Advent Energy Ltd

ACN 109 955 400

Financial Report 2014

Contents

Directors
H Goh – Non-Executive Chairman
D L Breeze – Executive Director
E H Tan – Non Executive Director
D Ambrosini – Executive Director and Company Secretary

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Auditor
Nexia Perth Audit Services Pty Ltd
Level 3, 88 William Street
PERTH WA 6000

Australian Company Number
39 109 955 400

The directors of Advent Energy Ltd ("Advent") or ("Company") present their report on the company and its controlled entities for the financial year ended 30 June 2014.

Directors

The names of directors in office at any time during or since the end of the year are:

H Goh appointed 9 November 2007
D L Breeze appointed 10 November 2005
E H Tan appointed 7 May 2008
D Ambrosini appointed 2 June 2010

Company Secretary

Ms Deborah Ambrosini continues in her role of Company Secretary. She also holds the position of Chief Financial Officer of the Company and has over 15 years' experience in Corporate accounting roles.

Principal Activities

Advent has assembled a range of hydrocarbon permits which contain near term production opportunities with pre-existing infrastructure and exploration upside.

Advent's assets include EP 386 and RL 1 (100%) in the onshore Bonaparte Basin in the north of Western Australia and Northern Territory, PEP11 (85%) in the offshore Sydney Basin and EP325 (8.3%) in the Exmouth Sub-basin of the Carnarvon Basin near Exmouth in WA. Advent's portfolio of assets has an estimated AUD $156m invested historically on exploration.

Advent is investigating a considerable potential shale gas resource within EP386 and RL1. Studies indicate significant potential upside in prospective shale gas resources with an estimated (Best Estimate) prospective recoverable resource of 9.8 Tcf (Low Estimate is 1.9 Tcf and High Estimate is 25.4 Tcf)

Operating Results

Operating loss for the consolidated entity after tax for the year was $989,727 (2013: $2,209,604).

Dividends

The Directors recommend that no dividend be paid in respect of the current period and no dividends have been paid or declared since the commencement of the period.

Financial Position

The net assets of the consolidated entity have decreased by $982,293 to $25,359,732 at 30 June 2014.

Significant Changes In State Of Affairs

- Advent Energy's wholly owned subsidiary Asset Energy has commenced preparations for seismic acquisition in PEP11 in the offshore Sydney Basin, offshore NSW.
- During the period, Asset Energy Pty Ltd applied to NOPTA for a 12 month suspension and extension of the Year 2 permit obligations for the key offshore Sydney Basin permit Petroleum Exploration Permit 11 (PEP11). The application for suspension was still be assessed at reporting date.

- Following application by Advent Energy through its wholly owned subsidiary Onshore Energy Pty Ltd, the WA Department of Mines & Petroleum granted a suspension of the condition requiring the completion of the Year 2 work (one exploration well) by 31 March 2015 within EP386. EP386 lie in the onshore Bonaparte Basin, north-eastern Western Australia.
- A report titled Engineering energy: unconventional gas production by the Australian Council of Learned Academies (ACOLA) described a 6 trillion cubic feet (Tcf) shale gas resource for the onshore Bonaparte Basin. This assessment is equivalent to a resource of 1.09 billion barrels of oil equivalent (boe).
- The legal dispute involving Fugro Survey Pty Ltd (Fugro), RPS Energy Pty Ltd (RPS) and Asset Energy Pty Ltd (Asset) was settled at a court appointed mediation. The dispute arose over performance and fees in connection with pre-drilling site survey works conducted by Fugro at PEP11 in 2010. Asset settled Fugro's claim of $2.2 million with a payment of $100,000.

After Balance Date Events

Other than referred to at note 21 of these financial accounts, there have not been any matters or circumstance that have arisen since the end of the financial year that have significantly affected, or may significantly affect, the operations of the economic entity, the results of those operations, or the state of affairs of the economic entity in future financial years.

Future Developments

The entity will continue to develop its investee portfolio projects including PEP11 and EP 386 and will evaluate and invest in a range of resource projects.

Likely Developments

Likely developments which may prejudice the Company by disclosure have not been disclosed.

Information on Directors

H Goh
Non-Executive Chairman – Age 59

Hock was formerly President of Network and Infrastructure Solutions, a division of Schlumberger Ltd, based in London with revenue in excess of US$1.5 billion. He had global responsibility of Schlumberger's outsourcing services, security, business continuity and networked related business units.

Prior to that, Hock was President of Schlumberger Asia based in Beijing, China where he managed their Asian operations consisting of a broad range of services including oil field services, outsourcing, financial software and smartcards. Hock was responsible for US$800 million in revenue and more than 2,000 employees spread across 17 countries.

In his 25 year career with Schlumberger, Hock held several other field and management responsibilities in the oil and gas industry spanning more than ten countries in Asia, the Middle East and Europe. Hock started as an oil field service engineer in Indonesia in 1980 before moving to Australia where he worked on the rigs in Roma, Queensland, Bass Strait in Victoria and the Northwest Shelf, offshore Western Australia.

Hock is also an operating partner with Baird Capital Partners, the U.S. based buyout fund of Baird Private Equity, providing change-of-control and growth capital to middle-market companies. Baird Private Equity has raised and managed $1.7 billion in capital.

Hock is the Chairman of Netgain Systems, a network monitoring software provider. He also serves on the Board of Xaloy Holdings, a US based steel components manufacturer for the plastic industry, as well as an independent director of THISS Technologies Pte Ltd, a Singapore based satellite communication provider. He received his B Eng (Hons) in Mechanical Engineering from Monash University, Australia. He also completed an Advanced Management Program at INSEAD/ France in 2004.

Hock is also a Director of ASX listed MEC Resources Ltd, BPH Energy Limited and Santos Ltd.

D L Breeze
Executive Director – Age 60

David has been Executive Director of Advent since 2006. During this time Advent identified the shale gas potential in the onshore Bonaparte Basin in the north of Australia and pioneered exploration of the offshore Sydney Basin. He is also Chairman of Grandbridge Limited (a publicly listed investment company) and BPH Energy Limited, and an Executive Director of MEC Resources Ltd. He has extensive experience in transaction structuring, corporate advisory and funding for listed and unlisted companies. He has also held executive, consulting and/or board positions across a range of stockbroking companies.

