SUBJECT TO DEED OF COMPANY ARRANGEMENT

2016 ANNUAL REPORT

ANTARES ENERGY LIMITED AND CONTROLLED ENTITIES

ABN 75 009 230 835

ANNUAL REPORT
FOR THE YEAR ENDED
31 DECEMBER 2016

ANTARES ENERGY LIMITED AND CONTROLLED ENTITIES

ABN 75 009 230 835

CONTENTS

COMPANY DIRECTORY

ADMINISTRATORS:

Quentin James Olde
Michael Joseph Ryan

REGISTERED OFFICE:

C/O FTI Consulting
Level 15, 50 Pitt Street
Sydney, NSW, 2000
Telephone: + 61 (02) 8247 8000
Email: mail@antaresenergy.com
Website: www.antaresenergy.com

ASX CODE:

AZZ

AUDITORS:

Stantons International
Level 2, 1 Walker Avenue
West Perth WA 6005

SHARE REGISTRY:

Security Transfer Registrars Pty Ltd
770 Canning Highway
Applecross WA 6153
Telephone: + 61 (0) 8 9315 2333
Facsimile: + 61 (0) 8 9315 2233

AUSTRALIAN COMPANY NUMBER:

ACN 009 230 835

AUSTRALIAN BUSINESS NUMBER:

ABN 75 009 230 835

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 year ended 31 December 2016.

DIRECTORS AND COMPANY SECRETARY

The directors in office at any time during the year to 31 December 2016 and until the date of this report are as follows. Directors were in office for this entire period unless specified otherwise.

James Andrew Cruickshank, B.Com, GDipAppnFin, FAICD, ASA, F.Fin
Chairman, Managing Director & Chief Executive Officer (Resigned 27 April 2016)

Gregory David Shoemaker, B.Sc. Geosciences (Geophysics)
Director & Chief Scientist (Resigned 28 April 2016)

Vicky Ann McAppion, CSA (Certificate in Governance, Practice and Administration)
Director & Finance & Administration Manager (Resigned 28 April 2016)

Mark Gerard Clohessy, BA, GDippAppFin, F.FIN, Cert REM
Non Executive Director (Resigned 28 April 2016)

COMPANY SECRETARY

Graeme Smith, **BEc, MBA, MComLaw, FCPA, FCIS, FGIA MAusIMM** (Resigned 27 April 2016)

At the date of this report, there were no directors'in office.

PRINCIPAL ACTIVITIES

The principal activities of the Consolidated Entity during the financial year were hydrocarbon production and exploration in the United States of America.

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, in October 2014 for which it 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 Administrator 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").

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 DOCA effectuation is subject to certain conditions precedent including the shareholders at an Extraordinary General Meeting approving the recapitalisation proposal including:

- consolidate the capital on a 1:15 basis;
- elect Ross Warner, Joanne Kendrick and Michael Pollak as directors;

- authorise the issue of the following shares and options (including to related parties) to raise $1,876,875 before costs
  - 150,000,000 shares at $0.0025 per share;
  - 150,000,000 shares at $0.01 per share; and
  - 75,000,000 options at $0.000025 per option.

At effectuation, the Company will be released from being subject to the DOCA.

SIGNIFICANT EVENTS AFTER BALANCE 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.

SIGNIFICANT CHANGES TO STATE OF AFFAIRS

There have been no further changes to the Company's state of affairs, other than those disclosed in the Operations Review and Significant Events After Balance Date.

FINANCIAL RESULTS

The net loss after income tax of the Consolidated Entity for the year ended 31 December 2016 was $6.672 million (2015: loss of $48.245 million).

DIVIDEND

No dividends have been paid or declared since the end of the previous financial period, or to the date of this report.

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.

LIKELY DEVELOPMENTS AND RESULTS

Subject to the successful recapitalisation of the Company will continue to pursue oil and gas opportunities.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Consolidated Entity is a party to various exploration and development licences or permits in the country in which it operates. In most cases, these contracts and licences specify the environmental regulations applicable to oil and gas operations in the respective jurisdictions. There have been no significant known breaches of the environmental obligations of the Consolidated Entity's licences.

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 6 and forms part of this Deed Administrators' report for the year ended 31 December 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 year ended 31 December 2016.

INDEMNIFICATION OF DIRECTORS, COMPANY SECRETARY AND AUDITORS

Due to the Company being in administration from the 28 April 2016, the Company does not have sufficient information to allow this level of disclosure for the year ended 31 December 2016. No indemnities have been given during or since the appointment of Administrators for any person who is or has been an officer of the Consolidated Entity. No Insurance premiums have been paid since the appointment of administrators in respect of any director's and officers' insurance.

ROUNDING

The amounts contained in this report and in the financial report 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.

DIRECTOR'S MEETINGS

Due to the Company being placed into voluntary administration on 28 April 2016, information on the attendance at Directors' meetings is not available.

REMUNERATION REPORT (AUDITED)

This remuneration report for the year ended 31 December 2016 reflects the remuneration policies that were adopted by the directors of the Company who were in office prior to the Company entering into administration. These policies applied until the Company entered Voluntary Administration on 28 April 2016. The Administrators has had no involvement in adopting, implementing or complying with these policies. These policies may or may not have been in place during the financial period.

If the recapitalisation proposal is successful, the proposed directors will adopt a new remuneration policy.

This remuneration report for the year ended 31 December 2016 outlines the remuneration arrangements in place for directors and executives of the Company and Group in accordance with the requirements of the Corporations Act 2001 and its regulations.

The remuneration report details the remuneration arrangements for key management personnel who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Consolidated Entity, directly or indirectly, including any director (whether executive or otherwise).

Remuneration policies

The Remuneration Committee is responsible for making recommendations to the Board on remuneration policies applicable to directors and executives of the Company.

Remuneration levels for directors and senior executives of the Consolidated Entity ("the key management personnel") are competitively set to attract and retain appropriately qualified and experienced directors and senior executives.

Fixed remuneration

Fixed remuneration consists of base remuneration (which is calculated on a total cost basis and includes any FBT charges related to employee benefits), as well as employer contributions to superannuation funds where applicable.

Variable remuneration

Variable remuneration is designed to reward the Chairman and executive directors for meeting or exceeding financial, operational and/or individual objectives or expectations. While these criteria are used as a guide, the awarding of variable remuneration is at the discretion of the board. Those incentives are an "at risk" bonus provided in the form of cash and/or performance rights.

Other benefits

In accordance with generally acceptable work practices in the United States, medical insurance is provided to all executives.

Employment contracts

It is the Consolidated Entity's policy that employment agreements for senior executives are unlimited in term but capable of termination with twelve months' notice and that the Consolidated Entity retains the right to terminate the contract immediately, by making payment in lieu of notice.

Non-executive directors

Total remuneration for all non-executive directors, last voted upon by shareholders at the 2002 AGM, is not to exceed $250,000 per annum.

Key management personnel

J.A. Cruickshank	Chairman appointed 16 October 2009 (Resigned 27 April 2016) Managing Director and CEO appointed 1 July 2008 Executive Director appointed 8 October 2004
G.D. Shoemaker	Director & Chief Scientist – appointed 16 October 2009 (Resigned 28 April 2016)
V.A. McAppion	Director, Finance & Administration Manager– appointed 16 October 2009 (Resigned 28 April 2016)
M.G. Clohessy	Director (non-executive) – appointed16 October 2009(Resigned 28 April 2016)

Share holdings of Key Management Personnel

	Balance at 1 January	On exercise of performance rights	Change due to appointment / (resignation)	On market purchase	Balance at 31 December
2016					
J.A. Cruickshank	10,500,000	-	(10,500,000)	-	-
G.D. Shoemaker	825,000	-	(825,000)	-	-
V.A. McAppion	198,226	-	(198,226)	-	-
M.G. Clohessy	2,865,000	-	(2,865,000)	-	-
	14,388,226	-	**(14,388,226)**	-	**-**

	Balance at 1 January	On exercise of performance rights	Change due to appointment / (resignation)	On market purchase	Balance at 31 December
2015					
J.A. Cruickshank	10,500,000	-	-	-	10,500,000
G.D. Shoemaker	825,000	-	-	-	825,000
V.A. McAppion	198,226	-	-	-	198,226
M.G. Clohessy	2,865,000	-	-	-	2,865,000
	14,388,226	-	-	-	**14,388,226**

Key management personnel remuneration

The following table sets out the remuneration of directors and executives of the Consolidated Entity during the reporting period.

	Short-Term				**Long-Term**	**Post Employment**	**Total**	**Total Performance Related**
Year to 31 Dec 2016	Salary & Fees	Cash Bonus	Non Monetary Benefits	Other	Long-Service Leave	Superannuation		
	$	$	$	$	$	$	$	$
Directors								
J.A. Cruickshank	*	*	*	*	*	*	*	*
G D Shoemaker	*	*	*	*	*	*	*	*
M G Clohessy	*	*	*	*	*	*	*	*
V McAppion	*	*	*	*	*	*	*	*
Total	*	*	*	*	*	*	*	*

* The company was under External administration from the 28 April 2016, consequently the Company does not have sufficient information to allow this level of disclosure in relation to the Directors' Remuneration report as required for the year ended 31 December 2015.

	Short-Term				**Long-Term**	**Post Employment**	**Total**	**Total Performance Related**
Year to 31 Dec 2015	Salary & Fees	Cash Bonus	Non Monetary Benefits	Other	Long-Service Leave	Superannuation		
	$	$	$	$	$	$	$	$
Directors								
J.A. Cruickshank	*	*	*	*	*	*	*	*
G D Shoemaker	*	*	*	*	*	*	*	*
M G Clohessy	*	*	*	*	*	*	*	*
V McAppion	*	*	*	*	*	*	*	*
Total	*	*	*	*	*	*	*	*

During the year ended 31 December 2010 an interest free loan was provided to a Director (J.A. Cruickshank: USD 600,000), repayable on demand if the Director ceases employment with Antares or ceases to be located in Dallas, Texas. The loan remains outstanding as at 31 December 2015 (600,000; A$821,243) The benefit to the Director of having an interest free loan was A$24,637 for the 2015 year. This loan was repaid on 25 January 2016.

