WestSide Corporation Limited
Consolidated Financial Statements
ABN 74 117 145 516

Year ended 30 June 2014

Contents

Directors' report

Your Directors present their report on the Consolidated Entity (referred to hereafter as the Group) consisting of WestSide Corporation Limited (the Company) and the entities it controlled at the end of, or during, the year ended 30 June 2014.

Directors

The following persons are Directors of WestSide Corporation Limited at the date of this report:

Director	
C Ye (Chairman)	(appointed 21 August 2014)
J Liu	(appointed 21 August 2014)
M. Hughes (Managing Director)	(appointed 25 October 2013)

Mr N Mitchell was a Director from the beginning of the financial year until his resignation on 17 February 2014.

Mr A Karoll was a Director from the beginning of the financial year until his resignation on 17 March 2014.

Mr R Neale, J Clarke, A Gall and T Karoll were Directors from the beginning of the financial year until their resignation on 21 August 2014.

The following Directors information is current as at the date of this report:

Cheng Ye

Mr Ye has been the Chairman and President of Landbridge Group since September 2001. He is also a National Committee Member of the CPPCC and Deputy of Shandong Provincial People's Congress. Mr Ye is the controlling shareholder of Landbridge Group.

Jingxia Liu

Ms Liu has worked in Landbridge Group for over 20 years and is the Deputy Manager of the Landbridge Group business development section. Ms Liu was also engaged as the Landbridge Group public officer from 2001 to 2009 and in the Landbridge Group business development section during 1993 – 2001.

Michael Hughes

Mr Hughes is a seasoned oil and gas industry executive who has previously worked as Gas Supply Director for Santos Limited's Gladstone Liquefied Natural Gas (GLNG) project. He has an international track record of building and operating successful oil and gas businesses in Asia and Australia and invaluable local experience gained while working within Queensland's emerging export CSG-to-LNG industry.

With more than 20 years' experience in the international oil and gas sector, Mr Hughes played an instrumental role in building and running the South East Asian operations of integrated global energy company Hess Corporation before joining the GLNG project in 2009. He has a Masters in Mathematics from the University of Oxford and is a member of the Australian Institute of Company Directors.

Operating and financial review

Principal activities

WestSide Corporation Limited has interests in a portfolio of coal seam gas (CSG) projects in Queensland. WestSide operates the Meridian SeamGas field west of Gladstone in Queensland's Bowen Basin in joint operation with major Japanese trading house subsidiary, Mitsui E&P Australia.

Elsewhere in the Bowen Basin, WestSide has established certified CSG reserves for two of its projects, Paranui and Tilbrook in ATP 769P and ATP 688P respectively. The Company is working to prove up further reserves within these tenements with its joint operation partners QGC and Mitsui E&P Australia.

Highlights for the financial year

- Executed transformational 20-year Gas Sales Agreement to supply up to 65 TJ/day with oil-linked pricing from 2016
- Implemented recommendations by external technical specialists to lift field performance, resulting in stabilisation of gas sales volumes at approximately 12 TJ/d throughout much of the period
- Delivered 2,126 TJ of gas (net to WestSide) for the 12 months to 30 June 2014 – up 10% on the 1,935 TJ in the previous corresponding period
- Achieved gas sales revenues of $7.6 million – up 4% on the $7.3 million reported in the previous corresponding period
- Independent validation report on the Meridian SeamGas field development plan increased confidence in the capacity of the business to supply increasing production volumes into new gas sales contracts

Highlights for the financial year (continued)

- Appointed experienced Development Manager Bryan O'Donnell to lead the Meridian field development
- Commenced six-well development drilling program at Meridian in June 2014
- Completed sale of drilling rig for consideration of $3.6 million.
- Successfully raised $15.45 million via a Share Placement and Share Purchase Plan, leaving the Company well funded and resourced to pursue its business plans
- Received field development financing proposals from a number of financial institutions
- Subsequent to the end of the period Landbridge successfully acquired more than 90% of the Company's issued capital at $0.40 a share, issued compulsorily acquisition notices to acquire the outstanding shares and delisted WestSide from the Australian Securities Exchange

Results for the period

WestSide reported an operating loss after income tax for the 12 months to 30 June 2014 of $12.2 million (2013: $21.9m).

Revenue from continuing operations for the period was $9.0 million (2013: $8.4m), including $8.4 million from Meridian SeamGas (2013: $7.3m) and $0.7 million in interest income (2013: $1.0m).

WestSide also completed the sale of its drilling rig in May, receiving $3.6 million cash consideration and reached a favourable settlement of a legal dispute arising from damage to the drilling rig in 2011.

Outlook

In March the Company secured a binding 20-year agreement to sell gas from 2015. The agreement provides for future sale volumes of up to 65 TJ/d from the Meridian gasfield and places the Company in control of the pace of production expansion under the agreement, allowing it to match deliverability and available financial resources to achieve optimum value. The agreement also links WestSide to attractive gas pricing and provides the Company with a long term and flexible platform for growth.

