



ANTARES ENERGY LIMITED
SUBJECT TO DEED OF COMPANY ARRANGEMENT
ABN 75 009 230 835

HALF-YEAR FINANCIAL REPORT

For the half year ended 30 June 2016

DEED ADMINISTRATOR'S REPORT

The Deed Administrators of Antares Energy Limited (Subject to Deed of Company Arrangement) ("Antares" or "the Company") present their report and the financial report of Antares and the entities it controlled ("the Consolidated Entity") at the end of, or during the half-year ended 30 June 2016.

DIRECTORS

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

James Andrew Cruickshank (Resigned 27 April 2016)	Chairman & CEO
Gregory David Shoemaker (Resigned 28 April 2016)	Director & Chief Scientist
Vicky Ann McAppion (Resigned 28 April 2016)	Director & Finance & Administration Manager
Mark Gerard Clohessy (Resigned 28 April 2016)	Non Executive Director

OPERATING REVIEW

The Company has approximately A\$47.5 million of Convertible Notes. The redemption date for these Notes was 30 October 2015. The Company had concluded a sale of a major asset, being its Southern Star Project, for which received A\$57 million in cash and A\$95 million in listed Breitburn Energy Partners LP shares ("Breitburn Shares").

Subsequently, the oil price dropped from over US\$100 per barrel to a low of US\$27 per barrel. This change in market conditions devalued the Breitburn shares to the point where the Company was unable to meet its redemption obligations in relation to Convertible Notes due on October 2015.

As a result, on 30 October 2015, a meeting of Noteholders was convened and it was agreed to reset the redemption date to 31 March 2016 to give the Company time to pursue strategies to generate sufficient funds to meet the redemptions.

The meeting of the 31 March 2016 was adjourned to reconsider a further extension of the reset date and was to be reconvened at 28 April 2016. The Board elected to appoint administrators as the Convertible Notes were to become due and payable on the 29 April 2016.

On 28 April 2016 Messrs Bryan Kevin Hughes and Daniel Johannes Bredenkamp of Pitcher Partners were appointed as Joint and Several Voluntary Administrators pursuant to section 436A of the Corporations Act 2001.

On 10 May 2016 following a resolution passed at the first meeting of Creditors, Messrs Quentin James Olde and Michael Joseph Ryan of FTI Consulting were appointed as replacement Voluntary Administrators of the Company pursuant to section 436E of the Corporations Act 2001.

The Administrators subsequently pursued an asset sale strategy for the Company's assets and/or a recapitalisation proposal for the Company, or for a party to acquire the shares or assets of the Company's US subsidiary, Antares Energy Company ("AEC").

RESULTS OF OPERATIONS

Antares Energy Limited (Subject to Deed of Arrangement) has reported a net loss for the period of \$6.455 million (2015: loss of \$18.333 million).

INCOMPLETE RECORDS

The management and affairs of the Company and all its controlled entities have not been under the control of the Directors of the Group since it entered into voluntary administration on 28 April 2016.

To prepare the financial report, the Administrators have reconstructed the financial records of Antares Energy Limited (subject to Deed of Company Arrangement) using data extracted from the Consolidated Entity's accounting systems and the record of receipts and payments during the Administration of the Company and relied on information provided by in – country management of the subsidiaries for the period from their appointment.

Although due care has been taken in preparing the financial statements, based on the information available, it is not possible to state that the financial information is complete or accurate. Neither is it possible to state that the financial information was subject to the accounting and internal control processes that are relevant to the preparation and fair presentation of the financial reports.

Consequently, although the Administrators have prepared this financial report to the best of their knowledge based on the information made available to them, they are of the opinion that it is not possible to state that this financial report has been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001, nor is it possible to state this financial report gives a true and fair view of the Consolidated Entity's financial position.

SIGNIFICANT EVENTS AFTER BALANCE DATE

The Administrators sold seven well bores and associated acreage that was held in production in Antares' Northern Star project in Dawson County, Texas to Murphy Oil, a large public El Dorado, Arkansas based Oil and Gas Company effective 1 April 2017.