End of Remuneration Report

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

17 October 2017

Stantons International Audit and Consulting Pty Ltd
trading as
Stantons International
Chartered Accountants and Consultants

PO Box 1908
West Perth WA 6872
Australia

Level 2, 1 Walker Avenue
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 84 144 581 519
www.stantons.com.au

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 audit of the financial statements of Antares Energy Limited (Subject to a Deed of Company Arrangement) for the year ended 31 December 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 audit; and

(ii) any applicable code of professional conduct in relation to the audit.

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
Antares Energy Limited and its Controlled Entities
For the Year Ended 31 December 2016

	Notes	Consolidated 31 December 2016 $'000	31 December 2015 $'000
Continuing operations			
Revenue	3	683	3,905
Cost of sales	4(a)	(834)	(1,560)
Gross (loss)/ profit		(151)	2,345
Other income		-	258
General & Administration Expense	4(b)	(3,405)	(4,299)
Impairment of available for sale financial assets	10	(1,237)	(36,736)
Impairment of exploration and evaluation expenditure	14	-	(3,043)
Impairment of oil & gas properties	13	-	(1,656)
Impairment of property, plant & equipment		-	(128)
Depreciation & Amortisation		-	(438)
Finance costs	4(c)	(1,879)	(5,827)
Loss before income tax		(6,672)	(49,524)
Income tax benefit	5	-	1,279
Loss from continuing operations		(6,672)	(48,245)
Discontinued operation		-	-
Net loss for the period		**(6,672)**	**(48,245)**
Other comprehensive loss			
Amounts that may be subsequently recycled to profit or loss			
Foreign currency translation		2,253	4,998
Other comprehensive profit for the period net of tax		2,253	4,998
Total comprehensive loss for the period		**(4,419)**	**(43,247)**
Loss per share (cents per share)			
Loss from continuing operations:			
Basic loss per share for the period	6	**(2.78)**	**(20.11)**
Diluted loss per share for the period	6	**(2.78)**	**(20.11)**
Loss from all operations:			
Basic loss per share for the period	6	(2.78)	(20.11)
Diluted loss per share for the period	6	(2.78)	(20.11)

The above statement of profit or loss & other comprehensive income should be read in conjunction with the accompanying notes.

Statement of Financial Position

Antares Energy Limited and its Controlled Entities

As at 31 December 2016

	Notes	Consolidated 31 December 2016 $'000	31 December 2015 $'000
CURRENT ASSETS			
Cash and cash equivalents	7	145	1,389
Trade and other receivables	8	1	927
Prepayments	9	-	41
Available for sale financial assets	10	-	3,943
		146	**6,300**
Oil & gas asset held for sale	11	2,727	-
Property, plant and equipment held for sale	12	-	44
Total current assets		**2,873**	**6,344**
NON-CURRENT ASSETS			
Other receivable	8	-	-
Property, plant and equipment	12	-	-
Oil and gas properties	13	411	3,085
Total non-current assets		**411**	**3,085**
TOTAL ASSETS		**3,284**	**9,429**
CURRENT LIABILITIES			
Trade and other payables	15	784	1,227
Interest-bearing loans and borrowings	16	47,500	47,500
Provisions	17	276	1,291
Total current liabilities		**48,560**	**50,018**
NON-CURRENT LIABILITIES			
Provisions	17	173	441
Total non-current liabilities		**173**	**441**
TOTAL LIABILITIES		**48,733**	**50,459**
NET (LIABILITIES)		**(45,449)**	**(41,030)**
EQUITY			
Contributed equity	18	84,436	84,436
Reserves	19	32,859	30,606
Accumulated Losses		(162,744)	(156,072)
TOTAL (DEFICIENCY IN SHAREHOLDERS FUNDS)		**(45,449)**	**(41,030)**

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity
Antares Energy Limited and its Controlled Entities
For the Year Ended 31 December 2016

CONSOLIDATED	Ordinary Share Capital $'000	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	-	(48,245)	-	-	-	-	(48,245)
Other comprehensive profit	-	-	4,998	-	-	-	4,998
Increment in AFS fair value	-	-	-	-	-	-	-
Impairment of AFS financial asset	-	-	-	-	-	-	-
Total comprehensive loss for the period	**-**	**(48,245)**	**4,998**	**-**	**-**	**-**	**(43,247)**
Transactions with owners in their capacity as owners:							
Issue of Convertible Notes	-	-	-	-	-	-	-
Securities bought back	(235)	-	-	(12)	-	-	(247)
Balance at 31 December 2015	**84,436**	**(156,072)**	**20,801**	**3,922**	**5,883**	**-**	**(41,030)**
Balance at 1 January 2016	**84,436**	**(156,072)**	**20,801**	**3,922**	**5,883**	**-**	**(41,030)**
Loss for the period		(6,672)					(6,672)
Other comprehensive profit	-	-	2,253	-	-	-	2,253
Increment in AFS fair value	-	-	-	-	-	-	-
Impairment of AFS financial asset	-	-	-	-	-	-	-
Total comprehensive loss for the period	**-**	**(6,672)**	**2,253**	**-**	**-**	**-**	**(4,419)**
Transactions with owners in their capacity as owners:							
Securities bought back	-	-	-	-	-	-	-
Balance at 31 December 2016	**84,436**	**(162,744)**	**23,054**	**3,922**	**5,883**	**-**	**(45,449)**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows

Antares Energy Limited and its Controlled Entities

For the Year Ended 31 December 2016

	Note	Consolidated 31 December 2016 $'000	31 December 2015 $'000
Cash flows from operating activities			
Receipts from customers		1,069	1,605
Payments to suppliers and employees		(5,775)	(5,959)
Interest received		-	33
Income taxes refunded		-	1,279
Interest paid		-	(4,982)
Net cash (outflows) from operating activities	7	**(4,706)**	**(8,024)**
Cash flows from investing activities			
Dividend received		-	2,843
Proceeds from sale of shares		2,587	-
Proceeds property, plant and equipment		44	-
Exploration, evaluation and development expenditure		-	(5,025)
Net cash inflows/ (outflows) from investing activities		**2,631**	**(2,182)**
Cash flows from financing activities			
Payments for share buy-back	18	-	(235)
Payment for convertible note buyback	16	-	(4,378)
Proceeds from repayment of loan		821	-
Proceeds from syndicate		10	-
Finance fees		-	-
Net cash inflows/ (outflows) from financing activities		**831**	**(4,613)**
Net (decrease) in cash and cash equivalents held		**(1,244)**	**(14,819)**
Cash and cash equivalents at the beginning of the period		1,389	14,732
Effects of exchange rate changes on cash		-	1,476
Cash and cash equivalents at the end of the period	7	**145**	**1,389**

The above statement of cash flows should be read in conjunction with the accompanying notes.

NOTE 1 BASIS OF PREPARATION

Antares Energy Limited (Subject to Deed of Company Arrangement) is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Stock Securities Exchange and is a for profit entity. The address of the registered office and principal place of business is Level 15, 50 Pitt Street, Sydney, NSW, 2000.

The principal activity of Antares Energy Limited is the exploration and production of oil and gas, with current activities based primarily in Texas in the United States of America.

(a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Australian Accounting Standards and other mandatory professional reporting requirements.

The financial report has been prepared in accordance with the historical cost convention other than available for sale financial assets which are measured at fair value.

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

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 (Clth) 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.

Statement of compliance

The financial report complies with Australian Accounting Standards and International Financial Standards (IFRS) as issued by the International Accounting Standard Board except for the incomplete records noted below.

(b) 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.

NOTE 1 BASIS OF PREPARATION (CONT.)

(c) New and amended accounting standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except as follows:

All new and amended Standards and Interpretations effective from 1 January 2015 have been adopted, including:

Reference	Title	Summary	Application date of standard	Application date for Group
AASB 2013-9	*Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments*	The Standard contains three main parts and makes amendments to a number of Standards and Interpretations. Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB CF 2013-1. Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards. Part C makes amendments to a number of Australian Accounting Standards, including incorporating Chapter 6 *Hedge Accounting* into AASB 9 *Financial Instruments*.	1 January 2015	1 January 2015
AASB 2014-1	*Part A -Annual Improvements 2010–2012 Cycle*	AASB 2014-1 Part A: This standard sets out amendments to Australian Accounting Standards arising from the issuance by the International Accounting Standards Board (IASB) of International Financial Reporting Standards (IFRSs) *Annual Improvements to IFRSs 2010–2012 Cycle* and *Annual Improvements to IFRSs 2011–2013 Cycle*. Annual Improvements to IFRSs 2010–2012 Cycle addresses the following items: ► AASB 2 - Clarifies the definition of 'vesting conditions' and 'market condition' and introduces the definition of 'performance condition' and 'service condition'. ► AASB 3 - Clarifies the classification requirements for contingent consideration in a business combination by removing all references to AASB 137. ► AASB 8 - Requires entities to disclose factors used to identify the entity's reportable segments when operating segments have been aggregated. An entity is also required to provide a reconciliation of total reportable segment assets to the entity's total assets. ► AASB 116 & AASB 138 - Clarifies that the determination of accumulated depreciation does not depend on the selection of the valuation technique and that it is calculated as the difference between the gross and net carrying amounts. AASB 124 - Defines a management entity providing KMP services as a related party of the reporting entity. The amendments added an exemption from the detailed disclosure requirements in paragraph 17 of AASB 124 *Related Party Disclosures* for KMP services provided by a management entity. Payments made to a management entity in respect of KMP services should be separately disclosed.	1 July 2014	1 January 2015
Amendments to AASB 1053 –	*Transition to and between Tiers, and related Tier 2 Disclosure Requirements [AASB 1053]*	The Standard makes amendments to AASB 1053 Application of Tiers of Australian Accounting Standards to: • Clarify that AASB 1053 relates only to general purpose financial statements. • Make AASB 1053 consistent with the availability of the AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* option in AASB 1 *First-time Adoption of Australian Accounting Standards*. • Clarify certain circumstances in which an entity applying Tier 2 reporting requirements can apply the AASB 108 option in AASB 1; permit an entity applying Tier 2 reporting requirements for the first time to do so directly using the requirements in AASB 108 (rather that applying AASB 1) when, and only when, the entity had not applied, or only selectively applied, applicable recognition and measurement requirements in its most recent previous annual special purpose financial statements. Specify certain disclosure requirements when an entity resumes the application of Tier 2 reporting requirements.	1 July 2014	1 January 2015

Adoption of these Standards and Interpretations did not have any effect on the financial position or performance of the Group but did effect disclosure. The Group has not elected to early adopt any new standards or amendments.

