RAMPART ENERGY LIMITED

CONDENSED CONSOLIDATED HALF YEAR REPORT

FOR THE SIX MONTHS ENDED 31 MARCH 2014

RAMPART ENERGY LIMITED
AND CONTROLLED ENTITIES
ABN 86 115 229 984

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RAMPART ENERGY LIMITED AND CONTROLLED ENTITIES
ABN 86 115 229 984

COMPANY INFORMATION

Directors	
Gavin Harper	Chairman, Non-Executive Director
Dr Raymond Shaw	Non-Executive Director (resigned 1 June 2014)
Iain Smith	Non-Executive Director
Torey Marshall	Managing Director
Secretary	
Malcolm Lucas-Smith	Company Secretary
Registered Office	
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Share Registry	
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Stock Exchange Listing
Australian Securities Exchange (ASX) – Australia – Code RTD

DIRECTORS' REPORT (CONTINUED)
31 MARCH 2014

Your Directors submit the financial report of Rampart Energy Limited ("Company") and its subsidiaries ("Group") for the half-year ended 31 March 2014. In order to comply with the provisions of the *Corporations Act 2001,* the directors report:

Directors

The names of the Directors of the Company in office during the six months reporting period and up to the date of this report are:

Name	Position	Date appointed	Date resigned
Gavin Harper	Chairman–Non-Executive	17 March 2014(1)	-
Dr Raymond Shaw	Non-Executive	22 January 2010(1)	1 June 2014
Iain Smith	Non-Executive	10 February 2014	-
Malcolm Lucas-Smith	Non-Executive Director	23 April 2012	17 March 2014
Torey Marshall	Managing Director	22 January 2010	-

(1) On 1 May 2014 Gavin Harper was appointed as Chairman following the resignation of Dr Raymond Shaw as Chairman.

Directors held office for the entire period unless otherwise stated.

Information on Directors

Gavin Harper – Non-Executive Chairman

Experience and expertise
Mr Gavin Harper has over thirty eight years of experience in conventional and renewable energy industries. This has included a variety of operational and leadership roles with Chevron Corporation and, subsequently, directorships of renewable and conventional energy companies.

A large portion of his broad professional experience is derived from more than 25 years employment with the Chevron group of companies, including secondment to WAPET as Implementation and Business Manager for the Gorgon Project. He has held various Business Manager and Project Management positions for major Chevron infrastructure builds across their worldwide upstream operations as well as managing new market opportunities, including two years as Gas Business Manager of Chevron Australia. He has particular strengths in business development strategies, corporate-government and other major stakeholder interactions in major project builds as well as working in complex business and joint venture environments. His last posting for Chevron was as Managing Director of Chevron Texaco International Gas Inc- Korea Branch involved in development of gas and power growth strategies in Korea.

More recently Gavin has been a director of a number of ASX listed companies and is currently Non-Executive Chairman of the recently included S&P/ASX 300 indexed Sino Gas and Energy Holdings.

Gavin Harper holds a BA (Sociology/Anthropology) from the University of Kent and a Diploma Business Administration from the University of Strathclyde. He is a Member of the Australian Institute of Company Directors.

Special responsibilities
Chairman of Board of Directors

Torey Marshall – Managing Director

Experience and expertise
Mr Torey Marshall is a geologist with broad based technical and business development experience in the petroleum, mineral and geothermal sectors. This has resulted in the successful execution of various exploration programs (some resulting in discoveries), in a number of different areas. Having worked extensively as an exploration geoscientist in Australia, North America, South America, Africa & the Middle East, his skills have been considerably expanded to include senior management experience of various private and public (unlisted) companies.

As part of his consulting practice, he has developed strategies for, and acquired projects on behalf of a number of clients at a number of scales (between $1m and $100m).

Mr Marshall has a B.Sc (Hons) and M.Sc from University of South Australia and is a Chartered Professional member of the Australasian Institute of Mining and Metallurgy and an associate member of the American Association of Petroleum Geologists.

Mr Marshall has been Managing Director of Rampart Energy Ltd since January 2010 and has been responsible for its strategic direction in energy, including identification of, negotiating entry into and executing key projects such as the Company's Alaskan project.

Special responsibilities
Managing Director

Dr Raymond Shaw – Non-Executive (resigned 1 June 2014)

Experience and expertise
Dr Raymond Shaw is a geologist and geophysicist with more than 30 years' experience in the resources and energy sector including the oil, gas and coal industries. He commenced his professional career as a petroleum explorationist with Shell Development Australia in Perth, prior to working for various consulting groups including the Swiss based international consulting firm Petroconsultants SA, as resident director based in Singapore and responsible for its Far East operations.

Dr Shaw was founding Managing Director of Great Artesian Oil and Gas Limited, prior to its listing on the ASX in 2003, until April 2007. In May 2007 he became Executive Chairman of ASX listed Enterprise Energy Limited. In 2008 he oversaw the merger and backdoor listing of some $250 million of coal assets into Enterprise Energy as part of a restructuring and change in business to form Bandanna Energy Limited, of which he was Managing Director until March 2012.

He has consulted extensively to industry, government, and international aid agencies on a variety of resource projects throughout Australia and Asia, including the World Bank, Asia Development Bank and Ausaid. He was a part time consultant with the New South Wales Department of Mineral Resources for 7 years providing input for industry initiatives during the late 1990′s and early 2000's. Dr Shaw holds a B.Sc (Hon 1) and Ph.D from the University of Sydney and Dip Law (SAB). He is a member of the Australasian Institute of Mining and Metallurgy and the American Association of Petroleum Geologists.

He is also a director of ASX listed Red Gum Resources Ltd.

DIRECTORS' REPORT (CONTINUED)
31 MARCH 2014

Iain Smith – Non-Executive Director

Experience and expertise
Originally a Petroleum Geophysicist, Mr Smith has 24 years experience of the upstream petroleum sector, in both technical and commercial roles within Australia and overseas. After a number of years within the New Ventures team of Premier Oil, Mr Smith spent ten years in sales and general management roles within the geophysical technology/services sector in the UK, Australia and India. He subsequently held commercial advisory roles within the Exploration/New Ventures and Browse LNG business units of Woodside Energy, before joining Neon Energy as Commercial Manager. Mr Smith was instrumental in the merger between Neon Energy Pty Ltd and Salinas Energy Ltd, and managed the farmout of Neon's high profile Vietnamese exploration assets to KrisEnergy Ltd and Eni SpA., and the recent sale of Neon's Californian assets.

Mr Smith holds an MSc in Petroleum Geology and Geophysics from Imperial College London, and a Graduate Diploma in Business Administration from the University of Western Australia.

