# Raisama Energy Limited

(formerly Raisama Limited)

**ABN 79 131 843 868**

Annual Report

for the year ended 30 June 2012

## Contents

**Directors**

| | |
|---|---|
| David Berrie | Non-Executive Chairman |
| David Jeffrey Steketee | Managing Director |
| James Durrant | Executive Director |
| Matthew Howison | Non-Executive Director |

**ASX Code**

RAI

**Company Secretary**

Michael Langoulant

**Registered Office**
Suite 1, 16 Ord Street
West Perth WA 6005

PO Box 1255
West Perth WA 6872

Website: www.raisama.com.au
Email: info@raisama.com.au
Ph: (08) 6143 1800
Fax: (08) 6143 1818

**Legal Adviser**

Clayton Utz Lawyers
QV1 Building, 250 St Georges Terrace
Perth WA 6000
Ph: (08) 9426 8000
Fax: (08) 9481 3095

**Auditor**

HLB Mann Judd
Level 4, 130 Stirling Street
Perth WA 6000
Email: hlb@hlbwa.com.au
Ph: (08) 9227 7500
Fax: (08) 9227 7533

**Share Registry**

Computershare Investor Services Pty Limited
Level 2, 45 St Georges Terrace
Perth WA 6000

Email: web.queries@computershare.com.au
Ph: (08) 9323 2005
Fax: (08) 9323 2033

Dear Shareholders,

On behalf of the Board and management team I deliver Raisama's Annual Report and Financial Statements for the year ended 30 June 2012. The past year has been a story of two halves; the first half reflecting significant progress in our flagship Cadlao Project, along with the continued exploration success at our Kashkasu II Project, and the second half disappointingly resulting in a legal dispute with our Cadlao joint venture partner.

**Oil & Gas Development**

The Cadlao Project, which contains 6 mmbbl of recoverable oil, was unfortunately mired in legal action by Raisama's joint venture partner, Blade Petroleum Limited. A dispute over the provision of funding by Raisama led to the commencement of litigation by Blade in the Supreme Court which was subsequently won by Raisama with costs also awarded to us. More recently, this dispute has now become the subject of arbitration which, until resolved, will unfortunately continue to encumber the Cadlao Project.

**Oil & Gas Exploration**

Despite the issues surrounding Cadlao, Raisama has an impressive portfolio of exploration acreage. This includes the Bonita Block SC6B (Bonita), which surrounds the Cadlao oil field, and provides significant opportunities to tie-back incremental oil production to the Cadlao development, including the nearby Cadlao East prospect with around 3 - 4 mmbbls prospective resource potential.

Raisama also has highly prospective exploration acreage in onshore North Sumatra through its holding in the South Block A Production Sharing Contract (**SBA**). SBA contains a number of large prospects on a proven major oil trend with drilling planned to take place in 2013. Preparations are also underway for a 2D seismic survey to be undertaken on the prospect later in calendar 2012.

Additionally, Raisama is earning a 10% interest in PEP 51311 located offshore in the Taranaki Basin in New Zealand which contains the Kakapo Prospect. The Kakapo Prospect has a gross mean recoverable prospective oil resource of 378 mmbbl, representing 38 million barrels net to Raisama. Indications of a possible petroleum accumulation have been identified from seismic data and the prospect remains extremely encouraging. Drilling is set to occur in 2013.

**Uranium Interests**

Despite the two natural disasters which occurred in March 2011 in Japan, an earthquake and tsunami, and the subsequent Fukushima nuclear power plant incident, the Board of Raisama is confident that the medium to long term outlook for the uranium industry, and that of nuclear power, will remain positive. The major users of nuclear power, being the USA, China, France and India have re-stated their commitment to nuclear power. This has occurred since the Fukushima incident and nuclear power remains the most competitive source of clean base load power. A further indication of this is the fact that 65 new power reactors are currently under construction throughout the world.

**Uranium Exploration**

During the year, the Company continued its exploration efforts at the Kashkasu II project in the Kyrgyz Republic. Once again, we had outstanding success in further extending the known extent of the uranium mineralisation at the Kashkasu II project, leading to the sale of 100% of the Company's interests in the project to Hebei Mining. Work continues on the Sunday Creek project and with the Martu people and their representatives in an attempt to gain access to the project. A pre-heritage agreement survey has been completed on the site and the Company expects to enter into a heritage protection agreement with the Martu people in the near future.

## Chairman's letter

**The Coming Year**

Raisama has persevered through a difficult year as we confronted challenging market conditions together with the legal delays and distractions associated with the Cadlao Project. Your Board, however, remains convinced that following successful completion of the current arbitration Raisama will have the "clear air" it needs to rebuild company value by activating the potential of our existing portfolio together with leveraging the Company's extensive networks to generate new and exciting growth opportunities.

Yours sincerely

**Raisama Energy Limited**

David Berrie

**Chairman**

## CORPORATE

Raisama raised $4.8m in new equity in 1Q2012 by way of a placement to institutions and high net worth individuals plus a Share Purchase Plan (**SPP**) to existing shareholders. The funds were used primarily for Raisama's existing inventory of oil and gas projects.

Raisama also contracted Legavi Capital Inc, a Philippines based financier to provide debt funding for the Cadlao Redevelopment Project. Subsequent legal action by Blade Petroleum Limited, Raisama's joint venture partner in the Cadlao Project, has meant these funds remain undrawn.

## OIL & GAS INTERESTS

### PHILIPPINES

**SC6 (Cadlao) - Cadlao Oilfield Re-development Project**
Progress in the Cadlao Project was hampered by a dispute arising between Raisama and joint venture partner Blade Petroleum Limited (**Blade**) with Blade seeking in May 2012 to terminate the farm-in agreement entered into between the parties in late 2010. Blade's actions in the Supreme Court of Western Australia in this regard were unsuccessful, with Raisama being awarded costs and the matter referred to arbitration for resolution.

Raisama has earned a 25% working interest in Service Contract SC6 (Cadlao) which hosts the Cadlao Project. The essence of the dispute with Blade relates to the earning of an additional 25% working interest, linked to project funding, and centres around Raisama's efforts to fund the Cadlao Project through the Company's contracted financier, Legavi Capital Inc. The arbitration, which commenced in 3Q2012, will seek to determine the contractual rights and obligations of each of the parties with the range of potential outcomes, including Blade reclaiming the 25% working interest that has been earned by Raisama in exchange for a payment to Raisama of an amount in the order of A$7m, or Raisama retaining a direct working interest in the Cadlao Project.

Prior to the dispute, Raisama had progressed the project to reach technical and commercial acceptance within the joint venture and achieved planning approval within the Philippines Government. Resolution of the dispute should allow for accelerated completion of the Cadlao Project with production commencing in 2013.

On 2 July 2012, Raisama announced it had acquired an interest in VenturOil Philippines Inc (**VenturOil**), the Filipino partner holding a 20% working interest in SC6 (Cadlao). Our commercial arrangements provide Raisama with an effective 16.25% working interest in SC6 (Cadlao). This interest is held clear and distinct from the dispute with Blade and provides Raisama shareholders with exposure to the Cadlao Project regardless of the outcome of the arbitration.

The Cadlao offshore oil field, located approximately 400 km southwest of the city of Manila and 40 km off the Northwest coast of Palawan Island, was discovered in 1977 by Amoco. The Cadlao reservoir is a Nido Limestone, pinnacle reef structure, underpinned by a large aquifer. The field was developed in 1981, as the first ever subsea well / FPSO development and produced about 11 mmbbl of 47° API oil from two naturally flowing subsea wells, until production was abandoned in 1991 due to a confluence of high operating costs and low oil prices. 3D seismic was subsequently acquired over the Cadlao field and demonstrated the existence of large volumes of attic oil remaining in the reservoir. Two separate independent expert's reports were commissioned to certify this remaining oil, both yielding remaining reserves of around 6 mmbbls – 2P (most likely) and 4 mmbbls - 1P (proven). An important feature of the Project is that it possesses a very low development risk due to its demonstrated production history. This differentiates the Project from new developments which are based on appraisal drilling results, rather than a confirmed production history which has been accurately matched to a reservoir model to predict future production.


**Cadlao Oilfield Redevelopment surrounded by successful field developments**

### SC6B (Bonita) – Cadlao East Prospect

Raisama executed a farm in agreement and deed of assignment (**DOA**) with the incumbents of SC6B (Bonita) to earn a direct 32.2% interest and, more recently an additional 10.5% indirect interest through VenturOil, based on drilling a well. This DOA is currently subject to Philippines government approval.

SC6B Bonita contains a low risk exploration prospect, Cadlao East, located only 3 km from Cadlao and therefore well within tie-back distance. On a most likely assessment, Cadlao East contains a prospective resource of 3 – 4 mmbbl oil recoverable which, upon success and at marginal cost to develop, could add significant value to the Cadlao development. It would be expected the Cadlao JV will sequence drilling Cadlao East following development drilling in Cadlao which could be as early as 2013.

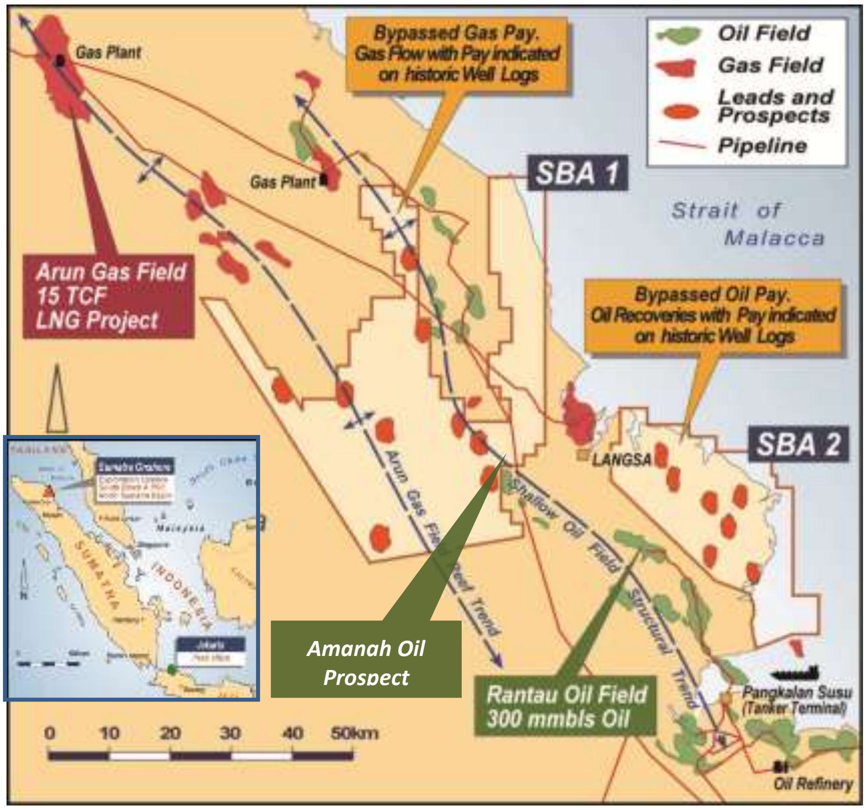
### INDONESIA

**South Block A (SBA) – Oil & Gas Exploration, Onshore North Sumatra**

Raisama holds a net 38.25% working interest and is operator of the highly prospective onshore Petroleum Sharing Contract, South Block A (**SBA**), located in North Sumatra. This area is close to, and on trend with, very significant oil and gas production assets including the 15 TCF Arun Gas LNG Project and 300 mmbbl Rantau Oil Field.

The SBA joint venture experienced some delays to its exploration program due to the settling of agreements between the federal government and its local counterparts. Concurrent with this, certain seismic contractors were disqualified by the local regulator requiring a re-tender of the program. This seismic project is now scheduled for 4Q 2012 and will delineate the current inventory of prospects for subsequent drilling.

An exploration well is scheduled in 2013, consistent with SBA's work program. This well will be drilled in a defined petroleum fairway and is therefore relatively low risk. One candidate is the Amanah Prospect with 2P prospective resources of 40 mmbbl and is located adjacent to the IeeTabue oil field which produced over 12 mmbbl of oil.

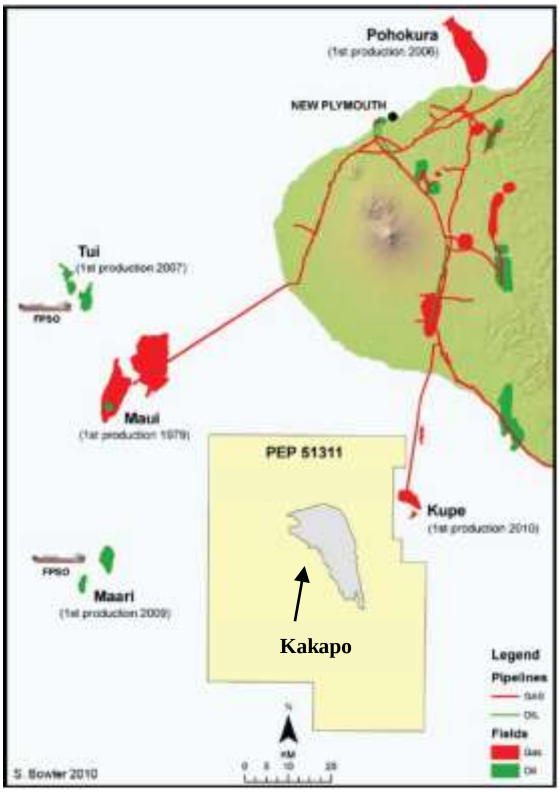



**South Block A (SBA) Exploration Project – Onshore North Sumatra**

### NEW ZEALAND

**PEP51311 - Oil & Gas Exploration Block, Offshore New Zealand**

Raisama holds a 10% working interest in PEP 51311, located offshore in the Taranaki Basin, which is operated by New Zealand Oil and Gas (**NZOG**) and contains the 378 mmbbl Kakapo prospect. NZOG has been actively trying to assemble a "rig club" to share rig mobilisation costs across a number of joint ventures therefore reducing the cost of drilling the Kakapo well. NZOG has committed to drill the Kakapo Prospect during 2013; however this is contingent on contracting a suitable rig. Success here is obviously a company maker for Raisama.




