



ANTARES ENERGY LIMITED

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30 April 2014

**QUARTERLY ACTIVITY REPORT
DIRECTOR RESIGNATION**

**QUARTERLY ACTIVITY REPORT
FOR THE QUARTER ENDED 31 MARCH 2014**

Highlights:

1. Net quarterly oil production of 57,738 BO
2. Net quarterly gas production of 281,288 MCF
3. Receipts from product sales of \$5,039,000 AUD
4. Significant Corporate interest in Permian Assets – Ongoing Meetings
5. Southern Star Project
 - Significant Horizontal Wolfcamp A results directly adjacent
 - Robinson No. 1 commercial completion success – 274 MBOE EUR
 - Robinson No. 2 successful water zone squeeze
 - SLKT No.1 completed and in production
 - Barnes No. 1 completed and in production
6. Northern Star Project
 - Significant Lower Spraberry/Wolfcamp A/B & D results adjacent
 - Cozart 19 No. 1 commercial completion success – 272 MBOE EUR
 - Cozart 11 No. 1 drilled and in production
 - Pettaway No. 1 drilled and in early production

OPERATIONAL UPDATE FOR THE QUARTER ENDED 31 MARCH 2014

LETTER TO SHAREHOLDERS FROM THE CHIEF SCIENTIST

Dear Shareholders,

I am pleased to report the following positive developments in your company during the 1st Quarter of 2014:

Southern Star Area – Significant Wolfcamp Horizontal Results

As noted in the Q4 2013 report, significant Wolfcamp A/B horizontal testing has begun in earnest directly adjacent to our Southern Star vertical Missberry development areas. Since August 2013, 15 new Wolfcamp horizontals have either been completed, are drilling or have been permitted by Element Petroleum, Tall City, Athlon, Oxy, and Energen directly offsetting the Southern Star project areas. Initial production results are highly encouraging and greatly assist in proving our position is largely derisked for horizontal development (see Figure 1).

Public production data is now available for Element SFH Unit 23 No. 1H (area's first horizontal approximately 2 miles NE of our HBP area) which was landed as a Wolfcamp A test along an approximately 7,800 foot lateral. After more than ten months of production, the well has produced more than 90,388 BO and 79,573 MCF (103,650 BOE/87% oil) which by our calculation provides for a Wolfcamp A type curve of 650 MBOE EUR. Element's second area horizontal the Hamlin Unit 1522 No. 3H has been in production for over 6 months with aggregate production of 39,257 BO and 20,881 MCF (42,737 BOE/92% oil) suggesting by our calculation a type curve of 325 MBOE.

To the SE of Southern Star HBP, Athlon recently announced the results of their first two Wolfcamp A horizontals with significant initial production improvement in the Abel 18 No. 3H. Abel 18 No. 3H was "completed using a 31-stage hybrid fracture stimulation over a perforated lateral length of 7,822 ft. in the Wolfcamp A zone. The well achieved a peak 3-phase 24-hour IP rate of 1,364 BOE/d (89% oil) and a peak 3-phase 30-day rate of 1,063 BOE/d (85% oil). Both the production rate and percentage oil on the Abel 18 No. 3H are currently tracking above Athlon's previously disclosed Howard County horizontal Wolfcamp type curve EUR of 625 MBOE (67% oil) for a ~7,500 ft. lateral." (April 2014 Athlon press release). We estimate a type curve of 650 MBOE EUR for this robust early production response. Athlon's second Howard County Wolfcamp A horizontal well, Williams 17 No. 3H, was completed using a 31-stage hybrid fracture stimulation over a lateral length of 7,688 feet. According to the press release, the well has been placed in production and Athlon is encouraged by early results.

We estimate twelve Wolfcamp A 7,000 foot horizontals are drillable in Southern Star with reservoir quality and EUR (85-90% oil) akin to the emerging offset results. We value additional horizontal objectives in the Lower Spraberry and Wolfcamp D.

Southern Star Development

Given the arrival of commercial Wolfcamp A horizontal results, Robinson No. 1 was production logged in January to determine where the majority of the production was flowing from. As reported in the last quarterly, 68% of effective production was coming from perfs producing from the Jo Mill to Wolfcamp D (Figure 2). Additionally, recently completed type curve work shows an EUR of 274 MBOE for this largely Wolfcamp flowing vertical completion. This further supports the value of both vertical and horizontal completions in remaining locations in Southern Star.