WestSide plans to increase production from the Meridian field and has already started drilling new wells as the first phase of the field expansion.

Operations review

Meridian SeamGas CSG gas fields

(WestSide interest 51%, Mitsui E&P Australia 49%)

Gross Reserves: 47.2 PJ (1P); 347 PJ (2P);777 PJ (3P) net to WestSide

The Meridian SeamGas fields comprise a range of CSG assets including a petroleum lease (PL94), gas rights in mining leases, production wells and gas compression and pipeline infrastructure connected to Queensland's commercial gas network, including Gladstone, just 160 km to the east.

Operations during the year focused on well work-overs and remedial interventions to maintain production and demonstrate ongoing well stability resulting in increased sales volumes. Remediation work delivered a significant recovery in production rates to approximately 12 TJ/d, (net of fuel gas) in the first quarter and stable production for the remainder of the year.

Key actions included:

- Clearing lateral well blockages
- Connection of the lateral ends of blocked wells to the gas gathering system to produce gas from both ends of the well
- Refinements to operating/work-over practices and procedures
- Trial of new artificial lift techniques, including free-flowing with foam

Production

WestSide's share of sales from the Meridian SeamGas CSG gas field for the year to 30 June 2014 totalled 2,126,933 GJ or 11.4 TJ/d (full field equivalent)- up 10 per cent from 1,935,270 GJ sold in the previous year – reflecting the impact of remediation efforts and contribution from worked-over wells.

Development

Fundamental well performance has remained solid following remediation initiatives and continues to underpin future development plans. The Meridian field development plan incorporates extensive recommended improvements in drilling procedures and practices to improve well production.

The first phase of the field expansion at Meridian commenced during the June quarter, with two new stand-alone lateral wells drilled. Four more new wells have been drilled since June 2014, and the wells are progressively being brought on-line.

Development (continued)

Detailed planning continues for the expansion of the Meridian field to produce increasing volumes of gas to GLNG from 2015.

Proposals for financing facilities for the Meridian gas field expansion were received from several potential financiers and were being assessed at the time Landbridge gained control of WestSide in early July.

Meridian SeamGas	2014	2013	Change
Gross Operated Gas Sales GJ	**4,170,457**	3,794,648	10%
Net to WestSide (51%) Gas Sales GJ	**2,126,933**	1,935,270	10%

Table 1: Gas Sales Data for twelve months to 30 June 2014

Exploration review

Bowen Basin

ATP 769

(WestSide interest 25.5% - Mitsui E&P Australia 24.5% - QGC 50%)
Reserves: 69 PJ (3P) net to WestSide

During the year the Joint Operation drilled the deep exploration core well Thisit 01, 30km north of the Paranui project and about 18km north of Moura. Thisit 01, operated by joint operation partner QGC Pty Ltd, was drilled to a depth of 924 metres when the joint operation partners agreed to plug and abandon the well due to hole instability issues encountered.

Data gathered from the drilling will be used to formulate future exploration work programs in the region.

ATP 688P

(WestSide interest 25.5% - Mitsui E&P Australia 24.5% - QGC 50%)
Reserves: 39 PJ (3P) net to WestSide

No significant exploration activities were undertaken during the period, however, the joint operators are planning to drill additional appraisal wells.

Galilee Basin

ATP 974P and ATP 978P

WestSide relinquished its interests in Galilee Basin tenements ATP 974P and ATP 978P in March 2014 in order to focus on development of its producing Meridian field asset.

Dividends

During the financial year, no amounts have been paid or declared by way of dividend (2013: nil). No dividend will be recommended by the Directors for declaration at the forthcoming Annual General Meeting.

As a matter of policy, the Board will, to the extent that is prudent, pay dividends from profits. The payment of dividends will be dependent on a number of factors including availability of profits, the Company's Franking Credit position, operating results, cash flow, financial and taxation positions, future capital requirements and other factors considered relevant by the Board. In view of the expected capital requirements for future exploration, appraisal and development activity, payment of a dividend would not be appropriate prior to establishing a long term profit stream which is capable of supporting both capital expenditure and dividend distribution.

Environmental regulation

Both State and Federal laws regulate the entity's environmental obligations. The Queensland Department of Environment and Heritage Protection (DEHR) has issued Environmental Authorities for each of the Group's Petroleum Leases, Petroleum Pipeline Leases and exploration tenements. These authorities are relatively prescriptive in regard to environmental protection. The Group operated in compliance with all local and state legislation governing the environmental management of its gas exploration, production and transport activities during 2014.

Greenhouse gas and energy data reporting requirements
The Group is registered under the *National Greenhouse and Energy Reporting Act 2007*, and has systems and processes in place for the collection and calculation of the data required to comply with the Act. Annual reports are lodged as required under the Act.

Certain facilities operated by the Group qualify for inclusion in the carbon pricing scheme under the provisions of the *Clean Energy Act 2011*, and supporting legislation. The Company has implemented systems to capture data to enable it to assess its liability under the scheme and has registered as an account holder on the Australian National Registry of Emission Units.

