



**ALEATOR ENERGY**  
— LIMITED —

**ANNUAL REPORT 2012**

**DIRECTORS**

**Dr John Armstrong**

Non-Executive Chairman (resigned 19 October, 2012)

**Lewis Cross**

Non-Executive Chairman (effective 19 October, 2012)

**Anthony Kain**

Non-Executive Director

**Mark Rowbottam**

Non-Executive Director

**CHIEF EXECUTIVE OFFICER**

**Walter Muir**

**CHIEF FINANCIAL OFFICER**

**Hamish Carnachan**

**COMPANY SECRETARY**

**Ranko Matic**

**DIRECTORY**

**SOLICITORS**

Steinepreis Paganin

Level 4, 16 Milligan St, Perth WA 6000

**Auditors**

RSM Bird Cameron Partners

8 St Georges Tce, Perth WA 6000

**Share Registry**

Computershare Investor Services Pty Limited

Level 2, 45 St Georges Tce, Perth WA 6000

(PO Box D182, Perth WA 6840)

Telephone: +61 8 9323 2057

Facsimile: +61 8 9323 2033

**Registered & Head Office**

Suite 18, 40 St Quentin Ave, Claremont WA 6010

(PO Box 216, Claremont WA 6910 Australia)

Telephone: +61 8 9385 0700

Facsimile: +61 8 9385 4400

Email: [info@aleatorenergy.com.au](mailto:info@aleatorenergy.com.au)

Website: [www.aleatorenergy.com.au](http://www.aleatorenergy.com.au)

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## CHAIRMANS' LETTER

Dear Shareholder,

On behalf of your Board, I am pleased to present this report on Aleator Energy's progress and activities over the year ended 30 June 2012.

During the year there have been a number of changes in the composition of the Board and also in the operational focus for Aleator Energy Limited ("Aleator Energy" or "the Company"). The acquisition of the Povorotnoye Gas and condensate exploration project located in the Crimea, Ukraine, has resulted in the application of administration and financial resources towards the preparation of drilling the Company's first well on the acreage.

In mid October 2011, the Company announced that it had secured a 61.2% beneficial interest in the highly prospective gas and condensate exploration project on the Crimean Peninsula in the East European country of Ukraine. This acquisition covering 119 square kilometres (26,000 acres) was a company changing event and was initially subject to the successful completion of a full due diligence review of the licenses and the entities associated with the acquisition. The Board also commissioned geological and engineering consultants AWT International ("AWT") to provide an independent assessment of the potential of the Povorotnoye project. The Company subsequently engaged AWT for the preparation, through the drill phase and completion of the first well which is scheduled to be commenced in due course when operations are adequately funded and all procurements including a rig has been secured.

The field has already had several wells drilled into it in the 1980's, with one flowing gas at ~5mmcfpd with associated condensate and another blowing out at ~17mmcfpd. A successful well will represent a company changing revenue and value uplift, this is particularly the case with current Ukraine gas prices standing between US\$11- 12 per mcf. Gas which is produced can be tied into local infrastructure with a relatively short connecting pipeline, with current processing facilities having ample spare capacity.

Aleator Energy is reviewing its legacy and non-core assets such as the Golden Eagle gas field and the Johnstone Range royalties, with the view to realising potential revenue from divestiture of these assets. Funds raised as a result will be redirected to provide further funding for development of the Company's Povorotnoye project.

The Company is currently seeking funding to finance drilling operations and is continuing discussions with potential investors. The Board is encouraged by the interest from offshore institutions and strategic investors and is hopeful of achieving the desired outcome within a reasonable timeframe, allowing continuation of its development operations on the Povorotnoye gas and condensate field on a revised timetable to commence drilling as soon as possible.

We look forward with a highly optimistic view of operational outcomes in the year ahead, particularly with the production potential of the Povorotnoye project in a high gas price environment, crystallising share holder value with prospective substantial revenue.

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

Lewis Cross  
Chairman

## **DIRECTORS' REPORT**

Your Directors submit the financial report of Aleator Energy Limited for the year ended 30 June 2012.

### **Directors**

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

- Lewis Cross – Non Executive Director
- Richard Sciano – Non Executive Director (Resigned 12 July 2012)
- Anthony Kain – Non Executive Director
- Mark Rowbottam – Non Executive Director (appointed 18 April 2012)
- John Armstrong – Non Executive Chairman (appointed 25 June 2012)

### **Information on Directors, KMP & Company Secretary**

#### **Dr John Armstrong, Non-Executive Chairman (appointed 25 June 2012)**

Dr Armstrong has had a 40 year career in the upstream oil and gas industry including 9 years with UNOCAL in South East Asia and over 20 years in senior management roles at Santos. Dr Armstrong was executive chairman of Global Petroleum Limited – an ASX and AIM listed company from 2002 to early 2007, and he formed and was foundation chairman, and then a director, of Falkland Oil and Gas Limited, an AIM listed company, from October 2004 to May 2007. He is also currently Non-Executive Chairman of Texon Petroleum Ltd an ASX listed company. Prior to becoming chairman of Global Petroleum Limited, Dr Armstrong was a General Manager at Santos and played an important role in growing Santos from a small local gas company to a company which in 2001 had a market capitalisation of some A\$3.5 billion and annual oil and gas revenue of over A\$1 billion a year from its South Australia, Queensland, Western Australia, Northern Territory, Victoria, Papua New Guinea and United States of America areas of operation. He retired from Santos at the end of 2001. Throughout his career, Dr Armstrong has worked closely with host country governments, government petroleum companies, the Federal Government and various State Governments in Australia, various regulators, customers, contractors, consultants and joint venture companies as operator and non-operator.

#### **Lewis Cross, BBus (Acc) CPA FAICD, Non-Executive Director**

Lewis Cross was appointed director on 22 May 2006. Lewis is a Certified Practising Accountant and has a Bachelor of Business majoring in Accounting from Curtin University and is a Fellow of the Institute of Company Directors. Mr Cross has been involved in the mining industry for many years as well as various other industries in the course of his work in providing accounting and business consulting services. He has had extensive experience as a company director and is currently a director of Aspermont Limited, an international publisher focusing on the various sectors of the mining industry, and White Canyon Uranium Limited, and was a non executive-director of Polaris Metals Limited until his resignation on 11<sup>th</sup> January 2012 following the successful takeover negotiated with Mineral Resources Limited. Mr Cross has not been a director of any other public listed companies during the 3 years prior to the current year.

#### **Anthony Kain, Non-Executive Director**

Anthony Kain is Special Counsel specialising in Oil & Gas/Resources advising Talbot Olivier Lawyers in Perth after working for 15 years in the oil industry as an executive and then Managing Director/CEO of an Oil & Gas company listed on the ASX. Anthony brings to the Board an extensive technical and commercial network along with considerable hands on experience with respect to the assessment, acquisition, financing and development of assets around the world. In the late 1990's Mr Kain and a partner formed NorthSun Energy Ltd with a team which included an AGIP Vice President and the former Exploration Manager who discovered the North Rankin and Goodwyn fields (which underpin the NorthWest Gas Shelf project) for Woodside. The company acquired gas assets in the Po Valley in northern Italy which became available when Italy joined the EEC developing a strategic position which was ultimately rolled into Po Valley Energy in 2002 (ASX listed "PVE"). From 2004 through to March 2008 Anthony was Managing Director and CEO of ASX listed oil and gas company Nuenco NL which focused on the acquisition and development of a US acreage position in California to capitalize on high US Natural Gas prices at the time. The company focused on the extension of the major Lost Hills Oil Field in California's San Joaquin Basin drilling multiple wells while also building one of the largest acreage positions of any foreign company in the Basin at that time. Mr Kain does not hold any other directorships of ASX listed companies, currently or during the past three years.

## **DIRECTORS' REPORT**

### **Mark Rowbottam, Non Executive Director (appointed 18 April 2012)**

Mr Rowbottam is an experienced corporate executive, advisor and company director. Mr Rowbottam has undergraduate science qualifications and a Master of Business Administration with specialties in corporate administration and marketing. He is a Fellow of the Securities Institute of Australia and active member of the Australian Institute of Company Directors. Mr Rowbottam has more than 15 years' experience in the corporate financial arena and has been involved in many ASX capital raisings, mergers/acquisitions and corporate transactions in the mineral and energy sectors, including the acquisition of the Seychelle assets of Seyco by WHL Energy Limited and the Povorotnoye asset by Aleator Energy Limited. He is a founder and current director of ASX listed Latin Resources Limited.

### **Richard Sciano, Non-Executive Director (Resigned 12 July 2012)**

Richard Sciano is a business entrepreneur who has served for 8 years as a public company director and is responsible for raising over 60 million dollars for the company. He has over 20 years experience as a private company director in charge of a number of multi-million dollar projects in the property and building development sectors of Western Australia. He has extensive project management and commercial activities experience, both in the public and business sectors. He has been a director of the company since January 2003. Mr Sciano was also an executive director for White Canyon Uranium Ltd and was instrumental in the company's listing in March 2008. White Canyon was taken over by Denison Mines Corp of Canada in July 2012 for over 50 million dollars. Other than disclosed above, over the past three years Mr Sciano has not held any other directorships of ASX Listed companies.

### **Wal Muir, BSc (HONS) MBA, Chief Executive Officer (appointed 25 January 2012)**

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

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

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

### **Hamish Carnachan, Chief Financial Officer**

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

### **Ranko Matic, Company Secretary**

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

## DIRECTORS' REPORT

### Interests in the shares and options of the Company

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

	Ordinary Shares	Options over Ordinary Shares
Richard Sciano*	3,600,000	20,600,000
Lewis Cross	7,680,000	20,030,000
Anthony Kain	5,000,000	24,000,000
Mark Rowbottam	25,000,000	25,000,000
John Armstrong	Nil	Nil

\*Resigned 12 July 2012

### Meetings of Directors

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

Director	Number of Meetings	
	Attended	Eligible to Attend
Richard Sciano	8	8
Lewis Cross	8	8
Anthony Kain	6	8
Mark Rowbottam	2	2
John Armstrong	-	-

### Principal Activities

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

### Operating Results

The consolidated operating loss amounted to \$2,293,076 (2011: profit \$2,697,613).

