ANTARES ENERGY

2005 ANNUAL REPORT

ANNUAL GENERAL MEETING

The Antares Energy Limited Annual General Meeting will be held at 3.00pm on Tuesday, 29 November 2005 at Level 31, Allendale Square, 77 St Georges Terrace Perth, Western Australia.

Rear L to R: James Cruickshank, Executive Director; William Hassell, Non Executive Director; Fraser Campbell, Non Executive Director; David Rich, Company Secretary & Chief Financial Officer; Front L to R: Richard Elliott, Non Executive Chairman; Howard McLaughlin, Managing Director & Chief Executive Officer.

Company Directory

DIRECTORS:

Richard Elliott, Non-Executive Chairman

Fraser Campbell, Non-Executive Director

William Hassell, Non-Executive Director

Howard McLaughlin, Managing Director & Chief Executive Officer

James Cruickshank, Executive Director

COMPANY SECRETARY:

David Rich

REGISTERED OFFICE:

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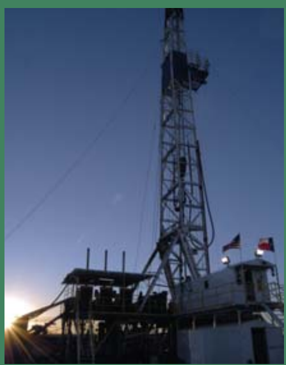
Website: www.antaresenergy.com

AUDITORS:

Ernst & Young
The Ernst & Young Building
11 Mounts Bay Road
Perth WA 6000

ANTARES ENERGY



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Perth WA 6000

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SHARE REGISTRY:

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Telephone: + 61 (0) 8 9315 0933
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ANTARES ENERGY LIMITED
(Formerly Amity Oil Limited)
ABN 75 009 230 835

Chairman's Letter

Dear Shareholder

The past year has marked a fundamental turning point for Antares Energy. At the last AGM we asked our shareholders to allow us to change the name from Amity Oil to Antares Energy. This new name was to recognise a quantum shift in strategy and philosophy.

Antares has embarked on an exciting growth strategy focused on gas exploration and development in the United States. This realignment of strategy and direction was necessary to give our shareholders a significant return on their investment.

The Company has taken a very bold step in selling its major gas producing assets in Turkey and re-deploying the funds towards high impact exploration in the United States. The decision to sell our main producing assets was not taken lightly. Antares has drilled 22 wells in Turkey in the past five years with an overall success rate of 77% and 85% in the main Thrace basin area. We constructed two gas plants and partnered in a third, installed a compressor and built a significant amount of infrastructure including pipelines and metering stations.

Despite considerable efforts, production did not reach early expectations, so our exploration program in Turkey was reduced in order to increase the profit margin. We also reduced operating costs and maintained production through a focused development and appraisal program.

Antares has assessed the future impact on the Company's free cash flow and how much additional capital would be required in the near-term to maintain production and replace reserves in Turkey. The assessment was that a major new exploration initiative would be required over the next two years which would have slowed or stopped our efforts to grow a new business in the United States.

As a result, it was decided that the opportunities for increased growth and shareholder value were more attractive in the United States than in Turkey. Therefore, we determined what we believed was a fair and reasonable market price for our assets in Turkey and began a process of testing the market at the beginning of this year. This culminated in the announced sale.

Concurrently we have shifted our technical office to Dallas, Texas to take advantage of opportunities available there.

Our short term goal is to quickly replace the revenue generating capacity of the divested assets. Since gas prices and resultant net margins are higher in the United States, the net production required to achieve this will be somewhat less. Our second goal will be to replace the production volume which will result in higher revenues, and thirdly to grow production to yield greater revenue.

We anticipate a very exciting year going forward with a number of opportunities to test prospects that could improve the value of the company dramatically.

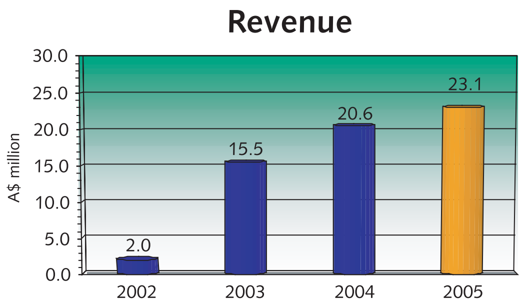
The Board has a high degree of confidence in the management team and is looking forward to a very rewarding year to come.

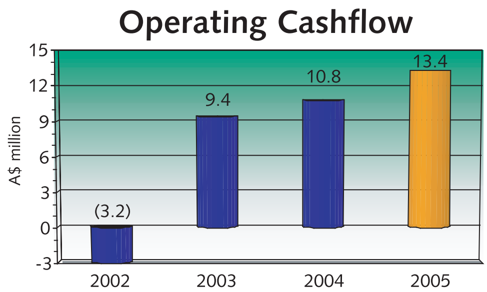
Richard Elliott
Chairman
Antares Energy Limited

Managing Director's Report

for the year ended 30 June 2005

The year to 30 June 2005 was pleasing from two important aspects. Firstly we achieved improved financial performance in all measures over the previous year, culminating in a profit after tax of $1.2 million. Increases in revenue and cashflow were primarily driven from continued strong production from Antares' 50% owned Turkish gas fields. Secondly we continued to move rapidly forward with our strategy of growth through exploration in the USA, primarily onshore gas.





Since year end Antares has entered into an agreement to sell Amity Oil International Pty Ltd, Antares' wholly owned subsidiary which holds all of Antares' Turkish assets. The consideration for the sale is USD 40.4 million (approx. AUD 53.9 million) which includes USD 9.8 million of working capital.

An additional USD 4.4 million (AUD 5.9 million) may also be paid to Antares Energy if the drilling of nominated exploration prospects results in discoveries over the 24 month period following completion.

The sale marks a significant turning point in Antares' direction with the future near term focus being solely on the US. Following completion of the sale, Antares intends to use a significant proportion of the sale proceeds to fund its ongoing business activities of exploration, development and operation of oil and gas assets including:

- Acquiring additional high value near term exploration and development opportunities in the United States;
- bringing forward evaluation of new exploration drilling in the shallow water Gulf of Mexico; and
- seeking to acquire existing production assets and building our exploration inventory of high quality prospects.

Antares has an active new ventures programme directed at replacing and surpassing the Turkish production through new discoveries and developments.

During the year Antares spent $20.9 million in cash on exploration and evaluation. In Turkey the successful Adatepe-5 well was drilled and interpretation work on 3D seismic over Area A of the Thrace Joint Venture area was completed. Further seismic was acquired over Area B by TPAO. In the USA Antares drilled eight wells (including Ellis-4 and Yukon-2 which were completed after year end). Seven of the wells discovered commercial gas, being the four Ellis wells, Porters Creek-1, Wilbeck-1 and Yukon-2. This equates to a USA success rate of 88% and an overall company success rate of 89%. After logging Yukon-2, a horizontal section was drilled that crossed over a fault and intersected a non-gas bearing sand, resulting in the well being plugged and abandoned.

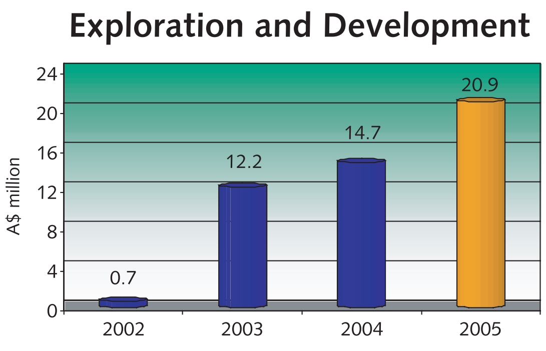
Managing Director's Report

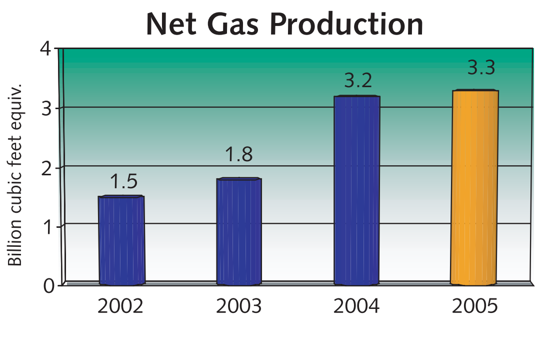
for the year ended 30 June 2005

Production from the US projects began on 3 March 2005 with both Ellis-1 and 2 put into early production, and shortly thereafter Porters Creek became our third producer. Both the Ellis-1 and 2 wells which were drilled during the financial year were initially completed and produced from the lower Morrow C zone only, which was not the primary target zone for either well. Operations are currently underway to bring the primary zones (Morrow B) in Ellis-2, 3 and 4 as well as Wilbeck-1 into production.

As I outlined at last year's annual general meeting, the decision to engage in onshore gas exploration in the USA was driven by a need to diversify our production base and broaden our exploration portfolio with high-impact, near-term opportunities. The ability to leverage off the existing infrastructure in the Unites States translates into quick cycle times, low capital costs and high margins. The proceeds from the sale of Turkey will allow the Company to participate in a large number of high potential exploration opportunities that have the capacity to meet our longer term growth objectives. To this end an office has been established in Dallas, Texas and a number of hand picked technical specialists, with strong track records in successful exploration, have been employed.

We are now moving into the second phase of our exploration in the United States with a number of high impact wells already planned for the next twelve months. We intend to balance the risk/reward and cost by adjusting equity levels to match our strategic goals.





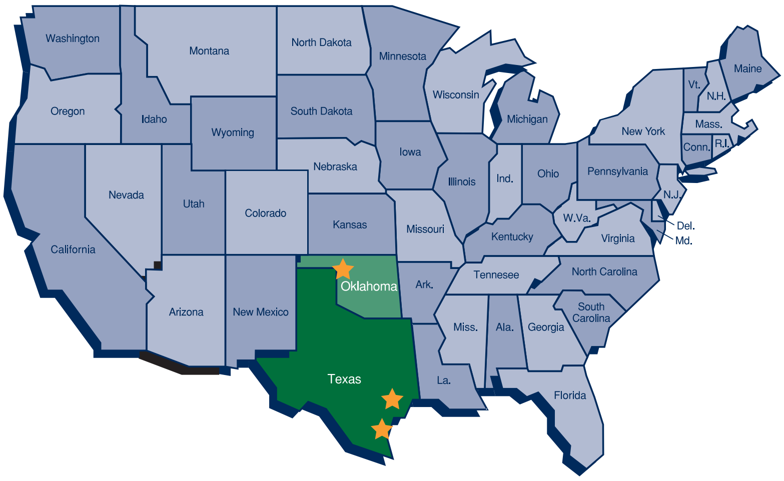
USA Activities

Our entry strategy for the United States was initially designed to access low risk opportunities while we built our operating expertise and staffed our office. Our Ellis County and Wilbeck projects were examples of this. We have now begun evaluating and accessing exploration opportunities that will, if successful, have a profound positive impact on Antares Energy.

Ellis County, Oklahoma

A region in Ellis County Oklahoma was chosen to initially capture acreage and re-drill two old wells that tested gas in the 1970s but were never produced. The two wells adjacent to Ellis-1 and Ellis-2 originally tested gas to surface at a rate of 1.1 million cubic feet of gas per day and 2.45 million cubic feet of gas per day respectively.

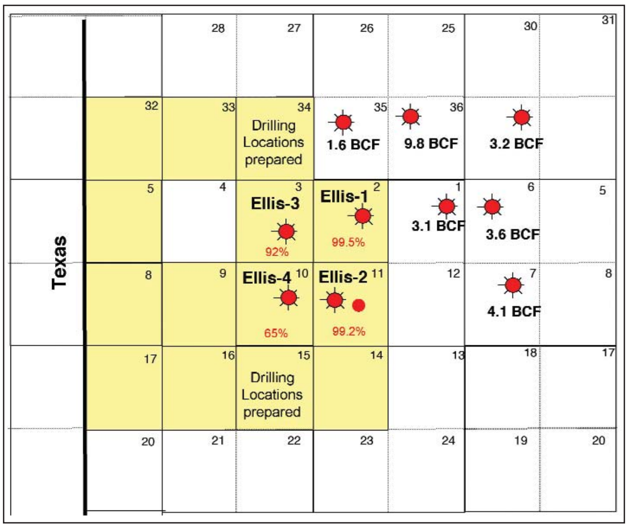
We have now successfully drilled four wells (Ellis 1-4) to test the potential of the regionally productive Morrow sandstones in the northern Anadarko basin.



Each well drilled so far has found multiple gas zones in the Morrow Formation and highly likely oil and gas zones in the overlying Des Moines, Tonkawa and Cleveland sands. Our first two wells, Ellis-1 and Ellis-2 had strong gas shows in the Morrow B and also in the Morrow C sands. We have been producing from the Morrow C zone in Ellis-1 and 2 initially and are planning to perforate and test the Morrow B in the remaining wells we have already drilled. Our latest well, Ellis-4, had very strong gas shows in the Morrow A, B and C and resulted in having to flare a large amount of gas during drilling. We plan to perforate, test and fracture if needed, the remaining gas zones to evaluate their ultimate potential. The oil zones higher in the wells will need to be tested, possibly by an independent horizontal well or a re-completion of one of the existing wells in the future.

We have accumulated a large contiguous land position of just over 6,000 net acres with an average equity per section of approximately 70%. This allows us great flexibility in the future development of this area. We have chosen to defer additional Morrow drilling until we fully understand the potential of the wells we have already drilled. We are planning a test of the Des Moines oil play in the coming months and will be evaluating two competitor wells that we have a small working interest in that are due to be drilled before Christmas. Once all the wells are in production and we have a stabilised flow rate from each, we will conduct and publish the results of a reserve audit.

Ellis Area – Oklahoma



Ellis County acreage > 6000 net acres

Porters Creek and Wilbeck, Texas

Both Porters Creek and Wilbeck were farm-in wells to test the Frio and Yegua formation sands in southern Texas. Both prospects had good quality 3D seismic coverage and positive amplitudes and attributes that indicated the presence of gas. Both wells were gas/condensate discoveries in their secondary targets and Porters Creek was immediately put into production. Wilbeck is being prepared for production although somewhat smaller than initial predictions. The primary zone in Wilbeck was of low reservoir quality and the primary zone in Porters Creek may not have been reached in the first well. A further well may be drilled to test the deeper objective in Porters Creek in the future. Currently Porters Creek is producing from the secondary target approximately 200-300 Mcf/d and 10-20 bbls of condensate per day.

Yukon-1 and Yukon-2, Oklahoma

The Yukon play was only partially successful with one of the two wells drilled being devoid of hydrocarbons and the second failed when the horizontal section of the well penetrated a different fault block that was not hydrocarbon bearing. The lack of seismic data made it difficult to accurately predict the correct direction to drill the horizontal from the initial vertical discovery well. A small amount of 2D seismic data will be needed to lower the risk of this play. A redrill of the Yukon-2 well to access the logged gas pay is being considered.

Managing Director's Report
for the year ended 30 June 2005

New Opportunities

New Taiton, Texas

A good example of the style of prospect we are now capturing is the New Taiton prospect in Wharton County, Texas. This is a well defined structural play targeting the proven Wilcox B and C sands at a depth of 14,000 feet to 16,500 feet (4,270 metres to 5,030 metres). This prospect as mapped has a reserve potential of greater than 85 BCF in three different stacked intervals. The prospect is a robust structural trap clearly defined by 3D seismic and exhibits strong amplitudes that correspond with the mapped structure. Antares has elected to earn, through drilling, a 25% working interest in this prospect with a net dry hole cost to Antares of approximately USD 900,000. We anticipate the drilling of this well before Christmas, subject to rig availability.

Kenedy Ranch, Texas

Antares Energy has entered into an agreement to participate in up to six wells in Kenedy County, Texas.

The opportunity is divided into two groups (A and B), with the initial three wells in group A operated by Santos USA. The first prospect to be drilled in group A has a potential of 225 BCF. Antares will earn a 5% working interest in a combined potential of over 300 BCF in group A. Three wells in group B (additional to the three group A wells) have a combined potential of 200 BCF at a equity level of up to 50% with prospect sizes in group B varying from 38 BCF to 150 BCF.

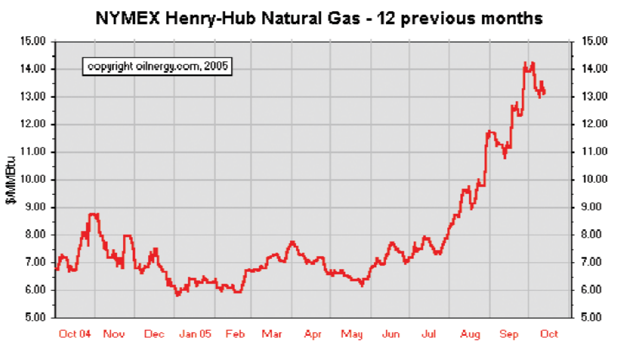
Deep Frio sands in Kenedy County are productive at El Paistle Deep Field (245 BCF), Sarita E. Field (265 BCF) Santa Rosa (55 BCF) and S.E. Rita Field (41 BCF). Offsetting wells with similar sands produce at 20 to 60 MMcf/d after frac and have cumulative production of up to 29 BCF per well. Gross dry hole costs will vary from USD 4.5-6.5 million (USD 0.225 - 0.325 million Antares share), with gross completion costs of USD 1.5-3.0 million.

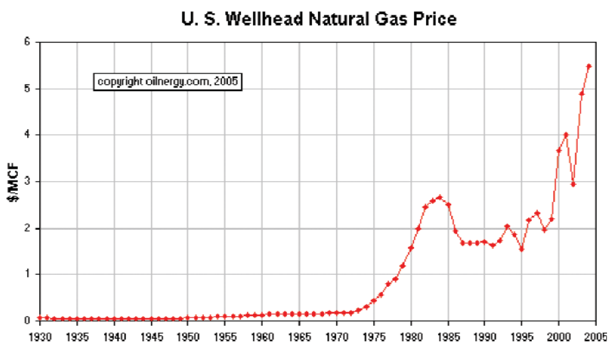
USA Growth Strategy

There are numerous advantages in exploring in the United States, not just the high gas and oil prices. The readily available infrastructure and rapid cycle time allow costs to be kept relatively low and payback on investments can be very quick. There are good quality opportunities available for companies the size of Antares Energy and all measures of modern technology are readily accessible. The deep gas potential of onshore South Texas and Oklahoma has only been lightly explored using modern 3D seismic. The offshore Gulf of Mexico still offers opportunities for the discovery of small to medium sized gas fields at relatively low risk.