During the period there were no environmental incidents and one recordable medical treatment injury.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6.

Insurance of officers

Insurance and indemnity arrangements are in place for officers of the Company.

To the extent permitted by law, the Company indemnifies every person who is or has been an officer against:

- any liability to any person (other than the Company, related entities or a major shareholder) incurred while acting in that capacity and good faith; and
- costs and expenses incurred by that person in that capacity in successfully defending legal proceedings and ancillary matters

Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Matters subsequent to the end of the financial year

Issue, vesting and lapsing of employee performance rights

On 4 July 2014, following the Directors' advice to shareholders to accept the takeover offer by Landbridge Energy Australia Pty Ltd., the Board exercised its discretion to vest all 4,747,000 outstanding Performance Rights, converting them to ordinary shares, and to release restrictions on all unquoted employee shares. This resulted in recognition of an expense of $495,553 in July 2014.

Takeover offer

On 5 August 2014 Landbridge Energy Australia Pty Ltd's takeover offer closed with Landbridge having received acceptances for 93.45% of the Company's issued share capital. Landbridge lodged a notice for the compulsory acquisition of all of the remaining issued shares in WestSide Corporation Ltd and WestSide was removed from the official list of ASX Limited on 18 September 2014.

Advisory fee

Under the terms of a contract with a corporate advisor, WestSide paid additional fees of $1,039,760 in July 2014 as a result of Landbridge gaining more than 90% interest in WestSide.

No other matter or circumstance has arisen since 30 June 2014 that has significantly affected, or may significantly affect:

(a) the Group's operations in future financial years, or
(b) the results of those operations in future financial years, or
(c) the Group's state of affairs in future financial years.

Chief Financial Officer and Company Secretary

The company secretary is Damian Galvin BBus (Accounting), CA. Damian joined WestSide in 2006. He is a Chartered Accountant with more than 20 years' experience in the financial management of companies in Australia and overseas.

A former Chief Financial Officer and Company Secretary of a coal seam gas pioneer, Queensland Gas Company Limited. Damian headed QGC's corporate function for five years, during which time the company grew from a junior CSG explorer to one of Australia's major CSG producers.

He has also had financial and commercial experience with Premier Oil Plc and Pricewaterhouse.

Meeting of Directors

The numbers of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 June 2014, and the numbers of meetings attended by each Director were:

	Board Meetings		***Audit and Compliance Committee Meetings***		***Remuneration Committee Meetings***	
Director	***A***	***H***	***A***	***H***	***A***	***H***
M Hughes	18	18	*	*	*	*
R Neale	22	25	*	*	2	3
J Clarke	23	25	1	2	3	3
A Gall	25	25	2	2	3	3
T Karoll	23	25	2	2	*	*
N Mitchell (resigned 17 Feb 2014)	9	11	*	*	*	*
A Karoll (resigned 17 Mar 2014)	12	14	*	*	*	*

A *Attended.*
H *Number of meetings held during the time the Director held office or was a member of the Board or Committee during the year*
* *Not a member of the relevant Committee.*

Retirement, election and continuation in office of Directors

Mr C Ye and Ms J Liu will offer themselves for re-election at the forthcoming Annual General Meeting.

This report is made in accordance with a resolution of Directors.

Relief from compliance with certain disclosure requirements

The Company has been relieved of the requirement to make certain disclosures in the Directors' Report for the financial year ending 30 June 2014 in accordance with ASIC instrument 14-0926 dated 12 September 2014 as a result of compulsory acquisition notices being issued to shareholders on 5 September 2014.

Michael Hughes
Director
Brisbane
30 September 2014

pwc

Auditor's Independence Declaration

As lead auditor for the audit of WestSide Corporation Limited for the year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

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

This declaration is in respect of WestSide Corporation Limited and the entities it controlled during the period.

Michael Shewan
Partner
PricewaterhouseCoopers

Brisbane
30 September 2014

PricewaterhouseCoopers, ABN 52 780 433 757
Riverside Centre, 123 Eagle Street, BRISBANE QLD 4000, GPO Box 150, BRISBANE QLD 4001
T: +61 7 3257 5000, F: +61 7 3257 5999, www.pwc.com.au

Consolidated statement of comprehensive income

For the year ended 30 June 2014

	Notes	2014 $'000	2013 $'000
Revenue			
Revenue from continuing operations	2	**8,315**	8,364
Release of provision for remedies payable		**706**	-
Other income	2	**12**	6
Total income from continuing operations		**9,033**	8,370
Expenses			
Depreciation and depletion	3	**(7,575)**	(6,646)
Employment		**(5,106)**	(5,810)
Operating costs and consumables - gas field		**(5,055)**	(4,220)
Accounting, legal and compliance		**(1,646)**	(1,612)
Other operations and administration		**(1,160)**	(842)
Occupancy		**(513)**	(554)
Gas purchases		**(147)**	(215)
Impairment losses - exploration and evaluation costs		**(37)**	(4,550)
Gas supply remedy charge		**-**	(383)
Finance costs	3	**(638)**	(948)
Total expenses		**(21,877)**	(25,780)
Loss before income tax expense		**(12,844)**	(17,410)
Income tax expense	4	-	-
Loss from continuing operations*		**(12,844)**	(17,410)
Profit / (Loss) from discontinued operations*	5	**624**	(4,475)
Loss from continuing and discontinued operations		**(12,220)**	(21,885)
Total other comprehensive income		**-**	-
Total comprehensive loss for the year attributable to the owners of WestSide Corporation Limited		**(12,220)**	(21,885)

