

# ANTARES ENERGY LIMITED

ACN 009 230 835



## PROSPECTUS

For the offer of 165,000,000 Shares at an issue price of 1 cent (\$0.01) per Share (**New Shares**) to raise \$1,650,000 (**Public Offer**);

AND

For the purposes of section 708A (11) of the Corporations Act 2001 (Cth) to facilitate secondary trading of the 150,000,000 First Placement Shares that were issued to members of the Syndicate (or its nominees) on 9 April 2018 at an issue price of \$0.0025 per First Placement Share, following Shareholder approval at the Extraordinary General Meeting held on 23 January 2018.

### **Important information:**

This is an important document that should be read in its entirety. If you do not understand it you should consult your professional advisers without delay.

**The Securities offered by this Prospectus should be considered highly speculative.**

## IMPORTANT INFORMATION

This Prospectus is important and should be read in its entirety prior to deciding whether to invest in the Securities of Antares Energy Limited ACN 009 230 835 (**Antares** or the **Company**). There are risks associated with an investment in the Company's Securities, which may be regarded as a highly speculative investment. Some of the key risks that should be considered are set out in Section 4. You should carefully consider these risks in light of your personal circumstances (including financial and tax issues). There may also be risks in addition to these that should be considered in light of your personal circumstances.

If you do not fully understand this Prospectus or are in doubt as to how to deal with it, you should seek professional guidance from your stockbroker, lawyer, accountant or other professional adviser before deciding whether to invest in the Company.

No person named in this Prospectus warrants or guarantees the Company's performance, the repayment of capital by the Company or any return on investment made pursuant to this Prospectus.

### **Proposed Recapitalisation of the Company and Reinstatement to Official List of ASX**

The Company has been suspended from trading on the ASX since 11 September 2015.

On 10 May 2016, Quentin Olde and Michael Ryan of FTI Consulting were appointed as replacement joint and several administrators of the Company (**Administrators** and **Deed Administrators**). On 2 December 2016, creditors of the Company (**Creditors**) voted in favour of a deed of company arrangement (**DOCA**) submitted by Pager Partners Corporate Advisory Pty Ltd on behalf of the Syndicate, which dealt with the restructure and recapitalisation of the Company including the settlement of Creditor claims (**Proposed Recapitalisation**). The DOCA was entered into by the Deed Administrators on 21 December 2016.

As part of the Proposed Recapitalisation, a Notice of Meeting (**NOM**) was dispatched to Shareholders of the Company with respect to an Extraordinary General Meeting which was held on 23 January 2018 (**EGM**).

At the EGM, Shareholders approved Resolutions necessary to effect the Proposed Recapitalisation.

Following receipt of Shareholder approval for the Proposed Recapitalisation at the EGM, the DOCA was effectuated on 23 March 2018 at which time the new Board was appointed.

The Proposed Recapitalisation is being undertaken as part of seeking reinstatement to the Official List of ASX.

There is a risk that the Company may not be able to meet the requirements of the ASX for re-quotation on the ASX. In the event that the conditions to the Public Offer are not satisfied or the Company does not receive conditional approval for re-quotation on the ASX then the Company will not proceed with the Public Offer and will repay all Application Monies received without interest.

### **Public Offer on a post-Consolidation basis**

All Securities offered under this Prospectus are described and offered on a post Consolidation basis. On 23 January 2018, Shareholders of the Company approved a 15 for 1 consolidation of its existing issued capital (**Consolidation**).

The Record Date of the Consolidation was 29 January 2018, and the Consolidation was completed thereafter.

The Public Offer contained in this Prospectus is an invitation to apply for 165,000,000 New Shares at 1 cent (\$0.01) per Share to raise \$1,650,000. Unless otherwise stated, all references to Securities of the Company as set out in this Prospectus are on the basis that the Consolidation has completed and has taken effect.

### **Purpose of the Prospectus**

This Prospectus is issued by the Company for the purposes of Chapter 6D of the Corporations Act to provide disclosure relating to the Public Offer, and for the purposes of section 708A (11) of the Corporations Act to facilitate secondary trading of the 150,000,000 First Placement Shares that were issued on 9 April 2018 to members of the Syndicate (or its nominees) at an issue price of \$0.0025 per First Placement Share, following Shareholder approval at the EGM held on 23 January 2018.

### **Lodgement and Listing**

This Prospectus is dated 11 April 2018 (**Prospectus Date**) and a copy of this Prospectus was lodged with ASIC on that date. The Company will apply to ASX for re-quotation of its Shares on ASX within seven days after the date of this Prospectus. Neither ASIC, ASX or their respective officers take any responsibility

for the contents of this Prospectus or for the merits of the investment to which this Prospectus relates.

### **Expiry Date**

No Securities will be allotted or issued on the basis of this Prospectus later than 13 months after the Prospectus Date.

### **Note to Applicants**

The information contained in this Prospectus is not financial product advice and does not take into account your investment objectives, financial situation or particular needs. This Prospectus should not be construed as financial, taxation, legal or other advice. The Company is not licensed to provide financial product advice in respect of its securities or any other financial products.

No person or entity is authorised to give any information or to make any representation in connection with the Public Offer or the Securities described in this Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by the Company in connection with the Public Offer.

### **Foreign offer restrictions**

This Prospectus does not constitute an offer or invitation to apply for Securities in any place in which, or to any person to whom, it would be unlawful to make such an offer or invitation. No action has been taken to register or qualify the Securities or the Public Offer, or to otherwise permit a public offering of the Securities, in any jurisdiction outside Australia. The distribution of this Prospectus outside Australia may be restricted by law and persons who come into possession of this Prospectus outside Australia should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. For details of selling restrictions that apply to the Securities in certain jurisdictions outside of Australia please refer to Section 9.11.

### **Notice to United States residents**

The Securities being offered pursuant to this Prospectus have not been registered under the United States Securities Act of 1933, as amended (**US Securities Act**) or any US state securities laws and may not be offered or sold in the United States absent registration or an applicable exemption from registration under the US Securities Act and applicable state securities laws. This Prospectus does not constitute an offer to sell, or the solicitation of

an offer to buy, nor shall there be any sale of the Securities in any state or other jurisdiction in which such offer, solicitation or sale would be unlawful under applicable law, including the US Securities Act.

### **Financial information and amounts**

Section 6 of this Prospectus sets out in detail the financial information referred to in this Prospectus and the basis of preparation of that information.

The financial information included in this Prospectus has been prepared and presented in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards, except where otherwise stated.

The financial information is presented in abbreviated form. It does not include all of the presentation and disclosures required by the Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act. The financial information in this Prospectus should be read in conjunction with, and is qualified by reference to, the information contained in Section 6.

All financial amounts contained in this Prospectus are expressed in Australian dollars and rounded to the nearest \$'000 (thousand) unless otherwise stated. Some numerical figures included in this Prospectus have been subject to rounding adjustments. Any discrepancies between totals and sums of components in tables contained in this Prospectus are due to rounding.

### **Disclaimer**

No person is authorised by the Company to give any information or make any representation in connection with the Public Offer that is not contained in the Prospectus. Only information or representations contained in this Prospectus may be relied on as having been authorised by the Company or its Directors or any other person in connection with the Public Offer. The Company's business, financial condition, results of operations and prospects may have changed since the Prospectus Date.

This Prospectus contains forward-looking statements concerning the Company's business, operations, financial performance and condition as well as the Company's plans, objectives and expectations for its business, operations, financial performance and conditions. Any statements contained in this Prospectus that are not of historical facts may

be deemed to be forward-looking statements. You can identify these statements by words such as “aim”, “anticipate”, “assume”, “believe”, “could”, “due”, “estimate”, “expect”, “goal”, “intend”, “may”, “objective”, “plan”, “predict”, “potential”, “positioned”, “should”, “target”, “will”, “would” and other similar expressions that are predictions of or indicate future events and future trends.

These forward-looking statements are based on current expectations, estimates, forecasts and projections about the Company’s business and the industry in which the Company proposes to operate in and management’s beliefs and assumptions. These forward-looking statements are not guarantees of future performance or development and involve known and unknown risks, uncertainties and other factors, many of which are beyond the Company’s control. As a result, any or all of the Company’s forward-looking statements in this Prospectus may turn out to be inaccurate. Factors that may cause such differences or make such statements inaccurate include, but are not limited to, the risk factors described in Section 4. Potential Applicants and other readers are urged to consider these factors carefully in evaluating the forward-looking statements set out in this Prospectus and are cautioned not to place undue reliance on such forward-looking statements.

These forward-looking statements speak only as at the Prospectus Date. Unless required by law, the Company does not intend to publicly update or revise any forward-looking statements to reflect new information or future events or otherwise. You should, however, review the factors and risks the Company describes in the reports to be filed from time to time with ASX after the Prospectus Date.

Certain numerical figures included in this Prospectus may have been subject to rounding adjustments. Accordingly, numerical figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that preceded them.

### **Past performance**

This Prospectus includes information regarding the past performance of the Company. Applicants should be aware that past performance should not be relied upon as being indicative of future performance.

### **Exposure period**

The Corporations Act prohibits the Company from processing Applications for Shares under the Public Offer in the seven-day period after the date of lodgement of the Prospectus with

ASIC (**Exposure Period**). This period may be extended by ASIC for a further period of up to seven days. The purpose of the Exposure Period is to enable this Prospectus to be examined by ASIC and market participants prior to the raising of funds under the Public Offer. This Prospectus will be made generally available to Australian residents during the Exposure Period without the Application Form by being posted on the following website:

[www.AntaresLimited.com.au](http://www.AntaresLimited.com.au)

Applications received during the Exposure Period will not be processed until after the expiry of the Exposure Period. No preference will be conferred on any Applications received during the Exposure Period.

### **Electronic prospectus**

This Prospectus will be available in electronic form on the following website:

[www.AntaresLimited.com.au](http://www.AntaresLimited.com.au).

### **Obtaining a copy of the Prospectus**

A hard copy of this Prospectus will be available for Australian residents free of charge during the Offer Period by contacting the Company’s registered office on +61 2 8072 1400 between 8.30am and 5.00pm (AEST), Monday to Friday (excluding public holidays). If you are eligible to participate in the Public Offer and are calling from outside Australia, please call +61 2 8072 1400.

The Public Offer constituted by this Prospectus in electronic form is available only to persons receiving this Prospectus in electronic form within Australia.

Persons who access the electronic version of this Prospectus should ensure that they download and read the entire Prospectus. If unsure about the completeness of this Prospectus received electronically, or a print out of it, you should contact the Company’s registered office on +61 2 8072 1400.

Applications for Shares under the Public Offer in this Prospectus may only be made on either a printed copy of the Application Form attached to or accompanying this Prospectus or via the electronic Application Form attached to the electronic version of this Prospectus, available at:

[www.AntaresLimited.com.au](http://www.AntaresLimited.com.au).

The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to a hard copy of the Prospectus or the complete and unaltered electronic version of the Prospectus. If this

Prospectus is found to be deficient, any Applications may need to be dealt with in accordance with Section 724 of the Corporations Act.

### **Petroleum resource estimates**

All references to petroleum resource estimates and specific information about the Company's oil and gas reserves have been reviewed and compiled by John Mebberson, Principal Geoscientist for Mebberson Geological Services. Mr Mebberson has a MSc (Qual) in geology from Sydney University and has been a practising petroleum geoscientist since 1970. He has had extensive experience both in Australia and internationally as a geoscientist and manager with Esso Australia Ltd for 21 years and Roc Oil Company Limited for 11 years, as well as extensive oil industry consultation.

Mr Mebberson is a Past Secretary and President of NSW Branch, Petroleum Exploration Society of Australia and recipient of the Society's Meritorious Service Medal. He has been a Member of the American Association of Petroleum Geologists since 1982 and is a Member of the Australian Institute of Company Directors. He has also certified petroleum company ASX reserves and resources statements under SPE Oil and Gas Reserves Committee Guidelines.

### **Cooling off rights**

Cooling off rights do not apply to an investment in Shares pursuant to the Public Offer. This means that, in most circumstances you cannot withdraw your Application once it has been accepted.

### **Privacy**

The Company, may collect, hold, use and disclose personal information provided by Applicants to allow them to process your Application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration of your investment. This means that the Company will need to collect your personal information (for example, your name, address and details of the Securities that you hold). Under the Corporations Act some of this information must be included in the Company's Share register, which will be accessible by the public.

The Company will only use and/or disclose your personal information for the purposes for which it was collected, other related purposes and as permitted or required by law. If you do not wish

to provide this information, the Company may not be able to process your Application.

The Company and the Share Registry may also share your personal information with agents and service providers of the Company or others who provide services on the Company's behalf, some of which may be located outside Australia where personal information may not receive the same level of protection as that afforded under Australian law.

For more details on how the Company collects, stores, uses and discloses your information, please read the Company's Privacy Policy located at [www.AntaresLimited.com.au](http://www.AntaresLimited.com.au). Alternatively, you can contact the Company's registered office by telephone on +61 2 8072 1400 from 8:30am to 5:30pm (AEST), Monday to Friday (excluding public holidays) and the Company will send you a copy of its Privacy Policy free of charge. It is recommended that you obtain a copy of this Privacy Policy and read it carefully before making an investment decision.

By completing an Application Form or authorising a broker to do so on your behalf, or by providing the Company with your personal information, you agree to this information being collected, held, used and disclosed as set out in this Prospectus and the Company's Privacy Policy, which is located at:

[www.AntaresLimited.com.au](http://www.AntaresLimited.com.au).

The Company's Privacy Policy also contains information about how you can access and seek correction of your personal information, complain about a breach by the Company of the Australian privacy laws, and how the Company will deal with your complaint.

The Company aims to ensure that the personal information it retains about you is accurate, complete and up-to-date. To assist with this, please contact the Company or the Share Registry if any of the details you have provided change.

### **Definitions, abbreviations and time**

Defined terms and abbreviations used in this Prospectus (unless specified otherwise) are explained in Section 13.

All references to time in this Prospectus refer to time in Sydney, New South Wales, Australia, unless stated otherwise.

### **Photographs, data and diagrams**

Photographs and diagrams used in this Prospectus which do not have any descriptions are for illustration only and should not be

interpreted to mean that any person shown endorses this Prospectus or its contents or that the assets shown in them are owned by the Company.

Diagrams used in the Prospectus are illustrative only and may not be drawn to scale and may not accurately reflect the final appearance of the subject matter which it depicts.

Unless otherwise stated, all data contained in charts, graphs and tables is based on information available as at the date of this Prospectus.

**Company website**

Any references to documents included on the Company's website are provided for convenience only, and none of the documents or other information on the Company's website, or any other website referred to in this Prospectus, is incorporated in this Prospectus by reference.

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## INDICATIVE TIMETABLE AND IMPORTANT DATES

### Important Dates\*

Extraordinary General Meeting	23 January 2018
Lodgement of Prospectus with ASIC	11 April 2018
Public Offer opens ( <b>Opening Date</b> )	18 April 2018
Public Offer closes ( <b>Closing Date</b> )	23 April 2018**
Allotment of New Shares under the Public Offer	23 April 2018
Dispatch of holding statements	24 April 2018
Anticipated date the suspension is lifted and the Company's Shares re-commence trading on ASX under the ASX code AZZ	26 April 2018

\*The above timetable is indicative only. The Company reserves the right to vary the dates and times set out above subject to the Corporations Act and other applicable laws. In particular, the Company reserves the right to close the Public Offer early, extend the Closing Date or accept late Applications without notifying any recipients of this Prospectus or any Applicants. Potential Applicants who wish to submit an Application are encouraged to do so as soon as practicable after the Public Offer opens.

\*\*The Company has submitted a waiver application with ASX in order to extend the time in which the Company is able to issue securities to parties with Shareholder approval. If this waiver is granted by ASX, the Company may extend the Closing Date.

### KEY OFFER STATISTICS

Company	Antares Energy Limited ACN 009 230 835
ASX Code for the Shares	AZZ
<b>PUBLIC OFFER</b>	
Securities offered	165,000,000 New Shares
Issue price per New Share	1 cent (\$0.01)
Gross proceeds from the Public Offer	\$1,650,000 (before costs)
<b>TOTAL</b>	
Total number of Shares on issue at completion of the Public Offer and Proposed Recapitalisation	331,000,017 Shares
Total number of Options on issue at completion of the Public Offer and Proposed Recapitalisation	75,000,000 Options
Indicative market capitalisation* on completion of the Public Offer	\$3,310,000.17

\*Market capitalisation is usually determined by multiplying the number of Shares on issue by the price that the Shares trade on the ASX from time to time. For indicative purposes only, market capitalisation is based on the Issue Price of the New Shares pursuant to the Public Offer. Shares may not trade at the Issue Price after re-instatement to the ASX. If Shares trade below the Issue Price, the market capitalisation will be lower than the amount shown.

Unless otherwise stated, all numbers in the above tables and elsewhere in this Prospectus assume that the 15:1 Consolidation has taken place (see Section 2.2).



## CHAIRMAN'S LETTER

11 April 2018

Dear Investor,

On behalf of the newly appointed Directors of the Company, it is with great pleasure that I invite you to become a shareholder and part of the exciting future of the Company.

As you may be aware, on 2 December 2016, the Creditors voted in favour of a DOCA submitted by the Syndicate. The Deed Administrators entered into the DOCA on 21 December 2016, which dealt with the restructure and recapitalisation of the Company including the settlement of all Creditor claims (**Proposed Recapitalisation**). Following receipt of Shareholder approval of the necessary resolutions to effect the Proposed Recapitalisation at the EGM held on 23 January 2018, the DOCA was effectuated on 23 March 2018 at which time a new Board was also appointed.

In accordance with the resolutions passed at the EGM, the Company completed the First Placement on 9 April 2018 to members of the Syndicate (or its nominees) raising \$376,875.

The Company will be undertaking the Public Offer under this Prospectus to raise \$1,650,000 (before costs) via the offer of 165,000,000 New Shares to investors (which includes members of the Syndicate) (**Public Offer**).

Shareholder approval for the issue of 150,000,000 New Shares pursuant to the Public Offer was obtained at the EGM. The remaining 15,000,000 New Shares being offered pursuant to the Public Offer will be issued utilising the Company's 15% placement capacity under ASX Listing Rule 7.1.

Additionally, the Company is issuing this Prospectus for the purposes of section 708A (11) of the Corporations Act to facilitate secondary trading of the First Placement Shares which were issued on 9 April 2018 to members of the Syndicate (or its nominees) at an issue price of \$0.0025 per First Placement Share, as noted above.

On completion of the Public Offer, the Company will be debt free other than the costs of the recapitalisation and have sufficient capital to enable it to continue its business and apply for its Securities to be reinstated to the Official List of ASX. ASX has advised that re-instatement is likely to be approved, subject to the satisfaction of certain conditions as referred to elsewhere in this Prospectus. These will be attended to following the completion of the Public Offer.

This Prospectus contains detailed information about the Public Offer and the financial position, operations, management team and future plans for the Company following completion of the Public Offer and the Proposed Recapitalisation.

I encourage you to read the Prospectus carefully and in its entirety before making your investment decision, particularly Section 4, which includes a description of a number of the key risks associated with an investment in the Company. If required, please consult your stockbroker, solicitor, accountant or other professional adviser before making an investment decision.

On behalf of the Directors, I invite you to consider this opportunity to invest in the Company, and look forward to welcoming you as a Shareholder.

Yours faithfully,



Ross Warner  
Executive Director and Chairman

## SECTION 1: INVESTMENT OVERVIEW

The information set out in this Section is intended to be a summary only and should be read in conjunction with the more detailed information appearing elsewhere in this Prospectus.

In deciding whether to apply for New Shares under the Public Offer, you should read this Prospectus carefully and in its entirety. If you are in doubt as to the course you should follow, please consult your professional advisers.

### About the Company and the Proposed Recapitalisation

Question	Answer	More Information
Who is the issuer of this Prospectus?	Antares Energy Limited ACN 009 230 835 ( <b>Antares</b> or <b>Company</b> ).	Cover page
Who is Antares?	Antares is an ASX listed company which is currently suspended but operates under the ASX ticker code "AZZ".	Section 2.1
What is the Proposed Recapitalisation?	<p>The Company has been suspended from trading on the ASX since 11 September 2015.</p> <p>On 10 May 2016, Quentin Olde and Michael Ryan of FTI Consulting were appointed as replacement joint and several administrators of the Company (<b>Administrators and Deed Administrators</b>). On 2 December 2016, creditors of the Company (<b>Creditors</b>) voted favour of a deed of company arrangement (<b>DOCA</b>) submitted by Pager Partners Corporate Advisory Pty Ltd on behalf of the Syndicate, which dealt with the restructure and recapitalisation of the Company including the settlement of all Creditor claims (<b>Proposed Recapitalisation</b>). The DOCA was entered into by the Deed Administrators on 21 December 2016.</p> <p>As part of the Proposed Recapitalisation, a Notice of Meeting (<b>NOM</b>) was dispatched to Shareholders of the Company with respect to an Extraordinary General Meeting which was held on 23 January 2018 (<b>EGM</b>). At the EGM, Shareholders approved Resolutions necessary to effect the Proposed Recapitalisation.</p> <p>Following receipt of Shareholder approval for the Proposed Recapitalisation at the EGM, the DOCA was effectuated on 23 March 2018 at which time the new Board was appointed.</p> <p>In accordance with the resolutions passed at the EGM, the Company has completed the First Placement to the Syndicate which raised \$376,875 and the Company is undertaking to complete the second placement via the Public Offer under this Prospectus to raise \$1,650,000 (before costs).</p> <p>On completion of the Public Offer under this Prospectus, the Company will apply for reinstatement to the Official List of the ASX. The Syndicate received written confirmation from ASX that it can see no reason why the securities of the Company should not be reinstated, subject to certain conditions being satisfied, which are set out below in section 2.4.</p>	Sections 2.2 and 2.4.
What is the purpose of the Prospectus?	<p>This Prospectus has been issued pursuant to Chapter 6D of the Corporations Act to provide disclosure to investors about the Company's intention to raise capital pursuant to the Public Offer. Shareholder approval for the issue of 150,000,000 New Shares pursuant to the Public Offer was obtained at the EGM. The remaining 15,000,000 New Shares being offered pursuant to the Public Offer will be issued by utilising the Company's 15% placement capacity under ASX Listing Rule 7.1.</p> <p>Additionally, the Company is issuing this Prospectus for the purposes of section 708A(11) of the Corporations Act, to facilitate secondary trading of the 150,000,000 First Placement Shares that were issued on 9 April 2018 to members of the Syndicate (or its nominees) at an issue price of \$0.0025 per First Placement Share, following Shareholder approval at the EGM held on 23 January 2018.</p>	Sections 2.2, 2.3 and 9.2.
Who was the Syndicate?	<p>The Syndicate was a group of investors headed by Pager Partners Corporate Advisory Pty Ltd, who submitted a proposal to restructure and recapitalise the Company, which was accepted by the Creditors and the Deed Administrators.</p> <p>Following effectuation of the DOCA, in accordance with resolutions passed by shareholders at the EGM, certain members of the Syndicate were appointed as directors of the Company to the new Board.</p>	Section 2.2
What will be the Company's principal business activities	The Company is currently an oil and gas producer and explorer and it intends to continue producing and exploring from within its existing wellbores and land holdings in what is known as the Big Star Area in the	Section 3

<p>following the completion of the Proposed Recapitalisation (including the Public Offer)?</p>	<p>Midland Basin, Dawson County, Texas, USA (<b>Big Star Project</b>) as well as proactively seek new investors in its Big Star Project and other complementary opportunities for investment within the oil and gas sector.</p>	
<p>What is the Company's strategy following completion of the Proposed Recapitalisation (including the Public Offer)?</p>	<p>Upon completion of the Proposed Recapitalisation and the Public Offer, the Company's main objectives (some of which are contingent upon previous studies and results as well as future funding) are to:</p> <ul style="list-style-type: none"> <li>• review its current operations to identify risks and opportunities to improve production;</li> <li>• based on the findings of the operations audit, reinstate the Company's out of service wellbores, with the potential for up to two wellbores to be made operational subject to landowner consent;</li> <li>• engage in technical studies including GG&amp;E (geophysical, geological and engineering) analysis to evaluate the commercial potential for horizontal well development;</li> <li>• drill horizontal proof of concept well (subject to a positive recommendation from GG&amp;E studies);</li> <li>• seek new investors in its Big Star Project; and</li> <li>• seek new opportunities for investment within the oil and gas sector.</li> </ul>	<p>Sections 3 and 7</p>
<p>How will the Company generate income following the completion of the Proposed Recapitalisation (including the Public Offer)?</p>	<p>The Company will aim to generate income by seeking to improve production and reduce costs from within its current operations, potentially re-opening additional wellbores within the Big Star Project and conducting GG&amp;E studies with the hope that they will result in expanded development in the future. The Company also intends to maintain an active program of identifying additional oil and gas projects with a view to acquisition and development in the future.</p>	<p>Section 3</p>
<p>What are the key strengths of the Company?</p>	<p>Antares considers its key strengths to include:</p> <ul style="list-style-type: none"> <li>• an experienced Board with substantial oil and gas expertise in a number of hydrocarbon provinces with access to potential asset acquisition opportunities within the industry;</li> <li>• minimal or low liabilities at completion of the Proposed Recapitalisation and the Public Offer; and</li> <li>• an existing operating position within the Permian Basin, Texas.</li> </ul>	<p>Section 3.1</p>
<p>What are the key risks associated with the Company?</p>	<p>A list of key risks associated with an investment in the Company under this Prospectus is provided in Section 4. Key risk factors include but are not limited to the following:</p> <ul style="list-style-type: none"> <li>• Title risk;</li> <li>• Commodity price fluctuations;</li> <li>• Exploration and development risks;</li> <li>• Reliance on key personnel;</li> <li>• Funding risk;</li> <li>• Liquidity risk;</li> <li>• Geopolitical, regulatory and sovereign risk;</li> <li>• Hydraulic fracturing;</li> <li>• Oil and gas estimates;</li> <li>• Exchange rates;</li> <li>• Commercialisation and access to infrastructure;</li> <li>• Environmental risks;</li> <li>• Competition risk;</li> <li>• Contract risk;</li> <li>• Abandonment;</li> <li>• Operating risks and insurance;</li> <li>• Ability to exploit discoveries;</li> <li>• Potential acquisitions;</li> <li>• Risk of impairment write downs;</li> <li>• Drilling risks;</li> <li>• Venture party and contractor risk;</li> <li>• Concentration of ownership within Syndicate and new Board risk;</li> <li>• Litigation risk; and</li> <li>• There are also a number of general investment risks.</li> </ul>	<p>Section 4</p>

## Directors, management and their interests

Question	Answer	More Information																
Who will be the directors of Antares following completion of the Proposed Recapitalisation (including the Public Offer)?	<p>Following the effectuation of the DOCA on 23 March 2018, a new Board was appointed to oversee the operations of the Company. The new Board consists of the following Directors:</p> <ul style="list-style-type: none"> <li>• Ms Joanne Kendrick – Managing Director</li> <li>• Mr Ross Warner – Executive Director and Chairman</li> <li>• Mr Michael Pollak – Non-Executive Director</li> </ul> <p>The new Board will remain and continue as directors following completion of the Proposed Recapitalisation (including the Public Offer).</p> <p>Please refer to Section 5 for further details regarding the background and expertise of each Director.</p>	Section 5																
What will the interests of the Board be following completion of the Proposed Recapitalisation (including the Public Offer)?	<p>The Directors will receive commercial directors' fees and remuneration as described in Section 5.4.</p> <p>The relevant interests of the Directors following the completion of the Proposed Recapitalisation (including the Public Offer) are as follows:</p> <table border="1"> <thead> <tr> <th>Directors</th> <th>Maximum Holdings in Antares</th> <th>%<sup>(d)</sup></th> <th>%<sup>(e)</sup></th> </tr> </thead> <tbody> <tr> <td>Ms Kendrick</td> <td>15,000,000 Shares<sup>(a)</sup> 16,875,000 Options</td> <td>4.53%</td> <td>7.85%</td> </tr> <tr> <td>Mr Warner</td> <td>15,000,000 Shares<sup>(b)</sup> 16,875,000 Options</td> <td>4.53%</td> <td>7.85%</td> </tr> <tr> <td>Mr Pollak</td> <td>Up to 27,000,000 Shares<sup>(c)</sup> 12,500,000 Options</td> <td>8.16%</td> <td>9.73%</td> </tr> </tbody> </table> <p><b>Notes</b></p> <p>(a) Includes First Placement Shares subscribed for by Ms. Kendrick under the First Placement at an issue price of \$0.0025 per First Placement Share. At the EGM, Shareholder approval was obtained for Ms Kendrick (or her nominee) to subscribe for up to 33,750,000 First Placement Shares and up to 2,000,000 New Shares under the Public Offer. Ms. Kendrick personally subscribed for 15,000,000 First Placement Shares and nominated another member of the Syndicate (who is not a related party) and a group of investors (who are not part of the Syndicate) to subscribe for the remaining 18,750,000 First Placement Shares. Ms. Kendrick will not be subscribing for any New Shares.</p> <p>(b) Includes First Placement Shares subscribed for by Mr Warner under the First Placement at an issue price of \$0.0025 per First Placement Share. At the EGM, Shareholder approval was obtained for Mr Warner (or his nominee) to subscribe for up to 33,750,000 First Placement Shares and up to 2,000,000 New Shares under the Public Offer. Mr. Warner personally subscribed for 15,000,000 First Placement Shares and nominated another member of the Syndicate (who is not a related party) and a group of investors (who are not part of the Syndicate) to subscribe for the remaining 18,750,000 First Placement Shares. Mr Warner will not be subscribing for any New Shares.</p> <p>(c) Includes First Placement Shares subscribed for by Mr Pollak under the First Placement at an issue price of \$0.0025 per First Placement Share and the maximum number of New Shares which could be subscribed for by Mr Pollak under the Public Offer. At the EGM, Shareholder approval was obtained for Mr Pollak (or his nominee) to subscribe for up to 25,000,000 First Placement Shares and up to 2,000,000 New Shares under the Public Offer.</p> <p>(d) Following completion of the Proposed Recapitalisation, assuming that the Public Offer is fully subscribed, and undiluted.</p> <p>(e) Following completion of the Proposed Recapitalisation, assuming that the Public Offer is fully subscribed, and fully diluted.</p>	Directors	Maximum Holdings in Antares	% <sup>(d)</sup>	% <sup>(e)</sup>	Ms Kendrick	15,000,000 Shares <sup>(a)</sup> 16,875,000 Options	4.53%	7.85%	Mr Warner	15,000,000 Shares <sup>(b)</sup> 16,875,000 Options	4.53%	7.85%	Mr Pollak	Up to 27,000,000 Shares <sup>(c)</sup> 12,500,000 Options	8.16%	9.73%	Section 2.6
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Mr Pollak	Up to 27,000,000 Shares <sup>(c)</sup> 12,500,000 Options	8.16%	9.73%															
What are the Company's material contracts?	The material contracts are set out in Section 10.	Section 10																
Will the Company pay dividends?	The Company's immediate focus will be on progressing its business and project activities (refer to Section 3). As such it is not expected that the Board will declare a dividend in the first 12 months following listing. Following that time, the Board will give consideration to a dividend, taking into account the financial position of the Company and the investment opportunities that the Company is present with at that time.	Sections 4.2(d) and section 9.4																

What will the Company use the proceeds raised from the Public Offer for?	<p>The Company intends to use the funds in the following manner:</p> <table border="1" data-bbox="491 232 1200 526"> <thead> <tr> <th>Allocation of funds</th> <th>Amount (\$) <sup>(a)</sup></th> </tr> </thead> <tbody> <tr> <td>Oil and gas exploration/production/renewal</td> <td>\$510,000</td> </tr> <tr> <td>Review of new projects</td> <td>\$370,000</td> </tr> <tr> <td><b>Sub-total</b></td> <td><b>\$880,000</b></td> </tr> <tr> <td>Payment to the Creditors Trust<sup>(b)</sup></td> <td>\$500,000</td> </tr> <tr> <td>Working capital<sup>(c)</sup></td> <td>\$646,875</td> </tr> <tr> <td><b>Total<sup>(d)</sup></b></td> <td><b>\$2,026,875</b></td> </tr> </tbody> </table> <p><b>Notes</b></p> <p>(a) To be split over two years. Further details are contained in Sections 9.5 and 11.9.</p> <p>(b) The Company will use the cash consideration of \$500,000 as repayment of loan funds arranged by the Syndicate for payment to the Deed Administrators to satisfy obligations under the DOCA.</p> <p>(c) This includes expenses associated with the Proposed Recapitalisation to be repaid to the Syndicate.</p> <p>(d) The total expenditure includes the capital raised from the First Placement of First Placement Shares and First Placement Options to members of the Syndicate (or its nominees) which was completed on 9 April 2018 and raised \$376,875 and the Public Offer which will raise up to \$1,650,000.</p>	Allocation of funds	Amount (\$) <sup>(a)</sup>	Oil and gas exploration/production/renewal	\$510,000	Review of new projects	\$370,000	<b>Sub-total</b>	<b>\$880,000</b>	Payment to the Creditors Trust <sup>(b)</sup>	\$500,000	Working capital <sup>(c)</sup>	\$646,875	<b>Total<sup>(d)</sup></b>	<b>\$2,026,875</b>	Sections 9.6 and 11.9
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Working capital <sup>(c)</sup>	\$646,875															
<b>Total<sup>(d)</sup></b>	<b>\$2,026,875</b>															
What escrow arrangements will be imposed, if any?	Securities issued as part of the Proposed Recapitalisation may be classified as restricted securities by the ASX for an escrow period of up to 24 months from the date on which Official Quotation of those Shares commences. Prior to the commencement of Official Quotation, the Company will announce to ASX full details (quantity and duration) of any restricted securities.	Section 11.7														
Does the Company have an employee incentive plan?	Not at present.	N/A														

## About the Public Offer

Question	Answer	More information									
What is the Public Offer?	The Public Offer comprises the offer of 165,000,000 New Shares to investors (which includes members of the Syndicate) at an issue price of 1 cent (\$0.01) per Share to raise \$1,650,000.	Section 9.1									
Who can participate in the Public Offer?	Investors that have a registered address in Australia can participate in the Public Offer.	Sections 9.2 and 9.7									
Is there a minimum amount to be raised under the Public Offer?	Yes. The Public Offer will raise a minimum and maximum of \$1,650,000.	Section 9.12									
What do Applicants pay when applying under the Public Offer?	Applicants under the Public Offer will pay 1 cent (\$0.01) per New Share. The Company will retain any interest earned on the Application Monies.	Sections 9.7 and 9.8									
What is the purpose of the Public Offer?	The purpose of the Public Offer is to raise additional capital to fund oil and gas exploration/production/renewal, review of new projects, payment to the Creditors Trust, meet costs associated with the Recapitalisation and Public Offer, to assist the Company in applying for reinstatement to the Official List of ASX and general working capital.	Section 9.1									
What will be the capital structure of the Company before and after completion of the Proposed Recapitalisation (including the Public Offer)?	<p>The effect of the Proposed Recapitalisation (including the Public Offer) on the capital structure of the Company (on a post consolidation basis) is as set out below:</p> <table border="1" data-bbox="480 1749 1177 1861"> <thead> <tr> <th>Class of security</th> <th>Before</th> <th>After</th> </tr> </thead> <tbody> <tr> <td>Shares</td> <td>166,000,017</td> <td>331,000,017</td> </tr> <tr> <td>Options</td> <td>75,000,000</td> <td>75,000,000</td> </tr> </tbody> </table>	Class of security	Before	After	Shares	166,000,017	331,000,017	Options	75,000,000	75,000,000	Section 11.5
Class of security	Before	After									
Shares	166,000,017	331,000,017									
Options	75,000,000	75,000,000									
How do I apply for Securities under the Public Offer?	The process for applying for New Shares under the Public Offer is set out in Section 9.7. The Company may seek to obtain identification information from Applicants. The Company reserves the right to reject an Application if that information is not provided.	Section 9.7									

What are the fees and costs of the Public Offer?	<b>Expense</b>	<b>Amount (\$)*</b>	Section 11.9
	Legal Fees	\$30,000	
	Investigating Accountant's Fees	\$9,000	
	Independent Geologist's Fees	\$7,500	
	Title Consultant's Fees	\$10,000	
	ASX Fees	\$7,409	
	ASIC Fees	\$2,400	
	Brokerage Fees	\$60,233	
	<b>Total</b>	<b>\$126,642</b>	
*All amounts exclude GST.			
Is the Public Offer underwritten?	The Public Offer is not underwritten.		Section 9.5
Is there a minimum amount of Securities which I must apply for under the Public Offer?	Under the Public Offer, each Applicant must apply for at least \$500 worth of New Shares (at least 50,000 New Shares).		Section 9.7
Is there a cooling off period?	No.		Important Information section
How can I obtain further information?	If you would like more information or have any questions relating to the Public Offer, you can contact the Company's registered office on +61 2 8072 1400. If you are uncertain as to whether an investment in the Company is suitable for you, please contact your stockbroker, financial adviser, accountant, lawyer or other professional adviser.		Sections 9.7 and 11.12
Will the Shares be listed?	The Company will apply to the ASX within seven days after the date of this Prospectus for re-admission to the ASX's Official List and quotation of its Shares under the code AZZ. If approval is not given by ASX within three months after such application is made (or any longer period permitted by law), the Public Offer will be withdrawn and all Application Monies received will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.		Section 9.9

## Key financial information

Question	Answer	More Information
What is the key financial information you need to know about the Company's financial position and performance?	<p>The historical and pro-forma financial information of the Company is set out in the Investigating Accountant's Report in Section 6 of the Prospectus.</p> <p>In relation to the Company's financial position and performance in FY16 and FY17, the Company notes that the information should be considered in light of the following factors:</p> <ul style="list-style-type: none"> <li>the Company has been suspended from trading on the ASX since 11 September 2015;</li> <li>the Company has been in administration since 28 April 2016;</li> <li>the Deed Administrators entered into a DOCA on 21 December 2016 after receipt of creditor approval on 2 December 2016;</li> <li>the DOCA was effectuated on 23 March 2018; and</li> <li>the First Placement completed on 9 April 2018.</li> </ul> <p>Following effectuation of the DOCA and in the event that the Proposed Recapitalisation (including the Public Offer under this Prospectus) completes, the Company will have sufficient capital to continue its business and at reinstatement, will have minimal liabilities.</p>	Section 6
Will the Company have sufficient funds for its activities?	The Directors are satisfied that on completion of the Public Offer, the Company will have sufficient funds to carry out its stated objectives. For more information, please refer to Section 6 of this Prospectus.	Section 6
What is the financial outlook for the Company?	Given the status of the speculative nature of oil and gas exploration and production, the Directors do not consider it is appropriate to forecast future performance of the Company, following completion of the Proposed	Section 11.14

	Recapitalisation and the Public Offer. Any forecast or projection information could contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection on a reasonable basis.	
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## SECTION 2: COMPANY OVERVIEW

### 2.1 The Company

The Company was incorporated on 23 April 1987 (then known as Amity Oil N.L) and commenced trading on ASX on 24 November 1994.

