CHAIRMAN'S REPORT

Dear fellow shareholders,

On behalf of the Board, I present the 2015 Annual Report of Crestal Petroleum Limited.

The Report covers what has been a period of significant change for the Company, as it changed strategic direction to focus on oil and gas exploration and ultimately the placement of the Company into Voluntary Administration **(VA)** on 1 April 2015.

The VA process resulted in the shareholder approval of a Deed of Company Arrangement **(DOCA)** resulting in a further Board restructure and the Company moving out of administration on 3 December 2015.

I thank all of our Directors (past and present), employees, consultants and joint venture partners for their significant contributions in the year.

Finally, and most importantly, I thank you, our fellow shareholders, for your ongoing support along with my fellow Directors, am looking forward to assisting the Company to move into a new direction which is likely to involve the Company undertaking a change in the nature of its current activities.

David Nolan

Chairman

CRESTAL PETROLEUM LTD

FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

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DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2015

The Directors of Crestal Petroleum Ltd ("Crestal Petroleum" and/or "the Company") present their Report together with the financial report of the Company and the entities it controls (referred to hereafter as the "Group") at the end of, or during the year ended 30 June 2015, unless otherwise stated.

Directors

The following persons held office as Directors of Crestal Petroleum Ltd during or since the end of the reporting period and up to the date of this report:

David Nolan

Non-Executive Chairman

Date of Appointment: 17 February 2015

Expertise and Experience

Mr. Nolan was appointed Non-Executive Chairman of Crestal Petroleum Ltd on 1 April 2015.

He is currently a partner in the law firm Kemp Strang and has over 17 years' experience advising Australian and international clients on all aspects of corporate law. His expertise includes mergers and acquisitions, IPOs and capital raisings, venture capital and private equity, restructurings and takeovers, corporate finance, joint ventures, commercial agreements and regulatory and corporate governance advice.

In addition to his legal practice he has been a non-executive director of several ASX listed companies.

Interest in shares and options
6,640 fully paid ordinary shares.

Richard Willson

Non-Executive Director

Date of Appointment: 12 November 2010 – Resigned: 5 December 2013

Reappointed: 12 March 2015

Expertise and Experience

Mr Willson resigned as a Non-Executive Director of Crestal Petroleum Ltd on 5 December 2013 and was subsequently reappointed on 12 March 2015.

He has worked in public practice and in various financial management and Company secretarial roles within the resources and agricultural sectors for both publicly listed and private companies. In addition to his role as Chief Financial Officer and Company Secretary with Beston Global Food Company Ltd, Richard is Company Secretary of Aurelia Metals Ltd, a Director of the ASX listed Aus Tin Mining Ltd and a Director and Company Secretary of the not for profit Unity Housing Company.

Interest in shares and options
142,858 fully paid ordinary shares.

Andrew Phillips

Non-Executive Director

Date of Appointment: 3 December 2015

Expertise and Experience

Mr. Phillips was appointed as a Non-Executive Director of Crestal Petroleum Ltd on 2 December 2015.

He is currently Company Secretary for Sequoia Financial Group Ltd and Non-executive director for Lithium Power International Ltd, Longreach Oil Ltd, Southern Cross Exploration Ltd & Richfield International Ltd. He has over 25 years' experience is senior financial and commercial positions in Australia and New Zealand.

Directors (continued)

Interest in shares and options
Nil

Robert Kennedy

Former Non-Executive Chairman

Date of Appointment: 4 December 2013

Date of Resignation: 17 February 2015

Expertise and Experience

Mr. Kennedy was Non-executive Chairman of Crestal Petroleum Ltd from 4 December 2013 until 17 February 2015.

He is a Chartered Accountant and a consultant to Kennedy & Co, Chartered Accountants, a firm he founded.

Interest in shares and options

1,660 fully paid ordinary shares.
4,980 unlisted options over ordinary shares with an exercise price of $140.06, exercisable on or before 31 December 2016.

Carl Dorsch

Former Managing Director

Date of Appointment: 23 August 2013

Date of Resignation: 3 December 2015

Expertise and Experience

Mr. Dorsch was a Director of Crestal Petroleum Ltd from 23 August 2013 until 3 December 2015. Mr Dorsch ceased his executive role effective 16 April 2015.

He is a Chartered Chemical Engineer with a 35 year career in hardrock, Oil and Gas exploration and development projects in Australia and internationally.

Interest in shares and options

7,991 fully paid ordinary shares.

Neil Young

Former Non-Executive Director

Date of Appointment: 4 December 2013

Date of Resignation: 17 February 2015

Expertise and Experience

Mr Young was a Non-executive Director of Crestal Petroleum Ltd from 4 December 2013 until 17 February 2015.

He has an Honours degree in Economics and Politics from the University of Edinburgh and obtained a professional qualification in tax accounting whilst working for the accounting firm Ernst & Young in Aberdeen, Scotland. Mr Young has worked in senior management roles within Australia for various Oil and Gas companies including Santos Ltd, Adelaide Energy Ltd and Tarong Energy Corporation.

Interest in shares and options
183 fully paid ordinary shares.
1,328 unlisted options expiring on 5 March 2018 exercisable at $301.20.

Directors (continued)

Interest in shares and options
183 fully paid ordinary shares.
1,328 unlisted options expiring on 5 March 2018 exercisable at $301.20.

Stephen Brent

Former Non-Executive Director

Date of Appointment: 17 February 2015

Date of Resignation: 12 March 2015

Expertise and Experience

Mr. Brent was a Director of Crestal Petroleum Ltd from 17 February 2015 until 12 March 2015.

He has held a number of senior corporate finance roles with an oil and gas sector focus. He was previously an Executive Director of Wilson HTM and the Head of Australian Oil and Gas in the investment banking department of the Macquarie Group.

Interest in shares and options
4,980 fully paid ordinary shares.

Company Secretary

George Yatzis

Appointed: 5 September 2013 - Resigned: 19 March 2015

Mr Yatzis has experience as a Company secretary of both listed and unlisted companies in Australia.

He is a Chartered Accountant and is a Director and shareholder of the entities that comprise the BDO Chartered Accounting practice in Adelaide South Australia. Mr Yatzis is not an executive of the Company and therefore not a member of its key management personnel.

Cameron Lynch

Appointed: 22 March 2015 – Resigned: 3 December 2015

Mr Lynch was formerly the Company's Financial Controller.

Richard Willson

Appointed: 3 December 2015

Principal Activities

The principal activities of the Company were the exploration and evaluation of minerals, oil & gas prior to the placement of the Company into Voluntary Administration on 1 April 2015. Following a Deed of Company Arrangement the Company came out of administration on 3 December 2015. The Company will now seek to move in a new direction.

Operating Results

The Group incurred a loss after tax for the reporting period of **$17,947,314** (2014: a loss of $6,707,296).

Review of Operations

During the reporting period, the Group continued to evaluate and assess opportunities to increase shareholder value. No tangible value was generated from the drilling of the Company's oil assets. Due to capital restraints, the Company was placed into Voluntary Administration on 1 April 2015.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Changes in the State of Affairs

The Company was placed into Voluntary Administration on 1 April 2015 which resulted in the basis of accounting changing from going concern to a realisation basis.

Dividends

The Directors recommend that no dividend be paid for the reporting period ended 30 June 2015 nor have any amounts been paid or declared by way of dividend during the reporting period.

Events Subsequent To Reporting Date

Deed of Company Arrangement

On 7 September 2015 the Company executed a Deed of Company Arrangement (**DOCA**) with Wentworth Global Capital Finance Pty Ltd and the Company's Deed Administrators (**Wentworth**) in respect of a proposal to recapitalise the Company (**Recapitalisation Proposal**). A resolution to approve the Recapitalisation Proposal was passed at the meeting of the Company's creditors held on 17 August 2015. Resolutions required to implement the Recapitalisation Proposal and satisfy the terms of the DOCA were passed by the Company's shareholders at an Extraordinary General Meeting held on 12 November 2015. In accordance with the terms of the DOCA, a sum of $625,000 was paid to the Deed Administrators for the establishment of the Creditors' Trust Fund and parties associated with Wentworth Global Capital Finance Pty Ltd were issued 4,464,286 fully paid ordinary shares, on a post-consolidation basis, at an issue price of 14 cents per share. The DOCA completed in accordance with its terms on 2 December 2015 and was wholly effectuated on 3 December 2015.

Share Consolidation

On 16 November 2015 the share capital of the Company was consolidated on the basis of:

- 1 fully paid ordinary share for every 1,506 fully paid ordinary shares held; and
- 1 option for every 1,506 options on issue with the exercise price of each option amended in inverse proportion to this ratio.

Asset Disposal

On 13 October 2015 the Company executed Share and Asset Sale Agreements with Locksley Holdings Pty Ltd to dispose of:

- mineral tenements including all Queensland and New South Wales mineral tenements held directly by the Company and 100% of the issued capital of Premier Mining Pty Ltd, which held Queensland mineral tenements, for consideration of $25,000 plus GST; and
- 100% of the issued capital of PNC Aust Pty Ltd, which held interests in PRLs 108, 109 and 110 in the Cooper Basin, South Australia, for consideration of $75,000 plus GST.