**The profit / (loss) from continuing and discontinued operations are wholly attributable to the owners of WestSide Corporation Limited*

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes

Consolidated balance sheet

As at 30 June 2014

	Notes	2014 $'000	2013 $'000
Assets			
Current assets			
Cash and cash equivalents	6	**23,302**	17,538
Trade and other receivables	7	**2,273**	1,283
Inventories	8	**3,250**	2,603
Total current assets		**28,825**	21,424
Non-current assets			
Gas field assets	9	**71,367**	76,168
Other property, plant and equipment	10	**1,271**	4,624
Intangible assets – exploration and evaluation costs	11	**13,756**	13,016
Total non-current assets		**86,394**	93,808
Total assets		**115,219**	115,232
Liabilities			
Current liabilities			
Trade and other payables	12	**7,430**	6,276
Borrowings	13	**68**	476
Provisions	14	**1,082**	3,871
Total current liabilities		**8,580**	10,623
Non-current liabilities			
Borrowings	13	**366**	198
Provisions	14	**12,799**	13,928
Total non-current liabilities		**13,165**	14,126
Total liabilities		**21,745**	24,749
Net assets		**93,474**	90,483
Equity			
Contributed equity	15	**150,853**	135,919
Reserves	16	**1,167**	890
Accumulated losses		**(58,546)**	(46,326)
Total equity		**93,474**	90,483

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes

Consolidated statement of changes in equity

For the year ended 30 June 2014

	Notes	Contributed equity $'000	Reserves $'000	Retained earnings $'000	Total equity $'000
30 June 2012		**134,549**	**1,432**	**(24,441)**	**111,540**
Loss for the year		-	-	(21,885)	(21,885)
Total comprehensive income for the year to 30 June 2013		-	-	(21,885)	(21,885)
Transactions with owners in their capacity as owners:					
Contributions of equity net of transaction costs	15(c)	132	-	-	132
Employee share options	16	143	(143)	-	-
Employee performance rights	16	1,095	(399)	-	696
30 June 2013		**135,919**	**890**	**(46,326)**	**90,483**
Loss for the year		-	-	(12,220)	(12,220)
Total comprehensive income for the year to 30 June 2014		-	-	(12,220)	(12,220)
Transactions with owners in their capacity as owners:					
Contributions of equity net of transaction costs	15(c)	14,706	-	-	14,706
Employee performance rights	16	228	277	-	505
30 June 2014		**150,853**	**1,167**	**(58,546)**	**93,474**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes

Consolidated cash flow statement

For the year ended 30 June 2014

	Notes	2014 $'000	2013 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**7,663**	10,902
Receipts from joint operation participants		**8,420**	7,257
Receipts of refunds of goods and services tax		**2,807**	3,728
Payments to suppliers and employees (inclusive of goods and services tax)		**(29,033)**	(30,959)
Interest received		**615**	1,210
Interest paid		**(43)**	(38)
Net cash outflow from operating activities	6a	**(9,571)**	(7,900)
Cash flows from investing activities			
Receipts from joint operation participants (inclusive of goods and services tax)		**6,304**	13,556
Receipt of research and development incentives		**1,741**	1,285
Payments for development work in progress		**(8,922)**	(21,214)
Payments for exploration and evaluation		**(1,525)**	(2,077)
Payments for property, plant and equipment		**(280)**	(81)
Proceeds from sale of property, plant and equipment	5	**3,550**	17
Net cash inflow/(outflow) from investing activities		**868**	(8,514)
Cash flows from financing activities			
Proceeds from issues of shares		**15,452**	138
Payments of share issue costs		**(746)**	(114)
Proceeds from borrowings		**543**	516
Repayment of borrowings		**(306)**	(531)
Finance lease payments		**(476)**	(119)
Net cash inflow/(outflow) from financing activities		**14,467**	(110)
Net increase/(decrease) in cash and cash equivalents		**5,764**	(16,524)
Cash and cash equivalents at the beginning of the financial year		**17,538**	34,059
Effect of exchange rates changes on cash and cash equivalents		**-**	3
Cash and cash equivalents at the end of the financial year	6	**23,302**	17,538

The above Consolidated Cash Flow Statement should be read in conjunction with the accompanying notes

Notes to the financial statements

This financial report covers the Consolidated Entity consisting of WestSide Corporation Limited (the “Company” or “Parent Entity” or “WestSide”) and its subsidiaries. WestSide is a for-profit entity for the purposes of preparing the financial statements. The financial report is presented in the Australian currency.

