Antilles Oil & Gas

ANNUAL REPORT

2014

CORPORATE DIRECTORY

DIRECTORS

Dr Jack Hamilton	(Non-Executive Chairman)
Mr David Ormerod	(Managing Director)
Mr Gary Grubitz	(Non-Executive Director)
Mr Damian Black	(Non-Executive Director)

COMPANY SECRETARY

Ranko Matic

REGISTERED OFFICE & CONTACTS

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AUDITORS

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SHARE REGISTRY

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DIRECTORS REPORT

Your directors present their report, together with the financial statements on the consolidated entity, consisting of Antilles Oil and Gas NL (or 'the company') and the entities it controlled at the end of, or during, the year ended 31 December 2014 ('consolidated entity').

DIRECTORS

The names of directors in office at any time during or since the end of the year are listed below. Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

NAME OF PERSON	POSITION	
Anthony Short	Managing Director	(resigned 18 June 2014)
David Ormerod	Managing Director	(appointed 14 July 2014)
Jack Hamilton	Non-Executive Chairman	(appointed 14 July 2014)
Kip Plankinton	Non-Executive Director	(resigned 11 April 2014)
Igor Soshynsky	Non-Executive Director	(resigned 18 June 2014)
Michael Davy	Non-Executive Director	(appointed 11 April 2014, resigned 14 July 2014)
Ranko Matic	Non-Executive Director	(appointed 11 April 2014, resigned 15 August 2014)
Damian Black	Non-Executive Director	(appointed 18 June 2014)
Gary Grubitz	Non-Executive Director	(appointed 15 August 2014)

COMPANY SECRETARY

Mr Ranko Matic was appointed the position of company secretary on 1 July 2014.

Prior to his appointment Roland Berzins and David Ballantyne were joint company secretaries from the beginning of the financial year until their resignation on 1 July 2014.

OPERATING RESULTS

The loss of the consolidated entity amounted to $2,775,029 (2013: $3,933,116) after providing for income tax and eliminating non-controlling equity interests.

DIVIDENDS

No dividends were paid or declared since the start of the financial year. No dividend has been recommended.

PRINCIPAL ACTIVITIES

The principle continuing activities of the Company during the financial period were the exploration and acquisition of petroleum and gas properties.

REVIEW OF OPERATIONS

The Company continues to identify and develop opportunities within the established strategy in both the deep water exploration and near term exploration/appraisal targeting the Caribbean and northern South America.

The company is seeing excellent near term exploration / appraisal options in onshore South America with the potential to add a base level of value into the company. These near term opportunities are onshore with a low entry cost leading to drilling and the company has two active negotiations ongoing looking to complete in the first quarter 2015.

In the greater Caribbean the company has three active bids with negotiations in progress and intends to secure one high impact exploration block which has potential to add high multiples of value into the company in the first half 2015.

In line with our strategy to draw on alliances to support bids for acreage with Governments and deliver work programs efficiently, Antilles has finalised agreements with Multi Client Geophysical (MCG) of Norway to cooperate in exploration efforts in the Caribbean where both companies see areas of high potential. This compliments the other two alliances that have been put in place over the past 4 months with AGR FJ Brown, Inc (drilling) and Polarcus (3D seismic).

The Company continues its strategic review of existing Texan assets in the Midland Basin.

FINANCIAL POSITION

The net assets of the consolidated entity have increased to $3,163,895 as at 31 December 2014, an increase of $11,040,030 from net liabilities of $7,876,135 at 31 December 2013.

The consolidated entity's net working capital, being current assets less current liabilities is a surplus of $2,298,038 (2013: deficit $8,615,886).

EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

LIKELY DEVELOPMENTS

The Directors believe, on reasonable grounds, that to include in this report particular information regarding likely developments in the operations of the Company and the expected results of those operations in future financial years would be speculative and likely to result in unreasonable prejudice to the Company. Accordingly, this information has not been included in this report.

ENVIRONMENTAL REGULATION

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory. 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 development, 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.

The Group's US operations are subject to various environmental regulations under the Federal and State Laws of United States of America. The majority of the company's activities involve low level disturbance associated with its production facilities and exploration drilling programs. As at the date of this report the consolidated entity complies fully with all such regulations.

INFORMATION ON DIRECTORS

Dr Jack Hamilton	Non-Executive Chairman
Qualifications	Bachelor of Chemical Engineering, Doctorate of Philosophy – University of Melbourne
Experience	Dr Hamilton's career spans over 30 years in the energy sector. He has held senior positions across the energy sector over the past 15 years including heading up Australia's largest resource project as Director North West Shelf Ventures for Woodside Energy Ltd., CEO for a Liquid Natural Gas project in PNG following on from a 21 year career with Shell in both local and international roles. Dr Hamilton currently heads up Energy Elements Consulting Pty. Ltd., and is Head of the MTG Consulting Australian Advisory board in the Oil and Gas upstream sector.
Interest in Shares and Options	350,000 fully paid ordinary shares
Directorships held in other listed entities	Non-executive director – Geodynamics Ltd (GDY) Non-executive director - Southern Cross Electrical Engineering Ltd (SXE) Independent director – DUET Group (DUE)
Mr David Ormerod	Managing Director
Qualifications	Bachelor of Science (Hons) Geology – University of Melbourne Member of the American Association of Petroleum Geologists, Society of Exploration Geophysicists, Petroleum Exploration Society of Australia and a Fellow of the Royal Geological Society
Experience	Mr Ormerod is a petroleum geologist with twenty-nine years of experience in petroleum exploration business. He has been involved in founding and expanding small cap oil and gas companies including Pura Vida Energy and Karoon Gas subsequent to working in operating companies BHP and Woodside. He has worked a variety of settings including the Gulf of Mexico, West Africa and South America with a focus on high impact exploration.
Interest in Shares and Options	1,182,875 fully paid ordinary shares 6,000,000 $0.01 partly paid ordinary shares payable to $0.20 on or before 11 Sept 2019 8,000,000 Class A Performance Rights 1,000,000 Class B Performance Rights
Directorships held in other listed entities	Nil

Mr Damian Black	Director (Non-executive)
Qualifications	Bachelor of Science – Curtin University Graduate Diploma in Applied Finance and Investment – FINSIA Member of the Australian Institute of Company Directors (MAICD)
Experience	Mr Black is an Associate Director (Corporate) at CPS Capital Group and has been employed in corporate finance and stockbroking since 2006. He is experienced in equity capital markets and structuring corporate transactions, focused predominantly on oil and gas and resources. He has also worked in an ongoing corporate advisory role with several ASX listed companies in the last 6 years, having guided many of them through IPO/listing process.
Interest in Shares and Options	1,426,209 fully paid ordinary shares 3,000,000 $0.01 partly paid ordinary shares payable to $0.20 on or before 11 Sept 2019 1,000,000 Class A Performance Rights 1,000,000 Class B Performance Rights
Directorships held in other listed entities	Executive Director – Minbos Resources Ltd (MNB)
Mr Gary Grubitz	Director (Non-executive)
Qualifications	Bachelor of Science (Hons) – University of Oklahoma Member of the Society of Exploration Geophysicists and the American Association of Petroleum Geologists
Experience	Mr Grubitz is a petroleum geophysicist with thirty-five years of experience in petroleum exploration, predominately with BHP Billiton. While team leader and exploration manager for the Gulf of Mexico with BHP, he opened up major new plays resulting in multi-hundred million-barrel deep-water discoveries. BHP Billiton added the highest value per exploration dollar spent over the ten year period from 1995 to 2005, due to this Gulf of Mexico success. His last position at BHP was as VP Global Exploration where he expanded the deep-water portfolio in South America and delivered multi-Tcf discoveries in Australia.
Interest in Shares and Options	Nil
Directorships held in other listed entities	Nil

MEETING OF DIRECTORS

Name	Number eligible to attend	Number attended
Anthony Short	-	-
David Ormerod	6	6
Jack Hamilton	6	6
Kip Plankinton	-	-
Igor Soshynsky	-	-
Michael Davy	-	-
Ranko Matic	1	1
Damian Black	6	4
Gary Grubitz	5	4

There were 6 directors meetings held during the financial year, however many board matters were dealt with via circular resolutions. An Audit and Risk Committee was established on 5th August 2014, with the Chairman being Mr Damian Black and the other member being Mr Gary Grubitz. There were no meetings held to the 31st December 2014.

INSURANCE OF OFFICERS

The company has indemnified the directors and executives of the company for the costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith. During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

PROCEEDINGS ON BEHALF OF THE COMPANY

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.