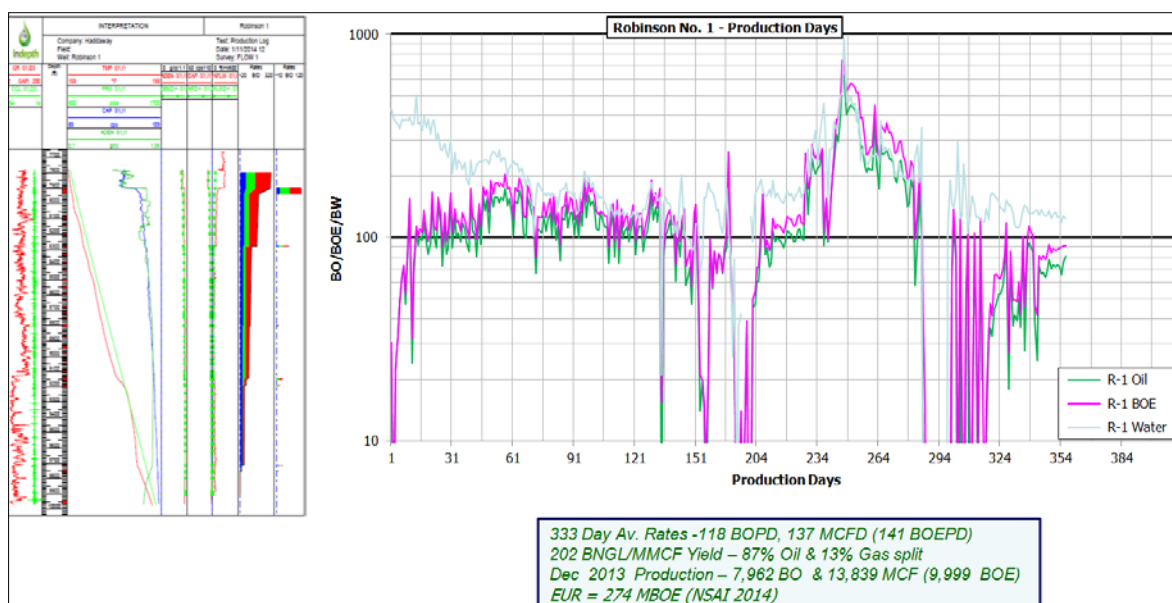


Fig. 2 – Robinson No. 1 Production Log and Production to Date

Robinson No. 2 underwent a successful cement squeeze to remove water production from the Strawn in January with daily water reduced from 854 BW to currently 189 BW. The well has averaged 30 BOPD and 97 MCFD (46 BOPED) since the completion of the squeeze.

SLKT No. 1 was successfully fracture stimulated in late December 2013 involving reservoir intervals from the Jo Mill to the Woodford Shale. The well 90 day rates are 53 BOPD and 47 MCFD (61 BOEPD) with current rates of 67 BO and 82 MCF (81 BOE).

Barnes No. 1 was fracture stimulated in early January 2014 and this operation was materially impacted by severe freezing weather. Unable to obtain commercial heaters prior to the frac date, cross linked gels were negatively impacted leading to the screenout of 6 stages in the 11 stage job. Effectively the only stimulated stages are in the Wolfcamp A and Lower Spraberry (petrophysical expression of the Wolfcamp A/B in the well are shown in Figure 3). Interestingly, the well has performed like Robinson No.1 with a flat decline curve. The wells 60 day average rates are 47 BOPD and 80 MCFD (61 BOEPD) and current production of 86 BO and 100 MCF (103 BOE).

Further 2014 work will be focused on HBPing the Northern Extension and duplicating Robinson No. 1 completion results. Engineering studies will be undertaken to prepare for horizontal drilling in the future within the HBP footprint.