The Company has historically operated in the oil and gas industry as an oil and gas producer and explorer, and will continue to operate within and seek new investors for its existing wellbores and land holdings in what is known as the Big Star Area in the Midland Basin, Dawson County, Texas USA. The Company will also proactively seek new opportunities for investment within the oil and gas sector.

The Company's Securities were suspended from trading on the ASX on 11 September 2015.

### 2.2 Administration, Deed of Company Arrangement (DOCA) and Proposed Recapitalisation

On 28 April 2016, Bryan Hughes and Daniel Bredenkamp of Pitcher Partners were appointed as joint and several administrators of the Company.

On 10 May 2016, Quentin Olde and Michael Ryan of FTI Consulting were appointed as replacement joint and several administrators of the Company (**Administrators and Deed Administrators**).

On 2 December 2016, the Company's Creditors voted in favour of a DOCA submitted by Pager Partners on behalf of the Syndicate, which dealt with the restructure and recapitalisation of the Company including the settlement of Creditor claims (**Proposed Recapitalisation**). The DOCA was entered into by the Deed Administrators on 21 December 2016.

The Proposed Recapitalisation involves the following terms:

	Proposed Recapitalisation Term	Status as of the date of this Prospectus
(a)	The Syndicate arranging for the injection of approximately \$1,876,875 of cash into the Company in return for an issue of Shares in the Company representing an interest of approximately 94.9% of the total issued capital of the Company (on an undiluted basis).	Capital raising for \$376,875 pursuant to the First Placement completed on 9 April 2018, following Shareholder approval at the EGM.  A further raise of \$1,650,000 is being conducted under this Prospectus. This is \$150,000 more than originally anticipated, however, the additional issue will assist in the Company's compliance with the ASX reinstatement conditions, which is for the benefit of Shareholders.
(b)	All of the remaining assets of the Company (excluding the Northern Star Project) including but not limited to those of its wholly owned subsidiary Antares Energy Company ( <b>AEC</b> ) including the Big Star Project (oil and gas exploration/production interests in the Permian Basin, Texas, USA) and all assets/intellectual property relating to the Big Star Project, operational infrastructure, plant and equipment, registered business names, intellectual property, goodwill, domain names, websites, customer and supplier lists, contracts, business processes and procedures, and all other assets to operate the business ( <b>Antares Business</b> ) being retained by AZZ, or transferred to AZZ (or a newly created subsidiary) from its subsidiaries. The Antares Business must remain as an unencumbered asset of the Company to enable the Company to be reinstated to trading on the Australian Securities Exchange Limited ( <b>ASX</b> ). In addition, all other liabilities and obligations of the Company are to be released pursuant to the terms of the DOCA	Satisfied upon effectuation of the DOCA on 23 March 2018.



(c)	The Company retaining and exploiting its interest in the Antares Business in the ordinary course and exploiting complementary and any other business opportunities. All other liabilities and obligations of AZZ are to be released pursuant to the terms of the DOCA.	Satisfied upon effectuation of the DOCA on 23 March 2018.
(d)	The Company making a payment of \$500,000 (which the Syndicate has forwarded to AZZ as a loan that will subsequently be repaid via funds raised by the Company) to the Deed Administrators for the benefit of the Creditors Trust ( <b>Cash Consideration</b> ) for control of AZZ and 100% of the Antares Business. All other liabilities and obligations of the Company up until the appointment of the Administrators will be compromised under the DOCA.	Satisfied upon effectuation of the DOCA on 23 March 2018.
(e)	In addition to the Cash Consideration referred to above in paragraph (d), under the DOCA, the Company transferring to the Creditors Trust for the benefit of the Creditors any cash at bank, its rights in its sundry debtors, the Northern Star Project (or any net realisations from the sale of that project by the Deed Administrator and also all present and future claims against the Directors and former Directors of AEC, Santa and AZZ, including claims that were lodged and where proceedings were commenced against James Cruickshank and Greg Shoemaker by the Administrators in the USA) and any other assets not required by the Syndicate as part of the Antares Business.	Prior to the effectuation of the DOCA, the Administrators and former Directors negotiated and settled their claims against one another in proceedings filed in the District Court of Dallas County, Texas pursuant to a Compromise Settlement Agreement and Mutual General Release. Satisfied upon effectuation of the DOCA on 23 March 2018.
(f)	The Company's wholly owned Australian subsidiary, Santa Energy Pty Ltd ( <b>Santa</b> ), and AEC, Santa's wholly owned subsidiary in the USA, remaining within the Antares Group at the point of effectuating the DOCA on a "cash-free and debt-free basis", with the Big Star Project remaining within AEC (and therefore, the Antares Group which is controlled by the Company) at effectuation of the DOCA.	Satisfied upon effectuation of the DOCA on 23 March 2018.
(g)	The consolidation of the existing capital of the Company on a fifteen (15) for one (1) basis ( <b>Consolidation</b> ), prior to any other Securities being issued in connection with the Proposed Recapitalisation.	Record Date of the Consolidation was 29 January 2018, and the Consolidation was completed thereafter.
(h)	The Company raising new equity by way of the following placements:  (i) a First Placement of:  (A) 150 million fully paid ordinary shares in the Company ( <b>First Placement Shares</b> ) at an issue price of \$0.0025 per First Placement Share to raise \$375,000 to the Syndicate (or its nominees); and  (B) 75 million unlisted options ( <b>First Placement Options</b> ), each to acquire 1 fully paid ordinary share in the Company at an issue price of \$0.000025 per Placement Option to raise \$1,875 with each Placement Option exercisable at \$0.01 on or before 30 June 2020 to the Syndicate (or its nominees); and  (ii) a second placement of up to 150,000,000 Shares in the Company ( <b>New Shares</b> ) at an issue price of \$0.01 per Share to raise up to \$1,500,000 to general investors, that may include members of the Syndicate (or its nominees).  Note: completion of the DOCA is not conditional on the capital raising.	The First Placement completed on 9 April 2018.  The issue of New Shares is being conducted under this Prospectus via the Public Offer. As Shareholder approval was only obtained for the issue of 150,000,000 New Shares under this Prospectus, the additional 15,000,000 New Shares under the Public Offer will be issued utilising the Company's capacity under ASX Listing Rule 3.1.
(i)	Subject to Shareholder approval being obtained for the Proposed Recapitalisation under the NOM, all existing Directors and officers of the	Shareholder approval obtained on 23 January 2018 and satisfied upon

	Company being either removed by the Deed Administrators or resigning from the Company.	effectuation of the DOCA on 23 March 2018.
(j)	Subject to Shareholder approval being obtained for the Proposed Recapitalisation under the NOM, the proposed Directors, Joanne Kendrick, Ross Warner and Michael Pollak being appointed to the Board of the Company. The New Board was appointed at the point of effectuating the DOCA.	Shareholder approval obtained on 23 January 2018 and satisfied upon effectuation of the DOCA on 23 March 2018.
(k)	Immediately following the satisfaction or waiver of the general conditions of the Proposed Recapitalisation set out below (section 2.4), the Deed Administrators facilitating all necessary assignments to the Creditors Trust, including payments totalling \$500,000 and the DOCA terminating thereafter by performance.	Satisfied upon effectuation of the DOCA on 23 March 2018.
(l)	In the event that the Proposed Recapitalisation and resolutions under the NOM are not approved by Shareholders of the Company, the DOCA terminating and the Company being placed into liquidation, or possibly pursuing other proposals.	Not applicable, as Shareholder approval was obtained on 23 January 2018.
(m)	In the event that the Proposed Recapitalisation and resolutions under the NOM are approved by Shareholders of the Company, with all other conditions precedent being satisfied, after the termination of the DOCA, the Cash Consideration which was loaned by the Syndicate to the Company being repaid either in cash or through the issue of Shares in the Company (referred to above in paragraph (h)).	Shareholder approval obtained on 23 January 2018 and the Cash Consideration will be repaid to the Syndicate via funds raised under this Prospectus, as set out in the use of funds in section 9.6.
(n)	The control of the Company remaining with the Deed Administrators until the termination of the DOCA.	Satisfied prior to and upon effectuation of the DOCA on 23 March 2018.
(o)	The prescribed provisions in schedule 8A of the Corporations Regulations being incorporated in the DOCA, save for regulations 3(c), 10 and 11.	Satisfied upon entry into the DOCA on 21 December 2016.
(p)	The Syndicate being entitled to change the name, constitution and auditors of the Company.	The Deed Administrators, at the request of the Syndicate, changed the Company's auditors on 17 October 2017.

The Proposed Recapitalisation is also subject to the satisfaction or waiver of the following general conditions:

	<b>Proposed Recapitalisation General Condition</b>	<b>Status as of the date of this Prospectus</b>
(a)	All liabilities and long-term commitments of the Company being released and compromised via a DOCA. It is a term of the DOCA that it is wholly effectuated and the appointment of the Deed Administrators terminate contemporaneously with the payment by the Company of the Cash Consideration to the Deed Administrators.	Satisfied prior to and upon effectuation of the DOCA on 23 March 2018.
(b)	The secured Creditors, if any, agreeing to release all security over AZZ and the Antares Business, unless otherwise agreed by the Syndicate.	Satisfied prior to and upon effectuation of the DOCA on 23 March 2018.
(c)	All Creditors being bound by the DOCA. All Creditors will be required to prove in accordance with the terms of the DOCA and Creditors Trust and no Creditor shall have a right to claim payment against the Company (for the avoidance of doubt, the DOCA shall clearly state that the claims of all Creditors shall be released and that all Creditors shall only have an entitlement to prove in the Creditors Trust and not against the Company).	Satisfied prior to and upon effectuation of the DOCA on 23 March 2018.
(d)	All subsidiaries of the Company shall be excised from the Company and dealt with by the Deed Administrators in accordance with the DOCA (unless otherwise required by the Syndicate). It is the Syndicate's current intention	Satisfied prior to and upon effectuation of the

	that Santa and AEC will remain wholly-owned subsidiaries within the Antares Group post effectuation of the DOCA.	DOCA on 23 March 2018.
(e)	Termination of the employment of all employees of the Company, if any, and termination of all leases and contracts of AZZ (except in relation to the Big Star Project) at no cost to the Company post effectuation of the DOCA, unless otherwise required by the Syndicate.	Confirmed by Deed Administrators.
(f)	ASX providing written confirmation to AZZ that it will lift the suspension on the trading of the securities of the Company without the need to re-comply with Chapters 1 and 2 of the ASX Listing Rules on finalising the DOCA.	Syndicate received written confirmation from ASX that it can see no reason why the securities of the Company should not be reinstated, subject to certain conditions being satisfied, which are set out below in section 2.4.
(g)	All secured Creditors, if any, voting in favour of the Proposed Recapitalisation at a meeting of the Creditors convened for that purpose or otherwise agreeing to be bound by the Proposed Recapitalisation.	Satisfied prior to and upon effectuation of the DOCA on 23 March 2018.
(h)	The Syndicate being satisfied that all convertible notes on issue, if any, are simply debt obligations and the holders of such convertible notes being required to prove as Creditors in accordance with the terms of the DOCA and Creditors Trust and no convertible noteholder shall have a right to claim payment against the Company or convert to equity after the termination of the DOCA.	Confirmed by Deed Administrators.
(i)	All employee options, if any, being cancelled or consolidated.	Satisfied prior to and upon effectuation of the DOCA on 23 March 2018.
(j)	The receipt of Shareholder approval of the Proposed Recapitalisation, subject to the Deed Administrators having the power to extend the meeting date if the Syndicate makes a request for such an extension. The Syndicate shall bear its own costs in relation to the preparation of the Shareholder meeting materials which sums shall be reimbursed by the Company in the event that the Proposed Recapitalisation is approved and the Company is reinstated to trading on the ASX.	Shareholder approval obtained on 23 January 2018.

Following receipt of Shareholder approval of the necessary resolutions to effect the Proposed Recapitalisation (as set out below in Section 2.3), the DOCA was effectuated on 23 March 2018, after which time the new Board was appointed, and subsequently, the First Placement was completed on 9 April 2018.

### 2.3 Shareholder Approvals

As part of the Proposed Recapitalisation, the Deed Administrators held an EGM of the Company's Shareholders on 23 January 2018. The NOM in relation to the EGM was printed and despatched to the Company's Shareholders on 19 December 2017.

At the EGM, Shareholders approved the necessary resolutions to effect the Proposed Recapitalisation, which included:

- consolidation of the Company's existing capital on a 15 for 1 basis;
- the issue of 150,000,000 First Placement Shares at an issue price of \$0.0025 per First Placement Share and 75,000,000 First Placement Options at an issue price of \$0.000025 per First Placement Option;
- the issue of 150,000,000 New Shares at the Issue Price of \$0.01 per New Share which are being offered as part of the Public Offer;
- related party approvals to permit the subscription of Securities by Joanne Kendrick, Ross Warner and Michael Pollak; and
- the appointment of Joanne Kendrick, Ross Warner and Michael Pollak as Directors to the new Board of the Company.

## 2.4 ASX Reinstatement Conditions

ASX has provided a list of conditions which the Company must comply with in order for its Securities to be reinstated to the Official List of ASX.

	Conditions	Status as of the date of this Prospectus
(a)	Completion of the DOCA approved by Creditors of the Company on terms not materially different to the Proposed Recapitalisation and as advised to ASX in various communications and correspondence with ASX.	The DOCA was approved by Creditors on 2 December 2016, and the Deed Administrators entered into the DOCA on 21 December 2016.
(b)	Confirmation that the DOCA has been fully effectuated and the Company is not subject to any other forms of external administration, receivership or liquidation.	The DOCA was effectuated on 23 March 2018.
(c)	ASX review of the NOM including disclosures to satisfaction of ASX.	The NOM was reviewed by ASX and the Company despatched to Shareholders on 19 December 2017.
(d)	The Company's Shareholders approving all the resolutions required to effect the Proposed Recapitalisation to be considered at a general meeting of shareholders, including the issue of the First Placement Shares, First Placement Options and New Shares.	Shareholders of the Company approved all necessary resolutions to effect the Proposed Recapitalisation on 23 January 2018.
(e)	Confirmation of completion of the following: <ul style="list-style-type: none"> <li>(i) the Consolidation;</li> <li>(ii) the capital raising;</li> <li>(iii) the issue of the First Placement Shares, First Placement Options and New Shares; and</li> <li>(iv) the board appointments of Joanne Kendrick, Ross Warner and Michael Pollak.</li> </ul>	Record Date of the Consolidation was 29 January 2018, and the Consolidation was completed thereafter. The first tranche of the capital raising (the issue of the First Placement Securities) was completed on 9 April 2018 and the second tranche of the capital raising (issue of the New Shares, including an additional \$150,000) will be completed after the closing of the Public Offer under this Prospectus. Joanne Kendrick, Ross Warner and Michael Pollak were appointed to the Board of the Company on 23 March 2018 following effectuation of the DOCA.
(f)	Confirmation that the Company has released a full form prospectus in relation to the capital raising including disclosures to the satisfaction of ASX, and that such offer has closed having satisfied its minimum subscription requirement.	This is the Prospectus lodged with ASX and ASIC in relation to the capital raising. Once the minimum subscription is achieved, the Company will close the Public Offer.
(g)	An update as to the status of all litigation with respect to the Company (if any).	All litigation in relation to the Company has been

		disclosed in this Prospectus.
(h)	The Company demonstrating compliance with Listing Rules 12.1 to 12.4 (inclusive), to the satisfaction of the ASX, as set out below: <ul style="list-style-type: none"> <li>(i) the Company satisfies the requirement of Listing Rule 12.1;</li> <li>(ii) Confirmation of completion of the Company's capital raising and that, after payment of the costs of the capital raising (if any) and payments to the Deed Administrators and any other parties or entities to satisfy obligations under the DOCA (and any amendments or variations thereto), the Company can demonstrate to ASX that it will have a minimum of \$1,000,000 in cash, net of all liabilities, at the date of reinstatement, to satisfy Listing Rule 12.2; and</li> <li>(iii) the Company's level of shareholder spread will satisfy the requirements of Listing Rule 12.4, with there being at least 300 holders each holding at least \$500 worth of fully paid ordinary shares.</li> </ul>	Confirmation will be provided to ASX following completion of capital raising under this Prospectus.
(i)	Lodgement of all outstanding Appendices 3B with ASX for issue of new securities.	To be lodged post-completion of the capital raising under this Prospectus.
(j)	Reinstatement of the Company's CHESX sub-register.	Confirmation will be provided to ASX following completion of capital raising under this Prospectus.
(k)	The Company having free float (as that term is defined in Chapter 19 of the Listing Rules) of not less than 20% at the time of its reinstatement to the Official List of ASX.	Confirmation will be provided to ASX following completion of capital raising under this Prospectus.
(l)	Confirmation in a form acceptable to ASX that the Company has received cleared funds for the complete amount of the issue price of every security allotted and issued to every successful applicant for securities under the capital raising under the Prospectus.	Confirmation will be provided to ASX following completion of capital raising under this Prospectus.
(m)	Provision of copies of restriction agreements entered into by the Company and the relevant shareholder, together with undertakings provided by a bank, recognised trustee or the provider of registry services, in relation to the restricted securities of the Company.	To be provided if required by ASX.
(n)	Lodgement of any outstanding reports (other than quarterly reports) for the period since the Company's securities were suspended and any other outstanding documents required by Listing Rule 17.5.	Outstanding reports were lodged with ASX on 17 October 2017 and 3 April 2018.
(o)	Lodgement of Director's interest notices, being either Appendix 3Xs, 3Ys, or 3Zs, as required.	An Appendix 3Y will be lodged for each Director on completion of the First Placement. The Company will ensure that all notices relating to the Public Offer are lodged post-completion of the capital raising under this Prospectus.
(p)	Confirmation that there are no legal, regulatory or contractual impediments to the Company undertaking the activities the subject of the commitments disclosed in the Prospectus.	Confirmation will be provided to ASX following completion of capital raising under this Prospectus.
(q)	Payment of any ASX fees, including listing fees, applicable and outstanding.	To be paid as advised by ASX.

(r)	<p>Confirmation the securities to be issued following the EGM have been issued, and despatch of each of the following has occurred:</p> <ul style="list-style-type: none"> <li>(i) in relation to all holdings on the CHESS sub-register, a notice from the Company under ASX Settlement Operating Rule 8.9.1;</li> <li>(ii) in relation to all other holdings, issuer sponsored holding statements; and</li> <li>(iii) any refund money.</li> </ul>	<p>Confirmation will be provided to ASX following completion of capital raising under this Prospectus.</p>
(s)	<p>Provision of the following documents, in a form suitable for release to the market:</p> <ul style="list-style-type: none"> <li>(i) a statement setting out the names of the 20 largest holders of each class of securities to be quoted, including the number of percentage of each class of securities held by those holders;</li> <li>(ii) a distribution schedule of the numbers of holders in each class of security to be quoted, setting out the number of holders in the following categories: <ul style="list-style-type: none"> <li>1-1,000</li> <li>1,001-5,000</li> <li>5,001-10,000</li> <li>10,001-100,000</li> <li>100,001 and over</li> </ul> </li> <li>(iii) a statement outlining the Company's capital structure following the EGM on a post-issue and post-Consolidation basis;</li> <li>(iv) the Company's pro-forma balance sheet based on actual funds raised;</li> <li>(v) the Company's updated statement of commitments based on actual funds raised;</li> <li>(vi) a consolidated activities report setting out the proposed business strategy for the Company (including an update on the Company's assets and the current activities with respect thereto);</li> <li>(vii) full terms and conditions of all options issue (if any);</li> <li>(viii) full terms and conditions of any employee incentive schemes (if any);</li> <li>(ix) a statement disclosing the extent to which the Company will allow, as at the date its securities are reinstated, the recommendations sets by the ASX Corporate Governance Council. If the Company does not intend to follow all of the recommendations on its reinstatement, the Company must identify those recommendations that will not be followed and give its reasons for not following them;</li> <li>(x) a statement setting out the number of securities subject to ASX restrictions and the restriction period applied to those securities;</li> <li>(xi) a copy of the Company's securities trading policy as required by Listing Rule 12.9;</li> <li>(xii) an update on all litigation with respect to the Company (if any);</li> <li>(xiii) a statement confirming the Company is in compliance with the Listing Rules and in particular Listing Rule 3.1; and</li> <li>(xiv) any further documents and confirmations ASX may determine are required to be released to the market as pre-quotation disclosure following its review of the prospectus and any ancillary documentation.</li> </ul>	<p>Documents will be provided to ASX as part of the Company's application for reinstatement to Official List of ASX.</p>

(t)	Confirmation of the responsible person for the purposes of Listing Rule 1.1 condition 13.	The responsible person is Andrew Whitten, Company Secretary.
(u)	Payment of any other fees applicable and outstanding. The Company's outstanding fees will be advised in due course.	To be paid as advised by ASX.
(v)	Provision of any other information required or requested by ASX.	To be provided as required by ASX.

## 2.5 Directors' Interest in Company Securities at the date of Prospectus

The Directors of the Company were issued Securities in the Company on 9 April 2018 pursuant to the First Placement. The table below shows the interests of each Director in the Securities of the Company at the date of this Prospectus:

Directors	Shares	Options	Total (Fully Diluted)
Joanne Kendrick	15,000,000	16,875,000	31,875,000
Ross Warner	15,000,000	16,875,000	31,875,000
Michael Pollak	25,000,000	12,500,000	37,500,000

In accordance with Shareholder approvals obtained at the EGM, each Director of the new Board is eligible to subscribe for New Shares pursuant to the Public Offer under this Prospectus. Mr. Michael Pollak is the only Director of the new Board who is subscribing for New Shares under the Public Offer.

## 2.6 Directors' Interest in Company Securities after completion of the Public Offer and the Proposed Recapitalisation

The tables below show the maximum interests of each Director in the Securities of the Company after completion of the Public Offer and the Proposed Recapitalisation.

### Maximum Holdings of Directors on Completion of the Public Offer

Directors	Shares held at date of Prospectus	Options held at date of Prospectus	New Shares	Total (Fully Diluted)
Joanne Kendrick	15,000,000	16,875,000	Nil	31,875,000
Ross Warner	15,000,000	16,875,000	Nil	31,875,000
Michael Pollak	25,000,000	12,500,000	Up to 2,000,000	Up to 39,500,000

## Maximum Voting Power of the Directors

Directors	Maximum Holdings in Antares	% of Company (Undiluted) <sup>(d)</sup>	% of Company (Fully Diluted) <sup>(e)</sup>
Joanne Kendrick	15,000,000 Shares <sup>(a)</sup> 16,875,000 First Placement Options	4.53%	7.85%
Ross Warner	15,000,000 Shares <sup>(b)</sup> 16,875,000 First Placement Options	4.53%	7.85%
Michael Pollak	Up to 27,000,000 Shares <sup>(c)</sup> 12,500,000 First Placement Options	8.16%	9.73%

### Notes

(a) Includes First Placement Shares subscribed for by Ms Kendrick under the First Placement at an issue price of \$0.0025 per First Placement Share. At the EGM, Shareholder approval was obtained for Ms Kendrick (or her nominee) to subscribe for up to 33,750,000 First Placement Shares and up to 2,000,000 New Shares under the Public Offer. Ms Kendrick personally subscribed for 15,000,000 First Placement Shares and nominated another member of the Syndicate (who is not a related party) and a group of investors (who are not part of the Syndicate) to subscribe for the remaining 18,750,000 First Placement Shares. Ms Kendrick will not be subscribing for any New Shares.

(b) Includes First Placement Shares subscribed for by Mr Warner under the First Placement at an issue price of \$0.0025 per First Placement Share. At the EGM, Shareholder approval was obtained for Mr Warner (or his nominee) to subscribe for up to 33,750,000 First Placement Shares and up to 2,000,000 New Shares under the Public Offer. Mr Warner personally subscribed for 15,000,000 First Placement Shares and nominated another member of the Syndicate (who is not a related party) and a group of investors (who are not part of the Syndicate) to subscribe for the remaining 18,750,000 First Placement Shares. Mr Warner will not be subscribing for any New Shares.

(c) Includes First Placement Shares subscribed for by Mr Pollak at an issue price of \$0.0025 per First Placement Share under the First Placement and maximum number of New Shares which could be subscribed for by Mr Pollak under the Public Offer. At the EGM, Shareholder approval was obtained for Mr Pollak (or his nominee) to subscribe for up to 25,000,000 First Placement Shares and up to 2,000,000 New Shares under the Public Offer.

(d) Following completion of the Proposed Recapitalisation, assuming that the Public Offer is fully subscribed, and undiluted.

(e) Following completion of the Proposed Recapitalisation, assuming that the Public Offer is fully subscribed, and fully diluted.



## SECTION 3: COMPANY AND PROJECTS OVERVIEW

### 3.1 Overview

Antares is an ASX-listed oil and gas producer with production and exploration oil assets in the Permian Basin within the Dawson County, Texas, USA. The Company's assets here are collectively referred to as "Big Star".

The company has 5 wellbores (including 2 producing wells), 240 gross acres of held by production (HBP) acreage and 1,747 net acres of exploration acreage as at 1 April 2018 where a significant portion (including 4 wellbores) is owned 100% and Operated by Antares. The Company does not currently carry any hydrocarbon reserves or resources associated with these land holdings.

### 3.2 Antares strategy

Antares will seek to add shareholder value via both organic and inorganic growth.

At Big Star, Antares will aim to optimise production from its existing wells, evaluate the prospectivity in the exploration acreage for further (contingent) drilling and will investigate opportunities to renew current leases and/or expand its holdings in the immediate area for low or zero cost by leveraging its current high working interests and/or introducing new investors to the Project.

In addition to the prudent management of its existing portfolio, Antares will actively seek inorganic growth opportunities through the acquisition of oil and gas assets both in the USA and in other jurisdictions. Target opportunities will be well-priced and within proven hydrocarbon regions, ideally where the Company may have a competitive advantage.

### 3.3 Proposed use of funds

If the full amount of **\$1,650,000** is raised from the Public Offer, the Company intends to apply the funds (in addition to the \$376,875 raised by the First Placement, which took place on 9 April 2018) as follows:

**Table 1: Proposed Use of Funds**

Proposed use of funds	Year 1	Year 2	Total
Oil and gas exploration/production/renewal	220,000	290,000	510,000
Review of new projects	175,000	195,000	370,000
<b>Sub-total</b>	<b>395,000</b>	<b>485,000</b>	<b>880,000</b>
Payment to the Creditors Trust <sup>(a)</sup>	500,000	-	500,000
Working capital <sup>(b)</sup>	400,000	246,875	646,875
<b>Total</b> <sup>(c)</sup>	<b>1,295,000</b>	<b>731,875</b>	<b>2,026,875</b>

#### Notes:

<sup>(a)</sup> The Company will use the Cash Consideration of \$500,000 as repayment of loan funds arranged by the Syndicate for payment to the Deed Administrators to satisfy obligations under the DOCA.

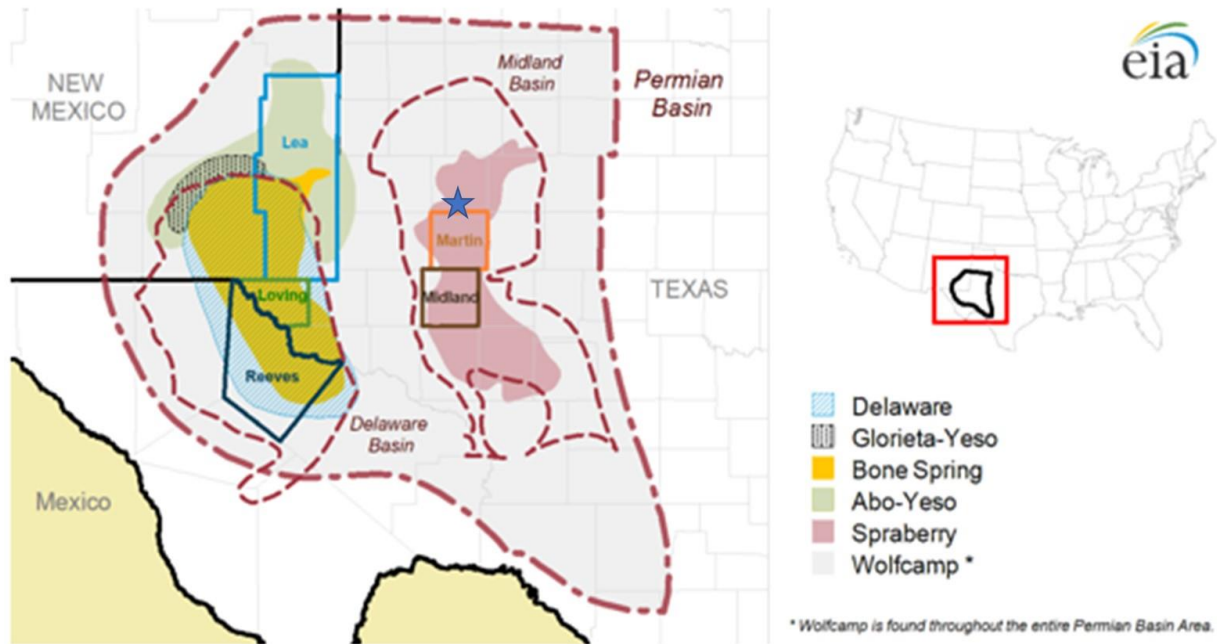
<sup>(b)</sup> This includes expenses associated with the Proposed Recapitalisation to be repaid to the Syndicate.

<sup>(c)</sup> The total expenditure includes the capital raised from the First Placement of First Placement Shares and First Placement Options to members of the Syndicate (or its nominees) which was completed on 9 April 2018 and raised \$376,875 and the Public Offer which will raise up to \$1,650,000.

### 3.4 Big Star project location: Midland Basin, Permian Basin Province, Texas

The Big Star project is located in the northern Midland Basin, which lies within the Permian Basin Province in Texas. The approximate location is marked by the blue star, in Figure 1 below.

**Figure 1 : Permian Basin Province**



Texas leads the United States of America in crude oil reserves and production, with annual oil production of almost 1.26 billion barrels, more than 36% of all U.S. crude oil proved reserves and accounting for more than 46% of active drilling rigs<sup>1,2,3</sup>. More than 25% of the US's 100 largest oil fields by reserves are located in Texas, mostly in the Permian Basin.<sup>4</sup>

Since 1920, the Permian Basin Province has produced over 30 billion barrels of oil and more than 75 TCF of gas<sup>5</sup> from a number of different conventional and unconventional formations, including the Yates, San Andres, Clear Fork, Spraberry, Wolfcamp, Yeso, Bone Springs, Avalon, Canyon, Morrow, Devonian, and Ellenberger. Production depths range from a few hundred metres to 8,000 metres below the surface.<sup>6</sup>

Increased use of enhanced-recovery practices in the Permian Basin has resulted in a substantial impact on U.S. oil production. In January 2018, the US Energy Information Agency (EIA) reported oil production in excess of 2.5 million barrels per day (almost 1.7 million barrels per day from fields in

<sup>1</sup>U.S. EIA, Crude Oil Proved Reserves, Reserve Changes, and Production, Proved Reserves as of 12/31, Annual, 2010-15.