**Kakapo Prospect (378 mmbbls prospective Resource) PEP51311 Taranaki Basin NZ**

## THAILAND

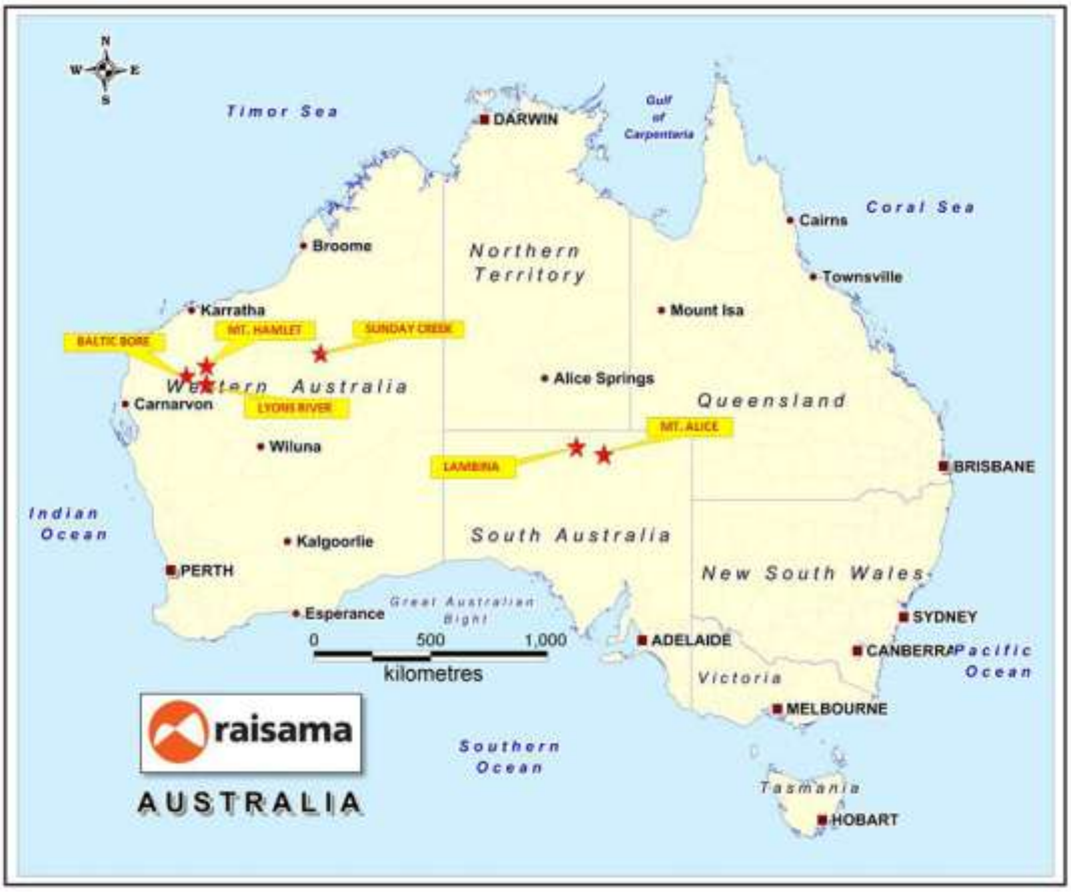
**L20/50 Concession – Oil & Gas Exploration Block L20/50, Thailand**
Following the unsuccessful drilling of 2 wells in L20/50, Raisama withdrew from this permit.

*Consenting Persons Approval (Person Compiling Resource Information):*

*The Resource information in this announcement has been reviewed by Mr Jim Durrant BSc (SPE, AAPG Member). Mr Durrant has consented to the inclusion of this information in this announcement in the form and the context in which it appears. Mr Durrant is a full-time employee of the Company, with more than 30 years of relevant experience in the petroleum industry.*

## URANIUM INTERESTS

During the year the Company held six active uranium projects in Australia and one in the Kyrgyz Republic. The Australian projects are strategically located in the known uranium provinces of the Gascoyne and Paterson in Western Australia and in the northern Gawler region of South Australia.




**Location of Raisama's Australian Projects**

### Kashkasu II Project – Uranium Exploration, Kyrgyzstan

Raisama sold its interests in the Kashkasu II Project in November 2011 to Hebei Mining for $1,500,000.

### Sunday Creek – ELA45/3278, ELA45/3345. ELA45/3477, Western Australia

The Sunday Creek Project consists of three 100% owned exploration licence applications in the Rudall river region of Western Australia. Negotiations with the Western Desert Lands Aboriginal Corporation are progressing in relation to a heritage agreement and access to tenement E45/3278.

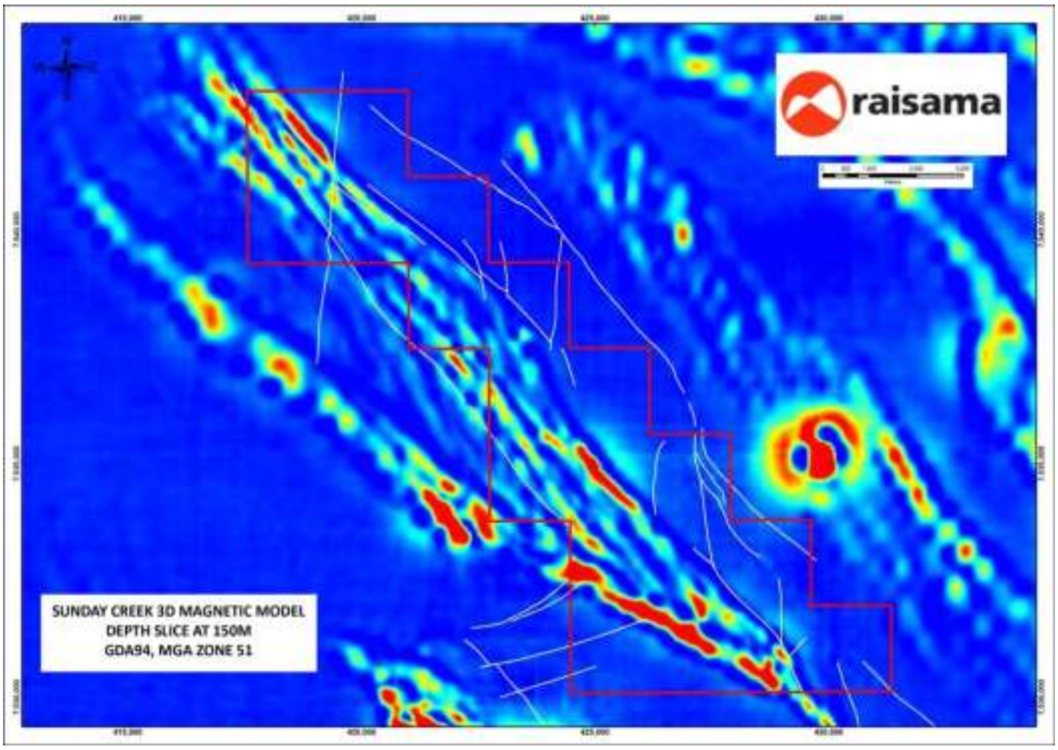
Raisama contracted Resource Potentials of Perth to construct a three-dimensional magnetic model centred on tenement E45/3278. This provides accurate estimates of the geometry and depth of magnetic features within the project area, and will also assist in structural interpretation. The model is currently being used to update priority drilling targets which the company intends to test as soon as the necessary Heritage Protection Agreement is in place with the Martu People.

### Baltic Bore – 09/1563, Western Australia

The Baltic Bore tenement was surrendered during the year.

### Mt Alice Project – EL4632, South Australia

The Mt Alice tenement was surrendered during the year.




**Sunday Creek 3D magnetic model**

**Lambina Project – EL4761, South Australia**

The Lambina Project is located near Marla in northern South Australia and consists of one 100% owned exploration licence covering 353km$^2$. The Company is exploring for base metal sulphides, targeting both Mesozoic sedimentary sequences and underlying Proterozoic crystalline basement.

The project is situated on the Bitchera Ridge, a basement high at the interpreted northern margin of the Gawler Craton. The area is characterised by multiple coincident gravity and magnetic anomalies and is dissected by deep structural features. During the year a renewal of the exploration licence was granted for a further two years.

Geophysical modelling of the detailed 250m spaced ground gravity survey undertaken previously by Raisama has highlighted a number of semi co-incident magnetic and gravity anomalies for further evaluation. A broad spaced magnetotelluric (MT) geophysical survey was undertaken in 2010 with results received in the third quarter. A total of 51 stations were acquired on two regional traverses. The main aim of the survey was to ascertain the suitability of the area for a ground-based electromagnetic (EM) survey and the area was determined to be permissive. In addition the MT survey also enhanced our understanding of the structural setting at Lambina.

**Mt Hamlet – E08/1889, E08/1994**

The Mt Hamlet Project consists of two 100% owned and granted exploration licences in the Gascoyne Province of Western Australia located approximately 40km south of the Manyinge uranium deposit. Exploration license E08/1994 was surrendered during the year.

Field validation and surface rock chip sampling follow-up of a number of targets was undertaken during the period. Nine surface rock chip samples were collected and analysed for a range of elements. Best results include 62 ppm $U_3O_8$, 0.25% Cu and 0.49% Bi in sample #6024 and 28g/t Ag and 0.43% Pb in sample #6020.

**Lyons River – E09/1785, Western Australia**

The Lyons River tenement was surrendered during the year.

Your directors present their annual financial report on the consolidated entity (referred to hereafter as the "Group") consisting of Raisama Energy Limited (the "Company" or "parent entity") and the entities it controlled at the end of, or during, the financial year ended 30 June 2012. In order to comply with the Corporations Act 2001, the directors report as follows:

**Directors**

The following persons were directors of the Company during the whole, or part, of the financial year and up to the date of this report:

| | |
|---|---|
| David Berrie | Non-Executive Chairman |
| David Jeffrey Steketee | Managing Director |
| James Durrant | Executive (Technical) Director |
| Matthew Howison | Non-Executive Director |
| Guy Cowan | Non-Executive Director<br>(resigned 16 February 2012) |
| Christopher Reindler | Non-Executive Director<br>(resigned 16 February 2012) |

**Information on directors**

**David Berrie; LLB, B.Juris –**Chairman

Mr Berrie has over 20 years' experience in the resources sector including more than 7 years in the Australian uranium sector.Most recently Mr Berrie held the position of Managing Director of Fusion Resources Limited where he transitioned the Company from a grassroots explorer through to the identification and delineation of a JORC compliant uranium resource and following that, negotiated and managed the friendly takeover of Fusion by Paladin Energy Limited. The bid was unanimously supported by the Fusion Board and its major shareholders and was concluded in less than 3 months. Prior to this, Mr Berrie was a Corporate Director for Summit Resources Limited, itself acquired in 2007 by Paladin. He was initially employed by Summit to supervise the completion of a feasibility study in relation to the development of Summit's Valhalla and Skal uranium projects. With Paladin's hostile takeover for Summit his role changed to deal with Summit's extensive corporate activities.Prior to joining Summit, Mr Berrie spent over 18 years with Western Mining Corporation and subsequently BHP Billiton, following the takeover in 2005. During this time Mr Berrie performed senior corporate, legal and commercial roles within their exploration, mining and project development groups, including management responsibility of the Yeelirrie Uranium project for several years.

Mr Berrie still retains a position as a non-executive director of Summit Resources Limited.

**David Jeffrey Steketee; BE, MBA –**Managing Director

Mr Steketee was a founder of Peak Oil & Gas Limited ("Peak") which was established in April 2009 and was appointed to the Board of Raisama in April 2011 following the successful takeover of Peak. Mr Steketee has over 20 years' experience in the energy sector, and has held senior technical and managerial positions within service and E&P companies in Australia and Asia, including Halliburton and Unocal. Over the last decade, he was pivotal in developing a number of new energy related companies across Asia including CUEL Limited, an innovative and successful developer of offshore oil and gas fields, and JSX Energy, an E&P company established to focus on upstream investments in Thailand, Malaysia and Indonesia.Recently, Mr Steketee managed a large investment portfolio for a private, Asian based, conglomerate focussing on resources sector investments in Australia. In parallel, he developed the company's globally focused oil and gas division, serving as its inaugural head and building a substantial portfolio of interests in exploration and production companies and offshore production assets.

Currently holds no other directorships.

**James Durrant; BSc –** Executive (Technical) Director
Mr Durrant was appointed to the board of Peak in April 2009, and was appointed to the Raisama board in April 2011 following the successful takeover of Peak. Mr Durrant has over 30 years' experience in the Australian and international petroleum sector, having held senior technical, management and corporate positions with major companies including Delhi Petroleum and Western Mining Corporation Ltd.Mr Durrant co-founded and was technical director of Strike Oil Ltd, playing a major role in developing the company into a respected ASX listed oil & gas company having amassed a successful exploration and production portfolio including the offshore Casino gas discovery, a coal bed methane portfolio in eastern Australia and successful US oil and gas production.Mr Durrant is a member of the American Association of Petroleum Geologists, was an elected Board Member of the Australian Petroleum Production and Exploration Association (APPEA) for 8 years and served as State and National President of the Petroleum Exploration Society of Australia (PESA). He was awarded the PESA Meritorious Service Medal in 1998 and honorary life membership of APPEA in 2009.

Currently holds no other directorships.