Company Secretary

Malcolm Lucas-Smith (appointed as Company Secretary on 22 January 2010).

Experience and expertise
Mal Lucas-Smith has over 40 years' experience in finance, executive and non executive management, property development, corporate secretarial and administrative services.

During that period he spent 12 years with State Bank of New South Wales and 18 years with the property finance and the property joint venture divisions of Australian Guarantee Corporation Limited (AGC), at the time a listed subsidiary of Westpac Bank.

Mal left AGC of his own accord in September 1987 to form a corporate services business and has since worked within and consulted to the corporate sector often assisting new start ups and existing operations proposing to list on the Australian Securities Exchange, and also providing local representative and registered office services for offshore entities. He is the Company Secretary of ASX listed companies, Red Gum Resources Limited.

Principal Activity

The Consolidated Entity is currently engaged in the operation, development, exploration and acquisition of energy projects globally. Targeting both conventional and unconventional oil and gas, the company aims to identify new opportunities within mature provinces that have established infrastructure and sophisticated investment environments. Currently the Company is working assiduously to rebuild shareholder value by focusing its resources on the north Alaskan North Slope.

There were no other significant changes to those activities during the period under review.

DIRECTORS' REPORT (CONTINUED)
31 MARCH 2014

Consolidated Results

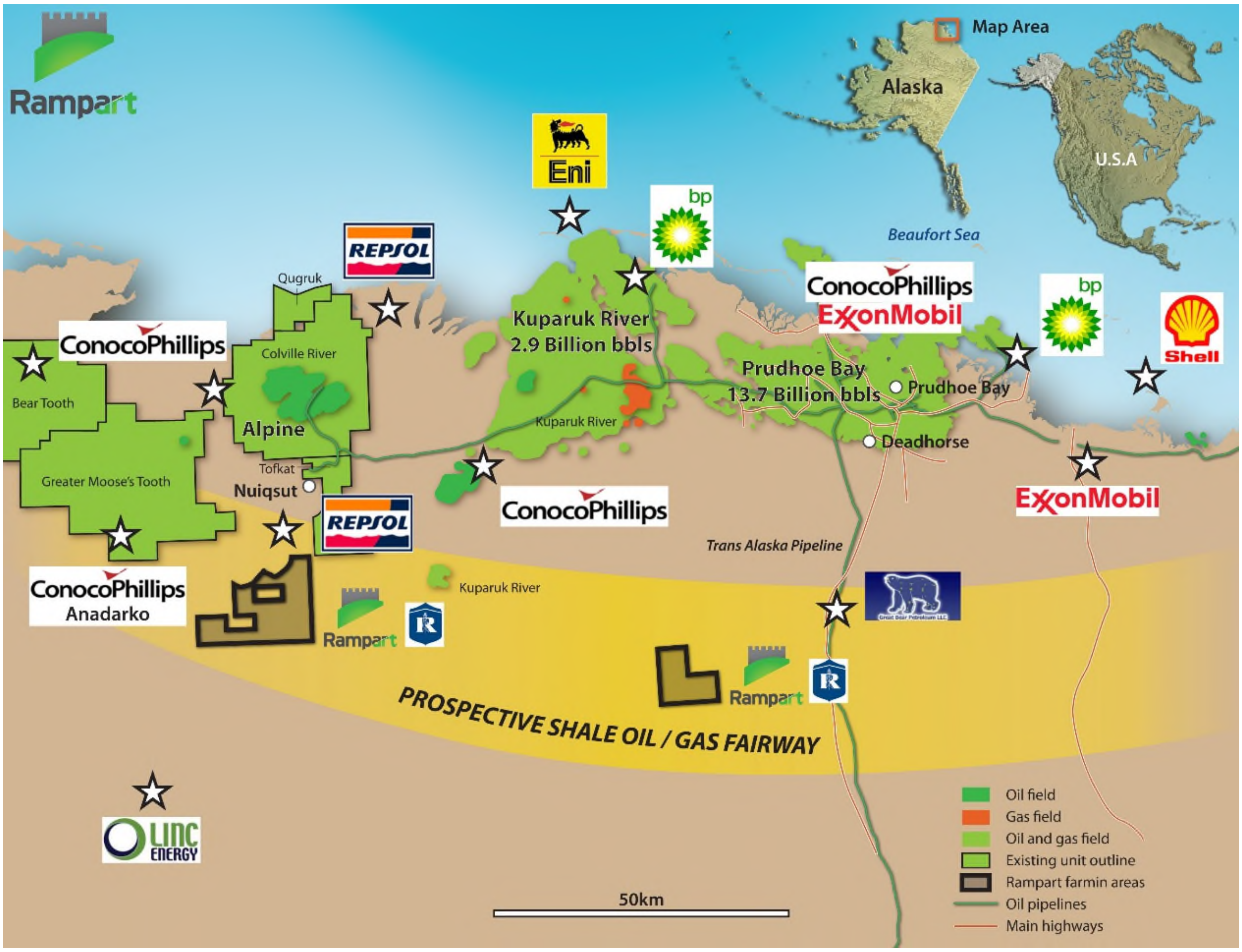
The consolidated loss after tax of the Consolidated Entity after providing for income tax for the half-year ended March, 2014 was $1,179,739 compared to a loss for the previous corresponding period of $3,230,981.

The significant differences since the previous period:

- Project interest written off in prior period $2,590,400; offset by
- Higher administration compared to prior year in particular employee costs, promotions and travel costs as a result of the change in company strategy.

Review of Operations

Alaska USA



The Company's focus on energy assets has narrowed to being oil and gas specific, where it believes the highest value can be extracted by management. This followed the Company's announcement in 2013 that it had farmed into two parcels of land held by NASDAQ listed Royale Energy Inc. (NASDAQ:ROYL, 'Royale') on the North Slope of Alaska.

During the half year, the Company saw significant progress in its core exploration area, facilitated by the closing of a US$50 million ACES backed credit facility with Melody Business Finance LLC. The credit funding, in addition to equity raised, allowed the maiden exploration program to be undertaken during the Alaskan winter season.

The 'Big Bend' 3D seismic survey was acquired by SAE Exploration over the entirety of the Western Block, jointly explored by Rampart and Royale Energy Inc, on time and under budget in February and March of 2014. There were no lost time injuries or HSE events during acquisition which is a fantastic achievement in such a challenging environment. Subsequent to acquisition, the data has been sent to a high quality processing house prior to data being available to the Company for interpretation.