<sup>2</sup> Kim, Eugene M., and Stephen C. Ruppel, Oil and Gas Production in Texas, Bureau of Economic Geology, University of Texas at Austin, p. 2, accessed December 2017.

<sup>3</sup> U.S. EIA, Texas State Energy Profile, 18 January 2018, [<https://www.eia.gov/state/print.php?sid=TX#30>], accessed 1 February 2018.

<sup>4</sup> U.S. EIA, Top 100 U.S. Oil & Gas Fields (March 2015).

<sup>5</sup> Forbes, Texas' Permian Basin: An Oil and Natural Gas Production Machine, Jude Clemente, 12 February 2017, [<https://www.forbes.com/sites/judeclemente/2017/02/12/texas-permian-basin-an-oil-and-natural-gas-production-machine/2/#268ccb829c1b>], accessed 1 February 2018.

<sup>6</sup> Railroad Commission of Texas, Permian Basin Information, [<http://www.rrc.state.tx.us/oil-gas/major-oil-and-gas-formations/permian-basin-information/>], accessed 1 February 2018.

Texas).<sup>7,8</sup> The EIA predicts that the Permian region will produce 3.6 million barrels of oil per day by the end of 2019.<sup>9</sup>

The Permian Basin is one of the largest and most structurally complex regions in North America consisting of several sub-basins and platforms that make up one of the world's thickest deposits of Permian aged rocks.<sup>10,11</sup> The basin is divided into two main sub-basins: the Delaware Basin to the west and the Midland Basin to the east.

The eastern portion of the Permian Basin is designated the Midland Basin. It is an accumulation of enormous thick sandstone, siltstone, carbonate and shale layers deposited during the Pennsylvanian, between 323 to 299 million years ago. The Midland Basin now contains historically productive non-tight formations as well as many prolific tight formations, such as the Wolfcamp and Spraberry shales, (together known as the Wolfberry) and the Bone Springs.

The large number of stacked plays within the Midland Basin means operators have continued to develop multiple tight oil layers and increase production from the area. Historically vertical drilling was the primary method of oil and gas field development. The application of horizontal drilling, hydraulic fracturing, increases in proppant intensity, lateral lengths, changes to slick-water completions, and drilling in sweet spots have all helped drive increased initial production rates from wells, which are now comparable to wells drilled in the well-known Bakken and Eagle Ford shales.<sup>12</sup>

High levels of drilling and production activity in the Midland Basin has resulted in the drilling of over 115,000 wells, including more than 5,100 horizontal wells. Records indicate that there has been an 83% historical success rate and almost 100,000 of these wells continue to produce oil and gas. The south and central portions of the Basin are currently the most productive.<sup>13</sup>

(a) **USGS Study<sup>14,15</sup>**

In 2016, the United States Geological Survey (USGS) estimated the Midland Basin contains over 20 billion barrels of undiscovered, technically recoverable oil resources.

Of the six "Assessment Areas" included in Study, the Northern Wolfcamp where the Antares leaseholds are located (refer Figure 2 below) contains the greatest "untested" area (97%+) and the lowest expectations of drilling success (50%). Of the total, USGS estimated undiscovered continuous resources of 521 million barrels of oil in the Northern Wolfcamp Assessment Area.

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<sup>7</sup> U.S. EIA, Today in Energy, Permian Basin oil production and resource assessments continue to increase, 26 April 2017.

<sup>8</sup> U.S. EIA, Drilling Productivity Report, Permian Region, January 2018.

<sup>9</sup> Railroad Commission of Texas, Permian Basin Information – Texas Permian Oil Production, 2008 through November 2017, [[http://www.rrc.state.tx.us/media/41514/permianbasin\\_oil\\_perday.pdf](http://www.rrc.state.tx.us/media/41514/permianbasin_oil_perday.pdf)], accessed 1 February 2018.

<sup>10</sup> U.S. EIA, short-term Energy Outlook, 9 January 2018, [[https://www.eia.gov/outlooks/steo/report/us\\_oil.php](https://www.eia.gov/outlooks/steo/report/us_oil.php)], accessed 31 January 2018.

<sup>11</sup> U.S. EIA, Today in Energy, Permian Basin oil production and resource assessments continue to increase, 26 April 2017.

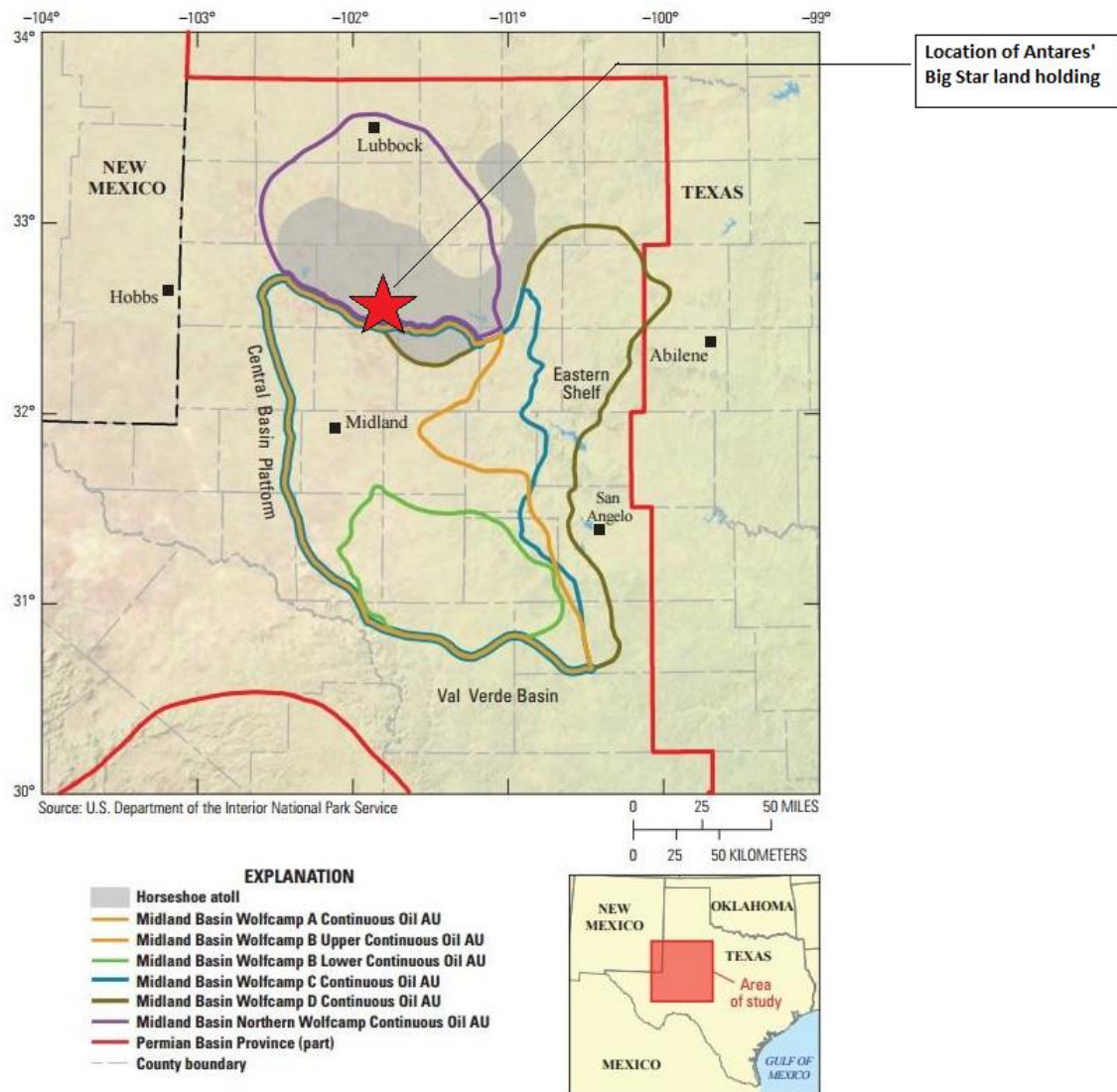
<sup>12</sup> U.S.G.S., Assessment of Continuous Oil Resources in the Wolfcamp Shale of the Midland Basin, Permian Basin Province, Texas, 2016, Fact Sheet 2015-3092, November 2016.

<sup>13</sup> U.S. EIA, short-term Energy Outlook, 9 January 2018, [[https://www.eia.gov/outlooks/steo/report/us\\_oil.php](https://www.eia.gov/outlooks/steo/report/us_oil.php)], accessed 31 January 2018.

<sup>14</sup> IHS Markit, Wolfcamp Horizontal Play, Midland Basin, West Texas, 2016, Peter Blomquist.

<sup>15</sup> U.S.G.S., Assessment of Continuous Oil Resources in the Wolfcamp Shale of the Midland Basin, Permian Basin Province, Texas, 2016, Open-File Report 2017-1013

**Figure 2: Big Star location relative to USGS Assessment Areas<sup>16</sup>**



<sup>16</sup> U.S.G.S., Assessment of Continuous Oil Resources in the Wolfcamp Shale of the Midland Basin, Permian Basin Province, Texas, 2016, Open-File Report 2017-1013.

### 3.5 Antares Big Star Portfolio (as at 31 January 2018)

Antares currently has 5 wellbores (including 2 producing wells), 240 gross acres (218 net) of held by production (HBP) acreage and 1,747 net acres of exploration acreage as at 1 April 2018 where a significant portion (including 4 wellbores) is owned 100% and Operated by Antares.

#### (a) Wells

**Table 2: Big Star Wellbores**

Well Name	Area	Operator	Working Interest	Net Revenue Interest
Cline 46-1	Dawson County, TX	Antares	100%	0%
Esmond 20-1	Dawson County, TX	Antares	100%	75%
Simmons 27-2	Dawson County, TX	Third party	72%	54%
Stuart 12-1	Dawson County, TX	Antares	100%	75%
Woodward 7-1	Dawson County, TX	Antares	100%	0%

Two of the Company's wells, Stuart 12-1 and Simmons 27-2, produce up to 8 barrels of oil per day. The Company owns 100% of Stuart 12-1 and operates the well. The Company owns 72% of Simmons 27-2, which is operated by Callon Petroleum Operating Company.

Esmond 20-1 is out of service; however, the obligation to plug and abandon the well has been deferred due to the filing of an "abeyance of plugging" report with the State of Texas. The abeyance of plugging report grants the operator the right to conduct further study of the well to determine in the future if a workover to bring the well back into production is warranted.

The Cline 46-1 and Woodward 7-1 wells are out of service. The Cline well stopped producing in early 2015 when its pumping unit went down and was not replaced. A renewal of the lease would require the approval of the landowner, which may or may not be achievable. The Woodward well stopped producing in early 2016 due to pump problems, and repair was not pursued due to poor economics and lack of funds. The wellbore has been plugged; however, the location still requires reclamation, which entails restoring the surface to accommodate cotton farming.

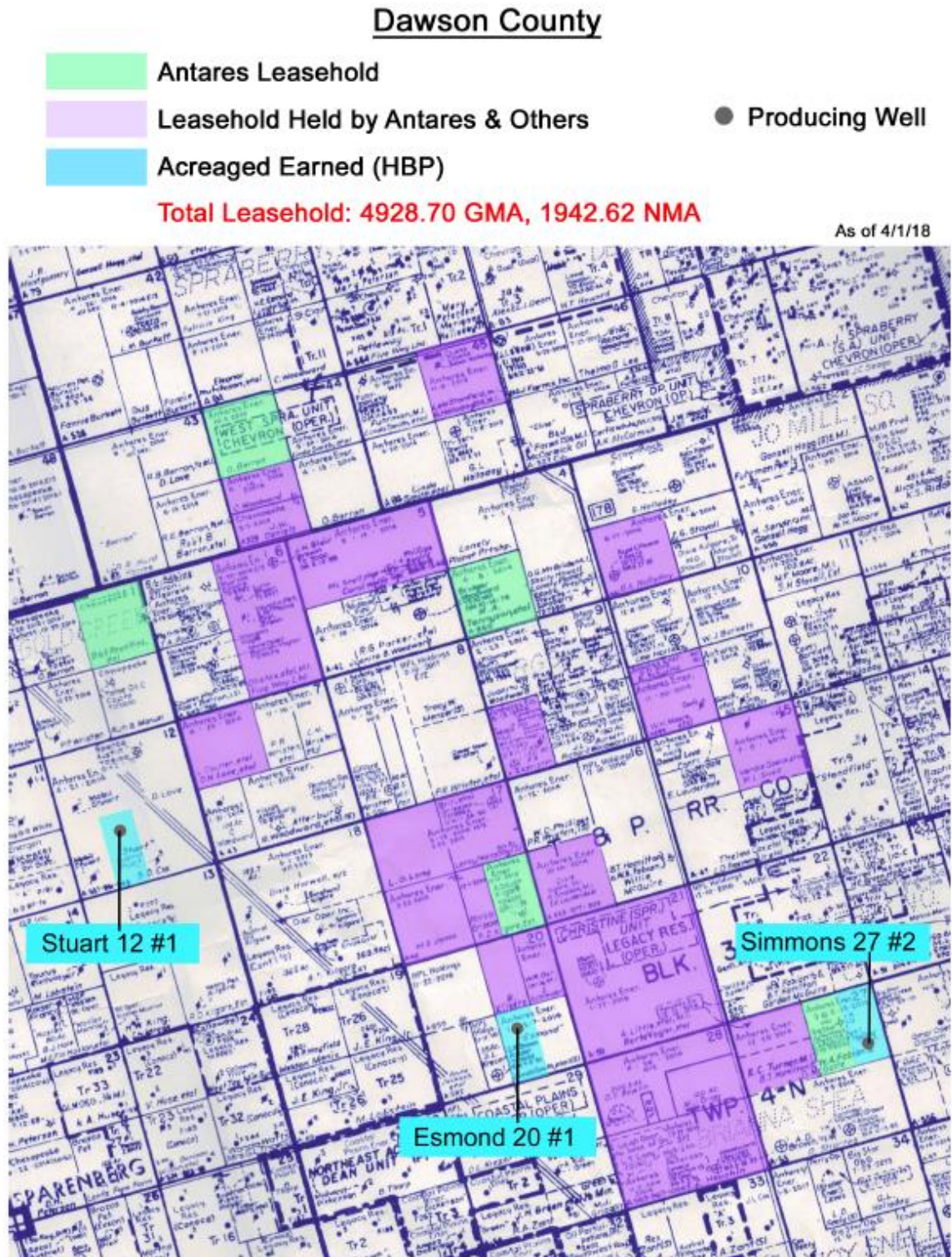
The total abandonment liability for all 5 wells is currently estimated at \$160,000.

#### (b) HBP and Exploration Acreage

As at 1 April 2018, the Company's leaseholds total 1,747 net exploration acres and 240 gross acres (218 net) HBP, shown in Figure 2 below.

The HBP acreage currently associated with the remaining wellbores includes 80 gross acres each held by continuous production from the Simmons 27-2 and Stuart 12-1 wells and an additional 80 gross acres held by the abeyance of plugging status for the Esmond 20-1. The Cline 46-1 and Woodward 7-1 wells are out of service and by the terms of their leases have each lost the 80 acres previously HBP.

**Figure 3: Antares lease position as at 1 April 2018**



**Table 3: Antares Net Leasehold Position (with lease extensions)**

Date	HBP Acres (Gross)	Net Exploration Acres Opening Position	Net Acres Expiring	Net Acres Available for Extension	Net Exploration Acres Closing Position
Apr-2018	240	1747	372	76	1375
May-2018	240	1375	0	286	1375
Jun-2018	240	1375	0	0	1375
Jul-2018	240	1375	307	167	1068
Aug-2018	240	1068	0	178	1068
Sep-2018	240	1068	83	117	984
Oct-2018	240	984	0	160	984

Table 3 above summarises the Company's exploration position in the event that the Company elects to extend the leaseholds as and when due.

Table 4 below summarises the Company's exploration position in the event that the Company elects to allow the leases to expire without renewal. In this case, the Company would retain its HBP acres until cessation of production and/or expiry/withdrawal of any Letter of Abeyance and have no exploration acreage by the end of October 2018.

**Table 4: Antares Net Leasehold Position (without lease extensions)**

Date	HBP Acres (Gross)	Net Exploration Acres Opening Position	Net Acres Expiring	Net Acres Available for Extension	Net Exploration Acres Closing Position
Apr-2018	240	1747	372	76	1299
May-2018	240	1299	0	286	1013
Jun-2018	240	1013	0	0	1013
Jul-2018	240	1013	307	167	539
Aug-2018	240	539	0	178	360
Sep-2018	240	360	83	117	160
Oct-2018	240	160	0	160	0

### 3.6 Antares forward plan

#### (a) Wells

Antares has a 3-point plan with respect to the current wells.

1. Production and operations audit: review the current two producers (Simmons 27-2 and Stuart 12-1) for any potential production improvements and the operational activity for any opportunities to improve the commerciality of the current day-to-day operations as well as to identify and manage risk.
2. Bypassed oil study: review all 5 wellbores for any remaining undeveloped oil.
3. Workovers, remediation and abandonment:
  - a. Esmond 20-1: The Esmond well has not produced since early 2015, when water production increased ten-fold overnight and oil production ceased, indicating a possible leak in the downhole casing. The well is subject to an abeyance of plugging, an exception granted by the State of Texas which allows for deferral of the obligation to plug and abandon the well until further study of economic potential is undertaken. Conditional upon the Company's studies supporting commerciality, Antares plans to conduct a workover to shutoff water production and restore oil production. This is an opportunity that has been recommended by the contract operator.
  - b. Cline 46-1: The leasehold which Antares previously held over Cline 46-1 has expired due to a significant period of no production. If the study identifies legitimate potential remaining, an approach may be made to the lease owner to renew the lease, although there is no guarantee the landowner will agree to such a renewal.
  - c. Woodward 7-1: The leasehold which Antares previously held over Woodward 7-1 has expired due to a significant period of no production. The well has been plugged and abandoned; however, the surface location still requires reclamation to restore the surface to its natural state at an estimated cost of US\$35,000 (bids pending).

#### (b) Exploration Acreage

The Company's wells have oil production from both the Spraberry and Wolfcamp Formations. Whilst the productivity and hydrocarbon content in these Formations has not been proven across the remainder of the exploration leasehold, there is the potential that recoverable oil extends beyond the current HBP acreage into the Company's exploration acreage.

The drilling of vertical wells on the Company's acreage has not been as successful as prognosed at the time of drilling, due primarily to low productivity. Greater success has been found by other Operators in the Midland Basin by employing the use of horizontal wells that are hydraulically fractured which can improve productivity by multiples of that achievable in vertical wells.

The use of the technology in the Northern Assessment Unit (as defined by the USGS) remains largely untested; however, a successful horizontal "proof of concept" well in the Unit will increase the value of surrounding acreage and increase the chance of success of further wells.

The Company plans to explore the value of the acreage by:

1. GG&E (geophysical, geological and engineering) studies: Conduct GG&E analysis of the leasehold area and its surroundings. The intention of the study will be to evaluate the potential for economically recoverable oil in the acreage using hydraulically fractured, horizontal wells. These studies will also assist the Company in determining if and how the Company should seek to expand its acreage position in the Midland Basin.
2. Proof of Concept drilling: Should the GG&E studies above conclude that the acreage contains significant potential for the economic recovery of oil, the Company may make certain preparations for the drilling of a "proof of concept" well, possibly including the purchase of additional seismic data. Such a well would require further funding beyond the scope of this current capital raising and in this event, the Company may leverage its current high working interests to try and attract an industry partner to participate.



**(c) Midland Basin portfolio management**

Given the short lease extension and expiry dates on the exploration leaseholds, the Company will consider proactively looking for opportunities to renew current leases and/or expand its holdings in the immediate area of the Midland Basin region for low or zero cost by leveraging its current high working interests and/or introducing new partners into the existing position.

Upon completion of the GG&E studies in 1.6 (a) and 1.6 (b), the Company will consider its portfolio management plans in the context of the results of those studies. The Company may selectively renew leases upon expiry should the GG&E studies reach a favourable recommendation, however it is likely this will require further funding efforts by the Company and/or new partners.

**(d) Inorganic growth**

The Company intends to maintain an active program of identifying additional oil and gas projects, including where it may have a competitive advantage, with a view to acquisition and development in the future. Under this initiative, the Company will be open to considering projects in other proven oil and gas regions and jurisdictions.

Furthermore, as part of its on-going business objectives, the Company will also consider the acquisition and development of any other investments, both within its broader industry sector as well as in unrelated market segments, as identified by the Company and always subject to compliance with the ASX Listing Rules and the Corporations Act.

## **SECTION 4: RISK FACTORS**

This Section identifies the areas the Directors regard as many of the major risks associated with an investment in the Company post-completion of the Public Offer and Proposed Recapitalisation.

Potential Applicants should be aware that an investment in the Company involves many risks, which may be higher than the risks associated with an investment in other companies. Potential Applicants should read the whole of this Prospectus and consult with their professional advisers for legal, business, financial or tax advice in order to fully appreciate such matters and the manner in which the Company intends to operate before any decision is made to apply for Securities.

The following summary, which is not exhaustive, represents some of the major risk factors that potential Applicants need to be aware of. These risks have been separated into:

- (a) specific risks; and
- (b) general risks.

The specific risks considered, and others not specifically referred to in this Prospectus, may in the future materially affect the financial performance of the Company and the value of the Securities offered under this Prospectus.

There are numerous widespread risks associated with investing in any form of business and with investing in the share market generally. There are also a range of specific risks associated with Antares and its involvement in the oil and gas exploration and production sector.

An investment in the Company should be regarded as speculative. Potential Applicants should realise that the value of their investment may fluctuate considerably due to many factors.

Some of the risks may be mitigated by the Company using safeguards and appropriate systems and taking certain actions, however these mitigations may not be sufficient to fully protect the Company. In addition, some of the risks may be outside the control of the Company and not capable of mitigation. No assurances can be given that any of the risk factors will not adversely impact the Company.

### **4.1 Specific Risk Factors Relating to the Company**

The success of the Company's business following the completion of the Public Offer and the Proposed Recapitalisation is directly related to its future oil and gas exploration and production activities. The profitability (if any) of the Company's exploration and production activities will be dependent on the success of the results of exploration and production on the current and any future exploration/production assets of the Company and, if possible, the successful commercial exploitation of these assets.

#### **(a) Title risk**

In connection with existing leaseholds in the Texas, USA, the Company has acquired and intends to continue acquiring Working Interests in leaseholds from mineral rights owners. As existing lease terms expire, certain leases are, at the Company's election, capable of renewal or extension. There is no guarantee that:

- (i) existing leases will be renewed, extended or reacquired on expiry; or
- (ii) leases on new areas will be acquired; or
- (iii) production will be maintained at levels necessary to continue to hold leases which are Held by Production.

Title to interests in any country are subject to geopolitical, regulatory and sovereign risk as described below.

#### **(b) Commodity price fluctuations**

It is anticipated that any future revenues, other than sales of assets, will be derived from the sale of oil and or natural gas. The prices of crude oil, natural gas and refined products are outside the control of the Company and fluctuate and impact the opportunities available to the Company.

Future revenues, profitability, cash flow and rate of growth will be significantly affected by the prices of, and demand for, crude oil, natural gas and refined products as well as production costs, global economic conditions and expectations for inflation and interest rates.

In the event the Company expands its production of oil and/or natural gas, any substantial and extended decline in the market price of oil and gas could have an adverse effect on potential future revenues, profitability, cash flow from operations, carrying value of future reserves, and borrowing capacity amongst other measures of its financial performance and economic viability.

On a global scale, oil and gas commodity prices depend on a variety of factors including stability in the Middle East, actions taken by the OPEC, and global economic growth. In North America, natural gas prices are more dependent on domestic factors, including weather, availability of substitute fuels, and supply. All of these factors, both global and domestic, are beyond the Company's control and may substantially impact the Company's ability to generate revenue from the production of oil or natural gas.

There is a strong likelihood that oil and natural gas prices will fluctuate and lower prices may heavily influence the Company's exploration and production activity. This may also impact the Company's ability to acquire capital for existing and future projects.

If the Company expands its production, of which there is no guarantee, and the market price of oil and gas sold by the Company were to be below the costs of production and remain at such a level for any sustained period, the Company would experience losses and might have to curtail or suspend some or all of its proposed activities. In such circumstances, the Company would also have to assess the economic impact of any sustained lower commodity prices on the feasibility of advancing its projects to production and the commercial recoverability of any existing reserves.

**(c) Exploration and development risks**

Oil and gas exploration is a speculative investment and involves a high degree of risk.

There is no guarantee that exploration and development of the oil and gas concessions or leasehold interests owned by the Company or any projects that the Company may acquire in the future, can be profitably exploited.

Oil, condensate, natural gas liquids and natural gas exploration and production activities are subject to numerous risks, including the risk that drilling will result in dry holes or not result in commercially feasible oil or natural gas production. Selecting a drilling location is influenced by the interpretation of geological, geophysical, and seismic data, which is a subjective science and has varying degrees of success. Other factors, including land ownership and regulatory rules, may impact the Company's decisions with respect to well locations. Further, no known technologies provide conclusive evidence prior to drilling a well that oil or natural gas is present or may be produced economically. New wells drilled may not be productive, or may not recover all or any portion of the Company's investment in such wells. Decisions to purchase, explore, develop or otherwise exploit prospects or properties will depend, in part, on the evaluation of production data, engineering studies, and geological and geophysical analyses, the results of which are typically inconclusive or subject to varying interpretations. The cost of drilling, completing, equipping, operating and abandoning wells is typically uncertain.

**(d) Reliance on key personnel**

The Company's success depends largely on certain key personnel. The loss of the services of such key personnel may have a material adverse effect on the Company's business, financial condition, results of operations and prospects. The contributions of the existing management team to the immediate and near-term operations of the Company are likely to be of central importance. There can be no assurance that the Company will be able to continue to attract and retain all personnel necessary for the development and operation of the business.

**(e) Funding risk**

The Company may require capital in addition to the amount being sought through the Public Offer to continue exploring, producing and appraising its existing assets following the work program budget period. In the event that new opportunities are acquired or the Company elects to renew or extend existing leases on expiry, additional capital may be required. Failure to obtain such financing on a timely basis (or at all) could cause the Company to forfeit its interest in any oil and gas concessions, miss certain acquisition opportunities and reduce or terminate its operations. There is no assurance that the capital or debt markets will provide additional funding on reasonable terms or at all. Uncertainty in domestic and international credit markets could materially affect the Company's ability to access sufficient capital for its capital expenditures and acquisitions and, as a result, may have material adverse effect on the Company's ability to execute its business strategy and on its business, financial condition, results of operations and prospects. The possibility of material dilution for shareholders also exists

especially if equity raisings are completed during a period of general market or company share price weakness.

**(f) Liquidity risk**

There is no guarantee that an active market in the Securities will develop or that the price of the Securities will increase. There may be relatively few buyers or sellers of Securities on the ASX at any particular time.

**(g) Geopolitical, regulatory and sovereign risk**

Exploration for and development, exploitation, production and sale of oil and natural gas is subject to laws and regulations, including complex tax laws and environmental laws and regulations, employment law and other laws. Existing laws or regulations, as currently interpreted or reinterpreted in the future, or future laws or regulations could adversely affect the Company. Certain laws may have material penalties and fines for instances of non-compliance. In addition to governmental legal action, private parties may pursue legal actions to enforce these laws and regulations against industry participants.

The Company's assets are located in the United States. As a result, they are subject to different environmental laws and regulatory requirements of the country and its states.

Whilst the USA is considered to be politically stable, the leases held by the Company may be affected by any changes in government policy or legislation.

Changes in government regulations and policies may also adversely affect the financial performance or the current and proposed operations generally of the Company. The ability to explore and develop oil and gas concessions, as well as industry profitability generally, can be affected by changes in government regulations policies or legislation in jurisdictions, that are beyond the control of the Company and may also adversely affect the financial performance or the current and proposed operations of the Company. In order to be compliant, certain permits, approvals, and certificates must be obtained and maintained and the cost of any of these may substantially increase from current levels.

**(h) Hydraulic fracturing**

Public debate exists regarding the potential sub surface and surface impact of hydraulic fracturing, including concern about the impacts of hydraulic fracturing on drinking water. In addition, there are many regulatory requirements to be adhered to. Additionally, hydraulic fracturing requires large volumes of water (the availability and regulation of which may change over time) and there are costs associated with water disposal that may be required should the Company produce water in its wells. As more impacts of hydraulic fracturing are fully understood, it may be subject to additional regulations or restrictions from local, state, or federal governmental authorities, resulting in increased compliance costs. Any modification to the current requirements may adversely impact the value of the Company's assets and future financial performance.

**(i) Oil and gas estimates**

Reservoir engineering is a subjective process that only provides an educated estimate of the volume of underground reserves. Oil and gas estimates are not precise and are based on knowledge, experience, interpretation and industry practice. Petroleum engineering is a subjective process of estimating accumulations of oil and/or natural gas that cannot be measured in an exact manner and which involves the use of assumptions which may ultimately not prove to be accurate. Different variables can impact whether these reserves are economically recoverable, including changes with respect to governmental regulations, commodity prices, and taxes. Resource estimates may change significantly when new information becomes available. The Company's actual revenues, expenses, and production will likely vary from such estimates and such differences could be substantial. There is a risk that the Company will not delineate resources on its leases and that it will not convert resources to reserves, and also that any future actual production with respect to Reserves may vary from such estimates. Such variances could be material to the Company and its future profitability. The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

**(j) Exchange rate risk**

The revenues, expenses, earnings, assets and liabilities of the Company, as well as the listed price of the Company Securities and, accordingly, your investment in the Company, may be exposed adversely to exchange rate fluctuations. A majority of the Company's expected expenditure on its existing oil and gas assets will be in USD. In the event the Company achieves commercial production, the Company's possible future revenues will be derived from USD sales. Any appreciation of the AUD against the USD effectively reduces the AUD value of that revenue. Further, any appreciation of USD against the AUD will have a detrimental impact on the use of AUD funds raised for the purposes of USD expenditure. The Company does not presently engage in currency hedging to offset any risk of currency fluctuations however the Company may convert a portion of its cash balances to USD.

**(k) Commercialisation and access to infrastructure**

Oil and gas exploration and development activities are dependent on the availability of drilling and related equipment, (typically leased from third parties) in the particular areas where such activities will be conducted, and access to infrastructure. Demand for such limited equipment or access restrictions may delay exploration and development activities or may require the Company to develop its own infrastructure.

Due to the location of the leases and the nature of the oil and gas industry in that geographic area, the Company's oil and gas production may be sold to a limited number of purchasers.

**(l) Environmental risk**

The Company is subject to a number of laws and regulations to minimise the environmental impact of any operations as well as rehabilitation of any areas affected by the Company's operations. These laws can be costly to operate under and any changes to these laws may adversely affect the Company. No assurance can be given that current or future requirements under environmental laws will not result in the cessation of exploration or production activities, the curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise adversely affect the Company's financial condition, results of operations or prospects. Penalties for failure to adhere to the laws or in the event of environmental damage the penalties and remediation costs can be substantive. In the areas in which the Company holds oil and gas interests, regulations exist which include, amongst other requirements, the need for permits for drilling operations, drilling bonds and reports concerning operations. In addition, there are rules and regulations governing conservation matters, including abandonment of drilled wells.

The Company may require approval from relevant authorities before it can undertake activities that may impact the environment, including drilling wells. Failure to obtain such approvals may prevent the Company from achieving its business objectives.

Regulations may limit the rate at which oil and gas could otherwise be produced from the Company's leasehold interests and may restrict the number of wells that may be drilled on a particular lease or in a particular field.

The southern states of the USA are susceptible to hurricanes and other extreme adverse weather conditions. Weather events have proven to cause substantial disruptions to hydrocarbon production and as a result of such weather, the Company's:

- (i) facilities may be substantially damaged; and
- (ii) any oil and gas production may be reduced or interrupted entirely.

**(m) Competition**

The Company competes with numerous other organisations in the search for, and the acquisition of, oil and gas assets. The Company's competitors include oil and gas companies that have substantially greater financial resources, staff and facilities than those of the Company and a longer operating history. The Company's ability to increase its reserves in the future will depend not only on its ability to explore and develop its current acreage areas, but also on its ability to select and acquire suitable producing properties or prospects for exploratory drilling.

There is a risk that the Board is unable to acquire assets due to competition, amongst other factors.

**(n) Contract risk**

The Company is and will become a party to various contracts, including but not limited to those summarised in Section 10 of this Prospectus.

Whilst the Company will have various contractual rights in the event of non-compliance by a contracting party, no assurance can be given that all contracts to which the Company is a party will be fully performed by all contracting parties. Additionally, no assurance can be given that if a contracting party does not comply with any contractual provision, the Company will be successful in enforcing compliance. There are also counterparty bankruptcy, creditor, termination and operational risks. Contracts, to which the Company and its subsidiaries are party, contain various termination rights that could be triggered in the event that either party does not fulfil their obligations under the applicable contract.

Terminations of contracts are also likely to give rise to consequences under the relevant contract.

There is no guarantee the Company will be able to secure purchasers for any oil and gas produced, on favourable terms or at all. Where there are a limited number of purchasers, exposure to the credit risk of each such purchaser and any outstanding accounts receivable from such purchaser may be material. Additionally, should any such purchaser elect to reduce or curtail the volumes of oil and natural gas it purchases, the Company's revenue may decline.

**(o) Abandonment**

Two of the Company's wells are out of service and will need to be abandoned in accordance with the lease terms and applicable laws and regulations unless the Company can obtain the consent of the leaseholder to defer abandonment. Similar obligations will arise in relation to the Company's other wells. The total cost of abandoning the wells is estimated to be \$160,000. The cost of abandoning wells is inherently uncertain and the estimated cost may rise. The expected abandonment cost includes salvage values which may or may not be realised. The Company may be required to abandon a well at a time beyond its control.

**(p) Operating risks and insurance**

Any future operations of the Company may be delayed or adversely affected by factors which are beyond the control of the Company including but not limited to surface access restrictions, compliance with current and new governmental requirements, technical issues, access to equipment, supplies, personnel and transportation, delays in the commissioning of plant and equipment, adverse weather conditions, environmental hazards, labour disputes or industrial accidents.