### Dividends Paid or Recommended

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

## **DIRECTORS' REPORT**

### **Review of Operations**

Aleator Energy Limited is an active explorer for oil and gas with its flagship operation based in the Crimea, Ukraine where it jointly operates the Povorotnoye Gas and Condensate field with the license holder. The Company is also the 100% operator of the Golden Eagle Gas Field in Grand County Utah USA. Royalty interests are retained in several projects in Western Australia.

### **POVOROTNOYE PROSPECT – ONSHORE GAS & CONDENSATE, CRIMEA, UKRAINE**

In October 2011 Aleator Energy reported its acquisition of the Povorotnoye Gas Field located on the Kerch Peninsula in the region of Crimea, Ukraine. The Company has a 61.2% beneficial interest in the project. Operational management of the field is conducted under a Joint Activity Agreement with the license holder, Crymgeologia, the State body controlling oil and gas operations in Crimea.

### **General History**

Throughout Ukraine, in the USSR era, the oil and gas industry discovered and appraised a large number of hydrocarbon fields. With very low gas prices at the time, many fields were marked as uneconomic and were never developed. Enhanced seismic acquisition and interpretation together with modern drilling and production methods can now be applied, which combined with today's high European gas prices provide the opportunity to unlock "company making" projects.

The Company's Povorotnoye Gas & Oil field is located in an area of producing fields in the southern "Foredeep" section of the hydrocarbon province known as the Azov-Kuban Basin, the boundary of which straddles the eastern Crimean Kerch Peninsula and the western most region of Russia. The "Foredeep" which forms a band along the southern section of the Azov-Kuban Basin is recognized as the most prolific section of the basin for oil and gas discovery and production.

### **The Povorotnoye Field**

The productive aspect of the field could cover an area of some 20 square kilometres (5,000 acres). One of the old wells (POV-1) in the Company's oil and gas field flowed gas at the maximum rate of 7 mmcf/gpd with some condensate through a 20/64" choke with a shutin surface pressure of 5,100 psi. The stabilised flow was 5.1 mmcf/gpd. The gas is from the M3 sandstone reservoir (gross thickness 18m) at a depth of 3,900m where the formation pressure is 11,000 psi.

A nearby well in the field (POV-2, two km from the POV-1 well) had a gas flow estimated to be 17 mmcf/gpd probably from the same M3 reservoir, and in other wells this reservoir have a gross thickness of up to 50m.

There are other zones of potential interest in the POV-2 well. In this well significantly increased gas shows were reported during drilling a 700m interval from 2,700 to 3,400m. This zone can be recognised on the logs from the well as anomalous.

Current Ukraine gas prices stand between US\$11-12 per mcf. Gas which is produced can be tied into local infrastructure with a relatively short connecting pipeline, with current processing facilities having ample spare capacity.

### **Proposed Operations**

The new well (Pov-105) which the Company is expecting to spud in the field will twin the well which flowed at a stabilised rate of 5.1 mmcf/gpd. POV-105 will be engineered and electric logged to investigate the secondary objective – the 700m of gas shows at about 3,000m depth, as well as the primary objective - the known deep gas reservoirs. The well is expected to take 60 to 90 days to drill and run electric logs, with production casing and testing programmes to follow.

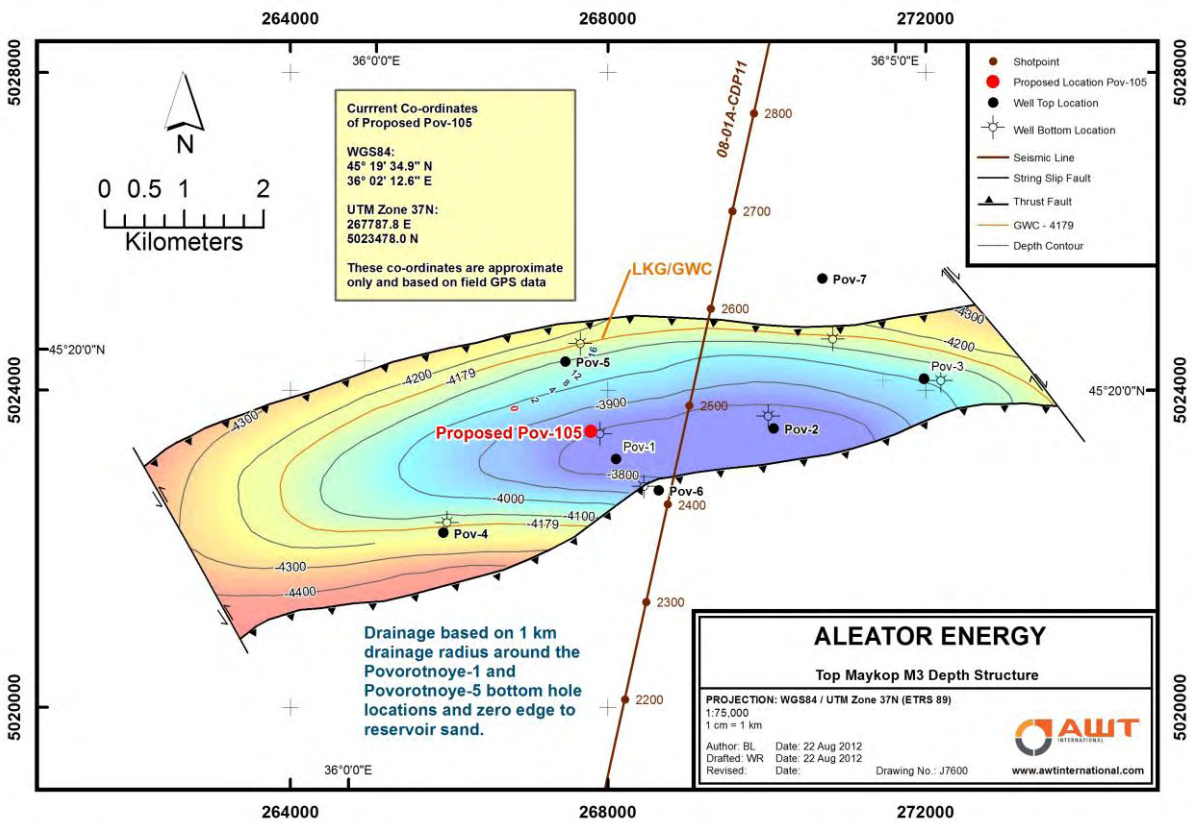
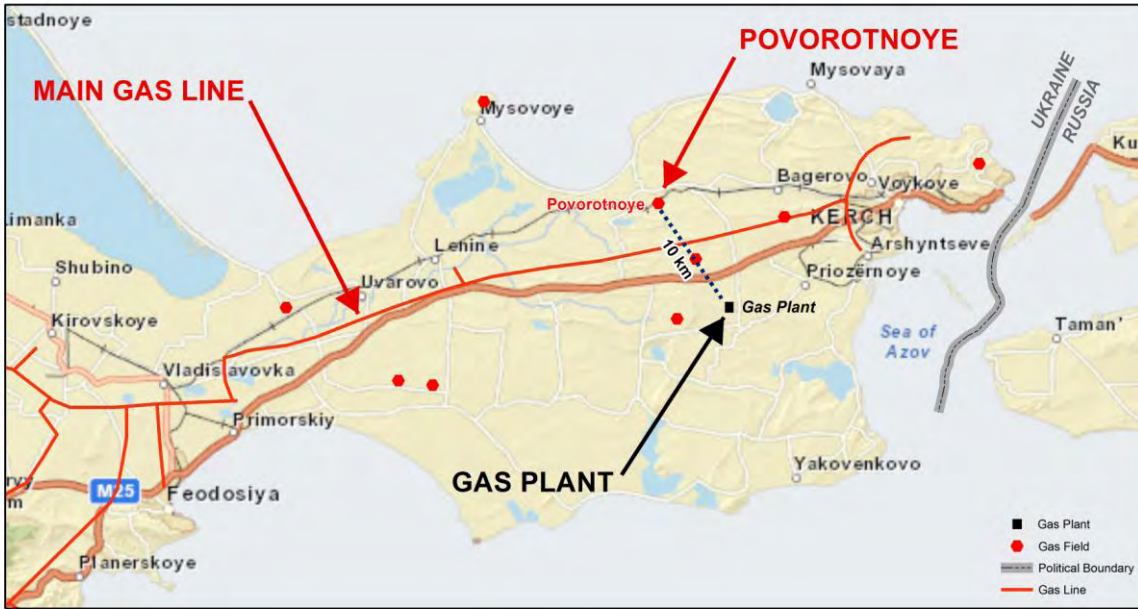
AWT International ("AWT") are assisting with the management of preparatory aspects and have been engaged to conduct the Project Management role throughout the operational phase of drilling and completion of the POV-105 well. AWT has recently completed a resource upgrade study which provides a new independent estimate of 215 BCF (P50) gas in place in three gas reservoirs in the field: M-3 (Upper and Lower) and M-4. Further significant upside potential exists from additional zones which may be present. AWT has also calculated potential well productivity which suggests that an initial gas production rate could easily exceed 20 mmcf/gpd per well at a flowing well head pressure of 4000psi.

The first well is scheduled to commence when operations are adequately funded and all procurements including a rig has been secured.



# ALEATOR ENERGY — LIMITED —

## DIRECTORS' REPORT





## **DIRECTORS' REPORT**

### **GOLDEN EAGLE GAS FIELD**

The Golden Eagle gas field was discovered by The Company in 2006 with drilling the first of three Paradox Basin wells, Paradox Basin #1. The field is a large structure with multiple objectives within Pennsylvanian and Mississippian aged strata.

Two other wells on the Golden Eagle Field have been drilled on the field and it is planned to complete a review of the project to assess how the Company should proceed.

An application was lodged in late 2011 to re-unitize the field and subsequently designation of the new Golden Eagle 70 II Unit was received in March this year. Final approval of the Unit is expected as a matter of course when the administrative aspects are completed and necessary documents are executed.

### **JOHNSTON RANGE**

**Iron Ore Royalties:** The Company has an agreement with Cliffs Asia Pacific Iron Ore Pty Ltd ("Cliffs") with respect to its previously owned Johnston Range Iron Ore tenements in the Yilgarn region of Western Australia. Cliffs will pay The Company a gross royalty of 2% on the iron ore sales from the tenements as well as a 2% gross royalty on the sale of all other minerals. Mining is scheduled to commence in 2014.