WestSide Corporation Limited is a company limited by shares, incorporated and domiciled in Australia. Its Registered Office is Level 8, 300 Queen Street, Brisbane, Queensland, 4000.

A description of the nature of the Consolidated Entity's operations and its principal activities is included in the Directors’ Report which is attached to, but does not form part of this financial report.

The financial report was authorised for issue by the Directors on 30 September 2014. The Directors have the power to amend and reissue the financial report.

1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*.

Going concern

The Group holds interests in several gas projects at various stages of appraisal and development and intends to continue investing capital to assess and develop those assets. The Group’s new gas supply agreement allows WestSide significant flexibility to nominate future gas supply volumes, providing the Company with the discretion to tailor its future activities to match available capital. To achieve the Group’s preferred growth plans, additional funds will be required from other sources, as existing cash balances, combined with expected cash inflows from the Group’s production operations, are not expected to be sufficient to fund the optimal level of future development and exploration activity.

Once the expected capital and operating costs for the preferred development plan have been verified, the Company expects to be able to tailor a funding strategy to satisfy the capital requirement. Following the completion of the acquisition of the Company by the Landbridge Group, WestSide expects to have the financial support of the Landbridge Group and the new 20-year gas supply agreement is expected to provide access to alternative funding sources, including project and asset financing.

The Directors believe that the Company will meet its debts and commitments as they fall due and, accordingly, have prepared the financial report on a going concern basis.

Compliance with IFRS

The consolidated financial statements and notes of the WestSide Corporation Limited group comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities at fair value through profit or loss and certain classes of property, plant and equipment where relevant.

Comparative information

Comparative information has been reclassified where appropriate to enhance comparability.

1. Summary of significant accounting policies (continued)

(b) Principles of consolidation

Subsidiaries

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

They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group.

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

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

Joint arrangements

Under AASB 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has only joint operations.

Joint operations

The Group recognises its direct right to the assets, liabilities, revenue and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings. Details of joint operations are set out in Note 18

(c) Trade and other receivables

All trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost less provisions for doubtful debts. Collectability is reviewed on an ongoing basis. Debts which are known to be uncollectible are written-off. An allowance for doubtful debts (provision for impairment of trade receivables) is made where there is objective evidence that the Group will not be able to collect all amounts due according to the original terms. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the effective interest rate. The amount of any impairment loss is recognised in the Statement of Comprehensive Income. Subsequent recoveries of amounts previously written-off are credited against expenses in the Statement of Comprehensive Income.

Trade receivables are due for settlement no more than 30 days from the date of recognition.

(d) Inventories

Stores, consumables and work in progress are stated at the lower of cost and net realisable value. Cost comprises direct materials and labour incurred. The costs are assigned to individual items on the basis of weighted average cost. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs selling costs.

1. Summary of significant accounting policies (continued)

(e) Exploration, evaluation, development and restoration costs

Under the terms of various Joint Operating Agreements, the Company, as operator, is reimbursed by joint operators for their share of expenditure incurred on gas field assets and deferred exploration and evaluation assets.

Exploration and evaluation costs

Exploration and evaluation expenditure incurred by or on behalf of the entity is accumulated separately for each area of interest. Such expenditure comprises net direct costs and related overhead expenditure only to the extent that those costs can be related directly to operational activities in the area of interest to which the exploration and evaluation asset relates.

Each area of interest is limited to a size related to a known or probable petroleum resource. Currently the Company operates in multiple areas of interest in the Bowen Basin in Queensland, and each is generally defined by tenement permit boundaries. The Company's interests in tenements are described in the Directors' report which is attached to this financial report. Exploration expenditure for each area of interest is carried forward as an asset provided that one of the following conditions is met:

- such costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
- exploration activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing.

Exploration expenditure which fails to meet at least one of the conditions outlined above is written off. As the assets are not yet ready for use no depreciation or depletion is recognised.

Expenditure is not carried forward in respect of any area of interest unless the Group's rights of tenure to that area of interest are current.

The ultimate recoupment of exploration and evaluation expenditure is dependent on successful development and commercial exploitation, or alternatively, sale of the respective area.

Gas field assets

When the technical feasibility and commercial viability of extracting the resource is demonstrable, the exploration and evaluation costs carried forward for that area of interest are assessed for impairment and reclassified as "gas field producing assets".

Once commercial production has commenced, the accumulated "development work in progress" relating to that gas field are reclassified as either "property, plant and equipment" (identifiable equipment) or "gas field producing assets" (including the cost of drilling wells), depending on their nature.

Depletion and depreciation of gas field assets

Depletion charges are calculated using a unit-of-production method based on the proved and probable (2P) gas reserves relating to the area of interest. The depletion charge effectively amortises the written-down cost of carried–forward gas field producing assets in that area of interest, combined with the expected future cost of developing the 2P gas reserves, over the total 2P gas reserves.