NOTE 1 BASIS OF PREPARATION (CONT.)

The following standards and interpretations have been issued by the AASB but are not yet effective for the period ending 31 December 2016.
The Group has not yet assessed the impact of these new standards and interpretations.

Reference	Title	Summary	Application date of standard	Application date for Group
AASB 9	*Financial Instruments*	AASB 9 (December 2014) is a new Principal standard **which replaces AASB 139.** This new Principal version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early application. The own credit changes can be early applied in isolation without otherwise changing the accounting for financial instruments. The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. Amendments to AASB 9 (December 2009 & 2010 editions)(AASB 2013-9) issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures. AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below. a. Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows. b. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument. c. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases. d. Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows: ► The change attributable to changes in credit risk are presented in other comprehensive income (OCI) ► The remaining change is presented in profit or loss AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains caused by the deterioration of an entity's own credit risk on such liabilities are no longer recognised in profit or loss. Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7, AASB 2010-10 and AASB 2014-1 – Part E. AASB 2014-7 incorporates the consequential amendments arising from the issuance of AASB 9 in Dec 2014. AASB 2014-8 limits the application of the existing versions of AASB 9 (AASB 9 (December 2009) and AASB 9 (December 2010)) from 1 February 2015 and applies to annual reporting periods beginning on after **1 January 2015**.	1 January 2018	1 January 2018

NOTE 1 BASIS OF PREPARATION (CONT.)

Reference	Title	Summary	Application date of standard	Application date for Group
AASB 2014-3	Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]	AASB 2014-3 amends AASB 11 to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. The amendments require: (a) the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 *Business Combinations*, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and (b) the acquirer to disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations. This Standard also makes an editorial correction to AASB 11.	1 January 2016	1 January 2016
AASB 2014-4	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to AASB 116 and AASB 138)	AASB 116 and AASB 138 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendment also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.	1 January 2016	1 January 2016
AASB 15	Revenue from Contracts with Customers	In May 2014, the IASB issued IFRS 15 *Revenue from Contracts with Customers*, which replaces IAS 11 *Construction Contracts*, IAS 18 *Revenue* and related Interpretations (IFRIC *13 Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate,* IFRIC 18 *Transfers of Assets from Customers* and SIC-31 *Revenue—Barter Transactions Involving Advertising Services*). The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps: (a) Step 1: Identify the contract(s) with a customer (b) Step 2: Identify the performance obligations in the contract (c) Step 3: Determine the transaction price (d) Step 4: Allocate the transaction price to the performance obligations in the contract (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation Early application of this standard is permitted. AASB 2014-5 incorporates the consequential amendments to a number Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15.	1 January 2017	1 January 2017
AASB 2014-9	Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements	AASB 2014-9 amends AASB 127 *Separate Financial Statements*, and consequentially amends AASB 1 *First-time Adoption of Australian Accounting Standards* and AASB 128 *Investments in Associates and Joint Ventures*, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements. AASB 2014-9 also makes editorial corrections to AASB 127. AASB 2014-9 applies to annual reporting periods beginning on or after 1 January 2016. Early adoption permitted.	1 January 2016	1 January 2016

NOTE 1 BASIS OF PREPARATION (CONT.)

Reference	Title	Summary	Application date of standard	Application date for Group
AASB 2014-10 AASB2015-10*	Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	AASB 2014-10 amends AASB 10 C*onsolidated Financial Statements* and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require: (a) a full gain or loss to be recognised when a transaction involves a business (whether it is housed in a subsidiary or not); and (b) a partial gain or loss to be recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. AASB 2014-10 also makes an editorial correction to AASB 10. AASB 2014-10 applies to annual reporting periods beginning on or after 1 January 2016. Early adoption permitted. AASB 2015-10 has deferred the application date of AASB 2014-10 to amend the application date of AASB 2014 -10 to annual reporting periods on or after 1 January 2018.	1 January 2018	1 January 2018
AASB 2015-1	Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle	The subjects of the principal amendments to the Standards are set out below: AASB 5 Non-current Assets Held for Sale and Discontinued Operations: • Changes in methods of disposal – where an entity reclassifies an asset (or disposal group) directly from being held for distribution to being held for sale (or visa versa), an entity shall not follow the guidance in paragraphs 27–29 to account for this change. AASB 7 Financial Instruments: Disclosures: • Servicing contracts - clarifies how an entity should apply the guidance in paragraph 42C of AASB 7 to a servicing contract to decide whether a servicing contract is 'continuing involvement' for the purposes of applying the disclosure requirements in paragraphs 42E–42H of AASB 7. • Applicability of the amendments to AASB 7 to condensed interim financial statements - clarify that the additional disclosure required by the amendments to AASB 7 Disclosure–Offsetting Financial Assets and Financial Liabilities is not specifically required for all interim periods. However, the additional disclosure is required to be given in condensed interim financial statements that are prepared in accordance with AASB 134 Interim Financial Reporting when its inclusion would be required by the requirements of AASB 134. AASB 119 Employee Benefits: • Discount rate: regional market issue - clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. Further it clarifies that the depth of the market for high quality corporate bonds should be assessed at the currency level. AASB 134 Interim Financial Reporting: • Disclosure of information 'elsewhere in the interim financial report' - amends AASB 134 to clarify the meaning of disclosure of information 'elsewhere in the interim financial report' and to require the inclusion of a cross-reference from the interim financial statements to the location of this information.	1 January 2016	1 January 2016
AASB 2015 -2	Disclosure Initiative	As part of the IASB's Disclosure Initiative projects, the IASB issued Amendments to IAS 1 in December 2014. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. The amendments also clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.	1 January 2016	1 January 2016

NOTE 1 BASIS OF PREPARATION (CONT.)

Reference	Title	Summary	Application date of standard	Application date for Group
AASB 2015-3	Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality	The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards.	1 July 2015	1 January 2016
AASB 16	Leases	The key features of AASB16 are as follows: Lessee accounting • Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. • A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities. • Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. • AASB 16 contains disclosure requirements for lessees. Lessor accounting • AASB 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. • AASB16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk. The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, IFRS 15 Revenue from Contracts with Customers, has been applied, or is applied at the same date as IFRS 16.	1 January 2019	1 January 2019

(d) Principles of consolidation

The consolidated financial statements comprise the financial statements of Antares Energy Limited (Subject to Deed of Company Arrangement) and its subsidiaries during the year ended 31 December 2016 ("the Consolidated Entity").

The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all inter-company balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Consolidated Entity and cease to be consolidated from the date on which control is transferred out of the Consolidated Entity.

(e) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Oil and Gas Properties
Oil and gas properties include construction, installation or completion of infrastructure facilities such as pipelines and platforms, capitalised borrowing costs, transferred exploration and evaluation costs, and the cost of development wells.

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 Consolidated Entity and the cost of the item can be measured reliably. All other costs are charged to profit or loss during the financial period in which they are incurred.

NOTE 1 BASIS OF PREPARATION (CONT.)

Depreciation

Property, plant and equipment, other than freehold land, is depreciated to their residual values at rates based on the expected useful lives of the assets concerned. Oil and gas properties are depreciated on the Units of Production (UOP) basis using proven plus probable reserves.

The remaining assets use the straight line approach. The major categories of assets are depreciated as follows:

Category	Method
Plant and equipment	Straight line at 20% to 33%.
Oil and gas properties	Over the life of proved plus probable reserves on a units of production basis.
Leasehold improvements	Straight line over the shorter of useful life and the lease term.

Currently there are no buildings owned by the Consolidated Entity.

Work in progress assets are carried in the accounts at cost. They are not depreciated until they are installed at the intended location and ready for use in the manner at which they were intended to be used.

Impairment

The carrying values of property, plant and equipment are reviewed for impairment at each reporting date, with the recoverable amount being estimated when events or changes in circumstances indicate the carrying value may be impaired.

The recoverable amount of property, plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For property, plant and equipment, impairment losses are recognised in profit or loss.

Disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

(f) Exploration and evaluation

Expenditure on exploration and evaluation is accounted for in accordance with the "area of interest" method.

Exploration licence acquisition costs are capitalised and subject to half-yearly impairment testing.

All exploration and evaluation costs, including general permit activity, geological and geophysical costs and new venture activity costs, are expensed as incurred except where:

- The expenditure relates to an exploration discovery where, at balance date, an assessment of the existence or otherwise of economically recoverable reserves is not yet complete and significant operations in, or in relation to, the area of interest are continuing; or
- An assessment has been made and it is expected that the expenditure will be recouped through successful exploitation of the area of interest, or alternatively, by its sale.

The costs of drilling exploration wells are initially capitalised pending the results of the well. Costs are expensed where the well does not result in the successful discovery of economically recoverable hydrocarbons. Areas of interest may be recognised at either the field or the well level, depending on the nature of the project. Subsequent to the recognition of an area of interest, all further costs relating to the area of interest are capitalised.

Each potential or recognised area of interest is reviewed half-yearly to determine whether economic quantities of reserves have been found or whether further exploration and evaluation work is underway or planned to support the continued carry forward of capitalised costs.

Upon approval for the commercial development of an area of interest, accumulated expenditure for the area of interest is transferred to oil and gas properties.

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

NOTE 1 BASIS OF PREPARATION (CONT.)

(g) Impairment

Non-financial assets

At each reporting date, the Consolidated Entity assesses whether there is any indication that an asset may be impaired. If any such indication of impairment exists, or when annual impairment testing for an asset is required, the Consolidated Entity makes a formal estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of fair value less costs to sell and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases, the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at a revalued amount (in which case the impairment loss is treated as a revaluation decrease).
Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit).

(h) Available for sale financial assets

Available for sale financial assets consist of equity investments. Equity investments classified as available for sale are those that are neither classified as held for trading nor designated at fair value through profit or loss.