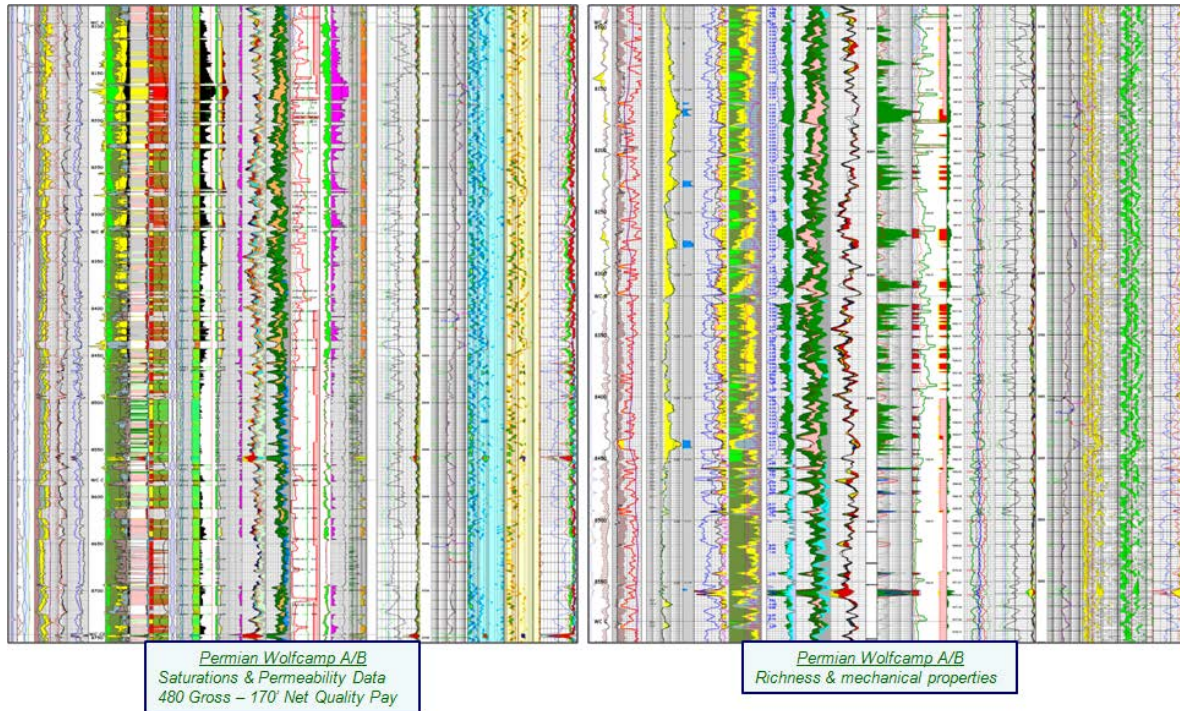


Fig. 3 – Northern Extension Wolfcamp A/B Petrophysical Character

Full Quarter Southern Star net production averaged 410 BOPD and 2,250 MCFD being 785 BOEPD. Bitter winter weather continued in January and February particularly affecting the ability to remove oil by truck, caused power outages to pump units, and froze up gas facilities leading to lower achieved production.

Northern Star – Lower Spraberry & Wolfcamp Horizontals Update

Like the Southern Star operation areas, significant horizontal activity and results continue to be reported in the quarter. From last quarter's report, a significant Permian Wolfcamp D horizontal was announced in the 4th Quarter by Pioneer as the highest horizontal 24-hour peak initial production rate in the entire Midland Basin to date (Fig. 4 Activity Map). The University 7-43 10H in Andrews County flowed 2,668 BOPD and 5.62 MMCFD being 3,605 BOEPD from a 31 stage fracture stimulation with a lateral length of 7,382 feet. Pioneer states a likely EUR of 800 MBOE for this well. The well is located 18 miles SW of the southern edge of Northern Star project which has 300 to 400+ feet of high quality Wolfcamp D. The Wolfcamp D has been stimulated in all AEC wells to date and is considered one of three main contributors to enhanced vertical Missberry completions.

Subsequent to this announcement, Pioneer released 24 hour Peak IP rates of 1,660 BOEPD for the University 7-43 16H Permian Lower Spraberry horizontal (directly adjacent to University 7-43 10H – Figure 4). The well has a perforated lateral length of 7,502 feet and has produced in 120 days more than 65,000 BOE (85% oil). Pioneer estimates that this Lower Spraberry well exceeds an EUR of 1 MMBOE (Pioneer April 2014 Investor Presentation). This Andrews County well is located 18 miles SW of the southern edge of the Northern Star project which has 400+ feet of high quality Lower Spraberry (AEC regional Jo Mill 'pick' - high oil in place of 40-60 MMBOE per section). The Lower Spraberry (AEC Jo Mill) has been stimulated in all AEC wells to date and is considered one of three main contributors to enhanced vertical Missberry completions like Cozart 19 No. 1.

