



ALEATOR ENERGY
— LIMITED —

ALEATOR ENERGY LIMITED

ACN: 063 074 635

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED

31 DECEMBER 2013

Unit 18, 40 St Quentin Avenue, Claremont, WA, 6010
PO Box 216, Claremont, WA, 6910
Ph: +61 8 9385 0700 Fax: +61 8 9385 4400
Email: info@aleatorenergy.com
ABN 39 063 074 635

ALEATOR ENERGY LIMITED

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ALEATOR ENERGY LIMITED

DIRECTORS' REPORT

Your Directors submit their report for the half-year ended 31 December 2013.

DIRECTORS

The Directors were in office for the entire period unless otherwise stated. The names of the Company's Directors in office during the half-year and until the date of this report are as below:

- Mr Lewis Cross
- Mr Mark Rowbottam
- Mr Gennady Varitsky

RESULTS OF OPERATIONS

The net loss of the Company after income tax for the six months ended 31 December 2013 amounted to \$1.167 million (31 December 2012: loss \$1.404 million).

REVIEW OF OPERATIONS

Aleator Energy Limited ("*Aleator*" or "*the Company*") is an active explorer for oil and gas with a project in Crimea, Ukraine where it jointly operates the Povorotnoye Gas and Condensate field with the license holder, Nadra Krymu. The Company is also the 100% operator of the Golden Eagle Gas Field in Grand County Utah, USA. Royalty interests are also retained in several mineral resource projects in Western Australia.

Povorotnoye Situation

On 12 March 2014, the Directors advised that due to the current situation in the autonomous republic of Crimea it has no alternative other than to declare force majeure on its Povorotnoye project. This was disappointing at the current stage of development however, the Company felt it has no other alternative than to wait until the resumption of a normal operating environment before any activity can be resumed. The Company has requested confirmation of the current position from both the Ukrainian and Russian Ambassadors to Australia and confirmed our desired intention to continue with the project to our local partners and the regulatory authorities, Nadra Krym and Nak Nadra. Aleator Energy director Gennady Varitsky travelled to Crimea recently to meet with staff and local government and regulatory officials, who provided reassurances that the Company's commercial interests would be upheld.

Aleator further advised that it is in regular contact with the staff of its local subsidiary in Crimea, and that all personnel are safe and able to continue with day to day activities. The Company also confirmed that its assets are intact and secure which is the current focus of local staff.

AU\$500k Interim Convertible Loan

During the period, the Company raised \$500,000 through a convertible, redeemable and secured loan from a US based institutional investor. Details of the loan were released via an announcement to the ASX on 31 October 2013. Subsequent to the half-year ended 31 December 2013, Aleator announced on 9 January 2014 that it had elected to convert the \$500,000 loan into 100 million shares in the Company at the floor price of \$0.005 per share.

ALEATOR ENERGY LIMITED

DIRECTORS' REPORT

€5m Bridging Loan

On 2 October 2013, Aleator announced that the Company had signed a new financing facility with a syndicate of European investors for a total amount of €5 million to allow Aleator to contract the drill rig and move to spud the POV 105 well. The company did not proceed with the drawdown of this loan due to changes in the settlement process requested by the lender, which the Company was unable to accept following legal advice.

Funding option

On 9 December 2013, Aleator announced that it had received interest in the form of a non-binding letter of intent from an Asian based investment fund. This fund has completed due diligence and sent a representative to Ukraine to assess the project, who subsequently reported favorably. The fund now continues to assess the impact of the political situation in Ukraine and the impact on operational matters in the region where the Povorotnoye project is located. This party has indicated that on resolution of the political situation, it remains interested in taking a strategic investment in the Company and providing finance to drill the Pov-105 well.

VOLUNTARY SUSPENSION

On 15 November 2013, the Company requested the ASX for its securities to be placed in voluntary suspension in relation to closing of the €5 million Bridging Loan. On 9 December 2013, Aleator announced, that it did not intend to request reinstatement to trading on the ASX until such time as it is able acquire appropriate funding. Subsequent to the half-year ended 31 December 2013, given the Povorotnoye project is currently suspended the Company has signed an alternative Convertible Notes Agreement ahead of re-commencing normal trading.

New Convertible Note Agreement

Subsequent to the half-year ended 31 December 2013, the Company signed a Convertible Notes Agreement with an Australian based institutional investor on 6 March 2014. The Investor has agreed to invest up to \$5,000,000 in the Company through a series of convertible notes. These funds will be used by the Company to put the Povorotnoye Project in Crimea, Ukraine on care and maintenance until such time as the geopolitical situation in Crimea is resolved. The Company will also apply these funds to the assessment of the Golden Eagle Gas Project in Utah, USA.