### **Financial Position**

The company had increases in the net assets to \$57,744,803, an increase of \$9,006,805 from net assets of \$48,737,998 at 30 June 2011. Further capital of \$7,124,697 (2011: \$5,268,019) net of costs, was raised during the year to fund the acquisition of new projects and ordinary capital.

### **Significant Changes in the State of Affairs**

As announced to the market on 17 October 2011, the Company entered into an agreement to acquire Honoratus Holdings Pty Ltd pursuant to which it will acquire a 62.1% beneficial interest in a number of oil and gas exploration licences containing the Povortnoye gas/condensate field, onshore the Autonomous Republic of Crimea, Ukraine.

At the Annual General Meeting held on 30 November 2011, the Shareholders approved the company undertaking a change in the scale of its activities as a result of the Acquisition of Honoratus Holdings Pty Ltd

During the year the Company raised \$6m by way of a share placement in two tranches at an issue price of \$0.018 per share to fund work commitments in Ukraine.

On 25 January 2012, the Company appointed a new CEO – Mr Wal Muir.

On 19 March 2012, the Company announced that the Golden Eagle Gas Unit was designated by the US Bureau of Land Management (BLM). The Golden Eagle Gas Field consists of 40 individual leases. Final approval of the Unit is expected as a matter of course when the administrative aspects are completed and necessary documents are executed.

On 21<sup>st</sup> June 2012 the Company changed its name from Golden State Resources to Aleator Energy Limited.

On 25 June 2012, the Company appointed a new Non-Executive Chairman – Mr John Armstrong.

In the opinion of the Directors, there were no other significant changes in the state of affairs of the company that occurred during the financial year under review, not otherwise disclosed in these financial statements and the Director's report.



**ALEATOR ENERGY**  
— L I M I T E D —

**DIRECTORS' REPORT**

**Events after the reporting period**

In July 2012, the \$2,755,500 share application monies taken up in trade and other payables was converted into fully paid ordinary shares at \$0.018 per share.

On 27 August 2012, the Company announced to the market a significant Resource Upgrade in the Povorotnoye Gas Field and that a drilling rig had been secured and was available to commence drilling in September 2012. This rig option expired on 14 September 2012.

On 10 September 2012 the Company requested its securities to be placed in voluntary suspension, pending completion of a capital raising and placement. On 14 September 2012 the Company announced to the market that it had been granted a waiver to extend the original shareholder approval to undertake a placement of capital up to \$10,000,000 on the condition that the shares are issued no later than 14 October 2012.

No other matter or circumstance has arisen since 30 June 2012 that has significantly affected, or may significantly affect:

- (a) the company's operations in future financial years, or
- (b) the results of those operations in future financial years; or
- (c) the company's state of affairs in future financial years.

**Future Developments, Prospects and Business Strategies**

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

**Environmental Regulation**

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

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

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

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

## DIRECTORS' REPORT

### Officer's Indemnities and Insurance

For the year ended 30 June 2012, all directors and the specified executives of the consolidated group were insured by the Company. The insurance covers legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the consolidated entity, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company. The total amount of insurance contract premiums paid was \$20,426.

### Options

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

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

Option holders do not have any rights to participate in any issues of shares or other interests in the company or any other entity. For details of options issued to directors and executives as remuneration, refer to the Remuneration Report. During and since the year ended 30 June 2012, there were 12,758 ordinary shares in the company issued on the exercise of options granted. No amounts are unpaid on any of the shares. No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

### Legal Proceedings

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

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

### Auditor's Independence Declaration and Non-Audit Services

RSM Bird Cameron Partners continues in office in accordance with section 327 of the *Corporations Act 2001*.

A copy of the auditor's independence declaration as required by Section 307C of the Corporations Act 2001 is included within the financial statements.

Details of non-audit services provided by the company's auditor, RSM Bird Cameron Partners, are set out below. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provide means that auditor independence has not been compromised. RSM Bird Cameron Partners received the following amount for provision of non-audit service:

- Tax advice and compliance services - \$83,275 (2011: \$19,650)

## DIRECTORS' REPORT

### Remuneration Report (Audited)

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

- A Principles used to determine the nature and amount of remuneration
- B Details of remuneration
- C Service agreements
- D Share-based compensation
- E Additional information

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

### A Principles used to determine the nature and amount of remuneration

#### **Remuneration Policy**

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

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

- (i) The remuneration policy, setting the terms and conditions for the executive directors and other senior executives, was developed by the Board. All executives receive a base salary (which is based on factors such as skills, experience and length of service) and superannuation. The Board reviews executive packages annually by reference to the company's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.
- (ii) The Board may exercise discretion in relation to approving incentives, bonuses and options. The policy is designed to attract and retain the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.
- (iii) Executives are also eligible to participate in the employee share and option arrangements.
- (iv) The executive directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits.
- (v) All remuneration paid to directors and executives is valued at the cost to the company and expensed.
- (vi) The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting (currently \$300,000). Fees for non-executive directors are not linked to the performance of the company. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the company.

#### **Performance based remuneration**

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

## DIRECTORS' REPORT

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

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

### **B Details of remuneration**

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

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

### ***Key management personnel and other executives of the company and the Group***

**2012**

Key Management Person	Short-term Benefits				Post- employment Benefits	Other Long-term Benefits	Share based Payment		Total	Repre- sented by Options	Perform- ance Related
	Cash, salary & commis- sions	Cash profit share	Non-cash Benefit	Other	Super- annuation	Other	Equity	Options			
<b>Directors</b>	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
John Armstrong (appointed 25 June 2012)	2,466	-	-	-	222	-	-	-	2,688	-	-
Lewis Cross	96,000	-	-	-	8,640	-	-	-	104,640	-	-
Richard Sciano (resigned 12 July 2012)	266,349	-	-	-	20,073	-	-	-	286,422	-	-
Anthony Kain	85,125	-	-	-	7,661	-	-	-	92,786	-	-
Mark Rowbottam (Appt 2 April 2012)	42,500	-	-	-	3,825	-	-	-	46,325	-	-
<b>Other KMP</b>											
Wal Muir (CEO) (appointed 23 Jan 2012)	204,684	-	-	-	-	-	-	-	204,684	-	-
Hamish Carnachan (CFO)	199,500	-	-	-	17,955	-	-	-	217,455	-	-
	<u>896,624</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,376</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>955,000</u>	<u>-</u>	<u>-</u>



**ALEATOR ENERGY**  
— L I M I T E D —

**DIRECTORS' REPORT**

2011

Key Management Person	Short-term Benefits				Post- employment Benefits	Other Long-term Benefits	Share based Payment		Total	Repre- sented by Options	Perform- ance Related
	Cash, salary & commis- sions	Cash profit share	Non-cash Benefit	Other	Super- annuation	Other	Equity	Options			
<b>Directors</b>	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%
Lewis Cross	66,150	-	-	-	5,954	-	-	-	72,104	-	-
Richard Sciano	266,083	-	-	-	23,948	-	-	-	290,031	-	-
Richard De Boer (Resigned 28 February 2011)	233,221	-	-	42,404	24,806	-	-	-	300,431	-	-
Anthony Kain (Appointed 15 March 2011)	20,797	-	-	-	1,872	-	-	-	22,669	-	-
<b>Other KMP</b>											
Hamish Carnachan (CFO)	181,167	-	-	5,000	16,755	-	-	33,700	236,622	14%	14%
	767,418	-	-	47,404	73,335	-	-	33,700	921,857		

**C Service agreements**

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

John Armstrong, Non-Executive Chairman

The Company has an agreement with Mr Armstrong for the provision of services for an agreed annual fee of \$100,000 plus superannuation and performance bonuses.

Lewis Cross, Non-Executive Director

The company has an agreement with Mr Cross for the provision of services for an agreed annual fee of \$85,000 plus superannuation.

Anthony Kain, Executive Director

The company has an agreement with Mr Kain for the provision of services for an agreed annual fee of \$70,000 plus superannuation.

Mark Rowbottam, Non-Executive Director

The company has an agreement with Allegra Capital Pty Ltd for the provision of Mark Rowbottam's services for an agreed annual fee of \$75,000 plus superannuation.

Wal Muir, CEO

The company has an agreement with AWT International for the provision of Mr Muir's services for an agreed annual fee of \$384,000 based upon a 3 day week, and an additional day rate of \$2,462 per day for services provided in excess of 3 days per week.

Hamish Carnachan, CFO

The company has an agreement with Mr Carnachan for the provision of services on normal commercial terms and conditions. His annual salary is \$199,500 plus statutory superannuation. The company may

## DIRECTORS' REPORT

terminate the contract by giving three months notice, Mr Carnachan may terminate by giving one month notice.

### **D Share-based compensation**

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

### **E Additional information**

#### ***Performance income as a proportion of total compensation***

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

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

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



Lewis Cross

Director

Dated this 28<sup>th</sup> day of September 2012

## **CORPORATE GOVERNANCE**

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

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

### **Board and Management**

#### ***Objectives of the Board***

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

#### ***Board Responsibility***

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

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

#### ***Materiality***

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

#### ***Qualitative***

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

#### ***Contracts***

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



## **CORPORATE GOVERNANCE**

### **Structure of the Board**

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

### **Independent Directors**

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

### **The Chairman**

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

### **Wal Muir, Chief Executive Officer**

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

### **Other Directors**

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

### **Nomination for Board Positions**

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

### **Independent Professional Advice**

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

### **Ethical and Responsible Decision Making**

#### **Code of Conduct**

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

#### **Policy on Share Trading**

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

### **Financial Reporting Integrity**

#### **Financial Reports**

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

#### **Audit Committee**

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

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

## **CORPORATE GOVERNANCE**

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

### **Timely and Balance Disclosure**

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

### **Rights of Shareholders**

Aleator Energy maintains a website at [www.aleatorenergy.com.au](http://www.aleatorenergy.com.au).