Completion of this activity on the Western Block, entitles the Company to an additional 20% WI in that area, taking its total earned interest to 30%. The conveyance of this interest in the Western Block will be completed subsequent to the date of this report.

Corporate

During the reporting period, the Company raised over A$8 million in equity, and closed an ACES based credit facility with a drawable limit of US$50m.

Board changes were announced to the market, in line with guidance on strengthening the management of the Company. The appointments of Mr Gavin Harper (becoming Chairman subsequent to reporting date) and Mr Iain Smith have further cemented the transition and growth of the Company over the last 15 months, signaling a more institutional approach for the future. The contributions of Dr Ray Shaw and Mr Malcolm Lucas-Smith as Directors of the Company during the rebuilding and revitalizing process were essential to growing the company to this point. The current board is very appreciative for their contributions and continued assistance.

Subsequent Events

2 June 2014: Company announced the resignation of Raymond Shaw as a director of the Company effective 1 June204; as part of the ongoing restructuring of the Board.

30 May 2014: Company announced that the Operator Rayale Energy had secured a drill rig in order to drill two exploration wells in the forthcoming Alaskan winter drilling season.

22 May 2014: Company announced that a large drillable target has been identified on the 3D seismic.

8 May 2014: Company announced the issue of 6,750,000 unquoted options at $0.00001, with an issue price of $ 0.12 expiring on 30 September 2016 to certain directors in accordance with Shareholder approval received on 15 April 2014.

6 May 2014: Company announced shale gas review that highlights the following significant potential in their acreage in the North Slope of Alaska:

- Rampart-Royale acreage hosts between 2.4 and 42.5 Trillion Cubic Feet (TCF) of original gas in place ('OGIP');
- Prospective Resource determined by independent analyses for the shale targets in the areas to be explored by Rampart within the North Slope of Alaska;
- NSAI has completed a Prospective Resource assessment for the unconventional shale gas potential (this does **not** include any conventional assessment); and
- Further conventional resource assessment work to be completed following interpretation of recently acquired 'Big Bend' 3D seismic survey.

DIRECTORS' REPORT (CONTINUED)
31 MARCH 2014

	Low Estimate (BCF)		Best Estimate (BCF)		High Estimate (BCF)	
	OGIP	Recoverable	OGIP	Recoverable	OGIP	Recoverable
Gross	2,438	80	12,450	519	42,546	2,079
Net RTD	1,828	60	9,337	389	31,909	1,559

1 May 2014: Company announced the appointment of Gavin Harper as Chairman. In addition, the Company has moved offices to 79 Angas Street Adelaide SA 5000.

23 April 2014: Company released a cleansing prospectus; issued 20,000,000 shares and 20,000,000 free attaching options (with an issue price of $ 0.105 expiring on 31 January 2016) as part of Trance 2 of issue previously announced on 24 February 2014.

Auditors

A copy of the Auditor's Independence Declaration as required under s307C of the Corporations Act 2001 is included on page 9 of this financial report and forms part of this Directors Report

The Company's Auditors, Grant Thornton, Chartered Accountants have completed a review of the Interim Financial Result for the six months period ended 31 March 2014.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s306(3) of the *Corporation Act 2001.*

Gavin Harper
Chairman
Sydney, 10th day of June 2014

DIRECTORS' DECLARATION
FOR THE HALF-YEAR ENDED 31 MARCH 2014

In the opinion of the Directors of Rampart Energy Limited:

1. The consolidated financial statements and notes are in accordance with the *Corporations Act 2001*, including:

   a) giving a true and fair view of the financial position of the consolidated entity as at 31 March 2014 and of its performance, for the period ended on that date; and

   b) complying with International Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and

2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to Section 303(5) of the *Corporations Act 2001*.

On behalf of the Directors

Gavin Harper
Chairman
Dated this 10th day of June 2014

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AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF RAMPART ENERGY LTD

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Rampart Energy Ltd for the half-year ended 31 March 2014, I declare that, to the best of my knowledge and belief, there have been:

a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

b No contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

S J Gray
Partner – Audit & Assurance

Adelaide, 10 June 2014

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INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF RAMPART ENERGY LIMITED

We have reviewed the accompanying half-year financial report of Rampart Energy Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 March 2014, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of Rampart Energy Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Rampart Energy Limited consolidated entity's financial position as at 31 March 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Rampart Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Rampart Energy Limited is not in accordance with the Corporations Act 2001, including:

a giving a true and fair view of the consolidated entity's financial position as at 31 March 2014 and of its performance for the half-year ended on that date; and

b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Material uncertainty regarding going concern

Without qualification to the conclusion expressed above, we draw attention to Note 15 to the financial statements. The financial report show the Group incurred a loss for the period of $1,179,739.

The Group may require additional capital to continue as a going concern. If additional capital is not raised going concern may not be appropriate, with the result that the entity may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and at amounts different from those stated in the financial report.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

S J Gray
Partner – Audit & Assurance

Adelaide, 10 June 2014

RAMPART ENERGY LIMITED AND CONTROLLED ENTITIES

ABN 86 115 229 984

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2014

	31 March 2014 $	30 September 2013 $
ASSETS		
Current		
Cash and cash equivalents	**2,563,004**	948,004
Trade and other receivables	**167,315**	95,573
	2,730,319	1,043,577
Non-Current		
Trade debtors and other receivables (Note 5)	**50,000**	89,840
Restricted Cash	**1**	1
Property and Equipment	**3,489**	5,920
Oil and Gas Interests (Note 6)	**14,103,365**	2,253,122
	14,156,855	2,348,883
Total Assets	**16,887,174**	3,392,460
LIABILITIES		
Current		
Trade and other payables	**749,733**	312,257
Borrowings (Note 7)	**3,078,957**	-
	3,828,690	312,257
Non-Current		
Borrowings (Note 7)	**3,047,037**	-
	3,047,037	-
Total Liabilities	**6,875,727**	312,257
NET ASSETS	**10,011,447**	3,080,203
EQUITY		
Issued Capital (Note 8)	**36,168,961**	28,784,588
Share Reserve (Note 8)	**660,206**	137,833
Foreign Exchange Reserve	**134,260**	(69,977)
Other Components of Shareholders Equity	**1,406,355**	1,406,355
Accumulated Losses	**(28,358,335)**	(27,178,596)
TOTAL EQUITY	**10,011,447**	3,080,203

The accompanying notes are an integral part of these consolidated financial statements.