The Company has been advanced an initial amount of \$250,000 under the Convertible Note Agreement and further draw-downs are available, subject to the terms of the agreement.

The material terms of the Convertible Note Agreement are set out in the Schedule to an announcement lodged with the ASX on 12 March 2014.

ALEATOR ENERGY LIMITED

DIRECTORS' REPORT

ANNUAL GENERAL MEETING OUTCOMES

The Company conducted its Annual General Meeting on 28 November 2013. As announced to the ASX on the same day, all resolutions were carried by a show of hands. Notable outcomes were the re-election of Aleator's Chairman, Lewis Cross and the re-election of Gennady Varitsky in his position as Director. The Company congratulated both of these gentlemen on their re-election.

UKRAINE PROJECT

The Povorotnoye gas & condensate field (AWD: 61.2%)

The Company's Povorotnoye Gas & Condensate Field is located in the Autonomous region of the Crimea, Ukraine. The licence area covers some 104 km² with productive sands estimated at more than 20km² (5,000 acres). The discovery well (Pov-1) in the Povorotnoye gas and condensate field flowed gas at a stabilised flow rate of 5.1 MMcfgpd with some condensate through a 20/64" choke with a shut-in surface pressure of 5,100 psi. The gas is from the M-3 sandstone reservoir (gross thickness 18m) at a depth of 3,900m where the formation pressure is 11,000 psi. The second well (Pov-2) had a gas flow estimated to be 17 MMcfgpd during a loss of well control event, probably from the same M-3 reservoir and in other wells in the field this reservoir is logged to have a gross thickness of up to 50m.

Completed and Planned Operations

The rig base, together with other associated construction works on the drill site, are complete and ready to accept the drilling rig. During the period Aleator has also received delivery of 20 truckloads of 7" well casing, which completes the inventory receipt of this material in readiness for drilling to commence. In addition to the casing the Company's warehouse in Ukraine is now stocked with all the inventory items such as Drill bits, Well Heads, Drilling Mud and other items of equipment which are required to be on hand prior to spud of the Pov-105 well.

This project has been placed on care and maintenance until such time as the geo-political situation in Crimea has stabilised. Subject to resolution of the state of affairs in Crimea and provision of funding, when drilled, the Pov-105 well is designed to twin the initial discovery well Pov-1, which flowed at a stabilised rate of 5.1 MMcfgpd (*Million cubic feet of gas per day*). Pov-105 will be engineered and electric logged to investigate and test the primary objective - the known deep M3 and M4 gas reservoirs. The well will also investigate the secondary objectives – the 700m of gas shows at about 3,000m depth, as well as the shallow oil prospectivity which has been recognised on the well logs from the existing wells.

It is expected to take approximately 55-70 to days to drill the Pov-105 well and run electric logs, with production casing and testing programmes to follow.

Current Ukraine gas prices stand between US\$11- 12 per Mcf (*1000 cubic feet*). Gas which is produced can be tied into local infrastructure with a relatively short connecting pipeline, with nearby processing facilities having ample spare capacity.

ALEATOR ENERGY LIMITED
DIRECTORS' REPORT

USA - THE GOLDEN EAGLE GAS FIELD

The field is a large shelf-edge/basement structure with a principle objective "trap" provided by a significant vertical three way enclosure against a basement involved reverse fault in the Mississippian aged strata which presents a look-alike to the productive aspects of the nearby Lisbon field, that has produced over 50 million barrels of oil and 750 billion cubic feet of gas. The Pennsylvanian strata is also considered prospective for oil and gas.

The Golden Eagle project was acquired by the Company in 2006 and it drilled two wildcat wells, Paradox Basin #1 & #2, to earn the balance of the farm-in purchase. The Company subsequently drilled another well, Paradox Basin #3 in order to further delineate the inferred structure and seek production capability to establish a "Participating Area" in order to gain a 5 year extension to the current Unit at that time. The outcome of operations resulted in an invitation from the US Bureau of Land Management (BLM) to re-unitise the field for a further 5 years.

Post the period, the Company has received formal confirmation from the BLM that two existing production capable wells may be utilised to hold the new Golden Eagle 70 II Unit by production. Leases which are held by production to a Unit will normally extend the individual expiry dates to two years beyond the life of the Unit. The Golden Eagle 70 II Unit has a current expiry date of 5 December 2017 and the individual leases should now have a tenure until 5 December 2019.