On 2 December 2016, the Creditors of the Company resolved to place the Company into a Deed of Company Arrangement ('DOCA') with a view to implement a recapitalisation proposal put forward by Pager Partners. The DOCA to bring the recapitalisation proposal was executed on 21 December 2016 with the following key terms:

- The syndicate led by Pager Partners will inject A\$1,876,875 cash into the Company in return for shares representing approximately 95% of the Company.
- The Company would pay \$500,000 to the Deed Administrator for distribution under the DOCA to a Creditors' Trust in return for secured and unsecured creditors releasing all claims against the Company and their charge over the Company.
- Certain unencumbered assets are to be retained by the Company including the Company's wholly owned subsidiary Antares Energy Company and all the other subsidiaries, including the Big Star Project in the Permian Basin.
- The syndicate will loan the Company to pay for the costs of settling the DOCA, drafting of the DOCA, Creditors Trust Deed, Shareholder's Meetings and Shareholder Notices, Prospectus, Independent Experts Report and preparing historical audited accounts.

The Deed Administrator has been working with Pager Partner to satisfy certain conditions precedent to effectuate the DOCA, including the shareholders at an Extraordinary General Meeting approving the recapitalisation proposal. At effectuation, the Company will be released from being subject to the DOCA.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The independence declaration received from the auditor of Antares Energy Limited (Subject to Deed of Arrangement) is set out on page 4 and forms part of this Deed Administrators' report for the half - year ended 30 June 2016.

The were no fees were paid or payable to the Company's auditors Stantons International for non-audit services provided to the Company during the half-year ended 30 June 2016.

ROUNDING

The amounts contained in this report and in the half-year financial statements have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/0100. The company is an entity to which the Class Order applies.

Signed by Quentin James Olde in his capacity as Deed Administrator.



17 October 2017

17 October 2017

Antares Energy Limited (Subject to a Deed of Company Arrangement)
c/o FTI Consulting Limited
Level 15, 50 Pitt Street
Sydney, NSW 2000

Dear Sirs

RE: ANTARES ENERGY LIMITED (SUBJECT TO A DEED OF COMPANY ARRANGEMENT)

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the deed administrators of Antares Energy Limited (Subject to a Deed of Company Arrangement).

As Audit Director for the review of the financial statements of Antares Energy Limited (Subject to a Deed of Company Arrangement) for the half year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LIMITED
(Trading as Stantons International)
(An Authorised Audit Company)



Samir Tirodkar
Director

Statement of Profit or Loss & Other Comprehensive Income

For the Half Year Ended 30 June 2016

		Consolidated	
	Note	6 months ended 30 June 2016 \$'000	6 months ended 30 June 2015 \$'000
Continuing operations			
Revenue	3(a)	332	2,390
Cost of goods sold		(372)	(858)
Gross (loss)/profit		(40)	1,532
Other income	3(b)	-	281
Other expenses excluding finance costs	3(c)	(3,429)	(2,142)
Impairment of available for sale financial assets	5	(1,157)	(12,472)
Impairment of exploration properties		-	(3,246)
Impairment of oil & gas properties		-	(223)
Finance costs		(1,829)	(3,342)
Loss before income tax		(6,455)	(19,612)
Income tax benefit		-	1,279
Net loss for the period		(6,455)	(18,333)
Other comprehensive income/(loss)			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		2,073	3,004
Fair value loss on available for sale financial asset		-	12,472
Impairment loss on available for sale financial asset reclassified to profit or loss		-	(12,472)
Other comprehensive income net of tax		2,073	3,004
Total comprehensive loss for the period		(4,382)	(15,329)
Loss per share (cents per share)			
<i>Earnings from continuing operations:</i>			
Basic loss per share for the period		(2.69)	(7.7)
Diluted loss per share for the period		(2.69)	(7.7)
<i>Earnings from all operations:</i>			
Basic loss per share for the period		(2.69)	(7.7)
Diluted loss per share for the period		(2.69)	(7.7)

The statement of profit or loss and comprehensive income is to be read in conjunction with the notes to the financial statements.