SHARES UNDER OPTION

At the date of this report there are 2,041,169 unissued ordinary shares in respect of which options are outstanding.

Expiry date	Grant Date	Exercise price	Number of options
31 March 2015	10 July 2014	$0.48	2,041,169
Total number of options outstanding at the date of this report			**2,041,169**

No person entitled to exercise any option referred to above has or had, by virtue of the option, a right to participate in any share issue of any other body corporate.

REMUNERATION REPORT (Audited)

This report details the nature and amount of the remuneration for each Key Management Person ('KMP') of the consolidated entity for year ended 31 December 2014.

The remuneration report is set out under the following headings:

A Principles used to determine the nature and amount of remuneration
B Details of remuneration
C Service agreements
D Share-based compensation
E Shareholdings
F Performance rights holdings
G $0.01 Partly paid ordinary shares
H Convertible preference shares

The information provided under headings A-I includes remuneration disclosures that are required under accounting Standard AASB 124 *Related Party Disclosures.* These disclosures have been transferred from the financial report and have been audited.

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

The Board of Directors is responsible for determining and reviewing compensation arrangements for KMP. It assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of high quality KMP.

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms with market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness and reasonableness
- Acceptability to shareholders
- Transparency
- Capital management

The Board policy is to remunerate non executive directors at fair market rates for comparable companies for the relevant 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. The maximum amount of fees that can be paid to directors is subject to approval by shareholders at General Meetings.

Fees for non-executive directors are currently not linked to the financial performance of the Consolidated entity. However, to align director's interests with shareholder interests, the directors are encouraged to hold shares in the Company and may be issued with additional securities as deemed appropriate.

The Board believes that the remuneration policy is appropriate given the stage of development of the Company and the activities which it undertakes and is appropriate for aligning KMP objectives with shareholder and business objectives. The Board will continue to develop new practices which are appropriate to the Company's size and stage of development.

Fixed remuneration

Fixed remuneration consists of a base remuneration package, which includes directors' fees (in the case of Directors), salaries, consulting fees and employer contributions to superannuation funds.

Fixed remuneration levels for KMP officers will be reviewed annually by the Board through a process that considers the employee's personal development, achievement of key performance objectives for the year, industry benchmarks wherever possible and CPI data.

Appropriate key performance indicators (KPIs) will be developed by the Board for each KMP each year, and reflect an assessment of how that individual can fulfil their particular responsibilities in a way that best contributes to Company performance and shareholder wealth in that year.

Performance-based Remuneration

The Company currently has no specific performance based remuneration plan. During the year the Company issued performance rights to two directors (details shown in "Details of Remuneration" below) which were issued with appropriate shareholder approvals.

B. Details of remuneration

Amounts of remuneration

The remuneration for each KMP of the consolidated entity receiving the highest remuneration during the year was as follows:

2014

KMP	Short-term Benefits				Post-employment Benefits	Other Long Term Benefits	Share based Payments				
	Cash, salary & Consulting fees	Cash profit Share	Non-Cash Benefit	Other	Super-annuation	Other	Equity (Shares & Performance Rights)	Options	Total	Performance Related	Remuneration Consisting of Options
	$	$	$	$	$	$	$	$	$	%	%
Mr A Short[1] (resigned 18/6/14)	10,000	-	-	-	-	-	-	-	10,000	-	-
Mr D Ormerod[2] (appt 14/7/14)	144,375	-	-	-	12,469	-	1,104,000	-	1,260,844	87.56%	-
Dr J Hamilton[3] (appt 14/7/14)	30,000	-	-	-	-	-	-	-	30,000	-	-
Mr K Plankinton (resigned 11/4/14)	-	-	-	-	-	-	-	-	-	-	-
Mr I Soshynsky (resigned 18/6/14)	-	-	-	-	-	-	-	-	-	-	-
Mr M Davy (appt 11/4/14, resigned 14/7/14)	-	-	-	-	-	-	-	-	-	-	-
Mr R Berzins (resigned 1/7/14)	8,167	-	-	-	-	-	-	-	8,167	-	-
Mr D Ballantyne (resigned 1/7/14)	36,360	-	-	-	-	-	-	-	36,360	-	-
Mr R Matic [4]	20,000	-	-	-	-	-	-	-	20,000	-	-
Mr D Black[5] (appt 18/6/14)	32,000	-	-	-	-	-	208,000	-	240,000	86.67%	-
Mr G Grubitz (appt 15/8/14)	20,000	-	-	-	-	-	-	-	20,000	-	-
	300,902	**-**	**-**	**-**	**12,469**	**-**	**1,312,000**	**-**	**1,625,371**		

1. Paid through Cumberland Pty Ltd, of which Mr Short is a director.
2. Paid through Clearview Oil and Gas Pty Ltd, of which Mr Ormerod is a director.
3. Paid through Energy Elements Consulting Pty Ltd, of which Dr Hamilton is a director.
4. Appointed as a Non-executive director 11 April 2014, resigned 15 August 2014. Appointed as Company Secretary 1 July 2014. The above amount is for his services as a Non-executive director, paid through Capital and Corporate Advisory Pty Ltd, of which Mr Matic is a director.
5. Paid through Lenoir Capital Pty Ltd, of which Mr Black is a director.

Amounts of remuneration (continued)

2013

Key Management Person	Short-term Benefits				Post-employment Benefits	Other Long Term Benefits	Share based Payments				
	Cash, salary & Consulting fees	Cash profit Share	Non-Cash Benefit	Other	Super-annuation	Other	Equity (Shares & Performance Rights)	Options	Total	Performance Related	Remuneration Consisting of Options
	$	$	$	$	$	$	$	$	$	%	%
Mr A Short	90,000	-	-	-	-	-	-	-	90,000	-	-
Mr K Plankinton	-	-	-	-	-	-	-	-	-	-	-
Mr A Jobling *	-	-	-	-	-	-	-	-	-	-	-
Mr I Soshynsky (appt 6/6/13)	-	-	-	-	-	-	-	-	-	-	-
Mr R Berzins	63,500	-	-	-	-	-	-	-	63,500	-	-
Mr D Ballantyne	15,990	-	-	-	-	-	-	-	15,990	-	-
	169,490	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**169,490**	**-**	**-**

* Resigned 6 June 2013. Company secretary fees up to June 2013 of $4,125 per month were charged to the Company through monthly corporate administration fees charged by AAG Management Pty Ltd. No director fees have been charged to the Company.

C Service agreements

There were no KMP that have or had service agreements for the year ended 31 December 2014, other than as disclosed below.

All contracts with KMP may be terminated by either party with three months' notice, in most cases.

Employment Contracts Of KMP

Each member of the consolidated entity's KMP is employed on open ended employment contracts between the individual employee and the Company.

Company Secretary Mr Matic is not employed on a formal contract.

The below are the contract details at the date of the financial report:

Key Management Person	Appointment	Term of Agreement	Base Salary (excludes GST) $ p.a.	Other (eg, partly paid shares PPS, performance rights PR)*	Termination Benefit
Dr Jack Hamilton	Non-Executive Chairman	No fixed term	60,000	3,000,000 PPS 1,000,000 Class B PR	Nil
Mr David Ormerod	Managing Director	No fixed term	315,000	6,000,000 PPS 9,000,000 PRs	3-6 months
Mr Damian Black	Non-Executive Director	No fixed term	60,000	N/A – not part of executive contract	Nil
Mr Gary Grubitz	Non-Executive Director	No fixed term	60,000	3,000,000 Class A PR	Nil

* Some contracts include an option to buy $0.01 partly paid ordinary shares payable to $0.20 within 5 years of issue date, and/or the issue of Performance Rights, all subject to relevant shareholder approvals.

D Share-based compensation

Options

There were no options issued to the directors as part of compensation during the year ended 31 December 2014 (2013: nil).

Shareholdings

There were no shares issued to the directors as part of compensation during the year ended 31 December 2014 (2013: nil).

Performance Rights

Refer to Section F and Note 18 for details of Performance Rights issued during 2014 (2013: nil).

Convertible Preference Shares

There were no convertible preference shares issued to the directors as part of compensation during the year ended 31 December 2014 (2013: nil).