The overall nature of the oil and gas industry is hazardous and entails many inherent risks, including (among other things) well blowouts, cratering, explosions, uncontrollable flows of hydrocarbons, fires, formations with abnormal pressures, water shortages, crude oil spills, natural gas leaks, pipeline and tank ruptures, unauthorised discharges or certain pollutants, encountering naturally occurring radioactive material, and other hazards, risks, and pollutants. All of these hazards and risks create substantial liabilities and may result in substantial losses.

Even if the Company maintains insurance on par with industry standards, such insurance will not fully protect against all risks inherent in the Company's activities, as full insurance coverage may not be available or may be cost prohibitive. As a result, any losses the Company sustains may only be partially covered by insurance, if at all.

**(q) Ability to exploit discoveries**

It may not always be possible for the Company to participate in the exploitation of successful discoveries made in the areas in which it has an interest. Such exploitation may involve the need to obtain licences or approvals, including environmental approvals and authorisations, from relevant authorities and may require conditions to be satisfied or the exercise of discretion by such authorities. It may or may not be possible for such conditions to be satisfied.

**(r) Potential acquisitions**

As part of its business strategy, the Company may undertake acquisitions of, or significant investments in other oil and gas assets or companies with interests in oil and gas assets (or potentially companies in other industries). Any such transactions will be accompanied by risks commonly encountered in making such acquisitions as well as risks such as access to additional capital.

Uncertainties abound with the acquisition of interests in properties, including (i) the amount of recoverable reserves, (ii) development and operating costs, and (iii) potential environmental and other liabilities. Even with careful due diligence, it may be impossible to ascertain certain environmental or structural problems such as pipeline corrosion or hazardous spills. This risk could have a negative effect on future operations and the Company's financial position.

**(s) Risk of impairment write-downs**

Accounting rules may require the Company to write-down the value of its properties for certain impairments such as declining crude oil and natural gas prices, increased development costs, or poor drilling results. This could substantially impact the Company's ability to borrow funds for future capital expenditures and may negatively impact the ability to distribute funds.

**(t) Drilling risks**

The Company's drilling operations may be curtailed, delayed or cancelled due to several factors including weather conditions, mechanical difficulties, shortage or delays in the delivery of rigs and/or other equipment and specialist service providers as well as compliance with governmental requirements. Hazards incident to the exploration and development of oil and gas properties such as unusual or unexpected formations, pressure, temperatures and/or other factors are inherent in drilling and operating wells and may be encountered by the Company.

**(u) Venture Parties and Contractors**

Oil and gas ventures are typically operated under joint operating agreements (**JOAs**), which include provisions that require certain decisions to be voted upon by each participant. A decision will be approved under the JOA when the operator has received sufficient positive votes; the approval threshold for which varies with each JOA and for different activity types within a particular JOA. In certain circumstances, an operator may incur costs on behalf of the Company without its prior approval.

The Company is unable to fully control the decisions and activities of its joint venture partners and as a result there exists a risk that the Company may have the value of its interest in such properties reduced by votes or actions undertaken by other venture participants. The Company cannot guarantee that joint ventures will be operated or managed in accordance with the Company's preferred direction or strategy or guarantee that joint ventures will be operated in accordance with work program commitments in respect of the relevant projects. This may result in projects being delayed, losing value, being forfeited or fines imposed on the joint venture parties.

Further, the Directors are unable to predict the risk of financial failure, non-compliance with obligations or default by a participant in any venture to which the Company is, or may become, a party.

**(v) Concentration of ownership within members of the Syndicate and the new Board**

Following the completion of the First Placement on 9 April 2018 and the Public Offer the Securities to be offered and issued to members of the Syndicate pursuant to the Proposed Recapitalisation will constitute up to approximately 49.26% of the Company's fully diluted capital. There will therefore be a concentration of ownership of the Company among the members of the Syndicate (and their nominees), who will become substantial shareholders of the Company. This may allow members of the Syndicate (or their nominees) to exert significant influence over matters relating to the Company, including the election of future Directors or the approval of future transactions involving the Company. Also, given the size of the holdings, there may be an impact on the liquidity of the Company's securities.

The Syndicate includes each of the Directors of the new Board. Following completion of the First Placement on 9 April 2018 and the Public Offer, the proposed maximum voting power of the proposed Directors of the Company is 25.43% of the Company's fully diluted capital, as set out in section 2.6. Therefore, there will be a concentration of ownership of the Company within the new Board. This may allow the new Board to exert significant influence over matters relating to the Company.

However, following effectuation of the DOCA (which occurred on 23 March 2018) and completion of the Proposed Recapitalisation which will result in the Company being recapitalised and reinstated to the Official List of the ASX, the members of the Syndicate (or their nominees) will no longer be associates for the purposes of Chapter 6 of the Corporations Act. Therefore, this risk of concentration of ownership should not be taken as a representation that the members of the Syndicate (or their nominees) will be associates of one another, or will likely exercise their voting rights as Shareholders in the same manner, post-completion of the Proposed Recapitalisation.

(w) **Litigation risk**

On 27 November 2017, ASIC lodged proceedings in the Federal Court of Australia against Antares and one of its former directors, Mr James Cruickshank. On 4 December 2017, the Court granted leave to ASIC to commence and maintain the proceedings against Antares and Mr Cruickshank.

ASIC has alleged in the proceedings that Antares and Mr Cruickshank failed to comply with continuous disclosure obligations in relation to statements made to the ASX prior to Antares entering into administration, about the proposed sale of its oil and gas interests in the Permian Basin of Texas, United States to Wade Energy Corporation. Whilst against Mr Cruickshank ASIC seeks declarations of contravention of his involvement the alleged failure to comply with continuous disclosure obligations (and of Mr Cruickshank's alleged failure to discharge his duties to Antares with the degree of care and diligence required), disqualification orders and pecuniary penalties, ASIC only seeks a declaration of contravention against Antares.

The Administrators consented to the grant of leave being granted to ASIC to commence and maintain the proceedings against Antares on and Mr Cruickshank on conditions that:

1. ASIC continues to seek only declaratory relief, but not pecuniary penalties, damages or an account of profits from Antares;
2. ASIC is not entitled to seek to enforce any judgment or order against Antares, without further leave of the Court;
3. ASIC will not require the Administrators or Antares to take any active step in the proceedings (including, but not limited to, the filing of a defence); and
4. ASIC has agreed to cover the reasonable costs incurred by Antares or the Deed Administrators in the proceedings as a result of steps requested or required by ASIC itself in the proceeding (for example, in relation to providing discovery).

A full summary of the proceedings is also contained in Section 11.11.

#### **4.2 General Investment Risks**

Some of the general risks of investment which are considered beyond the control of the Company are as follows:

(a) **Goals and strategies**

There is no guarantee that appropriate assets can be identified, and if they are, acquired at an attractive price or at all. There is no guarantee that the Company will be successful in achieving its intended goals or strategies.

(b) **General Economic and Equity Market conditions**

Economic and equity market conditions in Australia and globally are beyond the control of the Company and its Directors and may adversely affect the performance of the Company. Factors such as currency fluctuations, inflation, interest rates, supply and demand, industrial disruption, investor sentiment and the global security situation may have an impact on share price and/or financial performance.

(c) **Share price and investment risk**

The market price of Securities will be determined by the share market and will be influenced by a range of factors outside the control of the Company including fluctuations in the Australian and international share markets, economic activity and outlook, interest rates, exchange rates and other non-economic factors.

There is a risk that the Securities of the Company or the Company's investments will fall in value over the short or long term. Stock markets tend to move in cycles, and so the prices of the Company's Securities may fluctuate and underperform other asset classes over time. Investors in the Company are exposed to this risk through their holding in the Company. In addition, the Securities may trade on ASX at a discount to net asset value per Share.

Share market conditions may affect the value of the Securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) interest rates and inflation rates;



- (iii) currency fluctuations;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) short selling and other trading activities;
- (vi) the demand for, and supply of, capital; and
- (vii) terrorism or other hostilities.

The market price of Securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

**(d) Dividend**

There is no guarantee that dividends will be paid on Securities in the future, as this is a matter to be decided by the Board in its discretion and the Board's decision will have regard, amongst other things, to the financial performance and position of the Company, relative to its capital expenditure and other liabilities.

**(e) Force Majeure events**

Events may occur within or outside Australia that could impact on the global and Australian economies, the operations of the Company and the price of the Securities. These events include but are not limited to acts of terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other man-made or natural events or occurrences that can have an adverse effect on the demand for the Company's products and its ability to conduct business.

**(f) Taxation risk**

Future legislation may result in the elimination of certain U.S. federal income tax deductions that are currently applicable to exploration and production activities and/or the imposition of new or increased taxes affecting such activities.

Tax rules or their interpretation in relation to equity investments may change. Both the level and basis of taxation may change, along with the treatment of dividends and franking credits. Furthermore, an investment in the Securities involves tax considerations which may differ for each investor, depending on their personal financial circumstances. Investors are therefore encouraged to seek professional tax advice in connection with any investment in the Company.

**(g) Speculative nature of investment**

The Directors and management of the Company will, to the best of their knowledge, experience and ability (in conjunction with senior management) endeavour to anticipate, identify and manage the risks inherent in the activities of the Company, with the aim of eliminating, avoiding and mitigating the impact of risks on the performance of the Company and its business operations. The ability of the Directors and management to do so may be affected by matters outside their control and no assurance can be given that the Directors and management of the Company will be successful in these endeavours.

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or investors. The above factors, and others not specified, may in the future materially affect the financial performance of the Company and the value of Securities.

## SECTION 5: DIRECTORS AND GOVERNANCE

### 5.1 Board of Directors and Company Secretary

The following table provides information regarding the Directors, including their ages and positions:

Name	Age	Position	Independent <sup>(a)</sup>
Ms Joanne Kendrick	43	Managing Director	No
Mr Ross Warner	51	Executive Director and Chairman	No
Mr Michael Pollak	43	Non-Executive Director	No

#### Notes

<sup>(a)</sup> The Company has assessed the independence of its Directors having regard to the requirements for independence which are set out in Principle 2 of the ASX Corporate Governance Principles.

Each Director has confirmed to the Company that they anticipate being available to perform their duties as Non-Executive or Executive Directors (as the case may be) without constraints from other commitments.

#### Managing Director – Joanne Kendrick

Joanne is a seasoned industry professional with over 20 years of experience in technical and senior roles with Woodside Petroleum, Newfield Exploration, Gulf Australia and Nido Petroleum. She is a Petroleum/Reservoir Engineer by background and has been responsible for managing new venture activity, ongoing infield production operations and significant drilling and development projects for 15 years. With significant ASX experience as the Deputy Managing Director whilst at Nido Petroleum for close to 7 years she is well placed to lead an ASX listed company operating oil and gas assets.

#### Executive Director and Chairman – Ross Warner

Ross is an experienced natural resources executive. He has held executive and non-executive director roles in several public companies listed on AIM and the ASX and a number of private companies. He has been involved in ventures with interests in operated and non-operated oil and gas assets in Texas, Louisiana and Oklahoma and upstream and gas to power projects in Indonesia. He practiced as a corporate finance lawyer with Mallesons Stephen Jaques in Perth and Melbourne and Clifford Chance in London.

#### Non-Executive Director – Michael Pollak

Michael Pollak holds a bachelor of Commerce, is a chartered accountant and has an MBA in strategy from the Australian Graduate School of Management. Michael commenced his career at PricewaterhouseCoopers over 15 years ago. Michael has gained valuable experience in both Sydney and London in general management, audit, insolvency, corporate advisory and strategy across a wide range of industries, including financial services, professional services, retail, mining, technology and manufacturing. Michael is currently a director of MOQ Limited and was previously a director of various ASX listed entities including UCW Limited, Prospect Resources Limited, Metalicity Limited, Rhippe Limited and HJB Corporation Limited, being companies that he previously recapitalised.

### 5.2 Director Disclosures

No Director of the Company has been the subject of any disciplinary action, criminal conviction, personal bankruptcy or disqualification in Australia or elsewhere in the last 10 years which is relevant or material to the performance of their duties as a Director of the Company or which is relevant to an investor's decision as to whether to subscribe for Securities.

No Director has been an officer of a company that has entered into any form of external administration as a result of insolvency during the time that they were an officer or within a 12-month period after they ceased to be an officer.

### 5.3 Executive Team

The Company's executive team comprises Joanne Kendrick (Managing Director) and Ross Warner (Executive Director and Chairman).

## 5.4 Directors' Remuneration

The following table sets out the Directors' annual remuneration payable following the completion of the Public Offer and the Proposed Recapitalisation:

Director	Fees and remuneration
Ms Kendrick	\$60,000
Mr Warner	\$60,000
Mr Pollak	\$60,000

The Board is responsible for the overall governance of the Company. Issues of substance affecting the Company are considered by the Board, with advice from external advisers as required. Each Director must bring an independent view and judgment to the Board and must declare all actual or potential conflicts of interest. Any issue concerning a Director's ability to properly act as a director will be discussed at a Board meeting as soon as practicable, and a Director may not participate in discussions or resolutions pertaining to any matter in which the Director has a material personal interest. Please refer to Sections 5.5 – 5.6 for details of employment arrangements and entitlements.

Under the Company's Constitution, each Director may be paid remuneration for ordinary services performed as a Director.

Under the ASX Listing Rules, the maximum fees payable to non-executive directors may not be increased without prior approval from the Company at a general meeting. Directors will seek approval from time to time as deemed appropriate.

## 5.5 Executive services agreements

### (a) Joanne Kendrick – Managing Director

#### Terms of agreement

The Company has entered into an executive services agreement with Ms Kendrick to act as the Managing Director the Company.

#### Remuneration package

Ms Kendrick will receive a base salary and directors' fees of \$60,000 per annum (including superannuation).

#### Termination

If the Company terminates the agreement, Ms Kendrick will be provided with 3 months written notice (not withstanding any other provision of the agreement).

Ms Kendrick may terminate the agreement at any time, and in doing so will be entitled to receive payment equivalent to 3 months' salary.

The Company is entitled to dismiss Ms Kendrick without any prior notice or any remuneration in lieu of notice should Ms Kendrick be guilty of serious misconduct.

### (b) Ross Warner – Executive Director and Chairman

#### Terms of agreement

The Company has entered into an executive services agreement with Mr Warner to act as an Executive Director and Chairman of the Company.

#### Remuneration package

Mr Warner will receive a base salary and directors' fees of \$60,000 per annum (including superannuation).

#### Termination

If the Company terminates the agreement, Mr Warner will be provided with 3 months written notice (not withstanding any other provision of the agreement).

Mr Warner may terminate the agreement at any time, and in doing so will be entitled to receive payment equivalent to 3 months' salary.

The Company is entitled to dismiss Mr Warner without any prior notice or any remuneration in lieu of notice should Mr Warner be guilty of serious misconduct.

## **5.6 Non-Executive services agreement**

### **Michael Pollak – Non-Executive Director**

#### **Terms of agreement**

The Company has entered into a non-executive services agreement with Mr Pollak to act as a Non-Executive Director of the Company.

#### **Remuneration package**

Mr Pollak will receive a base salary and directors' fees of \$60,000 per annum (including superannuation).

#### **Termination**

If the Company terminates the agreement, Mr Pollak is to be provided with 3 months written notice (notwithstanding any other provision of the agreement).

Mr Pollak may terminate the agreement at any time, and in doing so will be entitled to receive payment equivalent to 3 months' salary.

The Company is entitled to dismiss Mr Pollak without any prior notice or any remuneration in lieu of notice should Mr Pollak be guilty of serious misconduct.

## **5.7 Interests of Directors**

Other than as set out below or elsewhere in this Prospectus, no Director:

- (a) has or had at any time during the two years preceding the date of this Prospectus an interest in the formation or promotion of the Company, or in any property acquired or proposed to be acquired by the Company or in the Public Offer; and
- (b) has been paid or agreed to be paid any amount, or has been given or agreed to be given any other benefit, either to induce him or her to become, or to qualify him or her as, a Director or otherwise for services rendered by him or her in connection with the formation or promotion of the Company or the Public Offer.

## **5.8 Directors interests in Securities of the Company**

Please refer to Sections 2.5 and 2.6.

## **5.9 Indemnification of Directors and Officers**

The Company has entered into deeds of indemnity, access and insurance with each Director.

Under these deeds, the Company will indemnify, to the extent permitted by the Corporations Act, each Director in respect of certain liabilities which the Director may incur as a result of, or by reason of (whether solely or in part), being or acting as an officer of the Company. These liabilities will include losses or liabilities incurred by the Director to any other person as an officer of the Company, including legal expenses. The Company has also agreed to maintain in favour of each officer a directors' and officers' policy of insurance for the period that they are officers and for seven years after they cease to act as officers.

## **5.10 Related party interests**

Other than as set out below or elsewhere in this Prospectus, there are no existing agreements or arrangements and there are no currently proposed transactions in which the Company was, or is to be, a participant, and in which any related party had or will have a direct or indirect material interest:

- (a) the compensation arrangements with Directors and executive officers, which are described in Sections 5.5 – 5.6; and
- (b) the indemnification arrangements with the Directors which are described in this Section 5.9;
- (c) the issue of Shares to the Syndicate, as referred to in Sections 9.2 and 9.3.

## 5.11 Corporate Governance

### Role of the Board

The Board is responsible for the following principal matters:

- (a) the strategic direction of the Company;
- (b) overseeing, negotiating and implementing the significant capital investments and material transactions entered into by the Company;
- (c) management goals and the Company's policies;
- (d) monitoring and reviewing the financial and operational performance of the Company;
- (e) risk management strategy and review; and
- (f) future expansion of the Company's business activities.

The Board has adopted a Board Charter which sets out its responsibilities, processes and duties in greater detail.

### Corporate governance policies

The Company has also adopted the following policies, each of which has been prepared having regard to the ASX Corporate Governance Principles and is available on the Company's website at [www.AntaresLimited.com.au](http://www.AntaresLimited.com.au).

- (a) **Board Charter** – this charter sets out the responsibilities of the Board, and its processes and duties in greater detail;
- (b) **Code of Conduct** – this policy sets out the standards of ethical behaviour that the Company expects from its Directors, officers and employees;
- (c) **Continuous Disclosure Policy** – once re-admitted to the ASX, the Company will need to comply with the continuous disclosure requirements of the ASX Listing Rules and the Corporations Act to ensure the Company discloses to ASX any information concerning the Company which is not generally available and which a reasonable person would expect to have a material effect on the price or value of the Shares. As such, this policy sets out certain procedures and measures which are designed to ensure that the Company complies with its continuous disclosure obligations; and
- (d) **Securities Trading Policy** – this policy is designed to maintain investor confidence in the integrity of the Company's internal controls and procedures and to provide guidance on avoiding any breach of the insider trading laws.

### ASX Corporate Governance Principles

The Board is committed to complying with the principles of best practice in corporate governance and intends to establish controls, mechanisms and structures to ensure that the Company will be able to comply with as many of the ASX Corporate Governance Principles as the Board considers practicable taking into account the size of the Company and its stage of development.

The Board will aim to conduct the Company's affairs in accordance with the ASX Corporate Governance Principles to the extent that such principles and recommendations are applicable to an entity of the size and structure of the Company.

## 5.12 Summary of Company's Position in Relation to ASX Corporate Governance Principles

The Board has evaluated the Company's current corporate governance policies in light of the ASX Corporate Governance Principles. A brief summary of the approach to be adopted by the Company is set out below.

ASX Corporate Governance Principles	Company's Position
Principle 1 – Lay solid foundations	The Board's responsibilities are described in detail in the Board Charter. The Company has also established a clear delineation between the Chairman's responsibility for the Company's strategy and activities, and the

for management and oversight	day-to-day management of operations conferred upon certain other officers of the Company.
<b>Principle 2 – Structure the Board to add value</b>	<p>The Board comprises of three Directors, being Joanne Kendrick (Managing Director), Ross Warner (Executive Director and Chairman) and Michael Pollak (Non-Executive Director). The Board will not be comprised of a majority of independent Directors.</p> <p>As the Company's new Board has only been recently established following effectuation of the DOCA, it has not yet undertaken a formal review of the Board's performance.</p>
<b>Principle 3 – Promote ethical and responsible decision making</b>	<p>The Company has adopted a Code of Conduct and a Securities Trading Policy.</p> <p>The Company, at its current size and stage of development has not found it necessary to create a diversity policy. As the Company develops, the Board intends to review its practices and if deemed necessary in the future, the Board may consider adopting a diversity policy.</p>
<b>Principle 4 – Safeguard integrity in financial reporting</b>	The Company, at its current size and stage of development, has not found it necessary to establish a separately constituted Audit and Risk Committee to oversee the management of financial and internal risks. As the Company develops, the Board intends to review its practices and if deemed necessary in the future, the Board may consider establishing an Audit and Risk Committee.
<b>Principle 5 – Make timely and balanced disclosure</b>	The Company is committed to providing timely and balanced disclosure to the market in accordance with its Continuous Disclosure Policy.
<b>Principle 6 – Respect the rights of shareholders</b>	<p>The Company, at its current size and stage of development has not found it necessary to adopt a formal Communications Policy for Shareholders. However, the Company seeks to recognise numerous modes of communication, including electronic communication, to ensure that its communication with Shareholders is frequent, clear and accessible.</p> <p>All Shareholders are invited to attend the Company's annual general meeting, either in person or by representative. The Board regards the annual general meeting as an excellent forum in which to discuss issues relevant to the Company and accordingly encourages full participation by Shareholders. Shareholders have an opportunity to submit questions to the Board and to the Company's auditors.</p>
<b>Principle 7 – Recognise and manage risk</b>	The Company, at its current size and stage of development, has not found it necessary to establish a separately constituted Audit and Risk Committee to fulfil its corporate governance and oversight responsibilities in relation to the Company's financial reports, financial reporting process and internal control structure, risk management systems (financial and non-financial) and the internal and external audit process (as applicable). As the Company develops, the Board intends to review its practices and if deemed necessary in the future, the Board may consider establishing an Audit and Risk Committee.
<b>Principle 8 – Remunerate fairly and responsibly</b>	The Company, at its current size and stage of development, has not found it necessary to establish a separately constituted Remuneration Committee. However, the Board works to ensure appropriate remuneration policies are in place that support the Company's strategy and objectives, and reviews these on a regular basis. In addition, the Company will provide disclosure of its Directors and executives' remuneration in its annual report.

## **SECTION 6: INVESTIGATING ACCOUNTANT'S REPORT**

9 April 2018

The Directors  
Antares Energy Limited  
C/- Whittens & McKeough  
Level 29  
201 Elizabeth Street  
SYDNEY NSW 2000

Dear Sirs

## **RE: INVESTIGATING ACCOUNTANT'S REPORT**

### **1. Introduction**

This report has been prepared at the request of the Directors of Antares Energy Limited (“AZZ” or “Antares Energy”) for inclusion in a Prospectus to be dated on or around 10 April 2018 relating to the proposed offer and issue by AZZ of 165,000,000 shares (“New Shares”) to be issued at a price of 1.0 cents each to raise a gross \$1,650,000.

In addition, the Prospectus refers to the recent issue of the following securities offered pursuant to subscription agreements:

- 150,000,000 First Placement Shares at 0.25 cents each to raise a gross \$375,000; and
- 75,000,000 First Placement Options issued to raise \$1,875, exercisable at 1.0 cent each, on or before 30 June 2020.

Further details are outlined in the Prospectus and are noted below.

### **2. Basis of Preparation**

This report has been prepared to provide investors with information on historical results, the condensed statement of financial position (balance sheet) of AZZ and the pro-forma consolidated statement of financial position of AZZ as noted in Appendix 2. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial reports in accordance with the Corporations Act 2001. This report does not address the rights attaching to the securities to be issued in accordance with the Prospectus, nor the risks associated with the investment. Stantons International Securities Pty Ltd (trading as Stantons International Securities) has not been requested to consider the prospects for AZZ (including its subsidiaries), the securities on offer and related pricing issues, nor the merits and risks associated with becoming a shareholder and accordingly, has not done so, nor purports to do so.

Stantons International Securities Pty Ltd accordingly takes no responsibility for those matters or for any matter or omission in the Prospectus, other than responsibility for this report. Risk factors are set out in Sections 1 and 4 of the Prospectus and all investors should read the risks of investing in the Company.



### 3. Background

On 10 May 2016, Quentin Olde and Michael Ryan of FTI Consulting were appointed as replacement joint and several administrators of AZZ (“Administrators” and “Deed Administrators”), following the appointment of Bryan Hughes and Daniel Bredekamp of Pitcher Partners on 28 April 2016, of Antares Energy Limited (ACN 009 230 835) and assumed control of the Company and its business, property and affairs.

On 2 December 2016, creditors of the Company (“Creditors”) voted in favour of a deed of company arrangement (“DOCA”) submitted by a syndicate led by Payer Partners Corporate Advisory Pty Ltd (“Syndicate”), which dealt with the restructure and recapitalisation of the Company including the settlement of Creditor claims (“Proposal”). If completed, the Proposal will result in sufficient capital being injected into the Company to enable it to seek to continue its business and apply for the reinstatement of its Securities to the Official List on the ASX. The DOCA was entered into by the Deed Administrators on 21 December 2016. Key terms of the DOCA were:

- (a) All of the remaining assets of the Company (excluding the Northern Star Project) including but not limited to those of its wholly owned subsidiary Antares Energy Company (“AEC”) including the Big Star Project (oil and gas exploration/production interests in the Permian Basin, Texas, USA) and all assets/intellectual property relating to the Big Star Project, operation infrastructure, plant and equipment, registered business names, intellectual property, goodwill, domain names, websites, customer and supplier lists, contracts, business processes and procedures, and all other assets to operate the business (“AZZ Business”) being retained by AZZ, or transferred to AZZ (or a newly created subsidiary) from its subsidiaries. The AZZ Business must remain as an unencumbered asset of the Company to enable the Company to be reinstated to trading on the ASX. In addition, all other liabilities and obligations of the Company are to be released pursuant to the terms of the DOCA.
- (b) the Company retaining and exploiting its interest in the AZZ Business in the ordinary course and exploiting complementary and any other business opportunities. All other liabilities and obligations of AZZ are to be released pursuant to the terms of the DOCA.
- (c) the Company enters into a Creditors Trust Deed for the purpose of satisfying approved creditor claims;
- (d) the Company making any rights in its sundry debtors and other assets not acquired by the Consortium for the purposes of satisfying the Company’s Creditors;
- (e) any chose in action the Company, Santa Energy Pty Limited and/or Antares Energy Company (a Delaware incorporated company) have against directors and former directors of the Company and the Subsidiaries including the prior proceedings against James Cruickshank and/or Greg Shoemaker;
- (f) the payment of \$500,000 in cash for the partial satisfaction of the Company’s Creditor’s claims;

The Company is in the process of being restructured (hereinafter referred to as the “Restructure”). Shareholder approval for the Restructure was obtained on 23 January 2018. The resolutions that were put to shareholders are referred to below and as a result of the Restructure:

- (a) the Consolidation of the Company’s existing share capital subject to a 1 for 15 share consolidation (Resolution 1);

- (b) New Capital Raisings be undertaken (refer to proposals put to existing AZZ shareholders as part of Resolutions 2 to 6 of the Notice);
- (c) new Directors, namely Messer's Kendrick, Warner and Pollak be appointed as Directors of AZZ (Resolutions 7, 8 and 9 respectively); and
- (d) other conditions as outlined in section 2 of the Explanatory Statement (ES) attached to the Notice of Meeting.

Resolutions 10 and 11 were withdrawn, relating to adopting a new Constitution and change of name.

The above Restructure was subject to the Company obtaining necessary shareholder approvals and any ASX regulatory re-quotations approvals, as well as AZZ being released from all liabilities and long-term commitments through the contemporaneous effectuation of the DOCA and payment of cash consideration. Inter alia, the Company's secured creditors (if any) must also vote to release security over assets, and all creditors will be required to be satisfied from the Creditors Trust. Furthermore, all subsidiaries of AZZ shall be excised from AZZ (unless required by the Consortium).

Resolutions 1 to 9 were passed by Shareholders at the General Meeting of Shareholders held on 23 January 2018 and the DOCA was subsequently effectuated on 23 March 2018.

As at 31 December 2017, there were 240,000,000 pre-consolidated ordinary fully paid shares on issue in AZZ. Post the implementation of all of the recapitalisation proposals, the number of shares will be:

Number of pre-consolidated shares on issue	<u>240,000,000</u>
1 for 15 Consolidation of capital (after rounding)	16,000,017
Issue of First Placement Shares	150,000,000
Issue of New Shares	<u>165,000,000</u>
<b>Shares on issue prior to exercise of share options</b>	<b>331,000,017</b>
Exercise of the First Placement Options	<u>75,000,000</u>
<b>Potential shares on issue</b>	<b><u>406,000,017</u></b>

The Independent Auditor's Report to the Financial Statements for the year ended 31 December 2017 included a Disclaimer of Auditor's Conclusion as follows:

*"Basis for Disclaimer of Opinion*

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

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

### *Disclaimer of Auditor's Opinion*

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

End of extract from the Auditor's Report.

Similar conclusions were expressed by the Auditors that related to the financial statements for the years ended 31 December 2015 and 2016 and the half years ended 30 June 2016 and 2017.

Potential investors should read the Prospectus in full. We make no comments as to ownership or values of the current and proposed assets of AZZ. Further details on all significant (material) contracts entered into by the Company relevant to new and existing investors are referred to in Sections 5 and 10 of the Prospectus.

#### **4. Scope of Examination**

You have requested Stantons International Securities Pty Ltd to prepare an Independent Accountant's Report on:

- (a) The consolidated statement of comprehensive income of AZZ for the year ended 31 December 2017 and year ended 31 December 2016;
- (b) The consolidated statement of financial position of AZZ as at 31 December 2017; and
- (c) The consolidated pro-forma statement of financial position of AZZ at 31 December 2017 adjusted to include funds to be raised by the Prospectus (and the First Placement via subscription agreements) and the completion of transactions referred to in note 2 of Appendix 3.

All of the financial information referred to above has been audit reviewed except for the financial information for the years ended 31 December 2017 and 31 December 2016 that has been audited. The Directors of AZZ are responsible for the preparation and presentation of the historical and pro-forma financial information, including the determination of the pro-forma transactions. We have however examined the financial statements and other relevant information and made such enquiries, as we considered necessary for the purposes of this report.

The scope of our examination was substantially less than an audit examination conducted in accordance with Australian Auditing Standards and accordingly, we do not express such an opinion. We have conducted our engagement in accordance with Auditing Standard on Review Engagements ASAE 3450 – Assurance Engagements involving Corporate Fundraising and/or Prospective Financial Information and with Standard on Assurance Engagements ASRE 3420 – Assurance Engagements to Report on the Compilation of Pro Forma Historical Financial Information Included in a Prospectus or other Document.

Our examination included:

- a) Discussions with the current directors of AZZ;
- b) Review of contractual arrangements;
- c) A review of publicly available information; and
- d) A review of work papers, accounting records and other documents

## 5. Opinion

In our opinion, the pro-forma consolidated statement of financial position as set out in Appendix 2 presents fairly, the pro-forma consolidated statement of financial position of AZZ as at 31 December 2017 in accordance with the accounting methodologies required by Australian Accounting Standards on the basis of assumptions and transactions set out in Appendix 3. It is our view that the historic financial information set out in Appendices 1, 2 and 3 presents fairly and no adjustments on the historical results and statements of financial position, as shown in Appendices 1, 2 and 3 (audited by Stantons International Audit and Consulting Pty Ltd, the parent entity of Stantons International Securities Pty Ltd) are required.

We state that nothing has come to our attention which would require any further modification to the financial information relating to AZZ in order for it to present fairly, the consolidated statements of comprehensive income for AZZ for the year ended 31 December 2016 and the year ended 31 December 2017 and the consolidated statements of financial position as at 31 December 2017 and 31 December 2016. It was considered not useful information to provide shareholders and investors with financial information for the year ended 31 December 2015. Refer references to the Auditors Reports as noted above.

In addition to the effectuation of the DOCA, the completion of the First Placement and other matters raised in this report, to the best of our knowledge and belief, there have been no other material items, transactions or events subsequent to 31 December 2017 that have come to our attention during the course of our review which would cause the information included in this report to be misleading.

## 6. Other Matters

At the date of this report, Stantons International Securities Pty Ltd (or Stantons International Audit and Consulting Pty Ltd) (Trading as Stantons International) do not have any interests in AZZ either directly or indirectly, or in the outcome of the offer. Stantons International Securities Pty Ltd were not involved in the preparation of any other part of the Prospectus, and accordingly, make no representations or warranties as to the completeness and accuracy of any information contained in any other part of the Prospectus. Stantons International Securities Pty Ltd consents to the inclusion of this report (including Appendices 1 to 3) in the Prospectus in the form and content in which it is included. At the date of this report, this consent has not been withdrawn.

Yours faithfully

**STANTONS INTERNATIONAL SECURITIES PTY LTD**



**John Van Dieren – FCA  
Director**

## INVESTIGATING ACCOUNTANT'S REPORT

### APPENDIX 1 – CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	<i>AZZ</i> Year ended 31 December 2017 (Audited)	<i>AZZ</i> Year ended 31 December 2016 (Audited)
	\$000's	\$000's
Sales Revenue	345	683
Less: Cost of sales	(487)	(834)
<b>Gross Profit</b>	<b>(142)</b>	<b>(151)</b>
Other Revenue from non-operating activities	72	-
Other expenses	(952)	-
Finance costs	-	(1,879)
Administration expenses	(830)	(3,405)
Legal expenses	(435)	-
Impairment of available for sale assets	(86)	(1,237)
(Loss) for period before tax	<u>(2,373)</u>	<u>(6,672)</u>
Income tax	-	-
<b>(Loss) from continuing operations</b>	<b><u>(2,373)</u></b>	<b><u>(6,672)</u></b>
Other comprehensive income		
Items that may be classified to profit and loss		
Exchange differences on translation of foreign operations	(385)	2,253
<b>Other comprehensive (loss) after tax</b>	<b><u>(2,758)</u></b>	<b><u>(4,419)</u></b>

**APPENDIX 2 – AUDIT REVIEWED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	Note	<b>AZZ Consolidated 31 December 2017 (Audited) (Rounded) \$</b>	<b>AZZ Pro-forma Audit Reviewed Consolidated 31 December 2017 \$</b>
<b>Current Assets</b>			
Cash assets	3	254,000	1,248,544
Receivables and prepayments		-	-
<b>Total Current Assets</b>		<u>254,000</u>	<u>1,248,544</u>
<b>Non- Current Assets</b>			
Capitalised oil and gas expenditure	4	296,000	296,000
<b>Total Non-Current Assets</b>		<u>296,000</u>	<u>296,000</u>
<b>Total Assets</b>		<u>550,000</u>	<u>1,544,544</u>
<b>Current Liabilities</b>			
Trade and other payables	5	1,097,000	-
Other financial liabilities	6	47,500,000	-
<b>Total Current Liabilities</b>		<u>48,597,000</u>	<u>-</u>
<b>Non-Current Liabilities</b>			
Provision for rehabilitation	7	160,000	160,000
<b>Total Non-Current Liabilities</b>		<u>160,000</u>	<u>160,000</u>
<b>Total Liabilities</b>		<u>48,757,000</u>	<u>160,000</u>
<b>Net Assets / (Deficiency)</b>		<u><b>(48,207,000)</b></u>	<u><b>1,384,544</b></u>
<b>Equity</b>			
Issued capital	8	84,436,000	86,334,358
Reserves	9	32,474,000	32,495,794
Accumulated (losses)	10	(165,117,000)	(117,445,608)
<b>Total Equity / (Deficiency)</b>		<u><b>(48,207,000)</b></u>	<u><b>1,384,544</b></u>

Condensed Notes to and forming part of the above condensed consolidated statements of financial position are attached.