Statement of Financial Position

As at 30 June 2016

		Consolidated	
Note	30 June 2016	31 December 2015	
	\$'000	\$'000	
CURRENT ASSETS			
Cash and cash equivalents	4	285	1,389
Trade and other receivables		-	927
Prepayments		-	41
Available for sale financial assets		-	3,943
		285	6,300
Property, plant and equipment held for sale		-	44
Oil and gas properties held for sale	6	2,657	-
Total current assets		2,942	6,344
NON-CURRENT ASSETS			
Oil and gas properties	5	401	3,085
Total non-current assets		401	3,085
TOTAL ASSETS		3,343	9,429
CURRENT LIABILITIES			
Trade and other payables		817	1,227
Interest-bearing loans and borrowings	7	47,500	47,500
Provisions		269	1,291
Total current liabilities		48,586	50,018
NON-CURRENT LIABILITIES			
Provisions		169	441
Total non-current liabilities		169	441
TOTAL LIABILITIES		48,755	50,459
NET (LIABILITIES)		(45,412)	(41,030)
EQUITY			
Contributed equity	8	84,436	84,436
Reserves		32,679	30,606
Accumulated Losses		(162,527)	(156,072)
TOTAL DEFICIENCY IN SHAREHOLDERS' FUNDS		(45,412)	(41,030)

The statement of financial position is to be read in conjunction with the notes to the financial statements.

Statement of Changes in Equity

For the Half Year Ended 30 June 2016

CONSOLIDATED

6 months ended 30 June 2016

Balance at 1 January 2016
Loss for the period
Other comprehensive income
Exchange differences on
translation of foreign operations
**Total comprehensive
income/(loss) for the period**
**Transactions with owners in
their capacity as owners:**
Issue of convertible notes
Balance at 30 June 2016

	Ordinary Share Capital \$'000	Retained Profits /(Accumulated Losses) \$'000	Foreign Currency Reserve \$'000	Convertible Note Premium Reserve \$'000	Share Option Reserve \$'000	AFS Reserve \$'000	Total \$'000
Balance at 1 January 2016	84,436	(156,072)	20,801	3,922	5,883	-	(41,030)
Loss for the period	-	(6,455)	-	-	-	-	(6,455)
Other comprehensive income	-	-	2,073	-	-	-	2,073
Exchange differences on translation of foreign operations	-	(6,455)	2,073	-	-	-	(4,382)
Total comprehensive income/(loss) for the period	-	(6,455)	2,073	-	-	-	(4,382)
Transactions with owners in their capacity as owners:							
Issue of convertible notes	-	-	-	-	-	-	-
Balance at 30 June 2016	84,436	(162,527)	22,874	3,922	5,883	-	(45,412)

6 months ended 30 June 2015

Balance at 1 January 2015
Loss for the period
Other comprehensive income
Exchange differences on
translation of foreign operations
Decrement in AFS fair value
Impairment of AFS financial
asset
**Total comprehensive
income/(loss) for the period**
**Transactions with owners in
their capacity as owners:**
Securities bought back
Balance at 30 June 2015

	Ordinary Share Capital \$'000	Retained Profits /(Accumulated Losses) \$'000	Foreign Currency Reserve \$'000	Convertible Note Premium Reserve \$'000	Share Option Reserve \$'000	AFS Reserve \$'000	Total \$'000
Balance at 1 January 2015	84,671	(107,827)	15,803	3,934	5,883	-	2,464
Loss for the period	-	(18,333)	-	-	-	-	(18,333)
Other comprehensive income	-	-	3,004	-	-	-	3,004
Exchange differences on translation of foreign operations	-	-	3,004	-	-	-	3,004
Decrement in AFS fair value	-	-	-	-	-	12,472	12,472
Impairment of AFS financial asset	-	-	-	-	-	(12,472)	(12,472)
Total comprehensive income/(loss) for the period	-	(18,333)	3,004	-	-	-	(15,329)
Transactions with owners in their capacity as owners:							
Securities bought back	(187)	-	-	(13)	-	-	(200)
Balance at 30 June 2015	84,484	(126,160)	18,807	3,921	5,883	-	(13,065)

The statement of changes in equity is to be read in conjunction with the notes to the financial statements.