The share and asset disposals remain subject to completion.

Share Placement

On 15 December 2015 the Company completed a placement of 2,392,861 ordinary shares to sophisticated investors at an average price of 14 cents per share to raise a total of AUD $335,000 to assist with the Company's working capital requirements.

Likely Future Developments

The Directors are currently reviewing several opportunities to enable the Company to be requoted on the ASX. This is likely to involve the Company undertaking a change in the nature of its current activities.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Directors' Meetings

The number of meetings of Directors held during the year and the number of meetings attended by each Director was as follows:

	BOARD MEETINGS		AUDIT COMMITTEE MEETINGS	
DIRECTOR	NUMBER ELIGIBLE TO ATTEND	NUMBER ATTENDED	NUMBER ELIGIBLE TO ATTEND	NUMBER ATTENDED
R Kennedy (Resigned 1 February 2015)	7	7	2	2
N Young (Resigned 1 February 2015)	7	7	2	2
C Dorsch (Resigned 3 December 2015)	12	12	-	-
S Brent (Resigned 12 March 2015)	1	1	-	-
D Nolan	5	5	-	-
R Willson	3	3	-	-

The Board does not have separately established committees dealing with nomination, remuneration and risk management. The full Board carried out this role in accordance with the principles as set out in the Company's Corporate Governance Plan. There were a total of 12 Board Meetings held during the year. The Board had established a separate Audit Committee until 24 February 2015, when the Board resolved to dissolve the Audit Committee responsibility to the Board.

Unissued Shares Under Option

Details of unissued shares or interests of Crestal Petroleum Ltd under option at the date of this report are:

DATE GRANTED	NUMBER OF SHARES UNDER OPTION	CLASS OF SHARES	EXERCISE PRICE OF OPTIONS	EXPIRY DATE OF OPTIONS
24 Sep 2013	3,317	Ordinary	$301.20	17 Sep 2017
4 Dec 2013	4,980	Ordinary	$140.60	31 Dec 2016
5 Mar 2015	1,328	Ordinary	$301.20	5 Mar 2018
5 Mar 2015	996	Ordinary	$301.20	17 Sep 2017
Total	10,621			

During or since the end of the financial year, the Company has not issued ordinary shares as a result of the exercise of options.

Environmental Issues

The Group is subject to environmental regulations under the laws of the Commonwealth and State. The Group has a policy of complying with its environmental performance obligations and at the date of this report is not aware of any breach of such regulations.

Indemnities given and insurance premiums paid to auditors and officers

During the reporting period, the Company's insurance premium to insure the Directors and Officers of the Group lapsed and was not renewed.

The Company has entered into agreements with the Directors and Officers to indemnify them against any claim and related expenses, which arise as a result of work completed in their respective capabilities.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer or auditor of the Company against a liability incurred as such by an officer or auditor.

Non Audit Services

The Board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of those non-audit services during the year is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Board to ensure they do not impact upon the impartiality and objectivity of the auditor; and
- the non-audit services do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid to the auditors of the Group, Grant Thornton, and its related practices for audit and non-audit services provided during the year are set out in Note 22 to the Financial Statements.

A copy of the auditor's independence declaration as required under s307C of the Corporations Act 2001 is included on page 14 of this financial report and forms part of this Directors' report.

Remuneration Report (Audited)

The Directors of Crestal Petroleum Ltd ("the Group") present the Remuneration Report for Non-Executive Directors, Executive Directors and other Key Management Personnel, prepared in accordance with the Corporations Act 2001 and the Corporations Regulations 2001.

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

a) Principles used to determine the nature and amount of remuneration
b) Details of remuneration
c) Service agreements
d) Share based remuneration; and
e) Other information

a) Principles used to determine the nature and amount of remuneration

The following report determines the principle used to determine the nature and amount of remuneration. The Board is responsible for determining and reviewing compensation arrangements for the Directors and Key Management Personnel. The role also includes responsibility for share options incentives, superannuation entitlements, retirement and termination entitlements, fringe benefits policies, liability insurance policies and other terms of employment.

The Board will review the arrangements having regard to performance, relevant comparative information and at its discretion may obtain independent expert advice on the appropriateness of remuneration packages or fees paid to Key Management Personnel. No remuneration consultant was used during the period. Remuneration packages are set at levels intended to attract and retain Key Management Personnel capable of managing the Group's activities. Where Key Management Personnel positions are held by consultants, fees are based on normal commercial terms and conditions.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Remuneration Report (Audited Continued)

The remuneration of an Executive Director will be decided by the Board, without the affected Executive Director participating in that decision-making process.

The total maximum remuneration of Non-Executive Directors is the subject of a Shareholder resolution in accordance with the Company's Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of Non-Executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each Non-Executive Director. The current limit, which may only be varied by Shareholders in general meeting, is an aggregate amount of $250,000 per annum.

The Board may award additional remuneration to Non-Executive Directors called upon to perform extra services or make special exertions on behalf of the Group.

The executive pay and reward framework has three components:

- Base pay and benefits;
- Long-term incentives through share schemes; and
- Other remuneration such as superannuation.

The combination of these comprises the Key Management Personnel total remuneration.

All remuneration is fixed and no portion is based on performance targets. The award of long-term incentives is based upon the discretion of the Board.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Remuneration report (Audited Continued)

b) Details of remuneration

Details of the nature and amount of each element of the remuneration of each of the Key Management Personnel ("KMP") of the Group for the year ended 30 June 2015 are set out in the following table:

		SHORT-TERM BENEFITS		POST-EMPLOYMENT BENEFITS	LONG TERM BENEFITS	TERMINATION BENEFITS	SHARE BASED PAYMENTS			ELEMENTS OF REMUNERATION			
		SALARY & FEES	ALLOWANCES	SUPER-ANNUATION	LSL	TERMINATION PAYMENTS	OPTIONS	PERFORMANCE RIGHTS	TOTAL	RELATED TO PERFORMANCE		NOT RELATED TO PERFORMANCE	
DIRECTORS	YEAR	$	$	$	$	$	$	$	$	$	%	$	%
R Kennedy	2015	31,498**	-	2,913	-	-	-	-	34,411	-	-	34,411	100%
Chairman	2014	29,169	-	2,698	-	-	237,750*	-	269,617	-	-	269,617	100%
C Dorsch	2015	261,584**	-	24,169	-	-	-	-	285,753	-	-	285,753	100%
Managing Director	2014	282,204	4,007	26,104	-	-	-	764,400*	1,076,715	764,400	71%	312,315	29%
N Young	2015	25,193**	-	2,331	-	-	-	-	27,542	-	-	-	-
Non Executive Director	2014	24,964	-	-	-	-	47,200*	-	72,164	-	-	72,164	100%
R Willson	2015	-	-	-	-	-	-	-	-	-	-	-	-
Non Executive Director	2014	16,665	-	1,841	-	-	-	-	18,506	-	-	18,506	100%
D Nolan	2015	-	-	-	-	-	-	-	-	-	-	-	-
Non Executive Director	2014	-	-	-	-	-	-	-	-	-	-	-	-
S Brent	2015	-	-	-	-	-	-	-	-	-	-	-	-
Non Executive Director	2014	-	-	-	-	-	-	-	-	-	-	-	-
Total	**2015**	**318,275**	**-**	**29,413**	**-**	**-**	**-**	**-**	**347,706**	**-**		**320,164**	
Total	**2014**	**353,002**	**4,007**	**30,643**	**-**	**119,728**	**284,950**	**764,400**	**1,437,002**	**764,400**		**672,602**	

Remuneration report (Audited Continued)

*The fair value of share based payments have been determined as at the grant date. The share based payments included as remuneration in the table above are not related to or indicative of the benefit (if any) that individuals may ultimately realise or have realised during the reporting period. The fair value of the performance rights as at the date of their grant has been determined in accordance with AASB 2. The calculations are performed using various approved valuation methodologies. The total value of the options and rights, if the performance conditions are not met, is nil.

**2015 Salary & Fees and Superannuation for R Kennedy, C Dorsch and N Young are based on the best available information following the Company's Administration.

c) Service Agreements

Contracts for services of key management personnel in place during the reporting period are as follows:

Carl Dorsch

Former Managing Director

Under an Executive Service Agreement the Company engaged the services of Mr Carl Dorsch to serve as Managing Director for a period until termination under the Agreement. The key terms of the Agreement are as follows:

- The Company may terminate the employment at any time without cause, by giving 6 months' notice in writing; or immediately in instances of misconduct.
- Mr Dorsch may terminate the employment at any time by giving 6 months' notice in writing.

Under the terms of the Agreement, the Company shall pay a Base Salary of A$335,000 per annum plus superannuation contributions of $25,000. A package of performance rights (as disclosed elsewhere in this report) were granted under the Agreement.