RAMPART ENERGY LIMITED AND CONTROLLED ENTITIES

ABN 86 115 229 984

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the Six Months Ended 31 March 2014 $	2013 $
Revenue	**-**	-
Expenses		
Administration costs		
Salaries and benefits	**144,539**	(33,276)
Equity settled share based payment (Note 13)	**274,998**	100,000
Accounting fees	**36,000**	24,000
Professional fees	**211,983**	285,390
Insurance	**32,102**	20,851
Shareholder costs	**65,698**	81,941
Office	**42,345**	34,735
Directors' fees	**34,074**	(26,629)
Equity settled share based Directors' fees (Note 13)	**-**	16,600
Travel and promotion	**95,584**	30,170
Finance costs		
Unwinding of discount	**(5,799)**	-
Bank and facility charges	**621**	36,733
Other expenses		
Project costs not capitalised	**-**	10,242
Equipment amortization	**3,106**	2,136
	(935,231)	582,893
Profit/(Loss) before other items	**(935,231)**	(582,893)
Other Items		
Project interests written off	**-**	(2,590,400)
Loan impairment expenses	**(45,619)**	-
Interest income	**9,028**	2,711
Total income for the period before tax	**(971,842)**	(3,170,582)
Tax charge -deferred tax asset on share issue cost	**(207,897)**	(60,399)
Total income for the period after tax	**(1,179,739)**	(3,230,981)
Other Comprehensive Income For The Period, Net of Tax		
Items that may be classified subsequent to profit or loss		
Exchange (loss)/gain differences arising on the translation of foreign operations	**204,237**	1,481
Total comprehensive income for the period	**(975,502)**	(3,229,500)
Earnings Per Share:		
Basic and diluted in cents (pre-security consolidation)	**n/a**	(0.003)
Basic and diluted in cents (post-security consolidation)	**(0.005)**	(0.044)
Weighted Average Number Of Common Shares Outstanding:		
Basic and diluted (pre-security consolidation)	**n/a**	1,095,218,649
Basic and diluted (post-security consolidation)	**227,303,172**	73,014,577

The accompanying notes are an integral part of these consolidated financial statements.

RAMPART ENERGY LIMITED AND CONTROLLED ENTITIES

ABN 86 115 229 984

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the Six Months ended 31 March 2014 $	2013 $
Cash Flows Provided From Operating Activities		
Payment to suppliers and employees	**(791,308)**	(711,750)
Net Cash (used) by Operating Activities	**(791,308)**	(711,750)
Investing Activities		
Payments for exploration activities	**(11,880,758)**	(413,737)
Purchase of property, plant and equipment	**(675)**	(999)
Payments in respect for loan	**-**	(143,266)
Net Cash (used) by Investing Activities	**(11,881,433)**	(558,002)
Financing Activities		
Share subscriptions received	**7,311,351**	1,750,246
Loan proceeds	**6,976,390**	-
Net Cash provided by Financing Activities	**14,287,741**	1,750,246
Increase In Cash and Cash Equivalent	**1,615,000**	480,494
Cash and Cash Equivalent at Beginning of Period	**948,004**	344,399
Cash and Cash Equivalent at End of Period	**2,563,004**	824,893

The accompanying notes are an integral part of these consolidated financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS PERIOD ENDED 31 MARCH 2014

	Share Capital $	Foreign Exchange Transactions $	Share Reserve $	Other Components of Shareholders Equity $	Accumulated Losses $	Total $
Balance at 1 October 2012	23,509,043	(71,458)	64,500	1,406,355	(22,764,546)	2,143,894
Total comprehensive income for period	-	1,481	-	-	(3,230,981)	(3,229,500)
Shares issued during the period	2,028,780	-	-	-	-	2,028,780
Share issue costs	(141,111)	-	-	-	-	(141,111)
Balance at 31 March 2013	**25,396,712**	**(69,977)**	**64,500**	**1,406,355**	**(25,995,527)**	**802,063**
Balance at 1 October 2013	28,784,588	(69,977)	137,833	1,406,355	(27,178,596)	3,080,203
Total comprehensive income for period	-	204,237	-	-	(1,179,739)	(975,502)
Recognition of share based payments	-	-	522,373	-	-	522,373
Shares issued during the period	8,191,838	-	-	-	-	8,191,838
Share issue costs	(1,015,362)	-		-	-	(1,015,362)
Share issue costs deferred tax	207,897	-	-	-	-	207,897
Balance at 31 March 2014	**36,168,961**	**134,260**	**660,206**	**1,406,355**	**(28,358,335)**	**10,011,447**

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 MARCH 2014

1. NATURE OF OPERATIONS

The Company changed its name in May 2013 to Rampart Energy Ltd. On 29 May 2013, the Company ceased to be registered in British Columbia, Canada; the Company de-registered as a foreign company in Australia (registered on 29 August 2005) and was registered as an Australian company effective 12 June 2013.

The principal business activities include the evaluation, acquisition, exploration and development of oil and gas properties.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of the Half-Year Financial Report

The condensed interim consolidated financial statements (the interim financial statements) of the Group are for the six months ended 31 March 2014 and are presented in Australian dollars ($), which is the functional currency of the parent company. These general purpose interim financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 September 2013 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001*.

The interim financial statements have been approved and authorised for issue by the board of directors on 10 June 2014.

The condensed consolidated financial statements have been prepared on a historical cost basis, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are stated in Australian dollars unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2013 Annual Report for the financial year ended 30 September 2013. These accounting policies are consistent with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these interim financial statements.

The interim financial statements has been prepared in accordance with the accounting policies adopted in the Group's last annual financial statements for the year ended 30 September 2013, except for the application of the following standards as of 1 January 2013:

- AASB 10 *Consolidated Financial Statements*;
- AASB 11 *Joint Arrangements*;
- AASB 13 *Fair Value Measurement*; and
- AASB 119 *Employee Benefits* (September 2011)

The effects of applying these standards are described below.

AASB 10 *Consolidated Financial Statements*

AASB 10 supersedes AASB 127 *Consolidated and Separate Financial Statements* and Interpretation 112 *Consolidation – Special Purpose Entities*. AASB 10 revises the definition of control and provides extensive new guidance on its application. These new requirements have the potential to affect which of the Group's investees are considered to be subsidiaries and therefore change the scope of consolidation. The requirements on consolidation procedures, accounting for changes in non-controlling interests and accounting for loss of control of a subsidiary are unchanged.

Management has reviewed its control assessments in accordance with AASB 10 and has concluded that there is no effect on the classification (as subsidiaries or otherwise) of any of the Group's investees held during the period or comparative periods covered by these financial statements.