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

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

### **Management of Risk**

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

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

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

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

### **Performance Evaluation of the Board and Management**

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

### **Remuneration of Directors and Executives**

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

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

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

### **Corporate Code of Conduct**

Aleator Energy is committed to:

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



**ALEATOR ENERGY**  
— LIMITED —

**CORPORATE GOVERNANCE**

**Corporate Responsibility**

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

**Employment**

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

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

	2012		2011	
	No.	%	No.	%
Women on the Board	0	0%	0	0%
Women in senior management roles	0	0%	0	0%
Women employees in the company	1	25%	1	25%

**Third Parties**

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

**Conflict of Interest**

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

**Breach of Corporate Governance**

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

**Review of Rules of Corporate Governance**

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

**CORPORATE GOVERNANCE STATEMENT**

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

[www.aleatorenergy.com.au](http://www.aleatorenergy.com.au)

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



**ALEATOR ENERGY**  
— LIMITED —

**CORPORATE GOVERNANCE**

**DISCLOSURE OF CORPORATE GOVERNANCE PRACTICES**

**Summary Statement**

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

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

**"If Not, Why Not" Disclosure**

During the Company's 2011/2012 financial year ("**Reporting Period**") the Company has followed each of the Principles & Recommendations other than in relation to the matters specified below.

**Principle 2**

**Recommendation 2.4:** The board should establish a nomination committee.

**Notification of departure:**

During the reporting period there was no separate nomination committee.

**Explanation for departure:**

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

**Principle 3**

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

**Notification of departure:**

During the reporting period there was no diversity policy in place.

**Explanation for departure:**

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

**Principle 3**

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

## **CORPORATE GOVERNANCE**

**Notification of departure:**

Information is not disclosed in the Annual Report.

**Explanation for departure:**

Due to the size of the company, there have been no measurable objectives set.

**Principle 4**

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

**Notification of departure:**

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

**Explanation for departure:**

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

**Principle 8**

**Recommendation 8.1:** The board should establish a remuneration committee.

**Notification of departure:**

There is no separate remuneration committee.

**Explanation for departure:**

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

### **NOMINATION COMMITTEE**

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

### **AUDIT COMMITTEE**

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

### **REMUNERATION COMMITTEE**

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

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

## **CORPORATE GOVERNANCE**

### **OTHER**

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

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

#### **Assurances to the Board**

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

#### **Identification of Independent Directors and the Company's Materiality Thresholds**

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

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

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

There is currently one independent director of the Company.

#### **Statement concerning availability of Independent Professional Advice**

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

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

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

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

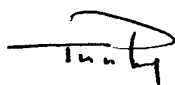
There are no termination or retirement benefits for non-executive directors (other than for superannuation).

### AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Aleator Energy Limited for the year ended 30 June 2012, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

*Rsm Bird Cameron Partners*  
RSM BIRD CAMERON PARTNERS



TUTU PHONG  
Partner

Perth, WA  
Dated: 28 September 2012

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 \$	2011 \$
Revenue	2	191,351	4,625,783
Depreciation expense		(12,665)	(14,330)
Finance costs		(5,559)	(93,477)
Corporate and administration expenses		(1,669,479)	(764,728)
Impairment of exploration expenditure capitalised		(13,368)	(34,701)
Director and employee benefits expense		(783,356)	(943,297)
Share based payment expense		-	(77,637)
		<hr/>	<hr/>
(Loss) / Profit before income tax	3	(2,293,076)	2,697,613
Income tax expense	4	-	-
(Loss) / Profit for the year		<hr/>	<hr/>
		(2,293,076)	2,697,613
		<hr/>	<hr/>
<b>Other Comprehensive Income / (Loss)</b>			
Foreign currency translation		1,915,851	(10,358,285)
Income tax relating to components of other comprehensive income for the year		-	-
Other comprehensive income / (loss) for the year		<hr/>	<hr/>
		1,915,851	(10,358,285)
		<hr/>	<hr/>
<b>Total comprehensive (loss) for the year</b>		<hr/>	<hr/>
		(377,225)	(7,660,672)
		<hr/>	<hr/>
Basic (loss) / earnings per share (cents per share)	7	(0.26)	0.49

The accompanying notes form part of these financial statements.



**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
FOR THE YEAR ENDED 30 JUNE 2012

	Note	2012 \$	2011 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	8	5,342,751	4,216,115
Trade and other receivables	9	774,723	179,173
Other financial assets	10	-	500,000
Other assets	11	69,855	54,699
<b>TOTAL CURRENT ASSETS</b>		<b>6,187,329</b>	<b>4,949,987</b>
<b>NON-CURRENT ASSETS</b>			
Plant and equipment	15	66,594	61,586
Deferred exploration and evaluation expenditure	16	55,111,289	44,510,263
<b>TOTAL NON-CURRENT ASSETS</b>		<b>55,177,883</b>	<b>44,571,849</b>
<b>TOTAL ASSETS</b>		<b>61,365,212</b>	<b>49,521,836</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	17	3,620,409	783,838
<b>TOTAL CURRENT LIABILITIES</b>		<b>3,620,409</b>	<b>783,838</b>
<b>TOTAL LIABILITIES</b>		<b>3,620,409</b>	<b>783,838</b>
<b>NET ASSETS</b>		<b>57,744,803</b>	<b>48,737,998</b>
<b>EQUITY</b>			
Issued capital	18	75,990,707	68,866,010
Reserves	19	(5,224,758)	(9,197,920)
Accumulated losses		(13,223,168)	(10,930,092)
Parent entity interest		57,542,781	48,737,998
Non-controlling interest		202,022	-
<b>TOTAL EQUITY</b>		<b>57,744,803</b>	<b>48,737,998</b>

The accompanying notes form part of these financial statements.



**ALEATOR ENERGY**  
— LIMITED —

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
FOR THE YEAR ENDED 30 JUNE 2012

	Issued Capital \$	Accumulated Losses \$	Foreign Currency Translation \$	Option Reserve \$	Non- controlling interest \$	Total \$
<b>Balance at 1 July 2010</b>	63,485,991	(14,302,966)	(3,983,838)	5,691,300	-	50,890,487
Profit after income tax	-	2,697,613	-	-	-	2,697,613
Other comprehensive loss: Foreign currency translation - subsidiaries	-	-	(10,358,285)	-	-	(10,358,285)
<b>Total other comprehensive loss for the year</b>	-	2,697,613	(10,358,285)	-	-	(7,660,672)
<b>Transactions with owners, directly in equity</b>						
Shares issued during the year	5,730,000	-	-	-	-	5,730,000
Share based payments expense	112,000	-	-	77,637	-	189,637
Capital raising costs	(461,981)	-	-	-	-	(461,981)
Disposal of investment in associate	-	675,261	(428,075)	(196,659)	-	50,527
<b>Balance at 30 June 2011</b>	68,866,010	(10,930,092)	(14,770,198)	5,572,278	-	48,737,998
<b>Balance at 1 July 2011</b>	68,866,010	(10,930,092)	(14,770,198)	5,572,278	-	48,737,998
Loss after income tax	-	(2,293,076)	-	-	-	(2,293,076)
Other comprehensive income: Foreign currency translation – subsidiaries	-	-	1,915,851	-	-	1,915,851
<b>Total other comprehensive loss for the year</b>	-	(2,293,076)	1,915,851	-	-	(377,225)
<b>Transactions with owners, directly in equity</b>						
Shares issued during the year	7,497,821	-	-	-	-	7,497,821
Options issued during the year	-	-	-	2,057,311	-	2,057,311
Capital raising costs	(373,124)	-	-	-	-	(373,124)
Recognition of non- controlling interest on acquisition of subsidiaries	-	-	-	-	-	-
	-	-	-	-	202,022	202,022
<b>Balance at 30 June 2012</b>	75,990,707	(13,223,168)	(12,854,347)	7,629,589	202,022	57,744,803

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
FOR THE YEAR ENDED 30 JUNE 2012

	<b>Note</b>	<b>2012</b> \$	<b>2011</b> \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Payments to suppliers and employees		(2,349,521)	(1,856,868)
Payments for exploration expenditure		(3,253,227)	(3,255,777)
Finance costs paid		-	(93,477)
Interest and dividends received		191,351	44,743
		191,351	44,743
Net cash used in operating activities	22	(5,411,397)	(5,161,379)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from disposal of investment in associate		457,041	4,631,567
Purchase of plant and equipment		(17,672)	(9,177)
Purchase of investments		-	(500,000)
Return of/ (payment) for bonds		(6,279)	34,838
		(6,279)	34,838
Net cash provided by investing activities		433,090	4,157,228
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
(Repayment) of short-term borrowings		-	(750,000)
Proceeds from issue of options		424,746	-
Net proceeds from issue of shares		5,680,197	5,268,019
Proceeds from share application monies		-	500,000
		-	500,000
Net cash provided by financing activities		6,104,943	5,018,019
<b>Net increase in cash held</b>		1,126,636	4,013,868
Cash at beginning of financial year		4,216,115	202,247
<b>Cash at end of financial year</b>	8	5,342,751	4,216,115

The accompanying notes form part of these financial statements.



**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2012

**Note 1: Statement of Significant Accounting Policies**

**Basis of Preparation**

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

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

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

The financial statements were authorised for issue by the Board on 28<sup>th</sup> September 2012.

Australian Accounting Standards set out in accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

In the year ended 30 June 2012, the company has reviewed all of the new and revised Australian Accounting Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period. It has been determined by the company that there is no impact, material or otherwise, of the new Standards and Interpretations on its business and therefore, no changes are required to its accounting policies. Material accounting policies adopted in preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The accounting policies set out below have been consistently applied to all years presented.

**(a) Principles of Consolidation**

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Aleator Energy Limited at the end of the reporting period. A controlled entity is any entity over which Aleator Energy Limited has the ability and right to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the consolidated entity during the year, the financial performance of those entities are included only for the period of the year that they were controlled.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated entity have been eliminated in full on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2012

**Note 1: Statement of Significant Accounting Policies (continued)**

**(a) Principles of Consolidation (continued)**

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the equity section of the consolidated statement of financial position and statement of comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

**(b) Business Combinations**

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

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

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

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Fair value uplifts in the value of pre-existing equity holdings are taken to the statement of comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

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

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2012

**Note 1: Statement of Significant Accounting Policies (continued)**

**(c) Income Tax**

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

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

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

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

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

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

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

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

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

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2012

**Note 1: Statement of Significant Accounting Policies (continued)**

**(d) Plant and Equipment**

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

**Depreciation**

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

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

<b>Class of Fixed Asset</b>	<b>Depreciation Rate</b>
Furniture and Fixtures	15%
Plant and Equipment	15% - 33.3%
Leasehold Improvements	12%

The asset's residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

**(e) Exploration and Development Expenditure**

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

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to the area of interest.