On receipt of the formal confirmation that the tenure of Golden Eagle is secured, the Company proposed to conduct an assessment of geological data and past operations to determine the ongoing prospectivity of the project and how this may best be translated into increasing shareholder value. Although the timing of the proposed assessment is driven by the formal confirmation being received from the BLM, it is supported by expressions of interest in the project being received from third parties and the recent increase in US gas prices.

CLASS ORDER RELIEF

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

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 is included within this half-year financial report.

Signed in accordance with a resolution of the Board of Directors



Lewis Cross

Director

Dated this 14th day of March 2014

ALEATOR ENERGY LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half- year ended 31 December 2013

	Consolidated	
	31 December 2013	31 December 2012
	\$'000	\$'000
Revenue	1	21
Director and employee benefits expenses	(450)	(375)
Legal fees	(22)	(94)
Finance costs	(47)	-
Depreciation	(16)	(13)
Rental expense	(46)	(54)
Impairment of exploration expenditure capitalised	-	(239)
Corporate and administration expenses	(587)	(650)
Loss before income tax	(1,167)	(1,404)
Income tax expense	-	-
Net loss for the period	(1,167)	(1,404)
Other comprehensive income		
<i>Items that may be reclassified subsequently to operating result</i>		
Foreign currency translation	1,698	(942)
Income tax relating to components of other comprehensive income for the period	-	-
Other comprehensive income/(loss) for the period, net of tax	1,698	(942)
Total comprehensive income/(loss) for the period	531	(2,346)
Net loss attributable to:		
Members of the parent entity	(1,148)	(1,375)
Non-controlling interest	(19)	(29)
	(1,167)	(1,404)
Total comprehensive income/(loss) attributable to:		
Members of the parent entity	550	(2,317)
Non-controlling interest	(19)	(29)
	531	(2,346)
Basic and diluted loss per share (cents per share)	(0.07)	(0.11)

The accompanying notes form part of this interim financial report.

ALEATOR ENERGY LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 DECEMBER 2013

	Note	31 December 2013 \$'000	30 June 2013 \$'000
Consolidated			
CURRENT ASSETS			
Cash and cash equivalents		129	691
Trade and other receivables		34	92
Other current assets		16	16
TOTAL CURRENT ASSETS		179	799
NON CURRENT ASSETS			
Receivables		1,169	1,078
Property, plant and equipment		118	133
Deferred exploration and evaluation expenditure		67,683	65,561
TOTAL NON CURRENT ASSETS		68,970	66,772
TOTAL ASSETS		69,149	67,571
CURRENT LIABILITIES			
Trade and other payables		1,011	757
Borrowings	4	725	-
Provisions		15	22
TOTAL CURRENT LIABILITIES		1,751	779
TOTAL LIABILITIES		1,751	779
NET ASSETS		67,398	66,792
EQUITY			
Issued capital	5	81,821	81,746
Reserves		2,406	708
Accumulated losses		(16,962)	(15,814)
Parent entity interest		67,265	66,640
Non-controlling interest		133	152
TOTAL EQUITY		67,398	66,792

The accompanying notes form part of this interim financial report

ALEATOR ENERGY LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the half- year ended 31 December 2013

	Consolidated					
	Issued Capital	Option Reserve	Foreign Exchange Reserve	Accumulated Losses	Non- controlling interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2012	75,991	7,629	(12,854)	(13,223)	202	57,745
Loss for the period	-	-	-	(1,375)	(29)	(1,404)
Foreign currency translation	-	-	(942)	-	-	(942)
Total comprehensive income for the period	-	-	(942)	(1,375)	(29)	(2,346)
Shares issued	2,750	-	-	-	-	2,750
Cost of capital raising	(175)	-	-	-	-	(175)
Options Issued (net)	-	125	-	-	-	125
At 31 December 2012	78,566	7,754	(13,796)	(14,598)	173	58,099
At 1 July 2013	81,746	7,755	(7,047)	(15,814)	152	66,792
Loss for the period	-	-	-	(1,148)	(19)	(1,167)
Foreign currency translation	-	-	1,698	-	-	1,698
Total comprehensive income for the period	-	-	1,698	(1,148)	(19)	531
Shares issued	75	-	-	-	-	75
At 31 December 2013	81,821	7,755	(5,349)	(16,962)	133	67,398

The accompanying notes form part of this interim financial report.