AASB 11 *Joint Arrangements*

AASB 11 supersedes AASB 131 *Interests in Joint Ventures* and Interpretation 113 *Jointly Controlled Entities – Non-Monetary-Contributions by Venturers*. It aligns more closely the accounting by the investors with their rights and obligations relating to the joint arrangement. In addition, AASB 131's option of using proportionate consolidation for joint ventures has been eliminated. AASB 11 now requires the use of the equity accounting method, which is currently used for investments in associates.

Management has reviewed its interest in Joint Ventures in accordance with AASB 131 and has concluded that there is no effect on the accounting treatment of Joint Ventures held during the period or comparative periods covered by these financial statements

AASB 13 *Fair Value Measurement*

AASB 13 clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It does not affect which items are required to be fair-valued. AASB 13 applies prospectively for annual periods beginning on or after 1 January 2013. AASB 134 requires particular AASB 13 disclosures in the interim financial statements which are provided in Note 14.

AASB 119 *Employee Benefits* (September 2013)

AASB 119 makes a number of changes to the accounting for employee benefits, the most significant relating to defined benefit plans. AASB 119:

- eliminates the 'corridor method' and requires the recognition of re-measurements (including actuarial gains and losses) arising in the reporting period in other comprehensive income
- changes the measurement and presentation of certain components of the defined benefit cost. The net amount in profit or loss is affected by the removal of the expected return on plan assets and interest cost components and their replacement by a net interest cost based on the net defined benefit asset or liability
- enhances disclosures, including more information about the characteristics of defined benefit plans and related risks.

The application of AASB 119 did not have an effect on the Company as there are no defined benefit plans in place.

Alaska's Clear and Equitable Share ("ACES") Production tax and Available Credits

The Alaskan Legislator in 2007 enacted Alaska's Clear and Equitable Share ("ACES"), in 2013 ACES was amended under Alaskan Statute 43.55. The ACES program was designed to encourage investment in Alaska's untapped resources by providing generous tax credits to companies that have qualifying capital expenditure.

The ACES program provides 85% tax credit for eligibly capital expenditure. All expenditure is audited and must be approved by the Alaskan Department of Revenue (Alaskan DOR), the tax credit is available as either:

- a tax refund received in cash;
- a tax credit against the future production tax, thereby reducing the total production tax in any given year; or
- a transferrable certificate, subject to certain condition being met.

The ACES rebate is to be presented separately and deducted from exploration and evaluation assets. At 31 March 2014 the rebate is estimated at $6,976,390 (USD$6,380,957), the Group believe this amount will be recoverable from the Alaskan DOR as tax rebate in full. The tax rebate will be posted once Alaskan DOR notice has been received.

3. ESTIMATES

Management has also made estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are the same as disclosed in the Group's last annual financial statements for the year ended 30 September 2013.

4. SIGNIFICANT EVENTS AND TRANSACTIONS

The Group's management believes that the Group is well positioned despite the continuing difficult economic circumstances. Factors contributing to this belief are:

- The Group has a USD$50 million funding facility with a major international investment group for a ACES based credit facility that will cover a significant portion of the upfront exploration program costs (thus greatly reducing equity requirements from shareholders).
- Significant progress on its North Slope Project in Alaska where positive resource assessments and general prospectivity reviews have been completed by both Rampart, Royale and additionally third party experts Netherland Sewell and Associates Inc. The combined assessments suggest acceptable probabilities of the presence of oil and gas which may be economically extractable.
- The combination of the above and relevance to the boards view of the chances of farmout to a third party, further enhancing the belief.

5. NON-CURRENT TRADE DEBTORS AND OTHER RECEIVABLES

	31 March 2014 Net Book Value $	30 September 2013 Net Book Value $
Unsecured interest free loan opening balance	**89,840**	143,266
Less: finance costs on discounting	**-**	(30,394)
Add: unwinding of discount	**5,799**	5,510
Impairment during the period	**(45,619)**	(28,562)
Unsecured interest free loan closing balance	**50,000**	89,840

The Company announced on 23 April 2013, that it has executed a legally binding agreement whereby the Company had withdrawn from the Copahue Project. Geothermal One assumed all current and future liabilities with respect to the Copahue Project, inclusive of assuming all of the project's staff and/or in-country representative liabilities as well as provide an indemnity against any and all third party legal action effective from 7 January 2013. In exchange for assuming these liabilities, Geothermal One has been paid $120,017 (US$125,000) and provided with an unsecured loan of $143,266 (US$150,000) repayable within 3 years.

6. OIL AND GAS INTERESTS

	Opening Cost $	Additions $	Disposals/ Write-Down of Interests $	31 March 2014 Net Book Value $	30 September 2013 Net Book Value $
Undeveloped oil and gas interests					
- United States of America	2,253,122	11,850,243	-	**14,103,365**	2,253,122
	2,253,122	11,850,243	-	**14,103,365**	2,253,122

Capitalised Expenditure

There has been $11,850,243 (30 September 2013: $2,652,369) of capitalised project expenditure in the Consolidated Entity since the prior period.

The Company has the right to acquire a 75% working interest in the North Slope Project in staged performance milestones. During the half year the Company earned its first interest in the North Slope properties (10% WI as at 31 March 2014) under the farmin agreement when expenditure totalled USD$12.98 million, in December 2013, and a further 20% since the period end. Assignment for the additional 20% will be formally completed subsequent to the reporting period.

All other interest have been held for a number of years, no recent confirmation has been received from the operator to verify the listed options.

Capitalised Tenement Costs:

Tenement description	Tenement details/code	31 March 2014 $	30 September 2013 $
North Slope Project, Alaska USA	North Slope	**14,103,365**	2,253,122
Total		**14,103,365**	2,253,122

7. BORROWINGS

	31 March 2014 $	30 September 2013 $
Current		
Secured – at amortised cost		
Term loan - maturity date 11 March 2015	**3,419,115**	-
Less transaction costs	**(340,158)**	-
	3,078,957	
Non-Current		
Secured – at amortised cost		
Term loan - maturity date 30 September 2015	**3,557,275**	-
Less transaction costs	**(510,238)**	-
	3,047,037	
Term loan	**6,976,390**	-
Less transaction costs	**(850,396)**	-
Total term loan	**6,125,994**	-

During the period the Company completed its USD$50 million funding facility with a major international investment group for a Alaska Clear and Equitable Share ("ACES") based credit facility, which provides for the reimbursement of up to 85% of the allowable exploration expenditure incurred by a company in the North Slope, as defined under Alaskan Statute 43.55. The ACES based credit facility will cover a significant portion of the upfront exploration program costs. At the 31 March 2014, the company has drawn down $6,976,360 (USD$6,380,957), based on eligible expenditure and estimated interest and other charges of $134,752.