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2012

**Note 1: Statement of Significant Accounting Policies (continued)**

**(f) Investments in Associates**

Associate companies are companies in which the company has significant influence through holding, directly or indirectly, 20% or more of the voting power of the company. Investments in associates are accounted for in the financial statements by applying the equity method of accounting, whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the company's share of net assets of the associate company. In addition, the company's share of the profit or loss of the associate company is included in the company's profit or loss.

The carrying amount of the investment includes goodwill relating to the associate. Any discount on acquisition whereby the Group's share of the net fair value of the associate exceeds the cost of investment is recognised in profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the company and the associate are eliminated to the extent of the relation to the company's interest in the associate.

When the company's share of losses in an associate equals or exceeds its interest in the associate, the company discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the company will resume the recognition of its share of those profits once its share of the profits equals the share of the losses not recognised.

**(g) Interests in Joint Ventures**

The company's share of the assets, liabilities, revenue and expenses of joint venture operations are included in the appropriate items of the consolidated financial statements. The company's interests in joint venture entities are brought to account using the equity method of accounting in the consolidated financial statements. The parent entity's interests in joint venture entities are brought to account using the cost method.

**(h) Impairment of Assets**

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

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

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

**(i) Leases**

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



**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2012

**Note 1: Statement of Significant Accounting Policies (continued)**

**(j) Foreign Currency Transactions and Balances**

**Functional and Presentation Currency**

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

**Transactions and Balances**

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

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

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

**Group companies**

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

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

**(j) Foreign Currency Transactions and Balances**

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

**(k) Employee Entitlements**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year has been measured at the present value of the estimated future cash outflows to be made for those benefits, plus related on-costs.

**Equity-settled compensation**

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

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2012

**Note 1: Statement of Significant Accounting Policies (continued)**

**(l) Provisions**

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

**(m) Financial Instruments**

**Recognition and initial measurement**

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

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

**Derecognition**

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

**Classification and Subsequent Measurement**

*i. Financial assets at fair value through profit or loss*

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

*ii. Loans and receivables*

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

*iii. Held-to-maturity investments*

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

*iv. Available-for-sale financial assets*

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

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2012

**Note 1: Statement of Significant Accounting Policies (continued)**

**(m) Financial Instruments (continued)**

*v. Financial Liabilities*

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

**Fair value**

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

**Impairment of Assets**

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

**(n) Cash and Cash Equivalents**

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

**(o) Revenue and Other Income**

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

**(p) Goods and Services Tax (GST)**

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

**(q) Trade and other payables**

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

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2012

**Note 1: Statement of Significant Accounting Policies (continued)**

**(r) Trade and other receivables**

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

An allowance account for doubtful receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the statement of comprehensive income. When a trade receivable for which an impairment allowance has been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

**(s) Comparative Figures**

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

**(t) Critical Accounting Estimates and Judgements**

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

There have been no judgements, apart from those involving estimation, in applying accounting policies that have a significant effect on the amounts recognised in these financial statements.

Following is a summary of the key assumptions concerning the future and other key sources of estimation at reporting date that have not been disclosed elsewhere in these financial statements.

*Exploration and evaluation expenditure*

The board of directors determines when an area of interest should be abandoned. When a decision is made that an area of interest is not commercially viable, all costs that have been capitalised in respect of that area of interest are written off. The Directors' decision is made after considering the likelihood of finding commercially viable reserves.

No areas of interest have been abandoned at the date of this report.

*Environmental Issues*

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

*Taxation*

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates take into account both the financial performance and position of the Company as they pertain to current income taxation legislation, and the directors understanding thereof.

No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by the Australian Taxation Office.



**ALEATOR ENERGY**  
— L I M I T E D —

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2012

**Note 1: Statement of Significant Accounting Policies (continued)**

**(t) Critical Accounting Estimates and Judgements**

*Share based payment transactions*

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

**(u) New accounting standards applicable for future periods**

At the date of this financial report the following accounting standards, which may impact the consolidated entity in the period of initial application, have been issued but are not yet effective:

Reference	Title	Summary	Application date (financial years beginning)
AASB 9	<i>Financial Instruments</i>	Replaces the requirements of AASB 139 for the classification and measurement of financial assets. This is the result of the first part of Phase 1 of the IASB's project to replace IAS 39.	1 January 2013 (likely to be extended to 2015 by ED 215)
AASB 10	<i>Consolidated Financial Statements</i>	Replaces the requirements of AASB 127 and Interpretation 112 pertaining to the principles to be applied in the preparation and presentation of consolidated financial statements.	1 January 2013
AASB 11	<i>Joint Arrangements</i>	Replaces the requirements of AASB 131 pertaining to the principles to be applied for financial reporting by entities that have in interest in arrangements that are jointly controlled.	1 January 2013
AASB 12	<i>Disclosure of Interests in Other Entities</i>	Replaces the disclosure requirements of AASB 127 and AASB 131 pertaining to interests in other entities.	1 January 2013
AASB 127	<i>Separate Financial Statements</i>	Prescribes the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.	1 January 2013
AASB 128	<i>Investments in Associates and Joint Ventures</i>	Prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.	1 January 2013
AASB 13	<i>Fair Value Measurement</i>	Provides a clear definition of fair value, a framework for measuring fair value and requires enhanced disclosures about fair value measurement.	1 January 2013
AASB 119	<i>Employee Benefits</i>	Prescribes the accounting and disclosure for employee benefits. This Standard prescribes the recognition criteria when in exchange for employee benefits.	1 January 2013
IFRIC Interpretation 20	<i>Stripping Costs in the Production Phase of a Surface Mine</i>	This Interpretation clarifies the requirements for accounting for stripping costs in the production phase of a surface mine, such as when such costs can be recognised as an asset and how that asset should be measured, both initially and subsequently.	1 January 2013

The consolidated entity has decided against early adoption of these standards and interpretations. Furthermore, these changes in standards and interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	\$	\$
<b>Note 2: Revenue and Other Income</b>		
OTHER REVENUE		
Interest received	191,351	44,743
Gain on sale of investments	-	4,581,040
	191,351	4,625,783

**Note 3: (Loss) / profit for the year**

The (loss)/profit before income tax includes the following specific items:

Rental expenses on operating leases	88,163	69,177
Share registry expense	38,730	56,197

**Note 4: Income Tax Expense**

**(a) Reconciliation**

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

(Loss)/Profit for the year	(2,293,076)	2,697,613
Prima facie tax expense at 30%	687,923	809,284
Non-assessable/(non-deductible) items	-	(73,954)
Tax losses utilised during the year	-	(700,190)
Deferred tax asset not brought to account - tax consolidation group	(687,923)	(35,140)
Income tax benefit relating to loss	-	-

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

**(b) Deferred Tax Asset**

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

Tax losses – revenue (resident)	3,675,104	3,052,733
Tax losses – revenue (non-resident)	5,001,240	4,935,688
	8,676,344	7,988,421

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2012

**Note 4: Income Tax Expense (continued)**

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

Non-resident tax losses calculated at the respective country tax rate threshold of 15% as the non-resident companies did not derive any taxable income.

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

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

**Note 5: Interests of Key Management Personnel**

**(a) Key Management Personnel Remuneration**

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the company's key management personnel for the year ended 30 June 2012.

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

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	896,624	814,822
Post-employment benefits	58,376	73,335
Share based payments	-	33,700
	955,000	921,857

**(b) KMP Shareholdings**

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

<b>30 June 2012 Shares</b>	<b>Balance at beginning of year</b>	<b>Granted as remuneration during the year</b>	<b>Issued on exercise of options during the year</b>	<b>Other changes during the year</b>	<b>Balance at end of year</b>
J Armstrong	-	-	-	-	-
L Cross	7,650,000	-	-	30,000	7,680,000
R Sciano	3,000,000	-	-	600,000	3,600,000
A Kain	5,000,000	-	-	-	5,000,000
M Rowbottam	-	-	-	25,000,000	25,000,000
	15,650,000	-	-	25,630,000	41,280,000



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**Note 5: Interests of Key Management Personnel (continued)**

**(b) KMP Shareholdings (continued)**

30 June 2011 Shares	Balance at beginning of year	Granted as remuneration during the year	Issued on exercise of options during the year	Other changes during the year	Balance at end of year
R Sciano	6,000,000	-	-	(3,000,000)	3,000,000
R De Boer	35,000	-	-	(35,000)*	-
L Cross	300,000	-	-	7,350,000	7,650,000
A Kain	-	-	-	5,000,000	5,000,000
H Carnachan	120,000	-	-	(120,000)	-
	6,455,000	-	-	9,195,000	15,650,000

\*Balance at date of resignation.

**(c) KMP Option Holdings**

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

30 June 2012 Share Options	Balance at beginning of year	Granted as remunera tion during the year	Exercised during the year	Issued	Other changes during the year	Balance at end of year	Vested during year	Vested and exercisable	Vested and unexercisable
J Armstrong	-	-	-	-	-	-	-	-	-
L Cross	-	-	-	20,030,000	-	20,030,000	-	20,030,000	-
R Sciano	-	-	-	20,600,000	-	20,600,000	-	20,600,000	-
A Kain	-	-	-	24,000,000	-	24,000,000	-	24,000,000	-
M Rowbottam	-	-	-	25,000,000	-	25,000,000	-	25,000,000	-
W Muir	-	-	-	-	-	-	-	-	-
H Carnachan	5,000,000	-	-	-	7,012,000	12,012,000	-	12,012,000	-
	5,000,000	-	-	89,630,000	7,012,000	101,642,000	-	101,642,000	-

30 June 2011 Share Options	Balance at beginning of year	Granted as remuneration during the year	Exercised during the year	Other changes during the year	Balance at end of year	Vested during year	Vested and exercisable	Vested and unexercisable
R Sciano	-	-	-	-	-	-	-	-
R De Boer	6,033,600	-	-	(6,033,600)	-	-	-	-
L Cross	288,000	-	-	(288,000)	-	-	-	-
H Carnachan	600,000	5,000,000	-	(600,000)	5,000,000	5,000,000	5,000,000	-
A Kain	-	-	-	-	-	-	-	-
	6,921,600	5,000,000	-	(6,921,600)	5,000,000	5,000,000	5,000,000	-

**(d) Other KMP Transactions**

There have been no other transactions involving equity interests other than those described in the tables above. For details of transactions with KMP, refer to Note 25: Related Party Transactions.