E Shareholdings

The number of shares in the company held during the financial year by KMP of the consolidated entity, including their personally related parties, is set out below:

31 December 2014	Balance at beginning of the year	Granted as remuneration during the year	Issued on exercise of options	Other changes during the year (eg, resignations, on market purchases)	Balance at end of year (post-consolidation)
Mr A Short (resigned 18/6/14)	25,792,438*	-	-	(5,373)**	-
Mr D Ormerod (appt 14/7/14)	-	-	-	1,182,875	1,182,875
Dr J Hamilton (appt 14/7/14)	-	-	-	350,000	350,000
Mr K Plankinton (resigned 11/4/14)	-	-	-	-	-
Mr I Soshynsky (resigned 18/6/14)	-	-	-	-	-
Mr M Davy (appt 11/4/14, resigned 14/7/14)	-	-	-	-	-
Mr R Matic (appt 11/4/14, resigned 15/8/14)	-	-	-	-	-
Mr D Black (appt 18/6/14)	-	-	-	1,426,209	1,426,209
Mr G Grubitz (appt 15/8/14)	-	-	-	-	-
	25,792,438*	-	-	2,953,711	2,959,084

* Pre-consolidation balance.
** Post-consolidation balance.

31 December 2013	Balance at beginning of the year (pre-consolidation)	Granted as remuneration during the year	Issued on exercise of options	Other changes during the year (eg, resignation)	Balance at end of year (pre-consolidation)
Mr A Short	25,792,438	-	-	-	25,792,438
Mr K Plankinton	-	-	-	-	-
Mr A Jobling (resigned 6/6/13)	41,187	-	-	(41,187)	-
Mr I Soshynsky (appt 6/6/13)	-	-	-	-	-
	25,833,625	-	-	(41,187)	25,792,438

F Performance Rights Holdings

The number of Performance Rights (PRs) in the Company held during the financial year by KMP of the consolidated entity, including their personally related parties, is set out below:

31 December 2014	Balance at beginning of the year	Granted as remuneration during the year *	Exercised during the period	Other changes during the year	Balance at end of year
Mr A Short (resigned 18/6/14)	-	-	-	-	-
Mr D Ormerod ** (appt 14/7/14)	-	9,000,000	-	-	9,000,000
Dr J Hamilton (appt 14/7/14)	-	-	-	-	-
Mr K Plankinton (resigned 11/4/14)	-	-	-	-	-
Mr I Soshynsky (resigned 18/6/14)	-	-	-	-	-
Mr M Davy (appt 11/4/14,	-	-	-	-	-
Mr R Matic (appt 11/4/14,	-	-	-	-	-
Mr D Black *** (appt 18/6/14)	-	2,000,000	-	-	2,000,000
Mr G Grubitz (appt 15/8/14)	-	-	-	-	-
	-	11,000,000	-	-	11,000,000

* PRs will convert into shares provided the milestones set out below are achieved within three (3) years from their date of issue:

(i) Class A PRs will vest and convert to an equivalent number of fully paid ordinary shares in the Company on the acquisition of a project by the Company in the South American/Caribbean region with significant exploration and/or exploitation potential (Milestone 1); and

(ii) Class B PRs will vest and convert to an equivalent number of fully paid ordinary shares in the Company, after the date of issue of the Class B Performance Rights, on the completion of a further capital raising by the Company in excess of A$10,000,000 or the Company achieving a market capitalisation of greater than A$30,000,000 for five consecutive trading days (Milestone 2).

PRs granted during the year were valued at the date the PRs were approved by shareholders. The probabilities used in the valuation have been based on management's best estimate for the probability of meeting the milestones. The fair value of the Class A PRs has been discounted by 20% to reflect the probability of not meeting the milestones and Class B by 50%.

** Comprises 8,000,000 Class A PRs and 1,000,000 Class B PRs
*** Comprises 1,000,000 Class A PRs and 1,000,000 Class B PRs.

No Performance Rights were held by KMP during the year to 31 December 2013.

G $0.01 Partly Paid Ordinary Shares

The number of $0.01 partly paid ordinary shares in the Company held during the financial year by KMP of the consolidated entity, including their personally related parties, is set out below:

31 December 2014	Balance at beginning of the year	Acquired during the year	Fully paid during the period	Other changes during the year	Balance at end of year
Mr A Short (resigned 18/6/14)	-	-	-	-	-
Mr D Ormerod (appt 14/7/14)	-	6,000,000	-	-	6,000,000
Dr J Hamilton (appt 14/7/14)	-	-	-	-	-
Mr K Plankinton (resigned 11/4/14)	-	-	-	-	-
Mr I Soshynsky (resigned 18/6/14)	-	-	-	-	-
Mr M Davy (appt 11/4/14,	-	-	-	-	-
Mr R Matic (appt 11/4/14,	-	-	-	-	-
Mr D Black (appt 18/6/14)	-	3,000,000	-	-	3,000,000
Mr G Grubitz (appt 15/8/14)	-	-	-	-	-
	-	9,000,000	-	-	9,000,000

No Partly Paid Ordinary Shares were held by KMP during the year to 31 December 2013.

H Convertible Preference Shares

The number of convertible preference shares in the company held during the financial year by KMP of the consolidated entity, including their personally related parties, is set out below:

31 December 2014	Balance at beginning of the year	Acquired during the year	Fully paid during the period	Other changes during the year (eg, resignations)	Balance at end of year
Mr A Short (resigned 18/6/14)	3	-	-	(3)	-
Mr D Ormerod (appt 14/7/14)	-	-	-	-	-
Dr J Hamilton (appt 14/7/14)	-	-	-	-	-
Mr K Plankinton (resigned 11/4/14)	-	-	-	-	-
Mr I Soshynsky (resigned 18/6/14)	-	-	-	-	-
Mr M Davy (appt 11/4/14,	-	-	-	-	-
Mr R Matic (appt 11/4/14,	-	-	-	-	-
Mr D Black (appt 18/6/14)	-	-	-	-	-
Mr G Grubitz (appt 15/8/14)	-	-	-	-	-
	3	-	-	(3)	-

31 December 2013	Balance at beginning of the year	Purchased during the year	Disposed during the period	Other changes during the year	Balance at end of year
Mr A Short	3	-	-	-	3
Mr K Plankinton	-	-	-	-	-
	3	-	-	-	3

This concludes the remuneration report, which has been audited.

NON AUDIT SERVICES

No non-audit services were provided to the company by the Company's external auditor during the financial year.

AUDITOR

Somes Cooke were appointed as the consolidated entity's auditors at the 2012 Annual General Meeting and continues in office in accordance with section 327 of the Corporations Act 2001.

AUDITORS' INDEPENDENCE DECLARATION

A copy of the auditors' Independence declaration as required under section 307C of the *Corporations Act 2001* is included within this financial report.

This directors' report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors.

Mr David Ormerod
Managing Director

Dated this 2nd day of February 2015

COMPLIANCE WITH ASX CORPORATE GOVERNANCE RECOMMENDATIONS

APPROACH TO CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Antilles Oil and Gas NL (Antilles), support and adhere to the principles of sound corporate governance. The Board recognises the recommendations of the Australian Securities Exchange Corporate Governance Council, and considers that the Company is in compliance with those guidelines, to the extent possible, which are of importance to the commercial operation of a junior resource company.

The board of directors of Antilles is responsible for the Corporate Governance of the Company. The board guides and monitors the business and the affairs of the Company on behalf of the shareholders, by whom they were elected and to whom they are responsible.

In accordance with the Council's recommendations, the Company has followed the guidelines during this period. Where a recommendation is not followed, that fact must be disclosed, together with the reason for the departure.