ALEATOR ENERGY LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
For the half-year ended 31 December 2013
Consolidated

	31 December 2013 \$'000	31 December 2012 \$'000
Cash flows from operating activities		
Payments to suppliers and employees	(876)	(867)
Payments for exploration expenditure	(360)	(4,231)
Interest and dividends received	1	21
Finance costs paid	(47)	-
Net cash used in operating activities	<u>(1,282)</u>	<u>(5,077)</u>
Cash flows from investing activities		
Payments for plant and equipment	-	(85)
(Payment for)/return of bonds	(5)	3
Net cash used investing activities	<u>(5)</u>	<u>(82)</u>
Cash flows from financing activities		
Net proceeds from issue of shares	-	2,575
Conversion of placement monies held in trust	-	(2,650)
Proceeds from issue of options	-	125
Proceeds from borrowings	725	-
Net cash from financing activities	<u>725</u>	<u>50</u>
Net decrease in cash and cash equivalents	(562)	(5,109)
Cash and cash equivalents at the beginning of the half year	691	5,343
Cash and cash equivalents at the end of the half year	<u>129</u>	<u>234</u>

The accompanying notes form part of this interim financial report.

ALEATOR ENERGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the half- year ended 31 December 2013

1. BASIS OF PREPARATION OF THE INTERIM FINANCIAL REPORT

Basis of Preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2013 have been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134: "Interim Financial Reporting". Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 134 "Interim Financial Reporting".

This interim financial report does not include full disclosures of the type normally included in an annual report. It is recommended that this Interim financial report be read in conjunction with the annual financial report for the year ended 30 June 2013 and any public announcements made by Aleator Energy Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The interim financial report has also been prepared under the historical cost convention, modified by the revaluation of to fair value for certain classes of assets. The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial report, except in relation to the matters disclosed below.

New and Revised Accounting Standards and interpretations

The consolidated entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are mandatory for the current reporting period. The adoption of these new and revised Accounting Standards and Interpretations has not resulted in a significant or material change to the consolidated entity's accounting policies. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted by the consolidated entity.

Comparative Figures

Certain comparative figures have been adjusted to conform to changes in presentation for the current financial period.

Going concern

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

As disclosed in the Interim financial report, the consolidated entity incurred a net loss of \$1.167 million and had net cash outflows from operating activities of \$1.282 million for the half-year ended 31 December 2013. As at that date, the consolidated entity had net current liabilities of \$1.572 million.

ALEATOR ENERGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the half- year ended 31 December 2013

Going concern (Cont'd)

The Directors believe that it is reasonably foreseeable that the consolidated entity will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the half-year financial report, after consideration of the following factors:

- On 6 March 2014, the consolidated entity signed a Convertible Note Agreement which provides for drawdowns of up to \$5 million. The first drawdown of \$250,000 has been completed (Refer Note 7);
- In January 2014, \$500,000 of convertible note debt was converted to 100,000,000 ordinary shares in the Company at \$0.005 per share (Refer Note 7); and
- The consolidated entity has been successful in previous equity raisings, and the directors are confident that if required to do so, they can raise further funding.

2. DIVIDENDS

There have been no dividends declared or recommended and no distributions made to shareholders or other persons during the period.

3. SEGMENT INFORMATION

Business

The consolidated entity operates in one business segment, being the exploration and mining of oil and gas within the geographical segments of Australia, USA and Ukraine.

Geographical

	Australia		USA		Ukraine		Consolidated	
	31 Dec 13	31 Dec 12	31 Dec 13	31 Dec 12	31 Dec 13	31 Dec 12	31 Dec 13	31 Dec 12
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	1	20	-	-	-	1	1	21
Profit / (Loss)	(1,060)	(1,116)	(23)	(20)	(84)	(268)	(1,167)	(1,404)
Assets	167	323	54,127	46,185	14,855	13,070	69,149	59,578
Liabilities	1,500	1,343	40	25	211	111	1,751	1,479

ALEATOR ENERGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the half- year ended 31 December 2013

4. BORROWINGS

This is comprised of the following:

- a) \$500,000 convertible notes with interest rate of 12% per annum, repayable by 28 October 2014 and secured against the assets of the company, excluding Crimea Energy Limited and its subsidiaries. These notes are convertible anytime and the conversion price will be the lower of \$0.009 or 80% of the lowest VWAP in the 10 trading days prior to the conversion date. However, conversion price shall not be less than \$0.005 per share.
- b) \$225,403 short term loan with an interest rate of 10% per annum and repayable by 30 June 2014. This is denominated in the amount of \$200,000 USD.

5. ISSUED CAPITAL

a)	Ordinary Shares	No. of shares	\$
	At the beginning of reporting period	1,665,769,734	81,745,962
	Shares issued during the year:		
	30 October 2013	11,578,130	68,543
	29 November 2013	10,000	60
	2 December 2013	<u>1,090,789</u>	<u>6,456</u>
	At reporting date	<u>1,678,448,653</u>	<u>81,821,021</u>

b) Unlisted Options

The balance of unlisted options at 31 December 2013 is nil.

c) Listed Options

The balance of listed options at 31 December 2013 is 1,319,075,939, which are exercisable at \$0.02 and expiring 31 January 2015.