David has provided Independent Experts reports for asset valuation under the provisions of the Australian Securities Exchange Rules and Corporations Law. He has also published in the Australian Securities Industry Journal on resource valuation and is a co-author of an European Geosciences Union paper. He holds a Bachelor of Economics and an MBA, and is a Fellow of the Financial Services Institute of Australia and the Institute of Company Directors of Australia.

E H Tan
Non-Executive Director – Age 59

Eng Hin Tan commenced his career with Schlumberger where he was employed as Oil Field Exploration Field Engineer in the Brunei operations. He was subsequently appointed to significant management positions with Schlumberger throughout the region, including Sumatra, Kuala Lumpur, Bombay and Jakarta.

Since leaving Schlumberger he held positions of Technical Director and Managing Director, and Asia Pacific Sales Director for a range of corporations.

Eng Hin Tan currently controls his own private equity investment company.

D Ambrosini
Executive Director and Company Secretary – Age 40

Deborah is a chartered accountant with over 15 years' experience in accounting and business development spanning the biotechnology, mining, IT communications and financial services sectors. She has extensive experience both nationally and internationally in financial and business planning, compliance and taxation.

Deborah is a member of the Institute of Chartered Accountants and was a state finalist in the 2009 Telstra Business Woman Awards. Deborah was also a recipient of the highly regarded 40 under 40 award held by the WA Business News.

Deborah is also a Director of ASX listed MEC Resources Ltd, Grandbridge Limited and BPH Energy Limited.

Meetings of Directors

During the financial year, five meetings of directors were held. Attendances by each director during the year were:

	Directors' Meetings	
	Number eligible to attend	Number attended
H Goh	5	5
D L Breeze	5	5
E H Tan	5	5
D Ambrosini	5	5

Indemnifying Officers or Auditors

During or since the end of the financial year the company has not given an indemnity or entered an agreement to indemnify, but has paid or agreed to pay insurance premiums.

The company has paid premiums to insure each of the following directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company. The amount of the premium was $28,439.

- D Breeze
- D Ambrosini
- H Goh
- E H Tan

The company has not indemnified the current or former auditor of the Company.

Options

At the date of this report, the unissued ordinary shares of Advent under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number Under Option
05/08/2010	05/08/2015	$2.00	2,500,000

During the year ended 30 June 2014, nil ordinary shares of Advent were issued on the exercise of options granted under the Advent Energy Limited Employee Option Plan (2013: 2,000,000). No amounts are unpaid on any of the shares.

No options have been granted since year end.

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

Environmental Issues

The consolidated group's operations are subject to significant environmental regulation under Commonwealth and State laws. Details of the consolidated group's performance in relation to environmental regulation follow.

Advent performed and concluded its production testing operations in 2012 under the existing Environmental Management Plan approved prior to the production testing operations that had commenced in 2011.

During 2011 Advent applied for and was granted the approval to re-enter Waggon Creek-1 within EP 386 during the 2011 dry season for the purposes of performing recompletion and production testing on this gas discovery well. Waggon Creek-1 was drilled in 1995 by previous operators. Advent opted to access this site using existing access roads, tracks and previously cleared seismic lines to ensure that any impact on the environment through its re-entry activities was as low as reasonably practical. The early onset of the wet season prevented Advent from concluding its production testing operations during 2011. These were concluded during the 2012 dry season under the existing approved Environmental Management Plan.

During the period, no activities were performed that were subject to any relevant environmental regulations.

Proceedings on Behalf of Company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

Non-audit Services

No fees for non-audit services were paid or payable to the external auditors during the year ended 30 June 2014 (2013:nil).

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2014 has been received and can be found on page 6.

Signed in accordance with a resolution of the Board of Directors.

D. Breeze.

David Breeze
Director
Dated this 13th day of August 2014

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Lead auditor's independence declaration under section 307C of the *Corporations Act 2001*

To the directors of Advent Energy Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2014 there have been:

(i) no contraventions of the auditor's independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

NPAS

Nexia Perth Audit Services Pty Ltd

Amar Nathwani

Amar Nathwani B.Eng, CA
Director

Perth
13 August 2014

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2014

Advent Energy Ltd and its controlled entities

	Note	Consolidated 2014 $	2013 $
Revenue	**2**	12,364	80,866
Other gains and losses	**2**	(93,750)	(175,000)
Administration expenses		(171,626)	(126,384)
Consulting and Legal expenses		(157,053)	(1,339,652)
Employee expenses	**3**	(132,425)	(180,754)
Accounting and Auditing		(26,494)	(28,985)
Service Fees		(137,585)	(137,585)
Depreciation expense		(4,435)	(4,928)
Traveling expenses		(102,850)	(159,369)
Other expenses from ordinary activities		(175,873)	(137,813)
Operating Loss Before Income Tax		(989,727)	(2,209,604)
Income tax expense	**7**	-	-
Operating Loss from continuing operations		(989,727)	(2,209,604)
Other Comprehensive Income			
Items that will never be reclassified to profit or loss		-	-
Items that are or may be reclassified to profit or loss		-	-
Total Comprehensive Income		(989,727)	(2,209,604)

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position as at 30 June 2014

	Note	Consolidated 2014 $	Consolidated 2013 $
Current Assets			
Cash and cash equivalents	**6**	127,081	1,730,899
Trade and other receivables	**8**	132,918	33,223
Other current assets	**12**	-	4,073
Total Current Assets		259,999	1,768,195
Non-Current Assets			
Intangibles	**9**	22,674	22,674
Evaluation and Exploration expenditure	**10**	29,414,371	29,346,125
Financial assets	**11**	400,000	493,750
Property Plant and Equipment	**13**	6,033	9,243
Total Non-Current Assets		29,843,078	29,871,792
Total Assets		30,103,077	31,639,987
Current Liabilities			
Trade and other payables	**14**	300,179	1,110,217
Provisions	**15**	81,844	81,844
Other financial liabilities	**16**	761,322	4,105,901
Total Current Liabilities		1,143,345	5,297,962
Non-Current Liabilities			
Other financial liabilities	**16**	3,600,000	-
Total Non-Current Liabilities		3,600,000	-
Total Liabilities		4,743,345	5,297,962
Net Assets		**25,359,732**	**26,342,025**
Equity			
Issued capital	**17**	40,744,042	40,744,042
Option Reserve	**18**	792,019	784,585
Accumulated losses		(16,176,329)	(15,186,602)
Total Equity		**25,359,732**	**26,342,025**