It should be noted that the Middle Spraberry (AEC Spraberry E 'pick') in Northern Star has a net shale pay thickness of 250 feet with geochemical analysis and petrophysical calculations showing a high oil in place of 60-70 MMBOE per section (richest in the project). Pioneer has begun to evaluate the Middle Spraberry horizontals recently in Midland County.

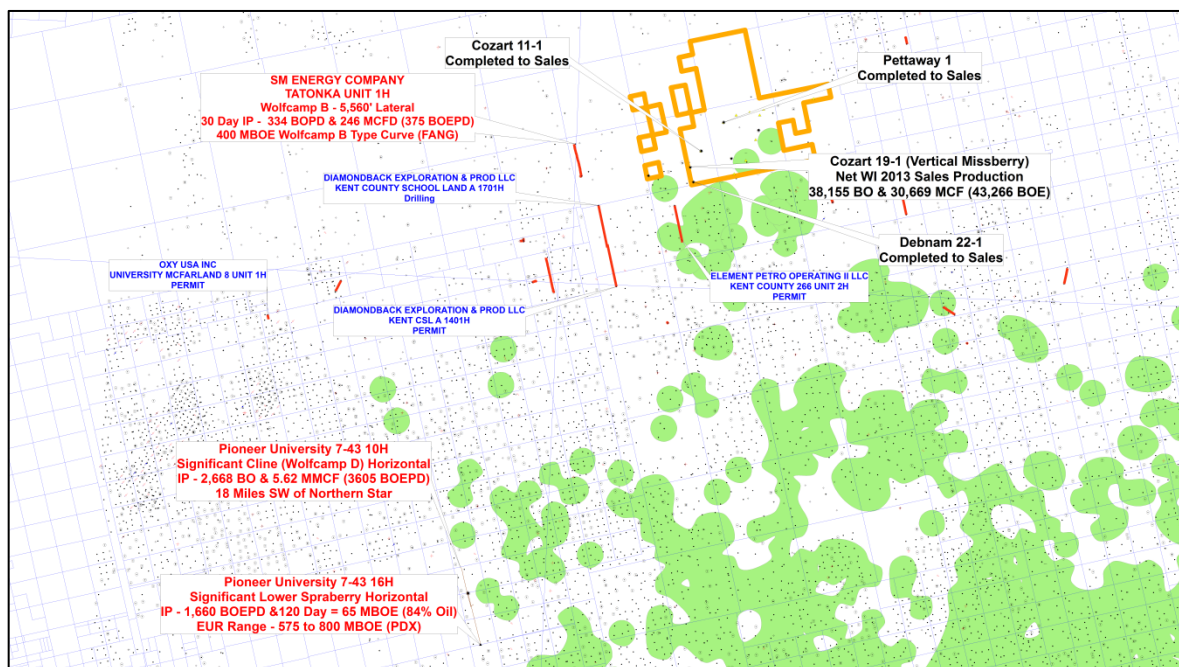


Fig. 4 – Northern Star New Horizontals Activities Map

The third recognized contributors to enhanced vertical Missberry completions in Northern Star are the Permian Wolfcamp A/B pays. Three miles west of the Cozart 19 No.1 Missberry completion, Saint Mary's Tatonka Unit 1H was completed at the end of 2013 as a Wolfcamp B horizontal. The 30 day IP rates for the 5,560 foot perforated lateral were 334 BOPD and 246 MCFD (375 BOEPD). In our estimation, a 400 MBOE EUR is likely given the 5,560 foot effective length. Saint Mary's has announced a further second quarter Wolfcamp D test adjacent to Tatonka 1H followed by second half 2014 Lower Spraberry test.

South of the Tatonka Unit 1H well, Diamondback has completed the Kent CSL A 170 1H Wolfcamp B test with a perforated lateral of 7,975 feet. Flowback operations are currently underway. Diamondback will shortly test another Wolfcamp B target in the University Lands Mason 1H in Andrews County with an approximate 7,500 foot lateral.

Northern Star geochemical sampling and petrophysical calculations support Wolfcamp A in place oil of 30 MMBOE per section and 50 MMBOE per section for the Wolfcamp B. To visualize the relationship of these key stacked horizontal objectives in Northern Star, please refer to Figure 5.