The term loan is held by Rampart Alaska LLC, a wholly owned subsidiary, secured over the assets of the Alaskan subsidiary and all Tax Credit Certificates assets, which amount to 85% of eligible expenditure. The 85% tax credit has been assigned to the lender and will be used to repay the loan once received.

During the period $850,396 (2013: $nil) of transaction costs were incurred establishing the Alaska Clear and Equitable Share ("ACES") based credit facility. The transaction costs at to be written off over the two and half year life of the facility.

8. ISSUED CAPITAL

a. Shares issues and outstanding

	Number		Consideration	
	31 March 2014 No.	30 September 2013 No.	**31 March 2014 $**	30 September 2013 $
Balance, beginning of period	**3,011,297,832**	**754,274,461**	**28,784,588**	**23,509,043**
Shares issued in period				
15 October 2013 the Securities consolidation (basis 1:15 shares)	**(2,810,544,062)**	-	**-**	-
21 November 2013 exercise of unquoted Options expiring 20 November 2013	**4,264,892**	-	**255,894**	-
3 December 2013 exercise of unquoted Options expiring 20 November 2013	**11,221,798**	-	**673,308**	-
3 December 2013 issue of Securities	**45,126,682**	-	**2,933,234**	-
23 January 2014 exercise of unquoted Options expiring 31 January 2014	**584**	-	**44**	-
4 February 2014 issue of Securities	**9,873,318**	-	**641,766**	-
4 February 2014 exercise of unquoted Options expiring 31 January 2014	**1,233**	-	**92**	-
27 February 2014 issue of Securities	**70,000,000**	-	**3,500,000**	-
27 February 2014 issue of Securities under Employee Share Option Scheme	**1,000,000**	-	**50,000**	-
27 February 2014 issue of Securities under Employee Share Option Scheme	**1,250,000**	-	**62,500**	-
27 February 2014 issue of Securities under Employee Share Option Scheme	**1,500,000**	-	**75,000**	-
Shares issued in prior period				
6 December 2012 Securities issued to sophisticated investors	**-**	110,000,000	**-**	220,000
18 January 2013 Securities issued under the Entitlement Offer	**-**	645,757,529	**-**	1,291,515
24 January 2013 Securities issued to sophisticated investors	**-**	82,500,000	**-**	165,000
12 March 2013 Securities issued in settlement of directors fees and remuneration	**-**	58,300,000	**-**	116,600
12 March 2013 Securities issued to sophisticated investors	**-**	117,500,000	**-**	235,000
15 March 2013 Securities issued on exercise of Options	**-**	98,759	**-**	536
28 March 2013 Securities issued on exercise of Options	**-**	18,416	**-**	129

	Number		Consideration	
	31 March 2014 No.	30 September 2013 No.	**31 March 2014 $**	30 September 2013 $
22 May 2013 Securities issued in settlement of directors remuneration		9,455,778		25,525
22 May 2013 Securities issued on exercise of Options	-	12,000	-	84
22 May 2013 Securities issued in settlement of directors remuneration	-	871,093	-	2,298
6 June 2013 Securities issued to sophisticated investors		232,300,000		580,750
8 August 2013 Securities issued on conversion of loan	-	460,000,000	-	1,150,000
8 August 2013 Securities issued in lieu of professional services provided	-	5,000,000	-	17,500
12 August 2013 Securities issued to sophisticated investors		371,400,000		1,299,900
19 August 2013 Securities issued on exercise of Options	-	144,107	-	1,009
5 September 2013 Securities issued on exercise of Options	-	15,833	-	111
27 September 2013 Securities issued to sophisticated investors	-	163,649,856	-	572,774
Share Issue costs			**(807,465)**	(403,186)
Balance, end of period	**344,992,277**	3,011,297,832	**36,168,961**	28,784,588

b. Share Reserve

	31 March 2014 $	30 September 2013 $
Performance Rights Reserve	**233,331**	33,333
Share Options Reserve	**426,875**	104,500
	660,206	137,833

Performance Rights Reserve

On 27 September 2013, as part of a long term incentive 13,333,334 (pre-consolidation 200,000,000) Performance Rights were issues to Mr Torey Marshall, Managing Director. The issue was approved by shareholders' at the 26 September 2013 EGM.

The performance hurdles: Any three to be achieved, at the discretion of the Board:

1. VWAP of the Company's ordinary share price in excess of $0.18 (pre-consolidation $0.012) for 10 continuous days, or the market capitalisation of the Company to be at least $60 million;
2. Achieve a farmout of the Alaskan project on terms acceptable to the Board, or receive money as back payment from an incoming party for a 3D seismic survey to be completed in 2014;
3. Farmout or otherwise fund the Alaskan drilling program in 2015;
4. Bookable 2C contingent resource of 5 mmboe oil equivalent net to the Company, or a discovery that is cased and suspended by a joint venture.

The Performance Rights Reserve items recognised on the valuation of vested performance rights issued.

Share Option Reserve

On 6 December 2013 12,500,000 Broker Option were issued. The Black-Scholes valuation of vested options at the issued date amounted to $322,375. The Black-Scholes valuation was based on an interest free rate of 5% and 75% volatility.

On 27 September 2013 1,666,666 (pre-consolidation 25,000,000) unquoted options each were issued to Dr Raymond Shaw and Mr Malcolm Smith. The Options exercise price is $0.12 (pre-consolidation $0.008) and they expire on 30 September 2016. The Black-Scholes valuation of vested options at the issued date amounted to $40,000. Dr Raymond Shaw and Mr Malcolm Smith are both non-executive directors, the issue was approved by shareholder at the 26 September 2013 EGM. The Black-Scholes valuation was based on an interest free rate of 4% and 75% volatility.