Restoration, rehabilitation and environmental costs

Future estimated costs for the restoration and rehabilitation of areas affected by development and exploration activities are recognised at the present value of those future costs. The discount rate used to determine the present value reflects current market assessments of the time value of money and risks specific to the liability. Increases in the provision each year which result from the passage of time are recognised as finance costs.

Restoration, rehabilitation and environmental obligations recognised include the costs of reclamation, plant and waste site closure and subsequent monitoring of the environment.

Estimates are reassessed at least annually. Changes in estimates relating to areas of interest in the development or exploration and evaluation phase are dealt with in the period that the change is made, with any amounts that would have been written off or provided against under the accounting policy for development and production assets or exploration and evaluation immediately written off.

1. Summary of significant accounting policies (continued)

(f) Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Gas field assets and exploration and evaluation assets are assessed annually for impairment, and more regularly when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount. The recoverable amount of gas field assets is assessed by reference to discounted cash flow valuations and comparable market transaction multiples based on 2P and 3P gas reserves.

(g) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the asset.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the Statement of Comprehensive Income.

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

Depreciation

Depreciation on assets is provided on a straight-line basis or hours-of-use basis to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives. Residual values and estimates of remaining useful lives are assessed annually for all assets.

The expected useful lives are as follows:

	Years
Gas field plant and equipment	5-20
Other plant and equipment	2-20

(h) Trade and other payables

These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year which remain unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(i) Employee benefits

Wages and salaries, annual leave and sick leave

Liabilities arising in respect of wages and salaries, annual leave and any other employee entitlements expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

Long service leave liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date using the projected-unit-credit method. Consideration is given to expected future wage and salary levels, projected employee movements and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash flows. As no employees have yet served with the Group long enough for long service leave to vest, no liability has been recognised at balance date.

1. Summary of significant accounting policies (continued)

(i) Employee benefits (continued)

Bonus plans

A liability for employee benefits in the form of bonus plans is recognised in trade payables and accruals when there is no realistic alternative but to settle the liability and at least one of the following conditions is met:

- There are formal terms in the plan for determining the amount of the benefit;
- The amounts to be paid are determined before the time of the completion of the financial report; or
- Past practice gives clear evidence of the amount of the obligation.

Liabilities for bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

Equity-based compensation benefits

Equity-based compensation benefits are provided to employees via the WestSide Employee Performance Rights Plan.

The fair value of Performance Rights issued to employees for no cash consideration is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised in reserves over the period during which the employees become unconditionally entitled to the rights. When the rights are converted to shares, the value is transferred to Contributed Equity.

Performance Rights are valued at the market value of an underlying Ordinary Share in WestSide Corporation Limited at the grant date.

The assessed fair value at grant date of Performance Rights granted to employees is allocated equally over the period of service to which the benefit relates up to the actual or expected vesting date with the quantity of shares, options or rights being included in the measurement of the transaction being adjusted to reflect the number of shares, options or rights which are expected to, or actually vest.

(j) Contributed equity

Ordinary share capital is recognised at the fair value of the consideration received by the Company.

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

(k) Revenue recognition

Revenue is recognised at the time of delivery of the product to the customer and when the amount of revenue can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of amounts collected on behalf of third parties.

Interest income is recognised on a time proportion basis using the effective interest method.

(l) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate adjusted by changes in the deferred tax assets and liabilities attributable to temporary differences between the tax bases and their carrying amounts in the financial statements, and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset / liability is realised or settled. The deferred tax assets are not recognised for deductible temporary differences and unused tax losses unless it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

1. Summary of significant accounting policies (continued)

(l) Income tax (continued)

Tax consolidation legislation

WestSide and its wholly-owned Australian entities have implemented the tax consolidation legislation. As a consequence, WestSide and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right. In addition to its own current and deferred tax amounts, WestSide as the head entity also recognises the current tax liabilities or assets and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

(m) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in Australian dollars, which is the functional and presentation currency of the Company.

Transactions and balances

Foreign currency transactions are translated into the functional currency at the rate of exchange at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on non-monetary items are reported as either part of the fair value gain or loss, or are included in the fair value reserve in equity.

(n) Investments and other financial assets

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity investments; and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date. The treatment of categories relevant to these financial statements is as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the Balance Sheet.

Impairment

The Group and Parent assess at each balance date whether there are indicators that a financial asset or group of financial assets is impaired. Where the carrying value of the asset is assessed as being greater than the estimated present value of future cash flows discounted at an appropriate discount rate, an impairment loss is recognised in the Statement of Comprehensive Income. Impairment losses recognised through the Statement of Comprehensive Income are not reversed.

(o) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The carrying value less impairment provisions of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

1. Summary of significant accounting policies (continued)

(p) Cash and cash equivalents

For Cash Flow Statement presentation purposes, cash and cash equivalents includes cash on hand and term deposits held with financial institutions.

(q) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Comprehensive Income on a straight-line basis over the life of the lease.