**Matthew Howison; LLB, LLM, MBA**- Non-Executive Director
Mr Howison is a lawyer and investment banker who has held senior positions at NM Rothschild & Sons (Australia) Limited, Turnbull & Partners, Goldman Sachs Australia and Salomon Smith Barney before establishing the private merchant banking firm Emerald Partners. In these roles he has been involved in advising on mergers and acquisitions and capital raising transactions for major Australian and international corporations and has extensive experience in contested public company takeovers. Mr Howison has particular expertise in the metals and mining, energy, renewable energy, media and technology industries. He is an active investor in, and adviser to, a wide range of exploration companies.

Mr Howison is also a non-executive director of Laconia Resources Limited.

**Guy Cowan; BSc, FCCA**– Non-Executive Director (resigned 16 February 2012)
Mr Cowan was appointed to the board of Peak in September 2010, and to the Board of Raisama in April 2011 following the successful takeover of Peak. Mr Cowan has 23 years' international experience in senior commercial and financial roles in the oil and gas industries with the Shell Group of companies. After graduating as an engineer in the UK, Mr Cowan qualified as a Chartered Accountant and subsequently as a Certified Public Accountant in the USA, with nine years' experience with PriceWaterhouse Coopers and KPMG in the UK, Brazil and the USA. Mr Cowan joined Shell in Brazil in 1981 and over the following 23 years acted in senior finance and commercial roles for Shell in Africa, Europe, the Americas and Australia. This included serving as an alternate director of Woodside Petroleum in 1992-1994, CFO and commercial general manager of Shell Nigeria, and, during his last 2 years with the Shell Group, as director, vice president and CFO of Shell Petroleum Inc (SPI) and the Shell Oil Company in the USA.After leaving Shell in 2005 he became CFO and director of strategy of the Fonterra Co-Operative Group Limited, the New Zealand based exporter of dairy products accounting for more than one third of the international dairy trade. He resigned from this position to take up residence in Australia in 2009.

During the period as a director, Mr Cowan wasalso a non-executive director of UGL (United Group Limited), QSL (Queensland Sugar Ltd), Ludowici Ltd, and Gold Oil PLC (UK).

**Christopher Reindler –** Non-Executive Director (resigned 16 February 2012)
Mr Reindler has been actively involved in the mining and exploration industry in Western Australia for the past 38 years and has had significant involvement with uranium exploration. For 18 years he has operated as an independent prospector and has been responsible for the location of several new target areas and subsequent joint ventures with major companies in Western Australia. Some of these projects led on to significant discoveries.Mr Reindler spent 5 years with AgipNucleare (Aust) Pty Limited, the wholly owned subsidiary of the Italian ENI group, exploring for uranium in Western Australia. As senior geo-technician, he was responsible for down-hole logging, airborne spectrometer surveys and interpretation of data on ground checking of anomalies, ground spectrometer surveys and prospecting.

During the period as a director held no other directorships.

**Michael Langoulant; B.Comm, CA -** Company Secretary
Mr Langoulant is a Chartered Accountant with over 20 years' experience in public company corporate administration and fundraising. After 10 years with major international accounting firms he has acted as Chairman, CFO, Company Secretary and non-executive director with a number of publicly listed companies. In 1994 he started his own consultancy firm providing corporate and secretarial administrative services.

**Interests in shares and options of the company**

The following relevant interests in shares and options of the Company or a related body corporate were held by the directors as at the date of this report.

| Directors | Number of fully paid ordinary shares | Number of options over ordinary shares |
|---|---|---|
| David Berrie | 1,432,227 | 6,000,000 |
| David Jeffrey Steketee | 30,587,727 | 4,000,000 |
| James Durrant | 30,587,727 | 4,000,000 |
| Matthew Howison | 15,267,954 | 8,100,000 |

No ordinary shares have been issued by RaisamaEnergy Limited during or since the financial year as a result of the exercise of an option.There are no unpaid amounts over shares issued.

**Dividends**

No dividend has been paid or declared since the start of the financial year and the directors do not recommend the payment of a dividend in respect of the financial year.

**Principal activities**

The principal activity of the Group during the financial year was investment in oil and gas and mineral exploration projects.

**Review of operations**

Information on the operations is set out on page 6 of this financial report.

**Significant changes in the state of affairs**

There have been no significant changes in the state of affairs of the Group to the date of this report other than share issues as detailed in the review of operations and activities.

**Matters subsequent to balance date**

On 02 July 2012 the Company acquired Energy Best Limited (EBL), a BVI domiciled company which holds a 40% interest in VenturOil. Under the funding agreement with VenturOil, the Company will acquire a 16.25% indirect working interest in the Cadlao project. This interest attributes to the Company 1 mmbbl (on a 2P basis), which Gaffney Cline and Associates has previously valued at $22m.

Acquisition terms have been structured to reflect project performance with the Company paying an initial fee to the vendor, followed by two further cash payments, one from each of the first two liftings of oil from the Cadlao project. The Company will fund VenturOil's 20% share of development costs on the Cadlao project, estimated to be between US$8m – US$10m depending upon the final development solution approved by the DOE and also the relative timing of oil revenues related to this solution.

VenturOil is only obligated to pay these costs following the "spudding" of the first development well at Cadlao, currently scheduled for 1Q13, which then closely ties project funding with project revenues. As such, the Company does not have any near term funding obligations and, due to Cadlao's certified reserves, believes its commitments can be partially debt funded.

**Likely developments and expected results**

The Group will continue to pursue projects which seek to provide sound opportunities for future development during the next financial year.Likely developments and expected results of the operations of the Group in subsequent years are not discussed further in this report. In the opinion of the directors, further information on those matters could prejudice the interests of the Company and the Group because it may relate to matters which are currently under negotiation and premature disclosure could breach commercial confidentiality.

**Environmental legislation**

The Group is subject to significant environmental legal regulations in respect to its exploration and evaluation activities in Australia, New Zealand, the Philippines, and Indonesia. There have been no known breaches of these regulations and principles.

**Indemnification and insurance of directors and officers**

During or since the end of the financial year the Company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums for a standard Directors and Officers Liability and Company Reimbursement Policy. The details of the policy remain confidential between the insurer and the Company.

**Remuneration report**
This report outlines the remuneration arrangements in place for the key management personnel ("KMP") of Raisama Energy Limited (the "Company") for the financial year ended 30 June 2012. The information provided in this remuneration report in relation to the current financial year has been audited as required by Section 308(3C) of the Corporations Act 2001.

The remuneration report details the remuneration arrangements for KMP who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent Company, and includes all executives in the Parent and the Group.

***Key Management Personnel***

**Directors**
David Berrie
David Jeffrey Steketee
James Durrant
Matthew Howison
Guy Cowan*
Christopher Reindler*

*Ceased to be KMP from 16th February 2012

**Other Executives**
Michael Langoulant – Company Secretary

*Remuneration philosophy*
The performance of the Company depends upon the quality of the directors and executives. The philosophy of the Company in determining remuneration levels is to:
- set competitive remuneration packages to attract and retain high calibre employees;
- link executive rewards to shareholder value creation; and
- establish appropriate, demanding performance hurdles for variable executive remuneration.

*Remuneration committee*
The Remuneration Committee of the Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for the directors and the executive team.

The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of directors and executives on a periodic basis by reference to relevant employee market conditions with an overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team.

*Remuneration Structure*
In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

*Non-executive directors*
Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board and are intended to be in line with the market.

*Directors' fees*
Some of the directors perform at least some executive or consultancy services. Non-executive directors receive a separate fixed fee for their services as directors. Fees and payments to Non-executive directors reflect demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board and are intended to be in line with the market.

*Executive pay*
The executive pay and reward framework has the following components:
- base pay and benefits such as superannuation
- long-term incentives through participation in employee equity issues

*Employment contracts*

David Jeffrey Steketee

- Term of Agreement – 3 year term from 1 October 2010.
- Remuneration – Base salary of $325,000 per annum, plus statutory superannuation plus participation in any bonus/option plan as determined by the Board, subject to annual reviews.
- Termination – A termination benefit is payable on termination by the Company, other than for gross misconduct, or termination by D Steketee, that is equal to 18 months' fee.

James Durrant

- Term of Agreement – 3 year term from 1 October 2010.
- Remuneration – Base salary of $300,000 per annum, plus statutory superannuation plus participation in any bonus/option plan as determined by the Board, subject to annual reviews.
- Termination – A termination benefit is payable on termination by the Company, other than for gross misconduct, or termination by J Durrant, that is equal to 18 months' fee.

David Berrie (contract terminated 16 February 2012)

- Term of Agreement – 3 year term from 1 November 2009.
- Remuneration – Base salary of $300,000 per annum, plus statutory superannuation plus participation in any bonus/option plan as determined by the Board, subject to annual reviews.
- Termination – A termination benefit is payable on termination by the Company, other than for gross misconduct, or termination by D Berrie, that is equal to 12 months' consultancy fee. No termination fee was paid.

Christopher Reindler (contract terminated 16 February 2012)

- Term of Agreement – 3 year term from 1 November 2009.
- Remuneration – Base salary of $150,000 per annum, plus potential additional fees for services provided away from Perth plus participation in any bonus/option plan as determined by the Board, subject to annual reviews.
- Termination – A termination benefit is payable on termination by the Company, other than for gross misconduct, or termination by C Reindler, that is equal to 9 months' consultancy fee. No termination fee was paid.

**Key Management Personnel remuneration for the year ended 30 June 2012 and 30 June 2011**

Details of the remuneration of the KMP (as defined in AASB 124 *Related Party Disclosures*) of the Group for the years ended 30 June 2012and 30 June 2011 are set out in the following tables. There are no elements of remuneration that are directly related to performance.

| | **Primary benefits paid / payable** | | **Post-employment benefits** | **Share-based payment** | |
|---|---|---|---|---|---|
| | **Salary and/or consulting fees** | **Directors' fees** | **Superannuation** | **Equity option issues** | **TOTAL** |
| **Year ended 30 June 2012** | **$** | **$** | **$** | **$** | **$** |
| **Director** | | | | | |
| David Berrie | 266,269 | 16,667 | 13,700 | - | 296,636 |
| David Jeffrey Steketee | 325,000 | - | 26,813 | - | 351,813 |
| James Durrant | 300,000 | - | 24,750 | - | 324,750 |
| Matthew Howison | - | 68,000 | - | - | 68,000 |
| Guy Cowan* | - | 40,000 | - | - | 40,000 |
| Christopher Reindler* | 103,750 | - | - | - | 103,750 |
| **Other executives** | | | | | |
| Michael Langoulant** | 140,000 | - | - | - | 140,000 |
| | **1,135,019** | **124,667** | **65,263** | **-** | **1,324,949** |

* Ceased to be a director from 16th February 2012.

** Fees for bookkeeping, accounting and corporate administration services of $140,000 were paid or are payable to a Company of which he is a director and shareholder.

| Year ended 30 June 2011 | Primary benefits paid / payable<br>Salary and/or consulting fees<br>$ | <br>Directors' fees<br>$ | Post-employment benefits<br>Superannuation<br>$ | Share-based payment<br>Equity option issues<br>$ | TOTAL<br>$ |
|---|---|---|---|---|---|
| **Director** | | | | | |
| David Berrie | 172,872 | - | 19,237 | - | 192,109 |
| David Jeffrey Steketee | 56,858 | - | 24,375 | - | 81,233 |
| James Durrant | 49,340 | - | 22,500 | - | 71,840 |
| Matthew Howison* | - | 52,500 | - | - | 52,500 |
| Guy Cowan | - | 13,000 | - | - | 13,000 |
| Christopher Reindler | 176,250 | - | - | - | 176,250 |
| Marcello de Angelis | 44,000 | 52,500 | - | - | 96,500 |
| **Other executives** | | | | | |
| Michael Langoulant** | 59,400 | - | - | - | 59,400 |
| | **558,720** | **118,000** | **66,112** | **-** | **742,832** |

* Additionally corporate advisory fees of $285,000 were paid to a Company of which he is a director and shareholder.
** Fees for bookkeeping, accounting and corporate administration services of $59,400 were paid to a Company of which he is a director and shareholder.

**Option plans in existence during the financial year**
No options were issued to KMP during the year.

**Share based compensation to KMP during the current financial year**
No options were issued as compensation during the year.
No amounts were unpaid on the exercise of options during the year.

**Options issued as compensation exercised during the year by KMP**
No options were granted, exercised or lapsed during the year.

**End of remuneration report**

**Meetings of directors**

During the financial year there were 6 formal directors' meetings. All other matters that required formal Board resolutions were dealt with via written circular resolutions. In addition, the directors met on an informal basis at regular intervals during the financial year to discuss the Group's affairs.

The number of meetings of the Company's board of directors attended by each director were:

| | Directors' meetings held whilst in office | Directors' meetings attended |
|---|---|---|
| David Berrie | 6 | 6 |
| David Jeffrey Steketee | 6 | 6 |
| James Durrant | 6 | 6 |
| Matthew Howison | 6 | 6 |
| Guy Cowan | 6 | 4 |
| Chris Reindler | 6 | 5 |

**Proceedings on behalf of Company**

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

**Rounding off of amounts**

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the Company under ASIC Class order 98/100. The Company is an entity to which the class order applies.

**Auditor independence**

Section 307C of the *Corporations Act 2001* requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the audit of the annual report. This Independence Declaration is set out on page 26 and forms part of this directors' report for the year ended 30 June 2012.

**Non-audit services**

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important. The Company has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The auditor has not provided any material non-audit services meaning that auditor independence was not compromised.

This report is made in accordance with a resolution of the directors.