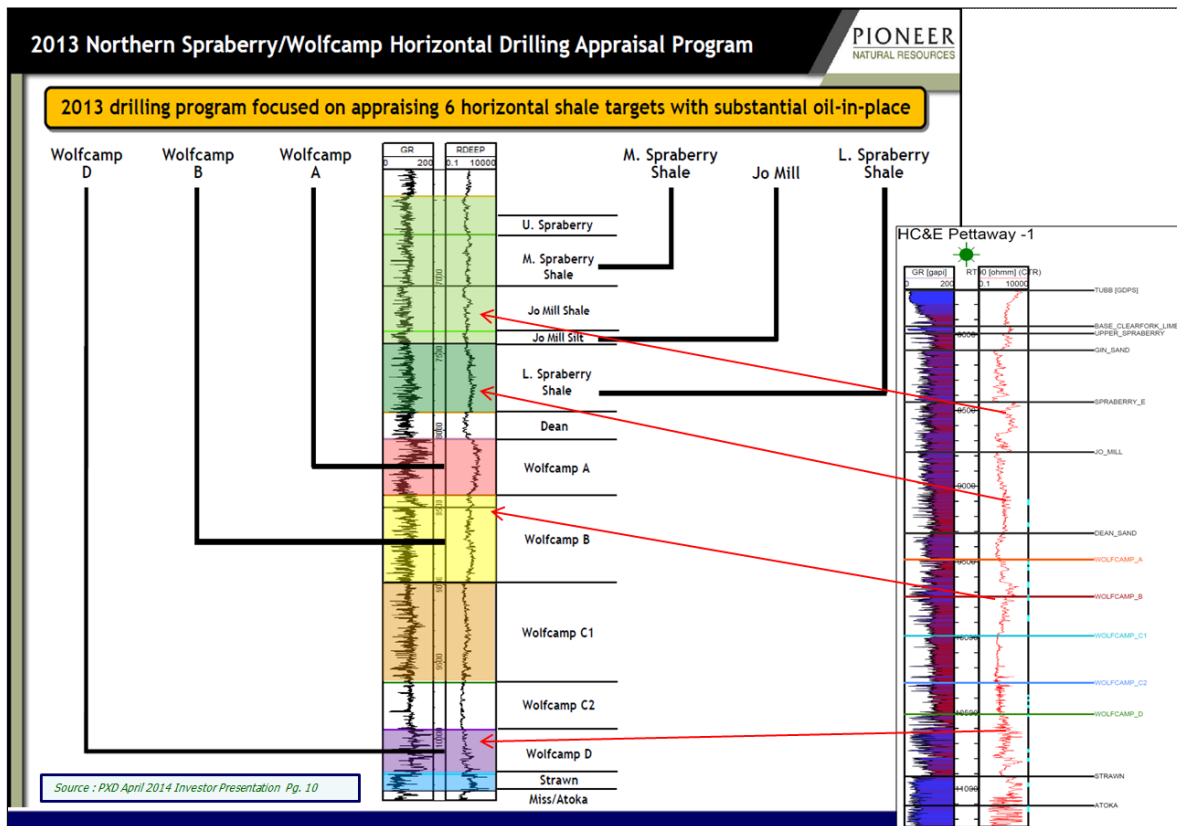


Fig. 5 – Comparison of Northern Star Log to Pioneer Horizontal Targets Type Log

Northern Star Project

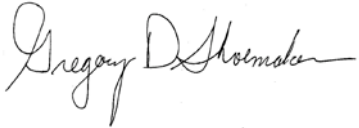
Cozart 19 No. 1 has continued to be a strong producer (current production 52 BO and 73 MCF) with recent reserves type curve estimation supporting a EUR of 272 MBOE. Given the robust IRR greater than 45% for this type of completion, vertical completions in small acreage areas not amenable to horizontal completion will be employed.

Cozart 11 No. 1 was fracture stimulated from the Jo Mill to the Woodford Shale reservoir intervals with the emplacement of over 200,000 lbs sand per stage in the Wolfcamp A/B. The Wolfcamp reservoir sections are the thickest of all Antares' project areas with average Wolfcamp A, B, and D (Cline) thicknesses of 240, 230, and 350 feet respectively. However during the course of stimulation, a casing split occurred at the Wolfcamp D level. We have been unable to maintain sustained production as it appears the split is acting as a thief zone. We are currently preparing to repair the damage with a cement squeeze and will advise of production results when completed.