The table below summarises the Company's compliance with the Corporate Governance Council's Recommendations:

Principles and Recommendations		Compliance	Comply
Principle 1 – Lay solid foundations for management and oversight			
1.1	Establish the functions reserved to the Board of directors ("Board") of Antilles ("the Company") and those delegated to Senior executives and disclose those functions.	The Board is responsible for the overall corporate governance of the Company. The Board has adopted a Board charter that formalises its roles and responsibilities and defines the matters that are reserved for the Board and specific matters that are delegated to management. On appointment of a director, the Company issues a letter of appointment setting out the terms and conditions of the appointment to the Board.	Complies
1.2	Disclose the process for evaluating the performance of senior executives	The board only employ's one senior executive employee and the Board is responsible for reviewing the performance of the senior executives but does not have a formal procedure in place.	Does not comply.
Does not comply. However the Board continually monitors the behaviour of its senior executives / directors and discusses with them all aspects of their activities with regard to the Company.			
1.3	Provides the information indicated in Guide to reporting on Principle 1.	A summary of the Board's functions and responsibilities is summarised in this Corporate Governance Statement. The Boards charter is also available on request.	Complies
Principle 2 – Structure the board to add value			
2.1	A majority of the Board should be independent directors	An Antilles director is considered independent when he or she is independent of management (that is, non-executive), and free from any business or other relationship that could materially interfere with, or could be reasonably perceived to materially interfere with, the exercise of his or her unfettered and independent judgement. Materiality is considered on a case by case basis by reference to the director's individual circumstances rather than general materiality thresholds. The Antilles Board has made its own assessment to determine the independence of each director on the board. In essence a non-executive director is deemed independent, if the director does not fail any of the following materiality thresholds: • less than 10% of the Company shares are held by the director and any entity or individual directly or indirectly associated with the director; • no sales are made to or purchases made from any entity or individual director or indirectly associated with the director; and • none of the directors' income of an individual or entity directly or indirectly associated with the director is received from a contract with any member of the economic entity other than income which is derived as a director of the entity. Currently, Antilles has three non-executive positions on the board of the total four positions.	Complies

2.2	The chair should be an independent director.	The chair is a non-executive position.	Complies
2.3	The roles of the chair and chief executive officer should not be exercised by the same individual	The Non-executive Chairman is separate to the Managing Director.	Complies
2.4	The Board should establish a nominations committee	The Board has not established a nomination committee. Given the present size of the Company, the Board has decided that a nomination committee is not appropriate. The functions of the nomination committee are carried out by the full Board.	Does not comply
2.5	Disclose the process for evaluating the performance of the Board, its committees and individual directors.	The Company did not conduct a formal performance evaluation of the board and has not adopted a performance evaluation policy.	Does not comply. Refer to 1.2 above.
2.6	Provide the information indicated in the Guide to reporting Principle 2.	This information has been disclosed (where applicable) in the Directors report attached to the Corporate Governance statement. The Board carries out the functions of the nominations committee. In accordance with the information suggested in the Guide to reporting on Principle 2, the Company has disclosed full details of its directors in the Directors report attached to the Corporate Governance Statement. Other disclosure material as suggested in the Guide to reporting Principle 2 is available upon request.	Does not comply.
Principle 3 – Promote ethical and responsible decision making.			
3.1	Establish a code of conduct and disclose the code or a summary of the code as to: • the practice necessary to maintain confidence in the Company's integrity; • the practice necessary to take into account their legal obligations and the reasonable expectations of the shareholders; • the responsibility and accountability of the individuals for reporting and investigating reports of unethical practices.	As part of the board's commitment to the high standards of conduct, the Company has established operating protocols to deal with various issues including: • conflicts of interest; • employment practices; • fair trading; • health and safety; and • relations with customers and suppliers. These are designed to: • clarify the standards of ethical behaviour required of the board, senior managers and employees and encourage compliance with those standards; and • assist the company to comply with its legal obligations and have regard to the reasonable expectations of shareholders.	Complies
3.2	Establish a policy concerning the diversity and the policy or a summary of the policy. The policy should include requirements of the board to establish measurable objectives for achieving gender diversity for the board and to assess annually both the objectives and progress in achieving them.	At this stage, the Board does not consider it relevant to establish a diversity policy as the Company has only one direct employee, but instead has administrative and technical services provided to it by consultants	Does not comply.
3.3	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.	The Company does not have a diversity policy and, consequently, did not disclose any measurable objectives for achieving gender diversity.	Does not comply.
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	There is currently 1 permanent employee at Antilles, including one executive director. There are also three non executive directors. None of these positions are held by women.	Complies

3.5	Provide the information indicated in the Guide to reporting Principle 3.	The Board Charter containing the Code of Conduct is available on request. The Securities trading policy is summarised in this Corporate Governance Statement and is available on request	Complies
Principle 4 – Safeguard integrity in financial reporting			
4.1	The board should establish an audit committee	An audit and risk committee has been established.	Complies
4.2	The audit committee should be structured so that it consists of only non-executive directors, a majority of independent directors, is chaired by an independent chair person who is not chairperson of the board and the committee shall have at least 3 members.	The audit and risk committee consists of 2 members - a chairman and one other member.	Complies
4.3	The audit committee should have a formal charter.	The audit and risk committee has a formal charter in place.	Complies
4.4	Provide the information indicated in the Guide to reporting Principle 4.	The Audit and Risk Committee Charter is available on request.	Complies
Principle 5 – Make timely and balanced disclosure			
5.1	Establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance and disclose those policies or a summary of those policies.	The company secretary has been nominated as the person responsible for communication with the Australian Securities Exchange (ASX). This role includes responsibility for ensuring compliance with the continuous disclosure requirement in the ASX listing rules and overseeing and co-ordinating information disclosure to the ASX and the public. The company secretary and/or the chairman jointly ensure that any proposed announcement is drafted in a timely manner, is factual, expressed in a clear and consistent manner and does not omit material information. Except for standard secretarial and procedural matters, all material announcements to the ASX are authorised by the board.	The recommendation to establish and publish written policies regarding compliance with ASX Listing Rule disclosure requirements has not been adopted in view of the nature and extent of company operations.
5.2	Provide the information indicated in the Guide to reporting Principle 5.	The Company's continuous disclosure policy is available on request.	Complies.
Principle 6 – Respect the rights of the Shareholders			
6.1	Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose the policy or a summary of that policy.	The Company has an effective communication and promotion activity and welcomes discussion with its shareholders and encourages participation in general meeting.	The recommendation to establish and publish written policies regarding compliance with ASX Listing Rule disclosure requirements has not been adopted in view of the nature and extent of company operations.

6.2	Provide the information indicated in the Guide to reporting on Principle 6. .	The Company aims to keep shareholders informed of its performance and all major developments in an ongoing manner. Information disclosed to the ASX is available by a link on the Company's website. Additionally, information is communicated to shareholders through: • the annual report which is distributed to all shareholders; • the half year report which is distributed to all shareholders in an abbreviated form; and • other correspondence regarding matters impacting on shareholders as required.	Complies. Any departure from Recommendations 6.1 and 6.2 is explained under Recommendation 6.1
Principle 7 – Recognise and manage risk			
7.1	Establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Contained within the Audit and Risk Committee Charter.	Complies
7.2	The Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. Disclose that management has reported to the board as to the effectiveness of the company's management of its material business risks.	Contained within the Audit and Risk Committee Charter.	Complies
7.3	Disclose whether the board has received assurance from the chief executive (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act 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 risks.	The board has received the declaration in accordance with section 295A of the Corporations Act and has had an opportunity to question whether the declaration is founded on a system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Complies
7.4	Provide the information indicated in the Guide to reporting on Principle 7.	The Audit and Risk Committee Charter is available upon request.	Complies

Principle 8 – Remunerate fairly and responsibly			
8.1	The board should establish a remunerations committee.	The board has not established a remunerations committee and has not adopted a remunerations charter.	Does not comply. Due to the size of the Board, all the directors have determined that they will participate in and execute the functions of the remunerations committee and that a separate remunerations committee is not necessary.
8.2	The remunerations committee should be structured such that; • consists of a majority of independent directors; • is chaired by an independent chair; • have at least 3 members	The board has not established a remunerations committee.	Does not comply
8.3	Clearly distinguish the structure of non-executive directors' remuneration from that of executives.	The Company's remuneration policy for senior managers and non-executive directors is set out in the Remuneration Report.	Complies
8.4	Provide the information indicated in Guide to Reporting on Principle 9.	The information required has been reported as per above.	Complies

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Business Consultants
Financial Advisors

Auditor's Independence Declaration

To those charged with the governance of Antilles Oil & Gas NL

As auditor for the audit of Antilles Oil & Gas NL for the year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been:

i) no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the audit; and

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

Somes Cooke

Somes Cooke

Nicholas Hollens

Nicholas Hollens
Partner

Perth

2 February 2015

	Notes	Consolidated 2014 $	Consolidated 2013 $
Revenue	3	16,250	1,515
Impairment of exploration expenditure and other assets		(74,163)	-
Depreciation expense		(10,438)	(2,308)
Directors' and employee benefits expense		(261,715)	(77,207)
Share based payment expense	18	(1,502,400)	-
Legal and other professional expenses		(515,863)	(209,039)
Finance costs		(194,939)	(614,077)
Travel and accommodation expenses		(136,707)	-
Accounting and audit expenses		(90,868)	(40,325)
Exploration and project expenses		(240,242)	-
Other expenses		(307,377)	(432,452)
Creditors and loans forgiven due to company restructure		727,893	-
Loss before income tax		(2,590,569)	(1,373,893)
Income tax expense	4	-	-
Loss for the year from continuing operations		(2,590,569)	(1,373,893)
Discontinued operations			
Loss for the year from discontinued operations after tax	22	(184,460)	(2,559,223)
Total loss for the year		(2,775,029)	(3,933,116)
Other comprehensive income			
Items that may be reclassified subsequently to operating result			
Exchange differences on translating foreign controlled entities		(53,343)	170,308
Other comprehensive income for the year		(53,343)	170,308
Total comprehensive loss for the year		**(2,828,372)**	**(3,762,808)**
Loss per share			
Continued and discontinued operations			
Basic and diluted loss (cents per share)	20	(0.37)	(0.32)
Continued operations			
Basic and diluted loss (cents per share)	20	(0.35)	(0.11)
Discontinued operations			
Basic and diluted loss (cents per share)	20	(0.02)	(0.21)

The accompanying notes form part of this financial report.