When Antares decided to enter the United States we initially developed a low risk strategy to build our capabilities, cash flow and reserves at the same time. We have recruited a group of seasoned professionals with USA and international experience and set up an operating office in Dallas, Texas. We now coordinate all our worldwide technical evaluations from Dallas, and Perth has thus become principally a corporate centre for finance and investor relations.

The US domestic gas market is in increasingly short supply of easily available natural gas. In fact the Untied States has been unable to meet its gas demand internally for some time and has relied on Canada to supply pipeline gas and imported LNG principally from South America. With gas consumption increasing, particularly for electrical power generation, the ability to supply enough gas is becoming increasingly difficult. The natural gas business is being controlled by market dynamics and with a tightening supply and increasing demand, the price has been steadily climbing since 2000. The fragility of the supply side is further exacerbated by unpredictable disruptions as evidenced by the devastation from hurricanes Katrina and Rita which pushed prices over USD 14.00/Mcf. There is an ever increasing appetite for natural gas and there is a continuing tightening of supply irrespective of the high number of rigs currently in operation. Even after LNG begins arriving at US ports in much greater volume than today, high gas prices in the United States are unavoidable.





Source: www.oilnergy.com

Antares has specifically focused on gas exploration in the United States. The style of prospects now being pursued are exclusively 3D seismically defined deep gas plays. These prospects require a high degree of technical competence to evaluate and execute and particularly suit the high-calibre technical strength the company possesses.

We are targeting 10-20+ BCF net per well with a financial exposure of around USD 0.5-1.5 million net per well. We have an aggressive ongoing new ventures program in Dallas and have many more opportunities in various stages of evaluation. These deeper prospects are relatively under-explored using modern technology. Prior to 2000 the price of natural gas did not justify shooting expensive 3D seismic surveys or drilling multi-million dollar wells. The advantage of a deeper target is the increased reserve size and production capability of the wells. These deeper targets are now easier to image and can be drilled very competitively. In a success case the value creation potential can be 100:1 or greater.

Turkey

The goal for the year in Turkey was to maximise shareholder returns through continued low cost production and low risk near field exploration. Antares' share of production from the three fields totalled 3.2 BCFe for the year.

During the financial year Antares only drilled one well in Turkey, the successful Adatepe-5 development well, as the exploration focus was on the US. Processing and interpretation of 3D seismic over Area A was completed with an attractive prospects and leads inventory being produced. This prospects and leads inventory is the basis for the exploration success fee that may become payable to Antares, depending on Zorlu's success in drilling the exploration targets over the 24 months following completion. 3D seismic was also acquired over Area B by TPAO.

Managing Director's Report
for the year ended 30 June 2005

Sale of Turkish Subsidiary

On 27 August 2005 Antares Energy Limited signed an agreement with Zorlu Petrogas ("Zorlu") for the sale of 100% of the share capital of its wholly-owned subsidiary, Amity Oil International Pty Ltd, the principal asset of which is a 50% interest in the Thrace Joint Venture in Turkey which contains the Gocerler, Adatepe and Cayirdere gas fields. Zorlu is a subsidiary of Zorlu Energy, part of the Zorlu Group. Zorlu Energy is a large Turkish company with varied interests in the power generation and energy related businesses.

Upon completion, Antares Energy Limited will receive a cash consideration of USD 40.4 million (equivalent to AUD 53.9 million at an exchange rate of 0.75) which includes USD 9.8 million of working capital held in the subsidiary.

An additional USD 4.4 million (AUD 5.9 million) may also be paid to Antares Energy if the drilling of nominated exploration prospects results in discoveries over the 24 month period following completion.

All of the Consolidated Entity's interests in Turkey are held through Amity Oil International Pty Ltd. Once the sale is completed, Antares Energy will hold no direct interests and have no commitments in Turkey other than the additional USD 4.4 million being received upon the abovementioned successful exploration by Zorlu. The financial effects of the sale will be included in the financial statements for the year ended 30 June 2006.

While it is recognised by the Board that the discovery, development and production of the three gas fields in Turkey were significant steps in Antares' growth from a junior explorer into an international producer, the key point in agreeing to sell the asset is that the sale proceeds represent a monetisation of the asset that delivers a significant profit over the asset's book value. Put another way, the sale of the Turkish fields accelerates the cashflow and profits that Antares eventually would expect to have received from that asset over time, hence providing Antares with the financial capacity to more aggressively pursue its ambitious US growth strategy.

I believe that the sale is a good example of Antares' management of its portfolio on a purely economic basis. Under Antares' strategy, assets will move in and out of the portfolio depending on their contribution to returns and strategic importance, both now and in the future. If a third party is prepared to buy an Antares asset and the price meets or exceeds our internal valuation then it will be sold. Furthermore, the life cycle of the Turkey assets demonstrate our ability to discover, develop and exploit oil and gas assets.

Australia

During the early part of the financial year, Antares and its partners hydraulically fractured the Whicher Range-5 well. The lack of a significant gas flow from the well resulted in partners agreeing to plug and abandon the well and led the Antares Board to decide to exit the project altogether. In June 2005 all interests in the Whicher Range project and associated permits EP408 and EP381 were sold to Oil and Gas Communication Pty Ltd.

As at the time of writing, Antares has also sold all interests in EP425 and sold its royalty interest in PEP138, leaving the Company with no oil and gas interests in Australia.

Corporate

We are focussed on maximising shareholder returns which involves prudent and timely capital management when appropriate. Used prudently, such tools as an on market share buy back, can be value accretive to the remaining shares on issue. On 14 September 2005 the Company commenced an on market share buy back of up to 10% of its issued capital, being approximately 15.8 million shares, over the 12 months to 13 September 2006.

In summary, all non-core assets have now been divested and following the completion of the sale of the Turkish subsidiary, the Board and management will now be totally focused on the maximisation of shareholder value through the USA exploration and production portfolio.

The past year has been one of change at Antares and I would like to take this opportunity to thank all the staff and advisors that have worked through this period with us for their willingness to embrace the changes and for all their hard work to make the changes happen.

Howard McLaughlin

H. M. McLaughlin
Managing Director

Directors' Report

DIRECTORS' REPORT

The directors of Antares Energy Limited ("Antares" or "the Company") present their report and the financial report of Antares and the entities it controlled ("the Consolidated Entity") at the end of, or during the year ended 30 June 2005.

1. DIRECTORS

The directors in office at any time during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Richard Alden Elliott, BS(Hons) MS
- Non-Executive Chairman.

Appointed 6 July 2001. Mr Elliott is a member of AAPG (American Association of Petroleum Geologists) and the AICD (Australian Institute of Company Directors). He was Managing Director of Australian Occidental Petroleum during its discovery of the Jabiru, Challis, Harriet and Blina oil fields. After leaving Occidental he was principal of a resource consultancy firm in Western Australia and spent 6 years as Consultant to the Premier of Western Australia. Mr. Elliott is Chairman of the nomination committee and is a member of the audit and compliance and remuneration committees. During the past three years Mr. Elliott has also been a director of Arc Energy Limited (retired November 2003) and Hire Intelligence International Limited (retired November 2004).

Fraser David Campbell, MA, MSc - Non-Executive Director.

Appointed 26 March 2002. Mr. Campbell was formerly General Manager Australasia for the Bank of Scotland and brings to the Company a wealth of experience and strong associations with international corporate finance. He was elected a Fellow of the Institute of Bankers in 1998. Mr. Campbell is Chairman of the remuneration committee and a member of the audit and compliance and nomination committees. Mr. Campbell is a director of Empired Ltd and was a director of JDV Ltd until 27 September 2005. Mr. Campbell has held no other public company directorships during the past three years.

William Ralph Boucher Hassell A.M., J.P., LL.B., M.A
- Non-Executive Director.

Appointed 3 September 2004. Mr. Hassell is a qualified lawyer and a former State Member of Parliament, State Minister of the Crown and State Opposition Leader. Mr. Hassell's commercial experience includes property and commercial legal work, consulting work and directorships of public and private companies, including the Government Employees Superannuation Board of Western Australia. Mr. Hassell has also represented Western Australia as Agent General in Britain and Europe. Mr. Hassell is a member of the Australian Institute of Company Directors and the Honorary Consul for the Federal Republic of Germany in Western Australia. During the last three years the only other public company directorship held by Mr. Hassell has been Hire Intelligence International Limited of which he is still a director.

Howard Mark McLaughlin, B.Sc. Geology
- Managing Director & Chief Executive Officer.

Appointed 29 July 2003. Mr. McLaughlin has over 25 years experience in the petroleum industry, with 19 years working with BHPBilliton Petroleum. Mr. McLaughlin's most recent position was as Vice President Global Exploration, based in Houston Texas, where he had overall stewardship of BHPBilliton Petroleum's global oil and gas exploration businesses. Prior to joining BHPBilliton in 1983, he worked for ESSO Resources Canada Ltd for 6 years in Calgary, Alberta. Mr. McLaughlin's extensive international background has focused on exploration, appraisal and business development, and in addition he has held key roles in marketing and strategic planning. Mr. McLaughlin is a member of the nomination committee. Mr. McLaughlin has held no other public company directorships during the last three years.

James Andrew Cruickshank, B.Com, GDipAppnFin, ASA, FAIBF - Executive Director.

Appointed 8 October 2004. Mr Cruickshank has 18 years of commercial experience in Commercial Banking and Equity Markets. In addition, Mr Cruickshank has served overseas with the Royal Australian Regiment of the Australian Armed Forces as a result of being a graduate of The Royal Military College Duntroon where he was awarded the Leadership Award. Mr Cruickshank is a graduate of the University of Canberra with a Bachelor of Commerce with a double major in Banking & Finance and Accounting as well as holding a Graduate Diploma in Applied Finance with a major in Investment Analysis from the Securities Institute of Australia. Mr Cruickshank is a member of CPA Australia and a Fellow of the Australasian Institute of Banking and Finance. Mr. Cruickshank has held no other public company directorships during the last three years.

In addition to the above, Mr Gavin John Rezos was a non-executive director of the Company from the beginning of the financial year to his retirement on 23 November 2004.

Directors' Report

COMPANY SECRETARY

David James Rich B.Com, CA, Grad.Dip.CSP, ACIS

Appointed 8 July 2002. Mr. Rich is a Chartered Accountant and a Chartered Secretary. Mr. Rich worked for KPMG for over four years before moving into commerce in 1991. Since then, Mr. Rich has held a number of financial, secretarial and management positions, mostly in listed companies.

At the date of this report, the directors' share and option holdings and relevant interests therein were:

Name of Director	Fully Paid Ordinary Shares	Convertible Notes	Unlisted Options	Performance Rights
R.A. Elliott	320,000	112,000	400,000	-
F.D. Campbell	125,000	-	400,000	-
W.R.B. Hassell	65,000	15,000	-	-
H.M. McLaughlin	122,000	24,060	1,500,000	1,000,000
J.A. Cruickshank	5,825,000	-	-	600,000

During the financial year 11 directors' meetings were held. The number of meetings attended by each director and the number of meetings held during each director's term of office during the financial year are shown below.

	Board of Directors' Meetings		Remuneration Committee Meetings		Audit and Compliance Committee Meetings		Nomination Committee Meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
R.A. Elliott	11	11	4	4	4	4	3	3
F.D. Campbell	11	11	4	4	4	4	3	3
W.R.B. Hassell	8	8	2	2	2	2	2	2
G.J. Rezos	5	3	2	1	2	2	2	2
H.M. McLaughlin	11	11	-	-	-	-	3	3
J.A. Cruickshank	6	6	-	-	-	-	2	2

Remuneration Committee

At the commencement of the financial year, the Remuneration Committee was comprised of Messrs Campbell (Chairman), Elliott and Rezos. Mr.Rezos retired on 23 November 2004 and was replaced by Mr. Hassell.

Audit and Compliance Committee

At the commencement of the financial year, the Audit and Compliance Committee was comprised of Messrs Rezos (Chairman), Elliott and Campbell. Mr. Rezos retired on 23 November 2004 and was replaced as Chairman by Mr. Hassell.

Nomination Committee

At the commencement of the financial year, the Nomination Committee was comprised of Messrs Elliott (Chairman), Campbell, Rezos and McLaughlin. Mr. Rezos retired on 23 November 2004. Mr. Hassell joined the Committee on 3 September 2004 and Mr. Cruickshank joined the Committee on 8 October 2004.

2. PRINCIPAL ACTIVITIES

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

3. FINANCIAL RESULTS

The net profit after income tax of the Consolidated Entity for the financial year ended 30 June 2005 totalled $1,230,884 (2004 Loss: $8,260,560). This is equivalent to a profit of 0.8 cents per share (2004: loss of 5.2 cents per share).

4. DIVIDEND

The directors do not recommend the payment of a dividend and no amount has been paid or declared by way of dividend since the end of the previous financial year, or to the date of this report.

5. SHARE OPTIONS

During the year ended 30 June 2005 15,074 fully paid ordinary shares in the capital of Antares were issued following the exercise of 15,074 options. On 27 September 2005 the Company issued 1,000,000 ordinary fully paid shares following the exercise of 1,000,000 unlisted options at 50 cents. No other fully paid ordinary shares have been issued since 30 June 2005.

At the date of this report, the Company has 3,461,666 options for ordinary fully paid shares on issue as follows:

Number of Options			Exercise Price	Expiry Date
400,000	-	unlisted	$1.22	29 November 2005
400,000	-	unlisted	$1.22	11 November 2006
315,000	-	unlisted	$1.22	20 December 2006
100,000	-	unlisted	$1.22	24 January 2007
216,666	-	unlisted	$1.22	23 April 2007
1,500,000	-	unlisted	$1.35	1 July 2007
25,000	-	unlisted	$1.22	30 July 2007
230,000	-	unlisted	$1.22	12 December 2007
275,000	-	unlisted	$1.22	13 July 2008
3,461,666				

Refer to Notes 21 and 24 of the financial statements for more details.

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

6. CORPORATE STRUCTURE

Antares Energy Limited is a company limited by shares that is incorporated and domiciled in Australia. On 23 November 2004 shareholders approved a change of name from Amity Oil Limited to Antares Energy Limited.

Directors' Report

7. OPERATING AND FINANCIAL REVIEW

Overview of the Consolidated Entity

Antares Energy Limited was listed on the Australian Stock Exchange in 1994 as Amity Oil Limited. In 1999, after a period of predominantly local exploring in Australia the Company took an opportunity to drill an exploration well in Turkey. This Gocerler-1 well was a discovery and from this success the Company built a strong upstream production and exploration asset in Turkey in joint venture with TPAO, the Turkish state oil company.

In 2003/4 the Company expanded its strategy beyond Turkey and Australia to the USA. As a result of this, the USA operations have grown and Antares is involved in a number of projects currently, both operated and non-operated. The Company has an operations office in Dallas which is the primary driver of new exploration opportunities.

Alongside the growth in the USA, Antares has also now divested its Australian exploration assets, which included the Whicher Range project in EP408 and EP381 in the south of Western Australia.

During 2005 Antares received strong interest from companies seeking to invest in the upstream oil and gas industry in Turkey. Following negotiations, in August 2005 Antares signed an agreement with Zorlu Petrogas for the sale of Amity Oil International Pty Ltd, Antares' wholly owned subsidiary which holds all of Antares' Turkish assets. The consideration for the sale is USD 40.4 million (approx. AUD 53.9 million) which includes USD 9.8 million of working capital. As at the date of this report, the transaction was still waiting on some regulatory approvals which are required before completion can occur.

Proceeds from the sale will be used to fund Antares' ongoing business activities of exploration, development and operation of oil and gas assets.

Performance Indicators

The Board and management team establish and approve the direction of the Company by discussing and preparing strategic plans and annual budgets. The key performance indicators identified from the plans and budgets are used to monitor performance. Management monitor the key performance indicators on a regular basis and the Board receive the key performance indicators for review prior to each board meeting allowing directors to actively monitor performance.

Dynamics of the Business

During the year gas prices in Turkey moved within a range of USD 4.50 to USD 6.00 per Mcf. Prices are set by the Government Energy Regulatory Authority based on import contracts. Turkey imports approximately 97% of its gas usage.

In the USA gas prices have increased over the year due to both increases in the oil price and an increase in demand over supply. Gas prices are now over USD 10.00 per Mcf.

A direct result of increased prices for oil and gas has been an increase in activity levels, particularly in the USA. This has seen competition for prospects increase, making it imperative that Antares maintain its technical capacity to ensure that it can evaluate prospects in a competent and timely manner. This is seen as a competitive advantage.

Furthermore, increased activity in the industry, following high oil and gas prices, resulted in a high demand for drilling equipment. Such demand led to delays in drilling and workover activity as suitably manned rigs were simply not available when required. Towards the end of the year, this increased demand started to translate into significant increases in drilling and development costs.

Operating Results for the Year

	2005	2004
Production (BCFe)	3.3	3.2
Production ('000 BOE)	547	531
Sales revenue ($mil.)	23.1	20.6
EBITDAX ($mil.)	12.8	11.8
Net profit/(loss) after tax ($mil.)	1.2	(8.3)
Operating cashflow ($mil.)	13.4	10.8

7. OPERATING AND FINANCIAL REVIEW (Cont.)

Operating Results for the Year (Cont.)

Once again Antares has delivered increases in revenue and a strong operating cashflow, primarily driven from production from Antares' 50% owned fields in Turkey.

Primary production from the US projects has only commenced in Ellis-1 and Porters Creek-1. Both the Ellis-1 and 2 wells which were drilled during the year were initially completed and produced from the lower Morrow C zone only, which was not the primary target zone for either well. Operations are currently underway to bring the primary zones (Morrow B) in Ellis-2, 3 and 4 into production.

During the year Antares spent $20.9 million in cash on exploration and evaluation. In Turkey the successful Adatepe-5 well was drilled and interpretation work on 3D seismic over Area A of the Thrace Joint Venture area was completed. Further seismic was acquired over Area B by TPAO. In the USA Antares drilled eight wells (including Ellis-4 and Yukon-2 which were completed after year end). Seven of the wells discovered commercial gas, being the four Ellis wells, Porters Creek-1, Wilbeck-1 and Yukon-2. This equates to a USA success rate of 88% and an overall company success rate of 89%. After logging Yukon-2, a horizontal section was drilled that crossed over a fault and intersected a non-gas bearing sand, resulting in the well being plugged and abandoned.

Antares now holds over 6,000 acres in Ellis County after focussing on land acquisition in the early part of the year.

Shareholder Returns

The following table shows the last five years' financial performance against shareholder returns as measured by the closing share price at 30 June each year. No dividends were paid at any time over the last five years.