Pettaway No. 1 was successfully fracture stimulated in all 16 planned stages from the Jo Mill to Lower Mississippian. Following a 14 day flow back test, the well was put on pumped production. Pettaway No. 1 utilized nearly 50,000 BW to complete and with 30+ days of pumping (34% fluid recovered) the well has recovered hydrocarbons from the first pumped day averaging 13 BOPD and 4 MCFD. Other Northern Star wells, like Cozart 19 No. 1, have averaged 41 days on early pumping before oil and gas production begins. This is due to the large amount of fracture fluid drawdown necessary to access oil and gas legs with the pump set at the bottom of the well from the outset of completion. Peak IP rates will be the subject of future announcements.

Full Quarter Northern Star net production averaged 78 BOPD and 96 MCFD being 94 BOEPD. Looking to future horizontal activities in Northern Star, an initial drilling program would involve 26 horizontal wells (split between Lower Spraberry, Wolfcamp A/B and D sections) of lengths between 6,000 to 7,500 feet.

Very truly yours,

A handwritten signature in black ink, reading "Gregory D. Shoemaker". The signature is fluid and cursive, with the first name "Gregory" being more prominent.

Gregory D. Shoemaker
Director & Chief Scientist

DIRECTOR RESIGNATION

Kelli Roach has resigned as Director. This will facilitate more time to focus upon her continuing role as General Council & Chief Administrative Officer.

For further information please contact:

James Cruickshank

Chairman & CEO

+ (61) (0) 488 222 122

or + (1) 214 762 2202

**CHANGE IN TENEMENT HOLDINGS
FOR THE QUARTER ENDING 31 MARCH 2014**

USA – Wells

Project Name	County/State	Well Name	% Interest	% Interest Acquired During the Quarter	% Interest Disposed During the Quarter
Oyster Creek	Brazoria/TX	Harrison 2	67.50		
		Harrison 3	67.50		
Southern Star	Howard/TX	Alamo 1	50.00		
		Alamo 2	50.00		
		Aloe Vera 1	100.00		
		Aloe Vera 2	100.00		
		Aloe Vera 3	100.00		
		Billie Jo 33-1	20.00		
		Billie Jo 33-2	20.00		
		Cottonwood 1	50.00		
		Cottonwood A	50.00		
		Coyote 1	100.00		
		Coyote 2	100.00		
		CR21 1	100.00		
		CR21 2	100.00		
		CR21 3	100.00		
		CR21 4	100.00		
		Dagwood 1	50.00		
		Levy 1	97.00		
		Live Oak 1	50.00		
		Live Oak 2	50.00		
		Lonestar 1	50.00		
		Lonestar 2	50.00		
		Lonestar 3	50.00		
		Lonestar 4	50.00		
		McCann 1	50.00		
		McCann 2	50.00		
		McNew 1	100.00		
		McNew 2	100.00		
		Mesquite 1	50.00		
		Nichols 1	48.50		
		Nova 33-1	19.20		
		Paloma 1	97.00		
		Paloma 2	97.00		
		Pecan 1	50.00		
		Pecan 2	50.00		
		Ray 1	97.00		
		Ray 2	97.00		
		Ray 3	97.00		
		Ray 5	97.00		
		Ray 6	97.00		
		Smith 1	100.00		
		Smith 2	100.00		
		Texan 1	100.00		
		Texan 2	100.00		
		Texan A 1	100.00		
		Texan A 2	100.00		
		Thomas 1	97.00		
		Thomas 2	97.00		
		Windmill 1	100.00		
		Windmill 2	100.00		
		Yucca 1	100.00		
		Yucca 2	100.00		

**CHANGE IN TENEMENT HOLDINGS
FOR THE QUARTER ENDING 31 MARCH 2014**

USA – Wells (continued)

Project Name	County/State	Well Name	% Interest	% Interest Acquired During the Quarter	% Interest Disposed During the Quarter
Southern Star-		Barnes 1	100.00		
Northern Ext.		Robinson 1	100.00		
		Robinson 2	100.00		
		SLKT 1	100.00		
Big Star	Dawson/TX	Cline 46-1	100.00		
		Esmond 20-1	100.00		
		Simmons 27-2	72.00		
		Stuart 12-1	100.00		
		Woodward 7-1	100.00		
Northern Star	Dawson/TX	Archer 16-1	100.00		
		Cozart A-1	100.00		
		Cozart 11-1	100.00		
		Cozart 19-1	100.00		
		Debnam 22-1	100.00		
		Pettaway 7-1	100.00		
Hawkville	McMullen/TX	Donnell 457-1H	0.12500		
(ORRI Only)		Donnell C-1H	0.99345		
		Donnell C-2H	1.06054		