After initial measurement, available for sale financial assets are subsequently measured at fair value with unrealised gains or losses recognised as OCI and credited in the available for sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income in the statement of profit or loss, or the investment is determined to be impaired when the cumulative loss is reclassified from the available for sale reserve to the statement of profit or loss.

(i) Provision for restoration

The Consolidated Entity records the present value of the estimated cost of legal and constructive obligations to restore operating locations in the period in which the obligation arises. The nature of restoration activities includes the removal of facilities, abandonment of wells and restoration of affected areas.

Typically, the obligation arises when the asset is installed at the production location. When the liability is initially recorded, the estimated cost is capitalised by increasing the carrying amount of the related oil and gas properties. Over time, the liability is increased for the change in the present value based on a risk adjusted pre-tax discount rate appropriate to the risks inherent in the liability. The unwinding of the discount is recorded as an accretion charge within finance costs. The carrying amount capitalised in oil and gas properties is depreciated over the useful life of the related asset (refer Note 1(e)).

Costs incurred that relate to an existing condition caused by past operations, and do not have future economic benefit, are expensed.

(j) Trade and other receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An estimate for doubtful debts is made when there is objective evidence that the Consolidated Entity will not be able to collect the full debt. Bad debts are written off when identified. Financial difficulties of the debtor and default payments are likely to be considered objective evidence of impairment.

(k) Cash and cash equivalents

Cash and short term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(l) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year that are unpaid and arise when the Consolidated Entity becomes obliged to make future payments in respect of the purchase of these goods and services.

(m) Provisions

Provisions are recognised when the Consolidated Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

NOTE 1 BASIS OF PREPARATION (CONT.)

(m) Provisions (cont.)

If the effect of the time value of money is material, provisions are discounted using a pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as finance costs.

(n) Employee benefits

(i) Short term benefits

Liabilities for wages and salaries, bonus payments, and other short term benefits expected to be settled within 12 months of the reporting date are recognised in current provisions in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wages and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(o) Leases

Consolidated Entity as a lessee

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance leases, which transfer to the Consolidated Entity substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Consolidated Entity will obtain ownership by the end of the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

(p) Revenue recognition

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Consolidated Entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sales Revenue
Sales revenue is recognised when the significant risks and rewards of ownership have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of "delivery of goods to the customer". Delivery of product is by pipeline and under well specific contracts that define the place of transfer in ownership, the nominated transfer point has appropriate meter equipment installed. Product pricing is dependent upon product quality and delivery volumes rates, and base price marked to an appropriate commodity market benchmark.

Interest
Revenue is recognised as the interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Dividends
Revenue is recognised from dividends when the Company's right to receive the dividend payment is established.

(q) 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 balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences; except:

NOTE 1 BASIS OF PREPARATION (CONT.)

(q) Income tax (cont.)

- when the deferred income 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; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised; except:

- when the deferred income 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 taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates and interests in joint ventures, in which case the deferred tax asset is only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance 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 income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income 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 substantially enacted at the balance date.

Income taxes relating to terms recognised directly in equity are recognised in equity and not in profit or loss.

Tax consolidation legislation

Antares Energy Limited (Subject to Deed of Company Arrangement) and its wholly-owned Australian controlled entities implemented the tax consolidation legislation as of 1 July 2002.

The head entity, Antares Energy Limited (Subject to Deed of Company Arrangement) and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Consolidated Entity has applied the Group allocation approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, Antares Energy Limited (Subject to Deed of Company Arrangement) also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Consolidated Entity. Details of the tax funding agreement are disclosed in note 5.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(r) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(s) Interest bearing loans & borrowings

Convertible notes

The component of the convertible note that exhibits characteristics of debt is recognised as a liability in the Statement of Financial Position, net of issue costs. The residual amount is recognised as equity in the Statement of Financial Position. The debt component of the convertible note is initially measured at fair value and subsequently measured at amortised cost.

NOTE 1 BASIS OF PREPARATION (CONT.)

(s) Interest bearing loans & borrowings (cont)

Convertible notes

Placement costs and interest may be payable on conversion or redemption. Such costs will be accrued as expenses until conversion or redemption. In the case that any or all of these expenses are converted to ordinary shares, the amount that is requested to be converted will be recognised against the issued capital at the time of conversion.

(t) Borrowing costs

Borrowing costs incurred for the construction of qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Assets are considered to be qualifying assets when this period of time is substantial (greater than 12 months). The interest rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Consolidated Entity's outstanding borrowings during the year.

(u) Interest in joint operations

A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement.

Interests in joint operations are reported in the financial statements by including the consolidated entity's share of assets employed in the Joint Operations, the share of liabilities incurred in relation to the Joint Operations and the share of any expenses and revenues in relation to the Joint Operations in their respective categories.

(v) Contributed equity

Issued and paid up capital is recognised at the fair value of the consideration received by the Consolidated Entity. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the proceeds received.

(w) Earnings per share ("EPS")

Basic EPS is calculated as net profit attributable to members of the parent, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as the net profit attributed to members of the parent, adjusted for:

- costs of servicing equity (other than dividends);
- the after-tax effect of dividends and interest associated with the dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenue and expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(x) Inventories

Inventories are valued at the lower of cost and net realisable value. Spares and consumables are valued at purchase cost on a first-in first-out basis. Surplus and obsolete items are identified and disposed of, or written down to realisable value pending disposal.

(y) Foreign currency translation

Both the functional and presentation currency of Antares Energy Limited (Subject to Deed of Company Arrangement) and its Australian subsidiaries is Australian dollars ($). Entities within the Consolidated Entity that are based and operate outside of Australia use the functional currency of the country in which they operate, provided the local economy is not subject to hyperinflation. Each entity in the Consolidated Entity uses its specific functional currency to measure the items included in the financial statements of that entity.

Transactions in foreign currency are initially recorded in the functional currency by applying the exchange ruling at the date of the transaction or the average for the period when translating a large number of transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

Non-monetary items that are measured in terms of historic cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items are measured at fair value in a foreign currency are translated using the exchange rate as at the date when fair value was determined.

The functional currency of the Consolidated Entity's material foreign operation, Antares Energy Company, is United States dollars (USD).

As at the reporting date the assets and liabilities of this subsidiary were translated into the presentation currency of Antares Energy Limited at the rate of exchange ruling at the balance date and their profit or loss is translated at the average exchange for the period.

The exchange differences arising on the translation are taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the statement of profit or loss and other comprehensive income.

NOTE 1 BASIS OF PREPARATION (CONT.)

(z) Non-current assets held for sale or for distribution to equity holders of the parent and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through sale or a distribution rather than through continuing use. Such non-current assets and disposal groups classified as held for sale or for distribution are measured at the lower of their carrying amount and fair value less costs to sell or to distribute. Costs to sell or distribute are the incremental costs directly attributable to the sale or distribution, excluding the finance costs and income tax expense.

The criteria for held for sale or for distribution classification is regarded as met only when the sale or distribution is highly probable and the asset or disposal group is available for immediate sale or distribution in its present condition. Actions required to complete the sale or distribution should indicate that it is unlikely that significant changes to the sale or distribution will be made or that the decision to sell distribute will be withdrawn. Management must be committed to the sale or distribution expected within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale or distribution.

Assets and liabilities classified as held for sale or distribution are presented separately as current items in the statement of financial position.

A disposal group qualifies as a discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale or distribution, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations or
- Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement or profit or loss.

All other notes to the financial statements include amounts for continuing operations, unless otherwise mentioned.

(aa) Share-based payment transactions

The Consolidated Entity provides benefits to directors and employees of the Consolidated Entity in the form of equity, whereby directors and employees render services in exchange for shares, options to acquire shares or rights over shares.

There is currently no share based remuneration in place.

The cost of these equity-settled transactions with employees and directors is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using an appropriate model. In valuing equity-settled transactions, account is taken of performance conditions where the conditions are linked to the price of the shares of Antares Energy Limited.

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

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) for non-market based hurdles, the extent to which the hurdle has been satisfied.

Consolidated Entity's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for changes in the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of the fair value at grant date. The profit or loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

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

(ab) Critical accounting estimates, assumptions and judgements

Estimates and assumptions are periodically evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Equally, the Consolidated Entity continually employs judgement in the application of its accounting policies.

(i) Critical Accounting Estimates and Assumptions

The Consolidated Entity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

NOTE 1 BASIS OF PREPARATION (CONT.)

(ab) Critical accounting estimates, assumptions and judgements (cont.)

Reserves

The assessed recoverable quantities of proven and probable reserves used in the future cashflow estimations include assumptions regarding commodity prices, exchange rates, discount rates, production and transportation costs for future cash flows. It also requires interpretation of complex and difficult geological and geophysical models in order to make an assessment of the size, shape, depth and quality of reservoirs and their anticipated recoveries. The economic, geological and technical factors used to estimate reserves may change from period to period. Estimated recoverable reserves and their production profiles are integral to the amount of impairment, depreciation, depletion and amortisation charged to profit or loss.

Impairment of oil and gas properties

The Consolidated Entity's accounting policy for impairment is set out at Note 1(g).

Unless otherwise identified, the following discussion of impairment testing is applicable to the assessment of the recoverable amount of all of the Consolidated Entity's Oil and Gas Property assets.

At 31 December 2016, there was no impairment to the Consolidated Entity's Oil and Gas Property assets. As at 31 December 2015 the Group impaired the value in use of its oil and gas properties, writing their carrying values to $3,085

The company has valued these assets at the fair value or market price for these assets.

Restoration obligations

Where a restoration obligation exists, the Consolidated Entity estimates the future removal costs of production facilities, wells and pipelines at the time of installation of the assets. In most instances, removal of assets occurs many years into the future. This requires judgemental assumptions regarding removal date, future environmental legislation, the extent of reclamation activities required, the engineering methodology for estimating cost, future removal techniques in determining the removal cost and asset specific discount rates to determine the present value of these cashflows. For more detail regarding this policy in respect of the provision for restoration refer to Note 1(i).

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 Consolidated Entity'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 Consolidated Entity as a whole.

The Consolidated Entity derives its revenue primarily from the sale of oil and gas produced in the USA. During the years ended 31 December 2016 and 31 December 2015 external sales of oil and gas were made to customers solely located in the USA.