DBerrie

David Berrie
Chairman
Perth, Western Australia
28 September 2012

Raisama Limited (the "Company") considers the adoption of appropriate systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this report. Commensurate with the spirit of the ASX Guidelines, the Company has followed each Recommendation where the Board has considered the recommendation to be an appropriate benchmark for corporate governance practices, taking into account factors such as the size of the Company and the Board, resources available and activities of the Company. Where, after due consideration, the Company's corporate governance practices depart from the Recommendations, the Board has offered full disclosure of the nature of, and reason for, the adoption of its own practice.

Further information about the Company's corporate governance practices, polices and Charters are set out on the Company's website at www.raisama.com.au In accordance with the ASX Principles and Recommendations, information published on the Company's website includes charters (for the Board and its sub-committees), codes of conduct and other policies and procedures relating to the Board and its responsibilities.

**Disclosure – Principles &recommendations**

The Company reports below on how it has followed (or otherwise departed from) each of the Principles & Recommendations during the 2011/2012 financial year ("**Reporting Period**").

**<u>Principle 1 – Lay solid foundations for management and oversight</u>**

**Recommendation 1.1:**
Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.

**Disclosure:**
The Company has established the functions reserved to the Board and has set out these functions in its Board Charter. The Board is collectively responsible for promoting the success of the Company through its key functions of overseeing the management of the Company, providing overall corporate governance of the Company, monitoring the financial performance of the Company, engaging appropriate management commensurate with the Company's structure and objectives, involvement in the development of corporate strategy and performance objectives and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.

The Company has established the functions delegated to executives and has set out these functions in its Board Charter. Executives are responsible for supporting the Managing Director and to assist the Managing Director in implementing the running of the general operations and financial business of the Company, in accordance with the delegated authority of the Board.

Executives are responsible for reporting all matters which fall within the Company's materiality thresholds at first instance to the Managing Director or, if the matter concerns the Managing Director, then directly to the Chair or the lead independent director, as appropriate.

**Recommendation 1.2:**
Companies should disclose the process for evaluating the performance of senior Executives.

**Disclosure:**
The Chair, in consultation with the other Board members, is responsible for evaluating the senior Executives. The performance evaluation of senior Executives is undertaken by the Chair in the form of interviews.

**Recommendation 1.3:**
Companies should provide the information indicated in the *Guide to reporting on Principle 1.*

**Disclosure:**
During the Reporting Period a performance evaluation of Executives did occur in accordance with the above disclosed process at Recommendation 1.2.

**Principle 2 – Structure the board to add value**

**Recommendation 2.1 &2.2:**
A majority of the Board should be independent directors and the Chairman should be independent.

**Disclosure:**
The independent director on the Board during the Reporting Perioduntil 16 February 2012 was Mr Guy Cowan. From this dateand currently, the Board has no independent director(s).

**Notification of departure:**
The Board does not comprise a majority of independent directors, the Chairman is not independent.

**Explanation for departure:**
The Company has not complied with this Recommendation. The Board now has fournon-independent directors. Given the size and scope of the Company's operations, the Board considers that it has the relevant experience in the exploration and mining industry and is appropriately structured to discharge its duties in a manner that is in the best interests of the Company and its Shareholders from both a long-term strategic and operational perspective.

**Recommendations 2.3:**
The Chief Executive Officer should not be the Chairman.

**Disclosure:**
The Chief Executive Officer is not the Chairman.

**Recommendation 2.4:**
The Board should establish a Nomination Committee.

**Notification of departure:**
The Company has not established a separate Nomination Committee.

**Explanation for departure:**
The full Board considers the matters and issues that would fall to the Nomination Committee. The Board considers that at this stage, no efficiencies or other benefits would be gained by establishing a separate nomination committee. The Board intends to reconsider the requirement for and benefits of a separate nomination committee as the Company's operations grow and evolve. Items that are usually required to be discussed by a Nomination Committee are marked as separate agenda items at Board meetings when required. The Board deals with any conflicts of interest that may occur when convening in the capacity of Nomination Committee by ensuring the director with conflicting interests is not party to the relevant discussions.

**Recommendation 2.5:**
Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.

**Disclosure:**
The Chairman is responsible for evaluation of the Board and, when deemed appropriate, Board committees and individual directors. The Nomination Committee is responsible for evaluating the Chief Executive Officer.

Evaluations are undertaken by way of round-table discussions and when appropriate by one to one interviews.

**Recommendation 2.6:**
Companies should provide the information indicated in the *Guide to Reporting on Principle 2*.

**Disclosure:**
**Skills, experience, expertise and term of office of each Director**
A profile of each director containing their skills, experience, expertise and term of office is set out in the Directors' Report.

**Identification of independent directors**

The independent director of the Company during the Reporting Period was Mr Guy Cowan until 16 February 2012. Mr Cowan was independent as he was a non-executive director, not a member of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of his judgment.

**Statement concerning availability of independent professional advice**

To assist directors with independent judgement, it is the Board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval for incurring such expense from the Chairman, the Company will pay the reasonable expenses associated with obtaining such advice.

**Nomination matters**

The full Board, in its capacity as the Nomination Committee, held one meeting during the Reporting Period. Each member of the Board attended the meeting.To assist the Board to fulfil its function as the Nomination Committee, it has adopted a Nomination Committee Charter.

The explanation for departure set out under Recommendation 2.4 above explains how the functions of the Nomination Committee are performed.

**Performance evaluation**

During the Reporting Period the performance evaluations for the Board and individual directors did occur in accordance with the disclosed process in Recommendation 2.5.

**Selection and re-appointment of directors**

In determining candidates for the Board, the Nomination Committee (or equivalent) follows a prescribed procedure whereby it considers the balance of independent directors on the Board as well as the skills and qualifications of potential candidates that will best enhance the Board's effectiveness.

Each director other than the managing director must retire from office no later than the longer of the third annual general meeting of the Company or 3 years following that director’s last election or appointment. At each annual general meeting a minimum of one director or a third of the total number of directors must resign. A director who retires at an annual general meeting is eligible for re-election at that meeting. Re-appointment of directors is not automatic.

**Principle 3 – Promote ethical and responsible decision-making**

**Recommendation 3.1:**

Companies should establish a Code of Conduct and disclose the code or a summary of the code as to the practices necessary to maintain confidence in the Company's integrity, the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

**Disclosure:**

The Company has established a Code of Conduct as to the practices necessary to maintain confidence in the Company's integrity, practices necessary to take into account their legal obligations and the expectations of their stakeholders and responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

**Recommendation 3.2:**

Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.

**Disclosure:**

A diversity policy has not been established.

**Notification of departure:**
The Company is committed to providing equal employment opportunities to all employees, and to all applicants for employment, regardless of gender, age, ethnic and cultural backgrounds.As the Company has a small number ofemployees a policy has not yet been formalised.

**Recommendation 3.3:**
Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progression towards achieving them.

**Disclosure:**
Measurable objectives for achieving gender diversity in accordance with adiversity policy have not been established.

**Notification of departure:**
Given the Company's small number of Directors and employees the Board considers that at this stage measurableobjectives would not be meaningful.

**Recommendation 3.4:**
Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.

**Disclosure:**
The proportion of women employees on the wholeorganisation, women insenior executive positionsand women on the Boardhas not been disclosed.

**Notification of departure:**
Given the Company's small number of Directors and employees the Boardconsiders that at this stage disclosurewomen employees in the whole organisation,women in senior executive positions andwomen on the Board would not bemeaningful.

**Recommendation 3.5:**
Companies should provide the information indicated in the *Guide to reporting on Principle 3.*

**Disclosure:**
Please refer to www.raisama.com.au to review the Company's Code of Conduct.

**Principle 4 – Safeguard integrity in financial reporting**

**Recommendation 4.1:**
The Board should establish an Audit Committee.

**Disclosure:**
The Company has established an Audit Committee.

**Recommendation 4.2:**
The Audit Committee should be structured so that it:

- consists only of non-executive directors
- consists of a majority of independent directors
- is chaired by an independent Chair, who is not Chair of the Board
- has at least three members.

**Notification of departure:**
The Audit Committee includes a non-independentdirector and Chair of the Board, namely M Howison and D Berrie.

**Explanation for departure:**
The Company considers that the members of the Audit Committee are the most appropriate, given their experience and qualifications, for the Company's current needs. The Board has adopted an Audit Committee Charter, which the Audit Committee applies when convening. The Audit Committee Charter makes provision for the Audit Committee to meet with the external auditor, as and when required.

**Recommendation 4.3:**
The Audit Committee should have a formal charter.

**Disclosure:**
The Company has adopted an Audit Committee Charter.

**Recommendation 4.4:**
Companies should provide the information indicated in the *Guide to reporting on Principle 4.*

**Disclosure:**
The Board in its capacity as Audit Committee held one meeting during the Reporting Period, attended by all of its members.

The Company has established procedures for the selection, appointment and rotation of its external auditor. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Audit Committee (or its equivalent). Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Audit Committee (or its equivalent).

**Principle 5 – Make timely and balanced disclosure**

**Recommendation 5.1:**
Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a executive level for that compliance and disclose those policies or a summary of those policies.

**Disclosure:**
The Company has established written policies designed to ensure compliance with ASX Listing Rule disclosure and accountability at a senior executive level for that compliance.

**Recommendation 5.2**:
Companies should provide the information indicated in the *Guide to reporting on Principle 5.*

**Disclosure:**
Please refer to www.raisama.com.au to review these policies.

**Principle 6 – Respect the rights of shareholders**

**Recommendation 6.1:**
Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

**Notification of departure:**
The Company has no formal shareholder communication policy.

**Explanation for departure:**
While the Company has not established a formal shareholder communication strategy it actively communicates with its shareholders to promote shareholder involvement in the Company. It achieves this by posting on its website, copies of all information which is lodged with ASX. Shareholders with internet access will also be encouraged to provide their email addresses to receive electronic copies of information distributed by the Company. Alternatively, hard copies of information distributed by the Company will be available on request.

**Principle 7 – Recognise and manage risk**

**Recommendation 7.1:**
Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

**Disclosure:**
The Board has adopted a Risk Management Policy, which sets out the Company's risk profile. Under the Policy, the Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Under the Policy, the Board delegates day-to-day management of risk to the Managing Director, who is responsible for identifying, assessing, monitoring and managing risks. The Managing Director is also responsible for updating the Company's material business risks to reflect any material changes, with the approval of the Board. In fulfilling the duties of risk management, the Managing Director may have unrestricted access to Company employees, contractors and records and may obtain independent expert advice on any matter they believe appropriate, with the prior approval of the Board.

In addition, the following risk management measures have been adopted by the Board to manage the Company's material business risks:
- the Board has established authority limits for management which, if exceeded, will require prior Board approval; and
- the Board has adopted a compliance procedure for the purpose of ensuring compliance with the Company's continuous disclosure obligations.

The key categories of risk of the Company, as reported on by management, include:
- cash management;
- financial reporting;
- ASX reporting compliance;
- project ownership retention;
- project site health and safety; and
- maintaining joint venture partnerships.

The Board will review, formalise and document the management of its material business risks. This system is expected to include the preparation of a risk register by management to identify the Company's material business risks and risk management strategies for these risks. In addition, the process of management of material business risks will be allocated to members of senior management.

**Recommendation 7.2:**
The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.

**Disclosure:**
The Board has required management to design, implement and maintain risk management and internal control systems to manage the Company's materials business risks. The Board also requires management to report to it confirming that those risks are being managed effectively. Further, the Board has received a report from management as to the effectiveness of the Company's management of its material business risks.

During the reporting period the Company has continued to develop a formal risk management system, including the policies and systems referred to in the disclosure in relation to Recommendation 7.1. Although the system is not yet fully documented, management acting through the Managing Director was able to form the view that management of its material business risks during the Reporting Period was effective.

**Recommendation 7.3:**
The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

**Disclosure:**
The Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) have provided a declaration to the Board in accordance with section 295A of the Corporations Act and have assured the Board that such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial risk.

**Recommendation 7.4:**
Companies should provide the information indicated in the *Guide to reporting on Principle 7.*

**Disclosure:**
The Board has received the report from management under Recommendation 7.2.

The Board has received the assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) under Recommendation 7.3.

**Principle 8 – Remunerate fairly and responsibly**

**Recommendation 8.1:**
The Board should establish a Remuneration Committee.

**Notification of departure:**
The Company has not established a separate Remuneration Committee.

**Explanation for departure:**
The Board considers that no efficiencies or other benefits would be gained by establishing a separate Remuneration Committee. The Company's constitution provides that the remuneration of non-executive directors will not be more than the aggregate fixed sum determined by general meeting. This aggregate remuneration of non-executive directors will be set at the Company's next shareholder meeting. Non-executive directors may receive a fixed fee for their services and may also receive options. Time is set aside at one Board meeting each year specifically to address the matters usually considered by a Remuneration Committee. Executive directors absent themselves during discussion of their remuneration.

**Recommendation 8.2:**
Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

**Disclosure:**
Non-executive directors are remunerated at market rates for time, commitment and responsibilities. Remuneration for non-executive directors is not linked to individual performance. Given the Company's stage of development and the financial restrictions placed on it, the Company may consider it appropriate to issue options to non-executive directors, subject to obtaining the relevant approvals. The issue of options to non-executive directors is considered an appropriate method of providing sufficient incentive and reward whilst maintaining cash reserves. This policy is subject to annual review. All of the directors' option holdings are fully disclosed.

Pay and rewards for executive directors and senior executives consists of a base pay and benefits (such as superannuation) as well as long term incentives through participation in employee share and option plans. Executives are offered a competitive level of base pay at market rates and are reviewed annually to ensure market competitiveness.

**Recommendation 8.3:**
Companies should provide the information indicated in the *Guide to reporting on Principle 8.*

**Disclosure:**
Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms of part of the Directors' Report.

The full Board, in its capacity as the Remuneration Committee, held one meeting during the Reporting Period. Each member of the Board attended the meeting. There are no termination or retirement benefits for non-executive directors.