	Notes	Consolidated 2014 $	Consolidated 2013 $
ASSETS			
Current assets			
Cash and cash equivalents	5	2,394,132	-
Trade and other receivables	6	64,174	46,119
Other assets	7	23,680	-
Total current assets		2,481,986	46,119
Non-current assets			
Inventory		-	332
Deferred exploration expenditure	8	810,078	1,609,097
Plant and equipment	9	55,779	2,048
Total non-current assets		865,857	1,611,477
Total assets		3,347,843	1,657,596
LIABILITIES			
Current liabilities			
Bank overdraft	5	-	(64)
Trade and other payables	10	181,077	1,327,592
Provisions		2,871	-
Borrowings	11	-	7,334,349
Total current liabilities		183,948	8,662,005
Non-current liabilities			
Borrowings	11	-	871,726
Total non-current liabilities		-	871,726
Total liabilities		183,948	9,533,731
Net assets		3,163,895	(7,876,135)
EQUITY			
Issued capital	12	32,341,982	19,975,401
Reserves		(1,219,656)	(2,668,134)
Accumulated losses		(27,958,431)	(25,183,402)
Total equity		3,163,895	(7,876,135)

The accompanying notes form part of this financial report.

	Issued Capital	(Accumulated Losses)	Foreign Currency Translation Reserve	Investment Reserves	Share Based Payments Reserve	Total
Balance at 1 January 2012	19,683,329	(21,250,286)	(2,839,021)	579	-	(4,405,399)
Loss for the year	-	(3,933,116)	-	-	-	(3,933,116)
Other comprehensive Income:						
Foreign currency translation of subsidiaries	-	-	170,308	-	-	170,308
Total comprehensive (loss) for the year	-	(3,933,116)	170,308	-	-	(3,762,808)
Transactions with owners, directly in equity						
Issue of share capital	292,522	-	-	-	-	292,522
Capital raising costs	(450)	-	-	-	-	(450)
Balance at 31 December 2013	19,975,401	(25,183,402)	(2,668,713)	579	-	(7,876,135)
Balance at 1 January 2013	19,975,401	(25,183,402)	(2,668,713)	579	-	(7,876,135)
Loss for the year	-	(2,775,029)	-	-	-	(2,775,029)
Other comprehensive income:						
Foreign currency translation of subsidiaries	-	-	(53,343)	-	-	(53,343)
Total comprehensive (loss) for the year	-	(2,775,029)	(53,343)	-	-	(2,828,372)
Transactions with owners, directly in equity						
Issue of share capital	12,666,120	-	-	-	-	12,666,120
Capital raising costs	(299,539)	-	-	-	-	(299,539)
Derecognition of controlled entity	-	-	-	(579)	-	(579)
Share based payments	-	-	-	-	1,502,400	1,502,400
Balance at 31 December 2014	32,341,982	(27,958,431)	(2,722,056)	-	1,502,400	3,163,895

The accompanying notes form part of this financial report.

	Notes	Consolidated 2014 $	Consolidated 2013 $
Cash flows from operating activities			
Receipts from customers		-	5,785
Payments to suppliers and employees		(1,294,619)	(78,654)
Payments for oil and gas exploration costs		(718,109)	(3,440)
Interest received		14,977	1,515
Net cash outflow from operating activities	17	(1,997,751)	(74,794)
Cash flows from investing activities			
Purchase of property, plant and equipment		(65,295)	(2,772)
Net cash outflow from investing activities		(65,295)	(2,772)
Cash flows from financing activities			
Proceeds from issue of shares		3,253,430	-
Proceeds from issue of convertible notes		1,500,000	-
Payment of capital raising costs		(299,538)	(450)
Proceeds from borrowings		3,350	13,829
Net cash inflow from financing activities		4,457,242	13,379
Net (decrease)/ increase in cash held		2,394,196	(64,187)
Cash at the beginning of the financial year		(64)	101,320
Exchange rate changes on cash		-	(37,197)
Cash at the end of the financial year	5	2,394,132	(64)

The accompanying notes form part of this financial report.

These consolidated financial statements and notes represent those of Antilles Oil and Gas NL (or 'the company') and its controlled entities (the "consolidated entity" or "group"). The separate financial statements of the parent entity, Antilles Oil and Gas NL have not been presented within this financial report as permitted by the Corporations Act 2001.

The financial statements were authorised for issue on 2 February 2015 by the directors of the company.

1. Summary of significant accounting policies

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Corporations Act 2001, Australian Accounting Standards, Interpretations of the Australian Accounting Standards Board ("AASB") and International Financial Reporting Standards as issued by the International Accounting Standards Board. The consolidated entity is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated. Except for cash flow information, these 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.

a) Comparatives

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

b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Antilles Oil and Gas NL at the end of the reporting period. A controlled entity is any entity over which Antilles has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist where 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 group 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 on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

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 statement of financial position and statement of profit or loss and other 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.

c) 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 (i.e. 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.

1. Summary of significant accounting policies (continued)

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.

d) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred tax is provided on all temporary differences at the reporting date arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and are recognised for all taxable temporary differences:

- Except where the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilised:

- Except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future extent that it is probable that the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

1. Summary of significant accounting policies (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred and income taxes relating to items recognised directly in equity are recognised directly in equity.

e) 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 presented 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.

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.

f) Trade receivables

All trade debtors are recognised at the amounts receivable as they are due for settlement no more than 120 days from the date of recognition.

Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when some doubt as to collection exists and in any event when the debt is more than 60 days overdue.

g) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits and financial assets that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

1. Summary of significant accounting policies (continued)

h) Plant and equipment

Plant and equipment are measured on the cost basis.

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.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

The depreciable amount of all plant and equipment is depreciated on a straight-line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use.

The expected useful lives are as follows:

- Office equipment 2 - 5 years
- Software 2.5 years

The assets' 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.

i) Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

j) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the consolidated entity during the reporting period which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

1. Summary of significant accounting policies (continued)

k) Exploration and evaluation expenditure

Oil and gas exploration costs are capitalised, provided the rights to tenure of the area of interest are current and either:

- The exploration costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or
- Exploration activities in the area of interest have, at the reporting date, reached a stage that permitted a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or relation to, the areas of interest is continuing.

Some exploration expenditure is expensed to the statement of profit or loss and other comprehensive income where it doesn't qualify for capitalisation under the relevant standard.

Accumulated costs in relation to an abandon area are written off in full against profit in the period 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 that area of interest.

Restoration, rehabilitation and environmental costs necessitated by exploration activities are capitalised as oil and gas exploration costs.

l) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with short periods to maturity and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

m) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

n) Employee benefits

Provision is made for the consolidated entity's liability for employee benefits arising from services rendered by employees to 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. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wages increases and the probability that the employee may satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Equity-settled compensation

From time to time, the Group provides benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby personnel render services in exchange for shares or rights over shares ('equity-settled transactions').

1. Summary of significant accounting policies (continued)

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the Black & Scholes method.

In valuing equity-settled transactions, no account is taken of any performance conditions.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.
No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.
Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognised immediately unless the original vesting conditions are not market related and those conditions have not been met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

o) 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 ("ATO"). 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.

p) Earnings per share

(i) Basic earnings per share

Basic earnings per share is determined by dividing net profit after income tax attributable to members of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

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

1. Summary of significant accounting policies (continued)

q) Segment reporting

A business segment is identified for a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment subject to risks and returns that are different from those of segments operating in other economic environments.

r) Provisions

Provisions are recognised when the Group 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.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

s) New accounting standards and interpretations

The adoption of new accounting standards applicable to the Group for the first time in 2014 has not had a material on the financial statements. The Group has chosen not to early-adopt any accounting standards that have been issued, but are not yet effective. The impact of accounting standards that have been issued, but are not yet effective, is not material to these financial statements.

t) Critical accounting judgments, estimates and assumptions

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.