## INVESTIGATING ACCOUNTANT'S REPORT

### APPENDIX 3

#### CONDENSED NOTES TO THE AUDITED STATEMENTS OF COMPREHENSIVE INCOME AND AUDITED AND AUDIT REVIEWED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

##### 1. Statement of Significant Accounting Policies

###### (a) Basis of Accounting

The audited and audit reviewed condensed consolidated Statements of Comprehensive Income and audit reviewed or audited condensed consolidated Statements of Financial Position have been prepared in accordance with applicable accounting standards, the Corporations Act 2001 and mandatory professional reporting requirements in Australia (including the Australian equivalents of International Financial Reporting Standards) and we have made such disclosures as considered necessary. They have also been prepared on the basis of historical cost and do not take into account changing money values. The accounting policies have been consistently applied, unless otherwise stated. The financial statements have been prepared on a going concern basis. The capital raising, if successful, will assist the expanded group in meeting its corporate objectives.

###### (b) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non - assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantially enacted as at balance date. Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxation profit or loss. Deferred income tax assets are recognised to the extent that it is probable that the future tax profits will be available against which deductible temporary differences will be utilised. The amount of the benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in the income taxation legislation and the anticipation that the economic unit will derive sufficient future assessable income to enable the benefits to be realised and comply with the conditions of deductibility imposed by law.

###### (c) Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value, less where applicable, any accumulated depreciation and impairment losses. The carrying amount of the plant and equipment is reviewed annually by the Directors to ensure it is not in excess of the recoverable amount of these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employed and their subsequent disposal. The expected net cash flows have been discounted to their present value in determining recoverable amounts.

###### (d) Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the Company commencing from the time the asset is held ready for use. The asset's residual value and useful lives are reviewed and adjusted if appropriate, at each balance sheet date.

An asset's carrying value is written down immediately to its recoverable amount if the asset's carrying value is greater than the estimated recoverable amount. Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

###### (e) Trade and other accounts payable

Trade and other accounts payable represent the principal amounts outstanding at balance date, plus, where applicable, any accrued interest.

**(f) Recoverable Amount of Non-Current Assets**

The carrying amounts of non-current assets are reviewed annually by Directors to ensure they are not in excess of the recoverable amounts from those assets. The recoverable amount is assessed on the basis of the expected net cash flows, which will be received from the assets employed and subsequent disposal. The expected net cash flows have been or will be discounted to present values in determining recoverable amounts.

**(g) Revenue and Other Income**

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the entity and specific criteria relating to the type of revenue as noted below, has been satisfied.

**Sale of Goods or services**

Revenue from sale of goods or services is recognised when the Parent and Group has transferred to the buyer the significant risks and rewards of ownership of the goods supplied. Significant risks and rewards are generally considered to be transferred to the buyer when the customer has taken undisputed delivery of the goods.

**Interest Income**

Interest revenue is recognised on an accrual basis using the effective interest method.

**(h) Issued Capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

**(i) Principles of Consolidation**

The consolidated financial statements comprise the financial statements of AZZ and its subsidiaries (“the Group”). Subsidiaries are all those entities over which the Company has control. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are carried at their cost of acquisition in the Company’s financial statements.

In preparing the consolidated financial statements all intercompany balances and transactions, income, expenses and profit and loss resulting from intergroup transactions have been eliminated in full.

Minority interests held by the Company are allocated their share of net profit after tax in the statement of comprehensive income and are presented within equity in the statement of financial position, separately from parent shareholders’ equity.

**(j) Employee benefits**

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.



**(k) Critical accounting estimates and judgements**

In preparing this Financial Report, the Company has been required to make certain estimates and assumptions concerning future occurrences. There is an inherent risk that the resulting accounting estimates will not equate exactly with actual events and results.

**Significant accounting judgements**

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

**Key judgements**

**Capitalised oil and gas expenditure**

The carrying amounts of capitalised oil and gas expenditures are often determined based on estimates and assumptions of future events which primarily assume that sufficient revenue will be generated from the asset (capitalised exploration expenditures). The Group uses the units of production method to amortise costs carried forward in relation to oil and gas properties.

**Share Based Payments**

The Company measures the cost of equity settled transactions with directors and employees by reference to the fair value of the equity instruments as at the date at which they are granted. The assessed fair value of the share options at the grant date is allocated equally over the period from the grant date to the vesting date. The fair value at the grant date is determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the options, the impact of dilution, the share price, the expected volatility of the underlying share, the expected dividend, and the risk-free interest rate for the term of the option.

**Impairment**

The Group assesses impairment at each reporting date by evaluating conditions and events specific to the Group that may be indicative figures. Recoverable amounts of relevant assets are reassessed using value-in use calculations which incorporate various key assumptions.

**Significant accounting estimates and assumptions**

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period include impairment of capitalised research and development, software capitalised, plant and equipment and investments in subsidiaries.

**(l) Financial Instruments**

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

**Financial assets**

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' ("FVTPL"), 'held-to-maturity' investments, 'available-for-sale' ("AFS") financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

**Financial assets at FVTPL**

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if: it has been acquired principally for the purpose of selling it in the near term; or on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or it has a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if: such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or it forms part of a contract containing one or more embedded derivatives, and AASB 139 'Financial Instruments: Recognition and Measurement' permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item.

**AFS financial assets**

Listed shares held by the Company that are traded in an active market are classified as AFS and are stated at fair value. The Company also has investments in unlisted shares that are not traded in an active market but that are also classified as AFS financial assets and stated at fair value (because the directors consider that fair value can be reliably measured). Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

**Loans and receivables**

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

**Impairment of financial assets**

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the

allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

**(m) Accounting for business combinations**

The Company has adopted IFRS 3 *Business Combinations*. All business combinations are accounted for by applying the acquisition method.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Company takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

The Company measures goodwill as the fair value of the consideration transferred including the acquired amount of any non-controlling interest in the acquiree, less the net acquired amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Company to the previous owners of the acquiree, and equity interests issued by the Company. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination (see below). If a business combination results in the termination of pre-existing relationships between the Company and the acquiree, then the lower of the termination amount, as contained in the agreement, and the value of the off-market element is deducted from the consideration transferred and recognized in other expenses.

Transaction costs that the Company incurs in connection with a business combination, such as stamp duty, finder's fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred. A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

When share-based payment awards (replacement awards) are exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then a part of the market-based measure of the replacement awards is included in the consideration transferred. If future services are required, then the difference between the amount included in consideration transferred and the market-based measure of the replacement awards is treated as post-combination compensation cost.

(n) **Leases**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the company are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amount equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

**2. Actual and Proposed Transactions to Arrive at Pro-Forma Audit Reviewed Consolidated Statement of Financial Position**

Actual and proposed transactions adjusting the 31 December 2017 audited consolidated condensed Statement of Financial Position of AZZ in the pro-forma consolidated Statement of Financial Position of AZZ are as follows:

- (a) The 1 for 15 consolidation of capital so that the 240,000,000 shares on issue are reduced to 16,000,017 shares on issue;
- (b) The completion and effectuation of the DOCA, so that cash at bank of \$254,000 is transferred to the Creditors Trust, current trade liabilities of \$1,006,000 and interest-bearing liabilities of \$47,500,000 are eliminated to \$nil via transfer to the Creditors Trust;
- (c) The issue of 150,000,000 First Placement Shares at 0.25 cents each (\$375,000) and the issue of 75,000,000 First Placement Options (\$1,875) (but a fair value of \$21,794) so after taking into account the \$1,875, there is an increase in value of \$19,919);
- (d) The completion of the Capital Raising of a gross amount of \$1,650,000 by way of the issue of 165,000,000 New Shares at 1.0 cent each (\$1,650,000) and incurring of capital raising costs of \$126,642 and reconstruction costs estimated by the AZZ directors at \$151,689 (excluding capital raising costs) of which \$91,000 had been accrued as at 31 December 2017 (total costs \$278,331);
- (e) The payment of \$500,000 to the Creditors Trust; and
- (f) The repayment of 31 December 2017 trade creditor accruals relating to the reconstruction of \$91,000.

	<b>Note 2</b>	<b>Audited Consolidated AZZ 31 December 2017</b>	<b>Audit Reviewed Consolidated AZZ Pro-forma 31 December 2017</b>
		\$	\$
<b>3. Cash Assets</b>			
The movements in cash assets are as follows:			
Audited 31 December 2017		254,000	254,000
Less Transfer to the Creditors Trust	(b)	-	(254,000)
Issue of First Placement Shares/ New Shares	(c)(d)	-	2,025,000
Issue of First Placement Options	(c)	-	1,875
Prospectus issue costs and reconstruction costs	(d)	-	(187,331)
Payment to the Creditors Trust	(e)	-	(500,000)
Repay trade creditors (reconstruction costs accrued)	(f)	-	(91,000)
		<u>254,000</u>	<u>1,248,544</u>

	Note 2	Audited Consolidated AZZ 31 December 2017 \$	Audit Reviewed Consolidated AZZ Pro-forma 31 December 2017 \$
<b>4. Capitalised oil and gas expenditure</b>			
At written down value		296,000	296,000
		<u>296,000</u>	<u>296,000</u>
Post restructure and recapitalisation, the Company will own 5 wellbores (4 of which are operated by the Company) on 240 gross acres of land held for production in what is known as the Big Star area in Dawson County, Texas. Two of the Company's wells are currently producing and the Company intends to continue production, optimise the existing production and evaluate the commerciality of reinstating the other wellbores to service subject to regulatory and landowner consents. Further details on the Big Star Project are outlined elsewhere in the Prospectus.			
<b>5. Trade and other payables</b>			
Trade and other payables		396,000	396,000
Reconstruction accruals		91,000	91,000
Creditors' claims under Administration		610,000	610,000
Eliminated to nil on effectuation of the DOCA	(b)	-	(1,006,000)
Less: Repay trade creditors	(f)	-	(91,000)
		<u>1,097,000</u>	<u>-</u>
<b>6. Interest bearing liabilities</b>			
Owing as at 30 June 2017		47,500,000	47,500,000
Eliminated to nil on effectuation of the DOCA	(b)	-	(47,500,000)
		<u>47,500,000</u>	<u>-</u>
<b>7. Rehabilitation provision</b>			
As at 31 December 2017		160,000	160,000
		<u>160,000</u>	<u>160,000</u>

	Note 2	Audited Consolidated AZZ 31 December 2017 \$	Audit Reviewed Consolidated AZZ Pro-forma 31 December 2017 \$
<b>8. Issued Capital</b>			
<b>Ordinary Shares</b>			
240,000,000 fully paid shares on issue		84,436,000	84,436,000
Less: 1 for 15 consolidation of capital 16,000,017 post consolidated shares	(a)	-	-
150,000,000 First Placement Shares	(c)	-	375,000
165,000,000 New Shares	(c)	-	1,650,000
Less: Capital raising costs	(d)	-	(126,642)
Pro-forma		84,436,000	86,334,358

The number of AZZ Shares on issue after the Proposed Transaction is completed will be 331,000,017.

#### 9. Reserves

Balance as at 31 December 2017		32,474,000	32,474,000
Issue of First Placement Options	(c)	-	1,875
Attributing a fair value to the Options	(c)	-	19,919
		32,474,000	32,495,794

There will be the 75,000,000 options exercisable at 1.0 cent each, on or before 30 June 2020.

#### 10. Accumulated losses

Balance as at 31 December 2017		165,117,000	165,117,000
Transfer of cash	(b)	-	254,000
Write back of creditors	(b)	-	(1,006,000)
Write back of Interest bearing liabilities	(b)	-	(47,500,000)
Further Reconstruction costs	(d)	-	60,689
Issue of First Placement Options	(c)	-	19,919
Payment to the Creditors Trust	(e)	-	500,000
		165,117,000	117,445,608

#### 11. Contingent Assets, Liabilities and Commitments

After making enquires, we believe the Company has no contingent liabilities and commitments that have not been accounted for in the pro-forma consolidated statement of financial position as at 31 December 2017.

Based on discussions with the Directors and legal advisors, to our knowledge, the Company has no other material commitment or contingent liabilities not otherwise disclosed in this Investigating Accountant's Report and in the Prospectus. Refer Section 11.11 of the Prospectus for details on litigation.

Investors should read the Prospectus for further possible contingencies and commitments. For details on proposed commitments pertaining to the expanded AZZ, refer to the "Proposed Use of Funds" Section 3.3 and "Use Of Funds" Section 9.6 of the Prospectus.

## 12. Summary of AZZ Audited Statements of Financial Position as at 31 December 2016

	\$000's
<b>Current Assets</b>	
Cash at bank	145
Receivables and prepayments	1
Oil and gas assets held for resale	2,727
<b>Total Current Assets</b>	<u>2,873</u>
<b>Non-Current Assets</b>	
Oil and gas assets	411
<b>Total Non- Current Assets</b>	<u>411</u>
<b>Total assets</b>	<u>3,284</u>
<b>Current Liabilities</b>	
Creditors and accruals	784
Borrowings and interest payable	47,500
Provisions	276
<b>Total current liabilities</b>	<u>48,560</u>
<b>Non-current liabilities</b>	
Provision for rehabilitation	173
<b>Total Liabilities</b>	<u>48,733</u>
<b>Net Assets (Liabilities)</b>	<u><u>(45,449)</u></u>
<b>Equity</b>	
Issued capital (ordinary and preferred shares)	84,436
Reserves	32,859
Accumulated profits	(162,744)
<b>Net Equity (Deficiency)</b>	<u><u>(45,449)</u></u>

## 13. Summary of AZZ audited consolidated cash flows for the year ended 31 December 2017 and year ended 31 December 2016

	2017	2016
	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers	345,000	1,069,000
Payments to suppliers and employees	(2,616,000)	(5,775,000)
Interest received	73,000	-
<b>Net cash (used in) operating activities</b>	<u>(2,198,000)</u>	<u>(4,706,000)</u>
<b>Cash flows from investing activities</b>		
Proceeds of sale of shares	-	2,587,000
Proceeds from disposal of plant	-	44,000
Proceeds from sale of Northern Star	2,307,000	-
<b>Net cash (used in) investing activities</b>	<u>2,307,000</u>	<u>2,631,000</u>

**Cash flows from financing activities**

Proceeds from repayment of loan	-	821,000
Proceeds from syndicate	-	10,000

<b>Net cash from financing activities</b>	<b>-</b>	<b>831,000</b>
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Net (decrease) / increase in cash and cash equivalents	109,000	(1,244,000)
Cash and cash equivalents at the beginning of the financial year	145,000	1,389,000

<b>Cash and cash equivalents at the end of the financial year</b>	<b>254,000</b>	<b>145,000</b>
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## **SECTION 7: INDEPENDENT GEOLOGIST'S REPORT**

# INDEPENDENT GEOLOGICAL REPORT

## Assessment of Undiscovered Petroleum Potential



**Big Star Project  
Midland Basin  
Texas, USA**



*Robinson Rig No. 5 drilling ahead at the Big Star project area – Stuart 12 No. 1*



**Mebberson Geological Services Pty Ltd**

**10 April 2018**

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## EXECUTIVE SUMMARY

Antares Energy Limited's assets consist of an interest in five wells, including 2 producing wells, in south-eastern Dawson County, Texas. These wells occupy 240 gross acres of acreage held by production. In addition, there are 1,747 net acres of exploration leasehold acreage as at 1 April 2018, with all exploration acreage subject to renewal or expiration during 2018.

The best producing well, Simmonds 27-2, maintains ~150-200 bbls of oil per month when in full production. This production and that of the other producer, Stuart 12-1, may be improved via workovers. In addition, the possibility of reviving one or more of the other presently non-producers is being investigated.

The Midland Basin, in which the assets are located, is one of the most prolific oil basins in North America and one of the most heavily explored and developed. Nevertheless, exploration and development techniques have improved substantially in the last decades and new tools are available to either revitalise old production or accurately target new plays and reservoirs.

The main reason for the success of the new tools is the nature of the reservoirs and production methods required to access the oil. Many of the plays in the Basin are not “conventional”, in the sense that the trapping mechanisms are structural or completely conventional stratigraphic, but often “intra-reservoir”, where porosity and permeability occlusion is commonly the trapping mechanism, allied with an often ubiquitous basinward dip slope, particularly in the northern Texas counties.

The result is scattered pools within reservoirs, some small, some enormous such as the Spraberry, making it difficult for major operators to effectively alienate acreage from competitors. Many small operators exist in the Basin, helped by the low cost of drilling and completion, and transport of production in a well-established onshore oil province.

Therefore opportunities exist for Antares to build on local expertise in the Basin to revive existing production and to participate in further exploration and development.

*This document was compiled by John Mebberson, Principal Geoscientist for Mebberson Geological Services. Mr Mebberson has a MSc (Qual) in geology from Sydney University and has been a practising petroleum geoscientist since 1970. He has had extensive experience both in Australia and internationally as a geoscientist and manager with Esso Australia Ltd for 21 years and Roc Oil Company Limited for 11 years, as well as extensive oil industry consultation.*

*Mr Mebberson is a Past Secretary and President of NSW Branch, Petroleum Exploration Society of Australia and recipient of the Society’s Meritorious Service Medal. He has been a Member of the American Association of Petroleum Geologists since 1982 and is a Member of the Australian Institute of Company Directors. He has also certified petroleum company ASX reserves and resources statements under SPE Oil and Gas Reserves Committee Guidelines.*

## **INTRODUCTION AND REGIONAL GEOLOGY.**

The Midland Basin of Texas and New Mexico is a sub-Basin of the overall Permian Basin, one of the largest and most prolific oil basins in the United States (Fig. 1). The Midland Basin is bordered to the southwest by the Central Platform and to the east and north by the shelf edges of the original Basin. Sedimentation during the Mississippian through Permian is considered to be from the north and northwest (Fig. 2).

The stratigraphy of the Mississippian to Permian succession in the overall Permian Basin of Texas and New Mexico is shown in Fig. 3. The Midland basin units consist largely of shelf margin carbonates and sands moving into deeper water slope and fan sands and carbonates, interspersed with organic rich shales which provide the rich hydrocarbon source feeding into the occasional structural, but often stratigraphic traps of the basin. The trapping mechanisms in the basin are porosity/permeability occlusion resulting in disconnected pools of variable size and uncertain extent. Downdip water is present in many plays but no consistent levels appear to occur.

Several of these plays, particularly the Spraberry, the Horseshoe Atoll and Wolfcamp plays, are extremely prolific, but have historically required extensive drilling to access the tight, fractured nature of the reservoirs. Early hydraulic fracturing has enhanced recovery, but most vertical wells produced in the tens of thousands of barrels over their life, with recovery factors generally less than 20%, largely due to the gas expansion drive which is common but not ubiquitous.

In 2005, Dutton et al (BEG) stated: "The Permian Basin of west Texas and southeast New Mexico has produced oil for more than 80 years, and it is still the third largest petroleum-producing area in the United States after the offshore Gulf of Mexico and Alaska. In 2002, it accounted for 17% of the total United States oil production (327 million bbls) and it contains an estimated 22% of the United States proved oil reserves (5 billion bbls). Moreover, this region has the greatest potential for production growth in the country, containing 29% (17.6 billion bbls) of estimated future oil reserve growth. Original oil in place (OOIP) in the Permian basin was estimated to be 106 billion bbls; the 30.4 billion of oil produced through 2000 represents only 29% of the OOIP. An estimated 30 billion bbls of unrecovered mobile oil remains."

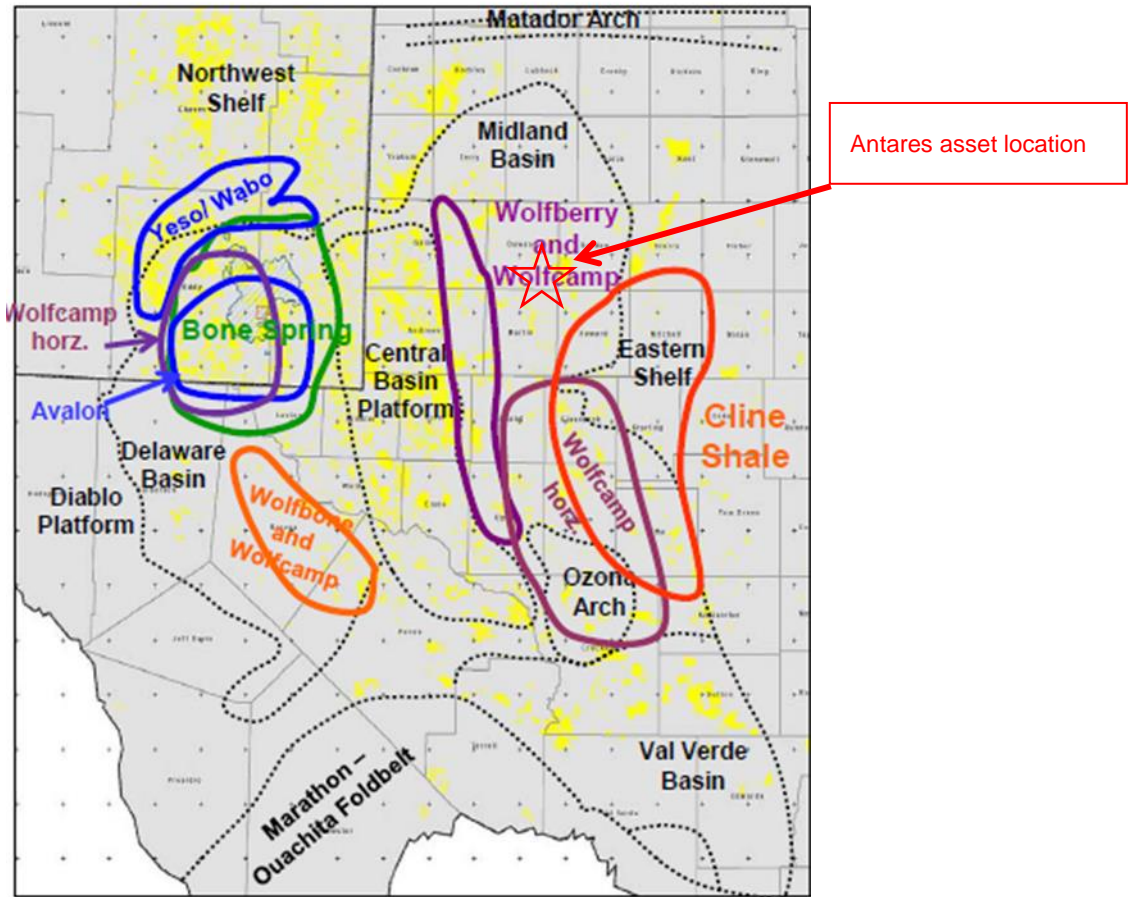


Figure 1. Permian Basin and sub-Basins (courtesy Occidental Petroleum)

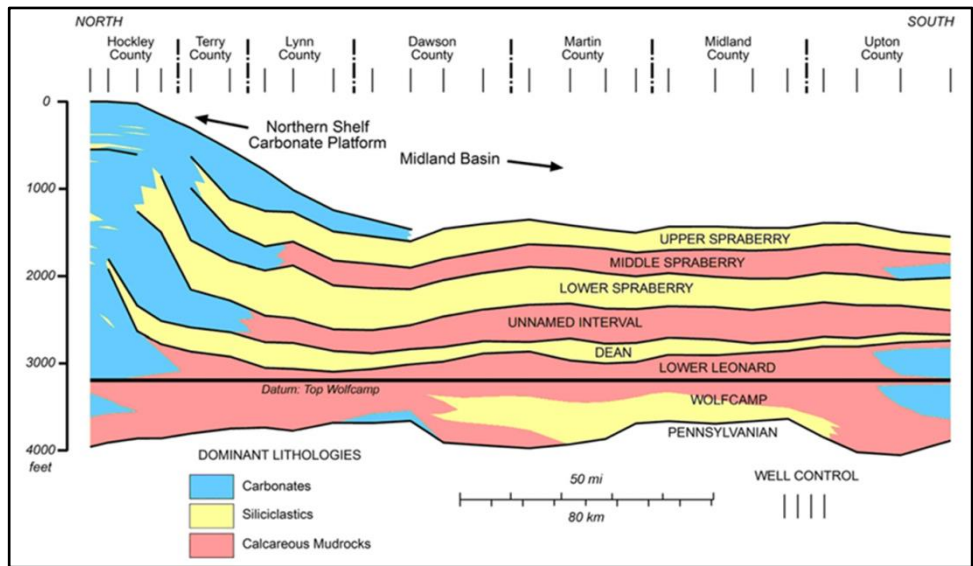


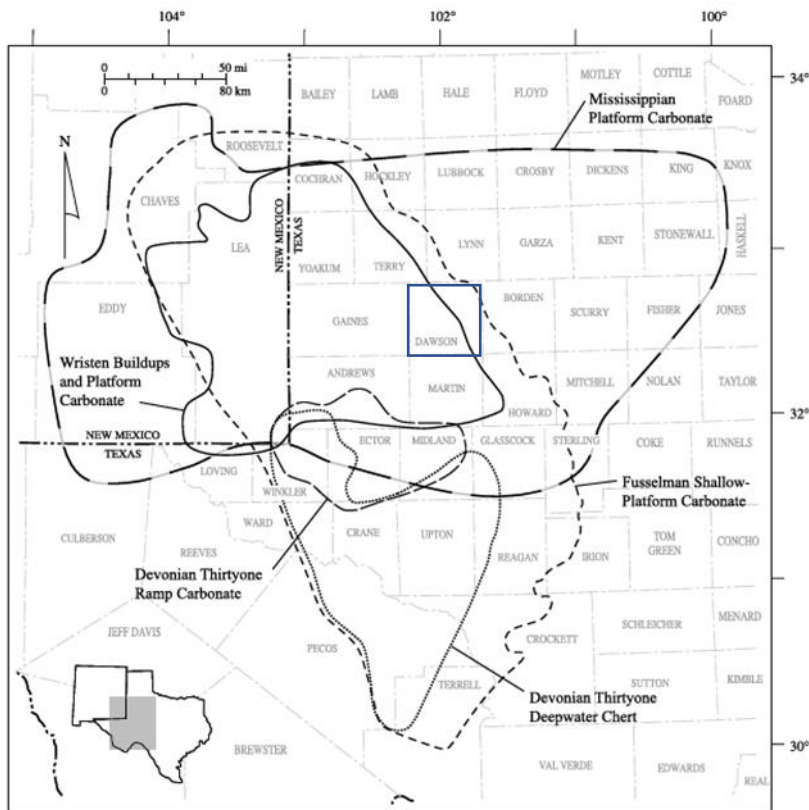
Figure 2. Schematic cross-section showing Wolfcamp-Spraberry depositional model, Northern Midland Basin (Bureau of Economic Geology, Texas)

System	Epoch/Series/Stage	Time (Ma)	Delaware basin	NW Shelf New Mexico	NW Shelf Texas	Central Basin Platform	Midland basin													
PERMIAN	Ochoan	251	Dewey Lake	Dewey Lake	Dewey Lake	Dewey Lake	Dewey Lake													
			Rustler	Rustler	Rustler	Rustler	Rustler													
			Salado	Salado	Salado	Salado	Salado													
			Castile	Castile	Castile															
	Guadalupian			Delaware Mountain Group *	Artesian Gp.	Artesian Gp.	Capitan	Artesian Gp.	Tansill	Tansill	Tansill	Tansill								
									Yates	Yates	Yates	Yates								
									Seven Rivers	Seven Rivers	Seven Rivers	Seven Rivers								
									Queen	Queen	Queen	Queen								
									Grayburg	Grayburg	Grayburg	Grayburg								
									Upper San Andres	Upper San Andres	Upper San Andres	San Andres								
									Brushy Canyon				Brushy Canyon							
									Cutoff *	Lower San Andres	Lower San Andres	Lower San Andres	*							
									Leonardian			Bone Spring *	Yeso	Clear Fork Group	Clear Fork Group	Clear Fork Group	Glorieta	Glorieta	Glorieta	Spraberry * Dean
																	Paddock	Upper Clear Fork	Upper Clear Fork	
	Blinberry	Middle Clear Fork	Middle Clear Fork																	
Tubb	Lower Clear Fork	Lower Clear Fork																		
Drinkard	Lower Clear Fork	Lower Clear Fork																		
Abo	Abo	Abo/Wichita																		
Wolfcampian			Wolfcamp *	Wolfcamp	Wolfcamp	Wolfcamp	Wolfcamp *													
PENNSYLVANIAN	Virgilian	302	Cisco	Cisco	Cisco	Cisco	Cisco													
	Missourian		Canyon	Canyon	Canyon	Canyon	Canyon													
	Desmoinesian		Strawn	Strawn	Strawn	Strawn	Strawn													
	Atokan		Atoka	Atoka	Atoka	Atoka	Atoka/Bend													
	Morrowan		Morrow	Morrow	Morrow															
MISSISSIPPIAN	Chesterian	323	Barnett	Barnett		Barnett	Barnett *													
	Meramecian		Mississippian	Mississippian	Mississippian	Mississippian	Mississippian													
	Osagean																			
	Kinderhookian																			
DEVONIAN	Famennian	363	Woodford	Woodford	Woodford	Woodford	Woodford *													
	Frasnian																			
	Givetian																			
	Eifelian																			
	Emsian																			
	Pragian		Thirtyone		Thirtyone	Thirtyone	Thirtyone													
	Lochkovian																			
SILURIAN	Pridolian	417	Wristen Group	Wristen Group	Wristen Group	Wristen Group	Wristen Group													
	Ludlovian																			
	Wenlockian																			
	Llandoveryan																			
ORDOVICIAN	Ashgillian	443	Fusselman	Fusselman	Fusselman	Fusselman	Fusselman													
	Caradocian		Montoya	Montoya	Montoya	Montoya	Montoya													
	Llandeiliian		Simpson Gp.	Bromide	Bromide	Bromide	Bromide													
	Llanvirnian			Tulip Creek	Tulip Creek	Tulip Creek	Tulip Creek													
				McLish	McLish	McLish	McLish													
				Oil Creek	Oil Creek	Oil Creek	Oil Creek													
	Arenigian		Joins	Joins	Joins	Joins	Joins													
Tremadocian	Ellenburger	Ellenburger	Ellenburger	Ellenburger	Ellenburger															
CAMBRIAN		495	Bliss	Bliss	Bliss															
						Cambrian	Cambrian													

- Relative oil productivity
- \* Source rocks

Figure 3. Stratigraphic Column, Permian Basin. Dutton et al, 2005

## Mississippian Play



*Figure 4. Mississippian play segments. Dutton et al, 2005*

The Mississippian platform carbonate play extends across much of the Permian Basin. Upper Mississippian platform carbonates are shelf equivalents of the Barnett Shale, which was deposited in the deeper water to the south and east. Mississippian fields in eastern Gaines and western Dawson counties are interpreted as occurring in Chesterian ooid grainstones that developed landward of the platform margin.

Within Dawson County, the Deroen Field immediately to the north of Big Star has produced over 2.4 MMbbls from Mississippian carbonates with an average production per vertical well of 97 Mbbls from unfracted completions. West Lamesa Field, also in Dawson County, produces from limestone and chert, whereas Brahaney Field, Yoakum County, produces from dolomite and dolomitic limestone. Fluvanna Field, Borden County, produces from weathered Mississippian chert at the top of the Mississippian section. Mississippian reservoirs include fracture, vuggy, intercrystalline, and cavernous pores.

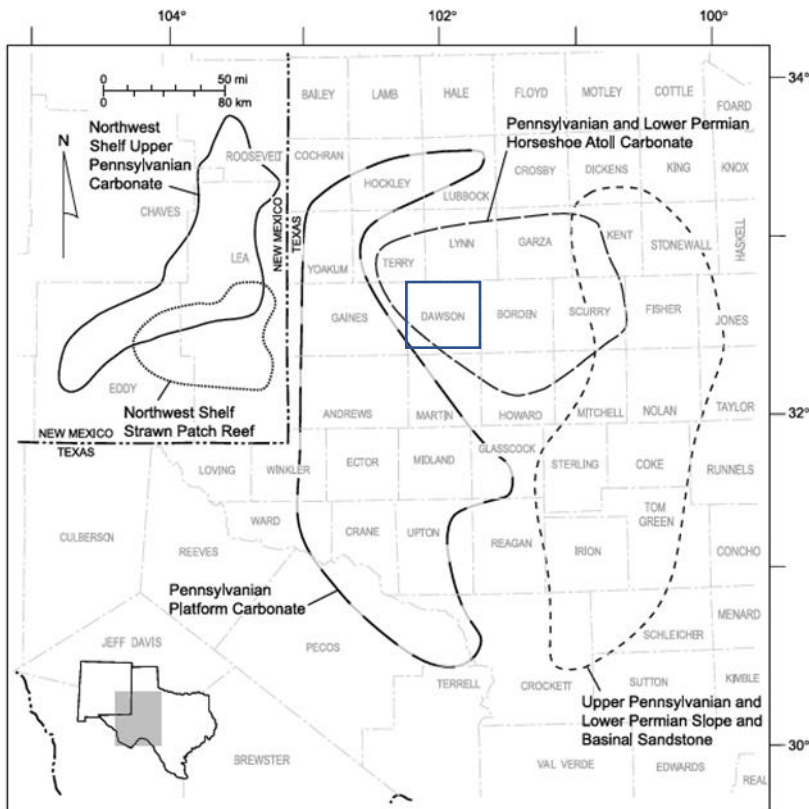
A wide range of porosity and permeability has been reported for Mississippian reservoirs.

In the Gin Field, porosity averages 7 per cent. Mississippian reservoir rocks in the Brahaney Field average 12 per cent porosity and 5 md permeability. Porosity in the Fluvanna Field averages 21 per cent and permeability ranges from 4 to 181 md.

This play has produced over 15 MMbbls oil in the Permian Basin, with 5 MMbbls in Dawson County.