The Share Option Reserve records items recognised on the valuation of vested share options.

c. Options

The Company has the following history of Options outstanding:

	Number of Options	Weighted Average Exercise Price
Balance, 30 September 2012	48,158,228	$0.036
Issued 6 December 2012	55,000,000	$0.007
Expired unexercised on 15 December 2012	(10,000,000)	$0.006
Issued under Entitlement Offer on 18 January 2013	281,628,747	$0.005
Issued under Entitlement Offer on 18 January 2013	888,509,985	$0.007
Issued under Entitlement Offer on 24 January 2013	41,250,000	$0.005
Issued under Entitlement Offer on 24 January 2013	27,500,000	$0.007
Issued on 12 March 2013	100,000,000	$0.005
Issued on 12 March 2013	121,666,667	$0.007

	Number of Options	Weighted Average Exercise Price
Exercised on 15 March 2013	(77,506)	$0.005
Exercised on 15 March 2013	(21,253)	$0.007
Exercised on 28 March 2013	(18,416)	$0.007
Issued on 22 May 2013	30,000,000	$0.004
Exercised on 22 May 2014	(12,000)	$0.007
Expired unexercised on 30 July 2013	(2,000,000)	$0.030
Issued on 8 August 2013	230,000,000	$0.007
Issued on 8 August 2013	382,501,021	$0.0045
Issued on 8 August 2013	232,300,000	$0.004
Exercised on 19 August 2013	(144,107)	$0.007
Exercised on 5 September 2013	(15,833)	$0.007
Issued on 27 September 2013	178,349,952	$0.005
Issued on 27 September 2013	50,000,000	$0.008
Balance at 30 September 2013	**2,654,575,485**	**$0.0064**
Balance, 30 September 2013	**2,654,575,485**	**$0.0064**
Consolidation on 15 October 2013	(2,477,603,448)	$0.0722
Exercised on 20 November 2013	(11,221,798)	$0.0600
Exercised on 21 November 2013	(4,264,892)	$0.0600
Issued on 6 December 2013	22,563,341	$0.010
Issued on 6 December 2013	12,500,000	$0.120
Exercise 23 January 2014	(584)	$0.075
Expired 31 January 2014	(40,075,038)	$0.075
Exercise 4 February 2014	(1,233)	$0.075
Issued 4 February 2014	4,936,659	$0.100
Balance at 31 March 2014	**161,408,492**	**$0.1096**

The following table summarises information about the Options at 31 March 2014:

Expiry Date	**Exercise Price 31 March 2014**	**Number of Options 31 March 2014**	Exercise Price 30 September 2013	Number of Options 30 September 2013
	Post-Consolidation		Pre-Consolidation	
Unquoted options 20 November 2013	-	-	$0.004	232,300,000
Unquoted options 31 January 2014	-	-	$0.005	601,151,193
Unquoted options 31 January 2015	$0.100	27,500,000	-	-
Unquoted options 10 August 2015	$0.600	1,566,679	$0.010	23,500,000
Quoted Options 31 January 2016	$0.1050	88,164,528	$0.007	1,322,465,043
Unquoted options 14 February 2016	$1.1850	843,882	$0.079	12,658,228
Unquoted options 30 April 2016	$0.0600	2,000,000	$0.004	30,000,000
Unquoted options 31 July 2016	$0.0675	25,500,069	$0.0045	382,501,021
Unquoted options 30 September 2016	$0.1200	3,333,334	$0.008	50,000,000
Unquoted options 31 October 2016	$0.1200	12,500,000	-	-
Total	$0.1096	161,408,492	$0.0064	2,654,575,485

9. OPERATING SEGMENTS

The Consolidated Entity has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in accessing performance and determining the allocation of resources.

The Consolidated Entity previously operated one industry in North America and one principal activity being oil and gas. However, information reported to the Consolidated Entity's chief operating decision makers for the purposes of resource allocation and assessment of segmental reporting is more specifically focused on operating division by specific geographical location. The Consolidated Entity's reporting segments under AASB 8 are therefore as follows:

Geothermal	-	Africa	**Oil and Gas**	-	USA
	-	Argentina			
			Corporate	-	Australia

Information regarding the Consolidated Entity's reportable segments is presented below. Amounts reported for the prior year have been restated to conform to the requirements of ASB.

	USA Oil and Gas $	**Argentina** Geothermal $	**Australia** Corporate expenses $	**Total** $
31 March 2014				
REVENUE				
Total revenue -external sales	-	-	-	-
RESULT				
Segment result	-	-	(980,870)	(980,870)
Unallocated expenses net of unallocated revenue	-	-	-	-
Finance income/(costs)	-	-	9,028	9,028
Profit/(loss) before income tax	-	-	(971,842)	(971,842)
Income tax expense	-	-	(207,897)	(207,897)
Profit/(loss) after income tax	-	-	(1,179,739)	(1,179,739)
ASSETS				
Segment assets	15,607,164	50,000	1,230,010	16,887,174
LIABILITIES				
Segment liabilities	6,641,057	-	234,670	6,875,727

	USA Oil and Gas $	Argentina Geothermal $	Australia Corporate expenses $	Total $
31 March 2013				
REVENUE				
Total revenue -external sales	-	-	-	-
RESULT				
Segment result	-	(10,242)	(572,651)	(582,893)
Unallocated expenses net of unallocated revenue	-	-	-	-
Project expenses not capitalised	-	(2,590,400)	-	(2,590,400)
Finance income/(costs)	-	-	2,711	2,711
Profit/(loss) before income tax	-	(2,600,642)	(569,940)	(3,170,582)
Income tax expense	-	-	(60,399)	(60,399)
Profit/(loss) after income tax	-	(2,600,642)	(630,339)	(3,230,981)
30 September 2013				
ASSETS				
Segment assets	2,253,122	89,840	1,049,498	3,392,460
LIABILITIES				
Segment liabilities	35,920	-	276,337	312,257

10. CONTINGENT LIABILITIES

The Company announced on 22 April 2013, that it has executed a legally binding agreement whereby the Company has withdrawn from the Copahue Project. As part of undertaking the Argentine project, the Company had entered into a joint and several guarantor document with Geothermal One Inc for a US$4m performance bond with SMG Seguros as required under the concession contract awarded to develop the Copahue geothermal project. For the purposes of section 713(5) of the Corporations Act 2001 and as disclosed in the most recent cleansing prospectus, the Company is aware that the performance bond has been called (and subsequently disputed) and it may need to commence legal action to enforce the Company's rights under the relevant laws.

The Consolidated Entity has no other contingent liabilities at 31 March 2014.

11. COMMITMENTS

(a) Exploration commitments

North Slope Project in Alaska
There are no minimum exploration expenditure commitments at the date of this report, however, as part of the Participation Agreement with Royale Energy Inc. certain expenditure is to be incurred to earn staged working interest in the project:

- Additional 20% working interest to be earned by the completion of the Seismic Program for the Western Block with a promoted capital cost of USD$8 million; and
- Additional 45% working interest to be earned by the completion of the Drilling program with a capital cost of USD$30 million.

Spring River's oil and gas interests
The exploration expenditure commitments relate to the economic entity's share of the exploration and evaluation expenditure required to comply with the licence terms issued by the relevant regulatory body. There is no fixed financial commitment under the licence terms.

(b) Other commitments

On 1 April 2014 signed a 36 month license agreement for office accommodation, the annual license fee being $50,000 (2013: lease rental $11,000) per annum.