Estimated impairment

The Group tests annually deferred oil and gas exploration costs for indicators of impairment, in accordance with the accounting policy stated in note 1 (i). The recoverability of deferred oil and gas exploration expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself, or, if not, whether it successfully recovers the related oil and gas asset through sale.

1. Summary of significant accounting policies (continued)

Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, future legal costs, future changes to the legal environment in which the Group's projects are located, and changes to commodity prices.

To the extent that capitalised oil and gas exploration expenditure is determined not to be recoverable in the future, profits and net assets are reduced in the period in which the determination is made.

Taxation

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

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 an appropriate valuation model. Management are required to make judgements on the probabilities of milestones being achieved to calculate the value of the transactions.

2. Segment Information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board of Directors as it makes the strategic decisions. The Group has adopted a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker.

2014	Exploration activities USA $	Exploration Activities UKRAINE $	Exploration Activities AUSTRALIA $	Total $
Revenue (other income)	-	-	280,309	280,309
Intersegment elimination				(264,059)
Total revenue from continuing operations				16,250
Segment result before income tax	(291,663)	-	(4,788,990)	(5,080,653)
Intersegment elimination				2,305,624
Loss before tax				(2,775,029)
Segment assets	1,473,567	-	4,346,041	5,819,608
Intersegment elimination				(2,471,765)
Total assets				3,347,843
Segment liabilities	11,716,299	-	174,293	11,890,592
Intersegment elimination				(11,706,644)
Total liabilities				183,948

2013	Exploration activities USA $	Exploration Activities UKRAINE $	Exploration Activities AUSTRALIA $	Total $
Revenue (other income)	-	3,885	229,001	232,886
Intersegment elimination				(227,486)
Total revenue from continuing operations				5,400
Segment result before income tax	(262,807)	(164,976)	(1,132,745)	(1,560,528)
Intersegment elimination				(2,372,588)
Loss before tax				(3,933,116)
Segment assets	1,017,123	429,746	3,770,920	5,217,789
Intersegment elimination				(3,560,257)
Total assets				1,657,532
Segment liabilities	(10,419,039)	(1,140,329)	(8,679,162)	(20,238,530)
Intersegment elimination				10,704,863
Total liabilities				(9,533,667)

	Consolidated	
	2014	**2013**
3. Revenue	**$**	**$**
Interest	14,977	-
Other Income	1,273	1,515
	16,250	1,515

4. Income tax expense

Loss before income tax expense	(2,775,029)	(3,933,116)
Tax at the Australian tax rate of 30% (2013: 30%)	(832,509)	(1,179,935)
Tax effect amounts which are not deductible in calculating taxable income:		
Expenditure not allowable for tax purposes	254,601	729,682
Deferred tax assets not brought to account	577,908	450,253
Income tax expense	-	-
Tax benefit at 30% not recognised	6,999,902	7,722,740

The deferred tax asset attributable to carried forward income tax losses and temporary differences has not been recognised as an asset as the company has not commenced trading and the availability of future profits to recoup these losses is not considered probable at the date of this report.

5. Cash and cash equivalents

A reconciliation between cash and cash equivalents as disclosed in the statement of financial position and cash as disclosed in the statement of cash flows is as follows:

Cash at bank and in hand	2,394,132	-
Bank overdraft	-	(64)
	2,394,132	(64)

	Consolidated	
	2014	**2013**
6. Trade and other receivables	**$**	**$**
Trade receivables	64,174	46,119
	64,174	46,119

7. Other assets

Prepayments	23,680	-
	23,680	-

8. Deferred exploration expenditure

Oil and gas exploration - cost	810,078	1,609,097
Expenditure brought forward	1,609,097	3,828,523
Acquired on acquisition of subsidiary	-	3,440
Exploration costs capitalised	337,367	65,878
Impairment (i)	(74,163)	(2,498,151)
Disposal of subsidiary (ii)	(1,168,301)	-
Foreign exchange difference	106,078	209,407
Expenditure carried forward	810,078	1,609,097

(i) Impairment in the year to 31 December 2013 relates to the Ortynytska project in Ukraine (see also Note 22)

(ii) As announced to the market in January 2014 the Company terminated its involvement in the Ortynytska Project in Ukraine (note 22)

Recovery of the carrying amount is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

9. Plant and equipment

Office equipment	74,510	43,593
Less: accumulated depreciation	(49,828)	(41,545)
Total office equipment	24,682	2,048
Software	37,149	-
Less: accumulated depreciation	(6,053)	-
Total software	31,097	-
Total plant and equipment	55,779	2,048

9. Plant and equipment (continued)

Reconciliations
Reconciliations of the carrying amounts of each class of plant and equipment at the beginning and end of the current financial year are set out below.

Consolidated	Office Equipment $	Software $	Total $
Carrying amount at 31 December 2012	6,187	-	6,187
Additions	2,773	-	2,773
Depreciation expense	(5,010)	-	(5,010)
Translation difference	(1,902)	-	(1,902)
Carrying amount at 31 December 2013	2,048	-	2,048
Additions	28,145	37,150	65,295
Depreciation expense	(4,386)	(6,053)	(10,439)
Translation difference	(1,125)	-	(1,125)
Carrying amount at 31 December 2014	24,682	31,097	55,779

	Consolidated	
10. Trade and other payables	**2014 $**	**2013 $**
Trade payables	60,666	1,292,459
Other payables	120,411	35,133
	181,077	1,327,592

11. Borrowings

Current		
Short tem loans - unsecured	-	164,000
Accrued interest (i)	-	539,849
Convertible notes – unsecured (i)	-	6,630,500
	-	7,334,349
Non-current		
Other loan (ii)	-	703,259
Borrowing from related party (ii)	-	168,467
	-	871,726

(i) Settled through the issue of shares (Note 12a)
(ii) Non-current borrowings as at 31 December 2013 relate to the Ukraine operations, which have been disposed of (Note 22).

12. Issued Capital

	2 014 $	2013 $
28,540,811 (2013: 1,298,959,600) Ordinary shares – Fully paid ('FPO')	34,378,779	21,832,660
12,000,000 (2013: nil) Ordinary shares – Partly paid ('PPO')	120,000	-
Capital raising costs	(2,156,797)	(1,857,259)
	32,341,982	19,975,401

a) Movements in ordinary shares on issue

	$	$
At the beginning of the reporting period:	19,975,401	19,683,329
Shares issued during the year		
– 10 January 2013 - 18,815,591 FPO shares (i)	-	45,000
– 10 January 2013 - 144,668,004 FPO shares (ii)	-	157,475
– 10 April 2013 - 69,186,734 FPO shares (ii)	-	55,349
– 10 June 2013 - 21,686,714 FPO shares (ii)	-	17,349
– 11 October 2013 - 21,686,714 FPO shares (ii)	-	17,349
– 10 January 2014 - 21,686,714 FPO shares (ii)	17,349	-
– 10 April 2014 - 21,686,714 FPO shares (ii)	17,349	-
– 19 June 2014 – 1:60 consolidation (1,319,960,515) FPO shares	-	-
– 10 July 2014 – 1,006,624,829 FPO shares (iii)	9,377,992	-
– 20 August 2014 – 1:80 consolidation (1,016,134,531) FPO shares	-	-
– 11 September 2014 – 9,000,000 PPO shares	90,000	-
– 15 September 2014 – 15,465,000 FPO shares	3,093,000	-
– 25 September 2014 – 125,000 FPO shares	25,000	-
– 11 November 2014 – 88,000 FPO shares (iv)	15,430	-
– 11 November 2014 – 3,000,000 PPO shares	30,000	-
Less capital raising costs	(299,539)	(450)
At the end of the reporting period	32,341,982	19,975,401

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll, each share is entitled to one vote.

Non-cash investing and financing activities comprise:

(i) Conversion of convertible notes
(ii) Settlement of interest owing on convertible notes
(iii) Conversion of convertible notes and settlement of various amounts owing
(iv) Settlement of service fee.

b) Options

For details of options issued, exercised and lapsed during the financial year and the options outstanding at year-end, refer to Note 18 Share-based payments.