## Pennsylvanian Plays



**Figure 5. Pennsylvanian play segments. Dutton et al, 2005**

Five Pennsylvanian oil plays occur in the Permian basin. Most Pennsylvanian reservoirs produce from ramp and platform carbonates, but sandstones deposited in slope and basin environments on the east side of the Midland basin are also productive.

Two additional plays, the Pennsylvanian and Lower Permian reef and bank play and upper Pennsylvanian shelf sandstone play, are located mostly in north-central Texas but extend into the eastern Midland basin.

Within Dawson County, the main Pennsylvanian and Lower Permian play is the Horseshoe Atoll carbonate play which produces from reservoirs on the Horseshoe Atoll, a non-reefal isolated carbonate platform system in the northern Midland basin. Production is from stacked Strawn through Wolfcamp limestones and dolomitic limestones that aggraded from the floor of the basin in a northward-opening arc. Deposition of the Horseshoe Atoll began on a broad Strawn carbonate platform, with later development of isolated carbonate knolls and pinnacles. Exposure and erosion at sequence boundaries during the late Missourian through Virgilian produced a series of truncation surfaces and local development of erosionally generated slope wedges associated with major eustatic sea level falls. Porosity in this play is often karstic, grain-solution and moldic. Porosities are 4%-20% (avg 10%) and permeabilities 1 md up to 1760 md in well-leached facies (avg 19 md).

CO<sub>2</sub> injection/flooding of vertical completions has proven effective in increasing production.

This play has produced in excess of 2.7Bbbls of oil basin-wide from 70 discrete reservoirs. Six fields in Dawson County, Ackerly North, Mungerville, Sean Andrew, Spraberry West, Tex-Harmon and Triple-D, have produced over 17 million barrels.

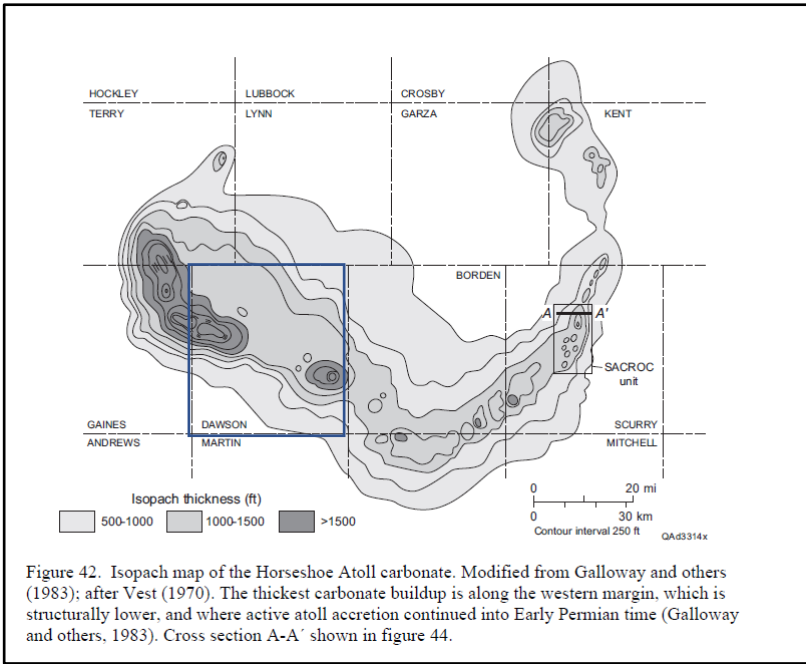


Figure 6. Horseshoe Atoll play distribution. Dutton et al, 2004. BEG & NMBGMR

**Wolfcamp Play**

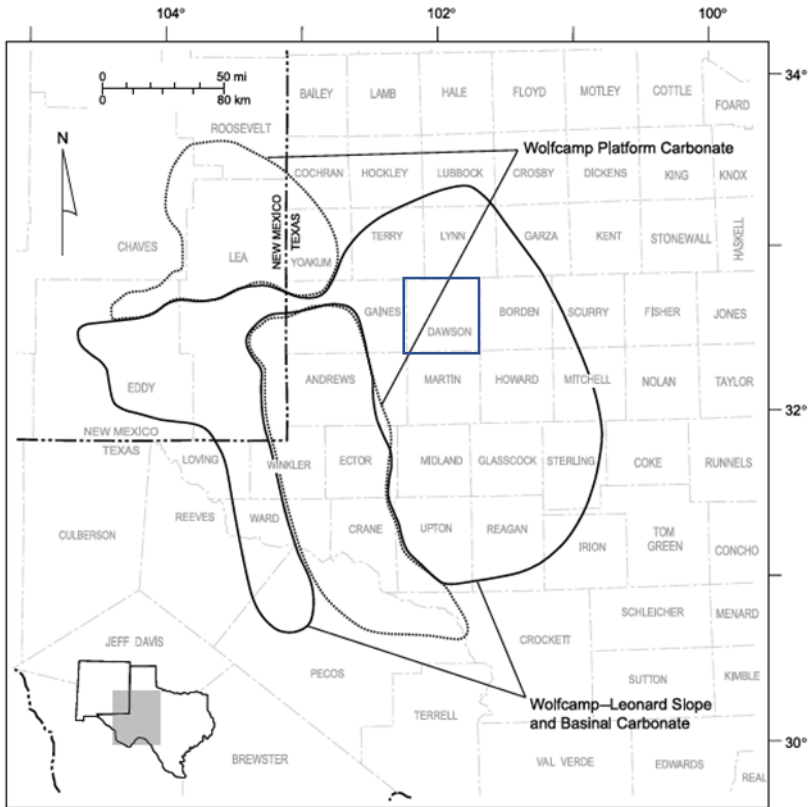


Figure 7. Wolfcamp play segments. Dutton et al, 2005

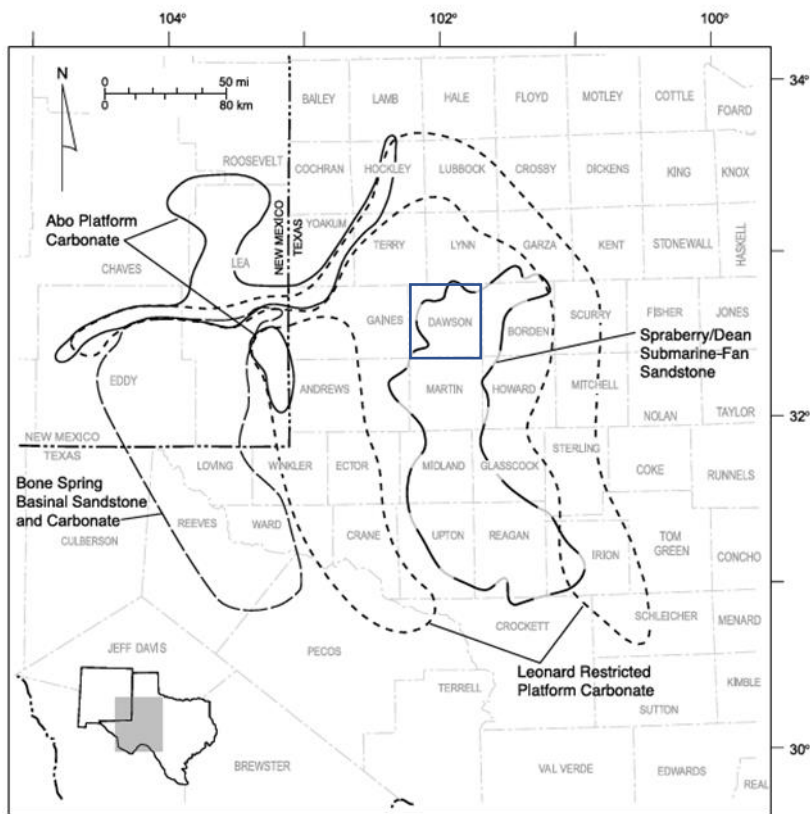
Also during the Pennsylvanian–Permian, the Wolfcamp section was deposited as shallow-water carbonates on the Central Basin platform and Eastern shelf and interbedded, finer-grained, organic-rich siliciclastic mud with organic-poor, clay-rich mud and fine-grained carbonates in the deeper part of the Midland Basin.

During the Wolfcampian and into the Leonardian, carbonate debris was shed off the carbonate shelf margins rimming the Central Basin platform and Eastern shelf and deposited in the Midland and Delaware basins. Reservoirs of the Wolfcamp–Leonard slope and basinal carbonate play are re-sedimented carbonates deposited by debris flows and turbidity currents on the lower slope and basin floor. These rocks contain clasts of shallow-water facies identical to those observed on the platform, indicating that they were derived by downslope transport from the platform margin. Reservoirs in this play also contain a high proportion of oolitic and skeletal grainstone deposited as massive sediment-gravity flows, producing a superficial resemblance to shallow-water reservoirs .

Wolfcamp slope/basin carbonate reservoirs, due to their clastic nature, can have porosities of 6-22% and permeabilities of 100-500 md. Recent fracturing of the Lower and Middle Wolfcamp basinal shale facies has also been very successful.

Although this play has produced over 200 MMbbls in the Basin as a whole, pools are generally small and scattered. This play and the Spraberry are often termed the “Wolfberry” play, as their production development is often allied, although reservoirs vary.

**Spraberry-Dean Play**



*Figure 8. Spraberry-Dean play segments. Dutton et al, 2005*

The Spraberry-Dean trend area of west Texas, is estimated to have contained as much as 10 billion bbls of original oil in place. Despite five decades of production, including several large-scale waterflood projects, recovery from the Spraberry rarely exceeds 8–12%.

Reservoirs of the Spraberry–Dean submarine-fan sandstone play were deposited in the Midland Basin as large basin-floor submarine fan systems that were fed by turbidity currents and debris flows . Most of the production is from very fine-grained sandstone and coarse siltstone units in the Spraberry (Figs 9, 10). Matrix porosity ranges from 5 to 18% and permeability from 0.05 to 3 md. Low permeability results from the fine grain size, quartz and dolomite cement and authigenic pore-bridging clays.

Natural fractures cause high rates of initial production, but the matrix contains most of the oil and controls long-term recovery. This has been enhanced by long-term waterfloods, where a doubling of production rates has often been achieved.

At 2004, total production from this play exceeded 1.3 Bbbls, with Ackerly alone producing 52 MMbbls from the Spraberry-Dean sands, the Gin Fields 10 MMbbls and Spraberry itself 51 MMbbls, within Dawson County. The USGS in 2017 estimated the total Spraberry play to have original mean recoverable volumes of 4.2 Bbbls of oil and 3.1 Tcf of gas.

LOWER SPRABERRY CORE  
TURBIDITE SANDSTONES AND ORGANIC-RICH MUDROCKS

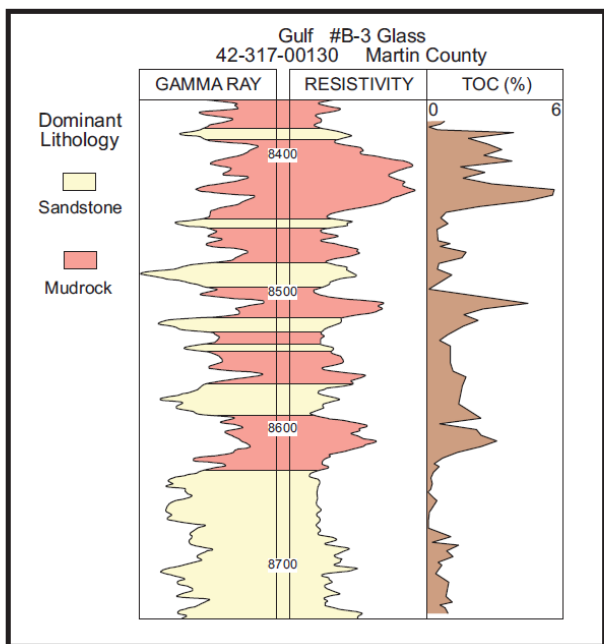


Figure 9. Typical Lower Spraberry reservoir/source bed relationship - Martin County – BEG 2012

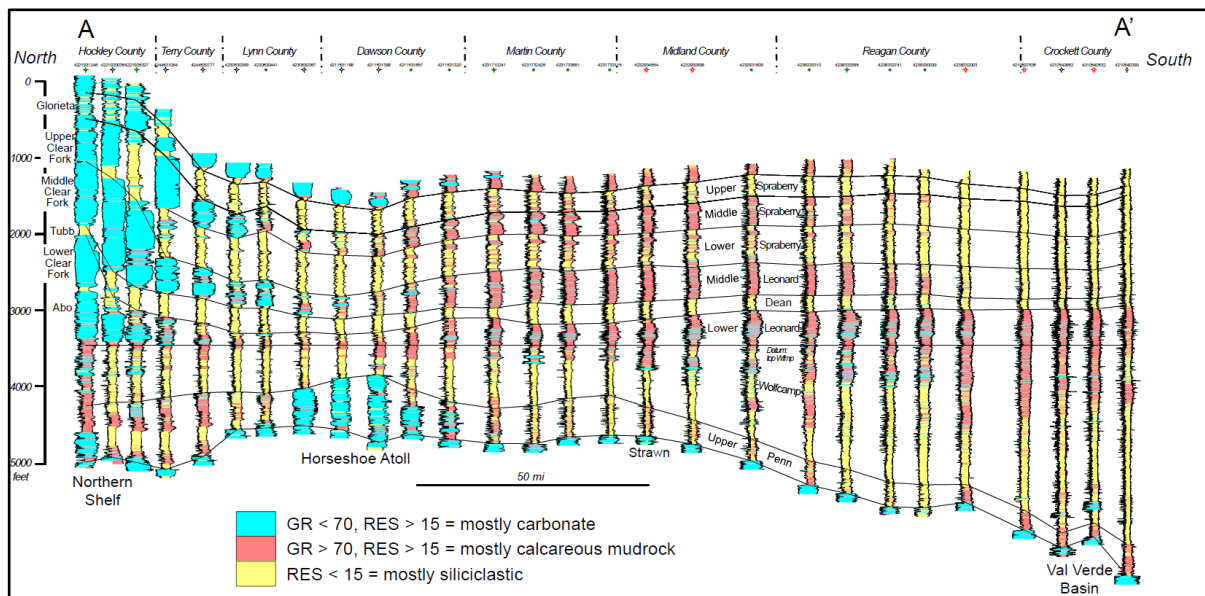
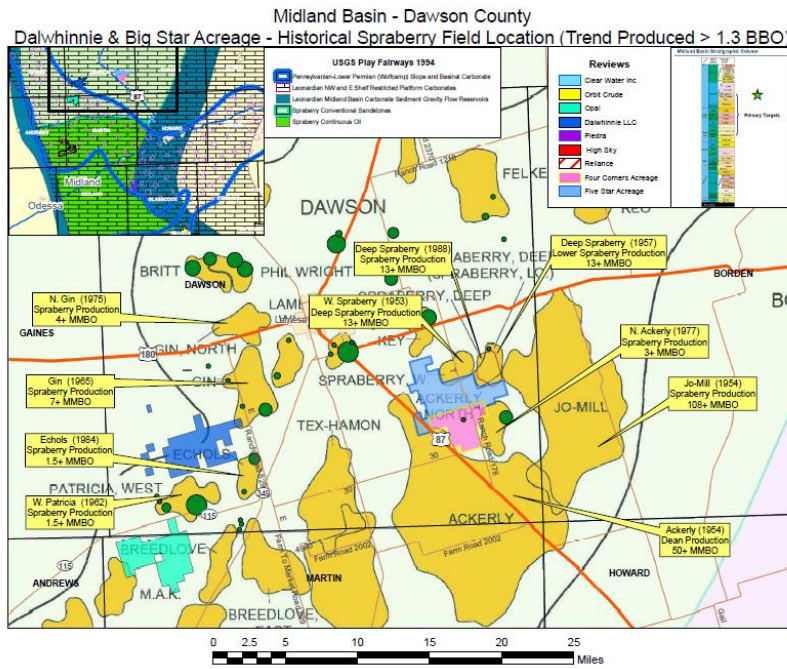


Figure 10. Wolfberry plays - distribution of facies – BEG 2012

Although the facies vary on a regional scale, eg the Lower Spraberry, within a county scale the units are easily correlatable and relatively consistent facies.

**BIG STAR LOCATION AND PROSPECTIVITY**



**Figure 11. Previous Big Star location (pale blue/pink) with adjacent producing fields**

The most recent drilling by Big Star and Antares in Dawson County has been a series of vertical completions in the south and east of the previous lease holding. These wells, Simmons 27-2, Esmond 20-1, Cline 46-1, Woodward 7-1 and Stuart 12-1, drilled between 2011 and 2012, were perforated in a number of regional plays from the Mississippian through to the Spraberry, with Simmons flowed from discrete completions in the Mississippian prior to co-mingling with shallower intervals to maximise production.

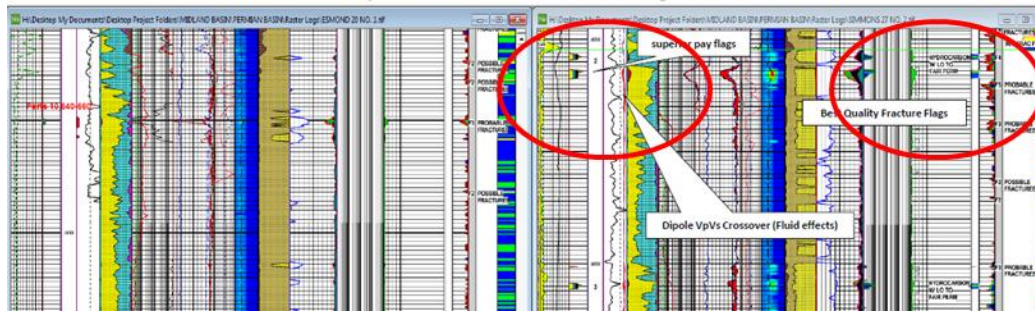
These wells performed modestly, generally less than 10,000 bbls total per well, although high initial rates were achieved from the larger natural fractures before the wells settled to slow decline at much lower rates as matrix intergranular and micro-fracture porosity took over. Due to common solution gas drive, salt water production generally followed oil trends, with associated gas breakout and some increase in gas oil ratio (GOR). All wells were beam pumped.

The initial preferred play of these wells was the Mississippian, either Upper or Lower or both, and good initial productivity was seen from several of the wells, particularly Simmons, which flowed at up to 1200 bbls/m from two Mississippian completions.

Shallower units, also completed, added productivity, but as these were all co-mingled, it is difficult to ascertain individual contributions after the initial production flow.

In the last decade or so, several technical advances in a) recognising potential flow units and b) improving drilling and completion techniques have led to success in other parts of the basin.

New tools for detecting natural fracturing and its orientation and in situ petrophysical techniques for detecting the best intervals for localised fractures and enhancement of those have appeared. These include dipole sonic tools using compression/shear wave analysis, delta log-R (more usually used in shale reservoirs but useful for very fine-grained porosity), nuclear magnetic resonance and, more recently, enhanced attribute 3D seismic processing.



**Figure 12. Simmons 27-2 Mississippian section (R) compared to Esmond 20-1 (L).**

Pre-completion petrophysical analysis of Simmons Mississippian indicating use of dipole sonic for fracture porosity identification.

Horizontal or lateral drilling into specific plays has led to a review of the optimum completion strategy for these tight plays, allowing much higher rates of oil production to be achieved, albeit at an increased cost of drilling and completion per well. This in turn has required extensive use of 3D seismic data, not only for attribute analysis, but to facilitate accurate lateral well location. Pattern, or close parallel (300-400m) spacing of, horizontal producing wells has allowed productivity to be raised significantly, particularly in the Spraberry, Wolfcamp and Dean play, as well as the more widespread Wolfcamp shales and silts, which contain significant OIP. In addition, better targeting of “sweet spot” play intervals in vertical wells has shown that preferentially sited verticals can achieve in excess of 200k barrels per well. However, there has been a marked decline in vertical well drilling as opposed to horizontal completions in the last five years due to the enhanced economic return from horizontal wells.

In contrast to recoveries from vertical wells, the following are examples of horizontal development well productivity in the vicinity of Big Star. Laterals may be up to 3 kms long:

Mississippian:

S M Energy, Borden County (20 kms NE) – see Fig 11

Roy 2454H	560 BOEPD (30 days)
Roy 1301H	520 BOEPD (30 days)
Rebecca 407H	586 BOEPD (7 days)

Wolfcamp/ Spraberry:

EOG, Irion County (200 kms SE)

University 40	#1306H	1426 BOPD, 0.9 MMCFD
	#1308H	1293 BOPD, 1 MMCFD
	#1504H	1338 BOPD, 1.2 MMCFD

SM Energy, Howard County (30 kms SE)

Tackleberry 43-42 1WA	2262 BOEPD (30 days)
Blissard 20-29 1H	1775 BOEPD (30 days), cum. 158 MBOE (97 days) – see Fig 13

Parsley Energy, Martin County (30 kms SW)

Strain Ranch 3 Horizontal well pad Average 1500 BOEPD per well – see Fig 14

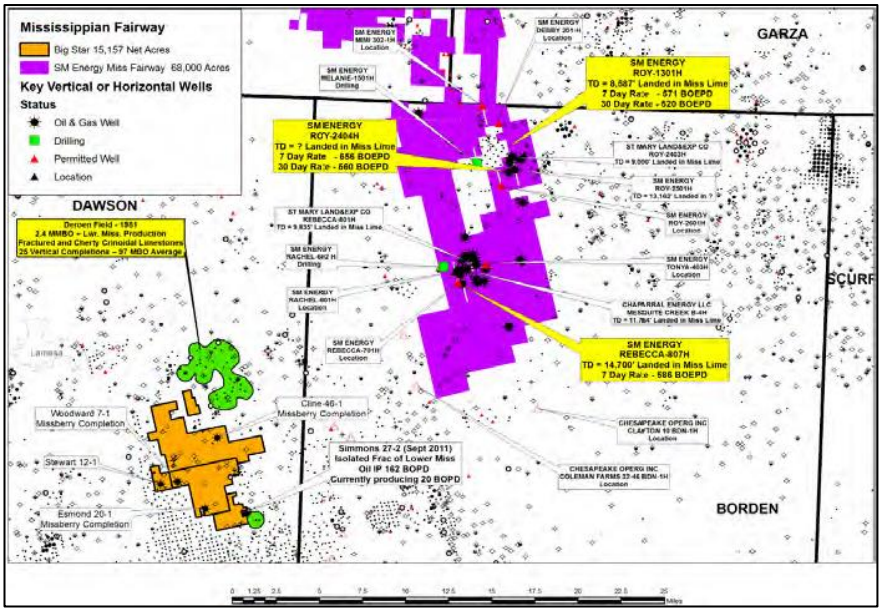


Figure 13. Offset Mississippian production

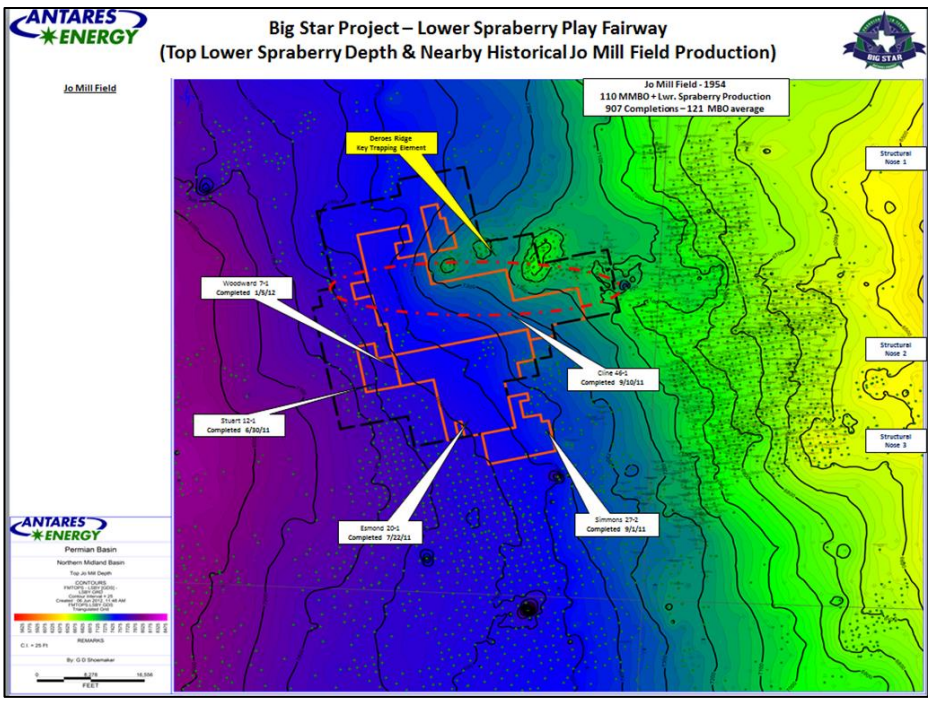
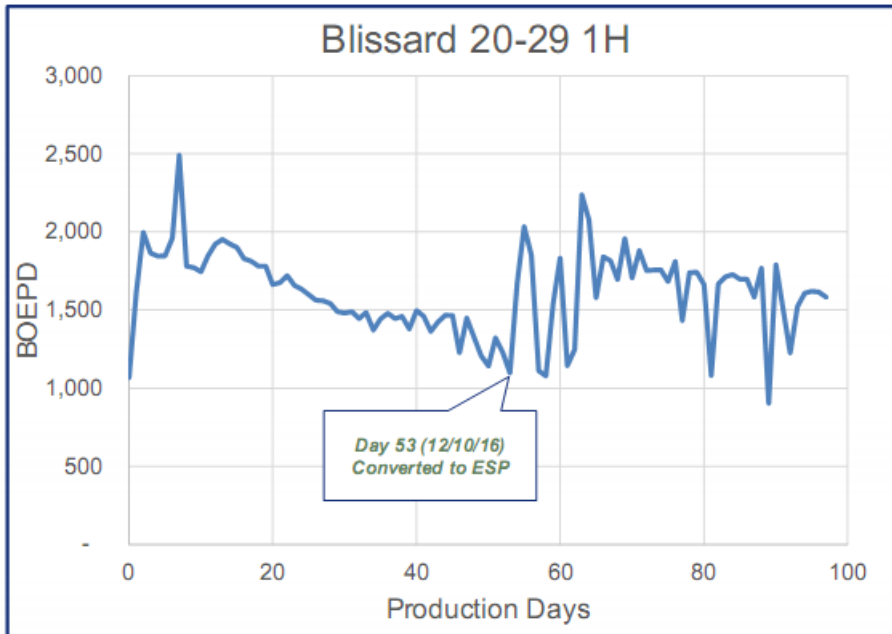


Figure 14. Offset vertical Spraberry production – Jo Mill Field



9,660' lateral located near Howard – Martin County line

Figure 15. Blissard 20-29 1H profile - SM Energy, Howard County

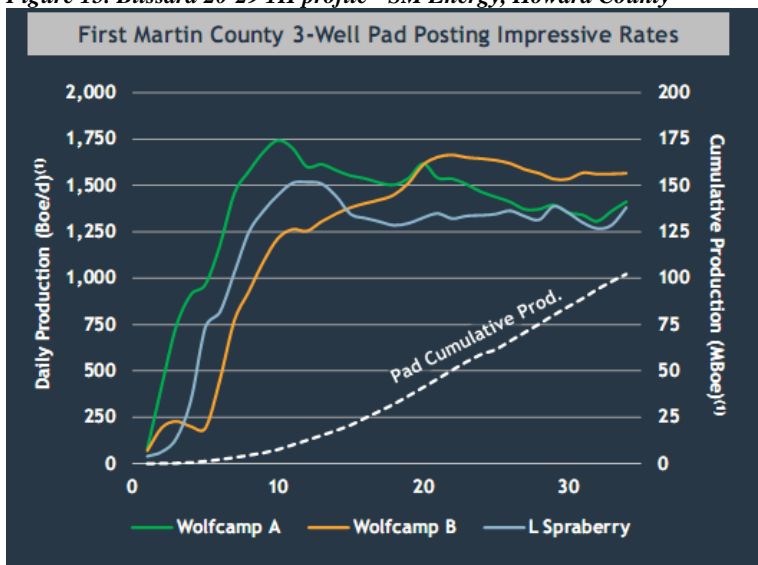


Figure 16. Initial production rates from 3-well horizontal completions - Parsley Energy, Martin County

**PROPOSED USE OF FUNDS**

The author understands that if the full amount of \$1,650,000 is raised from the Public Offer, the Company intends to apply the funds (in addition to the \$376,875 raised by the First Placement, which took place on 9 April 2018 as follows:

Proposed use of funds	Year 1	Year 2	Total
Oil and gas exploration/production/renewal	220,000	290,000	510,000
Review of new projects	175,000	195,000	370,000
Sub-total	395,000	485,000	880,000



Payment to the Creditors Trust <sup>(a)</sup>	500,000	-	500,000
Working capital <sup>(b)</sup>	400,000	246,875	646,875
<b>Total</b> <sup>(c)</sup>	<b><u>1,295,000</u></b>	<b><u>731,875</u></b>	<b><u>2,026,875</u></b>

*Table 1: Proposed Use of Funds*

**Notes:**

(a) The Company will use the Cash Consideration of \$500,000 as repayment of loan funds arranged by the Syndicate for payment to the Deed Administrators to satisfy obligations under the DOCA.

(b) This includes expenses associated with the Proposed Recapitalisation.

(c) The total expenditure includes the capital raised from the First Placement of First Placement Shares and First Placement Options to members of the Syndicate (or its nominees) which was completed on 9 April 2018 and raised \$376,875 and the Public Offer which will raise up to \$1,650,000.

With respect to the existing asset position, Antares plans to:

- continue current production,
- conduct a production and operations audit,
- undertake a bypassed oil study in its current wells, and
- conduct GG&E studies regarding the commerciality of horizontal, hydraulically fractured drilling within the licences.

Contingent upon the results of the above audit and studies, the Company will consider workovers on its existing wells and/or new drilling. Any new drilling will require further funding and the extension of related leasehold(s) and may require the purchase or acquisition of new seismic and would require further funding.

**CONCLUSIONS**

The Antares holdings, at the moment consisting of five recent wells and exploration acreage in the Big Star project, are located in the southeast corner of Dawson County, Texas. This area is within the productive area of a number of Pennsylvanian-Permian highly prolific oil plays. Immediately surrounding these assets are a multitude of medium to large oil fields which produce from the Mississippian, Pennsylvanian and Permian plays/reservoirs. In particular, the most prospective of these plays, due to its productivity from well-placed horizontal drilling and completion, is the Wolfcamp-Spraberry Permian play, now the third largest proved reserve oil play and seventh in production in the US.

This, as well as many of the other prospective plays, does not rely on conventional structural trapping mechanisms, but has been proven to be often stratigraphically trapped either by reservoir lithology pinchout updip on the eastern slope margin of the Midland Basin or by porosity/permeability trapping within existing lithological units. This has led to “patchy” often isolated pools of oil which are difficult to image on conventional seismic data, hence the pattern drilling which has taken place over the decades. Allied to this is the often tight (porosity <10%, permeabilities <10 md) character of the reservoirs which requires closely spaced vertical completions, stimulation and single well cost/recovery economics.

Many of the existing fields were discovered and exploited before modern exploration tools were in place. The upshot of the above is that substantial volumes in less heavily exploited plays and outside known producing areas may be waiting to be discovered in the vicinity of the Antares holdings.

In addition, some existing fields have been successfully re-invigorated using more modern stimulation or recovery techniques. Antares plan to assess the application of this approach to the existing Antares well stock if studies support doing so. It could also be applied, in the right circumstances, to other moribund producing assets.

Given the short timeframe to exploration leasehold expiry, the immediate Antares plans, outlined above, are a sensible approach. In the event that the Antares exploration leases can be maintained and/or expanded, the logical exploration/exploitation approach (subject to funding) would be to:

- Re-interpret Antares existing well set along with public-domain well data (or drill one or more strategically placed vertical wells) to target and verify the best reservoir plays
- Acquire or buy recent 3D seismic data and process for reservoir attributes; and
- Drill one or more horizontal producing well completions. Recent results, mentioned above, indicate initial production rates in favourable plays in excess of 1000 BOEPD per well, with modest decline.

## REFERENCES

- Assessment of Undiscovered Continuous Oil Resources in the Wolfcamp Shale of the Midland Basin, Permian Basin Province, Texas, 2016: United States Geological Survey Fact Sheet 2016–3092
- Assessment of Undiscovered Oil and Gas Resources in the Spraberry Formation of the Midland Basin, Permian Basin Province, Texas, 2017: United States Geological Survey Fact Sheet 2017–3029.
- Dutton, S.P., Kim, E.M., Broadhead, R.F., Breton, C.L., Raatz, W.D., Ruppel, S.C., and Kerans, C., 2004, Play Analysis and Digital Portfolio of Major Oil Reservoirs in the Permian Basin: Application and Transfer of Advanced Geological and Engineering Technologies for Incremental Production Opportunities - Final Report: The University of Texas at Austin, Bureau of Economic Geology and New Mexico Bureau of Geology and Mineral Resources, 428 p.
- Dutton, S.P., Kim, E.M., Broadhead, R.F., Breton, C.L., Raatz, W.D., Ruppel, S.C., and Kerans, C., 2005, Play analysis and leading-edge oil-reservoir development methods in the Permian Basin: Increased recovery through advanced technologies: American Association of Petroleum Geologists Bulletin, v. 89, no. 5, pp. 553–576.
- Hamlin, H. S., and Baumgardner, R. W. Jr., 2012, Wolfberry Play, Midland Basin, West Texas: Regional Stratigraphy: The University of Texas at Austin, Bureau of Economic Geology.
- Lorenz, J. C., Sterling, J. L., Schechter, D. S., Whigham, C. L., and Jensen, J. L., 2002, Natural fractures in the Spraberry Formation, Midland Basin, Texas: the effects of mechanical stratigraphy on fracture variability and reservoir behaviour: American Association of Petroleum Geologists Bulletin, v. 86, no. 3, pp. 505–524.
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- Wright, W.R., 2011, Pennsylvanian paleodepositional evolution of the greater Permian Basin, Texas and New Mexico: Depositional systems and hydrocarbon reservoir analysis: American Association of Petroleum Geologists Bulletin, v. 95, no. 9, pp. 1525–1555.