6. CONTINGENT LIABILITIES

Since the last annual reporting date, there have been no material changes to any contingent liabilities.

ALEATOR ENERGY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
For the half- year ended 31 December 2013

7. EVENTS SUBSEQUENT TO REPORTING DATE

On 9 January 2014, Aleator announced that it had elected to convert the \$500,000 loan into 100 million shares in the Company at the floor price of \$0.005 per share. The loan was converted under approval granted at the Annual General Meeting in November 2013.

On 6 March 2014, the Company signed a Convertible Note Agreement with an Australian based institutional investor. The Investor has agreed to invest up to \$5,000,000 in the Company through a series of convertible notes. These funds will be used by the Company to put the Povorotnoye Project in Crimea, Ukraine on care and maintenance until such time as the geopolitical situation in Crimea is resolved. The Company will also apply these funds to the assessment of the Golden Eagle Gas Project in Utah, USA. The Company has been advanced an initial amount of \$250,000 under the Convertible Note Agreement. The material terms of the Convertible Note Agreement are set out in the Schedule to an announcement lodged with the ASX on 12 March, 2014.

Subsequent to the half-year ended 31 December 2013, significant geo-political uncertainty has emerged resulting in a significant movement in the Ukraine currency relative to the Australian currency that would affect the carrying value of the Ukraine based assets. Further, the current geo-political developments create uncertainty with regards the ultimate recoupment of Ukraine based exploration expenditure carried forward and other assets. As announced on 12 March 2014, the Company has suspended its Ukraine operations indefinitely.

On 7 March 2014, the Company received formal confirmation from the BLM that two existing production capable wells may be utilised to hold the new Golden Eagle 70 II Unit by production. Leases which are held by production to a Unit will normally extend the individual expiry dates to two years beyond the life of the Unit. The Golden Eagle 70 II Unit has a current expiry date of 5 December 2017 and the individual leases would be expected to have tenure until 5 December 2019.

On March 12 2014, in connection with the signing of the Convertible Note Agreement, the Company issued 35,000,000 fully paid ordinary shares in the Company at an issue price of \$0.002 to the Convertible Note Holder for nil consideration

Other than the above, there are no other matters or circumstances that have arisen since 31 December 2013 that have or may significantly affect the operations, results, or state of affairs of the Company in future financial periods.

ALEATOR ENERGY LIMITED
DIRECTORS' DECLARATION

The directors of Aleator Energy Limited declare that:

1. The financial statements and notes, as set out in this half-year financial report:
 - a. comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Act 2001; and
 - b. give a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date.

2. In the director's 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.

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



Lewis Cross

Director

Dated this 14th day of March 2014

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Aleator Energy Limited which comprises the consolidated statement of financial position as at 31 December 2013, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flow for the half-year ended on that date, 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 half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Aleator Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, 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.

Basis for Qualified Conclusion

The consolidated entity has assets located in the Ukraine, which are recorded in the Consolidated Statement of Financial Position with a carrying value of \$14,854,441 as at 31 December 2013. As disclosed in Note 7 to the half-year financial report, there are significant geo-political uncertainties surrounding the region, which have resulted in the consolidated entity suspending its activities in the Ukraine indefinitely. Accordingly, we have been unable to obtain sufficient appropriate audit evidence about the carrying amount of the assets located in the Ukraine. As a result, we are unable to determine whether any adjustments to these amounts were necessary.

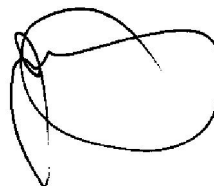
Qualified Conclusion

Based on our review, which is not an audit, except for the possible effects of the matter described in the Basis for Qualified Conclusion paragraph, we have not become aware of any matter that makes us believe that the half-year financial report of Aleator Energy Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS



J A KOMNINOS
Partner

Perth, WA
Dated: 14 March 2014

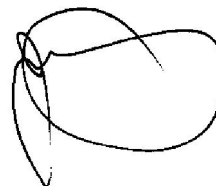
RSM Bird Cameron Partners
8 St Georges Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844
T +61 8 9261 9100 F +61 8 9261 9111
www.rsmi.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Aleator Energy Limited for the half year ended 31 December 2013, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

RSM Bird Cameron Partners
RSM BIRD CAMERON PARTNERS



J A KOMNINOS
Partner

Perth, WA
Dated: 14 March 2014