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 30 June 2014

Advent Energy Ltd and its controlled entities

	Consolidated			
	Issued Share Capital $	Accumulated losses $	Options Reserve $	Total Equity $
Balance at 1 July 2012	40,624,042	(12,976,998)	728,831	28,375,875
Loss attributable to members of the consolidated entity	-	(2,209,604)	-	(2,209,604)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	(2,209,604)	-	(2,209,604)
Transactions with owners in their capacity as owners				
Share based payments	120,000	-	-	120,000
Employee options expense	-	-	55,754	55,754
Balance at 30 June 2013	40,744,042	(15,186,602)	784,585	26,342,025
Balance at 1 July 2013	40,744,042	(15,186,602)	784,585	26,342,025
Loss attributable to members of the consolidated entity	-	(989,727)	-	(989,727)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	(989,727)	-	(989,727)
Transactions with owners in their capacity as owners				
Options exercised during the period	-	-	-	-
Employee options expense	-	-	7,434	7,434
Balance at 30 June 2014	40,744,042	(16,176,329)	792,019	25,359,732

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows for the year ended 30 June 2014

Advent Energy Ltd and its controlled entities

	Note	Consolidated 2014 $	Consolidated 2013 $
Cash Flows From Operating Activities			
Receipts from customers		105	626
Payments to suppliers and employees		(1,581,711)	(1,482,278)
Interest Received		12,259	80,240
Net cash used in operating activities	**19**	(1,569,347)	(1,401,412)
Cash Flows From Investing Activities			
Purchase of plant and equipment		(1,225)	(1,734)
Amounts to/from other entities		135,000	(120,000)
Payment for deferred expenditure (net of reimbursements)		(168,246)	(571,659)
Net cash used in investing activities		(34,471)	(693,393)
Cash Flows From Financing Activities			
Proceeds from issue of securities (net of share issue costs)		-	120,000
Net cash provided by financing activities		-	120,000
Net increase (decrease) in Cash Held		(1,603,818)	(1,974,805)
Cash At the Beginning Of The Financial Year		1,730,899	3,705,704
Cash At The End Of The Financial Year	**6**	**127,081**	**1,730,899**

The accompanying notes form part of these financial statements.

1. Statement of Significant Accounting Policies

Corporate Information

The financial report includes the consolidated financial statements and the notes of Advent Energy Ltd and its controlled entities ('Consolidated Group' or 'Group').

Advent Energy Ltd is an unlisted public company, incorporated and domiciled in Australia.

The financial report was authorised for issue on 13th August 2014 by the board of directors.

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards and the Corporations Act 2001. Advent Energy Ltd is a for-profit entity for the purpose of preparing the financial statements.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where stated below.

Compliance with IFRS

The consolidated financial statements of the Advent Energy Limited comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Financial Position

The consolidated entity has incurred a net loss before tax for the year ended 30 June 2014 of $989,727 (2013: Loss of $2,209,604) and has a working capital deficiency of $801,502 (2013: deficiency of $3,529,767) at that date.

Included in current liabilities are loans payable of $761,322 at 30 June 2014 (30 June 2013: $4,105,901) from its ultimate parent entity MEC Resources Ltd. Subsequent to year end the Group has received confirmation from the lender that the current financial liabilities will not be called for a period of 12 months from the date of this financial report or until such time as the Group is financially independent.

The directors have reviewed their expenditure and their commitments for the consolidated entity. The directors as a part of cash management may voluntarily suspend cash payments for their director's fees.

The directors have prepared cash flow forecasts that indicate that the consolidated entity will have sufficient cash flows to meet its non-exploration commitments for a period of at least 12 months from the date of this report.

Based on the cash flow forecasts and the monitoring of operational costs, the directors are satisfied that, the going concern basis of preparation is appropriate. The financial report has therefore been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

For further disclosure concerning the exploration permits and expenditure commitments of the Group and the ability of the Group to realise the associated capitalised exploration expenditure please refer to Note 10.

1. Statement of Significant Accounting Policies (continued)

Accounting Policies
(a) Principles of Consolidation

Subsidiaries
Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

A list of controlled entities is contained in Note 23 to the financial statements. All controlled entities have a June financial year-end.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

The purchase method of accounting is used to account for business combinations by the group (see Note 1 (b) below).

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

(b) Business Combinations

Business combinations occur where control over another business is obtained and results in the consolidation of its assets and liabilities. All business combinations, including those involving entities under common control, are accounted for by applying the purchase method.

The purchase method requires an acquirer of the business to be identified and for the cost of the acquisition and fair values of identifiable assets, liabilities and contingent liabilities to be determined as at acquisition date, being the date that control is obtained. Cost is determined as the aggregate of fair values of assets given, equity issued and liabilities assumed in exchange for.

Goodwill is recognised initially at the excess of cost over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If the fair value of the acquirer's interest is greater than cost, the surplus is immediately recognised in profit or loss.

1. Statement of Significant Accounting Policies (continued)

(c) 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 the tax rates that have been enacted or are substantively enacted by the statement of financial position 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 taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is recognised in the statement of comprehensive income except where it relates to items that may be recognised directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences or unused tax losses or tax credits can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Advent Energy Ltd and its wholly-owned Australian subsidiaries formed an income tax consolidated group under the tax consolidation regime on 1 July 2010.

(d) Property, 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.

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

1. Statement of Significant Accounting Policies (continued)

(d) Property, plant and equipment (continued)

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

Class of Fixed Asset	Depreciation Rate
Plant and equipment	33.33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(e) Exploration and Development Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward where right of tenure of the area of interest is current and to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

Once the technical feasibility and commercial viability of the extraction of mineral resources in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified from Intangible assets to mining property and development assets within property, plant and equipment. Should exploration be successful and result in a project, costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

1. Statement of Significant Accounting Policies (continued)

(f) Financial Instruments

Recognition and Initial Measurement
Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition
Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity is no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit and loss.

Classification and Subsequent Measurement

Financial assets at fair value through profit and loss
A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management and within the requirements of AASB 139: Recognition and Measurement of Financial Instruments. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the profit and loss in the period in which they arise.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Financial liabilities
Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Derivative instruments
Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the income statement unless they are designated as hedges.