Statement of Cash Flows

For the Half Year Ended 30 June 2016

	Consolidated	
	6 months ended 30 June 2016 \$'000	6 months ended 30 June 2015 \$'000
Cash flows from operating activities		
Receipts from customers	438	1,094
Payments to suppliers and employees	(4,994)	(3,565)
Interest received	-	27
Interest paid	-	(2,436)
Income taxes refunded	-	1,279
Net cash (outflows) from operating activities	(4,556)	(3,601)
Cash flows from investing activities		
Dividend received	-	1,845
Exploration, evaluation and development expenditure	-	(1,961)
Payment for property plant & equipment	-	(104)
Proceeds from sale of property plant & equipment	44	104
Proceeds from sale of shares	2,587	-
Net cash inflows/(outflows) from investing activities	2,631	(116)
Cash flows from financing activities		
Payments for share buy-back	-	(187)
Payment for convertible note buy-back	-	(4,378)
Proceeds from repayment of loan	821	-
Repayments of borrowings	-	-
Net cash inflows/(outflows) from financing activities	821	(4,565)
Net decrease in cash and cash equivalents held	(1,104)	(8,282)
Cash and cash equivalents at the beginning of the period	1,389	14,732
Effects of exchange rate changes on cash	-	548
Cash and cash equivalents at the end of the period	285	6,998

The statement of cash flows is to be read in conjunction with the notes to the financial statements.

NOTE 1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation and going concern

These general purpose condensed financial statements for the half-year reporting period ended 30 June 2016 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

The half-year financial report does not include all notes of the type normally included within the Annual Financial Report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial statements. The presentation currency is Australian dollars.

The half-year financial report should be read in conjunction with the Annual Financial Statements of Antares Energy Limited (Subject to Deed of Company Arrangement) as at 31 December 2015. It is also recommended that the interim half-year financial statements be considered together with any public announcements made by Antares Energy Limited (Subject to Deed of Company Arrangement) during the half-year ended 30 June 2016 in accordance with the continuous disclosure obligations arising under the ASX Listing Rules.

The half-year financial report was authorised for issue on 17 October 2017.

Going Concern

The Administrators have prepared the financial report of the consolidated entity on the going concern basis.

On 28 April 2016, Messrs Bryan Kevin Hughes and Daniel Johannes Bredenkamp of Pitcher Partners were appointed as Joint and Several Voluntary Administrators. Messrs Quentin James Olde and Michael Joseph Ryan of FTI Consulting were appointed as replacement Voluntary Administrators of the Company on 10 May 2016 pursuant to section 436E of the Corporations Act 2001 following a resolution passed at the first meeting of Creditors.

On 2 December 2016, the Creditors of the Company resolved to place the Company into a Deed of Company Arrangement ('DOCA') with a view to implement a recapitalisation proposal put forward by Pager Partners. The DOCA to bring the recapitalisation proposal was executed on 21 December 2016. Effectuation of the DOCA is subject to the satisfaction of various conditions precedent at which point creditor claims against Antares Energy Limited (Subject to a Deed of Company Arrangement) would be satisfied and extinguished.

Since the recapitalisation is incomplete, there is significant uncertainty as to whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business.

The financial report contains adjustments relating to the recoverability and classification of recorded assets to the amounts or classification of recorded assets or liabilities that might be necessary should the consolidated entity not be able to continue as a going concern.

Incomplete records

The management and affairs of the Company and all its controlled entities have not been under the control of the Directors of the Group since it entered into voluntary administration on 28 April 2016.

To prepare the financial report, the Administrators have reconstructed the financial records of Antares Energy Limited (subject to Deed of Company Arrangement) using data extracted from the Consolidated Entity's accounting systems and the record of receipts and payments during the Administration of the Company and relied on information provided by in – country management of the subsidiaries for the period from their appointment.