	2005	2004	2003	2002	2001
Sales revenue ($)	23,070,427	20,630,460	15,515,799	2,054,992	860,007
Net profit after tax ($)	1,230,884	(8,260,560)	287,240	(6,748,467)	(1,733,570)
Basic EPS (cents)	0.8	(5.2)	0.2	(6.1)	(1.7)
Closing 30 June share price ($)	0.44	0.63	1.16	0.71	0.79

Strategy and Investments for Future Performance

As outlined above, Antares has entered into an agreement to sell Amity Oil International Pty Ltd, Antares' wholly owned subsidiary which holds all of Antares' Turkish assets. The consideration for the sale is USD 40.4 million (approx. AUD 53.9 million) which includes USD 9.8 million of working capital. As at the date of this report, the transaction was still waiting on some regulatory approvals which are required before completion can occur.

The sale marks a significant turning point in Antares' direction with the future focus being solely on the US in the short term. Following completion of the sale, Antares intends to use a significant proportion of the sale proceeds to fund its ongoing business activities of exploration, development and operation of oil and gas assets including:

- accelerating high value exploration and development opportunities in the United States including seismic based exploration onshore south Texas and Oklahoma;
- bringing forward evaluation of new exploration drilling in the shallow water Gulf of Mexico; and
- seek to acquire other production assets and new exploration plays as suitable opportunities arise.

Antares has an active new ventures programme, currently focused in the US, which is directed at replacing and surpassing the Turkish production through new discoveries and developments.

8. ENVIRONMENTAL REGULATION AND PERFORMANCE

The Consolidated Entity is subject to significant environmental regulations under Commonwealth and State legislation. The Consolidated Entity is also a party to various exploration and development licences in the countries in which it operates. In most cases, these contracts and licences specify the environmental regulations applicable to oil and gas operations in the respective jurisdictions. The Consolidated Entity aims to ensure that it complies with the identified regulatory requirements in each jurisdiction in which it operates. There have been no known breaches of the environmental obligations of the Consolidated Entity's licences.

9. REMUNERATION REPORT

This report is prepared in accordance with section 300A of the Corporations Act 2001. Where appropriate, information which is included in other parts of the Annual Financial Report is included in this report by reference.

9.1 Remuneration policies

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

Further details of the Company's remuneration policy and practices are included in the Corporate Governance Statement on page 69 and Note 24 to the financial statements.

Remuneration levels for directors, senior executives of the Company, and relevant executives of the Consolidated Entity ("the directors and senior executives") are competitively set to attract and retain appropriately qualified and experienced directors and senior executives. The remuneration committee evaluates the appropriateness of remuneration packages given trends in comparative companies and the objectives of the Company's remuneration strategy.

The remuneration structures explained below are designed to attract suitable qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. The remuneration structures take into account:

- the capability and experience of the directors and senior executives;
- the ability of directors and senior executives to control the performance of the relevant area of responsibility;
- the performance of the Consolidated Entity including:
  - the success of exploration and production operations;
  - the Consolidated Entity's earnings; and
  - the growth in share price and returns to shareholders; and
- the amount of incentives within each executive's remuneration.

Remuneration packages typically include a mix of fixed and variable remuneration and short and long-term performance-based incentives.

9. REMUNERATION REPORT (Cont.)

9.2 Managing director and senior management

Fixed remuneration

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

Remuneration levels are reviewed annually by the remuneration committee through a process that considers individual, segment and overall performance of the Consolidated Entity. A review of externally provided remuneration data is conducted to ensure the managing director's and the senior executive's remuneration is competitive in the market place. A senior executive's remuneration is also reviewed on promotion.

Variable remuneration

Variable remuneration is designed to reward the managing director and senior executives for meeting or exceeding financial, operational and/or individual objectives or expectations. Those incentives are an "at risk" bonus provided in the form of cash and/or performance rights. Previously such remuneration had also taken the form of options over ordinary shares in the Company.

Each year, as part of the strategic plan, the board sets the KPI's (key performance indicators) for the Company. The KPI's take into consideration shareholder, operational and financial measures.

Performance Rights

Any performance rights granted are issued under the Performance Rights Plan as approved by shareholders at the annual general meeting held on 23 November 2004. The Board formulated the Performance Rights Plan to align the long-term creation of value for shareholders with rewards to employees, including executive directors.

Under the plan, performance rights granted to an executive will vest, dependent on performance hurdles and service conditions, 25% on 31 December 2005, 25% on 31 December 2006 and 50% on 31 December 2007. The performance hurdles are as follows:

		Hurdle Weighting
i)	Market capitalisation	20%
ii)	Hydrocarbon production	25%
iii)	Hydrocarbon reserves replacement	25%
iv)	Finding and development costs	10%
v)	Earnings before interest, tax, depreciation, amortisation and exploration write-offs (EBITDAX)	10%
vi)	Comparison of percentage growth in market capitalisation per annum with peer group of eight companies*	10%
		100%

*The peer group comprises: Arc Energy (ASX: ARQ), Amadeus Energy (ASX: AMU), Tomahawk (ASX: THK), Mosaic Oil (ASX: MOS), Petsec Energy (ASX: PSA), Roc Oil (ASX: ROC), Tap Oil (ASX: TAP) and Carrizo Oil and Gas (NASDAQNM: CRZO).

9. REMUNERATION REPORT (Cont.)

9.2 Managing director and senior management (Cont.)

In 2005, performance rights were granted to specified directors and specified executives as follows (specified directors and executives are as set out in Note 24):

Terms and Conditions for Each Grant of Performance Rights

	Total Number Vested At 30 June 2005	Granted Number	Grant Date	Value per right at grant date ($)	First Exercise Date*	Last Exercise Date
Specified Directors						
R.A. Elliott	-	-				
F.D. Campbell	-	-				
W.R.B. Hassell	-	-				
G.J. Rezos	-	-				
H.M. McLaughlin	-	1,000,000	12 January 2005	0.59	31 March 2006	12 January 2010
J.A. Cruickshank	-	600,000	12 January 2005	0.59	31 March 2006	12 January 2010
Specified Executive						
D.J. Rich	-	600,000	12 January 2005	0.59	31 March 2006	12 January 2010
Total:	-	2,200,000				

* This is the approximate first exercise date for the performance period ended 31 December 2005.

Options

The Employee Option plan was terminated on 7 October 2004. No options were granted to specified directors or executives under the plan from 1 July 2004 to 7 October 2004. The following table outlines options held by specified directors and executives during the year.

Option holdings of specified directors and specified executives

	Balance at beginning of period 1 July 2005	Granted as Remuneration	Options Exercised	Net change other	Balance at end of period 30 June 2005	Vested at 30 June 2005** Total
Specified Directors						
R.A. Elliott	400,000	-	-	-	400,000	400,000
F.D. Campbell	431,250	-	-	(31,250)	400,000	266,666
W.R.B. Hassell*	-	-	-	-	-	-
H.M. McLaughlin	1,500,000	-	-	-	1,500,000	500,000
J.A. Cruickshank* ^	-	-	-	1,000,000	1,000,000	1,000,000
Specified Executives						
D.J. Rich	375,000	-	-	-	375,000	216,667
Total	2,706,250	-	-	968,750	3,675,000	2,383,333

* Mr Hassell and Mr Cruickshank held no options at the time of their appointments to the Board on 3 September 2004 and 8 October 2004 respectively.

** All options vested at 30 June 2005 are exercisable.

^ Mr Cruickshank's 1,000,000 options were bought at market price from an existing holder, Mr Fatih Alpay, not granted as remuneration.

9. REMUNERATION REPORT (Cont.)

9.2 Managing director and senior management (Cont.)

Cash Bonus

Where an executive has performed at a level beyond that which would normally be required in his role or achieved an outcome beyond expectations, either over a period of time or on a specific task, the remuneration committee may, in its absolute discretion, recommend that the Board grant a cash bonus to the individual or individuals.

Other benefits

No other benefits are paid to directors or senior executives.

Employment Contracts

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

The Consolidated Entity has entered into an unlimited term employment agreement with each senior executive, excluding the Chief Executive Officer. The employment agreement outlines the components of remuneration paid to the executives but does not prescribe how remuneration levels are modified year to year. Remuneration levels are reviewed each year to take into account cost-of-living changes, any change in the scope of the role performed by the executive and any changes required to meet the principles of the remuneration policy.

The Chief Executive Officer is the only executive with a fixed term employment agreement. The employment agreement with the Chief Executive Officer expires on 30 June 2006. As the contract is in its third year, the Company may terminate the agreement by giving a notice period equivalent to the period remaining to 30 June 2006. The Chief Executive Officer may terminate the agreement by giving three months notice. Upon termination by the Chief Executive Officer, unvested options and performance rights will expire immediately and vested options and performance rights will expire three months after termination. As at 30 June 2005, there are no other fixed term employment agreements.

9.3 Non-executive directors

Total remuneration for all non-executive directors, last voted upon by shareholders at the 2002 AGM, is not to exceed $250,000 per annum. Fees are set based on review of externally provided remuneration data with reference to fees paid to other non-executive directors of comparable companies.

Non-executive directors do not receive incentive-based remuneration and do not receive any retirement benefits other than statutory requirements.

9. REMUNERATION REPORT (Cont.)

9.4 Directors' and executive officers' remuneration

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

	Directors' Fees	Base Salary	Bonuses	Superannuation	Options/Rights Amortised	Total
Specified Directors						
R.A. Elliott	60,000	-	-	5,400	12,622	78,022
F.D. Campbell	38,150	-	-	-	10,444	48,594
W.R.B. Hassell	28,972	-	-	2,608	-	31,580
G.J. Rezos	13,791	-	-	-	-	13,791
H.M. McLaughlin	-	343,998	25,000	11,585	502,898	883,481
J.A. Cruickshank	-	150,967	-	8,689	50,389	210,045
Total	140,913	494,965	25,000	28,282	576,353	1,265,513
Specified Executive						
D.J. Rich	-	220,383	20,000	11,585	86,370	338,338

10. INDEMNIFICATION OF DIRECTORS AND COMPANY SECRETARY

An indemnity agreement has been entered into with each of the directors of the Company as at the end of the reporting period (as named in section 1 of this report) and the Company Secretary. Under the agreement, the Company has agreed to indemnify those directors and the Company Secretary against any claim or for any expenses or costs that may arise as a result of work performed in their respective capacities. There is no monetary limit to the extent of this indemnity.

The Company has paid a premium under a contract insuring each Director and Officer of the Company and its Consolidated Entities against liability incurred in that capacity. Disclosure of the nature of the liability covered by and the amount of premium payable for such insurance is subject to a confidentiality clause under the contract of insurance.

11. RISK MANAGEMENT

The Company takes a proactive approach to risk management. The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the group's objectives and activities are aligned with the risks and opportunities identified by the Board.

The Board, through the Audit and Compliance Committee, maintains a risk register ranking all the identified risks of the business and how the significant risks are being managed.

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include the following:

- Board approval of a strategic plan, which encompasses the group's vision, mission and strategy statements, designed to meet stakeholders needs and manage business risk;
- Implementation of Board approved operating plans and budgets and Board monitoring of progress against these budgets, including the establishment and monitoring of both financial and non-financial KPIs;
- Regular reviews of the risk register by the Audit and Compliance Committee and subsequent reporting to the Board.

12. STATE OF AFFAIRS

Significant changes in the state of affairs of the Consolidated Entity during the financial year ended 30 June 2005 were as follows:

An increase in share capital from $60,960,064 to $60,975,138 as follows:

	$
Opening Balance, 1 July 2004	60,960,064
Issue of 15,074 fully paid ordinary shares on exercise of $1.00 options	15,074
Closing Balance, 30 June 2005	60,975,138

13. SIGNIFICANT EVENTS AFTER BALANCE DATE

No matters or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect the operations, results or state of affairs of the Consolidated Entity in subsequent financial years, except for:

Sale of Turkish Subsidiary

On 27 August 2005 Antares Energy Limited signed an agreement with Zorlu Petrogas ("Zorlu") for the sale of 100% of the share capital of its wholly-owned subsidiary, Amity Oil International Pty Ltd, the principal asset of which is a 50% interest in the Thrace Joint Venture in Turkey which contains the Gocerler, Adatepe and Cayirdere gas fields. Zorlu is a subsidiary of Zorlu Energy, part of the Zorlu Group. Zorlu Energy is a large Turkish company with varied interests in the power generation and energy related businesses.

Upon completion, Antares Energy Limited will receive a cash consideration of USD 40.4 million (equivalent to AUD 53.9 million at an exchange rate of 0.75) which includes USD 9.8 million of working capital held in the subsidiary.

An additional USD 4.4 million (AUD 5.9 million) may also be paid to Antares Energy if the drilling of nominated exploration prospects results in discoveries over the 24 month period following completion.

All of the Consolidated Entity's interests in Turkey are held through Amity Oil International Pty Ltd. Once the sale is completed, Antares Energy will hold no direct interests and have no commitments in Turkey other than the additional USD 4.4 million being received upon the abovementioned successful exploration by Zorlu.

As at the date of this report, the transaction was still waiting on some regulatory approvals which are required before completion can occur.

Exercise of Options

On 23 September 2005 Mr James Cruickshank, a director of the Company, exercised 1,000,000 options at 50 cents by paying $500,000 to the Company. The Company issued Mr Cruickshank his 1,000,000 shares on 27 September 2005.

Finance Facility

On 15 July 2005, the Company set up a finance facility with BOS International. As at the date of this report $4.25 million of the total facility of $7.25 million had been drawn and predominantly used in the USA operations. The facility is secured by a mortgage over the shares of the subsidiary companies and a fixed and floating charge over the assets of the subsidiary companies and the Company. The facility has an expiry date of 31 October 2005 unless extended.

Directors' Report

14. TAX CONSOLIDATION

Effective 1 July 2002, for the purposes of income taxation, Antares Energy Limited and its 100% owned Australian controlled entities formed a tax consolidated group. Members of the group have entered into a tax sharing arrangement. The tax sharing agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations.

15. CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Antares Energy Limited support and in general have adhered to the principles of corporate governance. The Company's corporate governance statement is contained as part of this annual report.

16. AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The independence declaration received from the auditor of Antares Energy Limited is set out on page 21 and forms part of this directors report for the year ended 30 June 2005.

Non-audit services

The following non-audit services were provided by the entity's auditor, Ernst & Young. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence of auditors imposed by the Corporations Act. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Local and international tax services	$222,905

Signed in accordance with a resolution of directors.

R.A. ELLIOTT
Chairman

West Perth, Western Australia

30 September, 2005

Auditor's Independence Declaration

The Ernst & Young Building
11 Mounts Bay Road
Perth WA 6000
Australia

GPO Box M939
Perth WA 6843

Tel 61 8 9429 2222
Fax 61 8 9429 2436

Auditor's Independence Declaration to the Directors of Antares Energy Limited

In relation to our review of the financial report of Antares Energy Limited for the financial year ended 30 June 2005, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Gavin Buckingham

Gavin A Buckingham

Partner

30 September 2005

Statement of Financial Performance

for the year ended 30 June 2005

	Note	Consolidated 2005 $	Consolidated 2004 $	Parent 2005 $	Parent 2004 $
Sales revenue from ordinary activities	2	23,070,427	20,630,460	-	-
Cost of goods sold	3(a)	(9,968,930)	(8,997,123)	-	-
		13,101,497	11,633,337	-	-
Revenues from non-operating activities	2	1,481,965	1,798,575	1,186,606	8,325,938
Credits/(Expenses) from non-operating activities	3(a)	301,271	167,709	(13,281)	306,898
		14,884,733	13,599,621	1,173,325	8,632,836
General and administrative expenses		(3,697,274)	(3,599,575)	(1,366,350)	(863,443)
Exploration expenditure written off	11	(4,366,336)	(19,137,126)	-	(26,476)
Provision for non-recovery of loans to controlled entities		-	-	2,352,576	(4,515,985)
Write down of loans to controlled entities		-	-	(9,352,922)	-
Provision for diminution of investments in controlled entities	9	-	-	-	(10,405,239)
Borrowing costs	3(a)	(1,445,176)	(973,667)	(1,444,058)	(973,667)
Foreign exchange (loss)/gain		(929,612)	(88,159)	(669,175)	405,040
Profit/(Loss) from ordinary activities before income tax expense		4,446,335	(10,198,906)	(9,306,604)	(7,746,934)
Income tax (expense)/benefit relating to ordinary activities	4	(3,215,451)	1,938,346	-	-
Profit/(Loss) from ordinary activities after income tax attributable to members of Antares Energy Limited	20	1,230,884	(8,260,560)	(9,306,604)	(7,746,934)
Net exchange differences on translation of net assets of controlled overseas entities	19	(1,072,060)	-	-	-
Total revenue, expenses and valuation adjustments attributable to members and recognised directly to equity		**(1,072,060)**	-	-	-
Total changes in equity other than those resulting from transactions with owners as owners attributable to members of Antares Energy Limited		**158,824**	**(8,260,560)**	**(9,306,604)**	**(7,746,934)**
Basic earnings/(loss) per share (cents):	28	0.8	(5.2)		
Diluted earnings/(loss) per share (cents):	28	0.8	(5.2)		

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

Statement of Financial Position

as at 30 June 2005

	Note	Consolidated 2005 $	Consolidated 2004 $	Parent 2005 $	Parent 2004 $
CURRENT ASSETS					
Cash assets	26(b)	12,806,750	19,692,395	1,711,431	16,752,232
Receivables	5	8,006,820	6,988,409	31,102,194	23,961,611
Inventories	6	358,678	473,623	-	-
Other	7	133,369	133,369	133,369	133,369
Total current assets		21,305,617	27,287,796	32,946,994	40,847,212
NON-CURRENT ASSETS					
Receivables	8	-	1,383,032	-	1,383,032
Other financial assets	9	-	-	32,903	33,046
Property, plant and equipment	10	4,208,620	5,764,744	52,106	150,403
Deferred exploration and evaluation expenditure	11	28,104,291	13,816,897	-	-
Other	12	44,456	177,825	44,456	177,825
Total non-current assets		32,357,367	21,142,498	129,465	1,744,306
TOTAL ASSETS		**53,662,984**	**48,430,294**	**33,076,459**	**42,591,518**
CURRENT LIABILITIES					
Payables	13	7,330,106	4,565,192	613,442	919,508
Current tax liabilities	4	602,069	40,084	-	-
Provisions	14	74,326	628,659	67,843	128,659
Total current liabilities		8,006,501	5,233,935	681,285	1,048,167
NON-CURRENT LIABILITIES					
Payables	15	-	123,071	-	123,071
Interest-bearing liabilities	16	9,643,797	9,377,373	9,643,797	9,377,373
Deferred tax liabilities	4	3,508,569	1,469,975	-	-
Provisions	17	287,312	183,033	-	-
Total non-current liabilities		13,439,678	11,153,452	9,643,797	9,500,444
TOTAL LIABILITIES		**21,446,179**	**16,387,387**	**10,325,082**	**10,548,611**
NET ASSETS		**32,216,805**	**32,042,907**	**22,751,377**	**32,042,907**
EQUITY					
Contributed equity	18	60,975,138	60,960,064	60,975,138	60,960,064
Reserves	19	(964,796)	293,969	-	-
Accumulated losses	20	(27,793,537)	(29,211,126)	(38,223,761)	(28,917,157)
TOTAL EQUITY		**32,216,805**	**32,042,907**	**22,751,377**	**32,042,907**