**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**  
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	2012	2011
	\$	\$
<b>Note 6: Auditors' Remuneration</b>		
Remuneration of the auditor of the parent entity for:		
- auditing or reviewing the financial report	39,500	38,000
- tax advice and compliance services	83,275	19,650
	122,775	57,650

**Note 7: Earnings per Share**

(Loss) / profit for the year	(2,293,076)	2,697,613
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic loss per share	876,473,683	547,204,953

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

**Note 8: Cash and Cash Equivalents**

Cash at bank and at hand	5,342,751	4,216,115
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**Note 9: Trade and Other Receivables**

CURRENT

Deposits	524,531	-
GST receivable	91,805	23,958
Accrued interest	5,813	8,920
Bond receivable	152,574	146,295
	774,723	179,173

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

**Note 10: Other Financial Assets**

CURRENT

Financial assets at fair value through profit or loss	-	500,000
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These were held-for-trading Australian listed shares. Shares held for trading are traded for the purpose of short-term profit taking. Changes in fair value are included in the statement of comprehensive income.

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2012

	2012	2011
	\$	\$
<b>Note 11: Other Assets</b>		
CURRENT		
Prepayments	44,855	54,699
Shares in other companies (unlisted)	25,000	-
	69,855	54,699

**Note 12: Controlled Entities**

**Ultimate Parent Entity:**  
Aleator Energy Limited

Subsidiaries	Country of incorporation	Class of shares	Ownership Interest	
			2012	2011
Technology Resource Company Limited	AUS	Ordinary	100%	100%
Western Nickel Limited	AUS	Ordinary	100%	100%
Golden Paradox Inc	USA	Ordinary	100%	100%
Golden Eagle Exploration LLC USA	USA	Ordinary	100%	100%
Golden Eagle Production LLC USA	USA	Ordinary	100%	100%
Honoratus Investments Ltd	Cyprus	Ordinary	100%	-
Honoratus Holdings Ltd	AUS	Ordinary	100%	-
East Crimea Energy BV (a)	Netherlands	Ordinary	85%	-
Pivenspetsbud LLC (b)	Ukraine	Ordinary	85%	-

(a) Held via Honoratus Investments Ltd

(b) Held via East Crimea Energy B.V.

	2012	2011
	\$	\$
<b>Note 13: Parent Entity Disclosures</b>		
<b>Financial Position</b>		
<b>Assets</b>		
Current assets	4,538,243	4,746,281
Non-current assets	56,973,097	44,954,765
<b>Total assets</b>	<b>61,511,340</b>	<b>49,701,046</b>
<b>Liabilities</b>		
Current liabilities	3,547,680	782,183
<b>Total liabilities</b>	<b>3,547,680</b>	<b>782,183</b>

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**  
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	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>Note 13: Parent Entity Disclosures</b>		
<b>Equity</b>		
Issued capital	75,990,705	68,866,008
Reserves:		
Options Reserve	7,629,588	5,572,282
Foreign currency reserve	(13,004,932)	(14,943,752)
Accumulated losses	(12,651,701)	(10,575,675)
<b>Total Equity</b>	<b>57,963,660</b>	<b>48,918,863</b>
<b>Financial Performance</b>		
(Loss) / profit for the year	(2,074,570)	2,780,941
Other comprehensive income / (loss)	1,938,819	(10,496,879)
<b>Total comprehensive (loss) / income for the year</b>	<b>(135,751)</b>	<b>7,715,938</b>

**Guarantees**

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

**Commitments for expenditure (Operating lease)**

Aleator Energy Limited has no commitments to acquire property, plant and equipment, and has no contingent liabilities apart from the amounts disclosed in Note 28.

**Note 14: Interests in Joint Venture Operations**

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

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

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

**Joint Venture – United States**

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

There are no assets employed by these joint ventures and the company's expenditure in respect of them is brought to account initially as deferred exploration and evaluation expenditure. The principal activity of all joint ventures listed above is of the nature of exploration for gold and other minerals.

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2012

**Note 14: Interests in Joint Venture Operations (continued)**

**Joint Venture – Ukraine**

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

	2012	2011
	\$	\$
<b>Note 15: Plant and Equipment</b>		
Plant and equipment		
At cost	142,080	124,218
Accumulated depreciation	(75,486)	(62,632)
	66,594	61,586

**Movements in Carrying Amounts**

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

Balance at the beginning of year	61,586	67,971
Additions	17,862	9,177
Disposals	-	-
Translation difference	(189)	(1,232)
Depreciation expense	(12,665)	(14,330)
	66,594	61,586
Carrying amount at the end of year	66,594	61,586

**Note 16: Deferred Exploration and Evaluation Expenditure**

Cost brought forward	44,510,263	53,539,289
Expenditure incurred during year	8,757,109	1,341,768
Effects of foreign exchange on exploration	1,857,285	(10,336,093)
Expenditure impairment for the year	(13,368)	(34,701)
	55,111,289	44,510,263
Cost carried forward	55,111,289	44,510,263

The ultimate recoupment of exploration expenditure carried forward is dependent upon successful development and commercial exploitation, or sale of the respective areas. The Company is in the process of re-unitising the Golden Eagle leases, located in the United States of America. Negotiations between the Company and the Bureau of Land Management of the Government of the United States of America, in relation to the terms of the proposed new unit are well advanced. The Company expects that the re-unitisation of the Golden Eagle leases and the formation of the new unit will be completed in the short term. Based on the above, the Company believes that the Company has rights of tenure to the area of interest at reporting date.

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**  
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	<b>2012</b>	<b>2011</b>
	\$	\$
<b>Note 17: Trade and Other Payables</b>		
<b>CURRENT</b>		
Trade payables	687,969	219,366
Sundry payables and accrued expenses	176,940	64,472
Monies held in trust	2,755,500	500,000
	<b>3,620,409</b>	<b>783,838</b>

Trade creditors are expected to be paid on 30 day terms.

Monies held in trust represent share application monies.

**Note 18: Issued Capital**

1,189,100,517 (2011: 643,776,834) fully paid ordinary shares	75,990,707	68,866,010
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	No. of shares	No. of shares	2012	2011
(a) Ordinary Shares	2012	2011	\$	\$
At the beginning of reporting period		506,386,404		63,485,991
Shares issued during the year:				
- 22 July 2010		57,666,667		1,730,000
- 22 September 2010		3,500,000		112,000
- 10 May 2011		80,000,000		800,000
- 28 June 2011		320,000,000		3,200,000
Shares consolidated during the year:				
- 25 May 2011		(323,776,237)		-
Capital raising costs		-		(461,981)
At beginning of reporting period	643,776,834		68,866,010	
Shares issued during the year:				
- 8 July 2011	64,755,367		647,554	
- 16 August 2011	12,758		267	
- 11 January 2012	300,000,000		3,600,000	
- 20 April 2012	150,000,000		2,700,000	
- 29 June 2012	30,555,558		550,000	
Capital Raising Costs	-		(373,124)	
At the end of the reporting period	<b>1,189,100,517</b>	<b>643,776,834</b>	<b>75,990,707</b>	<b>68,866,010</b>

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

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**  
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**Note 18: Issued Capital**

**Share options**

	Exer- cise price	Expiry date	Balance at beginning of year  Number	Granted during the year  Number	Exercised during the year  Number	Expired or forfeited during the year  Number	Balance at end of year  Number	Options exercisable at end of year  Number
<b>2012 year</b>								
Unlisted options	\$0.02	31/01/15	11,000,000	-	-	-	11,000,000	11,000,000
Listed options	\$0.02	31/01/15	-	821,977,589	(12,758)	-	821,964,831	821,964,831
			<u>11,000,000</u>	<u>821,977,589</u>	<u>(12,758)</u>	<u>-</u>	<u>832,964,831</u>	<u>832,964,831</u>
<b>2011 year</b>								
Listed options	\$0.20	25/02/11	6,600,000	-	-	(6,600,000)	-	-
Unlisted options	\$0.02	31/01/15	-	11,000,000	-	-	11,000,000	11,000,000
			<u>6,600,000</u>	<u>11,000,000</u>	<u>-</u>	<u>(6,600,000)</u>	<u>11,000,000</u>	<u>11,000,000</u>

The weighted average remaining contractual life of share options outstanding at the end of the financial year was 948 days (2011: 1,314 days), and the exercise price is 2 cents.

**(d) Capital Risk Management**

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

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

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

There is no current intention to incur debt funding on behalf of the company as on-going exploration expenditure will be funded via cash reserves, equity or joint ventures with other companies.

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

The working capital position of the company at 30 June 2012 and 30 June 2011 are as follows:

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Total borrowings	3,620,409	783,838
Less cash and cash equivalents	<u>(5,342,751)</u>	<u>(4,216,115)</u>
Net debt	(1,722,342)	(3,432,277)
Total equity	<u>57,744,803</u>	<u>48,737,998</u>
Total capital	<u>56,022,461</u>	<u>45,305,721</u>
Gearing ratio	<u>(3%)</u>	<u>(8%)</u>

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**  
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**Note 19: Reserves**

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

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

**Note 20: Contingent Liabilities and Contingent Assets**

**Contingent Liabilities**

There were no known contingent liabilities at reporting date.

**Contingent Assets**

There are no contingent assets at reporting date.

**Note 21: Operating Segments**

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

Revenues of approximately Nil (2011: Nil) are derived from a single external customer.