Fair value
Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

1. Statement of Significant Accounting Policies (continued)

(f) Financial Instruments (continued)

Classification and Subsequent Measurement (continued)

Impairment

At each reporting date, the group assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

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 (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

Assets classified as available-for-sale

If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss.

Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

If the fair value of a debt instrument classified as available-for-sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

1. Statement of Significant Accounting Policies (continued)

(g) Impairment of Assets

The group reviews non-financial assets, other than deferred tax assets, at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(h) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(i) Revenue and Other Income

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Revenue from the rendering of a service is recognised by reference to the stage of completion of the contract.

Investments in listed entities are revalued at each balance date. An increase in the value of these investments is recognised as a gain in the profit and loss.

All revenue is stated net of the amount of goods and services tax (GST).

1. Statement of Significant Accounting Policies (continued)

(j) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(k) Intangibles

Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(l) Trade and other payables

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether or not billed to the consolidated entity. The amounts are unsecured and are usually paid within 30 days. The carrying amounts of trade and other payables are assumed to be the same as their fair values due to their short-term nature. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(m) Share based payments

Share based compensation benefits are provided to employees via the Company's Employee Option plan.

The fair value of options granted under the Company's Employee Option Plan is recognized as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognized over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using an option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected volatility of the underlying share, the expected dividend yield and risk free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the entity revises its estimate of the number of options that are expected to vest. The employee benefit expense recognised each period takes into account the most recent estimate. Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital.

1. Statement of Significant Accounting Policies (continued)

(n) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to statement of financial position. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(o) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(p) Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Key Judgments —Impairment of capitalised and carried forward exploration expenditure
Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current. These costs are carried forward in respect of an area that has not at statement of financial position date reached a stage that permits reasonable assessment of the existence of economically recoverable reserves, refer to the accounting policy stated in note 1(e). Refer to Note 10 for further discussion on the commitments of the exploration permits held by the Group.

Key Judgments —Impairment of financial assets
No impairment has been recognised in respect of the Company's carrying value of its investment in its subsidiary Asset Energy Pty Ltd. After a review of the carrying values, the directors believe that the full amount of this investment is recoverable through the projected activities of the entity and no provision for impairment has been made as at 30 June 2014.

Key Judgments —Share-based Payments
Refer to (m) above.

(q) Application of New and Revised Accounting Standards

Standards adopted in the current year

The group has adopted a number of new or revised accounting standards this year that have resulted in changes in accounting policies in the financial statements.

(i) AASB 10 Consolidated Financial Statements, AASB 12 Disclosure of Interests in Other Entities (2011)
AASB 10 Consolidated Financial Statements was issued in August 2011 and replaces the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements.

The group has reviewed its investments in other entities to assess whether the conclusion to consolidate is different under AASB 10 than under AASB 127. No differences were found and therefore no adjustments to any of the carrying amounts in the financial statements are required as a result of the adoption of AASB 10.

(q) Application of New and Revised Accounting Standards (continued)

Standards adopted in the current year (continued)

AASB 12 brings together into a single standard all the disclosure requirements about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. AASB 12 requires the disclosure of information about the nature, risks and financial effects of these interests. As a result, the Group has expanded its disclosures about its interests in subsidiaries (see Note 23)

(ii) AASB 11 Joint Arrangements
AASB 11 replaces AASB 131 Interests in Joint Ventures and the guidance contained in a related interpretation, Interpretation 113 Jointly Controlled Entities – Non-Monetary Contributions by Venturers, has been incorporated in AASB 128 (as revised in 2011). AASB 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under AASB 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under AASB 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement.

Previously, AASB 131 Interests in Joint Ventures contemplated three types of joint arrangements – jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under AASB 131 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations is different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expense incurred jointly). Each joint operation accounts for the assets and, liabilities, as well as revenue and expenses, relating to its interest in the joint operation in accordance with the applicable Standards.

During the period, the Company did not hold investments in joint arrangements and consequently, the new standard did not have any impact in the financial report.

(iii) AASB 13 Fair Value Measurement (2011)
AASB 13 Fair Value Measurement aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across Australian Accounting Standards. The standard does not extend the use of fair value accounting but provides guidance on how it should be applied where its use is already required or permitted by other Australian Accounting Standards.

Previously the fair value of financial liabilities (including derivatives) was measured on the basis that the financial liability would be settled or extinguished with the counterparty. The adoption of AASB 13 has clarified that fair value is an exit price notion, and as such, the fair value of financial liabilities should be determined based on a transfer value to a third party market participant. The adoption of these standards has not had a significant impact.

(q) Application of New and Revised Accounting Standards (continued)

Standards adopted in the current year (continued)

(iv) AASB 2011-4 'Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements'

This standard removes the individual key management personnel disclosure requirements in AASB 124 'Related Party Disclosures' As a result the Group only discloses the key management personnel compensation in total and for each of the categories required in AASB 124.

In the current year the individual key management personnel disclosure previously required by AASB 124 is now disclosed in the remuneration report due to an amendment to Corporations Regulations 2001 issued in June 2013.

Standards in issue not yet adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

(i) AASB 9 Financial Instruments (2010), AASB 9 Financial Instruments (2009)

AASB 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under AASB 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. AASB 9 (2010) introduces additional changes relating to financial liabilities.

The IASB currently has an active project that may result in limited amendments to the classification and measurement requirements of AASB 9 and add new requirements to address the impairment of financial assets and hedge accounting. AASB 9 (2010 and 2009) are effective for annual periods beginning on or after 1 January 2017 with early adoption permitted.

(ii) AASB 1031 Materiality (2013)

The revised AASB 1031 is an interim standard that cross-references to other Standards and the Framework for the Preparation and Presentation of Financial Statements (issued December 2013) that contain guidance on materiality. The AASB is progressively removing references to AASB 1031 in all Standards and Interpretations, and once all these references have been removed, AASB 1031 will be withdrawn. The revised AASB 1031 is effective from 1 January 2014 and early adoption is not permitted.

AASB 1031 (2013) is effective for annual periods beginning on or after 1 January 2014 and not available for early adoption.

(iii) AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments

The AASB approved amending Standard AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments on 20 December 2013. AASB 2013-9 incorporates the IASB's Standard IFRS 9 Financial Instruments (Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39).

Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB CF 2013-1 *Amendments to the Australian Conceptual Framework*. Part B mainly makes amendments to particular Australian Accounting Standards to delete references to AASB 1031.

(q) Application of New and Revised Accounting Standards (continued)

Standards in issue not yet adopted (continued)

Part C makes amendments to a number of Australian Accounting Standards, including incorporating Chapter 6 Hedge Accounting into AASB 9 Financial Instruments. The main amendments regarding financial instruments are as follows:

- to add Hedge Accounting and make consequential amendments to AASB 9 and numerous other Standards;
- to permit requirements relating to the 'own credit risk' of financial liabilities measured at fair value to be applied without applying any other requirements of AASB 9 at the same time; and
- to amend the mandatory application date of AASB 9 so that AASB 9 is required to be applied for annual reporting periods beginning on or after 1 January 2017 instead of 1 January 2015.

AASB 2013-9 is effective for annual periods beginning on or after 1 January 2014.

	Consolidated	
	2014 $	2013 $
2. Revenue		
Operating activities		
Other Revenue	105	626
Interest Revenue	12,259	80,240
	12,364	80,866
Other gains and losses		
Net loss on financial assets designated as fair value through profit and loss	(93,750)	(175,000)
	(93,750)	(175,000)
3. Loss for the Year		
Expenses		
Employee Expenses		
Salary	124,991	125,000
Share-based payments	7,434	55,754
	132,425	180,754
4. Auditors' Remuneration		
Remuneration of the auditor of the parent entity for:		
Nexia Perth Audit Services	7,800	7,500
	7,800	7,500

5. Key Management Personnel Compensation

(a) Names and positions held of consolidated entity key management personnel in office at any time during the financial year are:

Key Management Personnel
H Goh – Non - Executive Chairman
D L Breeze – Executive Director
E H Tan – Non-Executive Director
D Ambrosini- Executive Director and Company Secretary

5. Key Management Personnel Compensation (continued)

Remuneration of Key Management Personnel
2014

Key Management Person	Short-term employee benefits	Post-employment benefit $	Other long-term benefits $	Termination benefits $	Share-based payments $	Total $
H Goh	50,000	-	-	-	-	50,000
D L Breeze	25,000	-	-	-	-	25,000
E H Tan	25,000	-	-	-	-	25,000
D Ambrosini	25,000	-	-	-	-	25,000

2013

Key Management Person	Short-term employee benefits	Post-employment benefit $	Other long-term benefits $	Termination benefits $	Share-based payments $	Total $
H Goh	50,000	-	-	-	-	50,000
D L Breeze	25,000	-	-	-	-	25,000
E H Tan	25,000	-	-	-	-	25,000
D Ambrosini	25,000	-	-	-	-	25,000

2014 Number of Unlisted Options Held by Key Management Personnel
Advent Energy Ltd

	Balance 1.7.2013	Granted as Compensation	Options Exercised	Net Change Other	Balance 30.6.2014	Total Vested 30.6.2014	Total Vested and Exercisable 30.6.2014	Total Unexercisable 30.6.2014
H Goh	-	-	-	-	-	-	-	-
D Breeze	2,000,000	-	-	-	2,000,000	2,000,000	2,000,000	-
D Ambrosini	500,000	-	-	-	500,000	500,000	500,000	-
E H Tan	-	-	-	-	-	-	-	-

2013 Number of Unlisted Options Held by Key Management Personnel
Advent Energy Ltd

	Balance 1.7.2012	Granted as Compensation	Options Exercised	Net Change Other	Balance 30.6.2013	Total Vested 30.6.2013	Total Vested and Exercisable 30.6.2013	Total Unexercisable 30.6.2013
H Goh	-	-	-	-	-	-	-	-
D Breeze	4,000,000	-	(2,000,000)	-	2,000,000	2,000,000	2,000,000	-
D Ambrosini	500,000	-	-	-	500,000	333,333	333,333	166,667
E H Tan	-	-	-	-	-	-	-	-

	Consolidated	
	2014 $	2013 $

6. Cash and cash equivalents

	2014 $	2013 $
Cash at bank and in hand	127,081	1,730,899

The average effective interest rate on short-term bank deposits was 1.97%: (2013: 2.75%) reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

	2014 $	2013 $
Cash and cash equivalents	127,081	1,730,899

7. Income Tax Expense

	Consolidated	
	2014 $	2013 $
The components of tax expense comprise:		
Current tax	-	-
Deferred tax	-	-
a) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:		
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2012: 30%)	(296,918)	(662,881)
Non deductible expenses	46,463	311,000
Adjustments recognised in the current year in relation to the carry forward losses of the prior year	(394,856)	-
Tax benefit of revenue losses not recognised	645,311	351,881
Income tax attributable to parent entity	-	-
	-%	-%
Weighted average rate of tax	-	-

	Consolidated	
	2014	2013
	$	$

7. Income Tax Expense (continued)

The following deferred tax balances at 30% (2013: 30%) have not been recognised

Deferred Tax Assets:

Carry forward revenue losses	13,517,424	12,872,113
Temporary differences	185,805	77,165

(b) The tax benefits of the above Deferred Tax Assets will only be obtained if:

(a) the company derives future assessable income in a nature and of an amount sufficient to enable the benefits to be utilised;

(b) the company continues to comply with the conditions for deductibility imposed by law; and

(c) no changes in income tax legislation adversely affect the company in utilising the benefits.

Deferred Tax Liabilities

Exploration Expenditure	8,831,023	8,810,549
Fair value movement in investment	51,356	79,481

The above Deferred Tax Liabilities have been offset against the carry forward revenue losses.

8. Trade and other receivables

CURRENT

Trade receivables	9,343	9,343
Other receivables	123,575	23,880
	132,918	33,223

Ageing of past due but not impaired

0-30 days	-	-
60-90 days	-	-
90-120 days	-	-
120 days and over	9,343	9,343
	9,343	9,343

	Consolidated	
	2014 $	**2013** $

9. Intangibles

	2014 $	2013 $
Intangibles – Contacts Database	22,674	22,674
	22,674	22,674

10. Evaluation Exploration Expenditure

	2014 $	2013 $
Exploration and evaluation expenditure	29,414,371	29,346,125
	29,414,371	29,346,125

Recoverability of the carrying amount of exploration assets is dependent on the successful exploration and sale of conventional and unconventional gas.