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

Statement of Cash Flows

for the year ended 30 June 2005

	Note	Consolidated 2005 $	Consolidated 2004 $	Parent 2005 $	Parent 2004 $
Cash flows from operating activities					
Receipts from customers		22,948,134	19,202,892	-	-
Dividends received	26(c)	-	-	50,812	504,571
Payments to suppliers and employees		(9,105,682)	(8,760,372)	(1,430,857)	(1,215,398)
Interest received		1,202,110	1,098,347	441,880	735,330
Interest paid		(1,045,383)	(540,258)	(1,019,265)	(540,258)
Income tax (paid)/received		(667,091)	(219,972)	-	-
Other income		26,574	-	261,150	235,840
Net cash inflows/(outflows) from operating activities	**26(a)**	**13,358,662**	**10,780,637**	**(1,696,280)**	**(279,915)**
Cash flows from investing activities					
Payments for property, plant and equipment		(859,828)	(2,627,242)	(16,336)	(35,942)
Exploration and evaluation expenditure		(20,933,749)	(14,733,504)	-	(27,974)
Loans to subsidiaries		-	-	(14,986,270)	(5,016,690)
Investment in subsidiaries		-	-	-	(2)
Proceeds of repayment of capital by a subsidiary		-	-	143	226,111
Proceeds from sale of controlled entity	26(e)	10,000	-	10,000	-
Proceeds from sale of licence interests		10,000	416,537	10,000	400,000
Proceeds from sale of property, plant and equipment		24,829	102,265	24,829	102,265
Proceeds from rig sale in prior year	26(d)	2,025,066	1,316,539	2,025,066	1,316,539
Net cash outflows from investing activities		**(19,723,682)**	**(15,525,405)**	**(12,932,568)**	**(3,035,693)**
Cash flows from financing activities					
Proceeds from issue of shares		15,074	1,033,449	15,074	1,033,449
Proceeds from borrowings - convertible notes		-	10,000,000	-	10,000,000
Costs associated with convertible notes issue		-	(400,107)	-	(400,107)
Net cash inflows from financing activities		**15,074**	**10,633,342**	**15,074**	**10,633,342**
Net (decrease)/increase in cash held		(6,349,946)	5,888,574	(14,613,774)	7,317,734
Cash at the beginning of the financial year		19,692,395	13,904,258	16,752,232	9,434,498
Effects of exchange rate changes on cash		(535,699)	(100,437)	(427,027)	-
Cash at the end of the financial year	**26(b)**	**12,806,750**	**19,692,395**	**1,711,431**	**16,752,232**

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

Notes to the Financial Statements

for the year ended 30 June 2005

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 including applicable Accounting Standards. Other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) have also been complied with.

The financial report has been prepared in accordance with the historical cost convention.

(b) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous year except where stated.

(c) Principles of consolidation

The consolidated financial statements are those of the Consolidated Entity, comprising Antares Energy Limited (the parent company) and all entities that Antares Energy Limited controlled from time to time during the year and at reporting date.

Information from the financial statements of subsidiaries is included from the date the parent company obtains control until such time as control ceases. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the parent company has control.

Subsidiary acquisitions are accounted for using the purchase method of accounting.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All inter-company balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

(d) Foreign currencies

Translation of foreign currency transactions

Transactions in foreign currencies of entities within the Consolidated Entity are converted to local currency at the rate of exchange ruling at the date of the transaction.

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of the financial year.

Translation of financial reports of overseas operations

The operations of Amity Oil International Pty Ltd (a controlled entity) were deemed self-sustaining from 1 July 2004, as it was financially and operationally independent of Antares Energy Limited. Previously Amity Oil International Pty Ltd had been deemed to be an integrated operation.

For the year ended 30 June 2005 the financial statements of Amity Oil International Pty Ltd have been translated using the current rate method. Exchange differences have been taken to the foreign currency translation reserve. The movements in the foreign currency translation reserve include a charge of $964,796 resulting from the change in classification of Amity Oil International Pty Ltd.

All other overseas operations are deemed to be integrated, as they are financially and operationally dependent on Antares Energy Limited. Their financial reports are translated using the temporal method and exchange differences are taken directly to the Statements of Financial Performance.

Notes to the Financial Statements

for the year ended 30 June 2005

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(e) Cash and cash equivalents

Cash on hand and in banks and short-term deposits are stated at nominal value.

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks, and money market investments readily convertible to cash within 2 working days, net of any outstanding bank overdrafts.

(f) Receivables

Trade receivables are recognised and carried at original invoice amount less any provision for any uncollectible debts.

Related party receivables have no set repayment terms and are non-interest bearing.

(g) Investments

Investments in controlled entities are carried at the lower of cost and recoverable amount.

(h) Inventories

Manufacturing and maintenance

Inventories are valued at the lower of cost and net realisable value. The cost of raw materials is determined as the cost incurred in bringing each product to its present location and condition on a first-in-first-out basis.

(i) Property, plant and equipment

Cost and valuation

All classes of property, plant and equipment are measured at cost.

Depreciation

Depreciation is provided on all property, plant and equipment.

Major depreciation rates used are:	2005	2004
Plant and equipment	20% Straight Line	20% Straight Line
Motor vehicles	20% Straight Line	22.5% Diminishing Value
All other assets	20% - 33% Straight Line	33% Straight Line

Recoverable amount is assessed as set out in Note (k) below.

(j) Joint venture operations

Interests in joint venture operations are recognised by including in the respective classifications, the share of individual assets employed and share of liabilities and expenses incurred.

The Consolidated Entity does not have any interests in joint venture entities.

(k) Exploration, evaluation, development and restoration costs

Costs carried forward

Costs arising from exploration and evaluation activities are carried forward provided such costs are expected to be recouped through successful development, or by sale, or where exploration and evaluation activities have not, at reporting date, reached a stage to allow a reasonable assessment regarding the existence of economically recoverable reserves.

Costs carried forward in respect of an area of interest that is abandoned are written off in the year in which the decision to abandon is made.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(k) Exploration, evaluation, development and restoration costs (Cont.)

Amortisation

Costs on productive areas are amortised over the life of the area of interest to which such costs relate on the production output basis.

Restoration

Restoration costs that are expected to be incurred are provided for as part of the cost of the exploration, evaluation, development, construction or production phases that give rise to the need for restoration. Accordingly, these costs are recognised gradually over the life of the facility as these phases occur. The costs relate mainly to obligations for the restoration of operational sites.

These estimates of the restoration obligations are based on existing technology and legal requirements and future costs, which have not been discounted to their present value. Any changes in the estimates are adjusted on a prospective basis. In determining the restoration obligations, the entity has assumed no significant changes will occur in the relevant Government legislation in relation to restoration of such sites in the future.

Recoverable amount

Non-current assets measured using the cost basis are not carried at an amount above their recoverable amount, and where a carrying value exceeds this recoverable amount, the asset is written down. In determining the recoverable amount, the expected net cash flows have been discounted using a discount rate of 10%.

(l) Other non-current assets

Receivables

Receivables expected to be realised more than one year after the end of the financial year are discounted to the net present value at an appropriate discount rate, being the Company's incremental borrowing rate.

(m) Payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Consolidated Entity.

Payables to related parties are carried at the principal amount.

(n) Provisions

Provisions are recognised when the Consolidated Entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

(o) Contributed equity

Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Notes to the Financial Statements

for the year ended 30 June 2005

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(p) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods and assets

Control of the goods and assets has passed to the buyer.

Interest and dividends

Control of the right to receive the interest or dividend payment.

(q) Taxes

Income taxes

Tax-effect accounting is applied using the liability method whereby income tax is regarded as an expense and is calculated on the accounting profit after allowing for permanent differences. To the extent timing differences occur between the time items are recognised in the financial statements and when items are taken into account in determining taxable income, the net related taxation benefit or liability, calculated at current rates, is disclosed as a future income tax benefit or a provision for deferred income tax. The net future income tax benefit relating to tax losses and timing differences is not carried forward as an asset unless the benefit is virtually certain of being realised.

The Company elected to form a tax consolidated group for income tax purposes with effect from 1 July 2002. The Australian Tax Office has been formally notified of this decision. The Company as the head entity recognises all of the tax expense, deferred tax assets and liabilities of the tax consolidated group.

Goods and Services Tax (GST)

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

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

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

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

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

(r) Employee benefits

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(r) Employee benefits (Cont.)

Employee benefit expenses and revenues arising in respect of the following categories:

- wages and salaries, non-monetary benefits, annual leave, long service leave and other leave benefits; and
- other types of employee benefits

are recognised against profits on a net basis in their respective categories.

The value of the equity based compensation schemes described in Note 21 are not being recognised as an employee benefits expense.

(s) Earnings per share

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

Diluted EPS is calculated as net profit attributable to members, adjusted for:

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

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

(t) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating Leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight-line basis.

(u) Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

(v) Convertible Notes

Convertible notes that exhibit the characteristics of liabilities are recognised as a liability until such time as they are redeemed or converted, in whole or part, in accordance with the conditions of issue. Convertible notes that exhibit the characteristics of equity are recognised as equity in the statement of financial position.

Interest payable on the convertible notes is recognised on an accrual basis.

Any transaction costs arising from the conversion of notes to fully paid ordinary shares are recognised directly in equity as a reduction of the proceeds from the convertible note.

Notes to the Financial Statements

for the year ended 30 June 2005

		Consolidated 2005 $	Consolidated 2004 $	Parent 2005 $	Parent 2004 $
NOTE 2	**REVENUE FROM ORDINARY ACTIVITIES**				
	Revenues from operating activities:				
	Sales revenue	23,070,427	20,630,460	-	-
	Revenues from non-operating activities:				
	Interest received/receivable	1,244,210	1,279,773	483,980	916,756
	Proceeds from sale of controlled entity	50,000	-	50,000	-
	Proceeds from disposal of licence interests	150,000	416,537	150,000	400,000
	Proceeds from disposal of plant and equipment	24,829	102,265	24,829	102,265
	Dividend from subsidiary	-	-	50,812	1,693,435
	Intercompany debt forgiveness	-	-	-	4,977,642
	Other	12,926	-	426,985	235,840
	Total revenues from non-operating activities	1,481,965	1,798,575	1,186,606	8,325,938
	Total revenues from ordinary activities	24,552,392	22,429,035	1,186,606	8,325,938
NOTE 3	**EXPENSES AND LOSSES/(GAINS)**				
(a)	**Expenses**				
	Cost of goods sold:				
	Government production taxes and royalties	2,784,101	2,578,808	-	-
	Depreciation and amortisation expenses	3,634,134	2,925,491	-	-
	Provision for restoration	104,279	183,033	-	-
	Other production costs	3,446,416	3,309,791	-	-
	Total cost of goods sold	9,968,930	8,997,123	-	-
	Expenses from non-operating activities:				
	Reversal of provisions and other credits related to exploration	(314,552)	(303,199)	-	(442,388)
	Net book value of fixed assets sold	13,281	13,904	13,281	13,904
	Net book value of licence interests sold	-	121,586	-	121,586
	Total (credits)/expenses from non-operating activities	(301,271)	(167,709)	13,281	(306,898)
	General and administrative expenses include:				
	Operating lease payments	255,608	208,729	189,209	208,729
	Provision for employee benefits	(54,333)	(9,970)	(60,816)	(9,970)
	Auditor's remuneration (received/receivable)				
	- Audit and review of the financial statements	120,250	79,905	120,250	79,905
	- Other assurance services	-	21,644	-	21,644
	- Taxation services	222,905	211,529	222,905	211,529
		343,155	313,078	343,155	313,078

	Consolidated 2005 $	Consolidated 2004 $	Parent 2005 $	Parent 2004 $
NOTE 3 EXPENSES AND LOSSES/(GAINS) (CONT.)				
(a) Expenses (Cont.)				
Exploration expenditure written off includes:				
Provision for restoration	-	500,000	-	-
Borrowing costs:				
Convertible notes interest paid/payable	1,000,000	665,623	1,000,000	665,623
Convertible notes implicit interest (Note 16)	266,424	177,373	266,424	177,373
Convertible notes issue costs amortisation	133,369	88,913	133,369	88,913
Other	45,383	41,758	44,265	41,758
	1,445,176	973,667	1,444,058	973,667
Reconciliation of depreciation and amortisation:				
Depreciation of property, plant & equipment	1,274,584	1,353,534	101,352	135,355
Amortisation of costs of areas of interest in production	2,466,470	1,791,524	-	-
Total depreciation and amortisation expenses	3,741,054	3,145,058	101,352	135,355
Charged to the following areas:				
- included in cost of goods sold	3,634,134	2,925,491	-	-
- included in general and administrative	106,920	219,567	101,352	135,355
Total depreciation and amortisation charges	3,741,054	3,145,058	101,352	135,355
(b) Gains				
Gain on disposal of property, plant & equipment	11,548	88,361	11,548	88,361
Gain on disposal of controlled entity	50,000	-	50,000	-
Gain on disposal of licence interests	150,000	276,746	150,000	260,209

(c) Disposal of Drilling Rig

In 2003 the Company sold its drilling rig to a company in Turkey for $3,603,370 payable over a period of up to 42 months from a portion of the revenues earned by the purchaser from the provision of drilling services to customers. As the consideration was to be received over a deferred period, part of the gain on disposal at the time was booked to deferred income and released to profit as payments were received (see Notes 13 and 15). At the end of 2004, the part of the consideration expected to be received within 12 months was included in current receivables (Note 5) and the balance included in non-current receivables (Note 8). In November 2004 a discount of $280,000 was given in return for full repayment of the outstanding balance. On finalisation of the transaction the Company recorded a further profit of $42,100 which is included in interest income for the current financial year.

Notes to the Financial Statements

for the year ended 30 June 2005

	Consolidated 2005 $	Consolidated 2004 $	Parent 2005 $	Parent 2004 $
NOTE 4 INCOME TAX				
The prima facie income tax, using tax rates applicable in the country of operation on profit differs from the income tax provided in the financial statements as follows:				
Prima facie tax on profit/(loss) from ordinary activities (30%)	1,333,900	(3,059,672)	(2,791,981)	(2,324,080)
Overseas tax rate differential	-	(100,343)	-	-
Tax effect of permanent differences:				
- change in corporate tax rate - Turkey	359,163	(335,979)	-	-
- investment incentives in Turkey	136,584	(626,918)	-	-
- other permanent differences	276,582	83,212	138,291	83,212
- non assessable intercompany dividend	-	-	(15,243)	(508,031)
- non assessable gain on forgiveness of intercompany debt	-	-	-	(1,493,293)
- future income tax benefit not brought to account	1,109,222	2,101,354	2,668,933	4,242,192
Income tax (benefit)/expense	3,215,451	(1,938,346)	-	-
Charged to:				
Current tax payable	1,176,857	29,606	-	-
Deferred tax liabilities	2,038,594	(1,967,952)	-	-
Income tax losses				
Future income tax benefit arising from tax losses not recognised at reporting date as realisation of the benefit is not regarded as virtually certain	9,981,422	8,990,126	9,981,422	8,990,126

Income Tax on Turkish Profits

Under Turkish tax legislation, most exploration expenditure, including wells and seismic, is fully tax deductible in the year it is incurred. Under Australian Accounting Standards such exploration, if successful, may be carried forward and amortised over a period of time.

Applying Australian Accounting Standards, income tax expense is calculated by multiplying the amount of profit from the Turkish operations, excluding exploration expenditure written off in Turkey (but carried forward in Australia), by the effective Turkish tax rate of 30% (2004: 39.7%). The Australian tax losses are not able to be offset against this income.

Deferred Tax Liabilities

The provision for deferred income tax relates to the Turkey operations and recognises the tax effect of the difference in net tax value of non-current assets in Turkey and their carrying value in the Consolidated Entity's books.

NOTE 4 INCOME TAX (CONT.)

Future Income Tax Benefit

The future income tax benefit will only be obtained if:

(i) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;

(ii) the conditions for deductibility imposed by tax legislation continue to be complied with; and

(iii) no changes in tax legislation adversely affect the Consolidated Entity in realising the benefit.

Tax consolidation

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

	Consolidated		Parent	
	2005	2004	2005	2004
	$	$	$	$
NOTE 5 RECEIVABLES (CURRENT)				
Trade debtors (i)	6,443,221	5,084,885	-	-
Receivables (Note 3(c))	-	922,034	-	922,034
Other receivables (ii)	1,563,599	981,490	342,902	443,590
Loans to controlled entities (iii)	-	-	33,121,100	27,310,372
Provision for non-recovery of intercompany loans	-	-	(2,361,808)	(4,714,385)
	8,006,820	6,988,409	31,102,194	23,961,611

(i) Trade debtors are non-interest bearing and are generally on terms 30 days or less.

(ii) Other receivables are generally non-interest bearing and repayable within 12 months.

(iii) The loans to Controlled Entities have no set repayment terms and are non-interest bearing.

NOTE 6 INVENTORIES				
Inventory (materials) - at cost	358,678	473,623	-	-
NOTE 7 OTHER CURRENT ASSETS				
Convertible notes issue costs (Note 16)	133,369	133,369	133,369	133,369
NOTE 8 RECEIVABLES (NON-CURRENT)				
Receivables (Note 3(c))	-	1,383,032	-	1,383,032
NOTE 9 OTHER FINANCIAL ASSETS (NON-CURRENT)				
The investments included in the financial statements comprise:				
Shares in controlled entities - at cost	-	-	32,903	10,438,285
Provision for diminution in value	-	-	-	(10,405,239)
	-	-	32,903	33,046

Notes to the Financial Statements

for the year ended 30 June 2005

NOTE 9 OTHER FINANCIAL ASSETS (NON-CURRENT) (CONT.)