**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the financial report of Raisama Energy Limited for the year ended 30 June 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

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

This declaration is in respect of Raisama Energy Limited.

**Perth, Western Australia**
**28 September 2012**

**W M CLARK**
**Partner, HLB Mann Judd**

**HLB Mann Judd (WA Partnership) ABN 22 193 232 714**
**Level 4, 130 Stirling Street Perth WA 6000. PO Box 8124 Perth BC 6849 Telephone +61 (08) 9227 7500. Fax +61 (08) 9227 7533.**
**Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au**

## Statement of Comprehensive Income for the year ended 30 June 2012

| | Note | Consolidated 2012 $'000 | Consolidated 2011 $'000 |
|---|---|---|---|
| Other revenue from ordinary operations | | | |
| Financial income | | 71 | 216 |
| Other income | | 77 | 96 |
| | | 148 | 312 |
| Other expenses from ordinary operations | | | |
| Administrative expenses | | (1,826) | (1,866) |
| Professional and consultancy fees | | (1,134) | (1,211) |
| Depreciation charges | | (78) | (28) |
| Financial expense | | (879) | (53) |
| Share based payments | 13 | (1,413) | - |
| Exploration expenditure incurred | | (173) | (45) |
| Oil & gas development expenditure impairment | 8 | (2,927) | - |
| Oil & gas deferred exploration expenditure written off | | (87) | (1,490) |
| Mineral exploration project acquisition costs written off | | (17) | (8,860) |
| | | (8,534) | (13,553) |
| **Loss before income tax expense** | | **(8,386)** | **(13,240)** |
| Income tax expense | | - | - |
| Loss after tax from continuing operations | | (8,386) | (13,240) |
| Loss after tax from discontinued operations | 23 | (342) | (266) |
| **Net loss for the year** | | **(8,728)** | **(13,507)** |
| **Other comprehensive income** | | | |
| Foreign exchange gain on translation of subsidiary financial statements | | 130 | (34) |
| Foreign exchange loss on translation of subsidiary foreign loan | | 325 | (700) |
| **Other comprehensive income, net of tax** | | **455** | **(734)** |
| **Total comprehensive loss for the year** | | **(8,273)** | **(14,241)** |
| Loss attributable to: | | | |
| Owners of the Parent Entity | | (8,735) | (13,500) |
| Non-Controlling Interest | | 7 | (7) |
| | | **(8,728)** | **(13,507)** |
| Total comprehensive loss attributable to: | | | |
| Owners of the Parent Entity | | (8,280) | (14,234) |
| Non-Controlling Interest | | 7 | (7) |
| | | **(8,273)** | **(14,241)** |
| | | Cents | Cents |
| Basic loss per share | 3 | (3.17) | (8.22) |
| Basic loss per share from continuing operations | 3 | (3.04) | (8.22) |

*The above statement of comprehensive income should be read in conjunction with the accompanying notes.*

## Statement of Financial Position as at 30 June 2012

| | Note | Consolidated 2012 $'000 | 2011 $'000 |
|---|---|---|---|
| **Current Assets** | | | |
| Cash and cash equivalents | | 1,845 | 3,850 |
| Trade and other receivables | 4 | 77 | 59 |
| Inventory | | - | 5 |
| **Total Current Assets** | | **1,922** | **3,914** |
| **Non-Current Assets** | | | |
| Trade and other receivables | 4 | 651 | - |
| Plant and equipment | 5 | 199 | 321 |
| Oil and gas deferred exploration expenditure | 7 | 948 | 1,132 |
| Oil and gas development expenditure | 8 | 7,529 | 7,233 |
| Mineral exploration project acquisition costs | 9 | 200 | 1,604 |
| **Total Non-Current Assets** | | **9,527** | **10,290** |
| **Total Assets** | | **11,449** | **14,204** |
| **Current Liabilities** | | | |
| Trade and other payables | 10 | 1,216 | 1,875 |
| **Total Current Liabilities** | | **1,216** | **1,875** |
| **Non-Current Liabilities** | | | |
| Borrowings | | - | 178 |
| **Total Non-Current Liabilities** | | **-** | **178** |
| **Total Liabilities** | | **1,216** | **2,053** |
| **Net Assets** | | **10,233** | **12,151** |
| **Equity** | | | |
| Issued capital | 11 | 31,886 | 26,944 |
| Reserves | 12 | 1,224 | (644) |
| Accumulated losses | | (22,877) | (14,142) |
| Parent entity interest | | 10,233 | 12,158 |
| Non-controlling interest | | - | (7) |
| **Total Equity** | | **10,233** | **12,151** |

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

## Statement of Changes in Equity for the year ended 30 June 2012

| Consolidated | Issued capital $'000 | Share compensation reserve $'000 | Foreign currency translation reserve $'000 | Accumulated losses $'000 | Non-controlling interest $'000 | Total equity $'000 |
|---|---|---|---|---|---|---|
| **Balance at 1 July 2010** | **1,175** | **90** | **-** | **(643)** | **-** | **622** |
| Loss for the period | - | - | - | (13,500) | (7) | (13,507) |
| Other comprehensive income | - | - | (734) | - | - | (734) |
| Total comprehensive loss for the year | **-** | **-** | **(734)** | **(13,500)** | **(7)** | **(14,241)** |
| Issue of shares | 9,319 | - | - | - | - | 9,319 |
| Reverse acquisition of Raisama Ltd | 16,450 | - | - | 1 | - | 16,451 |
| **Balance at 30 June 2011** | **26,944** | **90** | **(734)** | **(14,142)** | **(7)** | **12,151** |
| **Balance at 1 July 2011** | **26,944** | **90** | **(734)** | **(14,142)** | **(7)** | **12,151** |
| Loss for the period | - | - | - | (8,735) | 7 | (8,728) |
| Other comprehensive income | - | - | 455 | - | - | 455 |
| Total comprehensive loss for the year | **-** | **-** | **455** | **(8,735)** | **7** | **(8,273)** |
| Issue of options | - | 1,413 | - | - | - | 1,413 |
| Issue of shares | 5,213 | - | - | - | - | 5,213 |
| Share issue costs | (271) | - | - | - | - | (271) |
| **Balance at 30 June 2012** | **31,886** | **1,503** | **(279)** | **(22,877)** | **-** | **10,233** |

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

## Statement of Cash Flows for the year ended 30 June 2012

| | Note | Consolidated 2012 $'000 | 2011 $'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from customers | | - | 96 |
| Payments to suppliers and employees | | (3,993) | (3,895) |
| Interest paid | | (672) | - |
| Income taxes paid | | - | (2) |
| **Net cash outflow from operating activities** | 20 | **(4,665)** | **(3,801)** |
| | | | |
| **Cash flows from investing activities** | | | |
| Interest received | | 71 | 230 |
| Purchase of property, plant and equipment | | - | (226) |
| Payments for oil and gas deferred exploration expenditure | | (205) | (2,311) |
| Payments for mineral exploration project acquisition costs | | - | (335) |
| Payments for oil and gas development expenditure | | (2,921) | (6,783) |
| Acquisition of subsidiary, net of cash acquired | | - | 6,616 |
| Net proceeds from sale of discontinued operations | 23 | 1,397 | - |
| **Net cash flows from investing activities** | | **(1,658)** | **(2,809)** |
| | | | |
| **Cash flows from financing activities** | | | |
| Proceeds from the issue of shares | | 4,488 | 9,319 |
| Share issue costs | | (271) | - |
| Proceeds from borrowings | | 2,000 | 400 |
| Repayment of borrowings | | (1,973) | - |
| **Net cash flows from financing activities** | | **4,244** | **9,719** |
| | | | |
| **Net increase / (decrease) in cash held** | | **(2,079)** | **3,109** |
| Cash at the beginning of reporting period | | 3,850 | 790 |
| Effect of exchange rate fluctuations on cash held | | 74 | (49) |
| **Cash at the end of the reporting period** | | **1,845** | **3,850** |

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

**Note 1: Statement of significant accounting policies**

**(a) Basis of preparation**

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Accounting Standards and Interpretations and other requirements of the law. The financial report has also been prepared on a historical cost basis. The Parent Entity is registered and domiciled in Australia.

**(b) Adoption of new and revised standards**

**Changes in accounting policies on initial application of Accounting Standards**

In the year ended 30 June 2012, the directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period. It has been determined by the directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Group accounting policies.

The directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2012. As a result of this review the directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Group accounting policies.

**(c) Statement of compliance**

The financial report was authorised by the Board of directors for issue on 28 September 2012.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

**(d) Basis of consolidation**

The consolidated financial statements comprise the financial statements of Raisama Energy Limited and its controlled entities as at 30 June (the Group).

The financial statements of the controlled entities are prepared for the same reporting period as the parent entity, using consistent accounting policies.

In preparing the consolidated financial statements, all inter Company balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full. Controlled entities are fully consolidated from the date on which control is transferred to the Group and cease to beconsolidated from the date on which control is transferred out of the Group. Control exists where the Parent Entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

**(e) Revenue recognition**

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

*(i) Interest income*

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

**(f) Cash and cash equivalents**

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Temporary bank overdrafts are included in cash at bank and in hand. Permanent bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

**Note 1: Statement of significant accounting policies (continued)**

**(g) Income tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

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

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

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in controlled entities, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in controlled entities, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

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

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the financial period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

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

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

**(h) Other taxes**

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

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

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

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

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

**Note 1: Statement of significant accounting policies (continued)**

**(i) Property, plant and equipment and oil and gas properties**

Plant and equipment, equipment under finance lease and oil and gas properties, including carried forward development expenditure, are stated at cost less accumulated depreciation and impairment. Costs include expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, costs are determined by discounting the amounts payable in the future to their present value as at the date of acquisition. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they incurred

All tangible assets have limited useful lives and are depreciated using the straight-line method over their existing useful lives, with the exception of carried forward development expenditure in the production phase and oil and gas plant and well equipment which are amortised on a units of production method based on the ratio of actual production to remaining proved reserves (1P) as estimated by independent petroleum engineers, and finance lease assets which are amortised over the term of the relevant lease or, where it is likely the Group will obtain ownership of the asset, the life of the asset.

Depreciation is calculated as follows:

| | |
|---|---|
| Plant and equipment | 20% - 33% on a straight line basis |
| Oil and gas properties | Based on units of production |

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial period end.

**(j) Impairment of assets**

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at re-valued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior financial periods. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

**(k) Trade and other payables**

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

**Note 1: Statement of significant accounting policies (continued)**

**(l) Provisions**

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

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

**(m) Employee leave benefits**

*Wages, salaries, annual leave and sick leave*

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

**(n) Share-based payment transactions**

*Equity settled transactions:*

The Group provides benefits to employees and consultants of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees and consultants is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black and Scholes model.

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

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects

(i) the extent to which the vesting period has expired, and

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

**(o) Issued capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**(p) Earnings per share**

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares.

**Note 1: Statement of significant accounting policies (continued)**

**(q) Exploration and evaluation expenditure**

Exploration and evaluation costs are accumulated in respect of each “area of interest” in accordance with AASB 6 ‘Exploration For and Evaluation of Mineral Resources’ and are disclosed as a separate class of assets. Costs are either expensed as incurred or partially or fully capitalised as an exploration and evaluation asset provided exploration titles are current and at least one of the following conditions are satisfied:

(i) the exploration and evaluation expenditures are expected to be recouped through development and exploitation of the area interest or by future sale; or

(ii) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the areas of interest are continuing.

Exploration and evaluation assets are classified between tangible and intangible and are assessed for impairment when facts and circumstances suggest the carrying amount may exceed the recoverable amount. Impairment losses are recognised in profit and loss.

Expenditure relating to development of oil and gas leases are shown separately and not included in exploration and evaluation assets.

**(r) Foreign currency translation**

Both the functional and presentation currency of Raisama Energy Limited and its Australian subsidiaries is Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance date.

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

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

The functional currencies of the foreign operations are not nominated in Australian Dollars. As at the balance date the assets and liabilities of these subsidiaries are translated into the presentation currency of Raisama Energy Limited at the rate of exchange ruling at the balance date and their income statements are translated at the weighted average exchange rate for the year. The exchange differences arising on the translations are taken directly to a separate component of recognised in the foreign currency translation reserve in equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in profit or loss.

**(s) Leases**

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**(t) Trade and other receivables**

Trade receivables are initially valued at fair value and then subsequently measured at amortised cost. Trade receivables on oil and gas sales are due for settlement within 30 days from the date of the sale. Collectability of trade debtors is reviewed on an on-going basis. Debts which are known to be uncollectible are written off. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivable.

**Note 1: Statement of significant accounting policies (continued)**

**(u) Segment Reporting(p)**

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operatingdecision maker, which has been identified as the Board of Directors of RaisamaEnergy Limited.

**(v) Business Combinations**

The acquisition method of accounting is used to account for all business combinations. Consideration is measured at thefair value of the assets transferred, liabilities incurred and equity interests issued by the Group on acquisition date.

Consideration also includes the acquisition date fair values of any contingent consideration arrangements, any pre-existingequity interests in the acquiree and share-based payment awards of the acquiree that are required to be replaced in abusiness combination. The acquisition date is the date on which the Group obtains control of the acquiree. Where equityinstruments are issued as part of the consideration, the value of the equity instruments is their published market price atthe acquisition date unless, in rare circumstances it can be demonstrated that the published price at acquisition date is not fair value and that other evidence and valuation methods provide a more reliable measure of fair value.

Identifiable assets acquired and liabilities and contingent liabilities assumed in business combinations are, with limited exceptions, initially measured at their fair values at acquisition date. Goodwill represents the excess of the consideration transferred and the amount of the non-controlling interest in the acquiree over fair value of the identifiable net assets acquired. If the consideration and non-controlling interest of the acquiree is less than the fair value of the net identifiable assets acquired, the difference is recognised in profit or loss as a bargain purchase price, but only after a reassessment of the identification and measurement of the net assets acquired.