Capitalised costs amounting to $168,246 (2013: $571,659) have been included in cash flows from investing activities in the statement of cash flows. Included in this number is $100,000 which was paid to Fugro Survey Pty Ltd in settlement of their claim against Advent subsidiary Asset Energy Pty Ltd. On 21 August 2013 Asset Energy Pty Ltd settled its dispute with Fugro Services Pty Ltd and RPS Energy following a court appointed mediation. The dispute between Asset, Fugro and RPS arose over performance and fees in connection with pre-drilling site survey works conducted by Fugro at Petroleum Exploration Permit 11 (PEP 11), offshore Sydney Basin, in 2010. Asset settled Fugro's claim of $2.2 million with a payment of $100,000.

The consolidated group has commitments for its exploration permits of $3,997,500 over the next 12 months. To assist in meeting these commitments the group is continually seeking and reviewing potential sources of both equity and debt funding. Advent is currently in negotiations with a number of parties on the terms of investment, however there is no certainty at this stage that those discussions will result in further funding being made available.

Advent Energy's wholly owned subsidiary, Asset Energy, has lodged an application with the National Offshore Petroleum Titles Administrator ("NOPTA") to suspend the year 2 work commitment for Petroleum Exploration Permit 11("PEP11") and request a subsequent extension of the permit term. Asset is currently required to complete 200km of 2D seismic within the PEP 11 area by 12 August 2014. Asset recently announced that it has commenced preparations for seismic and it is intending to perform a 3D seismic survey of approximately 225 km2 over a 4 – 5 week period between November 2014 and May 2015.The application for deferral is currently being assessed by NOPTA.

In addition, Advent is committed to drill an exploration well by March 2015 for EP 386. These 2 commitments comprise the significant balance of $3,997,500.

While management is confident the commitments under the exploration permits or as varied by the relevant authorities will be met, the above conditions indicate the uncertainty that may affect the ability of the group to realise the carrying value of the exploration assets in the ordinary course of business.

	Consolidated	
	2014 $	**2013 $**

10. Exploration Expenditure (continued)

	2014 $	2013 $
Reconciliation of movement during the year		
Opening balance at 1 July	29,346,125	30,703,295
Capitalised expenditure – EP 325	3,154	5,893
Capitalised expenditure – PEP 11	-	(1,928,433)
Capitalised expenditure – EP 386	65,092	565,370
Balance at 30 June	29,414,371	29,346,125

11. Financial Assets

Non Current

	2014 $	2013 $
Fair Value Through Profit or Loss Financial Assets:		
Investment in Central Petroleum Ltd	400,000	493,750
	400,000	493,750

12. Other current assets

	2014 $	2013 $
Prepaid expenses	-	4,073
	-	4,073

13. Property Plant and Equipment

	2014 $	2013 $
Plant and Equipment:		
At cost	21,133	19,908
Accumulated depreciation	(15,100)	(10,665)
Total Property, Plant and Equipment	6,033	9,243

	Consolidated	
	2014 $	2013 $

13. Property Plant and Equipment (continued)

(a) Movements in Carrying Amounts

	2014 $	2013 $
Economic Entity:		
Balance at the beginning of the year	9,243	12,437
Additions	1,225	1,734
Disposals	-	-
Depreciation expense	(4,435)	(4,928)
Carrying amount at the end of the year	6,033	9,243

14. Trade and other payables

	2014 $	2013 $
Unsecured:		
Trade payables	58,134	572,712
Sundry payables and accrued expenses	242,045	537,505
	300,179	1,110,217

The average credit period on payables is 45 days. The company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

15. Provisions

Current

	2014 $	2013 $
Provision – Share sale agreement	81,844	81,844
Provision – Employee entitlements	-	-
Balance at 30 June	81,844	81,844

Provision for Share Sale Agreement

A provision has been recognised for the payment of fees to relevant parties upon the successful listing of Advent Energy Ltd.

16. Other financial liabilities

	Consolidated	
	2014 $	2014 $
Current		
Unsecured loans from other entities: (b)		
Loan payable to MEC Resources Ltd	335,086	135,086
Loan payable to BPH Energy Limited	39,486	39,486
Loan payable to Grandbridge Limited	386,750	331,329
Secured loan payable to MEC Resources Ltd (a)	-	3,600,000
	761,322	4,105,901
Non Current		
Secured loan payable to MEC Resources Ltd (a)	3,600,000	-
Balance at 30 June	4,361,322	4,105,901

(a) Secured loans

Advent Energy entered into a secured loan agreement with MEC Resources in November 2010. The principal amount of the loan is $1 million, with further advances of up to an additional $3 million payable at MEC Resources' discretion. The loan is secured by a fixed and floating charge over Advent Energy's present and future undertakings, assets and rights. An amount of $3.6 million has been drawn down at statement of financial position date.

In 2013, the company signed a variation to their secured loan agreement with MEC Resources which varied the agreement to incorporate a fixed repayment date of 19 November 2015.

(b) Unsecured loans

These loans to other entities are non interest bearing and repayable on demand.

	Consolidated	
	2014 **$**	**2013** **$**

17. Issued Capital

148,353,334 (2013: 148,353,334) fully paid ordinary shares of no par value	41,385,518	41,385,518
Less: Capital raising costs	(641,476)	(641,476)
Issued Capital	40,744,042	40,744,042

(a) Ordinary Shares	**2014** **$**	**2013** **$**	**2014** **$**	**2013** **$**
At the beginning of reporting period	40,744,042	40,624,042	148,353,334	146,353,334
Shares issued on conversion of options	-	120,000	-	2,000,000
At reporting date	40,744,042	40,744,042	148,353,334	148,353,334

Fully Paid Ordinary Share Capital

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

(a) Options

There were 2,500,000 employee options on issue at the end of the year:

Total number	Exercise price	Expiry date
2,500,000	$2.00	5 August 2015
2,500,000		

The holders of options do not have the right, by virtue of the option, to participate in any share issue or interest issue of any other body corporate or registered scheme.

(b) Capital risk management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders.

The focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

17. Issued Capital (continued)

(b) Capital risk management (continued)

The working capital position of the Group at 30 June 2014 and 30 June 2013 are as follows:

	Consolidated	
	2014	**2013**
	$	**$**
Cash and cash equivalents	127,081	1,730,899
Trade and other receivables	132,918	37,296
Trade and other payables *	(1,061,501)	(5,297,962)
Working capital position	(801,502)	(3,529,767)

* Subsequent to year end the Group has received confirmations from the lenders that the current financial liabilities of $761,322 will not be called for a period of 12 months from the date of this financial report or until such time as the Group is financially independent.

18. Reserves

Options Reserve	792,019	784,585

a. Option Reserve
The option reserve records items recognized as expenses on the valuation of Director and Employee share options.

Reconciliation of movement	**2014**	**2013**
	$	**$**
Opening balance	784,585	728,831
Options charges during the year	7,434	55,754
Closing balance	792,019	784,585

19. Cash Flow Information

a) Reconciliation of Cash Flow from Operations with Profit after income tax

	Consolidated 2014 $	Consolidated 2013 $
Operating loss after income tax	(989,727)	(2,209,604)
Non-cash flows in profit:		
Exploration & evaluation expenditure	-	1,928,433
Loss/(Profit) on revaluation of listed investment	93,750	175,000
Share option issue expensed	7,434	55,754
Depreciation	4,435	4,928
Intercompany recharges	120,421	111,937
Changes in net assets and liabilities, net of effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade and term receivables	(99,695)	(14,627)
(Increase)/decrease in other assets	4,073	(3,610)
Increase/(decrease) in trade payables and accruals	(710,038)	(1,408,996)
Increase/(decrease) in provisions	-	(40,627)
Net cash flow from operating activities	(1,569,347)	(1,401,412)

20. Financial Instruments

a) **Financial Risk Management**

The group's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, and loans to and from related parties. The main purpose of non-derivative financial instruments is to raise finance for group operations.

i. Financial Risks

The main risks that the group is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Liquidity risk

The group manages liquidity risk by monitoring forecast cash flows.

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

Credit risk for derivative financial instruments arises from the potential failure by counter-parties to the contract to meet their obligations.

Equity Price Risk

The Group is exposed to equity price risks arising from equity investments. The performance of equity investments are reviewed biannually to market.

Equity Price Sensitivity Analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 5% higher/lower:

Net loss for the year ended 30 June 2014 would decreased/increase $20,000 (2013: increase/decrease by $24,688) as a result of the changes in fair value of financial assets through the profit and loss; and

The Group's sensitivity to equity prices has not changed significantly from the prior year.

All listed investment are to be accounted at fair value through the profit and loss in accordance with the current Risk Management Policy.

20. Financial Instruments (continued)

b) Financial Instruments

i. Interest rate risk
The economic entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

Consolidated Group

2014	Effective Average Interest Rate Payable %	Floating Interest Rate $	Non-Interest Bearing $	Total $
Financial Assets				
Cash and cash equivalents	1.97	127,081	-	127,081
Trade and other receivables	-	-	132,918	132,918
Financial assets – non current	-	-	400,000	400,000
		127,081	532,918	659,999
Financial Liabilities				
Trade and sundry Payables	-	-	300,179	300,179
Other financial liabilities	-	-	4,361,322	4,361,322
		-	4,661,501	4,661,501

2013	Effective Average Interest Rate Payable %	Floating Interest Rate $	Non-Interest Bearing $	Total $
Financial Assets				
Cash and cash equivalents	2.75	1,730,899	-	1,730,899
Trade and other receivables	-	-	33,223	33,223
Financial assets – non current	-	-	493,750	493,750
		1,730,899	526,973	2,257,872
Financial Liabilities				
Trade and sundry Payables	-	-	1,110,217	1,110,217
Other financial liabilities	-	-	4,105,901	4,105,901
	-	-	5,216,118	5,216,118

20. Financial Instruments (continued)

b) **Financial Instruments (continued)**

ii. Fair Values
The fair values of:

- Term receivables are determined by discounting the cash flows, at the market interest rates of similar securities, to their present value.
- Listed investments have been valued at the quoted market bid price at balance date, adjusted for transaction costs expected to be incurred. For unlisted investments where there is no organised financial market, the net fair value has been based on a reasonable estimation of the underlying net assets or discounted cash flows of the investment.
- Other assets and liabilities approximate their carrying value.

No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments.

Aggregate fair values and carrying amounts of financial assets and financial liabilities at balance date:

	2014		2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Financial assets at fair value through profit or loss	400,000	400,000	493,750	493,750
Loans and receivables	132,918	132,918	33,223	33,223
	532,918	532,918	526,973	526,973
Financial Liabilities				
Other loans and amounts due	4,361,322	4,361,322	4,105,901	4,105,901
Other liabilities	300,179	300,179	1,110,217	1,110,217
	4,661,501	4,661,501	5,216,118	5,216,118

20. Financial Instruments (continued)

b) **Financial Instruments (continued)**

iii. Sensitivity Analysis

Interest Rate Risk
The group has performed sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Interest Rate Sensitivity Analysis
The effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	Consolidated Group	
	2014	**2013**
Change in profit		
— Increase in interest rate by 1%	1,271	32,096
— Decrease in interest rate by 0.5%	(636)	(16,048)

Fair value measurements recognised in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

30 June 2014

	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at FVTPL				
- Investments in listed entities	400,000	-	-	400,000
Total	400,000	-	-	400,000

30 June 2013

	Level 1	**Level 2**	**Level 3**	**Total**
Financial assets at FVTPL				
- Investments in listed entities	493,750	-	-	493,750
Total	493,750	-	-	493,750

20. Financial Instruments (continued)

b) **Financial Instruments (continued)**

iv. Liquidity risk

Liquidity is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.
The following are the contractual maturities at the end of the reporting period of financial liabilities.