The performance rights granted to Mr Dorsch will convert into fully paid ordinary shares in the Company on a 1:1 ratio, for nil consideration as follows;

- 5,000,000 where the 30 day volume weighted average price (VWAP) for the ordinary shares of the Company reaches at least $0.175 per share;
- 5,000,000, where the 30 day VWAP for the ordinary shares of the Company reaches at least $0.200 per share;
- 5,000,000, where the 30 day VWAP for the ordinary shares of the Company reaches at least $0.225 per share;
- 15,000,000, when production testing of PEL 105 in either open or closed hole that can demonstrate an immediate flow capacity for the well in excess of a sustained minimum of 100 BOEPD for a period in excess of 7 days. Such test must be certified by a relevant expert in the field being either an independent consulting reservoir engineer or the contracted testing Company, provided that such threshold is achieved on or prior to 31 December 2014; and
- 15,000,000 where the Company has acquired a direct or indirect interest in the Wichita County Project and the production from the leases which form the Wichita County Project reaches an average of 50 BOEPD over a three month period.

The performance rights granted to Mr Dorsch are subject to Mr Dorsch remaining employed as the Managing Director of the Company.

Mr. Dorsch ceased his role as Managing Director effective 16 April 2015.

Remuneration report (Audited Continued)

d) Share Based Remuneration - Share Options held by Key Management Personnel

Details of Share Options held by Key Management Personnel ("KMP") of the Group for the year ended 30 June 2015 are set out in the following table:

		OPENING BALANCE AT START OF YEAR	OPTIONS GRANTED	OPTIONS EXERCISED	NET CHANGE OTHER	CLOSING BALANCE	TOTAL EXERCISABLE AT 30 JUNE	TOTAL UN-EXERCISABLE 30 JUNE
R Kennedy	2015	7,500,000	-	-	-	7,500,000	7,500,000	-
Chairman	2014	-	7,500,000	-	-	7,500,000	7,500,000	-
C Dorsch	2015	-	-	-	-	-	-	-
Managing Director	2014	-	-	-	-	-	-	-
N Young	2015	2,000,000	-	-	-	2,000,000	2,000,000	-
Non Executive Director	2014	-	2,000,000	-	-	2,000,000	2,000,000	-
R Willson	2015	-	-	-	-	-	-	-
Non Executive Director	2014	500,000	-	-	(500,000)*	-	-	-
D Nolan	2015	-	-	-	-	-	-	-
Non Executive Director	2014	-	-	-	-	-	-	-
S Brent	2015	-	-	-	-	-	-	-
Non Executive Director	2014	-	-	-	-	-	-	-
Total	**2015**	**9,500,000**	**-**	**-**	**-**	**9,500,000**	**9,500,000**	**-**
Total	**2014**	**500,000**	**9,500,000**	**-**	**(500,000)**	**9,500,000**	**9,500,000**	**-**

*The figures in the **"Net Change Other"** column in the table above relate to Options that have expired

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Remuneration report (Audited Continued)

d) Share Based Remuneration - Performance Rights held by Key Management Personnel

Details of Performance Rights held by Key Management Personnel ("KMP") of the Group for the year ended 30 June 2015 are set out in the following table:

		OPENING BALANCE AT START OF YEAR	RIGHTS GRANTED	RIGHTS EXERCISED	NET CHANGE OTHER	CLOSING BALANCE	TOTAL EXERCISABLE 30 JUNE	TOTAL UN-EXERCISABLE 30 JUNE
R Kennedy	2015	-	-	-	-	-	-	-
Chairman	2014	-	-	-	-	-	-	-
C Dorsch	2015	45,000,000	-	-	(45,000,000)*	-	-	-
Managing Director	2014	-	45,000,000	-	-	45,000,000	-	45,000,000
N Young	2015	-	-	-	-	-	-	-
Non Executive Director	2014	-	-	-	-	-	-	-
R Willson	2015	-	-	-	-	-	-	-
Non Executive Director	2014	-	-	-	-	-	-	-
D Nolan	2015	-	-	-	-	-	-	-
Non Executive Director	2014	-	-	-	-	-	-	-
S Brent	2015	-	-	-	-	-	-	-
Non Executive Director	2014	-	-	-	-	-	-	-
Total	**2015**	**45,000,000**	**-**	**-**	**(45,000,000)**	**-**	**-**	**-**
Total	**2014**	**-**	**45,000,000**	**-**	**-**	**45,000,000**	**-**	**45,000,000**

*The Performance Rights listed in table above were contingent upon Mr Dorsch being employed as Managing Director of Crestal Petroleum Limited and lapsed on 16 April 2015 at the time he ceased his role as Managing Director.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Remuneration report (Audited Continued)

e) Other Information

Fully Paid Ordinary Shares

Details of Fully Paid Ordinary Shares held by Key Management Personnel ("KMP") of the Group for the year ended 30 June 2015 are set out in the following table:

DIRECTORS		OPENING BALANCE	PURCHASES/ (SALES)	NET OTHER CHANGE	CLOSING BALANCE	BALANCE HELD NOMINALLY
R Kennedy	2015	-	2,500,000	-	2,500,000	--
Chairman	2014	-	-	-	-	-
C Dorsch	2015	17,300,000*	7,220,095	(12,486,606)	12,033,489	-
Managing Director	2014	-	17,300,000*	-	17,300,000*	-
N Young	2015	110,000	165,000	-	275,000	-
Non-Executive Director	2014	-	110,000	-	110,000	-
R Willson	2015	-	-	-	-	-
Non Executive Director	2014	400,000	(400,000)	-	-	-
D Nolan	2015	-	10,000,000	-	10,000,000	-
Non Executive Director	2014	-	-	-	-	-
S Brent	2015	-	7,500,000	-	7,500,000	-
Non Executive Director	2014	-	-	-	-	-
Total	**2015**	**17,410,000**	**27,385,095**	**(12,486,606)**	**32,308,489**	**-**
Total	**2014**	**400,000**	**16,900,000**	**-**	**17,410,000**	**-**

*Of the 17,300,000 fully paid ordinary shares listed under Mr Dorsch in the table above that were held as at 30 June 2014, 300,000 fully paid ordinary shares are held by Dorsch Consultants Pty Ltd a company Mr Dorsch has complete control over. The remaining 17,000,000 fully paid ordinary shares are held by CNP Energy Pty Limited (ACN 159 055 384) in its capacity as trustee of the PNC Unit Trust. Mr Dorsch holds a relevant interest of (23.88%) in CNP Energy Pty Limited (ACN 159 055 384) and the PNC Unit Trust with the remaining balance held by unrelated parties to Mr Dorsch. CNP Energy Pty Ltd has three Directors, one of which is Mr Dorsch, the two other Directors are unrelated parties to Mr Dorsch.

Options-based compensation

The terms and conditions of each grant of options over ordinary shares affecting the remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

GRANT DATE	NUMBER OF OPTIONS GRANTED	NUMBER OF OPTIONS VESTED	EXPIRY DATE	EXERCISE PRICE	FAIR VALUE PER OPTION AT GRANT DATE
2015					
No options issued	-	-	-	-	-
2014					
04-Dec-13	7,500,000	7,500,000	31-Dec-16	$0.09	$0.32
05-Mar-14	2,000,000	2,000,000	05-Mar-18	$0.20	$0.02
Total 2015	**-**	**-**	-	-	-
Total 2014	**9,500,000**	**9,500,000**	-	-	-

Options granted carry no dividend or voting rights.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2015

Remuneration report (Audited Continued)

Performance Rights based compensation

The terms and conditions of each grant of Performance Rights over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

GRANT DATE	NUMBER OF PERFORMANCE RIGHTS GRANTED	NUMBER OF PERFORMANCE RIGHTS VESTED	VESTING DATE AND EXERCISABLE DATE	EXPIRY DATE	EXERCISE PRICE	FAIR VALUE PER OPTION AT GRANT DATE
2015						
No performance rights issued	-	-	-	-	-	-
2014						
23-Aug-13	45,000,000	-	Refer Note 1	Refer Note 1	N/A	$0.02
Total 2015	**-**	-	-	-	-	-
Total 2014	**45,000,000**	-	-	-	-	-

Note 1 – The Performance Rights listed in the table above are contingent upon Mr Dorsch being employed as Managing Director of Crestal Petroleum Limited and lapsed on 16 April 2015 at the time he ceased his role as Managing Director.

Other transactions with key management personnel of the Group

On 16 March 2015 the Company agreed to issue a Convertible Note to its Managing Director, Mr Carl Dorsch to provide short term funding to the Company. The Convertible Note was for the amount of $300,000, of which $150,000 was received by the Company during the period.

End of Audited Remuneration report

Voting and Comments at the Company's 2014 Annual General Meeting

The Company received 60.6% of "yes" votes on its remuneration report for the 2014 financial year. The Company did not receive any specific feedback at the AGM on its remuneration report.

Proceedings on Behalf of Company

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

Signed in accordance with a resolution of the Directors.