USA – Areas of Interest

Project Name	County/State	Notes	Acquired During the Quarter	Disposed During the Quarter
Oyster Creek	Brazoria/TX			
Hawkville	McMullen/TX	ORRI Interest only		
Northern Star	Dawson/TX			
Big Star	Dawson/TX			
Southern Star	Howard/TX			

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

ANTARES ENERGY LIMITED

ABN

75 009 230 835

Quarter ended ("current quarter")

31 March 2014

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (3 months) \$A'000
1.1	Receipts from product sales and related debtors	5,039	5,039
1.2	Payments for (a) exploration & evaluation	(1,581)	(1,581)
	(b) development	(1,551)	(1,551)
	(c) production	(616)	(616)
	(d) administration	(292)	(292)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	16	16
1.5	Interest and other costs of finance paid	(1,230)	(1,230)
1.6	Income taxes paid	1,111	1,111
1.7	Other:-		
	Texas Franchise Tax	-	-
	Withholding Tax	-	-
Net Operating Cash Flows		896	896
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
Net investing cash flows		-	-
1.13	Total operating and investing cash flows (carried forward)	896	896

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	896	896
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	4,170	4,170
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	(4,338)	(4,338)
1.18	Dividends paid	-	-
1.19	Other (provide details if material)		
	• Share issue transaction costs	-	-
	• Payments for share buy-back	-	-
	• Convertible Note Redemptions	-	-
	Net financing cash flows	(168)	(168)
	Net increase (decrease) in cash held	728	728
1.20	Cash at beginning of quarter/year to date	4,681	4,681
1.21	Exchange rate adjustments to item 1.20	(54)	(54)
1.22	Cash at end of quarter	5,355	5,355

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	(550)
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Item 1.23 includes aggregate amounts paid to directors including salary, directors' fees and superannuation.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available US\$'000	Amount used US\$'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements:- Antares Energy has established a 200,000,000 USD three year term debt facility at an interest rate of LIBOR plus 4.0 percent with Macquarie Bank Limited. Antares intends to draw upon the facility in multiples of 10,000,000 USD.	US\$141,500	US\$8,500

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	2,000
4.2 Development	2,000
4.3 Production	500
4.4 Administration	500
Total	5,000

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	7	6
5.2 Deposits at call	5,347	4,675
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	5,355	4,681

+ See chapter 19 for defined terms.

Changes in interests in mining tenements

		Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	Big Star Project	Lapsed net acreage	15,215	11,103
6.2	Interests in mining tenements acquired or increased				

+ See chapter 19 for defined terms.

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities <i>(description)</i>	Nil			
7.2	Changes during quarter				
	(a) Increases through issues	Nil			
	(b) Decreases through returns of capital, buy-backs, redemptions	Nil			
7.3	+Ordinary securities	255,000,000	255,000,000		
7.4	Changes during quarter				
	(a) Increases through issues	Nil			
	(b) Decreases through returns of capital, buy-backs	Nil			
7.5	+Convertible debt securities*	17,085,000	17,085,000	\$2.00	Fully paid
7.6	Changes during quarter				
	(a) Increases through issues	2,085,000			
	(b) Decreases through securities matured, converted	Nil			
7.7	Performance Rights**			Exercise price	Expiry date
		Nil	Nil	Nil	N/A
7.8	Issued during quarter	Nil			
7.9	Exercised during quarter	Nil			
7.10	Expired during quarter	2,000,000			01/07/2015
7.11	Debentures <i>(totals only)</i>	Nil			
7.12	Unsecured notes <i>(totals only)</i>	Nil			

* Effective 12 July 2013 - Convertible at a rate of 1:3. Interest paid at 10% quarterly in arrears. Expiry date is 30 October 2023. The notes can be converted to ordinary shares at any time.

** Issued under the Performance Rights Plans approved by shareholders on 26 May 2010 AGM.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does /does not* (*delete one*) give a true and fair view of the matters disclosed.

Sign here: Date: **30 April 2014**
(Director)

Print name: Vicky McAppion

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.