12. Issued Capital (continued)

c) Capital Management

The objectives of management when managing capital is to safeguard the Group's ability to continue as a going concern, so that the Group may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads. The Group'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 31 December 2014 and 2013 is as follows:

	2014	2013
	$	$
Cash and cash equivalents	2,394,132	(64)
Trade and other receivables	64,174	46,119
Trade and other payables	(181,077)	(1,327,592)
Borrowings	-	(7,334,349)
Working capital position	2,277,229	(8,615,886)

13. Remuneration of auditors

	Consolidated	
	2014	2013
	$	$
Audit and review fees	27,500	27,000
	27,500	27,000

14. Commitments for expenditure

(a) Licence Expenditure Commitments:

As part of its exploration activities the Company has entered into various licence agreements to obtain seismic survey information. These agreements contain various expenditure commitments which are dependent upon particular future events occurring.

The Company has also entered into a Memorandum of Agreement with the University of Houston sponsoring a research project. The financial commitments for this agreement are as follows:

- USD 60,000 due on 15 August 2015; and
- USD 60,000 due on 15 August 2016.

(b) Capital commitments

There are no capital commitments contracted for at balance date.

15. Controlled entities

Name of Entity	Country of Incorporation	Percentage Owned (%) 2014	2013
Advance Exploration and Production Inc	Texas USA	100%	100%
AEPI Midstream Inc	Texas USA	100%	100%
Advance Wolfberry Inc	Texas USA	100%	100%
Celiastad Pty Ltd	Australia	-	100%
Celiastad Holdings Ltd	Cyprus	-	100%
Epic Energy Ukraine LLC	Ukraine	-	100%

Refer to Note 22 for information on disposal of subsidiaries.

16. Events after the reporting period

The directors are not aware of any matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group in future financial years.

17. Cash flow information

a) Reconciliation of loss from ordinary activities after income tax to net cash outflow from operating activities	**Consolidated 2014 $**	**2013 $**
Loss from ordinary activities after income tax	(2,775,029)	(3,993,116)
Non cash flow in loss from continuing operations:		
Depreciation	10,438	5,010
Impairment charges	74,163	2,432,273
Share-based payment	1,502,400	-
Finance costs (settled through issue of shares)	194,939	681,974
Creditors and loans forgiven	(727,893)	-
Loss on disposal of subsidiary	184,460	-
Foreign exchange	(52,796)	(55,035)
Change in operating assets and liabilities:		
Trade debtors and receivables	(18,055)	17,871
Other assets	(344,535)	3,440
Trade and other payables	(45,843)	982,377
Net cash outflow from operating activities	(1,997,751)	(74,794)

Non-cash investing and financing activities:

Refer to Note 12(a) and 18 for non-cash investing and financing activities.

18. Share-based payments

i. A summary of the movements of all company options issues is as follows:

	Number	Weighted average exercise price
Options outstanding as at 31 December 2012	-	-
Granted	-	-
Options outstanding as at 31 December 2013	-	-
Granted (expiring on 31 March 2015)	2,041,169	$0.48
Options outstanding as at 31 December 2014	2,041,169	$0.48

The weighted average remaining contractual life of options outstanding at year end was 0.25 years. The weighted average exercise price of outstanding options at the end of the reporting period is $0.48.

The options granted during the year were part of the Company's restructure and were granted in satisfaction of legacy loans of Advance Energy Limited.

ii A summary of the movements of all company performance rights issues is as follows:

	Number	
Performance rights outstanding as at 31 December 2012	-	
Granted	-	
Performance rights outstanding as at 31 December 2013	-	
Granted	10,300,000	Class A
Granted	2,300,000	Class B
Performance rights outstanding as at 31 December 2014	12,600,000	
Performance rights exercisable as at 31 December 2014:	12,600,000	

The Performance Rights (PRs) will convert into shares provided the milestones set out below are achieved within three (3) years from their date of issue:

(i) the Class A PRs will vest and convert to an equivalent number of fully paid ordinary shares in the Company on the acquisition of a project by the Company in the South American/Caribbean region with significant exploration and/or exploitation potential (Milestone 1); and

(ii) the Class B PRs will vest and convert to an equivalent number of fully paid ordinary shares in the Company, after the date of issue of the Class B Performance Rights, on the completion of a further capital raising by the Company in excess of A$10,000,000 or the Company achieving a market capitalisation of greater than A$30,000,000 for five consecutive trading days (Milestone 2).

The fair value of the PRs granted during the financial year was $1,502,400 (2013: nil) and is recognised in the statement of profit or loss and other comprehensive income. PRs granted during the year were valued at the date the PRs were approved by shareholders. The probabilities used in the valuation has been based on management's best estimate for the probability of meeting the milestones. The fair value of the Class A PRs has been discounted by 20% to reflect the probability of not meeting the milestones and Class B by 50%.

18. Share based payments (continued)

iii A summary of the movements of all company converting preference share (CPS) issues is as follows:

	Number
CPS outstanding as at 31 December 2012	9
Granted	-
CPS outstanding as at 31 December 2013	9
Granted	-
CPS outstanding as at 31 December 2014	9
CPS exercisable as at 31 December 2014:	9

All CPS were issued during the period ended 31 December 2005. There are three categories of CPS as follows:

- CPS-B – 5
- CPS-C – 2
- CPS-D – 2
- Total – 9

Each CPS converts into 208 ordinary shares as follows:

- CPS-B – upon the Company achieving production of 500 barrels of oil equivalent per day (BOEPD)
- CPS-C – upon the Company achieving production of 1,000 BOEPD
- CPS-D – upon the Company achieving production of 1,500 BOEPD

19. Parent entity disclosures

	2014	2013
(a) Financial Position	**$**	**$**
Assets		
Current Assets	2,469,969	40,745
Non-Current Assets	1,876,072	3,730,175
Total Assets	4,346,041	3,770,920
Liabilities		
Current Liabilities	174,292	8,656,317
Non-Current Liabilities	-	22,844
Total Liabilities	174,292	8,679,161
Equity		
Issued capital	32,341,982	19,975,401
Reserves	1,502,400	-
Accumulated losses	(29,672,634)	(24,883,642)
Total Equity	4,171,748	(4,908,241)
(b) Financial Performance		
Loss for the year	(4,788,990)	(1,132,744)
Other comprehensive income	-	-
Total Comprehensive Loss	(4,788,990)	(1,132,744)

20. Earnings per share

	Consolidated 2014 $	Consolidated 2013 $
a) Reconciliation of earnings to profit or loss:		
Net (loss) from continuing and discontinuing operations attributable to ordinary shareholders for basic and diluted earnings per share	(2,775,029)	(3,933,116)
Net (loss) from continuing operations attributable to ordinary shareholders for basic and diluted earnings per share	(2,590,569)	(1,373,893)
Net (loss) from discontinuing operations attributable to ordinary shareholders for basic and diluted earnings per share	(184,460)	(2,559,223)
	Number	**Number**
b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	744,499,740	1,247,740,603

21. Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, and aging analysis for credit risk.

Risk management is carried out by the Board of Directors.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises from commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency.

The Group's exposure to foreign exchange risk at the reporting date is limited to the transfer of funding from the Australian head office to fund the US operations.

The American subsidiaries are not exposed to foreign exchange risk as all transactions are denominated in its functional currency being US dollars.

(ii) Price risk

Over the reporting period, the Company did not have any oil and gas production and was therefore not exposed to movements in the price of oil and gas. The Company therefore has no requirement to mitigate oil and gas price risk.
Group sensitivity
As the Company did not receive any revenue from the sale of oil and gas, it is not considered necessary to review sensitivities to movements in oil and gas prices.

(iii) Cash flow and fair value interest rate risk

Interest rate risk arises from both short and long-term borrowings and cash at bank. Borrowings issued at variable rates would expose the Group to cash flow interest rate risk. During 2014 and 2013, the Group had no borrowings at a variable rate of interest. The Group reviews its arrangements on a regular basis. The Group had no fixed rate Borrowings as at 31 December 2014.

Group sensitivity
At 31 December 2014 and 2013, if interest rates had changed by -/+ 10% from the year-end rates with all other variables held constant, post-tax loss for the year would have been materially the same.

21. Financial Risk Management (continued)

(b) Credit risk

The Group has no significant concentrations of credit risk. As the Group does not presently have any debtors, significant stock levels or any other significant financial assets, a formal credit risk management policy is not maintained.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities and/or the capacity to raise additional equity. As an oil and gas producer, the Group has aimed to maintain flexibility in funding by keeping committed credit lines available with a variety of counterparties. In light of the Company's current activities, the need to maintain a diverse range of funding maturities has been diminished.

(i) Maturities of financial liabilities

The tables below analyses the Group's material financial liabilities based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows as at 31 December 2014 and are no different to the carrying values.