David Nolan

Chairman

Sydney, 19 February 2016

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AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF CRESTAL PETROLEUM LIMITED

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Crestal Petroleum Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey
Partner - Audit & Assurance

Adelaide, 19 February 2016

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2015

	NOTE	CONSOLIDATED 2015 $	CONSOLIDATED 2014 $
Revenue	4	9,663	22,434
Administrative and corporate costs	5	(1,250,878)	(841,318)
Business Development costs	5	(274,032)	(105,769)
Share based incentives	5	(9,486)	(338,609)
Management fees and on-costs	5	(695,384)	(728,218)
Depreciation and amortisation	5	(58,083)	(17,892)
Impairment of non-current assets	5	(15,628,284)	(6,245,324)
Loss before income tax	5	(17,906,484)	(8,264,696)
Income tax benefit / (expense)	6	(40,830)	1,557,400
Net loss after tax for the year		(17,947,314)	(6,707,296)
Other comprehensive income, net of tax		-	-
Total comprehensive loss		**(17,947,314)**	**(6,707,296)**
LOSS PER SHARE:			
Basic (loss) per share (cents per share)	16	(4.1)	(5.2)
Diluted (loss) per share (cents per share)	16	(4.1)	(5.2)

This statement should be read in conjunction with the notes to the financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

		CONSOLIDATED	
		2015	2014
	NOTE	$	$
ASSETS			
Cash and cash equivalents	18(a)	190,602	409,330
Trade and other receivables	7	106,413	1,560,959
Prepayments	8	-	69,493
Plant and equipment	9	-	49,398
Exploration and evaluation expenditure	10	-	8,662,845
TOTAL ASSETS		**297,015**	**10,752,025**
LIABILITIES			
Trade and other payables	11	3,864,980	892,610
Borrowings	12	472,827	550,392
Employee benefits	13	239,032	27,290
TOTAL LIABILITIES		**4,576,839**	**1,470,292**
NET ASSETS/(LIABILITIES)		**(4,279,824)**	**9,281,733**
EQUITY			
Share capital	14	21,862,140	17,485,869
Reserves	15	-	1,632,735
Accumulated losses		(26,141,964)	(9,836,871)
TOTAL EQUITY/(DEFICIT)		**(4,279,824)**	**9,281,733**

This statement should be read in conjunction with the notes to the financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2015

	ISSUED CAPITAL $	EQUITY RESERVE $	ACCUMULATED LOSSES $	TOTAL $
Balance as at 30 June 2013	**7,374,031**	**371,725**	**(3,129,575)**	**4,616,181**
Total loss and comprehensive income for the year	-	-	(6,707,296)	(6,707,296)
Shares issued during the year	10,598,977	-	-	10,598,977
Options granted	-	496,610	-	496,610
Performance rights granted	-	764,400	-	764,400
Share issue costs	(487,139)	-	-	(487,139)
Balance as at 30 June 2014	**17,485,869**	**1,632,735**	**(9,836,871)**	**9,281,733**
Total loss and comprehensive income for the year	-	-	(17,947,314)	(17,947,314)
Shares issued during the year	4,494,472	-	-	4,494,472
Performance rights granted	-	9,486	-	9,486
Lapsed share based payments	-	(1,642,221)	1,642,221	-
Share issue costs	(118,201)	-	-	(118,201)
Balance as at 30 June 2015	**21,862,140**	**-**	**(26,141,964)**	**(4,279,824)**

The financial statements should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2015

	NOTE	CONSOLIDATED 2015 $	2014 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash payments in the course of operations		(1,351,957)	(1,385,287)
Interest received		259	19,913
Other Income		9,404	2,100
Research and development tax offset received		1,351,957	290,512
Net cash provided by/(used in) operating activities	18(b)	**64,354**	**(1,072,762)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for exploration and evaluation of mineral resources		(2,104,279)	(4,481,229)
Proceeds from sale of exploration asset		200,000	-
Payments for applications and bonds		(63,755)	(50,000)
Payments for property, plant and equipment		(8,685)	(27,385)
Net cash by used in investing activities		**(1,976,719)**	**(4,558,614)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		172,435	550,000
Repayment of borrowings		(250,000)	-
Proceeds from issue of shares		1,831,472	4,573,697
Payments for share issue costs		(60,270)	(217,652)
Net cash provided by financing activities		**1,693,637**	**4,906,045**
Net decrease in cash held and cash equivalents		(218,728)	(725,231)
Cash and cash equivalents at the beginning of the year		409,330	1,134,661
Cash and cash equivalents at the end of the year	18(a)	**190,602**	**409,330**

The financial statements should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

CONTENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

1. Nature of operations

Crestal Petroleum Ltd and its subsidiary (the Group) principal activities include oil & gas and mineral exploration.

The Group was placed in Voluntary Administration on 1 April 2015. On 7 September 2015 the Company executed a DOCA with Wentworth Global Capital Finance Pty Ltd and the DOCA completed on 2 December 2015 and was wholly effectuated on 3 December 2015.

2. General information

Crestal Petroleum Ltd is the Group's ultimate parent Company and is a listed public Company limited by shares incorporated and domiciled in Australia. Crestal Petroleum was incorporated on 21 June 2010.

Crestal Petroleum is a for-profit entity for the purpose of preparing the financial statements.

The registered and principal place of business is Suite 304, Level 3, 66 Hunter Street, Sydney NSW 2000. Crestal Petroleum's shares are listed on the ASX.

3. Significant accounting policies

a) Basis of preparation

Realisation basis of preparation

Based on current forecasts, there is significant uncertainty as to the Company's ability to meet its ongoing operating commitments over the foreseeable future. Consequently, the financial statements have not been prepared on a 'going concern' basis but rather have been prepared on an 'alternative' basis representing a planned orderly realisation of assets and settlement of liabilities.

The Company is suspended from trading on the Australian Securities Exchange (ASX).

Realisation basis of accounting

The 'realisation basis' of accounting adopted by the Company in the preparation of its financial statements continues to apply the requirements of Australian Accounting Standards taking into account that the Company is not expected to continue as a going concern in its present form in the foreseeable future.

Statement of compliance

The consolidated general purpose financial statements of the Group have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board. Australian Accounting Standards incorporate International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board. Compliance with Australian Accounting Standards ensure that the financial statements and notes also comply with IFRS. The consolidated financial statements for the year ended 30 June 2015 (including comparatives) were approved and authorised for issue by the Board of Directors on 19 February 2016.

Historical Cost Convention

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

Functional and presentation currency

Both the functional and presentation currency of the Group is in Australian dollars.

Critical accounting estimates and judgements

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of

3. Significant accounting policies (continued)

making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

Judgments made by management in the application of Australian Accounting Standards that have significant effect on the financial report and estimates with a significant risk of material adjustment in the next year are discussed in Note 3(w) below.

b) Basis of consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2015. The Parent controls a subsidiary if it is exposed, or has rights to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June 2015.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

c) Cash and Cash Equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

d) Plant and equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation.

Depreciation is calculated on the diminishing balance method as follows:

Computer equipment	40%
Computer software	40%
Field equipment	20%
Furniture and fittings	20%

The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period and adjusted if appropriate.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Profit or Loss.

3. Significant accounting policies (continued)

e) Exploration and Evaluation Expenditure

Exploration and evaluation costs related to an area of interest are written off as incurred except they may be carried forward as an item in the statement of financial position where the rights of tenure of an area are current and one of the following conditions is met:

- The costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and
- Exploration and/or evaluation activities in the area of interest have not at the end of each reporting period reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Capitalised costs include costs directly related to exploration and evaluation activities in the relevant area of interest. General and administrative costs are allocated to an exploration or evaluation asset only to the extent that those costs can be related directly to operational activities in the area of interest to which the asset relates.

Capitalised exploration and evaluation expenditure is written off where the above conditions are no longer satisfied. Identifiable exploration assets acquired are recognised as assets at their cost of acquisition, as determined by the requirements of AASB 3: Business Combinations.

Exploration and evaluation expenditure incurred subsequent to the acquisition in respect of an exploration asset acquired is accounted for in accordance with the policy outlined above . All capitalised exploration and evaluation expenditure is assessed for impairment if facts and circumstances indicate that an impairment may exist.

f) Employee Benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be wholly settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Defined contribution superannuation expense.

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

g) Segment reporting

The Board has considered the requirements of AASB 8 Operating Segments and the internal reports that are reviewed by the chief operating decision marker (the Managing Director) in allocating resources and have concluded, due to the Group being focused on exploration activity, at this time that there are no separately identifiable segments.

h) Joint Operations

A joint operation is a 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. The consolidated entity has recognised its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate classifications.

i) Comparative Figures

Comparative figures are adjusted to conform to Accounting Standards when required.

3. Significant accounting policies (continued)

j) Foreign currency translation

The financial statements are presented in Australian dollars, which is Crestal Petroleum Limited's functional and presentation currency.

Foreign currency transactions

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

k) Impairment

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

l) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except where the amount of GST incurred is not recoverable from the Australian Tax Office ("ATO"). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.

m) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

n) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the Statement of Profit or Loss and Other Comprehensive Income Statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the Balance Sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for:

- the initial recognition of assets or liabilities that affect neither accounting nor taxable profit;
- differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future; and
- no temporary differences are recognised on the initial recognition of goodwill.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3. Significant accounting policies (continued)

Crestal Petroleum Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts.

o) Trade and Other Payables

Trade and other payables are stated at cost and are recognised when the Group becomes obliged to make future payments resulting from the purchase of goods and services. The amounts are unsecured and usually paid within 30 days of recognition.

p) Trade and Other Receivables

Trade and other receivables are stated at their cost less impairment losses.

q) Revenue

Interest revenue is recognised on a receivable basis. Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

r) Operating expenses

Operating expenses are recognised in profit and loss upon utilisation of the service or at date of their origin.

s) Share based payments

Equity-settled share-based payments granted are measured at fair value at the date of grant. Fair value is calculated using the Black Scholes methodology share options. The fair value determined at the grant date of the equity-settled share-based payments is recognised over the vesting period.