**SEGMENT INFORMATION**

The segment information provided to the Board of Directors for the reportable segments for the year ended 30 June 2012 and 30 June 2011 are as follows:

<b>2012</b>	Exploration activities AUSTRALIA \$	Exploration Activities USA \$	Exploration Activities Ukraine \$	Consolidated \$
Other revenue	189,552	194	1,605	191,351
Total segment revenue	<u>189,552</u>	<u>194</u>	<u>1,605</u>	<u>191,351</u>
Segment result before income tax	(2,074,570)	(31,678)	(186,828)	(2,293,076)
Profit before income tax				<u>(2,293,076)</u>
Segment assets	5,815,687	46,672,830	8,876,695	61,365,212
Total assets				<u>61,365,212</u>
Segment liabilities	3,547,679	5,572	67,158	3,620,409
Total Liabilities				<u>3,620,409</u>



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**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**  
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**Note 21: Operating Segments**

2011	Exploration activities AUSTRALIA \$	Exploration Activities USA \$	Exploration Activities Ukraine \$	Consolidated \$
Other revenue	4,625,358	425	-	4,625,783
Total segment revenue	<u>4,625,358</u>	<u>425</u>	<u>-</u>	<u>4,625,783</u>
Segment result before income tax	2,745,141	(47,528)	-	2,697,613
Profit before income tax				<u>2,697,613</u>
Segment assets	4,804,313	44,717,523	-	49,521,836
Total assets				<u>49,521,836</u>
Segment liabilities	782,183	1,655	-	783,838
Total Liabilities				<u>783,838</u>

**2012**  
\$                      **2011**  
\$

**Note 22: Cash Flow Information**

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

(Loss) / Profit after income tax	(2,293,076)	2,697,613
Non-cash flows in profit:		
Depreciation	12,665	14,330
Impairment of capitalised exploration expenditure	13,368	34,701
Net loss on foreign exchange	-	1,232
Net (gain)/loss on disposal of non current assets	17,836	(4,581,040)
Share based payment	-	189,637
Changes in assets and liabilities:		
- Receivables	(589,272)	20,934
- Prepayments	(15,033)	(41,238)
- Trade payables and accruals	81,070	(2,133,588)
- Exploration expenditure capitalised	(2,638,955)	(1,363,960)
Cash flow from operations	<u>(5,411,397)</u>	<u>(5,161,379)</u>
(b) Non-cash investing and financing activities	<u>5,832,564</u>	<u>-</u>

Please refer to note 23 for further details.



**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**  
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**Note 23: Share Based Payments**

a) On 11 January 2012 - 300,000,000 shares and 300,000,000 listed options were issued as part of a share sale settlement agreement. The share price on the measurement date was 1.2 cents per share for a value of \$ 3,600,000. The fair value of the shares was referenced to the quoted trading price of the shares on the ASX. The options were priced using the Black-Scholes option pricing model which valued the listed options at \$ 1,632,564.

The following were the assumptions used in determining the fair value of the above options:

Number of options over shares	300,000,000
Option pricing model fair value	0.00544
Share price at grant date	0.012
Exercise price	0.02
Expected volatility	8.7%
Option life (years)	3 years
Risk-free rate	3.21%

b) On 30 June 2011 – 11,000,000 unlisted options with an exercise price of 2 cents per option and expiring on 31 January 2015 were issued as part of the employee option incentive plan.

**Employees and Contractors Option Incentive Plan**

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

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

**(c) Expenses arising from share-based payment transactions**

Total expenses arising from share-based payment transactions recognised during the year were as follows:

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Options issued to directors, employees and contractors:		
Share based payment expense	-	77,637

**Note 24: Events After the Reporting Period**

In July 2012, the \$2,755,500 share application monies taken up in trade and other payables were converted into fully paid ordinary shares at \$0.018 per share.

On 27 August 2012, the Company announced to the market a significant Resource Upgrade in the Povorotnoye Gas Field and that a drilling rig had been secured and was available to commence drilling in September 2012. This rig option expired on 14 September 2012.

On 10 September 2012 the Company requested its securities to be placed in voluntary suspension, pending completion of a capital raising and placement. On 14 September 2012 the Company announced to the market that it had obtained shareholder approval to undertake a placement of capital up to \$10,000,000 on the condition that the shares are issued no later than 14 October 2012.

No other matters or circumstances have arisen since 30 June 2012 that may significantly affect:

- (a) the consolidated entity's operations in future financial years; or
- (b) the results of those operations in future financial years; or
- (c) the consolidated entity's state of affairs in future financial years.

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**  
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**Note 25: Related Party Transactions**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. In addition to the transactions noted in Note 5: Key Management Personnel, the Company engaged AWT International to provide technical services totalling \$1,008,794 in relation to the proposed Pov 105 well in Ukraine, Mr Wal Muir is a Director of AWT International; in addition the Company received legal advice totalling \$42,850 from Talbot Olivier with whom Mr Anthony Kain is Special Counsel. There have been no other related party transactions for the year ended 30 June 2012.

**Note 26: Acquisition of Honoratus Holdings Pty Ltd**

**(a) Summary of Acquisition**

As announced to the market on 17 October 2011, the Company entered into an agreement to acquire Honoratus Holdings Pty Ltd pursuant to which it will acquire a 62.1% beneficial interest in a number of oil and gas exploration licences containing the Povortnoye gas/condensate field, onshore the Autonomous Republic of Crimea, Ukraine. This acquisition is not a business combination, but rather an acquisition of mining tenements.

	<b>\$</b>
300,000,000 ordinary fully paid shares at \$0.012	3,600,000
300,000,000 unlisted options at \$0.0054	1,632,564
Cash	500,000
<b>Total purchase consideration</b>	<b>5,732,564</b>

**Note 27: Financial Instruments**

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

**(a) Interest rate risk**

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

	Weighted Average Interest Rate	Floating Interest Rate \$	Fixed Interest Rate Within 1 Year \$	Fixed Interest Rate Within 1-5 Years \$	Non-Interest Bearing \$	Total \$
<b>2012</b>						
Financial Assets:						
Cash	3.90	5,342,751	-	-	-	5,342,751
Receivables	-	-	-	-	774,723	774,723
<b>Total financial assets</b>	-	5,342,751	-	-	774,723	6,117,474
Financial Liabilities:						
Payables	-	-	-	-	3,620,409	3,620,409
<b>Total financial liabilities</b>	-	-	-	-	3,620,409	3,620,409
<b>Net financial assets</b>	-	5,342,751	-	-	(2,845,563)	2,497,065



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**Note 27: Financial Instruments (continued)**

	Weighted Average Interest Rate	Floating Interest Rate	Fixed Interest Rate Within 1 Year	Fixed Interest Rate Within 1-5 Years	Non-Interest Bearing	Total
<b>2011</b>						
Financial Assets:						
Cash	5.87%	4,216,115	-	-	-	4,216,115
Receivables	-	-	-	-	179,173	179,173
Other financial assets	-	-	-	-	500,000	500,000
Total financial assets	-	4,216,115	-	-	679,173	4,895,288
Financial Liabilities:						
Borrowings	-	-	-	-	-	-
Payables	-	-	-	-	783,838	783,838
Total financial liabilities	-	-	-	-	783,838	783,838
Net financial assets	-	4,216,115	-	-	(104,665)	4,111,450

	2012 \$	2011 \$
<b>Reconciliation of Net Financial Assets to Net Assets</b>		
Net financial assets as above	2,497,065	4,111,450
Other current assets	69,855	54,699
Plant and equipment	66,594	61,586
Exploration and evaluation expenditure	55,111,289	44,510,263
Net assets per statement of financial position	<u>57,744,803</u>	<u>48,737,998</u>

**(b) Interest Rates**

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

**(c) Foreign Currency Risk**

The company is exposed to fluctuations in foreign currencies arising from the purchase of goods and services (in \$USD) in currencies other than the company's measurement currency. The effect on profit and equity as a result of changes in foreign exchange rates on net financial assets is immaterial.

**(d) Credit Risk**

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

	Note	2012 \$	2011 \$
Cash and cash equivalents			
— AA Rated	8	5,342,751	4,216,115

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2012

**Note 27: Financial Instruments (continued)**

**(e) Net Fair Values**

The net fair value of financial assets and liabilities of the company approximated their carrying amount. Listed investments have been valued at the quoted market bid price at balance date, adjusted for transaction costs expected to be incurred.

The company has no financial assets and liabilities where the carrying amount exceeds the net fair value at reporting date.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the statement of financial position and notes to the financial statements.

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. All financial instruments measured at fair value are level one, meaning fair value is determined from quoted prices in active markets for identical assets.

**(f) Liquidity Risk**

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

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

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

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

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2012 \$	2011 \$	2012 \$	2011 \$	2012 \$	2011 \$	2012 \$	2011 \$
<b>Financial liabilities</b>								
Trade and other payables	3,620,409	783,838	-	-	-	-	3,620,409	783,838
Borrowings	-	-	-	-	-	-	-	-
Total Expected outflows	3,620,409	783,838	-	-	-	-	3,620,409	783,838
<b>Financial assets</b>								
Cash and cash equivalents	5,342,751	4,216,115	-	-	-	-	5,342,751	4,216,115
Trade and other receivables	774,723	179,173	-	-	-	-	774,723	179,173
Other financial assets	-	500,000	-	-	-	-	-	500,000
Total Anticipated Inflows	6,117,474	4,895,288	-	-	-	-	6,117,474	4,895,288
Net inflow on financial instruments	2,497,065	4,111,450	-	-	-	-	2,497,065	4,111,450

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 30 JUNE 2012

**(g) Price Risk**

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices largely due to demand and supply factors for commodities. As at 30 June 2012 and 30 June 2011 the company is not exposed to any material price risk.

**Note 28: Commitments for Expenditure**

**(a) Exploration Expenditure**

In order to maintain the mineral tenements in which the company and other parties are involved, the company is committed to fulfil the minimum annual expenditure conditions under which the tenements are granted. The minimum estimated expenditure requirements in accordance with the Western Australian Department of Industry and Resources requirements for the next twelve months is \$Nil (2011: \$Nil). These requirements are expected to be fulfilled in the normal course of operations but maybe varied from time to time subject to approval by the Grantor of Titles. The estimated expenditure represents potential expenditure, which may be avoided by relinquishment of tenure, or the gaining of exemptions from the Grantor of Titles.

The minimum estimated expenditure requirements in accordance with the United States Golden Eagles lease rentals for the next twelve months is \$104,891 (2011: \$96,931)

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

**(b) Operating Lease Commitments**

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

	<b>2012</b>	<b>2011</b>
	\$	\$
Payable:		
No later than twelve months	90,873	67,660
One to five years	162,177	193,069
Greater than five years	-	-
	253,050	260,729

**Note 29: Company Details**

The registered office is:

- Unit 18, 40 St Quentin Avenue, Claremont, WA, 6010

The principal places of business are:

- Unit 18, 40 St Quentin Avenue, Claremont, WA, 6010
- 1300 S Highway 191, Moab, Utah, USA, 84532

## DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes, are in accordance with the *Corporations Act 2001* and:
  - a. comply with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards ; and
  - b. give a true and fair view of the financial position as at 30 June 2012 and of the performance for the year ended on that date of the consolidated entity;
2. the Director and CFO have each declared that:
  - a. the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
  - b. the financial statements and notes for the financial year comply with the Accounting Standards; and
  - c. the financial statements and notes for the financial year give a true and fair view;
3. in the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Lewis Cross  
Director

Dated this 28<sup>th</sup> day of September 2012

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

**Report on the Financial Report**

We have audited the accompanying financial report of Aleator Energy Limited, which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

*Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

*Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's 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 entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal 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 opinions.