## Disclaimer

*The evaluation presented in this report reflects our informed judgement based on accepted standards of professional investigation, but is subject to generally recognised uncertainties associated with the interpretation of geological, geophysical and engineering data. The evaluation has been conducted within our understanding of petroleum legislation, taxation and other regulations that currently apply to these interests. However, Mebberson Geological Services is not in a position to attest to the property title, financial interest relationships or encumbrances related to the property.*

*It should be understood that any evaluation, particularly one involving exploration and future petroleum developments, may be subject to significant variations over short periods of time as new information becomes available. Mebberson Geological Services takes no responsibility for any commercial decisions by any persons or entities based on this report.*

**SECTION 8: FINAL LIMITED REPORT OF LEASE OWNERSHIP**

April 5, 2018

File #20180108

The Directors  
Antares Energy Limited  
c/o Level 29  
201 Elizabeth Street  
Sydney, NSW 2000

RE: Final Limited Report of Lease Ownership

Ladies and Gentlemen:

As requested, we have examined title on behalf of Antares Energy Limited as shown by the following material examined:

1. Email correspondence dated March 12, 2018 and April 3, 2018, from Ross Warner, Rain Hill Capital, regarding the limited report, as well as leases previously owned by Antares Energy Company;
2. A Runsheet prepared by Keno Properties, LLC, Midland, Texas, covering lands from the T&P RR Co. Survey, Dawson County, Texas, from May 20, 2008 (7:00 a.m.) to January 27, 2018 (7:00 a.m.), limited to the leasehold interests of Antares Energy Company;
3. An Assignment of Oil and Gas Leases dated April 27, 2010, from Willow Creek Resources, Inc. to Big Star Oil & Gas, Inc., recorded in Volume 634, Page 639, Official Records, Dawson County, Texas;
4. A Partial Assignment of Oil, Gas and Mineral Leases dated November 7, 2011, from Big Star Oil & Gas, LLC to Antares Energy Company et al., recorded in Volume 673, Page 552, Official Records, Dawson County, Texas;
5. A Partial Assignment of Oil, Gas and Mineral Leases dated December 7, 2011, from Big Star Oil & Gas, LLC to Antares Energy Company et al., recorded in Volume 673, Page 556, Official Records, Dawson County, Texas;
6. A Partial Assignment of Oil, Gas and Mineral Leases dated January 30, 2012, from Big Star Oil & Gas, LLC to Antares Energy Company et al., recorded in Volume 673, Page 558, Official Records, Dawson County, Texas;
7. An Assignment and Bill of Sale dated effective August 1, 2012, from Cross Border Resources, Inc. to Big Star Oil & Gas, LLC, recorded in Volume 688, Page 281, Official Records, Dawson County, Texas;
8. An Assignment and Bill of Sale dated effective October 1, 2012, from Big Star Oil & Gas, LLC et al. to Antares Energy Company, recorded in Volume 694, Page 652, Official Records, Dawson County, Texas;
9. A Production Report for the Esmond 20 Well covering a period of time from August of 2011 to November of 2017 (date of last report);
10. A Production Report for the Simmons 27 Well covering a period of time from September of 2011 to November of 2017 (date of last report);
11. A Production Report for the Stuart 12 Well covering a period of time from June of 2011 to November of 2017 (date of last report);

12. A Landman Statement reciting that no encumbrances as to the leasehold interest of Antares Energy Company were found in the public records of Dawson County, Texas;
13. An Application for an Extension of Deadline for Plugging an Inactive Well dated February 28, 2017, for the Esmond 20 Well; and
14. A search of the Texas Railroad Commission online records reflecting the well status of Section 12, Block 35, T-4-N; the Northeast quarter of Section 15, Block 34, T-4-N; the Southeast quarter of Section 20, Block 34, T-4-N; and the Northeast quarter of Section 27, Block 34, T-4-N, all in Dawson County, Texas.

## I. LIMITED SCOPE OF REPORT

This report is limited in scope to the working interest of Antares Energy Company in and to the oil and gas leases described on Exhibits "A" and "B" attached hereto. Our examination included full copies of 12 leases, but only memoranda for the remainder. For purposes of this report, we have examined the documents listed in the material examined, but have not undertaken an investigation of the real property or public records of Dawson County, Texas, USA. Additionally, we have relied on statements provided by Antares Energy Limited's contract landman, and express no opinion regarding the accuracy or completeness of any of the representations.

## II. LEGAL BACKGROUND OF MINERAL TITLE IN TEXAS, USA

In Texas, USA, the owner of land owns the surface and all oil, gas and other minerals beneath his/her tract, unless a severance has occurred that creates two distinct estates: the surface estate and the mineral estate. A severance of the mineral estate results from a conveyance or reservation of all, or a portion, of the oil, gas and other minerals in and to a specific tract.

Texas adopted the ownership-in-place doctrine, which confirms that the oil, gas and other minerals beneath a tract of land are a part of the realty until produced and become personal property when brought to the surface. Because the mineral estate is considered real property, it may be acquired, divested, encumbered, devised and inherited, thereby resulting in the possibility that an unlimited number of persons ("mineral owners") may own undivided interests in a tract's minerals. If an owner of a mineral estate, whether severed or intact with the surface, chooses to pursue development of and production from the minerals beneath the ground, such owner may exercise its rights and may generate revenue through one or more of these methods: (1) the "right to develop" the mineral estate by contracting directly with a drilling and operating company and directly selling the minerals; (2) the "right to lease" the mineral estate to a third party, specifying the terms of the lease and defining the minerals that may be produced; (3) the "right to receive a bonus payment" for leasing the mineral estate, usually calculated per acre, from the lessee for leasing the mineral estate; (4) the "right to receive delay rentals" when the mineral estate is leased but not being produced; and (5) the "right to receive royalty payments" based on a percentage of minerals produced by the lessee. Given the inherent risk, cost of development and required technology to produce oil and gas, most mineral owners do not independently develop their minerals, and as a result, rely on their ability to lease to a third party.

The oil and gas lease serves as both a conveyance and a contract which establishes the parties' rights and obligations. There is no "standard form" of lease. The details within the lease are the contract which defines the rights and obligations of the parties.

The execution of an oil and gas lease that reserves a royalty to the lessor creates the leasehold estate and a royalty interest. The lessee acquires the working interest, or the cost bearing interest, which provides the lessee the right to develop the oil and gas at its sole risk and expense. The lessee may keep and sell its proportionate share of the oil and gas produced from the lease until the lease expires ("Net Revenue Interest"). The leasehold estate created by the oil and gas lease may be conveyed, assigned and encumbered similar to any other real estate, and it is common for the original lessee to assign undivided working interests to numerous parties, who share the burden of costs in developing the mineral estate.

It is customary before drilling a well on a leased property to obtain a drilling title opinion, by which the lessor(s) in question are determined to have the required authority to grant the right to explore, exploit and to assign the minerals in a specific tract of land based on a thorough examination of the chain of title. If errors are found in the course of that examination, it is customary for the lessor and lessee to conduct "Title Curative," which involves, but is not limited to, executing instruments, affidavits, conveyances and filing previously unrecorded documents to resolve any disputes, ambiguities or errors so that the operator has substantial support for its claims prior to undertaking the expense of drilling.

### III. APPARENT TITLE OF ANTARES ENERGY COMPANY

Based solely on the material examined, and subject to the qualifications stated herein, it appears that Antares Energy Company has a 100% working interest in and to the leases described on Exhibit "A" attached hereto and a 72% working interest (before payout) and a 60% working interest (after payout) in and to the lease described on Exhibit "B" attached hereto. Antares Energy Company's ownership is subject to the following:

- (1) A. The net revenue associated with the 100% working interest of the Exhibit "A" leases is unknown.  
B. The net revenue associated with the 72% before payout working interest of the Exhibit "B" lease appears to be 54%, while the after payout net revenue interest appears to be 45%.
- (2) Confirmation of full mineral ownership of the Lessors in the leases attached hereto as Exhibit "A" and Exhibit "B".
- (3) The terms, covenants and conditions of the leases, including royalty interests associated with same.
- (4) The terms, covenants and conditions of the assignments listed as item nos. 3-8 in the material examined, including overriding royalty interests associated with same.
- (5) Confirmation that the following leases are in full force and effect, as to the lands recited:
  - A. The primary terms of the leases listed as item nos. 10-14 on Exhibit "A" expired in April of 2011. A search of the Texas Railroad Commission online records reflects a well on the leased premises permitted on May 9, 2011, with production from August of 2011 to December of 2017 (date of last report), with one month gaps in production in September of 2015, August of 2016 and October of 2017. It should be confirmed that the leases have been held by production, continuous operations or some other means, as to the lands recited; and
  - B. The primary term of the lease on Exhibit "B" expired on May 20, 2011. A search of the Texas Railroad Commission online records

reflects a well on the leased premises permitted on April 20, 2011, with production from September of 2011 to December of 2017 (date of last report). It should be confirmed that the lease has been held by production, continuous operations or some other means, as to the lands recited.

- (6) Any and all documents filed in the real property records, or other publicly available records of Dawson County, Texas affecting the interests, which were not included in the material examined.

The above conclusions of title are limited in scope as per your request, and consequently, reliance on the title of Antares Energy Company, as presented herein, should likewise be limited in scope by Antares Energy Company, Antares Energy Limited, or any other person or entity reviewing this document. No warranty concerning the title of Antares Energy Company is offered herewith. This report is prepared for inclusion in a prospectus to be issued by Antares Energy Limited to be dated on or about April 6, 2018. We have been informed that, pursuant to the prospectus, which we have not reviewed, Antares Energy Limited is proposing to issue 165,000,000 fully paid ordinary shares in the capital of the company at an issue price of \$0.01 to raise \$1,650,000.00. We assume no liability for the prospectus. We have based our review upon our knowledge of Texas oil and gas law only, and have no knowledge of the laws and regulations of Australia, and accordingly express no opinion as to any other state or country, other than Texas, USA. Reliance by any person or entity on the information presented in this limited report is done at their sole risk. Thank you for allowing us to be of service to Antares Energy Limited.

Very truly yours,

Foster & Buselli, PC

  
By: Richard W. Foster, Jr.

  
By: LaBecca Buselli

TS/dh



EXHIBIT "A"

Northwest quarter of Section 44, Block 34, T-5-N, T&P RR Co. Survey, Dawson County, Texas:

- (1) Lease dated October 1, 2015 (*Memorandum at 781/592*), from Jason Bradford to Antares Energy Company;
- (2) Lease dated October 1, 2015 (*Memorandum at 781/594*), from Sharon R. Wheeler to Antares Energy Company;

Southwest quarter of Section 44, Block 34, T-5-N, T&P RR Co. Survey, Dawson County, Texas:

- (3) Lease dated July 1, 2015 (*Memorandum at 781/586*), from Wilma Fay Stovall Daniels to Antares Energy Company;
- (4) Lease dated September 1, 2015 (*Memorandum at 781/588*), from Escondido Oil & Gas, LLC to Antares Energy Company;
- (5) Lease dated September 1, 2015 (*Memorandum at 781/590*), from Brian Arnold, Jr. to Antares Energy Company;
- (6) Lease dated September 15, 2015 (*Memorandum at 782/353*), from Letha LeEtte Trice Husk to Antares Energy Company;

Northeast quarter of Section 45, Block 34, T-5-N, T&P RR Co. Survey, Dawson County, Texas:

- (7) Unrecorded Lease dated September 1, 2015, from Greg Holladay and wife, Judith Holladay to Antares Energy Company;

Northeast quarter of Section 1, Block 35, T-4-N, T&P RR Co. Survey, Dawson County, Texas;

- (8) Lease dated July 15, 2015 (*Memorandum at 773/174*), from B&G Royalties to Antares Energy Company;
- (9) Lease dated July 15, 2015 (*Memorandum at 774/84*), from Compound Properties, LLC to Antares Energy Company;

Section 12, Block 35, T-4-N, T&P RR Co. Survey, Dawson County, Texas; Save and Except 1 acre out of the Southeast corner as described by metes and bounds in Deed dated August 10, 1935 (*65/597*); and Save and Except 14.895 acres, described by metes and bounds in Deed dated July 29, 1933 (*60/240*):

- (10) Lease dated April 21, 2011 (*Memorandum at 656/434*), from Ralph Adolphus Stuart, III to Big Star Oil & Gas, LLC;
- (11) Lease dated April 21, 2011 (*Memorandum at 656/436*), from Martha Stuart Cousin to Big Star Oil & Gas, LLC;
- (12) Lease dated April 22, 2011 (*Memorandum at 656/516*), from Gordon Lee Stuart to Big Star Oil & Gas, LLC;
- (13) Lease dated April 22, 2011 (*Memorandum at 656/518*), from Jane Stuart to Big Star Oil & Gas, LLC;
- (14) Lease dated April 22, 2011 (*Memorandum at 656/520*), from James Lawrence Stuart to Big Star Oil & Gas, LLC;

Exhibit "A" continued...

Southwest quarter of Section 3, Block 34, T-4-N, T&P RR Co. Survey, Dawson County, Texas:

- (15) Lease dated May 15, 2015 (*Memorandum at 773/73*), from Clifton Calvin Derrick to Antares Energy Company;
- (16) Lease dated May 15, 2015 (*Memorandum at 773/75*), from Ruby Lucille Seale to Antares Energy Company;

North half of Section 5, Block 34, T-4-N, T&P RR Co. Survey, Dawson County, Texas:

- (17) Lease dated May 15, 2015 (*Memorandum at 773/77*), from Linda Harris Abracen to Antares Energy Company;
- (18) Lease dated May 15, 2015 (*Memorandum at 773/79*), from Colleen Busby McCaslin to Antares Energy Company;
- (19) Lease dated May 15, 2015 (*Memorandum at 773/106*), from Carol Wolfe and husband, Phillip Wolfe to Antares Energy Company;
- (20) Lease dated July 15, 2015 (*Memorandum at 773/171*), from Lattner Holdings, LLC to Antares Energy Company;
- (21) Lease dated July 15, 2015 (*Memorandum at 781/571*), from Scott W. Osborne, Trustee of the Scott W. Osborne Trust to Antares Energy Company;
- (22) Unrecorded Lease dated August 15, 2015, from Dixie Anne Kilgore Harwell to Antares Energy Company;
- (23) Unrecorded Lease dated August 15, 2015, from Andy Kilgore to Antares Energy Company;
- (24) Unrecorded Lease dated August 15, 2015, from Pamela Hope Kilgore, Life Tenant to Antares Energy Company;
- (25) Unrecorded Lease dated September 1, 2015, from Wayland Holladay Farms, Ltd. to Antares Energy Company;

East half of Section 6, Block 34, T-4-N, T&P RR Co. Survey, Dawson County, Texas:

- (26) Lease dated April 13, 2015 (*Memorandum at 773/110*), from Five Way, Ltd. to Antares Energy Company;
- (27) Lease dated July 1, 2015 (*Memorandum at 773/175*), from Beverly Beaty to Antares Energy Company;
- (28) Lease dated July 1, 2015 (*Memorandum at 773/177*), from Billy Braswell to Antares Energy Company;
- (29) Lease dated July 1, 2015 (*Memorandum at 773/179*), from James Ernest Carmichael to Antares Energy Company;
- (30) Lease dated July 1, 2015 (*Memorandum at 773/181*), from Patsy Jean Clark to Antares Energy Company;
- (31) Lease dated July 1, 2015 (*Memorandum at 773/183*), from Wanda LaNelle Davis to Antares Energy Company;
- (32) Lease dated July 1, 2015 (*Memorandum at 773/185*), from Nancy Helen Gentry to Antares Energy Company;
- (33) Lease dated July 1, 2015 (*Memorandum at 773/187*), from James Michael Nix to Antares Energy Company;
- (34) Lease dated July 1, 2015 (*Memorandum at 773/189*), from Judith Irene Senter Rusert to Antares Energy Company;
- (35) Lease dated July 1, 2015 (*Memorandum at 773/191*), from Donald Fred Senter to Antares Energy Company;

Exhibit "A" continued...

- (36) Lease dated July 1, 2015 (*Memorandum at 773/193*), from Robert M. Senter, III to Antares Energy Company;
- (37) Lease dated July 15, 2015 (*Memorandum at 774/86*), from Betty Patricia Nix McDonnell to Antares Energy Company;
- (38) Lease dated July 15, 2015 (*Memorandum at 781/575*), from Phyllis Senter to Antares Energy Company;
- (39) Lease dated September 15, 2015 (*Memorandum at 782/355*), from Pamela Nix Humphreys to Antares Energy Company;
- (40) Lease dated September 15, 2015 (*Memorandum at 782/357*), from Camilla Ann Nix Hart to Antares Energy Company;

Northwest quarter of Section 7, Block 34, T-4-N, T&P RR Co Survey, Dawson County, Texas:

- (41) Lease dated September 15, 2015 (*Memorandum at 782/359*), from Frost Bank, Trustee of the Hilmar Daniel Blumberg Trust u/w/o Jane Weinert Blumberg, deceased, to Antares Energy Company;
- (42) Lease dated September 15, 2015 (*Memorandum at 782/360*), from Frost Bank, Trustee of the Carla Ann Blumberg Trust u/w/o Jane Weinert Blumberg, deceased, to Antares Energy Company;
- (43) Lease dated September 15, 2015 (*Memorandum at 782/361*), from Bauchman Investment Partnership, LP to Antares Energy Company;

West 120 acres of the South half of Section 9, Block 34, T-4-N, T&P RR Co. Survey, Dawson County, Texas:

- (44) Lease dated May 15, 2015 (*Memorandum at 773/81*), from Alpha Hall, Life Tenant to Antares Energy Company;
- (45) Lease dated May 15, 2015 (*Memorandum at 773/83*), from Lida Ryan McGee, individually and as remainderman, to Antares Energy Company;
- (46) Lease dated July 15, 2015 (*Memorandum at 774/88*), from Michael Lloyd Mann to Antares Energy Company;

Southwest quarter of Section 10, Block 34, T-4-N, T&P RR Co. Survey, Dawson County, Texas:

- (47) Lease dated April 15, 2015 (*Memorandum at 766/509*), from Minnie Stevens Piper Foundation to Antares Energy Company;
- (48) Lease dated April 20, 2015 (*Memorandum at 781/598*), from Guthrie Hard Hat G., LP et al. to Antares Energy Company;
- (49) Lease dated July 1, 2015 (*Memorandum at 773/195*), from Phillip S. Schoeneck, Jr. to Antares Energy Company;

Northeast quarter of Section 15, Block 34, T-4-N, T&P RR Co. Survey, Dawson County, Texas:

- (50) Lease dated April 15, 2015 (*Memorandum at 768/54*), from Tiffany Ann Maxwell Parker, individually and as Co-Independent Executor of the Estate of Phyllis Ann Maxwell Grissom, deceased to Antares Energy Corporation;
- (51) Lease dated April 15, 2015 (*Memorandum at 768/56*), from RobRoy Resources, LLC to Antares Energy Corporation;

Exhibit "A" continued...

- (52) Lease dated April 15, 2015 (*Memorandum at 768/58*), from Stacy Lynn Maxwell, individually and as Co-Independent Executor of the Estate of Phyllis Ann Maxwell Grissom, deceased, to Antares Energy Company;
- (53) Lease dated April 15, 2015 (*Memorandum at 768/62*), from Carey Layne Maxwell, individually and as Co-Independent Executor of the Estate of Phyllis Ann Maxwell Grissom, deceased, to Antares Energy Company;
- (54) Lease dated April 15, 2015 (*Memorandum at 768/64*), from Claude L. Milburn, Jr. to Antares Energy Company;
- (55) Lease dated April 15, 2015 (*Memorandum at 768/66*), from Escondido Oil & Gas, LLC to Antares Energy Company;
- (56) Lease dated April 15, 2015 (*Memorandum at 773/85*), from Gary Lynn Millikan, individually and remainderman, to Antares Energy Company;
- (57) Lease dated April 15, 2015 (*Memorandum at 774/100*), from Robert Glenn Millikan, Jr., individually and remainderman, to Antares Energy Company;
- (58) Lease dated April 15, 2015 (*Memorandum at 773/87*), from Robert G. Millikan, Sr., Life Tenant to Antares Energy Company;
- (59) Lease dated May 15, 2015 (*Memorandum at 773/89*), from Shannon Peek to Antares Energy Company;
- (60) Lease dated July 15, 2015 (*Memorandum at 774/90*), from Margaret Adams to Antares Energy Company;
- (61) Lease dated July 15, 2015 (*Memorandum at 774/94*), from Charlotte Clemmer to Antares Energy Company;
- (62) Lease dated July 15, 2015 (*Memorandum at 781/573*), from Kitty J. Cannon to Antares Energy Company;
- (63) Lease dated July 15, 2015 (*Memorandum at 781/577*), from Velma L. Heald to Antares Energy Company;
- (64) Lease dated August 1, 2015 (*Memorandum at 774/92*), from Redgy Don Barr to Antares Energy Company;
- (65) Lease dated August 1, 2015 (*Memorandum at 781/579*), from Elaine Maxwell Brock to Antares Energy Company;
- (66) Lease dated September 15, 2015 (*Memorandum at 782/363*), from Ethel Laverne Howard to Antares Energy Company;

Southwest quarter of Section 16, Block 34, T-4-N, T&P RR Co. Survey, Dawson County, Texas:

- (67) Unrecorded Lease dated August 15, 2015, from Dixie Anne Kilgore Harwell to Antares Energy Company;
- (68) Unrecorded Lease dated August 15, 2015, from Andy Kilgore to Antares Energy Company;
- (69) Unrecorded Lease dated August 15, 2015, from Pamela Hope Kilgore, Life Tenant to Antares Energy Company;

Northwest quarter of Section 17, Block 34, T-4-N, T&P RR Co. Survey, Dawson County, Texas:

- (70) Lease dated May 15, 2015 (*Memorandum at 773/93*), from Leonard Eugene Todd to Antares Energy Company;

Exhibit "A" continued...

West half and the Northeast quarter of Section 17, Block 34, T-4-N, T&P RR Co. Survey, Dawson County, Texas:

- (71) Lease dated April 15, 2015 (*Memorandum at 768/82*), from Pine Bluff National Bank, Successor Trustee of the JAP 1994 Trust dated 8-22-05 to Antares Energy Company;
- (72) Lease dated April 15, 2015 (*Memorandum at 768/84*), from Pine Bluff National Bank, Successor Trustee of the Guardian Management Trust 867 for Milann Powell to Antares Energy Company;
- (73) Lease dated April 15, 2015 (*Memorandum at 768/86*), from Mark Guy Powell to Antares Energy Company;
- (74) Lease dated April 15, 2015 (*Memorandum at 768/88*), from Jan Powell Wilkinson to Antares Energy Company;
- (75) Lease dated April 15, 2015 (*Memorandum at 773/95*), from Kay Ann Saunders Schmidt to Antares Energy Company;

Southwest quarter of Section 17, Block 34, T-4-N, T&P RR Co. Survey, Dawson County, Texas:

- (76) Lease dated July 6, 2015 (*Memorandum at 774/96*), from Aspen Grove Royalty Company, LLC to Antares Energy Company;

East 100 acres of the Southeast quarter of Section 17, Block 34, T-4-N, T&P RR Co. Survey, Dawson County, Texas:

- (77) Unrecorded Lease dated August 15, 2015, from Dixie Ann Kilgore, individually and as Independent Executrix of the Estate of Robbie Louise Kilgore, deceased, to Antares Energy Company;

West half of the Northeast quarter of Section 20, Block 34, T-4-N, T&P RR Co. Survey, Dawson County, Texas:

- (78) Unrecorded Lease dated August 15, 2015, from Dixie Ann Kilgore Harwell, individually and as Independent Executrix of the Estate of Robbie Louise Kilgore, deceased, to Antares Energy Company;

East half of the Northeast quarter of Section 20, Block 34, T-4-N, T&P RR Co. Survey, Dawson County, Texas:

- (79) Lease dated August 1, 2015 (*Memorandum at 773/197*), from Dana Dee Andrade to Antares Energy Company;
- (80) Lease dated July 1, 2015 (*Memorandum at 773/199*), from Lige Midkiff, Jr. to Antares Energy Company;
- (81) Lease dated August 1, 2015 (*Memorandum at 773/201*), from Felix Anthony Miles to Antares Energy Company;
- (82) Lease dated August 1, 2015 (*Memorandum at 774/98*), from Carl B. Cox to Antares Energy Company;
- (83) Lease dated August 15, 2015 (*Memorandum at 781/581*), from Jerry Jones Harville to Antares Energy Company;

Exhibit "A" continued...

- (84) Lease dated August 15, 2015 (*Memorandum at 781/583*), from John L. Wilkes to Antares Energy Company;

Section 21, Block 34, T-4-N, T&P RR Co. Survey, Dawson County, Texas:

- (85) Lease dated May 15, 2015 (*Memorandum at 773/103*), from Calvin Wayman, Trustee of the Calvin and Kathleen Wayman Revocable Trust to Antares Energy Company;
- (86) Lease dated June 15, 2015 (*Memorandum at 781/584*), from Mitchell Wayman, Trustee of the Mitchell and Lydia Wayman Revocable Living Trust dated October 14, 2014 to Antares Energy Company;
- (87) Lease dated July 15, 2015 (*Memorandum at 774/431*), from Davis Partners, Ltd. to Antares Energy Company;
- (88) Lease dated July 15, 2015 (*Memorandum at 774/433*), from Paul Davis, Ltd. to Antares Energy Company;

Northwest quarter of Section 27, Block 34, T-4-N, T&P RR. Co Survey, Dawson County, Texas:

- (89) Lease dated May 15, 2015 (*Memorandum at 773/97*), from Shirley Turner Dye to Antares Energy Company;

West half of the Northeast quarter of Section 27, Block 34, T-4-N, T&P RR Co. Survey, Dawson County, Texas:

- (90) Lease dated July 1, 2015 (*Memorandum at 773/203*), from Burns Taylor Hamilton, individually and as Attorney-in-Fact for Lee Anne Douglas Banning et al. to Antares Energy Company;

South half of Section 28, Block 34, T-4-N, T&P RR Co. Survey, Dawson County, Texas:

- (91) Lease dated April 15, 2015 (*Memorandum at 768/114*), from Mark Guy Powell to Antares Energy Company;
- (92) Lease dated April 15, 2015 (*Memorandum at 768/116*), from Pine Bluff National Bank, Successor Trustee of the JAP 1994 Trust dated 8-22-05 to Antares Energy Company;
- (93) Lease dated April 15, 2015 (*Memorandum at 768/118*), from Pine Bluff National Bank, Successor Trustee of the Guardian Management Trust 867 for Milann Powell;
- (94) Lease dated April 15, 2015 (*Memorandum at 768/120*), from Jan Powell Wilkinson to Antares Energy Company;
- (95) Lease dated April 15, 2015 (*Memorandum at 773/99*), from Kay Ann Saunders Schmidt to Antares Energy Company; and
- (96) Lease dated May 12, 2015 (*774/435*), from Gwen J. Nichols and Keith Nichols to Antares Energy Company.

**EXHIBIT "B"**

Northeast quarter of Section 27, Block 34, T-4-N, T&P RR Co. Survey, Dawson County, Texas:

- (1) Lease dated May 20, 2008 (*603/745; amended at 670/238*), from Burns Taylor Hamilton, individually and as Attorney-in-Fact for William Anne Fabian et al. to Willow Creek Resources, Inc.

## **SECTION 9: DETAILS OF THE PUBLIC OFFER**

### **9.1 The Public Offer**

Under this Prospectus, the following offer is being made by the Company:

- (a) **Public Offer** – the offer of 165,000,000 New Shares at an issue price of 1 cent (\$0.01) per Share to investors (which includes members of the Syndicate) to raise \$1,650,000.

The Company reserves the right to close the Public Offer early, to accept late Applications or extend the Public Offer without notifying any recipient of this Prospectus or any Applicant.

### **9.2 Further details of the Public Offer and purpose**

The purpose of the Public Offer is to raise additional capital to fund the exploration and production costs and working capital requirements of the Company, meet costs associated with the Proposed Recapitalisation and the Public Offer and assist the Company in being reinstated to the Official List of ASX.

Shareholder approval for the issue of 150,000,000 New Shares pursuant to the Public Offer was obtained at the EGM. The remaining 15,000,000 New Shares being offered pursuant to the Public Offer will be issued utilising the Company's 15% placement capacity under ASX Listing Rule 7.1.

In addition to the above purpose, this Prospectus has been issued pursuant to section 708A(11) of the Corporations Act to facilitate secondary trading of the 150,000,000 First Placement Shares that were issued on 9 April 2018 to members of the Syndicate (or its nominees) at an issue price of \$0.0025 per First Placement Share, following Shareholder approval at the EGM held on 23 January 2018.

Investors (which includes members of the Syndicate) that have a registered address in Australia can participate in the Public Offer.

All New Shares offered under the Public Offer will be fully paid ordinary shares and will rank equally in all respects with all other Shares on issue at the date of this Prospectus.

The minimum and maximum raised under the Public Offer is \$1,650,000 (before costs).

### **9.3 Further details of the First Placement**

Only members of the Syndicate (or their nominees) were issued First Placement Securities pursuant to the First Placement following receipt of Shareholder approval at the EGM held on 23 January 2018 (and the ASX waiver granted in relation to issue of securities to related parties, as announced by the Company on 19 February 2018).

Under the First Placement, \$376,875 (before costs) was raised by the issue of 150,000,000 First Placement Shares at an issue price of \$0.0025 per First Placement Share and 75,000,000 First Placement Options at an issue price of \$0.000025 per First Placement Option to the Syndicate (or its nominees).

All First Placement Shares offered under the First Placement are fully paid ordinary shares and rank equally in all respects with all other Shares on issue (including the New Shares).

### **9.4 Rights and Liabilities Attaching to Securities under the Public Offer and the First Placement**

#### **(a) Shares**

The New Shares to be issued under this Prospectus will rank equally with the other fully paid ordinary shares in the Company, including the First Placement Shares which were issued on 9 April 2018.

Detailed provisions relating to the rights attaching to the Shares are set out in the Company's Constitution and the Corporations Act. A copy of the Company's Constitution can be inspected during office hours at the registered office of the Company and Shareholders have a right to obtain a copy of the Company's Constitution, free of charge by contacting the Company's registered office on +61 2 8072 1400. The detailed provisions relating to the rights attaching to Shares under the Constitution and Corporations Act are summarised below.

Each Share will confer on its holder:



- (i) the right to receive and give notice of and to attend general meetings of the Company and to receive all financial statements, notices and documents required to be sent to them under the Company's Constitution and the Corporations Act;
- (ii) the right to vote at a general meeting of Shareholders (whether present in person or by any representative, proxy or attorney) on a show of hands (one vote per Shareholder) and on a poll (one vote per Share on which there is no money due and payable) subject to the rights and restrictions on voting which may attach to or be imposed on Shares (as at Completion there are none);
- (iii) the right to receive dividends, according to the amount paid up on the Share;
- (iv) the right to receive, in kind, the whole or any part of the Company's property on a winding up, subject to priority given to holders of Shares that have not been classified by ASX as 'restricted securities' and the rights of a liquidator to distribute surplus assets of the Company with the consent of members by special resolution; and
- (v) subject to the Corporations Act and the ASX Listing Rules, Shares are fully transferable.

The rights attaching to Shares may be varied with the approval of Shareholders in general meeting by special resolution.

(b) **Options**

The terms of the First Placement Options which have been issued to the Syndicate (or its nominees) under the First Placement are as follows:

- (i) Each First Placement Option gives the First Placement Optionholder the right to subscribe for 1 Share for every First Placement Option they own in the Company, and subsequently trade the underlying Shares. To obtain the right given by each First Placement Option, the First Placement Optionholder must exercise the First Placement Options in accordance with these terms and conditions.
- (ii) The First Placement Options will expire at 5:00pm (AEST) on 30 June 2020 (**Expiry Date**). Any First Placement Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (iii) The amount payable upon the exercise of each First Placement Option will be 1 cent (\$0.01) (**Exercise Price**).
- (iv) The First Placement Options may be exercised in whole or in part, and if exercised in part, multiples of 100,000 must be exercised on each occasion.
- (v) First Placement Optionholders may exercise their First Placement Options by lodging with the Company, before the Expiry Date:
  - (A) a written notice of exercise of First Placement Options specifying the number of First Placement Options being exercised; and
  - (B) a cheque or electronic funds transfer for the Exercise Price for the number of First Placement Options being exercised,

**(Exercise Notice)**.
- (vi) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (vii) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of First Placement Options specified in the Exercise Notice.
- (viii) The First Placement Options are freely transferrable.

- (ix) All Shares allotted upon the exercise of First Placement Options will upon allotment rank pari passu in all respects with other Shares.
- (x) The Company is not applying for quotation of the First Placement Options on ASX. However, the Company will apply for quotation of all Shares allotted pursuant to the exercise of the First Placement Options on ASX immediately after the allotment of those Shares.
- (xi) If at any time the issued capital of the Company is reconstructed, all rights of the First Placement Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (xii) There are no participating rights or entitlements inherent in the First Placement Options and the First Placement Optionholder will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the First Placement Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give the First Placement Optionholder the opportunity to exercise the First Placement Options prior to the date for determining entitlements to participate in any such issue.
- (xiii) In the event the Company proceeds with a pro rata issue (except a bonus issue) of securities to Shareholders after the date of issue of the First Placement Options, the exercise price of the First Placement Options may be reduced in accordance with the formula set out in ASX Listing Rule 6.22.2.
- (xiv) In the event the Company proceeds with a bonus issue of securities to Shareholders after the date of issue of the First Placement Options, the number of securities over which an First Placement Option is exercisable may be increased by the number of securities which the First Placement Optionholder would have received if the First Placement Option had been exercised before the record date for the bonus issue.
- (xv) In the event the First Placement Options are exercised by the First Placement Optionholders before the Expiry Date, the Company intends to use the funds raised for working capital purposes.

#### 9.5 Is the Public Offer underwritten?

The Public Offer is not underwritten.

#### 9.6 Use of Funds

Use of Funds	Year 1	Year 2	Total
Oil and gas exploration/production/renewal	\$220,000	\$290,000	\$510,000
Review of new projects	\$175,000	\$195,000	\$370,000
<b>Sub-total</b>	<b>\$395,000</b>	<b>\$485,000</b>	<b>\$880,000</b>
Payment to the Creditors Trust <sup>(a)</sup>	\$500,000	N/A	\$500,000
Working capital <sup>(b)</sup>	\$400,000	\$246,875	\$646,875
<b>Total<sup>(c)</sup></b>	<b>\$1,295,000</b>	<b>\$731,875</b>	<b>\$2,026,875</b>

#### Notes

<sup>(a)</sup> The Company will use the Cash Consideration of \$500,000 as repayment of loan funds arranged by the Syndicate for payment to the Deed Administrators to satisfy obligations under the DOCA.

<sup>(b)</sup> This includes expenses associated with the Proposed Recapitalisation to be repaid to the Syndicate.

Investors should be aware that the Company may expend its cash reserves on its activities more quickly than anticipated. The Directors will consider further equity funding where it considers that the raising of such further capital is necessary to meet the Company's objectives and requirements.

(c) The total expenditure includes the capital raised from the First Placement of First Placement Shares and First Placement Options to members of the Syndicate (or its nominees) which was completed on 9 April 2018 and raised \$376,875 and the Public Offer which will raise up to \$1,650,000.