NOTE 1 BASIS OF PREPARATION AND ACCOUNTING POLICIES (Continued)
Incomplete records (cont.)

Although due care has been taken in preparing the financial statements, based on the information available, it is not possible to state that the financial information is complete or accurate. Neither is it possible to state that the financial information was subject to the accounting and internal control processes that are relevant to the preparation and fair presentation of the financial reports.

Consequently, although the Administrators have prepared this financial report to the best of their knowledge based on the information made available to them, they are of the opinion that it is not possible to state that this financial report has been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001, nor is it possible to state this financial report gives a true and fair view of the Consolidated Entity's financial position.

Adoption of new or revised Standards

Apart from the adoption of new or revised accounting standards noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

All new and amended Standards and Interpretations effective from 1 January 2016 have been adopted

New and amended Standards and Interpretations did not result in any significant changes to the Group's accounting policies.

The Group has not elected to early adopt any new standards or amendments that have been issued but that are not yet effective.

NOTE 2 SEGMENT REPORTING

For management purpose, the Company is organised into one main operating segment, which involves oil and gas exploration, development and production in the USA. All the Company's activities are interrelated, and discrete financial information is reported to the Chairman and the management team (Chief Operating Decision Makers) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

The Group derives its revenue from the sale of oil and gas produced in the USA. During the interim half-year reporting periods ended 30 June 2015 and 30 June 2016 external sales of oil and gas were made to customers solely located in the USA.

	Consolidated	
	6 months ended 30 June 2016 \$'000	6 months ended 30 June 2015 \$'000
Analysis of revenue:		
Oil	316	506
Gas	16	12
Interest	-	27
Dividend Income	-	1,845
	332	2,390

	Consolidated	
	30 June 2016 \$'000	31 Dec 2015 \$'000
Geographical split of non-current assets:		
USA	425	3,638
Australia	-	-
	425	3,638

Notes to the Financial Statements

ANTARES ENERGY LIMITED

ABN 75 009 230 835

For the Half Year Ended 30 June 2016

NOTE 3	REVENUE, INCOME AND EXPENSES	Consolidated	
		6 months ended 30 June 2016 \$'000	6 months ended 30 June 2015 \$'000
	a) Revenue		
	Sale of product	332	518
	Dividend revenue	-	1,845
	Interest revenue	-	27
		332	2,390
	b) Other income:		
	Foreign exchange gain	-	154
	Gain on convertible note buy-back	-	38
	Sale of property, plant & equipment	-	89
		-	281
	c) Other expenses:		
	General and Administrative expenses	3,429	970
	Foreign exchange loss	-	-
	Employee benefits	-	1,172
	Exploration expenditure written back	-	-
		3,429	2,142
	d) The following item is included in the Cost of Sales:		
	Amortisation of oil and gas properties	-	59

NOTE 4	CASH AND CASH EQUIVALENTS	Consolidated	
		30 June 2016 \$'000	31 Dec 2015 \$'000
	For the purposes of the half-year cash flow statement, cash and cash equivalents are comprised of the following:		
	Cash at bank and on hand	285	1,389
		285	1,389

NOTE 5	OIL AND GAS PROPERTIES	Consolidated	
		30 June 2016 \$'000	31 Dec 2015 \$'000
	Oil and gas properties		
	- at cost	3,085	28,549
	- accumulated amortisation & impairment	(1,157)	(25,464)
	-transfer to disposal group held for sale assets	(2,657)	-
	-exchange difference translation	1,130	-
		401	3,085

Reconciliation

Reconciliation of carrying amounts of oil and gas properties at the beginning and end of the current financial year:

Balance at start of period	3,085	3,700
Additions	-	(1,656)
Impairment	(1,157)	-
Restoration	-	-
Amortisation	-	(188)
Foreign exchange translation	1,130	1,229
Transfer to disposal group held for sale assets	(2,657)	-
Balance at end of period	401	3,085

Notes to the Financial Statements

ANTARES ENERGY LIMITED

ABN 75 009 230 835

For the Half Year Ended 30 June 2016

NOTE 6 HELD FOR SALE ASSETS	Consolidated	
	30 June 2016 \$'000	31 Dec 2015 \$'000
Held For Sale Assets at fair value		
Oil and Gas Properties – Northern Star	2,657	-
Movement in HFS assets		
Transfer from Oil & Gas assets	2,657	-
Disposal costs/Restoration	-	-
Balance 31 December	<u>2,657</u>	<u>-</u>

HFS financial assets comprise the seven well bores and associated acreage in Antares' Northern Star project in Dawson County, Texas.