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees

Equity-settled transactions are awards of shares, or options over shares,that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The costs of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions

The costs of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

t) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are recognised directly in equity as a deduction, net of tax allowable from proceeds.

a) Earnings per share

i. Basic earnings per share

Basic earnings per share is calculated by dividing:

3. Significant accounting policies (continued)

- The profit attributable to owners of the Group, excluding any costs of servicing equity other than ordinary shares; and
- By the weighted average number of ordinary shares outstanding during the financial year.

ii. Diluted earnings per share

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account:

- The after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

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

The accounting standards that have not been early adopted for the year ended 30 June 2015, but will be applicable to the group 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 group.

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 group. Management anticipates that all of the relevant pronouncements will be adopted in the group'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 group's financial statements is provided below.

Year ended 30 June 2019: IFRS 15: Revenue from Contracts with Customers

This standard will change the timing and in some cases the quantum of revenue received from customers. IFRS 15 requires an entity to recognise revenue by identifying for each customer contract, the performance obligations in the contract and the transaction price. The transaction price is then allocated against the performance obligations in the contract with revenue recognised when (or as) the entity satisfies each performance obligation. Management are currently assessing the impact of the new standard but it is not expected to have a material impact on the financial performance or financial position of the consolidated entity.

Year ended 30 June 2019: AASB 9: Financial Instruments

This standard 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 by presenting changes in credit risk in other comprehensive income and the remaining change in the statement of profit or loss.

This standard is not expected to result in a material change to the manner in which the Group's financial result is determined or upon the extent of disclosures included in future financial reports.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3. Significant accounting policies (continued)

v) Key judgement estimates

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

w) Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity

Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Exploration and evaluation costs

Exploration and evaluation costs have been capitalised on the basis that the consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

4. Revenue

	2015 $	2014 $
Revenue		
Interest revenue – bank deposits	259	19,913
Service revenue	-	2,100
Foreign exchange gain	9,404	421
	9,663	22,434

5. Loss for the year

Loss before income tax includes the following specific expenses:

	2015 $	2014 $
Administrative and corporate costs	1,250,878	841,318
Business Development costs	274,032	105,769
Share based incentives	9,486	338,609
Management fees and on-costs	695,384	728,218
	4,662,946	2,013,914
Depreciation and amortisation:		
Depreciation of non-current assets	58,083	11,845
Amortisation of intangible assets	-	6,047
	58,083	17,892
Capitalised exploration costs written off:		
Impairment of non-current assets	15,628,284	6,245,324
Total operating expenses	17,916,147	8,287,130
Operating loss before tax	**17,906,484**	**8,264,696**

6. Income Taxes

a) Income tax expense

	2015	2014
	$	$
Current tax expense	40,830	163,792
Deferred tax	-	-
Research and development tax offset	-	(1,721,192)
Income tax expense	40,830	(1,557,400)

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

	2015	2014
Loss before income tax expense	(17,906,484)	(8,264,696)
Prima facie tax payable on (loss) at 30% (2014: 30%)	(5,371,945)	(2,479,409)
Tax effect of non-temporary differences	3,961,381	1,472,957
Tax effect of equity raising costs debited to equity	40,830	(163,792)
Tax effect of tax losses and temporary differences not recognised	1,410,564	(387,156)
Total income tax expense	40,830	(1,557,400)

b) Income tax recognised directly in equity

There is no amount of tax benefit recognised in equity as the tax effect of temporary differences has not been booked.

c) A deferred tax asset (DTA) has not been recognised in respect of temporary differences as they do not meet the recognition criteria set out on Note 3 (n) of the financial statements. A DTA has not been recognised in respect of tax losses either as realisation of the benefit is not regarded as probable.

The Group has derecognised net DTA of $4,489,052 (2014: $3,126,762) that are available indefinitely for offset against future taxable profits, subject to the continuity of ownership and the same business tests.

The tax rates applicable to each potential benefit are as follows;

- Timing differences 30%
- Permanent differences 30%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

7. Trade and other receivables

	2015 $	2014 $
GST receivable	54,320	53,373
Other receivables	52,093	75,927
Research and development tax offset	-	1,431,659
Total	106,413	1,560,959

There were no past due amounts at 30 June 2015 and no provision has been recorded (2014: nil).

8. Other assets

	2015 $	2014 $
Prepaid acquisition costs	-	65,099
Prepayments	-	4,394
Total	-	69,493

9. Plant and equipment

	FURNITURE AND FITTINGS $	COMPUTER HARDWARE $	FIELD EQUIPMENT $	TOTAL $
Gross Carrying Amount				
Balance at 30 June 2014	15,000	27,070	42,089	84,159
Additions	8,232	453	-	8,685
Balance at 30 June 2015	23,232	27,523	42,089	92,844
Accumulated depreciation /amortisation and impairment				
Balance at 30 June 2014	1,123	13,625	20,013	34,761
Depreciation expense	22,109	13,898	22,076	58,083
Balance at 30 June 2015	23,232	27,523	42,089	92,844
Net Book Value				
30 June 2014	13,877	13,445	22,076	49,398
30 June 2015	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

10. Exploration and evaluation expenditure

	2015 $	2014 $
Non-producing properties		
Exploration and evaluation expenditure:		
Balance at the beginning of the reporting year	8,662,845	2,799,550
Additions through normal acquisition	4,729,907	5,299,748
Disposal of tenements and licenses	(302,469)	-
Tenements and licenses acquired on acquisition of		
PNC Aust Pty Ltd – including costs of acquisition	-	6,267,676
Tenements and licenses acquired – 50% interest in PEL 105	-	1,750,000
Farm out of 50% interest to Senex Energy Limited – in PEL 105	-	(3,500,000)
Impairment of exploration and evaluation assets*	(13,090,283)	(6,245,324)
Balance at the end of the reporting year	-	8,662,845
Closing balance comprises :		
Exploration and Evaluation	-	1,371,650
Exploration and Evaluation – Joint Operations	-	7,291,195
	-	8,662,845

*(*The Impairment of exploration and evaluation assets occurs where senior management conclude that capitalised expenditure is unlikely to be recovered by sale or future exploration)*

11. Trade and other payables

	2015 $	2014 $
Current		
Trade payables	505,649	600,466
Accruals and Other Payables (1)	3,345,822	221,731
Payroll liabilities	13,509	70,413
	3,864,980	892,610

(1) Increase in accruals and other payables can be attributed to drilling associated with the Covenant Mondo Project in Utah, USA during the year

12. Borrowings

	2015 $	2014 $
Current		
Unsecured loans (refer note 1)	472,827	550,392
	472,827	550,392

Note1: Interest has been capitalised as part of the loans where applicable in accordance with loan agreements entered into.

13. Employee benefits

	2015 $	2014 $
Annual leave	52,976	20,510
Long-service leave	-	6,780
Redundancy payments	186,056	-
	239,032	27,290

14. Share capital

	2015 $	2014 $
747,121,110 fully paid ordinary shares (2014: 168,099,767 fully paid ordinary shares)	**23,277,949**	**18,783,477**
Share issue expenses net of tax	**(1,415,809)**	**(1,297,608)**
	21,862,140	**17,485,869**

Each ordinary share carries the right to one vote at shareholders' meetings and is entitled to participate in any dividends or other distributions of the Group.

	2015 NUMBER	2015 $	2014 NUMBER	2014 $
Fully paid ordinary shares				
Balance at the beginning of the period	**168,099,767**	**17,485,869**	**44,380,555**	**7,374,031**
Shares issued during the period and fully paid	**579,021,343**	**4,494,472**	**123,719,212**	**10,598,977**
Share issue transaction costs net of tax	**-**	**(118,201)**	**-**	**(487,139)**
Ordinary fully paid shares at end of year	**747,121,110**	**21,862,140**	**168,099,767**	**17,485,869**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

14. Share capital (continued)

a) Movements in ordinary share capital

DETAILS	DATE	NO OF SHARES	ISSUE PRICE	$
Balance	**1 July 2014**	**168,099,767**		**17,485,869**
Issue of shares - placement	6 July 2014	2,000,000	$0.05	100,000
Issue of shares - placement	15 July 2014	2,248,528	$0.05	112,426
Issue of shares - placement	22 August 2014	22,000,000	$0.03	660,000
Issue of shares - CRJ	3 October 2014	79,000,000	$0.03	2,370,000
Issue of shares - placement	8 October 2014	4,500,000	$0.035	157,500
Issue of shares - CRJ	29 October 2014	6,000,000	$0.028	168,000
Issue of shares - placement	30 December 2014	15,000,000	$0.002	30,000
Issue of shares - rights issue	11 February 2015	196,360,780	$0.002	392,722
Issue of shares - shortfall	11 February 2015	251,912,035	$0.002	503,824
Share issue transaction costs, net of tax		-	-	(118,201)
Balance	**30 June 2015**	**747,121,110**		**21,862,140**

b) Capital Management

Management controls the capital of the Group in order to maximise the return to shareholders and ensure that the Group can fund its operations and continue as a going concern.