The Company has engaged Allinson Accounting Solutions Pty Ltd to provide annual accounting and administrative services at a fee of $78,000 per annum (2013: $48,000). In addition, on 13 October 2013 the Company engaged Giant Star Capital LLC as credit consultant to assist with credit funding on a monthly retainer of USD$11,000 which increased to USD$15,000 per month following the closing of the ACES loan facility. Under the consulting agreement earned a $284,090 (USD$250,000) success fee, of which $67,586 was paid in cash, $50,000 was paid in share and 1.25 million shares were issued during the period, with the balance $166,504 paid subsequent to the reporting period.

The Company has an employment agreement with the Managing Director, Mr Torey Marshall, who is employed on an annual contract, the initial contract commenced on 22 January 2010. His remuneration (including superannuation) consists of a base annual salary of:

- $330,000 from 1 October 2012 to 8 January 2013;
- $225,000 from 9 January 2013 to 30 June 2013 of which 40% was paid in shares;
- $300,000 per annum from 1 July 2013 31 March 2014; and
- $340,000 per annum from 1 February 2014.

In addition, Mr Marshall is entitled to 13,333,334 Performance Rights if certain performance hurdles are achieved.

12. SUBSEQUENT EVENT

2 June 2014: Company announced the resignation of Raymond Shaw as a director of the Company effective 1 June204; as part of the ongoing restructuring of the Board.

22 May 2014: Company announced that a large drillable target has been identified on the 3D seismic.

8 May 2014: Company announced the issue of 6,750,000 unquoted options at $0.00001, with an issue price of $ 0.12 expiring on 30 September 2016.

23 April 2014: Company released a cleansing prospectus; issued 20,000,000 shares and 20,000,000 free attaching options (with an issue price of $ 0.105 expiring on 31 January 2016) as part of Trance 2 of issue announced on 24 February 2014.

13. SHARE BASED PAYMENTS

During the period the following equity based payments were made to Directors and service providers/consultants.

	Number		Fair value	
	31 March 2014 No.	31 March 2013 No.	**31 March 2014 $**	31 March 2013 $
Performance Rights issued				
Performance Rights on issue to Torey Marshall(1)	**13,333,334**	-	**199,998**	**-**
Total Performance Rights issued in period	**13,333,334**	-	**199,998**	**-**
Shares issued in period in lieu of fees and remuneration				
Success fee - issue of Securities(2)	**1,000,000**	-	**50,000**	-
Success fee - issue of Securities(2)	**1,250,000**	-	**62,500**	-
Promotional fees - issue of Securities(3)	**1,500,000**	-	**75,000**	-
Broker Options - issue of Securities(4)	**12,500,000**		**322,375**	
Securities issued in settlement of Raymond Shaw's directors fees(5)	**-**	8,300,000	**-**	16,600
Securities issued in settlement of Torey Marshall's remuneration(5)	**-**	50,000,000	**-**	100,000
Total shares issued in period in lieu of fees and remuneration	**16,250,000**	58,300,000	**509,875**	116,600
Costs capitalised as borrowing costs	**(2,250,000)**	-	**(112,500)**	-
Share issue costs	**(12,500,000)**	-	**(322,375)**	-
Total securities issued as share based payments	**14,833,334**	58,300,000	**274,998**	116,600

(1) On 22 May 2013 13,333,334 (pre-consolidation 200,000,000) Performance Rights were issued to Torey Marshall. The fair value of these securities is based on a Black Scholes valuation.

(2) On 27 February 2014 1,250,000 shares were issued to Giant Star Capital LLC under an agreement dated 13 October 2013 following the establishment of a $50,000,000 loan facility. In addition, $50,000 of the $284,090 (USD$250,000) success fee bonus payment was paid in 1,000,000 shares. The fair value of the share issue was based on the market price paid by sophisticated investors for 70,000,000 share issued $0.05 per share on the share day.

(3) On 27 February 2014 1,500,000 shares were issued to Avenue Consulting Pty Ltd under an agreement dated 20 January 2014, in respect of investor and public relations services. The fair value of the share issue was based on the market price paid by sophisticated investors for 70,000,000 share issued $0.05 per share on the share day.

(4) On 6 December 2013 12,500,000 Broker options were issued. The fair value of these securities is based on a Black Scholes valuation.

(5) On 12 March 2013 3,886,667 (pre-consolidation 58,300,000) Securities issued in settlement of directors fees and remuneration at $0.03 (pre-consolidation $0.002) per share. The fair value of the share issue was based on the market price paid by sophisticated investors for the other 7,833,334 (pre-consolidation 117,500,000) ordinary shares that were issued to sophisticated investors at $0.03 (pre-consolidation $0.002) per share on the same day.

14. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

Fair values measurements

The carrying value of financial assets and financial liabilities of the Consolidated Group are assumed to approximate their fair value due to their short term nature.

The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

- Level 1 – the fair value is calculated using quoted prices in active markets.
- Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
- Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below:

	Level 1	Level 2	Level 3	Total
	$	**$**	**$**	**$**
<u>31 March 2014</u>				
Total Financial Assets:	-	-	50,000	50,000
Total Financial Liabilities:	**-**	**-**	**-**	**-**
<u>31 March 2013</u>				
Total Financial Assets:	-	-	89,810	89,810
Total Financial Liabilities:	**-**	**-**	**-**	**-**

The carrying amounts of current receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities and non-current other receivables approximates the carrying amount as the impact of discounting is not significant.

Fair values of other financial assets and financial liabilities

The Group also has number of financial instruments which are not measured at fair value in the Statement of Financial Position. These had the following fair values as at 31 March 2014:

	Fair value $	Carrying amount $
Non-current borrowings		
- Term loan with fixed interest rate	6,976,390	6,976,390

The carrying amounts of the current receivables, current payables and current borrowings are considered to be a reasonable approximation of their fair value

15. GOING CONCERN

The financial report has been prepared on the basis of going concern. The financial reports show the Group incurred a loss for the period of $1,179,739.

During the period the Consolidated Entity established a USD$50 million funding facility with a major international investment group for an ACES based credit facility that will cover a significant portion of the upfront exploration program costs. At the 31 March 2014, the company has drawn down $6,976,390 (USD$6,323,330), excluding estimated interest and other charges, leaving USD$43,023,610 undrawn. The Consolidated Entity may require additional capital to continue as a going concern, in order to fund costs to be incurred not covered by the above ACES based credit facility. If capital is not raised going concern may not be appropriate, with the result that the entity may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and at amounts different from those stated in the financial report.