	Country of Incorporation	Class of Share	2005 % Held	2005 $ Cost	2004 % Held	2004 $ Cost
Controlled entities of Antares Energy Limited:						
Roebuck Resources Inc.	USA	Common Stock	-	-	100	143
Amity Oil International Pty Ltd	Australia	Ord Shares	100	-	100	-
International Oil and Gas Services B.V.	Netherlands	Ord Shares	100	32,901	100	32,901
Southern Amity Limited	Australia	Ord Shares	100	-	100	-
Great Southern Oil NL	Australia	Ord Shares	-	-	100	7,622,785
Southern Amity, Inc	British Vir Isl.	Ord Shares	-	-	100	2,782,454
Santa Energy Pty Ltd	Australia	Ord Shares	100	2	100	2
				32,903		10,438,285
Controlled entities of Southern Amity Limited:						
Bonaparte Gulf Oil & Gas Pty Ltd	Australia	Ord Shares	100	-	100	-
Latrobe Oil & Gas Pty Ltd	Australia	Ord Shares	100	-	100	-
Controlled entity of Great Southern Oil NL:						
Bonaparte Gulf Petroleum NL	Australia	Ord Shares	-	-	100	-
Controlled entity of Santa Energy Pty Ltd:						
Antares Energy Company	USA	Common Stock	100	14	100	14

During the financial year ended 30 June 2005:

(a) Roebuck Resources, Inc was liquidated.

(b) Southern Amity, Inc was sold to an unrelated company.

(c) Great Southern Oil NL was deregistered.

(d) Bonaparte Gulf Petroleum NL was deregistered.

(e) Antares Energy Limited was the ultimate parent entity.

		Consolidated		Parent	
		2005	2004	2005	2004
		$	$	$	$
NOTE 10	**PROPERTY, PLANT AND EQUIPMENT**				
	Office equipment, vehicles and furniture - cost	985,067	955,884	517,418	565,531
	Accumulated depreciation	(705,090)	(649,340)	(465,312)	(415,128)
		279,977	306,544	52,106	150,403
	Production facilities, plant and equipment - cost	7,328,017	7,190,053	-	-
	Accumulated depreciation	(3,426,398)	(2,258,736)	-	-
		3,901,619	4,931,317	-	-
	Producing assets under construction:				
	Production facilities - Turkey - cost	27,024	526,883	-	-
	Total property, plant and equipment	4,208,620	5,764,744	52,106	150,403
	Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year:				
	Office equipment, vehicles and furniture				
	Balance at start of year	306,544	470,916	150,403	263,721
	Additions	116,509	69,099	16,336	35,942
	Exchange differences from translation of self-sustaining operations	(22,874)	-	-	-
	Disposals - at cost	(64,449)	(437,732)	(64,449)	(437,733)
	Depreciation	(106,921)	(219,567)	(101,352)	(135,355)
	Disposals - accumulated depreciation	51,168	423,828	51,168	423,828
	Balance at end of year	279,977	306,544	52,106	150,403
	Production facilities, plant and equipment				
	Balance at start of year	4,931,317	3,527,311	-	-
	Additions	141,089	2,244,049	-	-
	Exchange differences from translation of self-sustaining operations	(530,007)	-	-	-
	Transfers from producing assets under construction	526,883	293,924	-	-
	Depreciation and amortisation	(1,167,663)	(1,133,967)	-	-
	Balance at end of year	3,901,619	4,931,317	-	-
	Producing assets under construction				
	Balance at start of year	526,883	293,924	-	-
	Additions	26,630	526,883	-	-
	Exchange differences from translation of self-sustaining operations	394	-	-	-
	Transfers to producing wells, plant and equipment	(526,883)	(293,924)	-	-
	Balance at end of year	27,024	526,883	-	-

Notes to the Financial Statements
for the year ended 30 June 2005

		Consolidated 2005 $	Consolidated 2004 $	Parent 2005 $	Parent 2004 $
NOTE 11	**DEFERRED EXPLORATION AND EVALUATION EXPENDITURE**				
	Exploration and evaluation costs carried forward in respect of areas of interest:				
	Exploration and/or evaluation phase	13,117,787	2,558,874	-	-
	Production phase				
	- at cost	19,636,163	13,441,212	-	-
	- accumulated amortisation	(4,649,659)	(2,183,189)	-	-
		14,986,504	11,258,023	-	-
		28,104,291	13,816,897	-	-

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

Reconciliation

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

	Consolidated 2005 $	Consolidated 2004 $	Parent 2005 $	Parent 2004 $
Balance at start of year	13,816,897	19,290,338	-	122,268
Additions	22,152,619	15,576,795	-	25,794
Exchange differences from translation of self-sustaining operations	(1,032,419)	-	-	-
Expenditure written off	(4,366,336)	(19,137,126)	-	(26,476)
Amortisation	(2,466,470)	(1,791,524)	-	-
Sale of prospects	-	(121,586)	-	(121,586)
Balance at end of year	28,104,291	13,816,897	-	-

		Consolidated 2005 $	Consolidated 2004 $	Parent 2005 $	Parent 2004 $
NOTE 12	**OTHER NON-CURRENT ASSETS**				
	Convertible notes issue costs (Note 16)	177,825	266,738	177,825	266,738
	Amortisation charges (Note 3(a))	(133,369)	(88,913)	(133,369)	(88,913)
		44,456	177,825	44,456	177,825
NOTE 13	**PAYABLES (CURRENT)**				
	Trade creditors and accruals	7,330,106	4,366,143	613,442	720,459
	Deferred income (Note 3(c))	-	199,049	-	199,049
		7,330,106	4,565,192	613,442	919,508

Trade creditors are non-interest bearing and generally payable within normal time frames for the industry.

	Consolidated 2005 $	Consolidated 2004 $	Parent 2005 $	Parent 2004 $
NOTE 14 PROVISIONS (CURRENT)				
Restoration costs	-	500,000	-	-
Employee leave benefits	74,326	128,659	67,843	128,659
	74,326	628,659	67,843	128,659

During the year restoration costs of $185,448 were charged against the provision and $314,552 was released.

NOTE 15 PAYABLES (NON-CURRENT)				
Deferred income (Note 3(c))	-	123,071	-	123,071
NOTE 16 INTEREST-BEARING LIABILITIES (NON-CURRENT)				
Convertible Notes	9,643,797	9,377,373	9,643,797	9,377,373

On 31 October 2003 the Company issued 5,000,000 unsecured convertible notes at $2 each. The convertible notes are a compound financial instrument comprising both an equity component and a debt component. At the time of issue the convertible notes were classified as equity component $800,000 (Note 18) and debt component $9,200,000. At 30 June 2005, the debt component has increased to $9,643,797 (2004: $9,377,373) by the addition of implicit interest charges (Note 3). Interest is payable quarterly at 10% per annum. The notes mature on 30 October 2013. The first reset date is 31 October 2006.

	Consolidated 2005 $	Consolidated 2004 $	Parent 2005 $	Parent 2004 $
NOTE 17 PROVISIONS (NON-CURRENT)				
Restoration costs	287,312	183,033	-	-
Movements in provision				
Balance at start of year	183,033	-	-	-
Additional provision	104,279	183,033	-	-
Amounts utilised during the year	-	-	-	-
Carrying amount at end of year	287,312	183,033	-	-

A provision for restoration is recognised in relation to the oil and gas properties for such costs as plugging and abandonment, site reclamation, waste disposal and other costs associated with the restoration of plant and well sites. Estimations of the restoration obligations are based on anticipated technology and legal requirements and future costs which have not been discounted. In determining the provision, the entity has assumed that no significant changes will occur in the relevant legislation in relation to the restoration of such sites in the future.

Notes to the Financial Statements

for the year ended 30 June 2005

	Consolidated 2005 $	Consolidated 2004 $	Parent 2005 $	Parent 2004 $
NOTE 18 CONTRIBUTED EQUITY				
(a) Issued and paid up capital:				
Fully paid ordinary shares	60,975,138	60,960,064	60,975,138	60,960,064

	2005 No. of shares	2005 $	2004 No. of shares	2004 $
(b) Movement in shares on issue:				
Beginning of the financial year	159,863,512	60,960,064	158,830,063	59,126,615
Shares issued on exercise of $1.00 options	15,074	15,074	1,033,449	1,033,449
Equity component of convertible notes (Note 16)	-	-	-	800,000
End of the financial year	159,878,586	60,975,138	159,863,512	60,960,064

(c) Terms and conditions of contributed equity:

Ordinary shares have the right to receive dividends as declared and, in the event of a winding up of the Company, to participate in the proceeds of the sale of all surplus assets in proportion to the number of and amounts paid up on shares held.

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

	Consolidated 2005 $	Consolidated 2004 $	Parent 2005 $	Parent 2004 $
NOTE 19 RESERVES				
The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of self-sustaining foreign operations.				
Movements in the reserve:				
Balance at beginning of the year	293,969	293,969	-	-
Net write back of reserves resulting from disposal of subsidiaries during the year (Note 20)	(186,705)	-	-	-
Translation of overseas controlled entities	(1,072,060)	-	-	-
Balance at end of year	(964,796)	293,969	-	-
NOTE 20 ACCUMULATED LOSSES				
Balance at beginning of year	(29,211,126)	(20,950,566)	(28,917,157)	(21,170,223)
Transfer from reserves (Note 19)	186,705	-	-	-
Net profit/(loss) attributable to members of Antares Energy Limited	1,230,884	(8,260,560)	(9,306,604)	(7,746,934)
Balance at end of year	(27,793,537)	(29,211,126)	(38,223,761)	(28,917,157)

NOTE 21 SHARE OPTIONS & PERFORMANCE RIGHTS

Share Options

The parent entity has granted certain options that are exercisable in whole or in part on or before the expiry dates shown below. All options were issued at no cost. At balance date the following options remain to be exercised:

Date of Grant	Date of Expiry	Note	50 Cent Options	$1.22 Options	$1.33 Options	$1.35 Options
2005						
26 September 2000	26 September 2005		1,000,000	-	-	-
29 November 2001	29 November 2005		-	400,000	-	-
11 November 2002	11 November 2006		-	400,000	-	-
20 December 2002	20 December 2006	21(b)	-	315,000	-	-
24 January 2003	24 January 2007	21(b)	-	100,000	-	-
23 April 2003	23 April 2007		-	240,000	-	-
1 July 2003	1 July 2007		-	-	-	1,500,000
30 July 2003	30 July 2007		-	25,000	-	-
28 August 2003	28 August 2007	21(b)	-	-	16,667	-
12 December 2003	12 December 2007	21(b)	-	246,667	-	-
13 July 2004	13 July 2008	21(b)	-	275,000	-	-
			1,000,000	2,001,667	16,667	1,500,000

Date of Grant	Date of Expiry	Note	50 Cent Options	$1.00 Options	$1.22 Options	$1.33 Options	$1.35 Options
2004							
3 September 2002	4 September 2004	21(a)	-	38,197,360	-	-	-
26 September 2000	26 September 2005		1,000,000	-	-	-	-
29 November 2001	29 November 2005		-	-	800,000	-	-
11 November 2002	11 November 2006		-	-	400,000	-	-
20 December 2002	20 December 2006	21(b)	-	-	815,000	-	-
24 January 2003	24 January 2007	21(b)	-	-	100,000	-	-
23 April 2003	23 April 2007		-	-	240,000	-	-
1 July 2003	1 July 2007		-	-	-	-	1,500,000
30 July 2003	30 July 2007		-	-	25,000	-	-
28 August 2003	28 August 2007	21(b)	-	-	-	50,000	-
12 December 2003	12 December 2007	21(b)	-	-	390,000	-	-
			1,000,000	38,197,360	2,770,000	50,000	1,500,000

NOTE 21 SHARE OPTIONS & PERFORMANCE RIGHTS (CONT.)

During the financial year ended 30 June 2005:

(i) 15,074 $1.00 options expiring on 4 September 2004 were exercised for a value of $15,074;

(ii) 38,182,286 $1.00 options expired unexercised on 4 September 2004;

(iii) 676,666 options issued under the Employee Option Plan (see Note 21(b)) lapsed during the year;

(iv) 400,000 of the $1.22 options expiring on 29 November 2005 lapsed during the year following Mr. Rezos' resignation as a Director on 23 November 2004.

(a) These options were quoted on ASX up to their expiry on 4 September 2004.

(b) Employee Option Plan:

An employee option plan was approved by shareholders at the Company's Annual General Meeting on 7 November 2002.

This plan was terminated by the Board on 7 October 2004. Accordingly the Board cannot issue any further options under the plan. Under the plan, Antares Energy Limited, at the discretion of the Board, granted options over the ordinary shares of Antares Energy Limited to employees of the Consolidated Entity. The options, issued for nil consideration, were granted in accordance with guidelines established by the directors of Antares Energy Limited. The options were issued for a term of 4 years and vest one third on each of the first, second and third anniversary of the date of grant. The options cannot be transferred and will not be quoted on the ASX. As at 30 June 2005, the Consolidated Entity had 13 employees.

The fair value of each option is estimated on the date of grant using a Black-Scholes option-pricing model with the following weighted average assumptions used for grants made during the year ended 30 June 2005:

Dividend yield	0%
Expected volatility	50.5%
Historical volatility	50.5%
Risk-free interest rate	6.0%
Expected life of the option	4 years

The dividend yield is assumed to remain at zero. The expected life of the options is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

The resulting weighted average fair value per option for those granted during the year ended 30 June 2005 under the Employee Option Plan is 20.5 cents.

Currently, the fair value of grants is not recognised as an expense in the financial statements. However, should these grants be expensed they would be amortised over the vesting periods. The total amount that would be expensed in the 2005 financial year for all options issued under the plan would be $77,371. Note that no adjustment to these amounts have been made to reflect estimated or actual forfeitures (i.e. options that do not vest).

NOTE 21 SHARE OPTIONS & PERFORMANCE RIGHTS (CONT.)

Information with respect to the number of options granted under the employee option plan is as follows:

		2005		2004	
		Number of Options	Weighted average exercise price	Number of Options	Weighted average exercise price
Balance at beginning of year	21(b)(i)	1,355,000	$1.22	1,165,000	$1.22
- granted	21(b)(ii)	275,000	$1.22	470,000	$1.23
- lapsed		(676,666)	$1.22	(280,000)	$1.22
- exercised		-	-	-	-
Balance at end of year	21(b)(iii)	953,334	$1.22	1,355,000	$1.22
Exercisable at end of year (i.e. vested)		456,666	$1.22	404,999	$1.22

(i) Options held at the beginning of the reporting period

The following table summarises information about options held by employees at the beginning of the reporting period:

Date of Grant	Date of Expiry	Weighted average exercise price	Number of Options 2005	Number of Options 2004
12 December 2003	12 December 2007	$1.22	390,000	-
28 August 2003	28 August 2007	$1.33	50,000	-
15 May 2003	15 May 2007	$1.22	-	250,000
24 January 2003	24 January 2007	$1.22	100,000	100,000
20 December 2002	20 December 2006	$1.22	815,000	815,000
			1,355,000	1,165,000

(ii) Options granted during the reporting period

The following table summarises information about options granted by Antares Energy Limited to employees during the year:

Date of Grant	Date of Expiry	Weighted average exercise price	Number of Options 2005	Number of Options 2004
13 July 2004	13 July 2008	$1.22	275,000	-
12 December 2003	12 December 2007	$1.22	-	420,000
28 August 2003	28 August 2007	$1.33	-	50,000
			275,000	470,000

NOTE 21 SHARE OPTIONS & PERFORMANCE RIGHTS (CONT.)

(iii) Options held as at the end of the reporting period

The following table summarises information about options held by employees as at the end of the reporting period:

Date of Grant	Date of Expiry	Weighted average exercise price	Number of Options 2005	Number of Options 2004
13 July 2004	13 July 2008	$1.22	275,000	-
12 December 2003	12 December 2007	$1.22	246,667	390,000
28 August 2003	28 August 2007	$1.33	16,667	50,000
24 January 2003	24 January 2007	$1.22	100,000	100,000
20 December 2002	20 December 2006	$1.22	315,000	815,000
			953,334	1,355,000

(c) Performance Rights

At the Company's annual general meeting on 23 November 2004, shareholders approved a Performance Rights Plan. Under the plan, performance rights granted to an executive will vest, dependent on performance hurdles and service conditions, 25% on 31 December 2005, 25% on 31 December 2006 and 50% on 31 December 2007. The performance hurdles are as follows:

		Hurdle Weighting
A)	Market capitalisation	20%
B)	Hydrocarbon production	25%
C)	Hydrocarbon reserves replacement	25%
D)	Finding and development costs	10%
E)	Earnings before interest, tax, depreciation, amortisation and exploration write-offs (EBITDAX)	10%
F)	Comparison of percentage growth in market capitalisation per annum with peer group of eight companies*	10%
		100%

*The peer group comprises of Arc Energy (ASX: ARQ), Amadeus Energy (ASX: AMU), Tomahawk (ASX: THK), Mosaic Oil (ASX: MOS), Petsec Energy (ASX: PSA), Roc Oil (ASX: ROC), Tap Oil (ASX: TAP) and Carrizo Oil and Gas (NASDAQNM: CRZO).

In accordance with the terms and conditions of the Performance Rights Plan, the parent entity has granted performance rights that are exercisable in whole or in part on or before the expiry date shown below. All rights were issued at no cost. At balance date the following rights remain to be exercised:

	Date of Grant	Date of Expiry	Number of Rights
2005			
	12 January 2005	12 January 2010	3,340,000

NOTE 21 SHARE OPTIONS & PERFORMANCE RIGHTS (CONT.)

(c) Performance Rights (Cont.)

As the Performance Rights Plan was only approved by shareholders on 23 November 2004, no rights had been issued as at 30 June 2004 and none vested in the financial year to 30 June 2005.

During the financial year ended 30 June 2005 3,560,000 performance rights were issued to employees. 220,000 performance rights lapsed during the year due to resignation of employees. These rights are not quoted on ASX.

The Performance Rights Plan Rules are available on the Company's web site at www.antaresenergy.com.

The fair value of each right is estimated on the date of grant using a modified Black-Scholes model with the following weighted average assumptions used for grants made during the year ended 30 June 2005:

Dividend yield	0%
Expected volatility	49.7%
Historical volatility	49.7%
Risk-free interest rate	5.16%
Expected life of the right	5 years
Spot price on 12 January 2005	$0.69

The dividend yield is assumed to remain at zero. The expected life of the right is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

Hurdles A and F are market related hurdles. As such the fair value of rights under these hurdles are calculated at grant date and have been priced accordingly using the modified Black-Scholes model. Hurdle F has also used a Monte Carlo simulation to determine the indicative value. Values also differ over the three vesting years.

