NOTE 17: RELATED PARTY TRANSACTIONS**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.		
Transactions with related parties:		
<b>Other Related Parties transactions (net of GST)</b>		
During the year the Company received services from the Adelaide Equity Partners Group for the provision of Corporate Advisory Services, Company Secretarial, Accounting and Administration Services, rent, occupancy costs and reimbursable expenses. Mr Lindh is a Director of this Group.	-	65,520
During the year, the Company used the services of Minter Ellison for the provision of legal services. Mr Martin and Mr Lindh are both consultants with Minter Ellison.	100,157	100,000
During the year the Company recognised an amount payable to Mr Martin for director's fees.	40,000	20,000
During the year the Company recognised an amount payable to Mr Lindh for director's fees.	80,000	43,700
During the year the Company recognised an amount payable to Mr Groden for director's fees	20,000	20,000
Issued shares to Mr Lindh to extinguish previously accrued director's fees	-	42,100
Issued shares to Mr Martin to extinguish previously accrued director's fees	-	24,996
Issued shares to Adelaide Equity Partners Limited to extinguish amounts owing. Mr Lindh is a director of Adelaide Equity Partners Limited	-	185,454
<b>Other Related Parties Balances (including GST)</b>		
Amount payable to Minter Ellison, of which, Mr Martin and Mr Lindh are both consultants.	70,160	100,000
Amount payable to Adelaide Equity Partners Limited, of which, Mr Lindh is a Director and shareholder.	14,905	14,300
Amount payable to AE Administrative Services Pty Ltd, of which, Mr Lindh is an associate of this company.	141,643	102,043
Amount receivable from Mr Groden for disposal of subsidiary (refer Note 8).	1,0	1,018,040

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**NOTE 18: FINANCIAL INSTRUMENTS**

**Financial Risk Management Policies**

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

**Treasury Risk Management**

The Board of the company meet on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies. The Board of the company regularly analyse interest rate exposure and evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

*Foreign Currency Risk*

The company will be exposed to fluctuations in foreign currencies arising from sales and purchase of goods and services in currencies other than the company's functional currency. The company potentially may have sales in foreign locations which will require risk management policies to be implemented to minimise the foreign currency risk.

*Interest Rate Risk*

The company had no long term financial assets or liabilities upon which it earns or pays interest. Cash is held in an interest yielding cheque account and on short-term call deposits where the interest rate can vary from day to day.

Interest rate risk is managed with a mixture of fixed and floating rate cash deposits. It is the policy of the company to keep surplus cash in high yielding deposits. For further details on interest rate risk refer below.

*Liquidity Risk*

Liquidity risk arises from the possibility that the company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The company manages liquidity risk by monitoring forecast cash flows.

*Credit Risk*

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions, and represents the potential financial loss if counterparties fail to perform as contracted. Management monitors credit risk on an ongoing basis by maintenance of procedures. Such procedures include the utilisation of systems for the approval, granting and renewal of credit limits, regular monitoring of exposures against such limits and monitoring of the financial stability of significant customers and counterparties.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2014**

**NOTE 19: FINANCIAL INSTRUMENTS - CONT**

**Interest Rate Risk**

The company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	<b>Fixed Interest Rate Maturing</b>			
	<b>Weighted Average Effective Interest Rate</b>		<b>Total</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
			<b>\$</b>	<b>\$</b>
<b>Financial Assets:</b>				
Cash and cash equivalents	1.55%	1.8%	580	35,013
<b>Total Financial Assets</b>			580	35,013
	<b>Floating Interest Rate Within 1 Year</b>		<b>Non Interest Bearing</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial Assets</b>				
Cash and cash equivalents	580	30,913	-	4,100
Receivables	-	-	1,056,181	1,021,221
<b>Total Financial Assets</b>	580	30,913	1,056,181	1,025,321
<b>Financial Liabilities</b>				
Trade and sundry payables	-	-	709,560	474,968
<b>Total Financial Liabilities</b>	-	-	709,560	474,968

**Net Fair Values**

Aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the financial statements at balance date. Fair values are materially in line with carrying values.

	<b>2014</b>		<b>2013</b>	
	<b>Carrying Amount \$</b>	<b>Net Fair Value \$</b>	<b>Carrying Amount \$</b>	<b>Net Fair Value \$</b>
<b>Financial Assets</b>				
Cash and cash equivalents	580	580	35,013	35,013
Receivables	1,056,181	1,056,181	1,021,221	1,021,221
	1,056,761	1,056,761	1,056,234	1,056,234
<b>Financial Liabilities</b>				
Other liabilities and payables	709,560	709,560	474,968	474,968
	709,560	709,560	474,968	474,968
Net financial assets	347,201	347,201	581,266	581,266

# Pawnee Energy Limited

ABN 73 122 948 805

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

### NOTE 19: FINANCIAL INSTRUMENTS - CONT

#### Sensitivity analysis

##### *Interest rate sensitivity analysis*

At 31 December 2014, the effect on profit/loss and equity as a result of changes in the interest rate, with all other variables remaining constant is immaterial to the company's operations.

#### Financial Instrument Composition and maturity analysis

The table below reflects the undiscounted contracted settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the statement of financial position.

Trade and sundry payables are expected to be paid as follows:

	2014	2013
	\$	\$
Less than 6 months	496,692	308,625
6 months to 1 year	212,868	166,343
1 to 5 years	-	-
Over 5 years	-	-
	<hr/> 709,560	<hr/> 474,968

### NOTE 20: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Company had no contingent assets or liabilities at 31 December 2014 or 31 December 2013.

### NOTE 21: COMMITMENTS

The Company had no commitments as at 31 December 2014 (2013: nil).

### NOTE 22: GOING CONCERN BASIS OF ACCOUNTING

The financial report has been prepared on the basis of going concern.

The Company incurred a loss of \$234,065 during the year ended 31 December 2014.

The Company remains reliant upon the continued financial support of the directors, the collection of the amount receivable from the sale of its subsidiary and/or additional further capital raisings to continue as a going concern. We understand that once a suitable business is found to be acquired the company will seek to raise the additional capital required. If the continued financial support of the directors is not forthcoming, the collection of the proceeds from the sales of Island Sky Corporation is not recovered and/or additional funds are not raised, the going concern basis may not be appropriate, with the result that the Company may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and in amounts different from those stated in the Interim Financial Report. No allowance for such circumstances has been made in the Interim Financial Report.

# **Pawnee Energy Limited**

**ABN 73 122 948 805**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014**

### **NOTE 23: COMPANY DETAILS**

The registered office of the company is:

Pawnee Energy Limited

Level 3

100 Pirie Street

Adelaide SA 5000

Telephone (08) 8232 2550

Facsimile (08) 8232 2540