Group	**2014**						
	Within 6 months $	**6 Months to 1 year $**	**Between 1 and 2 years $**	**Between 2 and 5 years $**	**Over 5 years $**	**Total contractual cash flows $**	**Carrying amount $**
Financial Liabilities							
Trade creditors and accruals	181,077	-	-	-	-	181,077	181,077
Convertible notes	-	-	-	-	-	-	-
Other borrowings	-	-	-	-	-	-	-
Total Financial Liabilities	181,077	-	-	-	-	181,077	181,077

Group	**2013**						
	Within 6 months $	**6 Months to 1 year $**	**Between 1 and 2 years $**	**Between 2 and 5 years $**	**Over 5 years $**	**Total contractual cash flows $**	**Carrying amount $**
Financial Liabilities							
Trade creditors and accruals	1,327,592	-	-	-	-	1,327,592	1,327,592
Convertible notes	-	7,170,349	-	-	-	7,170,349	7,170,349
Interest bearing borrowings	-	-	1,035,726	-	-	1,035,726	1,035,726
Total Financial Liabilities	1,327,592	7,170,349	1,035,726	-	-	9,533,667	9,533,667

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

22. Discontinued Operations

On 6 June 2014 the Company disposed of its 100% interest in Celiastad Pty Ltd (which had a 100% interest in Celiastad Holdings Ltd, which in turn had a 100% interest in Epic Energy Ukraine LLC), thereby discontinuing its operations in this business segment.

Financial information relating to the discontinued operations to the date of loss of control is set out below.

The financial performance of the discontinued operations to the date of loss of control, which is included in loss from discontinued operations per the consolidated statement of profit or loss and other comprehensive income, is as follows:

	2014 $	2013 $
Revenue	-	3,885
Expenses (i)	-	(2,563,108)
(Loss) / profit before income tax	-	(2,559,223)
Income tax expense	-	-
Loss attributable to members of the parent entity	-	(2,559,223)
Loss on sale of subsidiaries before income tax	(184,460)	-
Income tax expense	-	-
Loss on sale after income tax	(184,460)	-
Total loss after tax attributable to the discontinued operations	(184,460)	(2,559,223)

Loss on disposal of the subsidiaries included in loss from discontinued operations per the consolidated statement of profit or loss and other comprehensive income.

(i) Includes an impairment charge of $2,498,151 (Note 8).

23. Related Party Transactions

a) Transactions with related parties

Directors and officers, or their personally-related entities, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. A number of these entities transacted with the Company in the reporting period. The terms and conditions of these transactions, which involved primarily the Companies, charged by related entities for office, administration and company secretarial services, and for travel and accommodation costs, were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to unrelated entities on an arm's length basis.

The amounts charged during the year to related entities and the trading balances outstanding at the 31 December 2014 are detailed below:

AAG Management Pty Ltd and GCP Capital Ltd are management companies with which Mr Anthony Short is a director of both companies. They provide facilities, human resources, and other administration and consulting services. During the year payments for these services amounted to $64,818 (2013: $351,720).

During the year, there were payments made to Capital and Corporate Advisors Pty Ltd, company with which Mr Matic is a shareholder and director. The payments are for the provision of corporate secretarial and accounting services and amounted to $61,943 (2013: nil).

In prior years Sealblue Investments Pty Ltd, an entity related to the Company via Roland Berzins (Company Secretary until 1 July 2014, Director of Sealblue Investments) had charged consultancy fees to the Company. This year there were no payments to Sealblue Investments (2013: $55,000).

b) Payables owing to related parties

	2014 $	2013 $
AAG Management Pty Ltd *	-	15,344
Gondwana Securities *	-	7,500
Odin Energy Ltd *	-	120,000
Capital and Corporate Advisors Pty Ltd	9,900	-
Energy Elements Consulting Pty Ltd	11,000	-
Lenoir Capital Pty Ltd	5,500	-
	26,400	142,844

* Companies that Anthony Short is a director of.

DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes, as set out in the financial report, are in accordance with the Corporations Act 2001 and:

   a) comply with Australian Accounting Standards, which, as stated in accounting policy note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and

   b) give a true and fair view of the financial position as at 31 December 2014 and of the performance for the year ended on that date of the consolidated entity;

2. 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; and

3. the directors have been given the declarations required by s295A of the Corporations Act 2001.

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

Mr David Ormerod
Managing Director

Dated this 2nd day of February 2015

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COOKE
Profit from our Resources

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Chartered Accountants (Aus)
Business Consultants
Financial Advisors

Independent Auditor's Report
To the members of Antilles Oil and Gas NL

Report on the Financial Report

We have audited the accompanying financial report of Antilles Oil and Gas NL, which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of profit or loss and other comprehensive income, the 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. Those 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 of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 opinion.

Independence

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

Opinion

In our opinion:

(a) the financial report of Antilles Oil and Gas NL 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 31 December 2014 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.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 13 of the directors' report for the year ended 31 December 2014. 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 in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Antilles Oil & Gas NL for the year ended 31 December 2014 complies with section 300A of the *Corporations Act 2001*.

Somes Cooke

Somes Cooke

Nicholas Hollens

Nicholas Hollens
2 February 2015
Perth

ADDITIONAL INFORMATION

Additional information required by Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 30 January 2015.

(a) Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

Range	Total Holders	Units	% of Issued Capital
1 – 1,000	559	50,376	0.18
1,001 – 5,000	59	132,404	0.46
5,001 – 10,000	21	175,458	0.61
10,001 – 100,000	100	4,533,204	15.88
100,001 and above	61	23,649,369	82.86
Total	**800**	28,540,811	**100.00**

Unmarketable Parcels

	Minimum Parcel Size	Holders	Units
Minimum $500.00 parcel at $0.08 per unit	6,250	624	216,174

(b) Twenty largest shareholders

The names of the twenty largest holders of quoted ordinary shares are:

Rank	Name	Units	% of Units
1	HAVOC PARTNERS LLP	2,500,000	8.76
2	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,062,164	7.23
3	MR JASON PETERSON & MRS LISA PETERSON <J & L PETERSON S/F A/C>	1,479,167	5.18
4	MR DAVID SCOTT ORMEROD <ORMEROD FAMILY INVEST A/C>	1,122,500	3.93
5	BRIJOHN NOMINEES PTY LTD <NELSONIO A/C>	1,100,000	3.85
6	MS JEWEL NKECHI OKWECHIME & MS ROSE ADA OKWECHIME	937,500	3.28
7	PHEAKES PTY LTD <SENATE A/C>	822,917	2.88
8	MR DAVID ARTHUR PAGANIN <D A PAGANIN FAMILY NO 2 A/C>	791,667	2.77
9	WILLIAM TAYLOR NOMINEES PTY LTD	750,000	2.63
10	JDK NOMINEES PTY LTD <KENNY CAPITAL A/C>	625,000	2.19
11	TROCA ENTERPRISES PTY LTD <COULSON SUPER A/C>	625,000	2.19
12	MR JAMES DAVID TAYLOR & MRS MARION AMY TAYLOR <ITS MANAGEMENT S/F A/C>	500,000	1.75
13	VISTRA GENEVA SA <THE MALAGA A/C>	500,000	1.75
14	ODIN ENERGY LIMITED	472,136	1.65
15	PALLA NOMINEES PTY LTD <P C BLACKMAN S/F NO 2 A/C>	468,750	1.64
16	BEIRNE TRADING PTY LTD	450,209	1.58
17	AGENS PTY LIMITED <THE MARK COLLINS FAMILY A/C>	375,000	1.31
18	NIVALIS CAPITAL LTD	375,000	1.31
19	JACKJEN PTY LTD <J A HAMILTON S/F A/C>	350,000	1.23
20	GRIMALA PTY LTD <ROBERT PARKER FAMILY PEN A/C>	306,250	1.07
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (TOTAL)		16,613,260	58.21

(c) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

(d) Options

There are no listed options. There are 2,041,169 unlisted options over unissued shares on issue.

(e) Schedule of interest in mining tenements

Oil and Gas Interests as at 31 December 2014

Tenement Reference	Tenement	Location	Interest at beginning of quarter	Acquired/ Disposed	Interest at end of quarter
Roman "27" #1 * API# 42-317-36123	Spraberry	Texas, USA RRC# 40739	WI 50% NRI 38.75%	-	WI 50% NRI 38.75%

* Interest is APO (after payout only) and the operator is Endeavor Energy Resources L.P.
Total acreage held is 160. The interest is held by the Company's subsidiary, Advance Exploration and Production, Inc.