#### *Independence*

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

#### *Opinion*

In our opinion:

- (a) the financial report of Aleator Energy Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

#### *Emphasis of Matter*

We draw attention to Note 16 to the financial statements which describes the uncertainty relating to the outcome of the re-unitisation of the Golden Eagle leases. Our opinion is not qualified in respect of this matter.

#### **Report on the Remuneration Report**

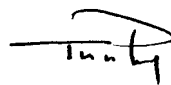
We have audited the Remuneration Report contained within the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

#### *Opinion*

In our opinion the Remuneration Report of Aleator Energy Limited for the year ended 30 June 2012 complies with section 300A of the *Corporations Act 2001*.

*RSM Bird Cameron Partners*

RSM BIRD CAMERON PARTNERS



TUTU PHONG  
Partner

Perth, WA  
Dated: 28 September 2012



## ADDITIONAL INFORMATION

### SHAREHOLDER INFORMATION (as at 25 SEPTEMBER 2012)

- (i) Number of shareholders: 5,593
- (ii) Ordinary shares issued: 1,341,878,291
- (iii) The twenty largest shareholders hold 410,920,021 ordinary shares representing 30.62% of the issued capital
- (iv) Distribution schedule of holdings

NO OF SHARES	NO OF HOLDERS
1 – 1,000	623
1,001 - 5,000	1,511
5,001 – 10,000	706
10,001 – 100,000	1,741
100,001 and over	1,004

- (v) Shareholders with less than a marketable parcel: 3,896

### VOTING RIGHTS OF ORDINARY SHARES

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

### TOP 20 HOLDERS OF ORDINARY FULLY PAID SHARES AT 25 SEPTEMBER 2012

1. <u>CELTIC CAPITAL PTY LTD &lt;THE CELTIC CAPITAL A/C&gt;</u>	39,100,000	2.91
2. <u>CONFADENT LIMITED</u>	38,598,980	2.88
3. <u>CELTIC CAPITAL PTY LTD &lt;THE CELTIC CAPITAL A/C&gt;</u>	35,722,222	2.66
4. <u>AH SUPER PTY LTD &lt;THE AH SUPER FUND A/C&gt;</u>	32,500,000	2.42
5. <u>DK TRUE ENERGY DEVELOPMENT LIMITED</u>	30,000,000	2.24
6. <u>SILVER KNIGHT HOLDINGS PTY LTD &lt;GANDOSSO FAMILY A/C&gt;</u>	28,640,548	2.13
7. <u>BRIJOHN NOMINEES PTY LTD &lt;NELSONIO A/C&gt;</u>	27,250,000	2.03
8. <u>FEINT HOLDINGS PTY LTD &lt;HERMANO A/C&gt;</u>	25,000,000	1.86
9. <u>MR MICHAEL FOSTER BLACK + MRS LYNETTE ROBIN BLACK &lt;PE SUR SUPP CO STF S/F 2 A/C&gt;</u>	21,000,000	1.56
10. <u>GENNADY VALENTINOVICH VARITSKY</u>	20,000,000	1.49
11. <u>HEELMO HOLDINGS PTY LTD &lt;ROWBOTTAM SUPER A/C&gt;</u>	15,000,000	1.12
12. <u>ROBERT JONATHAN WALL</u>	12,500,000	0.93
13. <u>PHEAKES PTY LTD &lt;SENATE A/C&gt;</u>	12,300,000	0.92
14. <u>DR MICHAEL THOMAS MUSK</u>	12,000,000	0.89
15. <u>JP MORGAN NOMINEES AUSTRALIA LIMITED &lt;CASH INCOME A/C&gt;</u>	11,108,271	0.83

## ADDITIONAL INFORMATION

16. <u>SI NO 2 PTY LIMITED &lt;SAYERS INVESTMENT NO 2 A/C&gt;</u>	10,500,000	0.78
17. <u>ALLEGRA CORPORATE PTY LTD</u>	10,000,000	0.75
18. <u>CANDLESTICK LIMITED</u>	10,000,000	0.75
19. <u>PROSPERITY CAPITAL PTY LTD</u>	10,000,000	0.75
20. <u>BENEFICO PTY LTD</u>	9,700,000	0.72
<b>Totals: Top 20 holders of ORDINARY FULLY PAID SHARES</b>	<b>410,920,021</b>	<b>30.62</b>
<b>Total Remaining Holders Balance</b>		<b>930,958,270 69.38</b>

### STATEMENT OF LISTED OPTION HOLDERS

- (i) Number of option holders: 880
- (ii) Options issued: 1,308,075,939
- (iii) The twenty largest option holders hold 571,818,333 options representing 43.71% of the options on issue
- (iv) Distribution schedule of holdings

NO OF SHARES	NO OF HOLDERS
1 – 1,000	150
1,001 - 5,000	137
5,001 – 10,000	59
10,001 – 100,000	108
100,001 and over	422

- (v) Option holders with less than a marketable parcel: 472

### STATEMENT OF UNLISTED OPTION HOLDERS

A total number of 11,000,000 unlisted options are on issue to 5 parties as part of the company's employee incentive scheme



**ALEATOR ENERGY**  
— LIMITED —

**ADDITIONAL INFORMATION**

**TOP 20 HOLDERS OF LISTED OPTIONS AT 25 SEPTEMBER 2012**

Rank	Name	Address	Units	% of Units
1.	<u>BUZZ CAPITAL PTY LTD &lt;THE BEELEAF A/C&gt;</u>		59,000,000	4.51
2.	<u>FEINT HOLDINGS PTY LTD &lt;HERMANO A/C&gt;</u>		55,000,000	4.20
3.	<u>AH SUPER PTY LTD &lt;THE AH SUPER FUND A/C&gt;</u>		40,000,000	3.06
4.	<u>BERENES NOMINEES PTY LTD &lt;BERENES SUPER FUND A/C&gt;</u>		40,000,000	3.06
5.	<u>MR JASON PETERSON + MRS LISA PETERSON &lt;J &amp; L PETERSON S/F A/C&gt;</u>		40,000,000	3.06
6.	<u>ZENIX NOMINEES PTY LTD</u>		39,688,888	3.03
7.	<u>ODIN CAPITAL PTE LTD</u>		30,000,000	2.29
8.	<u>CONFADENT LIMITED</u>		26,500,000	2.03
9.	<u>BRIJOHN NOMINEES PTY LTD &lt;NELSONIO A/C&gt;</u>		26,250,000	2.01
10.	<u>DK TRUE ENERGY DEVELOPMENT LIMITED</u>		25,000,000	1.91
11.	<u>GENNADY VALENTINOVICH VARITSKY</u>		25,000,000	1.91
12.	<u>CICAK PTY LTD &lt;CREATIVE TECHNOLOGY A/C&gt;</u>		24,000,000	1.83
13.	<u>AUCTION GROUP PTY LTD &lt;AUCTION GROUP SUPER A/C&gt;</u>		21,870,000	1.67
14.	<u>PETERBOROUGH NOMINEES PTY LTD &lt;CAPITAL DEVELOPMENT FUND A/C&gt;</u>		20,005,000	1.53
15.	<u>AOTEA MINERALS LTD</u>		20,000,000	1.53
16.	<u>SILVER KNIGHT HOLDINGS PTY LTD &lt;GANDOSSO FAMILY A/C&gt;</u>		20,000,000	1.53
17.	<u>REVOLVE PROJECTS PTY LTD</u>		16,944,445	1.30
18.	<u>HEELMO HOLDINGS PTY LTD &lt;ROWBOTTAM SUPER A/C&gt;</u>		15,000,000	1.15
19.	<u>MR PHILIPPE DUCHEIX</u>		13,810,000	1.06
20.	<u>MR DAMIAN PETER BLACK + MR ANDREW JAMES BLACK &lt;LENOIR SUPERFUND A/C&gt;</u>		13,750,000	1.05
<b>Totals: Top 20 holders of LISTED OPTIONS EXPIRING ON 31/01/15 @ \$0.02</b>			<b>571,818,333</b>	<b>43.71</b>
<b>Total Remaining Holders Balance</b>			<b>736,257,606</b>	<b>56.29</b>



**ALEATOR ENERGY**  
— LIMITED —

**ADDITIONAL INFORMATION**

**PROJECT & JOINT VENTURE SCHEDULE**

Project	Tenements	AWD's Interest	Other Parties
Leonora (Pig Well)	P37/6426, P37/6427, P37/6428, P37/6431	Royalty <sup>(1)</sup>	Hannans Reward NL
Mt Ida	E38/2033, E38/2034, P38/3726 – P37/3731 P37/3732 – P38/3738	Royalty	Crescent Gold Limited <sup>(2)</sup>
Johnston Range Iron Ore Gold and Base Metals	E77/1038, E77/1155, E77/1387 - E77/1389 P77/3670 – P77/3674, P77/3676 – P77/3677	Royalty	Cliffs Asia Pacific <sup>(3)</sup>
Golden Eagle Oil & Gas JV, Utah	ML47311, ML47365, ML47533, ML48735, ML51681, ML51682, UTU75547, UTU75751, UTU75752, UTU75753, UTU75756, UTU75761, UTU75762, UTU76326, UTU76510, UTU82583, UTU82584, UTU84159	100% <sup>(5)</sup>	Eclipse Exploration Corporation, GLNA (LCC), Dave Waters
Povorotnoye Joint Activity, Ukraine	1946	61.2% <sup>(6)</sup>	Crymgeologica, Transeuro Energy Corporation <sup>(6)</sup>

**Notes:**

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



**ALEATOR ENERGY LIMITED**

18,40 St Quentin Ave Claremont WA 6010  
(PO Box 216 Claremont WA 6910)

Ph: +61 8 9385 0700 Fax: +61 8 9385 4400