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are recognised at the inception of the lease at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding obligation for lease payments, net of finance charges, are recognised as borrowings. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment subject to finance lease is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term where there is no reasonable certainty that the Group will obtain ownership at the end of the lease term

(r) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period, discounted at a rate that reflects the current market assessment of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(s) Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

(t) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable and payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Balance Sheet.

All cash outflows in respect of GST, including payments to suppliers and employees, payments for exploration and evaluation, property, plant and equipment, and payments for inventory are included in payments to suppliers and employees from operating activities in the Cash Flow Statement.

Receipts of GST paid by the Company and subsequently refunded by taxation authorities are disclosed separately as a cash flow from operating activities. Receipts of GST included with receipts from customers are included in receipts from customers from operating activities on the Cash Flow Statements.

All cash flows from investing activities and from financing activities are net of GST as all associated GST cash flows are included in cash flows from operating activities.

1. Summary of significant accounting policies (continued)

(u) Government grants

Grants from the Government, such as research and development incentives, are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all conditions.

Government grants relating to costs are recognised in the profit or loss over the period which matches them with the costs that they are intended to compensate.

Grants relating to the incurring of exploration and evaluation costs or the purchase of gas field assets and property, plant and equipment are deducted from the carrying amount of the asset.

(v) Critical accounting estimates and judgements

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Provision for future remedies payable

Pursuant to various gas sales agreements, the Group is obligated to pay remedies to customers where not all contracted gas sale quantities are delivered. The Group has made provision for future remedies payable under these contracts based on forecast production volumes aligned to historical production levels in June 2014. The actual value of future remedies payable will ultimately be determined by the Group's ability to supply contracted quantities of gas. The provision does not take into account additional gas production which may result from the commissioning of new wells and remediation of existing production wells as there is insufficient certainty as to the impact of these initiatives at this time. Were future production volumes to differ by 10% from management's estimates, the provision for future remedies payable would be $133,000 higher or lower.

Provision for restoration and rehabilitation

The Group is required to rehabilitate areas disturbed by its production and exploration activities. These restoration activities may be performed at any time up to the time that the permit or tenement is relinquished. In raising the provision, it has been estimated that while some of the areas will be rehabilitated in the coming year, the majority will be rehabilitated close to the expiry of the relevant Lease or Authority to Prospect. If the rehabilitation work were to be performed one year earlier than management's estimate, then the provision for restoration and rehabilitation and non-current assets would each be $64,000 higher at balance date. The amount recognised is also dependent upon an estimate of the future cost of conducting the required rehabilitation work. If the actual cost of conducting the rehabilitation work was 10% higher than management's estimate, then the provision for restoration and rehabilitation and non-current assets would be $1,311,000 higher at 30 June 2014.

Depletion and depreciation

Depletion charges are calculated using a unit-of-production method based on the proved and probable (2P) gas reserves relating to the area of interest. The depletion charge effectively amortises the written-down cost of carried forward gas field producing assets in that area of interest, combined with management's estimate of the expected future cost of developing the 2P gas reserves, over the total 2P gas reserves. If the future costs of developing the 2P gas reserves were 10% higher than management's estimate then the depletion charge for the year to 30 June 2014 would have been $469,000 higher.

1. Summary of significant accounting policies (continued)

(v) Critical accounting estimates and judgements (continued)

Impairment of exploration and evaluation costs

In accordance with the Group's policy for deferral of exploration and evaluation costs as set out in Note 1(e), exploration expenditure for each area of interest is carried forward as an asset as exploration activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing.

The ultimate recoupment of exploration and evaluation expenditure is dependent on successful development and commercial exploitation, or alternatively, sale of the respective area. It is possible that the eventual results of exploration will not satisfy these criteria and the costs may have to be written off as a loss against profits.

There are no critical judgements that management consider would significantly affect amounts recognised in the financial statements.

Deferred taxes

Full provision is made for deferred taxation at the prevailing tax rates at the year end dates. Deferred tax assets are recognised where it is considered probable that they will be recovered in the future and as such, subjective. As at 30 June 2014, the Group did not recognise any tax assets on carried forward tax losses (2013: nil) and deferred tax assets on temporary differences are recognised only to the extent that they are offset by deferred tax liabilities.

(w) New accounting standards and UIG interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2014 reporting period. The Group's assessment of the impact of these new standards and interpretations is set out below.

Reference	Description	Applicable from*	Impact on financial statements
AASB 9 Financial Instruments	AASB 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities. Since December 2013, it also sets out new rules for hedge accounting.	1 January 2015	1

* *The Consolidated Entity expects to implement these standards from their applicable dates.*

1 *Application of the standard is not expected to have an impact on the Group's financial statements as management has assessed that the Group currently has no transactions of the type impacted by this accounting standard.*

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

(x) Parent entity financial information

The financial information for the Parent Entity, WestSide Corporation Limited, disclosed in Note 23 has been prepared on the same basis as the Consolidated Financial Statements.