	Consolidated	
	31 December 2016 $'000	**31 December 2015 $'000**
Analysis of revenue – Continued operations:		
Oil	638	991
Gas	44	38
Interest	1	33
Dividend	-	2,843
	683	3,905
Geographical split of non-current assets:		
USA	435	3,638
Australia	-	-
	435	3,638

NOTE 3 REVENUE & INCOME

Revenue		
Sale of product	682	1,029
Dividend revenue	-	2,843
Interest revenue	1	33
	683	3,905

NOTE 4 EXPENSES AND LOSSES/(GAINS)

Expenses

	Consolidated 31 December 2016 $'000	Consolidated 31 December 2015 $'000
(a) Cost of sales:		
Amortisation expenses	-	187
Other production costs	834	1,373
Total cost of goods sold	834	1,560
(b) Other expenses:		
General and administrative expenses	*	*
	*	*
Wages and salaries	*	*
Total employee benefits	*	*
Total other expenses	3,405	4,299
(c) Finance costs:		
Interest paid/payable	1,879	5,827
Finance costs on extinguishment of debt	-	-
Loss on extinguishment of financial instrument	-	-
Unwinding of present value discount	-	-
	1,879	5,827

NOTE 5 INCOME TAX

The major components of income tax expense are	Consolidated 31 December 2016 $'000	Consolidated 31 December 2015 $'000
Income Statement		
Current Income Tax		
Current income tax benefit	-	-
Prior year adjustment	-	(1,279)
Deferred Income Tax		
Relating to origination and reversal of timing differences	-	-
	-	(1,279)
Income tax benefit is attributable to:		
Loss from continuing operations	-	(1,279)
Profit from discontinued operations	-	-
	-	(1,279)

A reconciliation between tax expense and the product of accounting loss before income tax multiplied by the Group's applicable income tax rate is as follows:

	2016	2015
Accounting loss before income tax	(6,672)	(48,245)
At Group's statutory income tax rate of 30%	2,002	(14,474)
Adjustments in respect of current year income tax:		
- Non deductible expense / assessable income	*	*
- Impact of foreign jurisdiction tax rate	*	*
- Sale of assets	*	*
- Other	*	*
- Deferred tax asset not brought to account	(2,002)	*
- Prior year adjustments	*	*
Income tax benefit	-	(1,279)

* 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 year ended 31 December 2016.

NOTE 5 INCOME TAX (CONT.)

Deferred tax balances CONSOLIDATED	**Opening Balance $'000**	**Charged to income $'000**	**Charged to equity $'000**	**Closing Balance $'000**
12 months to 31 December 2016				
Taxable and deductible temporary differences arise from the following:				
Deferred tax assets				
Provisions	*	*	-	*
Financial assets	*	*	-	*
Oil and gas assets	*	*	-	*
Losses available for offset against future taxable income (Australian)	*	*	-	*
Deferred tax liabilities				
Convertible notes	*		-	*
Property, plant and equipment	*	*	-	*
Financial liabilities	*	*	-	*
Less Unrecognised Net Deferred Tax Assets	*	*	-	*
	*	*	-	-

Deferred tax balances CONSOLIDATED	**Opening Balance $'000**	**Charged to income $'000**	**Charged to equity $'000**	**Closing Balance $'000**
12 months to 31 December 2015				
Taxable and deductible temporary differences arise from the following:				
Deferred tax assets				
Provisions	557	*	-	*
Financial assets	6,652	*	-	*
Oil and gas assets	21,443	*	-	*
Losses available for offset against future taxable income (Australian)	16,224	*	-	*
Deferred tax liabilities				
Convertible notes	(823)		-	*
Property, plant and equipment	(19)	*	-	*
Financial liabilities	(470)	*	-	*
Less Unrecognised Net Deferred Tax Assets	(43,564)	*	-	*
	-	*	-	*

Unrecognised deferred tax balances	**Consolidated 31 December 2016 $'000**	**31 December 2015 $'000**
The following deferred tax assets have not been brought to account as follows:		
Tax losses - revenue (Australian)	-	16,694
Temporary difference – oil and gas assets	-	24,103
Temporary differences – financial assets	-	19,164
Temporary differences – provisions	-	467
	-	60,428

The deferred tax assets will only be obtained if:
i) Future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
ii) The conditions for deductibility imposed by tax legislation continue to be complied with; and
iii) No changes in tax legislation adversely affect the consolidated entity in realising the benefit.

* 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 year ended 31 December 2016 and the comparative year 31 December 2015.

Tax consolidation

Effective 1 July 2002, for the purposes of income taxation, Antares Energy Limited (Subject to Deed of Company Arrangement) and its 100% owned Australian controlled entities formed a tax consolidated group. Members of the group have entered into a tax sharing arrangement. The tax sharing agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the balance date, the possibility of default is remote. The head entity of the tax consolidated group is Antares Energy Limited.

NOTE 5 INCOME TAX (CONT.)

Tax consolidation (cont.)

Members of the tax consolidated group have entered into a tax funding agreement. Under the funding agreement the funding of tax within the Group is determined with reference to the amount recognised by individual members. The tax funding agreement requires payments to/from the head entity to be recognised via an inter-entity receivable (payable) which is at call. To the extent that there is a difference between the amount charged under the tax funding agreement and the allocation under AASB Interpretation 1052, the head entity accounts for these as equity transactions with the subsidiaries.

The amounts receivable or payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Franking credits

Antares Energy Limited (Subject to Deed of Company Arrangement) does not have any franking credits at 31 December 2016.

NOTE 6 LOSS PER SHARE

Basic loss per share amounts are calculated by dividing net profit or loss for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period.

Diluted loss per share amounts are calculated by dividing the net profit or loss attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares

	Consolidated	
The following reflects the income and share data used in the basic and diluted earnings per share computations:	31 December 2016 $'000	31 December 2015 $'000
Net loss attributable to ordinary equity holders of the parent (used in calculating basic and diluted loss per share)	(6,672)	(48,245)

	31 December 2016 '000	31 December 2015 '000
Weighted average number of ordinary shares outstanding during the year used in calculating basic and dilutive EPS	240,000	240,000

In order for outstanding performance rights and convertible notes to be considered dilutive, they are required to be dilutive to the continuing operations of the Consolidated Entity. There are 71,250,000 contingently issuable and anti-dilutive potential shares outstanding at 31 December 2016 that have not been included in the calculation of diluted earnings per share.

NOTE 7 CASH AND CASH EQUIVALENTS

	Consolidated	
	31 December 2016 $'000	31 December 2015 $'000
Cash at bank and on hand	145	1,389

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between 1 and 3 months depending on the cash requirements of the Consolidated Entity. These deposits earn interest at the respective short term-deposit rates.

NOTE 7 CASH AND CASH EQUIVALENTS (CONT.)

	Consolidated	
	31 December 2016 $'000	31 December 2015 $'000
Reconciliation of net loss after tax to net operating cash flows		
Net loss	(6,672)	(48,245)
Non-cash Items and other adjustments:		
Depreciation and amortisation	-	627
Loss on sale of shares	1,237	-
Gain on sale of assets	-	(88)
Impairment of available for sale financial assets	-	36,736
Impairment of exploration and evaluation expenditure	-	3,043
Impairment of oil & gas properties	-	1,656
Impairment of property, Plant & equipment	-	128
Loss on convertible note buyback	-	(38)
Finance fee in financing activities	-	-
Unwinding of present value discount	-	-
Foreign exchange movement	-	(168)
Dividends in investing activities	-	(2,843)
Change in operating assets and liabilities:		
Decrease in receivables and prepayments	967	583
Increase/(Decrease) in creditors and payables	1,045	94
(Decrease)/Increase in provisions	(1,283)	491
Increase in tax balances	-	-
Net cash outflows from operating activities	(4,706)	(8,024)

NOTE 8 TRADE AND OTHER RECEIVABLES

	Consolidated	
	31 December 2016 $'000	31 December 2015 $'000
Current		
Trade receivables (i)	-	88
Other receivables (ii)	1	18
Loan to related party (note 26)	-	821
	1	927
Non-current		
Loan to related party (note 26)	-	-

(i) Trade receivables are non-interest bearing and are generally 30-90 day terms. Trade receivables do not include any impaired or past due amounts. It is expected that all amounts will be received when due.
(ii) Other receivables includes BAS refunds.

NOTE 9 PREPAYMENTS (CURRENT)

	Consolidated	
	31 December 2016 $'000	31 December 2015 $'000
Prepayments	-	41
	-	41

NOTE 10 AVAILABLE FOR SALE FINANCIAL ASSETS

	Consolidated	
	31 December 2016 $'000	**31 December 2015 $'000**
Available For Sale Financial Assets at fair value		
Quoted equity shares	-	3,943
Movement in AFS financial assets		
Balance at start of period	3,943	36,698
Impairment	(1,237)	(36,736)
Disposal	(2,587)	-
Loss on disposal	-	-
FX variation	(119)	3,981
Balance 31 December	-	3,943

AFS financial assets comprise 4.3 million equity securities in Breitburn Energy Partners LP (NASDAQ:BBEP) received as part of the sale of the Company's Southern Star assets.

On acquisition the securities were valued at $90.645 million. In December 2014 their fair value was $36,698. In December 2015 an impairment of $36.736 million was made to the value of the securities to reflect their fair value based on the current quoted market price of Breitburn securities at 31 December 2015. Fair value of available for sale financial assets is with reference to quoted market prices (level 1 in the fair value hierarchy).

NOTE 11 HELD FOR SALE ASSETS

	Consolidated	
	31 December 2016 $'000	**31 December 2015 $'000**
Held For Sale Assets at fair value		
Oil and Gas Properties – Northern Star	2,727	-
Movement in HFS assets		
Transfer from Oil & Gas assets	2,727	-
Disposal costs/Restoration	-	-
Balance 31 December	2,727	-

HFS financial assets comprise the seven well bores and associated acerage 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 12 PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	31 December 2016 $'000	**31 December 2015 $'000**
Property, plant & equipment – cost	929	929
Accumulated depreciation	(757)	(757)
Impairment *	(128)	(128)
Disposal	(44)	
Total Property, Plant and Equipment	-	44

Motor Vehicles were sold on the 16 June 2016 for AUD$0.44 million.
*An impairment charge was recorded against property, plant and equipment to reflect the market (sale) value.