Management effectively manages the Group's capital by assessing the Group'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, working capital requirements, distributions to shareholders and share issues.

15. Reserves

Movements in each class of reserve during the current and previous financial year are set out below:

Option Reserve

The reserve is used to recognise the value of options granted for services rendered by consultants and employees of the Company in accordance with the accounting policy described at note 3.

OPTION RESERVE	TOTAL $
Total Balance at 1 July 2013	**371,725**
Fair value of Performance Rights (Options) issued as part of the acquisition of PNC (Aust) Pty Ltd	764,400
Fair value of Options issued during the reporting period	454,812
Fair value of Performance Rights vested	41,798
Balance at 30 June 2014	**1,632,735**
Fair value of Performance Rights vested	9,486
Reversal of Share Option Reserve	(1,642,221)
Balance at 30 June 2015	**-**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

15. Reserves (continued)

For the options above the fair value at grant date has been calculated using the Black Scholes methodology. Volatility has been calculated with reference to comparable entities.

16. Earnings per share

	2015 CENTS PER SHARE	2014 CENTS PER SHARE
Basic (loss) per share	(4.1)	(5.2)
Diluted (loss) per share	(4.1)	(5.2)

The following reflects the income and share data used in the calculations of the basic and diluted earnings per share:

	2015 $	2014 $
Earnings reconciliation		
Net loss for the period	(17,947,314)	(6,707,296)
Earnings used in calculating basic and diluted earnings per share	(17,947,314)	(6,707,296)
Weighted average number of ordinary shares used as the denominator in calculating basic and dilutive earnings per share	436,522,856	129,012,489

The following potential ordinary shares are not dilutive and are therefore excluded from the weighted average number of ordinary shares and potential ordinary shares in the calculation of diluted earnings per share:

	2015 NUMBER	2014 NUMBER
$0.25 25 September 2012 unlisted options	-	5,000,000
$0.20 17 September 2013 unlisted options	5,000,000	5,000,000
$0.093 4 December 2013 unlisted options	7,500,000	7,500,000
$0.20 5 March 2014 unlisted options	2,000,000	2,000,000
$0.20 5 March 2014 unlisted options	1,500,000	1,500,000
$0.10 17 April 2014 unlisted options	6,666,666	6,666,666

17. Contingent liabilities and contingent assets

Chillagoe Gold Project, QLD, Australia

In accordance with the Agreement dated 15 May 2012 with Premier Minerals Limited, upon the successful delineation and announcement by Crestal Petroleum Limited of an Indicated JORC resource of at least 300,000 ounces of gold with a cut-off grade of 3.0 grams per tonne at the Chillagoe Gold Project, Crestal Petroleum Limited will pay Premier Minerals Limited a further $2,000,000 in cash and issue Premier Minerals Limited $2,000,000 worth of shares in Crestal Petroleum Limited.

17. Contingent liabilities and contingent assets (continued)

Covenant Mondo Project, Utah, USA

The Group is committed to expenditure pursuant to the Participation Agreement entered into with Trans Western Petroleum LLC for the Covenant Mondo Project in Utah in the United States of America, as a result a contingent liability for costs in accordance with the Participation Agreement entered into exists.

Tenement Minimum expenditure

The Company has minimum expenditure commitments to meet the conditions under which certain tenements were granted. These minimum commitments may vary from time to time, subject to approval by the grantor of titles or by variation of contractual agreements. The expenditure represents potential expenditure which may be reduced by entering into sale, joint venture or relinquishment of the interests and may vary depending upon the results of exploration. Should expenditure not reach the required level in respect of each area of interest, the Company's interest could be either reduced or forfeited.

18. Notes to the statement of cash flows

a) Reconciliation of cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	2015	2014
	$	$
Cash at bank and on hand	190,602	409,330

b) Reconciliation of loss for the period after income tax to cash flows used in operating activities

Loss for the year	(17,947,314)	(6,707,296)
Depreciation and amortisation of assets	58,083	17,892
Impairment of exploration assets	15,628,284	6,245,324
Equity settled share based payments	9,486	338,610
Tax effect of share issue costs	40,830	(163,793)
(Increase)/decrease in assets:		
Current receivables	1,454,547	(808,250)
Prepayments	69,493	9,309
Increase/(decrease) in liabilities:		
Current and non-current payables	539,203	(20,896)
Provisions	211,742	16,338
Net cash used in operating activities	64,354	(1,072,762)

19. Financial Risk Management

Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are interest rate risk, liquidity and credit risk. Due to the size of the Group, a separate finance committee does not exist. The Board is responsible for the financial risk management and considers future cash flow requirements as required.

Interest rate risk

Interest rate risk is managed by investing cash with major financial institutions in both cash on deposit and term deposit accounts.

Liquidity risk

The Group manages liquidity risk by monitoring forecast cash flows. The Group's operations require it to raise capital on an on-going basis to fund its planned exploration program and to commercialise its tenement assets. If the Group does not raise capital in the short term, it can continue as a going concern by reducing planned but not committed exploration expenditure until funding is available and/or entering into joint venture arrangements where exploration is funded by the joint venture partner.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group as well as through deposits with financial institutions. The Group has adopted a policy of only dealing with credit worthy counterparties obtaining sufficient collateral or other security where appropriate as a means of mitigating the risk of financial loss from defaults and only banks and financial institutions with an 'A' rating are utilised. The Group measures risk on a fair value basis.

The maximum exposure to credit risk at reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

Price risk

The Group does not derive revenue from sale of products, therefore the effect on profit and equity as a result of changes in the price risk is not considered material. The fair value of the mineral projects will be impacted by commodity price changes and could impact future revenues once operational. However, management monitors current and projected commodity prices.

The Group is mainly exposed to mining services price risk. Management constantly monitors price movements and seeks ways to minimise the cost on operating activities.

Financial instruments

The Group has 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 those financial assets and the financial liabilities.

The Group's exposure to interest rate risk and effective weighted average interest rate for financial assets and liabilities is set out below. These tables also set out the Groups remaining contractual maturity for its financial liabilities, they have been drawn up based on the undiscounted cash flows of financial liabilities and are based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

19. Financial Risk Management (continued)

2015	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %	VARIABLE INTEREST RATE $	FIXED MATURITY DATES LESS THAN 1 YEAR $	1-2 YEARS $	2-3 YEARS $	NON INTEREST BEARING $	TOTAL $
Financial assets							
Cash and cash equivalents	2.77%	190,602	-	-	-	-	190,602
Trade and other receivables		-	-	-	-	106,412	106,412
		190,602	-	-	-	106,412	297,014
Financial liabilities							
Trade and other payables		-	-	-	-	3,864,980	3,864,980
Borrowings	15.00%	-	472,827	-	-	-	472,827
		-	472,827	-	-	3,864,980	4,337,807

2014	WEIGHTED AVERAGE EFFECTIVE INTEREST RATE %	VARIABLE INTEREST RATE $	FIXED MATURITY DATES LESS THAN 1 YEAR $	1-2 YEARS $	2-3 YEARS $	NON INTEREST BEARING $	TOTAL $
Financial assets							
Cash and cash equivalents	2.77%	409,330	-	-	-	-	409,330
Trade and other receivables		-	-	-	-	1,560,959	1,560,959
		409,330	-	-	-	1,560,959	1,970,289
Financial liabilities							
Trade and other payables		-	-	-	-	892,610	892,610
Borrowings	15.00%	-	-	300,392	-	250,000	550,392
		-	-	300,392	-	1,142,610	1,443,002

Fair values

The Directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

19. Financial Risk Management (continued)

Sensitivity analysis

Interest Rate Risk and Price Risk

The Group has performed sensitivity analysis relating to its exposure to interest rate risk and price risk at reporting date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Interest Rate Sensitivity Analysis

At 30 June 2015, the effect on loss and equity as a result of fluctuations in the interest rate, with all other variables remaining constant has been considered. For the purpose of this exercise, a 1% increase in the interest rate results in a decrease in loss by $179,473 (2014: $67,073) and an increase in equity by $179,473 (2014: $67,073). These changes are considered to be reasonably possible based on observation of current market conditions.

Price Risk Sensitivity Analysis

As the Group does not derive revenue from sale of products, the effect on profit and equity as a result of changes in the price risk is not considered material. The fair value of the exploration projects will be impacted by commodity price changes and could impact future revenues once operational. However, management monitors current and projected commodity prices.

20. Share based payments

Employee share option plan

There were no employee options granted during the reporting period.

Other share-based payment options on issue

The following reconciles other outstanding share-based payment options on issue at the beginning and at the end of the reporting year:

2015	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding at beginning of the reporting year	21,000,000	$0.19
Expired during the financial year	(5,000,000)	$0.25
Balance at end of the reporting year	16,000,000	$0.15

The options outstanding at 30 June 2015 had a weighted average exercise price of $0.15 and weighted average remaining contractual life of 1.95 years.