30 June 2014

		Contractual cash flows					
	Carrying amount	**Total**	**2 mths or less**	**2-12 mths**	**1-2 years**	**2-5 years**	**More than 5 years**
Financial liabilities							
Trade and other payables	300,179	(300,179)	(300,179)	-	-	-	-
Unsecured loan	761,322	(761,322)	-	(761,322)	-	-	-
Secured loan	3,600,000	(3,600,000)	-	-	(3,600,000)	-	-
	4,661,501	(5,216,118)	(300,179)	(761,322)	(3,600,000)	-	-

30 June 2013

		Contractual cash flows					
	Carrying amount	**Total**	**2 mths or less**	**2-12 mths**	**1-2 years**	**2-5 years**	**More than 5 years**
Financial liabilities							
Trade and other payables	1,110,217	(1,110,217)	(1,110,217)	-	-	-	-
Unsecured loan	505,901	(505,901)	-	(505,901)	-	-	-
Secured loan	3,600,000	(3,600,000)	-	(3,600,000)	-	-	-
	5,216,118	(5,216,118)	(1,110,217)	(4,105,901)	-	-	-

21. Events after the Balance Sheet Date

There have not been any matters or circumstances that have arisen since the end of the financial year, that have significantly affected, or may significantly affect, the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

22. Related Party Transactions

(a) Key Management Personnel Remuneration & Equity Holdings

Details of key management personnel remuneration and retirement benefits are disclosed in note 5 to the financial statements. Directors' equity holdings are also disclosed in note 5.

b) Related entities

A loan facility exists between Advent Energy and its parent entity, MEC Resources $3,600,000 (2013: $3,600,000). The loan is secured by a second charge over all of the assets and rights of Advent Energy including but not limited to, all real and personal property, choses in action, goodwill and called but unpaid nominal and premium capital. The loan has a fixed repayment date of 19 November 2015.

(c) Controlling Entities

The parent entity in the economic entity is Advent Energy Ltd.

(d) Ultimate Parent Entity

The ultimate parent entity in the economic entity is MEC Resources Ltd.

23. Controlled Entities

Name of Entity	Principal Activity	Country of Incorporation	Ownership Interest %	
			2014	**2013**
Parent Entity				
Advent Energy Ltd	Oil and Gas exploration and development	Australia		
Subsidiaries of Advent Energy Ltd				
Asset Energy Pty Ltd	Oil and Gas exploration and development	Australia	100	100
Onshore Energy Pty Ltd	Oil and Gas exploration and development	Australia	100	100

24. Share-Based Payments

The following share-based payment arrangements existed at 30 June 2014:
There were 2,500,000 unlisted employee options on issue at the end of the year:

Advent Energy Total number	Grant Date	Exercise price	Fair Value	Expiry date
2,500,000	05/08/2010	$2.00	$0.1784	05 August 2015
2,500,000				

All options granted to key management personnel are ordinary shares in Advent Energy Ltd which confer a right of one ordinary share for every option held.

25. Share-Based Payments (continued)

At balance date, nil share options had been exercised (2013: 2,000,000).

	2014		2013	
	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $
Outstanding at the beginning of the year	3,500,000	2.0	7,500,000	0.97
Issued	500,000	0.06	-	-
Exercised	-	-	(2,000,000)	0.06
Expired /cancelled	(1,500,000)	1.35	(2,000,000)	0.06
Outstanding at year-end	2,500,000	2.0	3,500,000	2.0
Exercisable at year-end	2,500,000	2.0	3,500,000	2.0

The life of the options is based on the historical exercise patterns, which may not eventuate in the future.

Included under employee benefits expense in the statement of profit or loss and other comprehensive income is $7,434 (2013: $55,754), and relates, in full, to equity.

26. Commitments

Capital Commitments
In order to maintain an interest in the exploration tenements in which the Company is involved, the Company is committed to meet the conditions under which the tenements were granted.
Capital expenditure forecasted for at the reporting date but not recognised as liabilities as follows:

	Consolidated	
	2014 $	2013 $
Work Program Commitments – Exploration permits		
Payable:		
Within one year	3,997,500	2,212,500
Greater than one year less than five years	16,525,000	18,688,500
Total	20,522,500	20,901,000

Advent Energy's wholly owned subsidiary, Asset Energy, has lodged an application with the National Offshore Petroleum Titles Administrator ("NOPTA") to suspend the year 2 work commitment for Petroleum Exploration Permit 11("PEP11") and request a subsequent extension of the permit term. Asset is currently required to complete 200km of 2D seismic within the PEP 11 area by 12 August 2014. Asset recently announced that it has commenced preparations for seismic and it is intending to perform a 3D seismic survey of approximately 225 km2 over a 4 – 5 week period between November 2014 and May 2015. The application for deferral is currently being assessed by NOPTA.

In addition, Advent is committed to drill an exploration well by March 2015 for EP 386. These 2 commitments comprise the significant balance of $3,997,500.

27. Contingent liabilities

There were no contingent liabilities at reporting date.

28. Parent Entity Disclosures

	2014 $	2013 $
Financial Position		
Assets		
Current assets	2,260,430	2,904,986
Non-current assets	29,428,155	29,468,767
Total asset	31,688,585	32,373,753
Liabilities		
Current liabilities	1,026,463	4,287,370
Non-current liabilities	3,600,000	169,215
Total liabilities	4,626,463	4,456,585
Equity		
Issued Capital	40,744,042	40,744,042
Retained earnings	(14,473,939)	(13,611,459)
Reserves		
Option Reserve	792,019	784,585
Total equity	27,062,122	27,917,168
Financial Performance		
Profit/Loss for the year	(2,564,870)	(919,144)
Other comprehensive income	-	-
Total comprehensive income	(2,564,870)	(919,144)

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 7 to 41, are in accordance with the Corporations Act 2001 and:

   (a) comply with Accounting Standards and the Corporations Regulations 2001; and

   (b) give a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the consolidated entity;

2. the Financial Statements and Notes comply with International Accounting Standards as disclosed in Note 1;

3. the directors have been given the declarations required by S295A of the Corporations Act 2001

4. in the directors' opinion 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 the directors made pursuant to S295(5) of the Corporations Act 2001.

D. Breeze.

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David Breeze
Executive Director

Dated this 13th day of August 2014

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Independent auditor's report to the members of Advent Energy Limited

Report on the financial report

We have audited the accompanying financial report of Advent Energy Limited, which comprises the consolidated statement of financial position as at 30 June 2014, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Advent Energy Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Advent Energy Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001.*

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Emphasis of Matter

We draw attention to Note 10 to the financial statements which describes the uncertainty around the basis of continuing to recognise the carrying value of exploration and evaluation assets. Our opinion is not modified in respect of this matter.

NPAS

Nexia Perth Audit Services Pty Ltd

Amar Nathwani

Amar Nathwani B.Eng, CA
Director

Perth, 13 August 2014