Costs associated with the Northern star well bores such as the restoration/ plug costs of AUD \$0.242 million and WTG gathering line settlement liabilities of AUD \$0.376 million have been included.

NOTE 7 INTEREST-BEARING LOANS AND BORROWINGS	Consolidated	
	30 June 2016 \$'000	31 Dec 2015 \$'000
Current		
Convertible notes	47,500	47,500
	<u>47,500</u>	<u>47,500</u>

Convertible Notes

The convertible notes are a financial instrument comprising a debt component and an equity component. Interest is recognised using the effective interest method over the period to the next reset date of 31 March 2016 at which time noteholders can elect to redeem their notes for \$2 each.

On 31 March 2016, Noteholders approved an extension of the reset date to 31 March 2017.

During 2016 and 2015 no new notes were issued.

During 2016 no notes were bought back, on market (2015: 2,250,000).

As at 30 June 2016 there was a total of 23,750,000 notes on issue (31 December 2015: 23,750,000) with a face value of \$47,500,000 (31 December 2015: \$47,500,000). Notes are convertible to ordinary shares on a 1:3 ratio and have a coupon rate of 10% per annum.

As a result of the Company entering external administration on 28 April 2016, the Convertible Notes are immediately due and payable.

NOTE 8 CONTRIBUTED EQUITY	Consolidated	
	30 June 2016 \$'000	31 Dec 2015 \$'000
Issued and paid up capital		
Fully paid ordinary shares	84,436	84,436
Movement in ordinary shares on issue	No. of shares	\$'000
At 1 January 2016	240,000,000	84,436
Shares bought back on market	-	-
At 30 June 2016	<u>240,000,000</u>	<u>84,436</u>
Movement in ordinary shares on issue	No. of shares	\$'000
At 1 January 2015	242,000,000	84,671
Shares bought back on market	(2,000,000)	(235)
At 31 December 2015	<u>240,000,000</u>	<u>84,436</u>

NOTE 9 COMMITMENTS AND CONTINGENCIES

The Company was under external administration from 28 April 2016, consequently the Company does not have sufficient information to allow for the level of disclosure required for the half - year ended 30 June 2016.

We have not been able to ascertain the contingent liabilities, if any, pertaining to the Consolidated Entity as at 30 June 2016.

NOTE 10 EVENTS AFTER THE BALANCE SHEET DATE

The Administrator sold seven well bores and associated acreage that was held in production in Antares' Northern Star project in Dawson County, Texas to Murphy Oil, a large public El Dorado, Arkansas based Oil and Gas Company effective 1 April 2017.

On 2 December 2016, the Creditors of the Company resolved to place the Company into a Deed of Company Arrangement ('DOCA') with a view to implement a recapitalisation proposal put forward by Pager Partners. The DOCA to bring the recapitalisation proposal was executed on 21 December 2016 with the following key terms:

- The syndicate led by Pager Partners will inject A\$1,876,875 cash into the Company in return for shares representing approximately 95% of the Company.
- The Company would pay \$500,000 to the Deed Administrator for distribution under the DOCA to a Creditors' Trust in return for secured and unsecured creditors releasing all claims against the Company and their charge over the Company.
- Certain unencumbered assets are to be retained by the Company including the Company's wholly owned subsidiary Antares Energy Company and all the other subsidiaries, including the Big Star Project in the Permian Basin.
- The syndicate will loan the Company to pay for the costs of settling the DOCA, drafting of the DOCA, Creditors Trust Deed, Shareholder's Meetings and Shareholder Notices, Prospectus, Independent Experts Report and preparing historical audited accounts.