For each business combination, the Group measures non-controlling interests at either fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed when incurred. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

**(w) Parent entity financial information**

The financial information for the parent entity, Raisama Energy Limited, disclosed in note 18 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the parent entity’s financial statements. Dividends received from associates are recognised in the parent entity’s profit or loss, rather than being deducted from the carrying amount of these investments.

(ii) Share-based payments

The grant by the company of options over its equity instruments to the employees of subsidiary undertakings in the group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

## Note 2: Income tax

| | Consolidated 2012 $'000 | Consolidated 2011 $'000 |
|---|---|---|
| **Income tax expense recognised in statement of comprehensive income** | | |
| *Current income tax* | | |
| Current income tax payable | - | - |
| *Deferred income tax* | | |
| Relating to origination and reversal of temporary differences | - | - |
| Income tax expense/(benefit) reported in statement of comprehensive income | **-** | **-** |
| **Reconciliation to income tax expense on accounting loss** | | |
| Accounting loss before tax | (8,728) | (13,504) |
| Tax benefit at the statutory income tax rate of 30% | (2,618) | (4,051) |
| Non-deductible expenses | 1,559 | 3,397 |
| Unrealised tax losses not recognised | 1,165 | 654 |
| Temporary differences | (106) | - |
| Income tax expense | - | - |
| **Unrecognised deferred tax balances** | | |
| Deferred tax assets: | | |
| Tax revenue losses (Australian) | 3,042 | 1,281 |
| Tax revenue losses (Foreign) | 71 | 99 |
| Unamortised business related costs | 457 | - |
| Unamortised borrowing costs | 11 | - |
| Deferred tax liabilities: | | |
| Exploration expenses | 60 | - |
| Net unrecognised deferred tax assets | **3,641** | **1,380** |

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits thereof.

**Note 3: Loss per share**

| | Consolidated 2012 $'000 | 2011 $'000 |
|---|---|---|
| The loss and weighted average number of ordinary shares used in the calculation of basic loss per share is as follows: | | |
| Net loss for the year | (8,728) | (13,507) |
| The weighted average number of ordinary shares | 275,776,581 | 164,144,178 |
| Total basic loss per share (cents) | (3.17) | (8.22) |
| Total loss per share from continuing operations | (3.04) | (8.22) |

The diluted loss per share is not reflected as the result is anti-dilutive.

**Note 4: Trade and other receivables**

| | Consolidated 2012 $'000 | 2011 $'000 |
|---|---|---|
| **Current** | | |
| GST | 77 | 38 |
| Other receivables | - | 21 |
| | **77** | **59** |
| **Non-current** | | |
| Other receivables | 549 | - |
| Security deposit | 102 | - |
| | **651** | **-** |

**Note 5: Plant and equipment**

| | Consolidated Total $'000 |
|---|---|
| **Year ended 30 June 2012** | |
| At 1 July 2011, net of accumulated depreciation | 321 |
| Disposals through sale of subsidiary | (44) |
| Depreciation charge for the year | (78) |
| At 30 June 2012, net of accumulated depreciation | **199** |
| **Year ended 30 June 2011** | |
| At 1 July 2010, net of accumulated depreciation | 6 |
| Additions | 226 |
| Acquired through business combinations | 117 |
| Depreciation charge for the year | (28) |
| At 30 June 2011, net of accumulated depreciation | **321** |
| **At 30 June 2012** | |
| Cost or fair value | 329 |
| Accumulated depreciation | (130) |
| Net carrying amount | **199** |
| **At 30 June 2011** | |
| Cost or fair value | 388 |
| Accumulated depreciation | (67) |
| Net carrying amount | **321** |

**Note 6: Segment information**

For management purposes, the Board of Directors of Raisama Energy Limited has been defined as the Chief Operating Decision Maker. Segment information is presented in respect of the Group's business segments based on the Group's management and internal reporting structure.

During the year the Group operated predominantly in two business segments that consisted of oil and gas exploration and development, and mineral exploration. Geographically, the Group operates in The Philippines, Indonesia, New Zealand, Thailand, Australia and the Kyrgyz Republic. Offices are maintained in Australia, Indonesia and in Kyrgyz Republic. Segment accounting policies are the same as the Group's policies described in Note 1. Segment results are classified in accordance with their use within geographic segments regardless of legal entity ownership. Intersegment pricing is determined on an arm's length basis.

Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. The following table present revenue and result information and certain asset and liability information regarding business segments for the years ended 30 June 2012 and 30 June 2011.

| | Oil and Gas Exploration & Development | | | | Mineral Exploration | | Unallocated | Total |
|---|---|---|---|---|---|---|---|---|
| | Philippines | Indonesia | New Zealand | Thailand | Australia | Kyrgyz Republic | | |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| **2012** | | | | | | | | |
| **Revenue** | | | | | | | | |
| Interest Revenue | 0 | 0 | 0 | 0 | 0 | 0 | 71 | 71 |
| Total segment revenue | **0** | **0** | **0** | **0** | **0** | **0** | **71** | **71** |
| Segment net operating result after tax | **(2,927)** | **0** | **0** | **(61)** | **(17)** | **(417)** | **(5,306)** | **(8,728)** |
| **Segment assets** | **7,594** | **1,291** | **18** | **0** | **200** | **0** | **2,346** | **11,449** |
| **Other segment information** | | | | | | | | |
| Segment liabilities | **0** | **0** | **0** | **0** | **0** | **0** | **(1,216)** | **(1,216)** |
| Depreciation segment assets | **0** | **0** | **0** | | **0** | **0** | **(78)** | **(78)** |
| **2011** | | | | | | | | |
| **Revenue** | | | | | | | | |
| Interest Revenue | 0 | 0 | 0 | 0 | 0 | 13 | 217 | 230 |
| Total segment revenue | **0** | **0** | **0** | **0** | **0** | **13** | **217** | **230** |
| Segment net operating result after tax | **(2)** | **(65)** | **0** | **(1,490)** | **0** | **(28)** | **(11,922)** | **(13,507)** |
| **Segment assets** | **7,711** | **1,037** | **18** | **0** | **217** | **948** | **4,273** | **14,204** |
| **Other segment information** | | | | | | | | |
| Segment liabilities | **(450)** | **0** | **0** | **0** | **0** | **(289)** | **(1,314)** | **(2,053)** |
| Depreciation segment assets | **0** | **0** | **0** | **0** | **0** | **0** | **(28)** | **(28)** |
| Acquisition of plant and equipment | **0** | **0** | **0** | **0** | **0** | **34** | **309** | **343** |

**Note 7: Oil and gas deferred exploration expenditure**

| | Consolidated | |
|---|---|---|
| | **2012** | **2011** |
| Areas of interest in the exploration and evaluation phase | **$'000** | **$'000** |
| Balance at the beginning of the year | 1,132 | 311 |
| Expenditure incurred | 205 | 2,311 |
| Assets reclassified | (302) | - |
| Costs written off | (87) | (1,490) |
| Balance at the end of the year | **948** | **1,132** |

The recoupment of deferred exploration expenditure is dependent upon the recoupment of costs through successful development and commercial exploitation, or alternatively by sale of the respective areas.

**Note 8: Oil and gas development expenditure**

| | Consolidated | |
|---|---|---|
| | **2012** | **2011** |
| | **$'000** | **$'000** |
| Balance at the beginning of the year | 7,233 | - |
| Expenditure incurred | 2,921 | 7,233 |
| Assets reclassified | 302 | |
| Impairment* | (2,927) | - |
| Balance at the end of the year | **7,529** | **7,233** |

* As disclosed to the ASX on 31 July 2012 the Company is involved in an arbitration process with Blade Petroleum Limited (Blade) regarding its Cadlao Project (Project); if the arbitrator finds in favour of Blade, Blade has the option to acquire the Company's existing 25% interest in the Project (together with associated royalties) for a sum calculated in accordance with the Project farm in agreement and estimated by the Company to be in excess of $7.3M. The Company has recognised an impairmentof the carrying value of $2,927,295 as at 30 June 2012.

**Note 9: Mineral exploration project acquisition costs**

| | Consolidated | |
|---|---|---|
| | **2012** | **2011** |
| Areas of interest in the exploration and evaluation phase | **$'000** | **$'000** |
| Balance at the beginning of the year | 1,604 | - |
| Expenditure incurred | - | 335 |
| Recognised on purchase of subsidiary | - | 10,129 |
| Derecognised on disposal of subsidiary | (1,387) | - |
| Project acquisition costs written off | (17) | (8,860) |
| Balance at the end of the year | **200** | **1,604** |

The recoupment of exploration project acquisition costs carried forward is dependent upon the recoupment of costs through successful development and commercial exploitation, or alternatively by sale of the respective areas.

**Note 10: Trade and other payables**

| | Consolidated | |
|---|---|---|
| | **2012** | **2011** |
| | **$'000** | **$'000** |
| Trade and other payables* | 1,216 | 1,391 |
| Other | - | 484 |
| | **1,216** | **1,875** |

* Trade payables are non-interest bearing and are normally paid on 30 day terms.

**Note 11: Issued Capital**

As at 30 June 2012 there were 316,838,681 fully paid ordinary shares on issue (2011: 260,102,046)

| | Consolidated Entity | | | |
|---|---|---|---|---|
| **Movement in ordinary share capital** | **2012 $'000** | **2011 $'000** | **2012 Number** | **2011 Number** |
| At the beginning of the period | 26,944 | 1,175 | 260,102,046 | 109,981,819 |
| Shares issued during the year | 5,213 | 9,954 | 56,736,635 | 67,870,227 |
| Costs associated with share issue | (271) | (635) | - | - |
| Issue of shares to acquire Raisama Limited | - | 16,450 | - | 82,250,000 |
| At reporting date | **31,886** | **26,944** | **316,838,681** | **260,102,046** |

**Movement in share options**

The Company has share-based options in place under which options to subscribe for the Company's shares have been granted to employees and executives. There are 75,100,000 options (2011: 54,500,000) on issue (refer to note 13).

On 12 April 2011 the Group entered into a $20 million equity facility with a leading UK-based investment firm, Global Emerging Markets (GEM). This facility has remained unutilised as at balance date.

The key terms of the equity facility include:

- A limit of $20 million, to be drawn down at the Company's discretion.
- The facility will expire after a period of two years.
- Subscription share price to be based on an average closing price formula.
- A grant of 20 million options to GEM exercisable at 28c each for a term of 5 years.

| **Note 12: Reserves** | **Consolidated** | |
|---|---|---|
| | **2012 $'000** | **2011 $'000** |
| Foreign currency translation reserve (a) | (279) | (734) |
| Share compensation reserve (b) | 1,503 | 90 |
| | **1,224** | **(644)** |

(a) Foreign currency translation reserve
The foreign currency translation reserve represents foreign exchange movements on the translation of financial statements for controlled entities from the functional currency into the presentation currency of Australian dollars.

(b) Share compensation reserve
The share compensation reserve is used to record the value of equity benefits provided to employees, consultants and directorsas part of their remuneration.

## Note 13: Share based payments

### Employee Share Option Plan

The Employee Share Option Plan (ESOP) was approved by shareholders at the 2011 Annual General Meeting on 25 November 2011. The ESOP allows participants to be directors, employees of, and consultants to the Company or any of its subsidiaries.

### Share options to employees

A total of 600,000 employee options were issued during the year. A cost $13,015 was recognised in the Statement of Comprehensive Income and was calculated using a Black Scholes pricing model applying the following inputs:

| | |
|---|---|
| Weighted average exercise price | $0.05 |
| Estimated term of the options | 3 years |
| Underlying share price | $0.03 |
| Expected share price volatility | 140.11% |
| Risk free interest rate | 2.59% |

The following employee share options were in place during the current and prior periods:

| Number | Grant date | Expiry date | Exercise price | Fair value at grant date |
|---|---|---|---|---|
| 6,000,000 | 24 September 2008 | 31 December 2012 | $0.2000 | $0.0045 |
| 1,000,000 | 16 June 2009 | 31 December 2012 | $0.2000 | $0.0258 |
| 6,000,000 | 24 September 2008 | 31 December 2013 | $0.3500 | $0.0050 |
| 2,000,000 | 16 June 2009 | 31 December 2013 | $0.3500 | $0.0234 |
| 500,000 | 19 October 2009 | 31 December 2013 | $0.3500 | $0.1008 |
| 6,000,000 | 24 September 2008 | 31 December 2014 | $0.5000 | $0.0550 |
| 3,000,000 | 16 June 2009 | 31 December 2014 | $0.5000 | $0.0240 |
| 500,000 | 19 October 2009 | 31 December 2014 | $0.5000 | $0.1000 |
| 4,000,000 | 17 April 2009 | 31 December 2013 | $0.2000 | $0.0000* |
| 4,150,000 | 17 April 2009 | 31 December 2014 | $0.3500 | $0.0000* |
| 200,000 | 17 April 2009 | 31 December 2014 | $0.4000 | $0.0000* |
| 4,450,000 | 17 April 2009 | 31 December 2014 | $0.5000 | $0.0000* |
| 600,000** | 06 June 2012 | 01 August 2015 | $0.0500 | $0.0216 |

* As these options were issued upon incorporation of Peak Oil & Gas Pty Ltd before any funding, there was a $nil value placed upon them.