NOTE 12 PROPERTY, PLANT AND EQUIPMENT (CONT.)

	Consolidated	
	31 December 2016 $'000	31 December 2015 $'000
Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year:		
Office equipment, vehicles and furniture		
Balance at start of period	44	126
Additions	-	104
Disposals	(44)	(15)
Exchange differences from translation		21
Depreciation		(64)
Impairment*		(128)
Balance at end of period	-	44

NOTE 13 OIL AND GAS PROPERTIES

	Consolidated	
	31 December 2016 $'000	31 December 2015 $'000
Oil and gas properties		
- at cost	28,549	28,549
- accumulated amortisation & impairment	(25,464)	(25,464)
-transfer to disposal group held for sale assets	(2,727)	-
-exchange difference translation	53	-
	411	3,085

Reconciliation

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

	31 December 2016 $'000	31 December 2015 $'000
Balance at start of period	3,085	3,700
Additions	-	-
Impairment	-	(1,656)
Restoration	-	-
Transfer from/(to) disposal group held for sale	-	-
Amortisation	-	(188)
Foreign exchange translation	53	1,229
Transfer to disposal group held for sale assets	(2,727)	-
Balance at end of period	411	3,085

Oil and gas properties consist of the Northern Star and Big Star projects. These assets have been valued at market (sale) price.

NOTE 14 DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	31 December 2016 $'000	31 December 2015 $'000
Exploration and evaluation costs carried forward in respect of areas of interest:		
Exploration and/or evaluation phase	-	-

The ultimate recoupment of costs carried forward for the exploration and evaluation phase is dependent on the successful development and commercial exploitation or sale of the respective areas.

Reconciliation
Reconciliation of carrying amounts of exploration and evaluation expenditure at the beginning and end of the current financial year:

Balance at start of period	-	-
Additions	-	5,025
Transfer from oil & gas properties disposal group held for sale	-	-
Foreign exchange translation	-	(1,982)
Expenditure impaired	-	(3,043)
Balance at end of period	-	-

In 2015, the carrying value of the Big Star and Northern Star exploration assets was reviewed following transfer from non-current assets held for sale. In aligning the exploration assets carrying value with their fair value, an impairment of $4.8 million was made to their carrying values.

NOTE 15 TRADE AND OTHER PAYABLES (CURRENT)

	Consolidated	
	31 December 2016 $'000	31 December 2015 $'000
Trade creditors and accruals	174	1,227
Creditors Claims under Administration*	610	-
	784	1,227

Trade creditors are non-interest bearing and generally payable within 30 – 60 days.
Accruals include amounts payable as a result of cash calls made by operators of non-operated projects for upcoming capital expenditure such as wells.

NOTE 16 INTEREST-BEARING LOANS AND BORROWINGS

	Consolidated	
	31 December 2016 $'000	31 December 2015 $'000
Current		
Convertible notes	47,500	47,500
	47,500	47,500

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, no convertible notes were issued (2015: 14,750,000). During 2016, no convertible notes were bought back, on market (2015: 2,250,000).

As at 31 December 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 17 PROVISIONS

	Consolidated 31 December 2016 $'000	31 December 2015 $'000
Current		
Employee leave benefits	276	1,291
	276	1,291
Non-Current		
Restoration	173	442
	173	442
Reconciliation of the movements in the restoration provision		
Balance at start of period	441	1,262
Additions during period	-	-
Unwinding of present value discount	-	*
Transfer to disposal group held for sale	-	-
Foreign exchange movements	8	*
Balance at end of period	449	442

The restoration obligations are expected to be incurred over a period from 1 to 15 years.

The Company has recognised a provision for restoration related to the estimated cost of restoration work required at the end of the useful life of the producing fields, including removal of facilities and equipment required or intended to be removed.

These provisions have been created based on the Company's estimate. These estimates are reviewed regularly to take into account any material changes to the assumptions. However actual decommissioning costs will ultimately depend upon future market prices for the necessary decommissioning works required which will reflect market conditions at the relevant time. Furthermore, the timing of the decommissioning is likely to depend on when the fields cease to produce at economically viable rates. This, in turn, will depend upon future oil prices, which are inherently uncertain. These estimates of restoration are subject to significant estimates and assumptions which are outlined in Note 1(ab).

* 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 year ended 31 December 2016 and comparative year 31 December 2015.

NOTE 18 CONTRIBUTED EQUITY

	31 December 2016 $'000	31 December 2015 $'000
Issued and paid up capital:		
Fully paid ordinary shares	84,436	84,436

The only shares the Company has on issue are fully paid ordinary shares. These shares have the right to receive dividends as declared and, in the event of a winding up of the Company, to participate in the proceeds of the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

Ordinary shares entitle the holder to one vote, either in person or by proxy, at a meeting of the Company.

	12 months to 31 December 2016		12 months to 31 December 2015	
	No. of shares	$'000	No. of shares	$'000
Movement in ordinary shares on issue:				
Beginning of the period	240,000,000	84,436	242,000,000	84,671
Shares bought back on market	-	-	(2,000,000)	(235)
End of the period	240,000,000	84,436	240,000,000	84,436

Capital management

The capital management note below reflects the capital management policies that were adopted by the directors of the Company who were in office prior to the Company entering into administration. These policies applied until the Company entered Voluntary Administration on 28 April 2016. On entering administration, the Administrators were responsible for the corporate governance of the Company.

The Administrators had no involvement in adopting, implementing or complying with these capital management policies. These policies may or may not have been in place during the financial period.

If the recapitalisation proposal is successful, the proposed new directors will adopt a new capital management policy.

When managing capital, the Board's objective is to ensure the Consolidated Entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

NOTE 18 CONTRIBUTED EQUITY (CONT.)

In 2016, the Board did not buy back convertible notes (2015:2,250,000) convertible notes. No ordinary shares were bought back in 2016 (2015: 2,000,000).

Management monitor capital by reviewing the level of cash on hand, future revenue streams from oil and gas reserves and assessing the impact of possible future commitments in respect of the convertible notes and the potential capital structure that would be required to meet those potential commitments.

	Consolidated	
	31 December 2016 $'000	31 December 2015 $'000
Total borrowings	47,500	47,500
Less cash and cash equivalents	(145)	(1,389)
Net debt (minimum balance is nil)	47,355	46,111
Total (deficiency in shareholders' funds) / equity	(45,449)	(41,030)
Total capital and debt	1,906	5,081

NOTE 19 RESERVES

	Consolidated	
	31 December 2016 $'000	31 December 2015 $'000
Option reserve	5,883	5,883
Convertible Note reserve	3,922	3,922
FX Translation reserve	23,054	20,801
AFS Reserve	-	-
	32,859	30,606

Nature and purpose of reserves:

Option reserve

The option reserve is used to record the value of share based payments provided to Key Management Personnel, as part of their remuneration. There were no options on issue or issued in 2016 or 2015.

Convertible Note reserve

The convertible note reserve is used to record the equity portion of convertible notes issued by the Company.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the conversion of the financial statement of foreign subsidiaries.

AFS financial assets reserve

Available for sale financial assets reserve is used to record fair value differences in available for sale financial assets until they are disposed of.

	Consolidated			
	Number	31 December 2016 $'000	Number	31 December 2015 $'000
Movement in Option reserve				
Beginning of the period		5,883	-	5,883
Movement		-	-	-
End of the period		5,883	-	5,883
Movement in Convertible Note reserve				
Beginning of the period	23,750,000	3,922	26,000,000	3,934
Issue of convertible notes	-	-	-	-
Buy back of convertible notes	-	-	(2,250,000)	(12)
End of the period	23,750,000	3,922	23,750,000	3,922
Movement in FX Translation reserve				
Beginning of the period		20,801		15,803
Translation of foreign currency		2,253		4,998
End of the period		23,054		20,801

NOTE 19 RESERVES(CONT.)

	Consolidated			
	Number	31 December 2016 $'000	Number	31 December 2015 $'000
Movement in AFS financial assets reserve				
Beginning of the period		-		-
Increment in AFS fair value		-		-
Impairment of AFS financial asset		-		-
End of the period		-		-
TOTAL RESERVES		**32,859**		**30,606**

NOTE 20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial risk note below reflects the financial risk management and policies that were adopted by the directors of the Company who were in office prior to the Company entering into administration. These policies applied until the Company entered Voluntary Administration on 28 April 2016. On entering administration, the Administrators were responsible for the corporate governance of the Company.

The Administrators had no involvement in adopting, implementing or complying with these financial risk management and policies. These policies may or may not have been in place during the financial period.

If the recapitalisation proposal is successful, the proposed new directors will adopt a new financial risk policy.

Overview

The Company and the Consolidated Entity have exposure to the following risks from their use of financial instruments:

a) market risk;

b) liquidity risk; and

c) credit risk.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the Audit and Compliance Committee, which is responsible for developing and monitoring risk management policies.

The Consolidate Entity's principal financial instruments comprise cash and short-term deposits and convertible notes.

The main purpose of these financial instruments is to provide working capital for the Consolidated Entity's operations.

The Consolidated Entity's has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations.

Throughout the period under review, the Consolidated Entity's policy is that no trading in financial instruments shall be undertaken.

The main risks arising from the Consolidated Entity's financial instruments are market risk (which includes interest rate risk, foreign currency risk and commodity risk), liquidity risk and credit risk. The Board reviews and agrees on policies for managing each of these risks and they are summarised below:

(a) Market risk

Equity price risk

At balance date the Consolidated Entity's exposure to equity price risk for changes in equity price relates primarily to the Company's available for sale financial assets.

The Board manages the potential risk by monitoring and stress testing the Consolidated Entity's forecast financial position to sustained periods of low and high equity prices. During the year to 31 December 2016 and 31 December 2015, no forward contracts were entered into and there were no open positions at 31 December 2016 or 31 December 2015.

At balance date, the Consolidated Entity had the following financial assets and liabilities exposed to variable equity prices that are not designated in cash flow hedges:

	Consolidated	
	31 December 2016 $'000	31 December 2015 $'000
Financial Assets		
Available for sale financial assets	-	3,943
Net exposure	**-**	**3,943**

NOTE 20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT.)