Hurdles B to E are non-market related hurdles, and as per AASB2 "Share-based Payments", no estimate of value impact has been incorporated into the valuation. As the dividend yield is zero, the value at grant is the spot price.

Based on the above, the weighted average fair value at date of grant is 59.3 cents per right which equates to a total of $1,982,290 for the 3,340,000 rights on issue.

Currently, the fair value of grants is not recognised as an expense in the financial statements. However, should these grants be expensed they would be amortised over the vesting periods and the number of rights relating to the non-market related hurdles (hurdles B to E) would be reduced to the number of rights that directors consider likely to vest as a result of the performance hurdles being met. For the 2005 financial year this would have resulted in an increase in employee benefits expenses in the financial statements of $280,497.

Notes to the Financial Statements

for the year ended 30 June 2005

NOTE 22 SEGMENT REPORTING

(a) Geographical Segments

During the year the Consolidated Entity operated in three geographical segments, being Turkey, USA and Australia. The majority of the Consolidated Entity's exploration and production currently takes place in Turkey and the USA. Some licence interests were owned in Australia, but most were disposed of during the 2004 and 2005 years.

(b) Business Segment

The Consolidated Entity operates in the hydrocarbon exploration and production business segment only.

Primary Reporting	Turkey		USA		Australia		Eliminations		Consolidated Entity	
Geographical	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
Segments	$	$	$	$	$	$	$	$	$	$
REVENUE										
External Sales	22,469,475	20,621,250	600,952	9,210	-	-	-	-	23,070,427	20,630,460
Other Revenue	729,409	347,904	8,490	18,490	744,066	1,432,181	-	-	1,481,965	1,798,575
Other Segments	-	-	-	-	415,530	235,840	(415,530)	(235,840)	-	-
Total segment revenue	23,198,884	20,969,154	609,442	27,700	1,159,596	1,668,021	(415,530)	(235,840)	24,552,392	22,429,035
Unallocated revenue									-	-
Total Revenue from ordinary activities									24,552,392	22,429,035
RESULT										
Segment Result	12,232,610	(1,034,463)	(2,225,337)	(345,661)	(4,737,009)	(8,582,942)	(415,330)	(235,840)	4,854,934	(10,198,906)
Unallocated expenses net of unallocated revenue									-	-
Profit/(loss) from ordinary activities before income tax									4,854,934	(10,198,906)
Income tax expense									(3,215,451)	1,938,346
Net Profit/(Loss)									1,639,483	(8,260,560)
ASSETS										
Segment Assets	36,218,654	25,858,071	14,979,556	2,370,434	33,484,851	43,430,016	(31,020,077)	(23,228,227)	53,662,984	48,430,294
Unallocated Assets									-	-
Total Assets									53,662,984	48,430,294
LIABILITIES										
Segment Liabilities	(20,798,914)	(22,231,418)	(17,341,363)	(2,449,392)	(10,550,105)	(11,135,571)	31,354,841	19,428,994	(17,335,541)	(14,877,328)
Tax Liabilities									(4,110,638)	(1,510,059)
Total Liabilities									(21,446,179)	(16,387,387)
OTHER										
Acquisition of non-current segment assets	6,538,463	13,492,593	14,824,709	514,781	16,336	4,409,452	-	-	21,379,508	18,416,826
Depreciation and amortisation of segment assets	3,118,986	3,009,703	520,717	-	101,352	135,355	-	-	3,741,055	3,145,058

NOTE 23 COMMITMENTS FOR EXPENDITURE AND CONTINGENT LIABILITIES

There are no outstanding commitments or contingent liabilities not provided for in the financial statements of the Consolidated Entity as at 30 June 2005 other than:

Exploration Commitments

(a) Estimated expenditures at reporting date, committed to but not provided for, including commitments to maintain rights of tenure to its petroleum exploration permits being permit rentals and minimum expenditure obligations:

	Consolidated		Parent	
	2005	2004	2005	2004
	$	$	$	$
Not later than one year	1,308,000	8,763,918	-	100,000
Later than one year but not later than 5 years	654,000	2,400,000	-	2,400,000
Later than five years	-	100,000	-	100,000
	1,962,000	11,263,918	-	2,600,000

These commitments may vary according to whether:

(i) any of the existing permits are relinquished or converted to other forms of title;

(ii) any of the existing permits are farmed out or sold;

(iii) any new permits are acquired; and

(iv) existing permit expenditure conditions are varied.

Operating Lease Commitments

	Consolidated		Parent	
	2005	2004	2005	2004
	$	$	$	$
Minimum lease payments for office space leased under non-cancellable operating leases:				
Not later than one year	190,604	144,000	140,338	144,000
Later than one year but not later than 5 years	76,106	126,000	11,622	126,000
Later than five years	-	-	-	-
Total	266,710	270,000	151,960	270,000

NOTE 24 DIRECTOR AND EXECUTIVE DISCLOSURES

(a) Details of Specified Directors and Specified Executives

(i) Specified Directors

R.A. Elliott	Chairman (non-executive)
F.D. Campbell	Director (non-executive)
W.R.B. Hassell	Director (non-executive) appointed 3 September 2004
H.M. McLaughlin	Managing Director and Chief Executive Officer
J.A. Cruickshank	Director (executive) appointed 8 October 2004
G.J. Rezos	Director (non-executive) resigned 23 November 2004

(ii) Specified Executives

D.J. Rich	Company Secretary and Chief Financial Officer

NOTE 24 DIRECTOR AND EXECUTIVE DISCLOSURES (CONT.)

(b) Remuneration of Specified Directors and Specified Executives

(i) Remuneration Policy

Remuneration levels for directors, senior executives of the Company, and relevant executives of the Consolidated Entity ("the directors and senior executives") are competitively set to attract and retain appropriately qualified and experienced directors and senior executives. The remuneration committee evaluates the appropriateness of remuneration packages given trends in comparative companies and the objectives of the Company's remuneration strategy.

The remuneration structures explained below are designed to attract suitable qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. The remuneration structures take into account:

- the capability and experience of the directors and senior executives;
- the ability of directors and senior executives to control the performance of the relevant area of responsibility;
- the performance of the Consolidated Entity including:
  - the success of exploration and production operations;
  - the Consolidated Entity's earnings; and
  - the growth in share price and returns to shareholders; and
- the amount of incentives within each executive's remuneration.

Remuneration packages typically include a mix of fixed and variable remuneration and short and long-term performance-based incentives.

The Chief Executive Officer is the only executive with a fixed term employment agreement. The employment agreement with the Chief Executive Officer expires on 30 June 2006. As the contract is in its third year, the Company may terminate the agreement by giving a notice period equivalent to the period remaining to 30 June 2006. The Chief Executive Officer may terminate the agreement by giving three months notice. Upon termination by the Chief Executive Officer, unvested options and performance rights will expire immediately and vested options and performance rights will expire three months after termination. As at 30 June 2005, there are no other fixed term employment agreements.

NOTE 24 DIRECTOR AND EXECUTIVE DISCLOSURES (CONT.)

(b) Remuneration of Specified Directors and Specified Executives (Cont.)

		Primary			Post Employment	Equity		Total
		Salary & Fees	Cash Bonus	Non Monetary Benefits	Super-annuation	Options (c)	Performance Rights	
Specified Directors								
R.A. Elliott	2005	60,000	-	-	5,400	12,622	-	78,022
	2004	46,009	-	-	4,141	17,942	-	68,092
F.D. Campbell	2005	38,150	-	-	-	10,444	-	48,594
	2004	32,500	-	-	-	25,249	-	57,749
W.R.B. Hassell	2005	28,972	-	-	2,608	-	-	31,580
G.J. Rezos	2005	13,791	-	-	-	-	-	13,791
	2004	32,500	-	-	-	17,942	-	50,442
H.M. McLaughlin	2005	343,998	25,000	-	11,585	418,917	83,981	883,481
	2004	323,998	-	-	11,002	349,050	-	684,050
J.A. Cruickshank	2005	150,967	-	-	8,689	-	50,389	210,045
Total	2005	635,878	25,000	-	28,282	441,983	134,370	1,265,513
	2004	510,888	50,000	22,599	18,776	422,457	-	1,289,997
Specified Executive								
D.J. Rich	2005	220,383	20,000	-	11,585	35,981	50,389	338,338
	2004	202,199	29,419	-	11,002	15,861	-	258,481
Total	2005	220,383	20,000	-	11,585	35,981	50,389	338,338
	2004	540,352	78,839	25,329	22,004	30,898	-	697,422

Group totals in respect of the financial year ended 2004 do not necessarily equal the sums of amounts disclosed for 2004 for individuals specified in 2005, as different individuals were specified in 2004.

(c) Valuation of options and performance rights

The Company uses the fair value measurement provisions of AASB 1046 "Director and Executive Disclosures for Disclosing Entities" and the pending AASB 2 "Share-based Payment" prospectively for all options and rights granted to specified directors and specified executives, which have not vested as at 1 July 2003. The fair value of such grants is being amortised and disclosed as part of director and executive emoluments on a straight-line basis over the vesting period. No adjustments have been or will be made to reverse amounts previously disclosed in relation to options that never vest (i.e. forfeitures).

Fair values of options

From 1 July 2003, options granted as part of director and executive emoluments have been valued using a Black-Scholes options pricing model, which takes account of factors including the option exercise price, the current level and volatility of the underlying share price, the risk-free interest rate, expected dividends on the underlying share, current market price of the underlying share and the expected life of the option.

NOTE 24 DIRECTOR AND EXECUTIVE DISCLOSURES (CONT.)

(c) Valuation of options and performance rights (Cont.)

The fair value of each option is estimated on the date of grant using a Black-Scholes option-pricing model with the following weighted average assumption used for grants made during the years ended 30 June 2005 and 2004:

	2005	**2004**
Dividend yield	0%	0%
Expected volatility	50.5%	50.5%
Historical volatility	50.5%	50.5%
Risk-free interest rate	6.0%	6.0%
Expected life of option	4 years	4 years

The dividend yield is assumed to remain at zero. The expected life of the options is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

The resulting weighted average fair values per option for those options vesting after 1 July 2003 are:

Number	**Grant Date**	**Weighted Average Fair Value**
400,000	29 November 2001	$0.28
400,000	11 November 2002	$0.09
275,000	20 December 2002	$0.26
1,500,000	1 July 2003	$0.46
100,000	12 December 2003	$0.20

All the above options are issued for a term of four years and vest one third on each of the first, second and third anniversary of the date of grant.

These fair values are not recognised as expenses in the financial statements. However, should the above options be expensed, they would be amortised over the vesting periods resulting in an increase in employee benefits expense of $477,964 for the 2005 financial year (2004: $453,354). Note that no adjustments to these amounts have been made to reflect estimated or actual forfeitures (i.e. options that do not vest).

Fair values of performance rights

The fair value of each right is estimated on the date of grant using a modified Black-Scholes model with the following weighted average assumptions used for grants made during the year ended 30 June 2005:

Dividend yield	0%
Expected volatility	49.7%
Historical volatility	49.7%
Risk-free interest rate	5.16%
Expected life of the right	5 years
Spot price on 12 January 2005	$0.69

The dividend yield is assumed to remain at zero. The expected life of the right is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

NOTE 24 DIRECTOR AND EXECUTIVE DISCLOSURES (CONT.)

(c) Valuation of options and performance rights (Cont.)

Hurdles A and F are market related hurdles. As such the fair value of rights under these hurdles is calculated at grant date and has been priced accordingly using the modified Black-Scholes model. Hurdle F has also used a Monte Carlo simulation to determine the indicative value. Values also differ over the three vesting years.

Hurdles B to E are non-market related hurdles, and as per AASB2 "Share-based Payments", no estimate of value impact has been incorporated into the valuation. As the dividend yield is zero, the value at grant is the spot price.

Based on the above, the weighted average fair value at date of grant is 59.3 cents per right which equates to a total of $1,304,600 for the 2,200,000 rights on issue to specified directors and specified executives.

The fair value of grants is not recognised as an expense in the financial statements. However, should these grants be expensed they would be amortised over the vesting periods and the number of rights relating to the non-market related hurdles (hurdles B to E) would be reduced to the number of rights that directors consider likely to vest as a result of the performance hurdles being met. For the 2005 financial year this would have resulted in an increase in employee benefits expenses in the financial statements of $184,759.

(d) Remuneration options and performance rights granted and vested during the year

During the financial year no options were granted as equity compensation benefits to specified directors or specified executives.

During the financial year the following performance rights were granted as equity compensation benefits to specified directors and specified executives:

Terms and Conditions for Each Grant of Performance Rights

	Total Number Vested At 30 June 2005	Granted Number	Grant Date	Value per right at grant date ($)	First Exercise Date*	Last Exercise Date
Specified Directors						
R.A. Elliott	-	-				
F.D. Campbell	-	-				
W.R.B. Hassell	-	-				
G.J. Rezos	-	-				
H.M. McLaughlin	-	1,000,000	12 January 2005	0.59	31 March 2006	12 January 2010
J.A. Cruickshank	-	600,000	12 January 2005	0.59	31 March 2006	12 January 2010
Specified Executive						
D.J. Rich	-	600,000	12 January 2005	0.59	31 March 2006	12 January 2010
Total:	-	2,200,000				

* This is the approximate first exercise date for the performance period ended 31 December 2005.

(e) Shares issued on exercise of remuneration options and performance rights

No remuneration options or performance rights were exercised during the year.

Notes to the Financial Statements

for the year ended 30 June 2005

NOTE 24 DIRECTOR AND EXECUTIVE DISCLOSURES (CONT.)

(f) Option holdings of specified directors and specified executives

	Balance at beginning of period 1 July 2004	Granted as Remuneration	Options Exercised	Net change Other	Balance at end of period 30 June 2005	Vested at 30 June 2005 Total	Not Exercisable	Exercisable
Specified Directors								
R.A. Elliott	400,000	-	-	-	400,000	400,000	-	400,000
F.D. Campbell	431,250	-	-	(31,250)	400,000	266,666	-	266,666
W.R.B. Hassell*	-	-	-	-	-	-	-	-
H.M. McLaughlin	1,500,000	-	-	-	1,500,000	500,000	-	500,000
J.A. Cruickshank* ^	-	-	-	1,000,000	1,000,000	1,000,000	-	1,000,000
Specified Executives								
D.J. Rich	375,000	-	-	-	375,000	216,667	-	216,667
Total	2,706,250	-	-	968,750	3,675,000	2,383,333	-	2,383,333

* Mr Hassell and Mr Cruickshank held no options at the time of their appointments to the Board on 3 September 2004 and 8 October 2004 respectively.

^ Mr Cruickshank bought 1,000,000 50 cent options from Mr Fatih Alpay in an arms length transaction in November 2004.

Specified Directors who ceased to be directors during the period

	Balance at beginning of period	Granted as Remuneration	Options Exercised	Net change Other	Balance Upon Ceasing to be a Director
G.J. Rezos	455,000	-	-	(188,334)	266,666

Mr. Rezos' 266,666 options expired unexercised three months after his resignation as a director on 23 November 2004.

(g) Shareholdings of Specified Directors and Specified Executives - Ordinary Shares

	Balance 1 July 2004	Granted as Remuneration	On Exercise of Options	Net Change Other	Balance 30 June 2005
Specified Directors					
R.A. Elliott	255,907	-	-	64,093	320,000
F.D. Campbell	125,000	-	-	-	125,000
W.R.B. Hassell*	11,500	-	-	53,500	65,000
H.M. McLaughlin	41,000	-	-	81,000	122,000
J.A. Cruickshank*	3,500,000	-	-	1,325,000	4,825,000
Specified Executive					
D.J. Rich	7,025	-	-	26,204	33,229
Total	3,940,432	-	-	1,549,797	5,490,229

* Mr. Hassell's opening balance is at 3 September 2004, when he was appointed a director. Mr. Cruickshank's opening balance is at 8 October 2004, when he was appointed a director.

NOTE 24 DIRECTOR AND EXECUTIVE DISCLOSURES (CONT.)

(g) **Shareholdings of Specified Directors and Specified Executives - Ordinary Shares (Cont.)**

Specified Directors who ceased to be directors during the period

	Balance at beginning of period	Granted as Remuneration	Options Exercised	Net change Other	Balance Upon Ceasing to be a Director
G.J. Rezos	130,000	-	-	-	130,000

(h) Convertible notes held by specified directors and specified executive

As at 30 June 2005 the following specified directors and executives held convertible notes.

	Balance 1 July 2004	Net Change Other	Balance 30 June 2005
Specified Directors			
R.A. Elliott	25,000	87,000	112,000
W.R.B. Hassell*	-	15,000	15,000
H.M. McLaughlin	-	24,060	24,060
Specified Executive			
D.J. Rich	-	5,400	5,400

* Mr Hassell held no convertible notes upon his appointment as a director on 3 September 2004.

(i) Loans to specified directors and specified executive

During the year to 30 June 2005 there were no loans made to specified directors or specified executives and there were no loans outstanding as at 30 June 2005.

(j) Other transactions and balances with specified directors and specified executive

During the year to 30 June 2005 there were no transactions with specified directors or specified executives other than those described above. At 30 June 2005 there were no balances outstanding in relation to specified directors or specified executives other than those described above.

NOTE 25 RELATED PARTY DISCLOSURES

Ultimate Parent

Antares Energy Limited is the ultimate parent company.

Wholly Owned Group Transactions

During the years ended 30 June 2004 and 30 June 2005, the wholly-owned group consisted of Antares Energy Limited and its wholly-owned controlled entities, Great Southern Oil NL, Latrobe Oil & Gas Pty Ltd., Bonaparte Gulf Oil & Gas Pty Ltd., Bonaparte Gulf Petroleum NL, Roebuck Resources, Inc., Southern Amity, Inc., Southern Amity Limited, Amity Oil International Pty Ltd, International Oil and Gas Services B.V., Santa Energy Pty Ltd and Antares Energy Company. Ownership interests in these controlled entities are set out in Note 9.

Notes to the Financial Statements

for the year ended 30 June 2005

NOTE 25 RELATED PARTY DISCLOSURES (CONT.)

Transactions between Antares Energy Limited and other entities in the wholly-owned group during the years ended 30 June 2005 and 2004 consisted of:

(a) loans advanced by Antares Energy Limited;

(b) loans repaid to Antares Energy Limited;

(c) Roebuck Resources, Inc. repaid its Preferred Stock class of capital to Antares Energy Limited;

(d) incorporation of two new subsidiaries (Note 9);

(e) debt forgiveness within the wholly-owned group;

(f) the charging of a service fee by Antares Energy Limited to Roebuck Resources, Inc., and

(g) the charging of time by Antares Energy Limited employees to the wholly-owned controlled entities.