** These options vested on 01 August 2012.

The following table illustrates the number and weighted average exercise prices and movements in employee share options issued during the year:

| | 2012<br>No. | 2012<br>Weighted average exercise price | 2011<br>No. | 2011<br>Weighted average exercise price |
|---|---|---|---|---|
| Outstanding balance at the beginning of the year | 37,800,000 | $0.3620 | 25,000,000 | $0.3650 |
| Granted during the year | 600,000 | $0.0500 | 12,800,000 | $0.3561 |
| Outstanding at the end of the year | 38,400,000 | $0.3571 | 37,800,000 | $0.3620 |
| Exercisable at the end of the year | 37,800,000 | $0.3620 | 37,800,000 | $0.3620 |

**Note 13: Share based payments (continued)**

**Share options to consultants**

A total of 20,000,000 options were issued during the year as part of the agreement entered into with GEM (refer to note 11). A cost $1,400,000 was recognised in the Statement of Comprehensive Income and was calculated using a Black Scholes pricing model applying the following inputs:

| | |
|---|---|
| Weighted average exercise price | $0.28 |
| Estimated term of the options | 5 years |
| Underlying share price | $0.105 |
| Expected share price volatility | 107.44% |
| Risk free interest rate | 3.57% |

The following consultant share options were in place during the current and prior periods:

| Number | Grant date | Expiry date | Exercise price | Fair value at grant |
|---|---|---|---|---|
| 4,000,000 | 17 April 2009 | 31 December 2013 | $0.2000 | $0.0000(*) |
| 3,850,000 | 17 April 2009 | 31 December 2014 | $0.3500 | $0.0000(*) |
| 3,850,000 | 17 April 2009 | 31 December 2014 | $0.5000 | $0.0000(*) |
| 5,000,000 | 6 May 2010 | 31 December 2013 | $0.3500 | $0.0100(*) |
| 20,000,000 | 25 November 2011 | 25 November 2016 | $0.2800 | $0.0700 |

* Where options are granted to external consultants at arm's length fair value of options is deemed to be the value of services supplied.

The following table illustrates the number and weighted average exercise prices and movements in share options issued to consultants during the year:

| | 2012 No. | 2012 Weighted average exercise price | 2011 No. | 2011 Weighted average exercise price |
|---|---|---|---|---|
| Outstanding balance at the beginning of the year | 16,700,000 | $0.3487 | 5,000,000 | $0.3500 |
| Granted during the year | 20,000,000 | $0.2800 | 11,700,000 | $0.3481 |
| Outstanding at the end of the year | 36,700,000 | $0.3113 | 16,700,000 | $0.3487 |
| Exercisable at the end of the year | 36,700,000 | $0.3113 | 16,700,000 | $0.3487 |

**Note 14: Financial instruments**

**(a) Capital risk management**

Prudent capital risk management implies maintaining sufficient cash and marketable securities to ensure continuity of tenure to exploration assets and to be able to conduct the Group's business in an orderly and professional manner. The Board monitors its future capital requirements on a regular basis and will when appropriate consider the need for raising additional equity capital or to farm-out exploration projects as a means of preserving capital.

**(b) Categories of financial instruments**

The Group's principal financial instruments comprise of cash and short-term deposits.The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as receivables and trade payables, which arise directly from its operations.  It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

**Note 14: Financial instruments (continued)**

**(c) Financial risk management objectives**

The Group is exposed to market risk (including, interest rate risk and equity price risk), credit risk and liquidity risk.

The main risks arising from the Group's financial instruments are interest rate risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

**(d) Market risk**

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

*(i) Interest rate risk management*

All cash balances attract a floating rate of interest. Excess funds that are not required in the short term are placed on deposit for a period of no more than 6 months. The Group's exposure to interest rate risk and the effective interest rate by maturity periods is set out below.

Interest rate sensitivity analysis

As the Group has no interest bearing borrowings its exposure to interest rate movements is limited to the amount of interest income it can potentially earn on surplus cash deposits.

At 30 June 2012, if interest rates had changed by +/- 10% and all other variables were held constant, the Group's after tax loss would have been $7,079 (2011: $22,965) lower/higher as a result of higher/lower interest income on cash and cash equivalents.

**(e) Credit risk management**

Credit risk relates to the risk that counterparties will default on their contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from any defaults.

**(f) Liquidity risk management**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities to ensure continuity of tenure to exploration assets and to be able to conduct the Group's business in an orderly and professional manner. Cash deposits are only held with major financial institutions.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial assets and liabilities. The tables have been prepared based on the undiscounted cash flows expected to be received / paid by the Group.

| | | | | Maturity | | | |
|---|---|---|---|---|---|---|---|
| **2012** | **Weighted average effective interest rate %** | **Less than 1 month $,000** | **1-3 months $,000** | **3 months to 1 year $,000** | **1-5 years $,000** | **5+ years $,000** | **Total $,000** |
| **Financial assets:** | | | | | | | |
| Non-interest bearing | | | | | | | |
| Cash and cash equivalents | | 240 | - | - | - | - | 240 |
| Loans and receivables | | 77 | - | - | 651 | - | 728 |
| | | **317** | **-** | **-** | **651** | **-** | **968** |
| Variable interest rate | | | | | | | |
| Cash and cash equivalents | 4.0 | 1,605 | - | - | - | | 1,605 |
| | | **1,605** | **-** | **-** | **-** | **-** | **1,605** |
| **Financial Liabilities** | | | | | | | |
| Non-interest bearing | | 1,216 | - | - | - | - | 1,216 |
| | | **1,216** | **-** | **-** | **-** | **-** | **1,216** |

**Note 14: Financial instruments (continued)**

| 2011 | Weighted average effective interest rate % | Maturity<br>Less than 1 month $,000 | 1-3 months $,000 | 3 months to 1 year $,000 | 1-5 years $,000 | 5+ years $,000 | Total $,000 |
|---|---|---|---|---|---|---|---|
| **Financial assets:** | | | | | | | |
| Non-interest bearing | | | | | | | |
| Cash and cash equivalents | | 2,261 | - | - | - | - | 2,261 |
| Loans and receivables | | 59 | - | - | - | - | 59 |
| | | **2,320** | **-** | **-** | **-** | **-** | **2,320** |
| Variable interest rate | | | | | | | |
| Cash and cash equivalents | 4.5 | 1,589 | - | - | - | | 1,589 |
| | | **1,589** | **-** | **-** | **-** | **-** | **1,589** |
| **Financial Liabilities** | | | | | | | |
| Non-interest bearing | | 1,425 | - | - | 178 | - | 1,603 |
| | | **1,425** | **-** | **-** | **178** | **-** | **1,603** |

**(g) Foreign currency risk**

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currency. The functional currency of the group is denominated is Australian dollars.

The Group's policy is to maintain and hold the sufficient foreign currency to meet its liabilities when due. Surplus financial assets are transferred and held within Australian dollar currency based financial products.

| Unhedged amounts receivable / payable in foreign currency | Consolidated<br>2012<br>$'000 | <br>2011<br>$'000 |
|---|---|---|
| Cash | 12 | 1,440 |
| Current – receivables | - | - |
| Non-current - receivables | 558 | - |
| Current – payables | (25) | - |
| | **545** | **1,440** |

The only foreign currency the Group is currently exposed to is the US dollar, at 30 June 2012 if AUD:USD rates had changed by +/- 10% and all other variables were held constant, the Group's after tax loss would have been $54,482 (2011: $143,963) lower/higher as a result of higher/lower foreign exchange translations on cash, receivables and payables.

**Note 15: Commitments for expenditure**

| | Consolidated<br>2012<br>$'000 | <br>2011<br>$'000 |
|---|---|---|
| Not longer than 1 year | 2,450 | 2,450 |
| Longer than 1 year and not longer than 5 years | - | - |
| Longer than 5 Years | - | - |
| | **2,450** | **2,450** |

*Expenditure commitments (oil and gas)*

The commitments reflect the minimum expenditure to meet the conditions under which the licenses are granted or such greater amounts that have been contractually committed. These commitments may vary from time to time, subject to approval by the grantor of titles or by variation of contractual agreements. The expenditure represents potential expenditure which may be reduced by entering into sale, farm-out or relinquishment of the interests and may vary depending upon the results of exploration activities. The estimate does not include possible expenditure on certain drilling programs as the Group has the right but not the obligation to participate in most wells. Should expenditure not reach the required level in respect of each area of interest, the Group's interest could be either reduced of forfeited.

**Note 15: Commitments for expenditure (continued)**

*Expenditure commitments (minerals)*

In order to maintain rights of tenure to mineral tenements, the Group is required to outlay certain amounts in respect of rent and minimum expenditure requirements set by the various government departments.

Exemption from incurring this annual level of expenditure may be granted where access to the tenement area is restricted for reasons beyond the Group's control such as where native title issues restrict the Group's ability to explore in the project area. The Group is not aware of any such restrictions to exploration in the coming year and it does not anticipate seeking any exemption to reduce this annual expenditure requirement.

**Note 16: Directors and executives disclosures**

*(a) Directors and executives of the Parent Entity at the date of this report are:*

| | | |
|---|---|---|
| David Berrie | - | Non-executive Chairman |
| David Jeffrey Steketee | - | Managing Director |
| James Durrant | - | Technical Director |
| Matthew Howison | - | Non-executive Director |
| Michael Langoulant | - | Company Secretary |

*(b) Directors and executives personnel compensation*

| | **Consolidated** | |
|---|---|---|
| | **2012** | **2011** |
| | **$** | **$** |
| Primary benefits | 1,259,686 | 676,720 |
| Post-employment benefits | 65,263 | 66,112 |
| Share-based payment | - | - |
| | **1,324,949** | **742,832** |

Detailed remuneration disclosures of directors and other executives are in pages 15 to 17 of this report.

Details of options provided as remuneration, together with the terms and conditions of the shares and options can be found in the remuneration report.

(c) Option holdings of directors and executives of the parent entity.

| **2012** | **Balance at the beginning of the financial period** | **Granted during the financial period** | **Exercised during the financial period** | **Balance at the end of the financial period** | **Vested and exercisable at the end of the financial period** |
|---|---|---|---|---|---|
| **Directors** | | | | | |
| David Berrie | 6,000,000 | - | - | 6,000,000 | 6,000,000 |
| David Jeffrey Steketee | 4,000,000 | - | - | 4,000,000 | 4,000,000 |
| James Durrant | 4,000,000 | - | - | 4,000,000 | 4,000,000 |
| Matthew Howison | 8,100,000 | - | - | 8,100,000 | 8,100,000 |
| Guy Cowan | 500,000 | - | - | 500,000* | 500,000* |
| Christopher Reindler | 4,500,000 | - | - | 4,500,000* | 4,500,000* |
| **Other Executives** | | | | | |
| Michael Langoulant | 6,000,000 | - | | 6,000,000 | 6,000,000 |
| | **33,100,000** | **-** | **-** | **33,100,000** | **33,100,000** |

* Balance at date of resignation as director

**Note 16: Directors and executives disclosures (continued)**

| **2011** | **Balance at the beginning of the financial period** | **Granted during the financial period** | **Exercised during the financial period** | **Balance at the end of the financial period** | **Vested and exercisable at the end of the financial period** |
|---|---|---|---|---|---|
| **Directors** | | | | | |
| David Berrie | 6,000,000 | - | - | 6,000,000 | 6,000,000 |
| David Jeffrey Steketee | - | 4,000,000* | - | 4,000,000 | 4,000,000 |
| James Durrant | - | 4,000,000* | - | 4,000,000 | 4,000,000 |
| Matthew Howison | 4,500,000 | 3,600,000* | - | 8,100,000 | 8,100,000 |
| Guy Cowan | - | 500,000* | - | 500,000 | 500,000 |
| Christopher Reindler | 4,500,000 | - | - | 4,500,000 | 4,500,000 |
| Marcello de Angelis | 500,000 | - | - | 500,000** | 500,000** |
| **Other Executives** | | | | | |
| Michael Langoulant | 4,500,000 | 1,500,000* | - | 6,000,000 | 6,000,000 |
| | **20,000,000** | **13,600,000*** | **-** | **33,600,000** | **33,600,000** |

*These options were carried forward from Peak Oil & Gas Ltd following the acquisition by Raisama.
** Balance at date of resignation as director

(d) Shareholdings of directors and executivesof the parent entity

| **2012** | **Balance at start of year** | **Movement during the year** | **Balance at the end of the financial year** |
|---|---|---|---|
| **Directors** | | | |
| David Berrie | 1,272,727 | 160,000 | 1,432,727 |
| David Jeffrey Steketee | 30,427,727 | 160,000 | 30,587,727 |
| James Durrant | 30,427,727 | 160,000 | 30,587,727 |
| Matthew Howison | 15,107,954 | 160,000 | 15,267,954 |
| Guy Cowan | - | - | -* |
| Christopher Reindler | 7,381,818 | (1,500,000) | 5,881,818* |
| **Other Executives** | | | |
| Michael Langoulant | 14,556,818 | (3,717,778) | 10,839,040 |
| | **99,174,771** | **(4,577,778)** | **94,596,993** |

*Balance at date of resignation as director

**Note 16: Directors and executives disclosures (continued)**

| 2011 | Balance at start of year | Movement during the year | Balance at the end of the financial year |
|---|---|---|---|
| **Directors** | | | |
| David Berrie | 1,000,000 | 272,727 | 1,272,727 |
| David Jeffrey Steketee | 30,000 | 30,397,727 | 30,427,727 |
| James Durrant | 30,000 | 30,397,727 | 30,427,727 |
| Matthew Howison | 6,012,500 | 9,095,454 | 15,107,954 |
| Guy Cowan | - | - | - |
| Christopher Reindler | 6,700,000 | 681,818 | 7,381,818 |
| Marcello de Angelis | 200,000 | - | 200,000* |
| **Other Executives** | | | |
| Michael Langoulant | 6,375,000 | 8,181,818 | 14,556,818 |
| | **20,347,500** | **79,027,271** | **99,374,771** |

*Balance at date of resignation as director

**Note 17: Related party disclosure**

The ultimate parent entity in the wholly-owned group and the ultimate Australian parent entity is Raisama Energy Limited. The consolidated financial statements include the financial statements of Raisama Energy Limited and the controlled entities listed in the following table:

| Name of entity | Country of incorporation | Class of shares | Equity holding% 2012 | Equity holding% 2011 |
|---|---|---|---|---|
| Peak Oil & Gas Pty Ltd | Australia | Ordinary | 100 | 100 |
| Peak Oil & Gas (Singapore) Pte Ltd | Singapore | Ordinary | 100 | 100 |
| Peak Oil & Gas (SBA) Pte Ltd | Singapore | Ordinary | 100 | - |
| Peak Oil & Gas (PEP 51311) Ltd | New Zealand | Ordinary | 100 | - |
| Peak Royalties Ltd | British Virgin Islands | Ordinary | 100 | 100 |
| Peak Oil & Gas Philippines Ltd | British Virgin Islands | Ordinary | 100 | 100 |
| Business Sphere LLC | Kyrgyz Republic | Ordinary | - | 75 |
| SA Drilling Pty Ltd | Australia | Ordinary | 100 | 100 |
| Samarai Pty Ltd | Australia | Ordinary | 100 | 100 |

The transactions between Raisama Energy Limited and its controlled entities during this financial year consisted of loans between Raisama Energy Limited and its controlled entities.