ANTARES ENERGY LIMITED
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)

ABN 75 009 230 835

DEED ADMINISTRATORS' DECLARATION

This report and the financial information largely relates to a prior period to the Administrators appointment and by necessity the Administrators' had to rely upon the books and records of Antares Energy Limited (Subject to Deed of Company Arrangement) and its subsidiaries, its staff and external service providers in this report and the financial accounts. All due care has been taken in preparing the Report and financial information, however, the Administrators' cannot give warranties in relation to the information in this report.

The Administrators further note the Company's auditors makes clear that they cannot vouch for the correctness or completeness of any of the information used in preparing this report. This report should not be relied on in making decisions about the Company.

Subject to the previous paragraph and set out in Note 1 to the Consolidated financial statements, in the opinion of the Administrators of Antares Energy Limited (Subject to Deed of Company Arrangement):

- (a) Although the Administrators have taken all due care in preparing the Report and the financial statements to the best of their knowledge based on the information given to them, they are of the opinion that it is not possible to state that the Consolidated financial statements and Notes of Antares Energy Limited (Subject to Deed of Company Arrangement), for the half- year ended 30 June 2016 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position as at 30 June 2016 and the performance for the half-year ended on that date of the consolidated entity; and
 - (ii) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
- (b) As at the date of this Report, the Administrators' do not have reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, unless there is a successful implementation of the Deed of Company Arrangement. That is, if the Deed of Company Arrangement is not effectuated, then the Company is not in a position to pay its debts as and when they become due and payable.

This report is made with the resolution of the Administrators' of Antares Energy Limited (Subject to Deed of Company Arrangement)

Signed by Quentin James Olde in his capacity as Deed Administrator



Quentin James Olde

Sydney, NSW
17 October 2017

**QUALIFIED INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
ANTARES ENERGY LIMITED (SUBJECT TO A DEED OF COMPANY ARRANGEMENT)**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Antares Energy Limited (Subject to a Deed of Company Arrangement), which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the deed administrators' declaration, for Antares Energy Limited (Subject to a Deed of Company Arrangement) (the consolidated entity). The consolidated entity comprises both Antares Energy Limited (Subject to a Deed of Company Arrangement) (the Company) and the entities it controlled during the half year.

Deed Administrators' Responsibility for the Half-Year Financial Report

The deed administrators of Antares Energy Limited (Subject to a Deed of Company Arrangement) are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such control as the deed administrators determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standards on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as at 30 June 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Antares Energy Limited (Subject to a Deed of Company Arrangement), ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by the deed administrators, directors or management.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the deed administrators of Antares Energy Limited (Subject to a Deed of Company Arrangement) on 17 October 2017.

Basis for Disclaimer of Auditor's Review Conclusion

The Company was placed into voluntary administration on 28 April 2016. Consequently, as the former management and former directors of the Company were not present when compiling the financial statements, the collation of the financial information relating to the period under review was not subject to the same accounting and internal controls processes, which includes the implementation and maintenance of internal controls that are relevant to the preparation and fair presentation of the financial report. Whilst the books and records of the Company have been reconstructed to the maximum extent possible, we were unable to satisfy ourselves as to the completeness of the general ledger and financial records as well as the relevant disclosures in the financial report.


As stated in Note 1, the deed administrators are unable to state that the financial report is in accordance with all the requirements of the *Corporations Act 2001* and the Australian Accounting Standards.

Disclaimer of Auditor's Review Conclusion

Based on our review, which is not an audit, and because of the existence of the limitation on the scope of our work, as described in the Basis for Disclaimer of Auditor's Review Conclusion paragraph noted above, and the effects of such adjustments, if any, as might have been determined to be necessary had the limitation not existed, we are unable to, and do not express, a conclusion as to whether the financial report of Antares Energy Limited (Subject to a Deed of Company Arrangement) is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the half-year ended on that date; and
- (ii) complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International


Samir Tirodkar
Director

West Perth, Western Australia
17 October 2017