	Parent	
	2005	2004
	$	$
Aggregate amounts included in the determination of operating result before income tax that resulted from transactions with entities in the wholly-owned group:		
Recovery of costs	2,730,864	4,222,981
Aggregate amounts receivable from/(payable to) entities in the wholly-owned group at balance date:		
- receivable from controlled entities	33,121,100	27,310,372
- provision for non-recovery	(2,361,808)	(4,714,385)
	30,759,292	22,595,987

	Consolidated 2005 $	Consolidated 2004 $	Parent 2005 $	Parent 2004 $

NOTE 26 (a) RECONCILIATION OF NET CASH INFLOWS FROM OPERATING ACTIVITIES TO PROFIT/(LOSS) FROM ORDINARY ACTIVITIES AFTER INCOME TAX

	Consolidated 2005 $	Consolidated 2004 $	Parent 2005 $	Parent 2004 $
Profit/(Loss) from ordinary activities after income tax	1,230,884	(8,260,560)	(9,306,604)	(7,746,934)
Non-cash Items:				
Intercompany debt forgiveness	-	-	-	(4,977,642)
Dividend received	-	-	-	(1,184,864)
Depreciation and amortisation	3,741,055	3,145,058	101,352	135,355
Exploration expenditure written off	4,366,336	19,137,126	-	26,476
Borrowing costs	424,793	266,286	424,793	266,286
Gain on sale of inventory	-	-	177,383	-
Provision for non-recovery of loans to controlled entities	-	-	2,361,808	4,515,985
Write off of inter-company loan	-	-	4,638,539	-
Provision for diminution of investments in controlled entities	-	-	-	10,405,239
Foreign exchange movement	408,599	88,159	-	(405,040)
Change in operating assets and liabilities:				
Decrease (increase) in receivables	(1,358,336)	(664,764)	100,688	(320,136)
Decrease (increase) in inventory	114,945	(603,292)	-	-
Increase (decrease) in creditors and payables	2,279,861	118,078	(133,423)	(827,670)
Increase (decrease) in provisions	(450,054)	(287,136)	(60,816)	(166,970)
Increase (decrease) in tax provision	561,985	(190,366)	-	-
Increase (decrease) in deferred income tax liability	2,038,594	(1,967,952)	-	-
Net cash inflows/(outflows) from operating activities	13,358,662	10,780,637	(1,696,280)	(279,915)

At 30 June 2005 an amount of $2,106,628 held in bank accounts in Turkey is not able to be transferred out of Turkey until April 2006 when the 31 December 2005 tax return will have been lodged and the amount can be repatriated out of after-tax profits. There is no restriction on these funds being used for exploration and development within Turkey.

(b) RECONCILIATION OF CASH

For the purposes of the statement of cash flows, cash includes cash on hand and at bank and short term deposits net of outstanding bank overdrafts. Cash at the end of the year as shown in the statement of cash flows comprises:

	Consolidated 2005 $	Consolidated 2004 $	Parent 2005 $	Parent 2004 $
Cash on hand and at bank	2,406,892	5,373,833	606,283	2,625,147
Short term deposits	10,399,858	14,318,562	1,105,148	14,127,085
	12,806,750	19,692,395	1,711,431	16,752,232

NOTE 26 (c) NON-CASH OPERATING ACTIVITIES

Dividend Received

During the 2004 year the Company received a dividend of $1,693,435 from a controlled entity, of which $504,571 was received in cash and $1,184,864 by way of settlement of an intercompany account.

(d) NON-CASH FINANCING AND INVESTING ACTIVITIES

Rig Sale

During the financial year ended 30 June 2003 the Company sold its drilling rig for $3,603,370. Refer Note 3(c). In the year ended 30 June 2005 $2,025,066 (2004: $1,316,539) cash was received.

(e) DISPOSAL OF CONTROLLED ENTITY

On 29 June 2005, the Parent entity disposed of its 100% shareholding in Southern Amity, Inc., an unlisted British Virgin Islands company engaged in oil and gas exploration activities in Australia.

At the time of sale the net asset position of Southern Amity, Inc., was nil, hence the proceeds on disposal of $50,000 also represented the profit on disposal. At 30 June 2005, $10,000 had been received and is reflected in the consolidated statement of cashflows. The balance of $40,000 is part of other receivables and prepayments set out in Note 5. This amount has subsequently been received.

NOTE 27 JOINT VENTURES

	Consolidated		Parent	
	2005	**2004**	**2005**	**2004**
	$	**$**	**$**	**$**
The Consolidated Entity has interests in various unincorporated joint ventures as follows:				
CURRENT ASSETS				
Cash	366,819	189,802	-	-
Receivables	7,486,290	-	-	-
Inventories	389,551	473,623	-	-
Total current assets	8,242,660	663,425	-	-
NON-CURRENT ASSETS				
Property, plant and equipment	4,106,025	5,458,200	-	-
Deferred exploration and evaluation expenditure	28,104,291	13,816,897	-	-
Total non-current assets	32,210,316	19,275,097	-	-
TOTAL ASSETS	40,452,976	19,938,522	-	-
CURRENT LIABILITIES				
Accounts payable	6,372,932	434,985	-	-
Provision for restoration costs	287,313	500,000	-	-
Total current liabilities	6,660,245	934,985	-	-
TOTAL LIABILITIES	6,660,245	934,985	-	-
NET ASSETS	33,792,731	19,003,537	-	-
REVENUES	23,070,427	20,630,460	-	-
EXPENSES	(13,027,607)	(22,442,694)	-	(26,476)
OPERATING PROFIT/(LOSS) BEFORE INCOME TAX	10,042,820	(1,812,234)	-	(26,476)

NOTE 27 JOINT VENTURES (CONT.)

(i) There are no outstanding commitments or contingent liabilities specific to the joint ventures not provided for in the financial statements of the Consolidated Entity as at 30 June 2005 other than:

Estimated expenditures at reporting date, committed to but not provided for, including commitments to maintain rights of tenure to its petroleum exploration permits being permit rentals and minimum expenditure obligations:

	Consolidated		Parent	
	2005	2004	2005	2004
	$	$	$	$
Not later than one year	1,308,000	3,453,438	-	-
Later than one year but not later than 5 years	654,000	-	-	-
Later than 5 years	-	-	-	-
	1,962,000	3,453,438	-	-

These commitments may vary according to whether:

(a) any of the existing permits are relinquished or converted to other forms of title;

(b) any of the existing permits are farmed out or sold;

(c) any new permits are acquired; and

(d) existing permit expenditure conditions are varied.

(ii) At 30 June 2005 the Consolidated Entity held the following interests in oil and gas production and exploration joint ventures:

Joint Venture	Working Interest
Thrace Basin Joint Venture, Thrace Basin, Turkey*	50.0%
Ellis Project - Ellis County, Oklahoma**	55.3%
Yukon - Beaver County, Oklahoma	87.5%
Porter's Creek - Wharton County, Texas	25.0%
Wilbeck - Wharton County, Texas	30.0%

* Includes Petroleum Exploration Licences AR/AON/I/3589, AR/AOI/I/3648, AR/TPO/I/3791 and AR/TPO/I/3792.

**The Ellis project is made up of interests in a number of land sections, with varying degrees of ownership. The working interest shown is the average working interest across all sections within the project.

Notes to the Financial Statements
for the year ended 30 June 2005

NOTE 28 EARNINGS PER SHARE

	Consolidated 2005 $	Consolidated 2004 $
Basic earnings/(loss) per share (cents)	0.8	(5.2)
Diluted earnings/(loss) per share (cents)	0.8	(5.2)
The following reflects the income and share data used in the calculations of basic earnings per share:	$	$
Net profit/(loss) from ordinary activities	1,230,883	(8,260,560)
Adjustments - costs of servicing equity	111,983	-
Earnings used in calculation of Earnings per share	1,342,866	(8,260,560)
	Number	Number
Weighted average number of ordinary shares on issue during the year in calculation of basic earnings per share	159,875,733	159,464,922
Share options considered dilutive*	1,000,000	456,685
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	160,875,733	159,921,607

*These options were exercised on 23 September 2005 and the resultant shares issued on 27 September 2005.

NOTE 29 FINANCIAL INSTRUMENT DISCLOSURES

(a) The Consolidated 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 those financial assets and liabilities, are as follows:

2005

	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate Maturing In: 1 Year or Less	Over 1 to 5 Years	More than 5 Years	Non Interest Bearing	Total
	%	$	$	$	$	$	$
FINANCIAL ASSETS							
Cash and deposits	2.6	12,378,592	-	-	-	428,158	12,806,750
Trade debtors and receivables		-	-	-	-	8,006,820	8,006,820
		12,378,592	-	-	-	8,434,978	20,813,570
FINANCIAL LIABILITIES							
Payables		-	-	-	-	7,330,106	7,330,106
Convertible Notes	10	-	-	9,643,797	-	-	9,643,797
		-	-	9,643,797	-	7,330,106	16,973,903
Net Financial Assets		12,378,592	-	(9,643,797)	-	1,104,872	3,839,667

NOTE 29 FINANCIAL INSTRUMENT DISCLOSURES (Cont.)

2004

	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate Maturing In: 1 Year or Less	Over 1 to 5 Years	More than 5 Years	Non Interest Bearing	Total
	%	$	$	$	$	$	$
FINANCIAL ASSETS							
Cash and deposits	5.2	14,127,085	-	-	-	5,565,310	19,692,395
Trade debtors and receivables		-	-	-	-	8,371,441	8,371,441
		14,127,085	-	-	-	13,936,751	28,063,836
FINANCIAL LIABILITIES							
Payables		-	-	-	-	4,565,192	4,565,192
Convertible Notes	10	-	-	9,377,373	-	-	9,377,373
		-	-	9,377,373	-	4,565,192	13,942,565
Net Financial Assets		14,127,085	-	(9,377,373)	-	9,371,559	14,121,271

(b) Credit Risk

The Consolidated Entity's maximum exposure to credit risk, excluding the value of any collateral or other security, in relation to each class of recognised financial assets, is the carrying amount, net of any provisions for doubtful debts, as disclosed in the statement of financial position and notes to the financial statements.

The Consolidated Entity does not have any material credit risk to any single debtor group or group of debtors under financial arrangements entered into by the Consolidated Entity.

(c) Net Fair Value

The net fair values of all monetary financial assets and liabilities approximate their carrying values. No financial assets or financial liabilities are readily traded on organised markets in standardised form.

The aggregate net fair values and carrying amounts of financial assets and liabilities are disclosed in the statement of financial position and in the notes to and forming part of the financial statements.

(d) Foreign Exchange Risk

The Consolidated Entity predominantly transacts in Australian dollars, US dollars and Turkish Lira and has not entered into any hedging or derivative instruments.

Notes to the Financial Statements

for the year ended 30 June 2005

NOTE 30 DISCONTINUING OPERATION

(a) Sale of Turkish Subsidiary

In August 2005 the Company announced that it had entered into a share sale purchase agreement to dispose of Amity Oil International Pty Ltd, which holds all of the Group's Turkish operations. The disposal is aimed at achieving the Group's long-term strategy of focusing on the USA where the Company is pursuing further oil and gas opportunities.

It is anticipated that the disposal will be completed in the December 2005 Quarter.

The Turkish operations are reported in Note 22 - Segment Information.

(b) Financial Performance Information

The financial performance of the Turkey operations for the year ended 30 June 2005 was as follows:

	2005 $	2004 $
Revenues from ordinary activities	23,198,884	20,969,154
Expenses from ordinary activities	(11,374,872)	(22,003,617)
	11,824,012	(1,034,463)
Income tax (expense)/revenue relating to ordinary activities	(3,176,767)	1,967,953
Profit/ (loss) from ordinary activities after income tax (expenses)/revenue	8,647,245	933,490

(c) Asset Disposals

The carrying amounts of total assets to be disposed of and total liabilities to be settled as at 30 June 2005 were as follows:

	2005	2004
TOTAL ASSETS	36,218,654	25,858,071
TOTAL LIABILITIES	24,909,552	22,231,418
NET ASSETS	11,309,102	3,626,653

(d) Turkish Operation Cash Flows During the Year

The net cash flows attributable to the Turkish operations for the year ended 30 June 2005 were as follows:

	2005	2004
OPERATING	14,710,714	10,888,218
INVESTING	(3,962,777)	(13,420,210)
FINANCING	(441,854)	(160,691)
NET CASH INFLOWS (OUTFLOWS)	10,306,083	(2,692,683)

NOTE 31 SUBSEQUENT EVENTS

No matter or circumstance has arisen since 30 June 2005 that has significantly affected or may significantly affect the operation, results or state of affairs of the Consolidated Entity in the following or future years other than:

Sale of Turkish Subsidiary

On 27 August 2005 Antares Energy Limited signed an agreement with Zorlu Petrogas ("Zorlu") for the sale of 100% of the share capital of its wholly-owned subsidiary, Amity Oil International Pty Ltd, the principal asset of which is a 50% interest in the Thrace Joint Venture in Turkey which contains the Gocerler, Adatepe and Cayirdere gas fields. Zorlu is a subsidiary of Zorlu Energy, part of the Zorlu Group. Zorlu Energy is a large Turkish company with varied interests in the power generation and energy related businesses.

Upon completion, Antares Energy Limited will receive a cash consideration of USD 40.4 million (equivalent to AUD 53.9 million at an exchange rate of 0.75) which includes USD 9.8 million of working capital held in the subsidiary.

An additional USD 4.4 million (AUD 5.9 million) may also be paid to Antares Energy if the drilling of nominated exploration prospects results in discoveries over the 24 month period following completion.

All of the Consolidated Entity's interests in Turkey are held through Amity Oil International Pty Ltd. Once the sale is completed, Antares Energy will hold no direct interests and have no commitments in Turkey other than the additional USD 4.4 million being received upon the abovementioned successful exploration by Zorlu.

As at the date of this report, the transaction was still waiting on some regulatory approvals which are required before completion can occur.

Exercise of Options

On 23 September 2005 Mr James Cruickshank, a director of the Company, exercised 1,000,000 options at 50 cents by paying $500,000 to the Company. The Company issued Mr Cruickshank his 1,000,000 shares on 27 September 2005.

Finance Facility

On 15 July 2005, the Company set up a finance facility with BOS International. As at the date of this report $4.25 million of the total facility of $7.25 million had been drawn and predominantly used in the USA operations. The facility is secured by a mortgage over the shares of the subsidiary companies and a fixed and floating charge over the assets of the subsidiary companies and the Company. The facility has an expiry date of 31 October 2005 unless extended.

NOTE 32 EMPLOYEE BENEFITS AND SUPERANNUATION COMMITMENTS

	Consolidated		Parent	
	2005	2004	2005	2004
	$	$	$	$
Employee Benefits				
The aggregate employee benefit liability is comprised of:				
Accrued wages, salaries and on costs	75,885	61,613	69,756	61,613
Provisions (current - Note 14)	74,326	128,659	67,843	128,659
	150,211	190,272	137,599	190,272

Employee Option Plan

Refer Note 21(b).

Performance Rights Plan

Refer Note 21(c).

Superannuation Commitments

For all employees based in Australia the employer contributes in accordance with the Government Superannuation Guarantee legislation. There are currently no superannuation commitments for overseas employees.

NOTE 33 IMPACT OF ADOPTING AASB EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Company has commenced transitioning its accounting policies and financial reporting from current Australian Standards to Australian equivalents of International Financial Reporting Standards (AIFRS). The Company has allocated internal resources and engaged expert consultants to perform diagnostics and conduct impact assessments to isolate key areas that will be impacted by the transition to AIFRS. As a result of these procedures, the Company has graded impact areas as either high, medium or low and has allocated resources to address each of the areas in order of priority as represented by the gradings. As the Company has a 30 June year end, priority has been given to considering the preparation of an opening balance sheet in accordance with AIFRS as at 1 July 2004. This will form the basis of accounting for AIFRS in the future, and is required when the Company prepares its first AIFRS compliant financial report for the year ended 30 June 2006.

Set out below are the key areas where accounting policies are expected to change on adoption of AIFRS and the Company's best estimate of the impact of the changes on total equity as at the date of transition and 30 June 2005 and on net profit for the year ended 30 June 2005.

The Company has not quantified the financial effects of adopting AIFRS due to a key personnel change and the fact that management has been focussing their attention on executing the sale of the Turkey assets during the year. Management anticipates that the transition to AIFRS will be completed by the second quarter of 2005.

The actual effects of transition to AIFRS may differ from those disclosed due to (a) ongoing work being undertaken by the AIFRS project teams; (b) potential amendments to AIFRSs and interpretations thereof being issued by the standard-setters and IFRIC; and (c) emerging accepted practice in the interpretation and application of AIFRS and UIG interpretations.

NOTE 33 IMPACT OF ADOPTING AASB EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONT.)

Functional and Presentation Currency

The Company has determined that the functional currency of its Australian operations for AIFRS purposes will be Australian dollars. The majority of the Company's foreign operations will have the U.S. dollar as their functional currency as a reflection of their operating conditions. The presentation currency of the group will continue to be Australian dollars. The impact on the Company will be that the foreign operations will be converted into Australian dollars at the closing rate and any exchange movements will be recorded through a foreign currency translation reserve. The Company has not yet determined the impact on profit and loss and net assets due to the abovementioned reasons. Future impacts on net assets are dependent upon movements in the Australian to US dollar exchange rate.

Exploration and Evaluation

It is expected that the Company's existing policy of accounting for exploration and evaluation activity as set out in Note 1(k) to the financial statements will comply with AIFRS requirements and therefore no difference is expected to result either from the treatment of costs or from impairment testing. The Company's expectation is founded on the implementation of the stated "grandfathering" approach embodied in AASB 6 *Exploration for and Evaluation of Mineral Resources*. The financial effect of adopting this standard has not yet been quantified due to the abovementioned reasons.

Impairment of Assets

Under AASB 136 *Impairment of Assets* the recoverable amount of an asset is determined as the higher of net selling price and value in use. The Company has adopted this accounting policy which determines the recoverable amount of an asset on the basis of discounted cash flows. Under AASB 136 the impairment of assets may be recognised sooner and the amount of write-downs greater.

Restoration Provisions

Under AIFRS, a provision is recorded where there is a legal or constructive obligation. The group currently provides for restoration as the phases of exploration, evaluation, development, construction or production give rise to the need for restoration to occur. This effectively results in a build-up of the restoration provision over the life of the asset.