2014	NUMBER OF OPTIONS	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding at beginning of the reporting year	11,000,000	$0.28
Granted during the financial year	16,000,000	$0.15
Expired during the financial year	(6,000,000)	$0.30
Balance at end of the reporting year	21,000,000	$0.19

The options outstanding at 30 June 2014 had a weighted average exercise price of $0.18 and weighted average remaining contractual life of 2.96 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

20. Share based payments (continued)

The following share-based payment arrangements were in existence during the reporting year:

OPTIONS SERIES	NUMBER	GRANT DATE	EXPIRY DATE	EXERCISE PRICE	FAIR VALUE AT GRANT DATE*
Issued 25 Sept 2012	5,000,000	25 Sept 2012	25 Sept 2014	$0.25	$96,000
Issued 23 Sept 2013	5,000,000	23 Sept 2013	24 Sept 2017	$0.20	$158,000
Issued 4 Dec 2013	7,500,000	4 Dec 2013	31 Dec 2016	$0.093	$237,750
Issued 5 Mar 2014	2,000,000	5 Mar 2014	5 Mar 2018	$0.20	$47,200
Issued 5 Mar 2014	1,500,000	5 Mar 2014	17 Sept 2017	$0.20	$31,350

*The fair value at grant date has been calculated using the Black Scholes methodology. Volatility has been calculated with reference to comparable entities.

INPUTS INTO THE MODEL	OPTION SERIES	OPTION SERIES	OPTION SERIES	OPTION SERIES	OPTION SERIES
Grant date	25-Sep-12	23-Sept-13	4-Dec-13	5-Mar-2014	5-Mar-2014
Exercise price	$0.25	$0.20	$0.093	$0.20	$0.20
Expected volatility	82.6%	75%	75%	75%	75%
Option life	2 years	4 years	3 years	4 years	3.5 years
Risk-free interest rate	3.65%	2.80%	2.80%	2.80%	2.80%

Performance Rights

The following Performance Rights were in existence during the reporting year:

2015	NUMBER OF PERFORMANCE RIGHTS	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding at beginning of the reporting year	46,050,000	$0.33
Expired during the financial year	(45,000,000)	N/A
Balance at end of the reporting year	1,050,000	$0.33

2014	NUMBER OF PERFORMANCE RIGHTS	WEIGHTED AVERAGE EXERCISE PRICE
Outstanding at beginning of the reporting year	1,050,000	$0.33
Granted during the financial year	45,000,000	N/A
Balance at end of the reporting year	46,050,000	$0.33

PERFORMANCE RIGHTS	NUMBER	GRANT DATE	FAIR VALUE AT GRANT DATE/VESTED
S Woodham	700,000	5 April 2012	$48,513
Consultants	350,000	21 Sept 2012	$23,367

20. Share based payments (continued)

Milestones

The Performance Rights will convert as follows:

1) 300,000 Performance Rights, to convert if the 20 day VWAP for the Shares reaches 25 cents per Share, on or before 27 January 2017;
2) 400,000 Performance Rights, to convert if the 20 day VWAP for the Shares reaches 40 cents per Share, on or before 27 January 2017; and
3) 350,000 Performance Rights, to convert if the Share price reaches 30 cents per Share, on or before 21 September 2015.

Valuation of Performance Rights

The valuation noted above is not necessarily the market price that the Performance Rights could be traded at and is not automatically the market price for taxation purposes.

Performance Rights – S Woodham 27 January 2012

PERFORMANCE RIGHT	NO. OF PERFORMANCE RIGHTS	DEEMED SHARE PRICE 27 JANUARY 2012 (CENTS)	VESTING CONDITION – CONVERTING PROVIDED THE PRICE OF SHARES ON THE ASX IS ABOVE THE FOLLOWING PRICES AT THE TIME OF THE CONVERSION (CENTS)	NO. OF TIMES THE VESTING PRICE IS GREATER THAN SHARE PRICE AS AT 27 JANUARY 2012	DISCOUNT FOR VESTING PRICE BARRIER APPLIED TO FAIR VALUE BASED ON 27 JANUARY 2012 SHARE PRICE
Milestone 1	300,000	14	25	1.79	35%
Milestone 2	400,000	14	40	2.86	65%

The determination of the probability and therefore discount to apply is somewhat subjective as it is difficult to predict the future prospects of the Group or the market. However, the time to meet Milestones 2 and 3 are quite long (to 27 January 2017) and the share volatility since the shares have been traded on ASX in May 2011 approximates 67% and these have been taken into account in determining the appropriate discount. For purposes of our valuation, we have estimated the discount to apply to the value of the Performance Rights with market based vesting conditions.
Based on the above assumptions (after discounting where appropriate for market based conditions) the values are as follows:

PERFORMANCE RIGHTS	27 JANUARY 2012 VALUE (CENTS) AFTER DISCOUNT FOR MARKET BASED CONDITIONS (MILESTONES 1 AND 2)
300,000 Milestone 1	9.1
400,000 Milestone 2	4.9

Performance Rights –21 September 2012

350,000 Performance Rights, to convert if the Share price reaches 30 cents per Share, on or before 21 September 2015.

These Performance Rights have been valued at $0.067 each. This valuation is not necessarily the market price that the Performance Rights could be traded at and is not automatically the market price for taxation purposes.

20. Share based payments (continued)

Performance rights price inputs

Hurdle price	$0.30
Spot price - 25 September 2012	$0.11
Risk free rate	2.56%
Issue date	21-Sep-2012
Conversion date	21-Sep-2015
Number of rights issued	350,000
Present value of performance right	$0.067
Total value of performance rights	**$23,367**

21. Related party disclosures

Parent entity
Crestal Petroleum Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 25.

Joint operations
Interests in joint operations are set out in note 24.

Key Management Personnel

The aggregate of compensation payments made to Directors and other members of key management personnel of the Group is set out below:

	2015 $	2014 $
Short term employee benefits	318,275	510,469
Post-employment benefits	29,413	35,709
Long term benefits/Termination benefits	-	119,728
Share-based payments	-	1,049,350
	347,688	1,715,256

Transactions with related parties:
The following transactions occurred with related parties;

	2015 $	2014 $
Payments for services :		
Payment for accounting and Company secretarial services to BDO Administration SA Pty Ltd an entity associated with Mr George Yatzis the Company secretary of Crestal Petroleum Ltd.	40,000	46,000
Payments for Furniture and Fittings		
*Payment made to Dorsch Consulting Pty Ltd for Furniture and Fittings at the Crestal Petroleum Limited Head Office Adelaide, South Australia (Note 1)	-	15,000
Total	40,000	61,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2015

21. Related party disclosures (continued)

Note 1 : Dorsch Consulting Pty Ltd is an entity associated with Mr Carl Dorsch Managing Director of Crestal Petroleum Limited. The Payment for Furniture and Fittings was approved by the board of directors at a meeting held where Mr Dorsch was not present or permitted to vote or comment upon due to having an interest in the potential transaction. The acquisition was subject to independent valuation and deliberation by the directors without Mr Dorsch participating in that decision-making process.

Loans to/from related parties
On 16 March 2015 the Company agreed to issue a Convertible Note to its Managing Director, Mr Carl Dorsch to provide short term funding to the Company. The Convertible Note was for the amount of $300,000, of which $150, was received by the Company during the period.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

22. Remuneration of auditors

	2015 $	2014 $
Remuneration of the auditor for the Group for:		
Audit or review of the financial report	40,000	37,085
Total	40,000	37,085

The auditor of the Group is Grant Thornton Audit Pty Ltd.

23. Parent entity information

Information relating to Crestal Petroleum Ltd ('the parent entity').

	2015 $	2014 $
Statement of Financial Position		
Total Assets	294,820	4,327,433
Total liabilities	4,478,411	884,242
Net Assets	**(4,153,591)**	**3,443,191**
Equity		
Issued capital	21,862,140	17,485,869
Equity reserve	-	1,632,735
Accumulated losses	(26,055,731)	(15,675,413)
Total Equity	**(4,193,591)**	**3,443,191**
Loss for the year	(23,404,892)	(12,545,838)
Total Comprehensive loss	**(23,404,892)**	**(12,545,838)**

Refer to note 17 for details of the parent entity's commitments and contingent liabilities. The parent entity has not entered into a deed of cross guarantee at the year end.

24. Interests in Joint Operations

The consolidated entity has recognised its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate classifications. Information relating to joint operations that are material to the consolidated entity are set out below:

NAME	PRINCIPAL PLACE OF BUSINESS	OWNERSHIP INTEREST 2015 %	2014 %
PRLs108, 109 and 110 Exploration and mining of oil	South Australia, Australia	50.00%	50.00%
Covenant Mondo Project Exploration and mining of oil	Utah Texas, United States of America	25.00%	25.00%
Petromad	Madagascar	25.00%	-

25. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in note 3:

CONTROLLED ENTITY	COUNTRY OF INCORPORATION	PERCENTAGE OWNED
Premier Mining Pty Ltd	Australia	100%
PNC Aust Pty Ltd	Australia	100%
PNC USA LLC	United States of America	100%

26. Subsequent events

Deed of Company Arrangement

On 7 September 2015 the Company executed a Deed of Company Arrangement with Wentworth Global Capital Finance Pty Ltd. A resolution to approve the DOCA was passed at the major meeting of the Company's creditors held on 17 August 2015 and passed by the Company's shareholders at an Extraordinary General Meeting held on 12 November 2015. In accordance with the terms of the DOCA, a sum of $625,000 was paid to the Deed Administrators for the establishment of the Creditors' Trust Fund and parties associated with Wentworth Global Capital Finance Pty Ltd were issued 4,464,286 ordinary shares, on a post-consolidation basis, at an average price of 14 cents per share. The DOCA completed in accordance with its terms on 2 December 2015.