**Related parties**

The following table provides details of advances to related parties and outstanding balances at balance date.

| | Parent entity 2012 $'000 | Parent entity 2011 $'000 |
|---|---|---|
| Peak Oil & Gas Pty Ltd | (1,466) | 2,514 |
| Peak Oil & Gas Philippines Ltd | 4,799 | - |
| Peak Oil & Gas (SBA) Pte Ltd | 9 | |
| Business Sphere LLC | - | 1,148 |
| SA Drilling Pty Ltd | 206 | 206 |
| Samarai Pty Ltd | 256 | 256 |
| Impairment of loans to controlled entities | (462) | (1,610) |
| | **3,342** | **2,514** |

**Note 18: Parent Entity Disclosures**

| | Parent Entity | |
|---|---|---|
| | **30 June 2012** | **30 June 2011** |
| | **$'000** | **$'000** |
| ***Financial position*** | | |
| Current assets | 1,900 | 3,597 |
| Non-current assets | 9,549 | 38,402 |
| Total assets | 11,449 | 41,999 |
| Current liabilities | 1,216 | 1,268 |
| Total liabilities | 1,216 | 1,268 |
| **Net Assets** | **10,233** | **40,731** |
| Issued capital | 53,803 | 48,860 |
| Accumulated losses | (45,369) | (8,515) |
| Reserves | 1,799 | 386 |
| **Total equity** | **10,233** | **40,731** |
| ***Financial performance*** | | |
| Loss for the year | 36,854 | 4,134 |
| Other comprehensive income | - | - |
| Total comprehensive loss | **36,854** | **4,134** |

**Note 19: Events subsequent to reporting date**

On 2 July 2012 the Company acquired Energy Best Limited (EBL), a BVI domiciled company which holds a 40% interest in VenturOil. Under the funding agreement with VenturOil, the Company will acquire a 16.25% indirect working interest in the Cadlao project. This interest attributes to the Company 1 mmbbl (on a 2P basis), which Gaffney Cline and Associates has previously valued at $22m.

Acquisition terms have been structured to reflect project performance with the Company paying an initial fee to the vendor, followed by two further cash payments, one from each of the first two liftings of oil from the Cadlao project.
The Company will fund VenturOil's 20% share of development costs on the Cadlao project, estimated to be between US$8m to US$10m depending upon the final development solution approved by the DOE and also the relative timing of oil revenues related to this solution.

VenturOil is only obligated to pay these costs following the "spudding" of the first development well at Cadlao, currently scheduled for 1Q13, which then closely ties project funding with project revenues. As such, the Company does not have any near term funding obligations and, due to Cadlao's certified reserves, believes its commitments can be partially debt funded.

**Note 20: Reconciliation of loss after income tax to net cash outflow from operating activities**

| | Consolidated 2012 $'000 | 2011 $'000 |
|---|---|---|
| *Reconciliation of loss from ordinary activities after income tax to net cash outflow from operating activities* | | |
| Net loss for the year | (8,728) | (13,507) |
| Depreciation | 78 | 28 |
| Share based payment expense | 1,413 | - |
| Equity settled finance expense | 200 | - |
| Loss on discontinued operation | 342 | 266 |
| Oil and gas development expenditure written off | 2,927 | - |
| Oil and gas deferred exploration expenditure written off | 87 | 1,490 |
| Mineral exploration project acquisition costs written off | 17 | 8,877 |
| Interest income received | (71) | (216) |
| Foreign exchange losses | - | 19 |
| Exploration expenditure incurred | - | 28 |
| (Increase) / decrease in trade and other receivables | (669) | (86) |
| (Increase) / decrease in inventory | 5 | (5) |
| Increase / (decrease) in trade and other payables | (266) | (695) |
| Net cash outflow from operating activities | **(4,665)** | **(3,801)** |

b) *Non-cash financing and investing activities*

In the 2012 financial year the following transactions took place:

(i) 2,386,685 shares at a price of $0.084 were issued during the year as settlement of a $200,000 fee owing under the agreement entered into with GEM (refer to note 11).

(ii) 4,739,757 shares at a price of $0.090 were issued during the year as settlement of a $426,578 debt owing under a short term borrowing agreement.

(iii) 870,000 shares at a price of $0.115 were issued during the year for the acquisition of additional interest in the Kashkasu II project.

(iv) 2,800,000 shares at a price of $0.090 were issued during the year pertaining to the sale of the Kashkasu II project.

In the 2011 financial year a total of 82,250,000 ordinary shares in the Group were issued with an assessed value of $16,450,000 for the purchase of a controlled entity.

**Note 21: Finance facilities**

| | Consolidated 2012 $US'000 | 2011 $US'000 |
|---|---|---|
| Debt facility | 30,000 | - |
| Amount used | - | - |
| **Unused and available debt facility** | **30,000** | **-** |

In September 2011 the Company contracted Legavi Capital Inc, a Philippines based financier to provide debt funding to the amount of $US30 million for the Cadlao Redevelopment Project. There has currently been no amount drawn down on this facility.

## Note 22: Auditors' remuneration

The auditors of the Group are HLB Mann Judd.

| | Consolidated 2012 $ | 2011 $ |
|---|---|---|
| *Assurance services* | | |
| HLB Mann Judd | 55,500 | 30,000 |
| **Total auditors' remuneration** | **55,500** | **30,000** |

## Note 23: Discontinued Operations

During November 2011 the Group agreed to sell its equity interest in Business Sphere LLC which held the Kashkasu II Uranium Project in the Kyrgyz Republic for AU$1.5 million to Hebei Mining of China as part of the Company's increasing focus on the oil and gas sector. Business Sphere LLC was sold on 30 November 2011 with effect from 30 November 2011 and is reported in the financial statements for the year ended 30 June 2012 as a discontinued operation.

| **Results of discontinued operations** | **Consolidated 2012 $'000** | **2011 $'000** |
|---|---|---|
| Revenue | 16 | - |
| Expenses | (45) | - |
| Net loss before tax | (29) | - |
| Income tax expense | - | - |
| Loss of Business Sphere LLC after tax | **(29)** | **-** |
| Loss on sale of Business Sphere LLC | (61) | - |
| **Loss from discontinued operations** | **(90)** | **-** |

| **Cash flows from discontinued operations** | **Consolidated 2012 $'000** | **2011 $'000** |
|---|---|---|
| Net cash flows from operating activities | 23 | - |
| Net cash flows from investing activities | (22) | - |
| Net cash flows from financing activities | - | - |
| **Net cash flows** | **1** | **-** |

| **Consideration received for the disposal of Business Sphere** | **2012 $'000** | **2011 $'000** |
|---|---|---|
| Cash | 1,500 | - |
| Total disposal consideration | **1,500** | **-** |
| Less: costs associated with disposal | (340) | - |
| Less: net assets disposed of | (1,502) | - |
| Loss on disposal before income tax | **(342)** | **-** |
| Income tax expense | - | - |
| **Loss on disposal after income tax** | **(342)** | **-** |
| **Net cash inflow on disposal** | | |
| Cash and cash equivalents consideration received or receivable | 1,500 | - |
| Less cash costs associated with disposal | (80) | - |
| Net cash and cash equivalents disposed of | (23) | - |
| **Net cash inflow on disposal** | **1,397** | **-** |

## Directors' Declaration

1. In the opinion of the directors:
   a. the accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:

      i. giving a true and fair view of the Group's financial position as at 30 June 2012 and of its performance for the financial year then ended; and

      ii. complying with Accounting Standards and the 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.

   c. the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

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 year ended 30 June 2012.

This declaration is signed in accordance with a resolution of the Board of Directors.

**David Berrie**
Chairman

Perth, Western Australia
28 September 2012

HLB Mann Judd

Accountants | Business and Financial Advisers



# INDEPENDENT AUDITOR'S REPORT

To the members of Raisama Energy Limited

## Report on the Financial Report

We have audited the accompanying financial report of Raisama Energy Limited ("the company"), which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for the consolidated entity. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

### *Directors' responsibility for the financial report*

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

In Note 1(c), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the consolidated financial report complies with International Financial Reporting Standards.

### *Auditor's responsibility*

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

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

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

### *Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

**HLB Mann Judd (WA Partnership) ABN 22 193 232 714**
**Level 4, 130 Stirling Street Perth WA 6000. PO Box 8124 Perth BC 6849 Telephone +61 (08) 9227 7500. Fax +61 (08) 9227 7533.**
**Email: hlb@hlbwa.com.au. Website: http://www.hlb.com.au**

HLB Mann Judd

Accountants | Business and Financial Advisers

***Matters relating to the electronic presentation of the audited financial report and remuneration report***

This auditor's report relates to the financial report and remuneration report of Raisama Energy Limited for the financial year ended 30 June 2012 published in the annual report and included on the company's website. The company's directors are responsible for the integrity of the company's website. We have not been engaged to report on the integrity of this website. The auditor's report refers only to the financial report and remuneration report. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report and remuneration report. If users of the financial report and remuneration report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report and remuneration report to confirm the information contained in this website version of the financial report and remuneration report.

***Auditor's opinion***

In our opinion:

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

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

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

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

**Report on the Remuneration Report**

We have audited the remuneration report included in the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

***Auditor's opinion***

In our opinion the remuneration report of Raisama Energy Limited for the year ended 30 June 2012 complies with section 300A of the *Corporations Act 2001*.

HLB Mann Judd

**HLB MANN JUDD**
**Chartered Accountants**

W M Clark

**Perth, Western Australia**
**28 September 2012**

**W M CLARK**
**Partner**

## Additional shareholder information

The shareholder information set out below was applicable as at 10 September 2012.

***A. Distribution of equity securities***

Analysis of numbers of equity security holders by size of holding:

| | Class of equity security<br>Ordinary shares |
|---|---|
| 1 – 1,000 | 22 |
| 1,001 – 5,000 | 52 |
| 5,001 – 10,000 | 115 |
| 10,001 – 100,000 | 457 |
| 100,001 – 1,000,000 | 253 |
| 1,000,001 and over | 44 |
| **Total** | **943** |

There were 335 holders of less than a marketable parcel of ordinary shares.

***B. Equity security holders***

Twenty largest quoted equity security holders – ordinary shares

| | Ordinary shares | |
|---|---|---|
| **Name** | **No. held** | **% of issued shares** |
| Sagepark Holdings Pty Ltd <J & C Steketee Family A/C> | 30,557,727 | 9.64 |
| Hebei Mining (Australia) Holding Pty Ltd | 27,745,959 | 8.76 |
| Pontia Pty Ltd <The Durrant Family A/C> | 27,432,727 | 8.66 |
| National Nominees Limited | 13,791,714 | 4.35 |
| Mr Peter Smedvig | 13,636,363 | 4.30 |
| Seaspin Pty Ltd <Aphrodite A/C> | 9,739,757 | 3.07 |
| Laconia Holdings Pty Ltd <Laconia A/C> | 8,754,545 | 2.76 |
| Veblen Group Pty Ltd <Jcl A/C> | 7,017,272 | 2.21 |
| Mr Matthew Howison | 5,600,000 | 1.77 |
| Veblen Group Pty Ltd <Jcl A/C> | 5,600,000 | 1.77 |
| Lanza Holdings Pty Ltd <Togesa A/C> | 4,625,000 | 1.46 |
| Lanza Holdings Pty Ltd <Langoulant Family Super Fund A> | 4,090,909 | 1.29 |
| Jacobs Corporation Pty Ltd | 3,950,000 | 1.25 |
| Mr James Durrant + Ms Monica Durrant <Durrant Super Fund A/C> | 3,125,000 | 0.99 |
| Mr Ian Stuart Watson + Mrs Catherine Jane Watson <Watson Super A/C> | 3,000,000 | 0.95 |
| Mr Christopher Reindler | 2,964,500 | 0.94 |
| Shichi Pty Ltd | 2,567,727 | 0.81 |
| Jerele Mining Pty Ltd | 2,409,090 | 0.76 |
| Hsbc Custody Nominees (Australia) Limited | 2,386,698 | 0.75 |
| Edale Capital Pty Ltd <Kenmore A/C> | 2,307,000 | 0.73 |
| | **181,301,988** | **57.22** |

### *C. Substantial holders*

Substantial shareholders in the Company are set out below:

| | Number Held | Percentage |
|---|---|---|
| Ordinary shares | | |
| Sagepark Holdings Pty Ltd | 30,557,727 | 9.64 |
| Pontia Pty Ltd (and associates) | 30,557,727 | 9.64 |
| Hebei Mining Australia Pty Ltd | 27,745,959 | 8.76 |

### *D. Voting rights*

The voting rights attaching to each class of equity securities are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.