(a) Market risk(cont.)

Equity price risk (cont.)

The following sensitivity analysis is based on the equity price risk exposures in existence at the balance sheet date. The 20.0% sensitivity is based on reasonably possible changes, over a financial year, using an observed range of historical price movements.

In the year to 31 December 2016 if equity prices had moved as illustrated in the table below, with all other variables held constant, the post tax result relating to financial assets of the Consolidated Entity would have been affected as follows:

	Consolidated	
	31 December 2016 $'000	**31 December 2015 $'000**
Judgements of reasonably possible movements:		
Post tax profit – higher/(lower)		
+50.0% (2014: +20.0% per annum)	*	*
-50.0% (2014: -20.0% per annum)	*	*
Equity – higher/(lower)		
+50.0% (2014: +20.0% per annum)	*	*
-50.0% (2014: -20.0% per annum)	*	*

* 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 year ended 31 December 2016 and comparative year 31 December 2015.

Interest rate risk

At balance date the Consolidated Entity's exposure to market risk for changes in interest rates relates primarily to the Company's short-term cash deposits and the term debt borrowing facility. The Consolidated Entity is not exposed to cash flow volatility from interest rate changes on the convertible notes as they carry a fixed rate of interest of 10% per annum.

The Consolidated Entity constantly analyses its exposure to interest rates, with consideration given to potential renewal of existing positions, the mix of fixed and variable interest rates and the period to which deposits may be fixed.

The Group's policy is to select the most cost efficient mix of fixed and variable rate debt.

At balance date, the Consolidated Entity had the following financial assets and liabilities exposed to variable interest rates that are not designated in cash flow hedges:

	Consolidated	
	31 December 2016 $'000	**31 December 2015 $'000**
Financial Assets – interest bearing		
Cash and cash equivalents	145	1,389
Net exposure	**145**	**1,389**

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date. The 1.0% sensitivity is based on reasonably possible changes, over a financial year, using an observed range of historical short term deposit rate movements over the last 3 years.

In the year to 31 December 2016 if interest rates had moved as illustrated in the table below, with all other variables held constant, the post tax result relating to financial assets of the Consolidated Entity would have been affected as follows:

	Consolidated	
	31December 2016 $'000	**31 December 2015 $'000**
Judgements of reasonably possible movements:		
Post tax profit – higher/(lower)		
Financial assets		
+1.0% (2014: +1.0% per annum)	*	*
-1.0% (2014: -1.0% per annum)	*	*

There would have been no other impact on equity (reserves) from movements in interest rates relating to financial assets or liabilities of the Group.

NOTE 20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT.)

(a) Market risk (cont.)

Interest rate risk (cont.)

* 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 year ended 31 December 2016 and comparative year 31 December 2015.

Foreign currency risk

As a result of oil and gas exploration, development and production operations in the USA being denominated in USD, the Consolidated Entity's Statement of Financial Position can be affected significantly by movements in the USD/AUD exchange rates. The Company does not hedge this translational risk exposure.

The Consolidated Entity manages its foreign exchange risk by constantly reviewing its exposure to commitments payable in foreign currency and ensuring appropriate cash balances are maintained in United States Dollars, to meet current operational commitments.

At 31 December 2016 and 31 December 2015, the Consolidated Entity had no forward foreign exchange contracts in place.

Commodity price risk

The Consolidated Entity is exposed to commodity price fluctuations through the sale of petroleum products denominated in US dollars – specifically the natural gas, condensate and oil prices in the USA.

The Board manages the potential risk by monitoring and stress testing the Consolidated Entity's forecast financial position to sustained periods of low and high commodity prices. During the year to 31 December 2016 and 31 December 2015 no forward contracts were entered into and there were no open positions at 31 December 2016 or 31 December 2015.

(b) Liquidity risk

The Consolidated Entity's objective is to maintain a balance between continuity of funding and flexibility through the use of its cash and funding alternatives.

The Consolidated Entity manages liquidity risk by maintaining adequate banking and borrowing facilities through the monitoring of future rolling cash flow forecasts of its operations, which reflect management's expectations of the settlement of financial assets and liabilities.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of any netting agreements.

	Consolidated	
	31 December 2016 $'000	**31 December 2015 $'000**
0 – 6 months	(48,284)	(48,727)
6 – 12 months	-	-
1 – 5 years	-	-
	(48,284)	(48,727)

* 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 year ended 31 December 2016 and comparative year 31 December 2015.

The following table discloses the contractual maturity analysis of financial assets and liabilities as at the end of the financial year:

Consolidated as at 31 December 2016	≤ 6 months $'000	6 – 12 months $'000	1 – 5 years $'000	> 5 years $'000s	Total $'000
Financial Assets					
Cash and cash equivalents	145	-	-	-	145
Trade and other receivables	1	-	-	-	1
	146	-	-	-	146
Financial Liabilities					
Payables	(784)	-	-	-	(784)
Convertible notes	(47,500)	-		-	(47,500)
	(48,284)	-	-	-	(48,284)
Net inflow/(outflow)	(48,138)	-	-	-	(48,138)

* 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 year ended 31 December 2016 and comparative year 31 December 2015.

NOTE 20 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT.)

Consolidated as at 31 December 2015	≤ 6 months $'000	6 – 12 months $'000	1 – 5 years $'000	> 5 years $'000s	Total $'000
Financial Assets					
Cash and cash equivalents	1,389	-	-	-	1,389
Trade and other receivables	927	-	-	-	927
	2,316	-	-	-	2,316
Financial Liabilities					
Payables	(1,227)	-	-	-	(1,227)
Convertible notes	(47,500)	-		-	(47,500)
	(48,727)	-	-	-	(48,727)
Net inflow/(outflow)	(46,411)	-	-	-	(46,411)

(c) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Consolidated Entity.

Credit risk arises from the financial assets of the Consolidated Entity, which comprise cash and cash equivalents, trade and other receivables and other financial assets. The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Consolidated Entity's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained. Exposure at balance date is addressed in each applicable note.

The Consolidated Entity does not hold any credit derivatives to offset its credit exposure.

The Consolidated Entity trades only with recognised, creditworthy third parties and has adopted a policy of dealing with creditworthy counterparts and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

Receivable balances are monitored on an ongoing basis with the result that the Consolidated Entity's exposure to bad debts is not significant.

Specific concentration of credit risk exists primarily within cash and cash equivalents and trade receivables in respect of receivables due from joint venture operators for the Consolidated Entity's share of proceeds from the sale of oil and gas by the operator, as well as cash held by joint venture operations in advance of operations being performed.

As at 31 December 2016 all trade receivables and other receivables relating to cash held in advance of operations were receivable from joint operations operators who have no history of credit default with the Consolidated Entity, and no allowance for impairment is considered necessary for potential default.

Other than the concentration of credit risk described above, the consolidated entity does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The carrying amount of financial assets recorded in the financial statements, net of any allowance for impairment losses, represents the consolidated entity's maximum exposure to credit risk.

(d) Fair Value

All assets and liabilities for which fair value is disclosed in the financial statements are categorised within the fair value hierarchy, described below as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The Directors consider that the carrying amount of the financial assets, available for sale financial assets and liabilities recorded in the financial statements approximate their fair values except for the convertible notes.

The fair value of convertible notes are determined as being zero. The Convertible notes have been suspended from trading since September 2015 and there is no way to determine a fair value measurement under level 2. Under level 3, the fair value estimate takes into account the net deficit position of the Group hence determining the fair value as nil. The carrying value of the convertible notes is $47,500,000 (2015: $47,500,000).

NOTE 21 COMMITMENTS FOR EXPENDITURE 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 year ended 31 December 2015.

We have not been able to ascertain the contingent liabilities, if any, pertaining to the Consolidated Entity as at 31 December 2016.

NOTE 22 INTEREST IN JOINT OPERATIONS

(i) At 31 December 2016 the Consolidated Entity held the following interests in oil and gas production and exploration joint operations:

Joint Operations	Working Interest	
	31 Dec 2016	31 Dec 2015
Oyster Creek – Texas	67.5%	67.5%
Big Star – Simmons Prospect – Texas	72.0%	72.0%

(ii) Principal activities of joint operations

Petroleum exploration and production is the principal activity of all of the joint ventures that the Consolidated Entity is a participant in at 31 December 2016. All joint operations are located onshore Texas, USA.

NOTE 23 RELATED PARTY DISCLOSURES

(i) ULTIMATE PARENT
Antares Energy Limited is the ultimate parent company.

(ii) CONSOLIDATED ENTITY
At year end the Consolidated Entity consisted of the subsidiaries listed in the following table:

	Country of Incorporation	Class of Share	Equity interest 31 December 2016	Equity interest 31 December 2015
Controlled entities of Antares Energy Limited:				
Santa Energy Pty Ltd	Australia	Ord Shares	100%	100%
Controlled entities of Santa Energy Pty Ltd:				
Antares Energy Company	USA	Common Stock	100%	100%

There are no restrictions on access to assets and liabilities of the subsidiaries

NOTE 24 EVENTS AFTER THE BALANCE SHEET DATE

The Administrator 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").

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.

NOTE 25 AUDITOR'S REMUNERATION

The auditor of Antares Energy Limited (Subject to Deed of Company arrangement) was Stantons International.

	Consolidated 31 December 2016 $'000	Consolidated 31 December 2015 $'000
Amounts received or due and receivable in relation to the entity or any other entity in the Consolidated Entity:		
- an audit or review of the financial report	*	*
- tax and compliance services	*	*
	*	*

Stanton's international Audit and Consulting Pty Ltd are the Company's current auditors and have not provided any non-audit services.

*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 year ended 31 December 2016 and comparative year 31 December 2015.

NOTE 26 DIRECTOR AND EXECUTIVE DISCLOSURES

(a) Details of Key Management Personnel

Directors

J.A. Cruickshank	Chairman, Managing Director and Chief Executive Officer (Resigned 27 April 2016)
G.D. Shoemaker	Director and Chief Scientist(Resigned 28 April 2016)
V.A. McAppion	Director – Finance & Administration Manager(Resigned 28 April 2016)
M.G. Clohessy	Non-Executive Director (Resigned 28 April 2016)

There were no other changes in the key management personnel between the end of the financial year and the date of this report.