Please refer to Section 6 for further information in relation to the financial position of the Company.

### 9.7 How do I apply under the Public Offer?

<b>Who is eligible to participate in the Public Offer?</b>	
Who can apply for New Shares under the Public Offer?	The Public Offer will be open to investors with registered addresses in Australia and other investors to whom it is lawful to make an offer to pursuant to this Prospectus.
<b>Completing and returning your Application under the Public Offer</b>	
What is the minimum and maximum application under the Public Offer?	Applications for New Shares must be for a minimum of 50,000 New Shares (value of at least \$500). There is no maximum amount that Applicants can apply for.
How do I apply under the Public Offer?	<p>Applications for New Shares under the Public Offer must be made using the Application Form attached to this Prospectus. The Application Form attached to this Prospectus contains detailed instructions on how the form for the Public Offer can be completed. Please read the instructions on the Application Form carefully before completing it.</p> <p>An original, completed and lodged Application Form, together with a cheque or electronic funds transfer for the Application Monies, constitutes a binding and irrevocable offer to subscribe for the number of New Shares specified in each Application Form. The Application Form does not need to be signed to be valid. If the Application Form is not completed correctly, or if the accompanying payment is for the wrong amount, it may be treated by the Company as valid. The Board's decision as to whether to treat such an Application as valid and how to construe, amend or complete the Application Form is final; however, an Applicant will not be treated as having applied for more New Shares than is indicated by the amount of the cheque or electronic funds transfer.</p>
How to complete and attach your cheque for the Application Monies?	Follow the instructions on the Application Form.
How to pay Application Monies by electronic funds transfer?	To pay by electronic funds transfer, please follow the instructions on the Application Form.
<b>Fees, costs and timing for Applications</b>	
When does the Public Offer open?	The Opening Date for acceptance of Applications under the Public Offer is 18 April 2018.
What is the deadline to submit an Application under the Public Offer?	Completed Application Forms and accompanying payment of the Application Monies must be received by the Company before 5.00pm (Sydney time) on 23 April 2018 (this day may be extended at the Company's discretion).
Is there any brokerage, commission or stamp duty payable by Applicants?	No brokerage, commission, stamp duty or other costs are payable by Applicants to the Company.

<b>Confirmation of your Application and trading on ASX</b>	
When will I receive confirmation of whether my Application has been successful?	For Applicants whose Applications are accepted by the Company, in whole or in part, the Company will issue New Shares and dispatch either a CHESS statement or an issuer sponsored holding statement (whichever applicable) to the Applicants as soon as practicable after the Closing Date together with any excess Application Monies.  It is the responsibility of all Applicants to determine their allocation prior to trading in the New Shares. Applicants who sell any of the New Shares before receiving their holding statements do so at their own risk.
When will I receive my New Shares and when can I trade in my New Shares?	Applicants will receive their New Shares as soon as practicable after the Closing Date and will be able to trade them once the suspension on the Securities of the Company is lifted.
Who do I contact if I have further queries?	For further information, Applicants should contact the Company on +61 2 8072 1400.

### **9.8 Allocation Policy under the Public Offer**

The basis of allocation of New Shares under the Public Offer will be determined by the Company. Certain Applicants nominated by the Company may be given a preference in allotment of New Shares.

The Company reserves the right in its absolute discretion not to issue New Shares to Applicants under the Public Offer and may reject any Application or allocate a lesser amount of New Shares than those applied for, including allocating no New Shares, at its absolute discretion.

The allocation policy under the Public Offer will be influenced by the following factors:

- (a) number of New Shares applied for by a particular Applicant;
- (b) a desire to establish a wide spread of shareholders;
- (c) the timeliness of the Applications by particular Applicants;
- (d) a desire for an informed and active trading market following reinstatement of the Shares to trading on the ASX;
- (e) overall level of demand under the Public Offer;
- (f) the likelihood that particular Applicants will be long term Shareholders; and
- (g) any other factors that the Company consider appropriate.

Application Monies will be held on trust on behalf of the Applicants until the New Shares offered under this Prospectus are issued. The banking of the Application Monies in a trust account does not constitute acceptance of the relevant Application. If any Application is rejected in whole or in part, the relevant Application Monies will be repaid to the unsuccessful Applicant within the time period set out under the Corporations Act, without interest. For the avoidance of doubt, all interest earned on Application Monies (including those which do not result in the allotment of New Shares) will be retained by the Company.

### **9.9 ASX Listing**

The Company will apply to ASX no later than seven (7) days from the date of this Prospectus for its Shares to be reinstated to trading on the Official List of ASX.

The fact that ASX may grant official quotation of the Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares offered for subscription under the Public Offer. ASX takes no responsibility for the contents of this Prospectus. Normal settlement trading in the New Shares, if quotation is granted, will commence as soon as is practicable after the issue of holding statements to successful Applicants.

It is the responsibility of the Applicants to determine their allocation prior to trading in the New Shares. Applicants who sell New Shares before they receive confirmation of their allotment will do so at their own risk.

If permission for quotation of the New Shares is not granted within three months after the date of this Prospectus, all Application Monies received by the Company will be dealt with in accordance with the requirements of the Corporations Act.

#### **9.10 Taxation**

The taxation consequences of any investment in the New Shares will depend on your particular circumstances. It is the sole responsibility of Applicants to make their own enquiries and obtain independent professional financial advice about the taxation consequences of acquiring New Shares.

The Directors do not consider that it is appropriate to give potential Applicants advice regarding taxation matters and consequences of applying for New Shares under this Prospectus, as it is not possible to provide a comprehensive summary of all the possible taxation positions of potential Applicants.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisers accept no liability or responsibility with respect to any taxation consequences to investors of subscribing for New Shares under this Prospectus.

#### **9.11 Overseas Distribution**

This Prospectus does not, and is not intended to, constitute an offer of New Shares in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

The Company has not taken any action to register or qualify the New Shares, or otherwise to permit a public offering of the New Shares, in any jurisdiction outside Australia.

It is the responsibility of any Applicant that is based in a foreign jurisdiction (outside Australia) to ensure compliance with all laws of any foreign jurisdiction that are relevant and applicable to their Application. The return of a properly completed Application Form will be taken by the Company to constitute a representation and warranty that there has been no breach of any applicable foreign jurisdiction laws and that all necessary approvals and consents have been obtained.

## **SECTION 10: MATERIAL CONTRACTS**

The Directors consider that the material contracts described below are those which an investor would reasonably regard as material and which investors and their professional advisers would reasonably expect to find described in this Prospectus for the purpose of making an informed assessment of an investment in the Company under the Public Offer.

This section contains a summary of the material contracts and their substantive terms which are not otherwise disclosed elsewhere in this Prospectus.

### **10.1 Employment Agreements**

Employment Agreements for Joanne Kendrick (Managing Director), Ross Warner (Executive Director and Chairman) and Michael Pollak (Non-Executive Director) are summarised in sections 5.5 and 5.6.

### **10.2 Mineral Leases**

The Company's mineral leases are described in the Final Limited Report of Lease Ownership, contained in section 8 of this Prospectus.

### **10.3 Operating Contracts – General**

As an operating business, the Company is part to numerous standard business contracts, including but not limited to:

- Drilling and operating agreements
- Management and director services
- Agreements between operators and non-operators
- Other service agreements

#### Drilling and operating agreements

The Company's subsidiary, AEC, has engaged Hadaway Consulting and Engineering LLC (**HCE**) to provide engineering and supervision services for drilling, completing, servicing and operating oil, gas and disposal wells in Texas.

The agreement with HCE commenced on 2 December 2014 for a period of 1 year, with continues from year to year until termination by either party in accordance with the terms of the agreement.

Under the terms of the agreement, AEC will pay HCE for services provided on an hourly or daily basis.

#### Management and director services

The Company's subsidiary, AEC, has retained FTI Consulting, Inc. (**FTI**) to provide certain interim and director services, which include, but are not limited to, maintaining AEC's US oil and gas exploration and production company functions.

The effective date of the agreement with FTI is 23 March 2018 and can be terminated by either party by providing written notice.

Under the terms of the agreement, AEC will pay FTI for services provided on an hourly basis.

## SECTION 11: ADDITIONAL INFORMATION

### 11.1 Incorporation

The Company was incorporated on 23 April 1987.

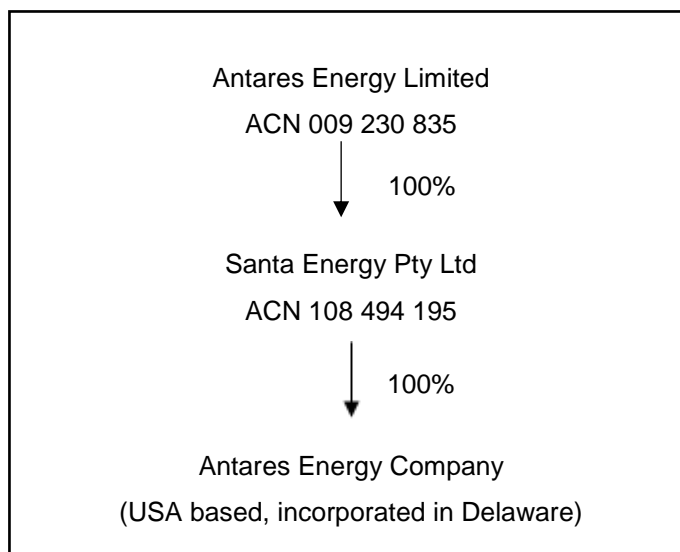
### 11.2 Balance Date and Company Tax Status

The Company's balance date and end of financial year will be 31 December annually.

The Company will be taxed as a public company.

### 11.3 Corporate Structure

Upon completion of the Public Offer and the Proposed Recapitalisation, the Company will have the following corporate structure:



### 11.4 Current Capital Structure

The issued capital of the Company at the date of this Prospectus is set out in the table below:

Class of Security	Number
Shares	166,000,017
Options and other convertible securities	75,000,000
<b>Total Securities (fully diluted)</b>	<b>241,000,017</b>

### 11.5 Capital Structure following the completion of the Public Offer

Following completion of the Public Offer under this Prospectus, the Company's capital structure is projected to be as follows:

Class of Security	Number of Securities
Shares	331,000,017
Options	75,000,000
<b>Total Securities (fully diluted)</b>	<b>406,000,017</b>

The Company anticipates that its free float as at the time of reinstatement will be not less than 20%.

## 11.6 Substantial Shareholders

As at the date of this Prospectus, the substantial shareholders of the Company (being the only Shareholders holding 5% or more of the Shares on issue) on a post-consolidation basis are as follows:

Shareholder (which includes entities controlled by or associated with that Shareholder)	Number of Shares	% (Undiluted)
Michael Pollak <sup>(a)</sup>	25,000,000	15.06%
Jonathan Pager <sup>(b)</sup>	25,000,000	15.06%
Hugh Warner <sup>(c)</sup>	20,000,000	12.05%
Ross Warner	15,000,000	9.04%
Joanne Kendrick	15,000,000	9.04%
Chris Hilbrands <sup>(d)</sup>	15,000,000	9.04%
Pershing Australia Nominees Pty Ltd <Patersons Securities A/C>	13,400,000	8.07%

### Notes

(a) Entity is United Equity Partners Pty Ltd <Polycorp Family Trust>

(b) Entities are Oceanview Super Fund Pty Ltd <Oceanview Super Fund A/C> and Pager Partners Corporate Advisory Pty Ltd <Pager Partners Invest A/C>

(c) Entity is Elliot Holdings Pty Ltd <CBM Family>

(d) Interest held by Mr Hilbrands' spouse, Michelle Hilbrands

On completion of the Public Offer and the Proposed Recapitalisation, the substantial Shareholders are projected to include the following Shareholders (being members of the Syndicate):

Projected Shareholder (which includes entities controlled by or associated with that Shareholder)	Max. Number of Shares	Max. % (Undiluted) <sup>(c)</sup>
Michael Pollak	27,000,000	8.16%
Jonathan Pager	27,000,000	8.16%
Hugh Warner	23,000,000 <sup>(a)</sup>	6.95%
Chris Hilbrands	18,000,000 <sup>(b)</sup>	5.44%

### Notes

(a) Mr Hugh Warner personally subscribed for less than the number of First Placement Shares for which Shareholder approval was obtained at the EGM, and nominated another member of the Syndicate (who is not a related party) and a group of investors (who are not part of the Syndicate) to receive his remaining First Placement Shares. Mr Hugh Warner will also subscribe for up to 3,000,000 New Shares under the Public Offer.

(b) Some members of the Syndicate personally subscribed for less than the number of First Placement Shares for which Shareholder approval was obtained at the EGM, and nominated Mr Chris Hilbrands to receive a total of 7,500,000 of their remaining First Placement Shares, increasing his allotment of First Placement Shares to 15,000,000. As Mr Chris Hilbrands is not a related party, specific approval was not obtained for the issue to him of a maximum number of First Placement Shares. Mr Chris Hilbrands will also subscribe for up to 3,000,000 New Shares under the Public Offer.

(c) As certain members of the Syndicate (or their nominees) may subscribe for less than the number of New Shares under the Public Offer for which they have Shareholder approval for, their voting power may vary to the maximum undiluted voting power noted in the above table.

Subject to the above disclosures, the table assumes that no existing Shareholders subscribe for Shares under the Public Offer and no new investors become substantial Shareholders, which is not known as at the date of this Prospectus.



### 11.7 Escrow arrangements

Some or all of the New Shares under the Public Offer may be classified as restricted securities for an escrow period of up to 24 months from the date on which Official Quotation of those Shares commences. Prior to the commencement of Official Quotation, the Company will announce to ASX full details (quantity and duration) of any restricted securities.

### 11.8 Interests of Directors, Experts and Advisers

Other than as set out below or as otherwise disclosed in this Prospectus no person named in this Prospectus as providing professional or advisory services in connection with the preparation of this Prospectus or any firm in which any such person is a partner:

- (a) has or had at any time during the two years preceding the date of this Prospectus, any interest in the formation or promotion of the Company, or in any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the Public Offer; or
- (b) has been paid or agreed to be paid any amount or given or agreed to be given any other benefit for services rendered by them in connection with the formation or promotion of the Company or the Public Offer.

Stantons International Securities Pty Ltd has acted as the Australian Investigating Accountant to the Public Offer and provided the Investigating Accountant's Report in Section 6. The Company has paid or has agreed to pay an amount of approximately \$9,000 in respect of those services (plus disbursements and GST). Stantons International Securities Pty Ltd also acted as the Independent Expert who prepared a report for the NOM. The Company has paid or has agreed to pay an amount of approximately \$8,000 in respect of those services (plus disbursements and GST)

Stantons International Audit & Consulting Pty Ltd has acted as the Company's auditor. The Company has paid or has agreed to pay an amount of approximately \$30,000 in respect of those services (plus disbursements and GST).

Mebberson Geological Services Pty Ltd has provided the Independent Geologist's Report which is included in Section 7. The Company has paid or has agreed to pay an amount of approximately \$7,500 in respect of this service (excluding GST).

Foster & Buselli, PC has provided the Final Limited Report of Lease Ownership in relation to the Company's wellbores, included in Section 8. The Company has paid or has agreed to pay an amount of approximately \$10,000 in respect of this service (excluding GST).

Whittens & McKeough Pty Ltd has acted as the Australian legal adviser to the Company in relation to the Public Offer and the Proposed Recapitalisation. The Company has paid or agreed to pay an amount of approximately \$55,000 (plus disbursements and GST) up to the date of this Prospectus in respect of these services. Further amounts may be paid to Whittens & McKeough Pty Ltd in accordance with its normal time-based charges.

Whittens & McKeough Pty Ltd provides company secretarial services to the Company. The Company has agreed to pay an amount of \$9,000 per quarter (plus disbursements and GST) in respect of these services. Further amounts may be paid to Whittens & McKeough Pty Ltd in accordance with its normal time-based charges.

The Company will pay these amounts and other expenses of the Public Offer out of funds raised under the Public Offer or available cash. Further information on the use of proceeds and payment of the expenses of the Public Offer is set out in section 9.6.

### 11.9 Expenses of the Public Offer

The Company has paid or will pay all of the costs associated with the Public Offer. If the Public Offer proceeds, the total estimated cash expenses in connection with the Public Offer will comprise the following:

Expense	Amount (\$)
Legal Fees	\$30,000
Investigating Accountant's Fees	\$9,000

Independent Geologist's Fees	\$7,500
Title Consultant's Fees	\$10,000
ASX Fees	7,409
ASIC Fees	\$2,400
Brokerage Fees	\$60,333
<b>Total</b>	<b>\$126,642</b>

### 11.10 Consents

Each of the following parties has given and has not, before the issue of this Prospectus, withdrawn its written consent to being named in the Prospectus and to the inclusion, in the form and context in which it is included, of any information described below as being included with its consent.

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Shares), the Directors of the Company, any underwriters, persons named in the Prospectus with their consent as having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading or deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to below, to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than the reference to its name and any statement or report included in this Prospectus with the consent of that party as described below:

- (a) Stantons International Securities Pty Ltd has consented to being named in this Prospectus as the Company's Investigating Accountant and to the inclusion in this Prospectus of its Investigating Accountant's Report in Section 6 in the form and context in which it appears.
- (b) Stantons International Audit & Consulting Pty Ltd has consented to being named in this Prospectus as the Company's auditor and referred to in the Company's audited accounts.
- (c) Mebberson Geological Services Pty Ltd has consented to being named in this Prospectus as the Company's Independent Geologist and to the inclusion of its Independent Geologist's Report included in Section 7 in the form and context in which it appears.
- (d) Foster & Buselli, PC has consented to being named in this Prospectus as preparing the Final Limited Report of Lease Ownership and to the inclusion of the Final Limited Report of Lease Ownership included in Section 8 in the form and context in which it appears.
- (e) Whittens & McKeough Pty Ltd has consented to being named in this Prospectus as the Australian legal adviser to the Company, but it does not make any statement in this Prospectus, nor is any statement in this Prospectus based on any statement by Whittens & McKeough Pty Ltd.
- (f) Security Transfer Australia Pty Ltd has consented to being named in this Prospectus as the Share Registry for the Company. Security Transfer Australia Pty Ltd has had no involvement in the preparation of any part of the Prospectus other than being named as Share Registry to the Company. Security Transfer Australia Pty Ltd has not authorised or caused the issue of, and expressly disclaims and takes no responsibility for, any part of the Prospectus.

### 11.11 Litigation

On 27 November 2017, ASIC lodged proceedings in the Federal Court of Australia against Antares and one of its directors, Mr James Cruickshank. On 4 December 2017, the Court granted leave to ASIC to commence and maintain the proceedings against Antares and Mr Cruickshank.

ASIC has alleged in the proceedings that Antares and Mr Cruickshank failed to comply with continuous disclosure obligations in relation to statements made to the ASX prior to Antares entering into administration, about the proposed sale of its oil and gas interests in the Permian Basin of Texas, United States to Wade Energy Corporation. Whilst against Mr Cruickshank ASIC seeks declarations of contravention of his involvement the alleged failure to comply with continuous disclosure obligations (and of Mr Cruickshank's alleged failure to discharge his duties to Antares with the degree of care and

diligence required), disqualification orders and pecuniary penalties, ASIC only seeks a declaration of contravention against Antares.

The Administrators consented to the grant of leave being granted to ASIC to commence and maintain the proceedings against Antares on and Mr Cruickshank on conditions that:

1. ASIC continues to seek only declaratory relief, but not pecuniary penalties, damages or an account of profits from Antares;
2. ASIC is not entitled to seek to enforce any judgment or order against Antares, without further leave of the Court;
3. ASIC will not require the Administrators or Antares to take any active step in the proceedings (including, but not limited to, the filing of a defence); and
4. ASIC has agreed to cover the reasonable costs incurred by Antares in the proceedings as a result of steps requested or required by ASIC itself in the proceeding (for example, in relation to providing discovery).

#### **11.12 Investor and Potential Applicant Considerations**

Before deciding to participate in the Public Offer, you should consider whether the Shares to be issued are a suitable investment for you. There are general risks associated with any investment in the stock market. The value of Shares listed on ASX may rise or fall depending on a range of factors beyond the control of the Company.

If you are in doubt as to the course you should follow, you should seek advice on the matters contained in this Prospectus from a stockbroker, solicitor, accountant or other professional adviser.

The potential tax effects relating to the Public Offer will vary depending on the personal circumstances of the investor or potential Applicant. Investors and potential Applicants are urged to consider the possible tax consequences of participating in the Public Offer by consulting a professional tax adviser.

#### **11.13 Working Capital Statement**

The Directors believe that on completion of the Public Offer the Company will have sufficient working capital to carry out its objectives as stated in this Prospectus.

#### **11.14 Forecasts**

Given the speculative nature of exploration, oil and gas production and development there are uncertainties associated with forecasting future revenue of the Company. On this basis, the Directors consider that reliable forecasts cannot be prepared and therefore no forecasts have been included in this Prospectus.

#### **11.15 Documents available for inspection**

The following documents are available for inspection during normal office hours, free of charge, at the registered office of the Company for a period of at least 12 months from the date of lodgement of this Prospectus with the ASIC:

- (a) this Prospectus;
- (b) the current Constitution of the Company; and
- (c) the consents referred to in Section 11.10 of this Prospectus.

#### **11.16 Governing Law**

This Prospectus and the contracts that arise from the acceptance of Applications under the Public Offer are governed by the law applicable in New South Wales, Australia and each Applicant submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

## **SECTION 12: STATEMENT OF DIRECTORS AND DIRECTORS' AUTHORISATION**

Other than as set out in this Prospectus, the Directors report that after due enquiries by them there have not been any circumstances that have arisen or that have materially affected or will materially affect the assets and liabilities, financial position, profits or losses or prospects of the Company, other than as disclosed in this Prospectus.

In accordance with sections 351 and 720 of the Corporations Act each Director has authorised the issue of this Prospectus and has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

A handwritten signature in black ink, appearing to read 'JK', followed by a long horizontal line extending to the right.

Joanne Kendrick  
Managing Director  
For and on behalf of Antares Energy Limited

## SECTION 13: GLOSSARY OF TERMS

These definitions are provided to assist persons in understanding some of the expressions used in this Prospectus.

<b>AEC</b>	means Antares Energy Company, a wholly owned subsidiary of the Company based in the USA.
<b>Antares Business</b>	means the existing unencumbered assets of the Company, in particular the assets held by the Company's wholly owned subsidiary, AEC.
<b>Applicant(s)</b>	means a person or persons who submit a valid Application Form accompanied by Application Monies under this Prospectus.
<b>Application</b>	means an application to subscribe for New Shares pursuant to the Public Offer under this Prospectus.
<b>Application Form</b>	means the application form for the Public Offer that is attached to and accompanying this Prospectus.
<b>Application Monies</b>	means the Application Monies received from Applicants.
<b>ASIC</b>	means the Australian Securities and Investments Commission.
<b>ASX</b>	means ASX Limited ABN 98 008 624 691.
<b>ASX Corporate Governance Principles</b>	means the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations.
<b>ASX Listing Rules or Listing Rules</b>	means the official listing rules of ASX and any other rules of ASX that are applicable while the Company is admitted to the Official List, each as amended or replaced from time to time, except to the extent of any express written waiver by ASX.
<b>Australian Accounting Standards</b>	means the Australian Accounting Standards and other authoritative pronouncements by the Australian Accounting Standards Board.
<b>Big Star Area</b>	means the area in the Midland Basin as marked in Figures 1 and 2 in Section 3.
<b>Big Star Project</b>	means the Company's oil and gas exploration and production interests within the Big Star Area.
<b>Board</b>	means the Board of Directors of the Company as constituted from time to time.
<b>Cash Consideration</b>	means the Company making a payment of \$500,000 (which the Syndicate forwarded to Antares as a loan that will subsequently be repaid via funds raised by the Company) to the Deed Administrators for the benefit of the Creditors Trust.
<b>CHESS</b>	means ASX Clearing House Electronic Sub-Register System.
<b>Closing Date</b>	means 23 April 2018 or such earlier or later date as the Directors may determine as its discretion.

<b>Company, AZZ or Antares</b>	means Antares Energy Limited ACN 009 230 835
<b>Constitution</b>	means the Constitution of the Company as amended or replaced from time to time.
<b>Consolidation</b>	means the consolidation of the number of securities on issue in the Company on a 15 to 1 basis pursuant to Resolution 1 of the Notice of Meeting, which was completed on or around 29 January 2018.
<b>Corporations Act</b>	means the Corporations Act 2001 (Cth) as amended from time to time.
<b>Creditor</b>	means creditors of the Company.
<b>Creditors Trust</b>	means the trust established pursuant to the Creditors' Trust Deed for the purposes of satisfying approved Creditor claims.
<b>Deed Administrator and Administrator</b>	means Quentin James Olde and Michael Joseph Ryan of FTI Consulting, Level 15, 50 Pitt Street, Sydney NSW 2000.
<b>Directors</b>	means the board of directors of the Company as at the date of this Prospectus.
<b>DOCA</b>	means the Deed of Company Arrangement entered into by the Company with the Syndicate led by Pager Partners on 21 December 2016. The DOCA was effectuated on 23 March 2018.
<b>Dollar of "\$"</b>	means Australian dollars.
<b>Exposure Period</b>	means the period of seven (7) days after the lodgement of this Prospectus as defined in Chapter 6D of the Corporations Act.
<b>Extraordinary General Meeting or EGM</b>	means the extraordinary general meeting of the Company held on 23 January 2018.
<b>First Placement</b>	means the placement of First Placement Securities to the Syndicate (or its nominees) which completed on 9 April 2018.
<b>First Placement Options</b>	means the Option to subscribe for (1) Share in the Company at an issue price of \$0.000025 per Option that were issued to the Syndicate (or its nominees) under the First Placement.
<b>First Placement Securities</b>	means the First Placement Shares and First Placement Options issued to the Syndicate (or its nominees) pursuant to the First Placement which was completed on 9 April 2018.
<b>First Placement Shares</b>	means a Share in the Company at an issue price of \$0.0025 per Share which were issued to the Syndicate (or its nominees) under the First Placement.
<b>GG&amp;E</b>	means geophysical, geological and engineering
<b>Held by Production or HBP</b>	means a provision in a mineral lease that permits the lessee to operate the property beyond the lease term as long as the property produces a minimum paying quantity of oil or gas.

<b>Independent Geologist's Report</b>	means the report contained in Section 7 of this Prospectus.
<b>Investigating Accountant's Report</b>	means the report contained in Section 6 of this Prospectus.
<b>Issue Price</b>	means \$0.01 (1 cent) pursuant to the Public Offer.
<b>Midland Basin</b>	means the sedimentary basin located in Dawson County, Texas USA, where the Big Star Area is located.
<b>Net Revenue Interest or NRI</b>	means the share of oil and gas production due to a Working Interest owner after deduction of any overriding royalty and/or burden that is payable to the lessor or owner of mineral rights.
<b>New Share or Public Offer Share</b>	means a Share in the Company at an issue price of \$0.01 per Share that is being issued as part of the Public Offer pursuant to this Prospectus.
<b>Notice of Meeting or NOM</b>	means the notice of meeting with respect to the EGM.
<b>Northern Star Project</b>	means the Company's former oil and gas exploration and production interests located in southwest Dawson County, Texas USA.
<b>Offer Period</b>	means the period commencing on the Opening Date and ending on the Closing Date.
<b>Official List</b>	means the official list of the ASX.
<b>Official Quotation</b>	means official quotation by ASX in accordance with the ASX Listing Rules.
<b>Opening Date</b>	means 18 April 2018 or as varied by the Directors.
<b>Option</b>	means an option to acquire a Share.
<b>Pager Partners</b>	means Pager Partners Corporate Advisory Pty Ltd (ACN 123 845 401) as trustee for the Pager Partners Investment Trust.
<b>Privacy Policy</b>	means the Company's privacy policy, located on the Company's website at <a href="http://www.AntaresLimited.com.au">www.AntaresLimited.com.au</a> .
<b>Proposed Recapitalisation</b>	means the proposal presented by the Syndicate for the restructure and recapitalisation of the Company that was accepted by the Creditors of the Company, together with the Deed Administrators on 2 December 2016.
<b>Prospectus</b>	means this Prospectus lodged on the Prospectus Date providing disclosure of the Public Offer and facilitate secondary trading of the First Placement Securities (including the electronic form of this Prospectus).
<b>Prospectus Date</b>	Means 11 April 2018.
<b>Public Offer</b>	means the offer of 165,000,000 New Shares to general investors of the Company that may include members of the Syndicate (or their nominees).
<b>Resolutions</b>	means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

<b>Santa</b>	means Santa Energy Pty Ltd ACN 108 494 195, a wholly owned subsidiary of the Company based in Australia.
<b>Section</b>	means a section in this Prospectus.
<b>Securities</b>	means a Share which is the subject of the Public Offer, a Share or an Option which is the subject of the First Placement, any underlying Shares which are issued upon exercise of a First Placement Option and any other right, or equity interest in the Company.
<b>Share(s)</b>	means a fully paid ordinary share in the issued capital of the Company.
<b>Shareholder</b>	means a registered holder of Share(s) in the Company.
<b>Share Registry</b>	means Security Transfer Australia Pty Ltd ACN 008 894 488.
<b>Syndicate</b>	means the Syndicate headed by Pager Partners that submitted the idea of the Proposed Recapitalisation to the Company.
<b>USA</b>	means United States of America.
<b>Working Interest or WI</b>	means the ownership in a mineral lease that provides the lessee the right to explore, drill and produce oil and gas from the leasehold area



## SECTION 14: CORPORATE DIRECTORY

### COMPANY

Antares Energy Limited  
ACN: 009 230 835

### BOARD OF DIRECTORS

Ms Joanne Kendrick – Managing Director  
Mr Ross Warner – Executive Director and  
Chairman  
Mr Michael Pollak – Non-Executive Director

### COMPANY SECRETARY

Mr Andrew Whitten

### REGISTERED OFFICE

Antares Energy Limited  
c/ - Whittens & McKeough  
Level 29, 201 Elizabeth Street  
Sydney, NSW 2000

### ASX CODE

AZZ

### WEBSITE

[www.AntaresLimited.com.au](http://www.AntaresLimited.com.au)

### LEGAL ADVISER

Whittens & McKeough Pty Ltd  
Level 29, 201 Elizabeth Street  
Sydney NSW 2000

### SHARE REGISTRY

Security Transfer Australia Pty Ltd  
Suite 913, 530 Little Collins Street  
Melbourne, VIC, 3000

### INVESTIGATING ACCOUNTANT

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

### AUDITOR

Stantons International Audit and Consulting  
Pty Ltd  
Level 2, 1 Walker Avenue  
West Perth WA 6005

### INDEPENDENT GEOLOGIST

Mebberson Geological Services Pty Ltd  
34 Sea Foam Avenue  
Thirroul NSW 2515

### TITLE CONSULTANT

Foster & Buselli, PC  
3300 North A Street  
Building 7, Suite 120  
Midland, Texas 79705  
USA



## GUIDE TO THE APPLICATION FORM

If an Applicant has any questions on how to complete this Application Form, please telephone the Company on (+61 2) 8072 1400.

### A. Application for Securities

The Application Form must only be completed in accordance with instructions included in the Prospectus.

### B. Name of Applicant

Write the Applicant's FULL NAME. This must be either an individual's name or the name of a company. Please refer to the bottom of this page for the correct form of registrable title. Applications using the incorrect form of registrable title may be rejected.

### C. Name of Joint Applicants or Account Designation

If JOINT APPLICANTS are applying, up to three joint Applicants may register. If applicable, please provide details of the Account Designation in brackets. Please refer to the bottom of this page for instructions on the correct form of registrable title.

### D. Address

Enter the Applicant's postal address for all correspondence. If the postal address is not within Australia, please specify Country after City/Town.

### E. Contact Details

Please provide a contact name and daytime telephone number so that the Company can contact the Applicant if there is an irregularity regarding the Application Form.

### F. CHESS HIN or existing SRN Details

The Company participates in CHESS. If the Applicant is already a participant in this system, the Applicant may complete this section with their existing CHESS HIN. If the Applicant is an existing Shareholder with an Issuer Sponsored account, the SRN for this existing account may be used. Otherwise leave the section blank and the Applicant will receive a new Issuer Sponsored account and statement.

### G. EFT Details

Make EFTPOS payments to "Antares Energy Limited" using the Applicant's shareholding name as a reference and forward a copy of the transmission with the Application Form. The payment details are: BSB: 036406 / Acct: 269100. The amount paid should agree with the amount shown on the Application Form.

### H. Cheque Details

Make cheques payable to "Antares Energy Limited" in Australian currency and cross them "Not Negotiable". Cheques must be drawn on an Australian Bank. The amount of the cheque should agree with the amount shown on the Application Form.

### I. Declaration

This Application Form does not need to be signed. By lodging this Application Form and a cheque for the application money this Applicant hereby:

- (1) applies for the number of Shares specified in the Application Form or such lesser number as may be allocated by the Directors;
- (2) agrees to be bound by the Constitution of the Company;
- (3) authorises the directors of the Company to complete or amend this Application Form where necessary to correct any errors or omissions;
- (4) acknowledges that he/she has received a copy of the Prospectus attached to this Application Form or a copy of the Application Form before applying for the Securities; and
- (5) acknowledges that he/she will not provide another person with this Application Form unless it is attached to or accompanied by the Prospectus.

### CORRECT FORMS OF REGISTRABLE TITLE

Note that ONLY legal entities are allowed to hold securities. Application Forms must be in the name(s) of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and the surname is required for each natural person. Application Forms cannot be completed by persons under 18 years of age. Examples of the correct form of registrable title are set out below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual – Use given names in full, not initials	Mr John Alfred Smith	J A Smith
Company – Use the company's full title, not abbreviations	ABC Pty Ltd	ABC P/L; or ABC Co
Joint Holdings – Use full and complete names	Mr Peter Robert Williams & Ms Louise Susan Williams	Peter Robert & Louise S Williams
Trusts – Use the trustee(s) personal name(s).	Mrs Susan Jane Smith <Sue Smith Family A/C>	Sue Smith Family Trust
Deceased Estates – Use the executor(s) personal name(s).	Ms Jane Mary Smith & Mr Frank William Smith <Est John Smith A/C>	Estate of late John Smith; or John Smith Deceased
Minor (a person under the age of 18) – Use the name of a responsible adult with an appropriate designation.	Mr John Alfred Smith <Peter Smith A/C>	Master Peter Smith
Partnerships – Use the partners personal names	Mr John Robert Smith & Mr Michael John Smith <John Smith and Son A/C>	John Smith and Son
Long Names.	Mr John William Alexander Robertson-Smith	Mr John W A Robertson-Smith
Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s).	Mr Michael Peter Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds – Use the name of the trustee of the fund.	Jane Smith Pty Ltd <Super Fund A/C>	Jane Smith Pty Ltd Superannuation Fund