Share Consolidation

On 16 November 2015 the share capital of the Company was consolidated on the basis of:

- 1 fully paid ordinary share for every 1,506 fully paid ordinary shares; and
- 1 option for every 1,506 options on issue with the exercise price of each option amended in inverse proportion to this ratio.

Asset Disposal

On 13 October 2015 the Company executed Share Sale Agreements with Locksley Holdings Pty Ltd to dispose of:

- Mineral tenements including all Queensland and New South Wales mineral tenements held directly by the Company and 100% of the issued capital of Premier Mining Pty Ltd, including the Queensland mineral tenements held by Premier Mining Pty Ltd, for consideration of $25,000.
- 100% of the issued capital of PNC Aust Pty Ltd including the interests in PRLs 108, 109 and 110 in the Cooper Basin, South Australia for consideration of $75,000.

26. Subsequent events (continued)

The asset disposals remain subject to completion.

Share Placement

On 15 December 2015 the Company announced a placement of 2,392,861 ordinary shares to sophisticated investors at an average price of 14 cents per share to raise a total of AUD $335,000 to assist with the Company's working capital requirements.

27. Fair value measurement of assets and liabilities

Fair value hierarchy

AASB 13 requires disclosure of fair value measurements by level of the following fair value hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The Group does not have any assets or liabilities that are measured on the basis of fair value.

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Crestal Petroleum Ltd:

   a the financial statements and notes of Crestal Petroleum Ltd are in accordance with the Corporations Act 2001, including:

      i. giving a true and fair view of its financial position as at 30 June 2015 and of its performance for the financial year ended on that date; and

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

   b during the year ended 30 June 2015, the Company was not able to sustain its existence as a going concern. The directors placed the company into Administration on 1 April 2015and the administrator took control of the company on that date.

2. As a consequence of being placed in administration and removal of management, the Directors have not been given the declarations required by section 295A of the Corporations Act 2001 from the Managing Director and the Chief Financial Officer for the period ended 30 June 2015.

3. The financial statements comply with International Financial Reporting Standards.

4. Without further qualifying the above statements, the Directors draw attention to Note 3(a) "realisation basis of preparation" of the financial statements which applied at 30 June 2015.

Signed in accordance with a resolution of the Directors:

David Nolan

Chairman

Sydney, 19 February 2016

Grant Thornton

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CRESTAL PETROLEUM LIMITED

Report on the financial report

We have audited the accompanying financial report of Crestal Petroleum Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, 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 us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

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

Auditor's opinion
In our opinion:

a the financial report of Crestal Petroleum Limited is in accordance with the Corporations Act 2001, including:

  i giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

  ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Emphasis of matter – Realisation basis of accounting
Without modifying our opinion, we draw attention to the Basis of Preparation (realisation basis) in Note 3(a) to the financial report, which indicates that the company has decided to continue preparing the financial statements on the realisation basis until such time as the restructure and recapitalisation is complete.

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2015. 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.

Auditor's opinion on the remuneration report - Disclaimer of Opinion

The group entered into voluntary administration on 1 April 2015. Since then control over the company was held by the appointed Administrator, Cor Cordis. The Administrator was unable to obtain access to source documentation and agreements for remuneration paid to key management personnel for the year ended 30 June 2015 and as a result the Remuneration Report may not be accurately presented.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J L Humphrey
Partner – Audit & Assurance

Adelaide, 19 February 2016

SUPPLEMENTARY INFORMATION

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows:

Ordinary shares

As at 6 January 2016, the issued capital comprised of 7,495,675 fully paid ordinary shares (ASX code: CRX) held by 1,961 holders.

Options

As at 6 January 2016, the Company had the following options available to be exercised (post-consolidation):

1. 4,980 options over ordinary shares with an exercise price of $140.60 each, exercisable on or before 31 December 2016.
2. 3,317 options over ordinary shares with an exercise price of $301.20 each, exercisable on or before 17 September 2017.
3. 996 options over ordinary shares with an exercise price of $301.20 each, exercisable on or before 17 September 2017.
4. 1,328 options over ordinary shares with an exercise price of $301.20 each, exercisable on or before 5 March 2018.

Each option converts to one ordinary share.

Distribution of holders equity security – as at 6 January 2016

Fully Paid Ordinary Shares

HOLDING		NUMBER OF HOLDERS	TOTAL UNITS	PERCENTAGE %
1	- 1,000	1,858	99,413	1.33
1,001	- 5,000	50	108,206	1.44
5,001	- 10,000	10	69,765	0.93
10,001	- 100,000	14	381,611	5.09
100,001	and over	29	6,836,680	91.21
Total number of holders		**1,961**	**7,495,675**	**100.00**

SUPPLEMENTARY INFORMATION

Top Twenty Shareholders – as at 6 January 2016

	ORDINARY SHARES	
SHAREHOLDERS	NUMBER HELD	PERCENTAGE
JOHN NOLAN	1,071,429	14.29
GRIFFINC PTY LIMITED <THE GRIFFIN FAMILY A/C>	500,001	6.67
QUIGLEY VIEWCOTT PTY LIMITED <QUIGLEY FAMILY S/F A/C>	428,572	5.72
HARTNELL PTY LIMITED <HARTMAN FAMILY A/C>	357,143	4.76
FABIOLA GOMEZ	357,142	4.76
MR JASON PETERSON + MRS LISA PETERSON <J & L PETERSON S/F A/C>	285,715	3.81
PETLIND PTY LTD	250,000	3.34
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 3	214,286	2.86
MARKETS-ALERT PTY LTD	214,286	2.86
MDH CAPITAL PTY LTD	214,286	2.86
MR SIMON WILLIAM TRITTON <INVESTMENT A/C>	200,000	2.67
DUFFSTER PTY LTD	178,572	2.38
WILLIAM KEITH LAWSON <MAITLAND LAWSON FAM S/F A/C>	178,572	2.38
LIMITS PTY LIMITED <DUNCAN GAMBLE FAMILY A/C>	178,572	2.38
DARREN BRUCE PATTERSON + JULIA PATTERSON	178,572	2.38
REGGID CAPITAL PTY LTD <MALTBY SUPER FUND A/C>	178,572	2.38
STUART MIDDLETON & ASSOCIATES PTY LTD <THE MIDDLETON INVESTMENT A/C>	178,572	2.38
TOTAL	**5,671,436**	**75.66**

Voting rights

The voting rights attaching to each class of equity securities are set out below:

a) Ordinary Shares – on a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

b) Options – No voting rights.

SUPPLEMENTARY INFORMATION

Interests in mining tenements

Current interests in tenements held by the Group as at 6 January 2016 are listed below:

State	Project	Tenement		Holder	Interest
	Chilagoe Project Gold	ML20380*	Empire One	Premier Mining Pty Ltd	100%
		EPM10780*	Yum Yum Prospect	Premier Mining Pty Ltd	100%
		EPM18397*	Victoria Project	Premier Mining Pty Ltd	100%
		EPM18398*	Blueys	Premier Mining Pty Ltd	100%
		EPM19377*	Big Reef	Premier Mining Pty Ltd	100%
		EPM19378*	Bush Tucker	Premier Mining Pty Ltd	100%
		EPM19605*	Rockwood North	Crestal Petroleum Ltd	100%
		EPM19607*	Rockwood North	Crestal Petroleum Ltd	100%
		EPM19803*	Dome South	Premier Mining Pty Ltd	100%
		EPM25253*	South Vol	Premier Mining Pty Ltd	100%
		EPM25193*	West Wandoo	Premier Mining Pty Ltd	100%
		EPM25230*	Bolwarra	Premier Mining Pty Ltd	100%
		EPM25233*	North Crystal Brook	Premier Mining Pty Ltd	100%
		EPM25528*	Sandy Creek	Premier Mining Pty Ltd	100%
NSW	Southern New England Gold	EL7874*	Upper Hunter	Crestal Petroleum Ltd	100%
	Rockley Gold	EL7993*	Triangle Flat	Crestal Petroleum Ltd	100%
		EL8004*	Rockley	Crestal Petroleum Ltd	100%
SA	Cooper Basin Oil & Gas	PRL108*		PNC Aust Pty Ltd	50%
		PRL109*		PNC Aust Pty Ltd	50%
		PRL110*		PNC Aust Pty Ltd	50%

**Tenement interest is subject to a Sale Agreement entered into on or about 13 October 2015 with Locksley Holdings Pty Ltd, under which Locksley Holdings Pty Ltd or is nominee is to purchase the assets.*