(b) Remuneration of Key Management Personnel

(i) Compensation by Category: Key Management Personnel

	Consolidated	
	2016 $	2015 $
Short-Term	*	*
Post Employment	*	*
Long-Term	*	*
Share-based Payments	*	*
	*	*

* 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 year ended 31 December 2016 and comparative year 31 December 2015.

(ii) Loans to Key Management Personnel

During the year ended 31 December 2010 an interest free loan was provided to a Director J.A. Cruickshank, repayable on demand if the Director ceases employment with Antares or ceases to be located in Dallas, Texas. The Board considers the benefit reasonable remuneration within the meaning of Section 211 of the Corporations Act. Mr Cruickshank repaid this loan in full on 25 January 2016. (2015: $821,243).

(iii) Other transactions and balances with Key Management Personnel

During the year ended 31 December 2016 and the year ended 31 December 2015 there were no transactions with Key Management Personnel other than those described above. At 31 December 2016 and 31 December 2015 there were no balances outstanding in relation to Key Management Personnel other than those described above and in the Remuneration Report.

NOTE 27 PARENT ENTITY INFORMATION

The following information relates to the parent entity, Antares Energy Limited (Subject to Deed of Company Arrangement), at 31 December 2016. The information presented here has been prepared using accounting policies consistent with those presented in note 1.

	31 December 2016 $'000	31 December 2015 $'000
Current assets	15	212
Non-current assets	-	2
Total assets	15	214
Current liabilities	48,197	48,300
Non-current liabilities	-	-
Total liabilities	48,197	48,300
Contributed equity	84,436	84,436
Reserves	10,650	10,650
Accumulated losses	(143,268)	(143,173)
Total equity	(48,182)	(48,087)
Loss for the year	(95)	(53,088)
Total comprehensive loss for the year	(95)	(53,088)

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(b) 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),and the remuneration disclosures contained in the Remuneration Report for the financial year ended 31 December 2016 are in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the financial position as at 31 December 2016 and the performance for the half-year ended on that date of the consolidated entity; and

  (ii) complying with Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001; and

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 1(a); and

(c) 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

Stantons International Audit and Consulting Pty Ltd
trading as
Stantons International
Chartered Accountants and Consultants

PO Box 1908
West Perth WA 6872
Australia

Level 2, 1 Walker Avenue
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 84 144 581 519
www.stantons.com.au

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

Report on the Audit of the Financial Report

Disclaimer of Opinion

We have audited the financial report of Antares Energy Limited (Subject to a Deed of Company Arrangement), the Company and its subsidiaries, (the Group), which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the deed administrators' declaration.

We do not express an opinion on the accompanying financial report of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial report, and whether the financial report of the Group is in accordance with the Corporations Act 2001.

Basis for Disclaimer of Opinion

The Group was placed into voluntary administration on 28 April 2016. Consequently, the financial information relating to the year under audit 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 (b), 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.

Key Audit Matters

Except for the matter described in the Basis for Disclaimer of Opinion section, we have determined that there are no other key audit matters to communicate in our report.

Responsibilities of Management and Those Charged with Governance for the Financial Report

The deed administrators 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 deed administrators determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In preparing the financial report, the deed administrators are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the deed administrators either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2016, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Deed administrators for the Financial Report

The deed administrators 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 deed administrators determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In note 1 (b), the deed administrators also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that, where possible, the financial statements have been reconstructed to comply with International Financial Reporting Standards, though financial records are incomplete. Accordingly, the deed administrators disclaim any responsibility for the completeness of the Financial Statements, and do not provide any statement to such effect in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. 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.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of 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 conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Disclaimer of opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 4 to 5 of the directors' report for the year ended 31 December 2016.

Because of the existence of the limitation on scope of our work, as described in the Basis of Disclaimer of Auditor's Opinion, 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, an opinion on the remuneration report of Antares Energy Limited (Subject to a Deed of Company Arrangement) for the year ended 31 December 2016 and whether it complies with Section 300A of the Corporations Act 2001.

Responsibilities

The deed administrators of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

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

SHAREHOLDER INFORMATION
AS AT 16 OCTOBER 2017

Ordinary Shares

(a) Twenty Largest Shareholders

Rank	Holder Name	Securities	%
1	J P MORGAN NOMINEES AUST LTD	35,198,492	14.67%
2	HSBC CUSTODY NOMINEES AUST LIMITED	25,453,412	10.61%
3	CITICORP NOMINEES PTY LTD	16,175,774	6.74%
4	MR JAMES ANDREW CRUICKSHANK	10,500,000	4.38%
5	NATIONAL NOMINEES LTD	8,039,246	3.35%
6	ESSENTIAL EAST PTY LTD	3,500,001	1.46%
7	TANGLED-BLUE INVESTMENTS PTY LTD	3,236,255	1.35%
8	YANDAL INVESTMENTS PTY LTD	2,988,006	1.25%
9	MR MARK CLOHESSY	2,865,000	1.19%
10	JOHJAM PTY LTD	2,795,000	1.16%
11	MR BRIAN HENRY MCCUBBING	2,200,000	0.92%
12	BNP PARIBAS NOMS PTY LTD	2,168,800	0.90%
13	VLANSAM PTY LTD	2,052,882	0.86%
14	WESTBLOCK SERVICES PTY LTD	1,938,334	0.81%
15	MR RODNEY ALEXANDER SHEA	1,797,000	0.75%
16	KILLAWARRA PTY LTD	1,700,000	0.71%
17	MR JONATHAN B KERR – SHEPPHARD	1,700,000	0.71%
18	ONE MANAGED INV FUNDS LTD	1,513,725	0.63%
19	BARTON & BARTON	1,450,000	0.60%
20	MERRILL LYNCH (AUSTRALIA	1,443,137	0.60%
		128,715,064	53.65%

(b) Distribution of Shareholdings

Spread of Holdings	Holders	Securities	% of Issued Capital
NIL holding	0	0	0.00%
1 - 1,000	991	313,228	0.13%
1,001 - 5,000	1,052	3,039,557	1.27%
5,001 - 10,000	611	5,029,525	2.10%
10,001 - 100,000	1,098	34,771,966	14.49%
100,001 - 9,999,999	223	196,845,724	82.02%
TOTAL ON REGISTER	3,975	240,000,000	100%

(c) Substantial Shareholders	Number of Shares	% of Issued Shares
J P Morgan Nominees Aust Ltd	35,198,492	14.67%
HSBC Custody Nominees Aust Ltd	25,453,412	10.61%
Citicorp Nominees Pty Ltd	16,175,774	6.74%

(d) Unmarketable Parcels
There were 828 members holding less than a marketable parcel of shares in the Company.

(e) Voting Rights
Voting rights of members are governed by the Company's Constitution. In summary, on a show of hands, every member present in person or by proxy shall have one vote and in the event of a poll every such member shall be entitled to one vote for each ordinary fully paid share held.

(f) Exchanges
Antares Energy Limited is listed on the Australian Securities Exchange. Ordinary shares are listed under the AZZ code.

(g) On-market Share Buy-back
In the period from 1 January 2014 to 16 October 2017 the Company bought back 13,500,000 shares on-market.

Convertible Notes

(a) Twenty Largest Convertible Note Holders

Rank	Holder Name	Securities	%
1	HSBC CUSTODY NOMINEES AUST LIMITED	7,448,200	31.36%
2	UBS NOMINEES PTY LTD	3,233,690	13.62%
3	V S I HARDWARE PTY LTD	870,000	3.66%
4	AUST EXECUTOR TRUSTEES LTD	780,032	3.28%
5	THE ESTEEM FOUNDATION PTY LTD	750,000	3.16%
6	BERGER GABRIEL	526,800	2.22%
7	DENILLIQUIN PHARMACY NSW PTY LTD	417,000	1.76%
8	CITICORP NOMINEES PTY LTD	410,000	1.73%
9	BERGER EQUITIES PTY LTD	280,700	1.18%
10	JAMES IAN DRYSDALE	250,000	1.05%
11	AUST EXECUTOR TRUSTEES LTD	170,448	0.72%
12	RIJEAN PTY LTD	154,461	0.65%
13	JAMES WAYNE R + C M	150,000	0.63%
14	CORINNE CALVERT PTY LTD	150,000	0.63%
15	JOHN MATTHEW ROGAN	150,000	0.63%
16	DUE DI DUE PTY LTD	150,000	0.63%
17	BRISAN PROJECTS PTY LTD	125,000	0.53%
18	TEO YEE TECK	120,000	0.51%
19	BADGWORTHY PTY LTD	120,000	0.51%
20	T C BAKER + TN + BJ	105,770	0.45%
		16,362,101	68.91%

(b) Distribution of Convertible Note Holdings

Spread of Holdings	Holders	Securities	% of Issued Capital
NIL holding	0	0	0.00%
1 - 1,000	9	6,117	0.03%
1,001 - 5,000	80	265,632	1.12%
5,001 - 10,000	42	366,513	1.54%
10,001 - 100,000	195	6,646,498	27.99%
100,001 - 9,999,999	21	16,465,240	69.33%
TOTAL ON REGISTER	347	23,750,000	100%

LIST OF INTERESTS - AS AT 16 OCTOBER 2017

USA Production

Project Name	County/State	Well Name	% Interest
Big Star	Dawson/TX	Cline 46-1	100
		Esmond 20-1	100
		Simmons 27-2	72
		Stuart 12-1	100
		Woodward 7-1	100
Hawkville	McMullen/TX	Donnell 457 1&2	0.125
(ORRI Only)		Donnell C-1H	0.99345
		Donnell C-2H	1.06537
		Donnell-Mulholland Unit 1&2	0.059553

USA Exploration

Project Name	County/State	Land Holding	Expiry	Available for Extension
Big Star	Dawson/TX	955.27	31/12/2017	955.27
		458.79	31/01/2018	278.79
		542.11	28/02/2018	499.04
		2,166.05	31/03/2018	2,132.72
		447.89	30/04/2018	76.04
		285.59	31/05/2018	285.59
		474.33	31/07/2018	167.24
		178.61	31/08/2018	178.33
		200.23	30/09/2018	116.90
		160.00	31/10/2018	160.00
TOTAL		**5,868.87**		**4,849.92**