Under AIFRS, a provisioning based on the present value of the restoration obligation is required to be recognised at the date of transition to AIFRS. A corresponding asset, net of depreciation, to the date of transition qualifies for recognition as part of development costs and is amortised together with development assets. The unwinding of the provision is recognised as an interest expense and not as a movement in the provision expense. This will have the effect of increasing interest expense. The Company has not yet quantified the provisions due to the abovementioned reasons.

Embedded Derivatives

The Company will be taking advantage of the exemption available under AASB 1 to apply AASB 132 and AASB 139 only from 1 July 2005. This allows the group to apply previous Australian GAAP to the comparative information of financial instruments within the scope of AASB 132 and 139 for the 30 June 2006 financial report.

AASB 139 introduces the concept of embedded derivatives and requires the identification, recognition and measurement of derivatives embedded within contracts a company may enter into. Embedded derivatives are required to be fair valued and movements reported in the statement of financial performance. The Company is currently reviewing contracts to determine the extent of any embedded derivatives and will be quantifying the effect of adopting this standard, from its application date of 1 July 2005.

NOTE 33 IMPACT OF ADOPTING AASB EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (CONT.)

Share based payments

Under AASB 2 *Share based Payments*, the Company is required to determine the fair value of options issued to employees as remuneration and recognise an expense in the statement of financial performance. This standard is not limited to options and also extends to other forms of equity based remuneration such as performance rights. It applies to all share-based payments issued after 7 November 2002 which have not vested as at 1 January 2005. The financial effect of adopting this standard has not yet been quantified due to the reasons mentioned above.

Income Tax

Under AASB 112 *Income Taxes*, deferred tax balances are determined using the balance sheet approach which calculates temporary differences based on the carrying amounts of an entity's assets and liabilities in the statement of financial position and their associated tax bases. The effect of adopting this standard has not yet been quantified due to the late release of UIG 1052 "Tax Consolidation Accounting", the effect of which management will need to fully consider.

NOTE 34 AUDITOR'S REMUNERATION

	Consolidated		Parent	
	2005	2004	2005	2004
	$	$	$	$
Amounts received or due and receivable by Ernst & Young in relation to the entity or any other entity in the Consolidated Entity:				
- an audit or review of the financial report	120,250	79,905	120,250	79,905
- other assurance services	-	21,644	-	21,644
- tax and compliance services	222,905	211,529	222,905	211,529
	343,155	313,078	343,155	313,078

Directors' Declaration

In accordance with a resolution of the directors of Antares Energy Limited, I state that:

(1) In the opinion of the directors:

(a) the financial statements and notes of the Company and of the Consolidated Entity are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Company's and Consolidated Entity's financial position as at 30 June 2005 and of their performance for the year ended on that date; and

(ii) complying with Accounting Standards and Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(2) This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial period ending 30 June 2005.

On behalf of the Board

R.A. ELLIOTT
Chairman

West Perth, Western Australia
30 September, 2005

Independent Audit Report

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Independent audit report to members of Antares Energy Limited

Scope

The financial report, remuneration disclosures and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Antares Energy Limited (the company) and the consolidated entity, for the year ended 30 June 2005. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company and the consolidated entity, and that complies with Accounting Standards in Australia, in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The directors are also responsible for the remuneration disclosures contained in the directors' report.

Audit approach

We conducted an independent audit of the financial report in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement and the Corporations Regulations 2001. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report and the remuneration disclosures; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

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

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

Independence

We are independent of the company and the consolidated entity and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which forms part of the Directors' Report.

Audit opinion

In our opinion the financial report of Antares Energy Limited is in accordance with:

(a) the Corporations Act 2001, including:

  (i) giving a true and fair view of the financial position of Antares Energy Limited and the consolidated entity at 30 June 2005 and of their performance for the year ended on that date; and

  (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

(b) other mandatory financial reporting requirements in Australia.

Ernst & Young

Ernst & Young

Gavin Buckingham

Gavin A Buckingham

Partner

30 September 2005

Corporate Governance Statement

The Board of Directors of Antares Energy Limited (the "Company") is responsible for the corporate governance of the Consolidated Entity. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

In accordance with the Australian Stock Exchange Corporate Governance Council's (the Council) "Principles of Good Corporate Governance and Best Practice Recommendations" this Corporate Governance Statement contains certain specific information and discloses the extent to which the Company has followed the guidelines during the period. Where a recommendation has not been followed for all or part of the year, that fact must be disclosed, together with the reasons for the departure. The Company's Corporate Governance Statement is structured with reference to the Council's principles and recommendations which are as follows:

Principle 1	Lay solid foundations for management and oversight;
Principle 2	Structure the Board to add value;
Principle 3	Promote ethical and responsible decision making;
Principle 4	Safeguard integrity in financial reporting;
Principle 5	Make timely and balanced disclosure;
Principle 6	Respect the rights of shareholders;
Principle 7	Recognise and manage risk;
Principle 8	Encourage enhanced performance;
Principle 9	Remunerate fairly and responsibly;
Principle 10	Recognise the legitimate interests of shareholders.

The Company's corporate governance practices were in place throughout the year ended 30 June 2005 and were fully compliant with the Council's best practice recommendations except where stated below.

Copies of all Corporate Governance documentation is available on our website at www.antaresenergy.com (Investor Relations/Corporate Governance).

Structure of the Board

The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report is included in the Directors' Report on page 9. Directors of the Company are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with - or could reasonably be perceived to materially interfere with - the exercise of their unfettered and independent judgement.

In the context of director independence, "materiality" is considered from both the Company and individual director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal to or less than 5% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount. Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors which point to the actual ability of the director in question to shape the direction of the Company. The appropriate base amount depends on the nature of the item being considered. For example, if a director's interest in a supplier is being considered, there would be two appropriate base amounts, the first being the Company's total purchases from suppliers and the second being the total sales to all customers by the supplier.

In accordance with the definition of independence above, and the materiality thresholds set, the following directors of the Company are considered to be independent:

Name	Position
R.A. Elliott	Chairman, Non-Executive Director
F.D. Campbell	Non-Executive Director
W.R.B. Hassell	Non-Executive Director

Upon the request of the Board, Mr. Elliott provided executive services to the Company from July 2002 through November 2002 when the Company was without a Chief Executive. Mr. Elliott was non-executive Chairman prior to and following this period. The Board believes that, given the short length of time he was engaged as an executive and given his non-executive role before and after the period, Mr. Elliott's ability to exercise independent judgement has not been compromised and hence he is considered independent.

Recommendation 2.1 recommends that the majority of the Board be independent directors. This was the case throughout the year.

There are procedures in place, agreed by the Board, to enable directors, in furtherance of their duties, to seek independent professional advice at the Company's expense.

The term in office held by each director at the date of this report is as follows:

Name	Term in Office
R.A. Elliott	4.2 years
F.D. Campbell	3.5 years
W.R.B. Hassell	1.1 years
H.M. McLaughlin	2.2 years
J.A. Cruickshank	1 year

The Company's Corporate Governance Policy states that the Board should have at least five directors. From 1 July 2004 to 3 September 2004 there were only four directors whilst the Board sought a suitable fifth director.

The Board has established a Nomination Committee, which meets at least annually, to ensure that the Board continues to operate within the established guidelines, including where necessary, selecting candidates for the position of director. The Nomination Committee comprises a majority of independent directors. The Nomination Committee comprised the following members throughout the year:

R.A. Elliott

F.D. Campbell

W.R.B. Hassell (appointed 3 September 2004)

G.J. Rezos (resigned 23 November 2004)

H.M. McLaughlin

J.A. Cruickshank (appointed 8 October 2004)

Given the small number of directors, currently all directors are members of the Nomination Committee. For details of directors' attendance at meetings of the Nomination Committee, refer to page 10 of the Directors' Report.

Corporate Governance Statement

Audit and Compliance Committee

The Board has established an Audit and Compliance Committee which operates under a terms of reference (charter) approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations. The Board has delegated the responsibility for the establishment and maintenance of a framework of internal control (including the maintenance of a risk register) for the management of the Consolidated Entity to the Audit and Compliance Committee.

The committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports. All members of the Audit and Compliance Committee are non-executive directors.

The members of the Audit and Compliance Committee during the year were:

G.J. Rezos (resigned as member and Chairman on 23 November 2004)

F.D. Campbell

R.A. Elliott

W.R.B. Hassell (appointed 3 September 2004, became Chairman on 23 November 2004).

For details regarding the qualifications of the members, refer to page 9 of the Directors' Report.

For details on the number of meetings of the Audit and Compliance Committee held during the year and the attendees at those meetings refer to page 10 of the Directors' Report.

Ethical and Responsible Decision Making

The Board of the Company actively promotes ethical and responsible decision-making. The standard of ethical behaviour required by directors and officers (including the Managing Director and Chief Executive Officer and Chief Financial Officer), is set out in a Directors and Officers Code of Conduct which forms part of the Company's Corporate Governance documentation.

External Auditor

As per the Audit and Compliance Committee Terms of Reference, the Audit and Compliance Committee conducted a review of the external auditor during the year. The Committee reviewed independence, performance in relation to the adequacy of the scope and quality of the annual statutory audit and half-year review and the fees charged. Under Recommendation 4.5, the Company is supposed to make information publicly available regarding procedures for selection and appointment of the external auditor, and for the rotation of external audit engagement partners. The Company adopted a policy for the appointment of an external auditor on 29 September 2004 and this is published on the Company's website. From 1 July 2004 to 29 September 2004 the Company did not have this information publicly available. The Company's auditors have an ongoing policy of audit engagement partner rotation every five years.

Performance

The performance of the Board and key executives is reviewed regularly against both measurable and qualitative indicators. During the reporting period, the Nomination Committee conducted an internal performance evaluation which involved a review of the Board's performance.

Risk Management

The Company takes a proactive approach to risk management. The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the group's objectives and activities are aligned with the risks and opportunities identified by the Board. The Board has a separate Risk Management policy. The Board oversees the risk management of the Company through the Audit and Compliance Committee.

The Board, through the Audit and Compliance Committee, maintains a risk register ranking all the identified risks of the business and how the significant risks are being managed.

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include the following:

- Board approval of a strategic plan, which encompasses the group's vision, mission and strategy statements, designed to meet stakeholders needs and manage business risk.
- Implementation of Board approved operating plans and budgets and Board monitoring of progress against these budgets, including the establishment and monitoring of both financial and non-financial KPIs.
- Regular reviews of the risk register by the Audit and Compliance Committee and subsequent reporting to the Board.

Recommendation 7.1 recommends companies have an internal audit function. The Company does not have an internal audit function as the Board considers the Company is not yet large enough to justify the cost of doing so. Recommendation 7.3 recommends the Company make a description of its internal compliance and control system publicly available. At this stage the Company has not made such a description separately available as it considers that the information is already covered in the Risk Management Policy document.

Remuneration

It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and executive team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the Remuneration Committee links the nature and amount of executive directors' and officers' emoluments to the Company's financial and operational performance. The expected outcomes of the remuneration structure are:

- retention and motivation of key executives;
- attraction of quality management to the Company;
- performance incentives which allow executives to share the rewards of the success of the Company.

For details on the amount of remuneration and all monetary and non-monetary components the (non-director) executive received during the year and for all directors, refer to page 18 of the Directors' Report. In relation to the payment of bonuses, options and other incentive payments, discretion is exercised by the Board, having regard to the overall performance of the Company and the performance of the individual during the period.

There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive directors.

Corporate Governance Statement

The Board is responsible for determining and reviewing compensation arrangements for the directors themselves and the chief executive officer and the executive team. The Board has established a Remuneration Committee, comprising three non-executive directors. Members of the Remuneration Committee throughout the year were:

F.D. Campbell (Chairman)

R.A. Elliott

G.J. Rezos (retired on 23 November 2004)

W.R.B. Hassell (appointed 23 November 2004).

For details on the number of meetings of the Remuneration Committee held during the year and the attendees at those meetings, refer to page 10 of the Directors' Report.

Recognise the legitimate Interests of Stakeholders

The Board recognises the Company has a number of legal and other obligations to non-shareholder stakeholders such as employees, clients/customers and the community as a whole and is therefore committed to appropriate corporate practices.

The Board adopted a company-wide code of conduct on 29 September 2004 and this is published on the Company's website. Given the small size of the Company and the integrity of the executives, the directors are of the opinion that the culture and practices necessary to manage risk, legal compliance and enhancement of corporate reputation were in place during the period from 1 July 2004 to 29 September 2004 when the Code of Conduct was introduced. However, as there was no written code of conduct in place during that period (apart from the directors' and officers' code of conduct mentioned above), the Company was not compliant with Recommendation 10.1 up to 29 September 2004.

Shareholder Information
as at 3 October, 2005

Ordinary Shares

(a) Twenty Largest Shareholders

		Number of Shares	% of issued shares
1	ANZ Nominees Limited	10,843,565	6.74%
2.	Yandal Investments Pty Ltd	10,000,000	6.22%
3.	Citicorp Nominees Pty Limited CFS W/SALE GBL RES	8,927,403	5.55%
4.	National Nominees Limited	7,376,834	4.59%
5.	Citicorp Nominees Pty Ltd	5,890,679	3.66%
6.	Cruickshank, James Andrew	5,825,000	3.62%
7.	Link Enterprises (International)	4,450,000	2.77%
8.	Westpac Custodian Nominees	3,567,672	2.22%
9.	Muffet Pty Ltd	3,500,000	2.18%
10.	Henley Park Estate Pty Ltd	3,000,000	1.86%
11.	J P Morgan Nominees Australia	2,836,936	1.76%
12.	Merrill Lynch (Australia)	2,090,662	1.30%
13.	Athabasca Pty Ltd	1,900,000	1.18%
14.	Johjam Pty Ltd	1,500,000	0.93%
15.	A Eikofin B V B	1,340,000	0.83%
16.	Zimet Ronald	1,300,000	0.81%
17.	Shea Rodney Alexander	1,285,000	0.80%
18.	L & E Fisher Nominees Pty Ltd	1,284,855	0.80%
19.	Newport Securities Pty Ltd	1,115,000	0.69%
20.	Inglewood Lodge Pty Ltd	1,000,000	0.62%
	Total	79,033,606	49.13%

(b) Distribution of Shareholdings

	Number of Shareholders	Number of Shares Held
1 - 1,000	878	404,181
1,001 - 5,000	1,479	4,458,003
5,001 - 10,000	879	7,119,817
10,001 - 100,000	1,158	35,188,296
100,001 - and over	157	113,708,289
Total	4,551	160,878,586

(c) Substantial Shareholders

	Number of Shares	% of Issued Shares
Commonwealth Bank of Australia	13,476,139	8.38%
Yandal Investments Pty Ltd	10,000,000	6.22%

(d) Unmarketable Parcels

There were 632 members holding less than a marketable parcel of shares in the Company.

(e) Voting Rights

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

(f) Exchanges

Antares Energy Limited is listed on the Australian Stock Exchange. Ordinary shares are listed under the AZZ code. The Company's shares also trade in the Regulated Unofficial Market on the Frankfurt and Berlin Stock Exchanges. The symbol is AO7.

(g) On-market Share Buy Back

On 14 September 2005 the Company commenced an on-market share buy back under which it may buy back up to 10% of its issued capital over a maximum period of 12 months.

Shareholder Information

as at 3 October, 2005

Convertible Notes

(a)	Twenty Largest Convertible Note Holders	Number of Convertible Notes	% of Issued Convertible Notes
1	Westpac Custodian Nominees	1,369,400	27.39%
2.	Yandal Investments Pty Ltd	500,000	10.00%
3.	Yardi Jason	136,000	2.72%
4.	Kaysu Holdings No. 2 Pty Ltd	115,000	2.30%
5.	Metro West Investments Pty Ltd	112,000	2.24%
6.	Naisos Holdings Pty Limited	105,000	2.10%
7.	L & E Fisher Nominees Pty Ltd Super Fund	100,000	2.00%
8.	Dorran Pty Ltd	100,000	2.00%
9.	Gimbala Pty Ltd	100,000	2.00%
10.	Salom Gordon Llewellyn	100,000	2.00%
11.	ANZ Nominees Limited	97,500	1.95%
12.	National Nominees Limited	95,000	1.90%
13.	Kampar Pty Ltd	59,250	1.19%
14.	Link Enterprises (International)	56,999	1.14%
15.	Miels Jane Alexandra	50,000	1.00%
16.	L & E Fisher Nominees Pty Ltd	50,000	1.00%
17.	O'Brien Duncan	50,000	1.00%
18.	Nefco Nominees Pty Ltd	45,000	0.90%
19.	Luala Pty Ltd	37,500	0.75%
20.	Robos Pty Ltd	35,000	0.70%
	Total	3,313,649	66.28%

b) Distribution of Convertible Note Holdings	Number of Convertible Note Holders	Number of Convertible Notes Held
1 - 1,000	7	6,800
1,001 - 5,000	135	442,932
5,001 - 10,000	39	322,009
10,001 - 100,000	60	1,890,859
100,001 - and over	6	2,337,400
Total	247	5,000,000

(c) Voting Rights

Except as required by the Corporations Act, the Notes do not carry any right, and the Noteholders, in that capacity, do not have any right to vote at any general meeting of the Company.

(d) Exchanges

Antares Energy Limited Convertible Notes are listed on the Australian Stock Exchange under the code AZZG.

Oil and Gas Interests - 3 October 2005

TURKEY	Interest or Right to Acquire %
Petroleum Exploration Licence AR/AON/I/3589	50.000
Petroleum Exploration Licence AR/AON/I/3599	100.000
Petroleum Exploration Licence AR/AOI/I/3648	50.000
Petroleum Exploration Licence AR/TPO/I/3791	50.000
Petroleum Exploration Licence AR/TPO/I/3792	50.000
Petroleum Exploration Licence AR/AOI/I/3798	100.000
Petroleum Exploration Licence AR/AOI/I/3799	100.000
Petroleum Exploration Licence AR/AOI/I/3800	100.000

USA	Working Interest	Net Revenue Interest
Oklahoma - Ellis County #1	99.5%	76.86%
Oklahoma - Ellis County #2	99.5%	77.13%
Oklahoma - Ellis County #3	92.1%	71.15%
Oklahoma - Ellis County #4	99.5%	76.86%
Oklahoma - Beaver County - Yukon #1	87.5%	67.60%
Texas - Porters Creek	25.0%	18.75%
Texas - Wilbeck	30.0%	21.60%

ANTARES ENERGY

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