2. Revenue

	2014 $'000	2013 $'000
From continuing operations		
Sales revenue		
Gas sales and processing income	**7,643**	7,345
Other revenue		
Interest	**672**	968
Sub-lease rental income	**-**	51
Total revenue from continuing operations	**8,315**	8,364
Other income		
Gain on disposal of assets - from continuing operations	**12**	6
Total other income	**12**	6

3. Expenses

Loss from continuing operations before income tax includes the following specific expenses:

	2014 $'000	2013 $'000
Expenses arising from share-based payment transactions		
Performance Rights granted to Directors and staff	**505**	696
Amount capitalised to gas field assets / deferred exploration and evaluation asset	**(67)**	(66)
Expenses arising from share-based payment transactions	**438**	630
Depreciation and depletion		
Depreciation and depletion	**7,677**	6,810
Amount capitalised to gas field assets / deferred exploration and evaluation asset	**(102)**	(164)
Depreciation and depletion	**7,575**	6,646
Defined contribution superannuation contributions		
Defined contribution superannuation expense	**524**	565
Amount capitalised to gas field assets / deferred exploration and evaluation asset	**(69)**	(54)
Defined contribution superannuation contributions	**455**	511
Rental expense relating to operating leases		
Sub-lease expenses	**415**	441
Amount capitalised to gas field assets / deferred exploration and evaluation asset	**(55)**	(42)
Rental expense relating to operating leases	**360**	399
Finance costs		
Interest and finance charges	**43**	38
Provisions: unwinding of discount	**601**	914
Amount capitalised to gas field assets / deferred exploration and evaluation asset	**(6)**	(4)
Finance costs	**638**	948

4. Income tax expense

(a) Income tax expense

	2014 $'000	2013 $'000
Current tax	(3,604)	(4,198)
Deferred tax	(431)	(2,456)
Current year losses not recognised	4,034	6,654
Adjustment for current tax of prior periods	-	(132)
Current tax of prior period not recognised	-	132
Income tax credit attributable to loss from continuing operations	**-**	**-**

(b) Deferred income tax expense included in income tax expenses comprises:

	2014 $'000	2013 $'000
Decrease / (Increase) in deferred tax assets	(698)	(1,836)
Increase / (Decrease) in deferred tax liabilities	267	(620)
Income tax credit attributable to loss from continuing operations	**(431)**	(2,456)

(c) Numerical reconciliation of income tax expense to prima facie tax payable:

	2014 $'000	2013 $'000
Loss from continuing and discontinued operations before income tax expense	**(12,220)**	(21,885)
Australian tax rate	30%	30%
Tax at the Australian tax rate	**(3,666)**	(6,565)
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:		
Initial recognition exemption – Meridian SeamGas acquisition	**535**	498
Initial recognition exemption – provision for remedies payable	**(787)**	(969)
Share issue costs amortisation	**(271)**	(289)
Share-based payments	**152**	209
Initial recognition exemption – Nazara impairment	**-**	459
Non-deductible expenses	**4**	3
	(4,033)	(6,654)
Current year tax losses not recognised	**4,033**	6,654
Income tax expense	**-**	**-**

(d) Amounts recognised directly to equity:

	2014 $'000	2013 $'000
Net deferred tax	**(47)**	(289)
Current year tax losses not recognised	**47**	289
Amounts recognised directly to equity	**-**	-

4. Income tax expense (continued)

(e) Tax losses

	2014 $'000	2013 $'000
Unused tax losses for which no deferred tax asset has been recognised	**67,754**	59,610
Potential tax benefit @ 30%	**20,326**	17,883

(f) Unrecognised temporary differences

Net deferred tax liability comprises temporary differences attributable to:

	2014	2013
Share issue costs	**350**	397
Professional fees	**448**	452
Property, plant and equipment	**1,917**	1,303
Accruals	**149**	31
Employee entitlements	**118**	117
Provisions	**931**	963
Petroleum resource rent tax	**54,600**	47,958
Deferred tax assets	**58,513**	51,221
Deferred exploration and evaluation costs	**3,999**	3,776
Property, plant and equipment	**1,071**	1,311
Stores and consumables	**975**	781
Deferred tax liability	**6,045**	5,868
Net deferred tax asset	**(52,468)**	(45,353)
Deferred tax assets not brought to account	**52,468**	45,353
Net deferred tax liability / (asset) brought to account	**-**	-

(g) Tax consolidation legislation

WestSide Corporation Limited and its wholly owned Australian controlled entities have implemented the tax consolidation legislation. The accounting policy in relation to this legislation is set out in Note 1(l).

5. Discontinued operations

On 1 May 2014 WestSide settled the sale of its drilling rig and associated assets for consideration of $3.55 million. With the disposal of these assets, WestSide no longer operates a drilling rig.

In June 2014 the Company agreed to a $452,000 settlement in regards to damage that was sustained to the drilling rig in 2011.

The financial information attributable to the discontinued operations comprise:

	2014 $'000	2013 $'000
Reimbursement of past costs	**452**	-
Gain on disposal of assets	**406**	-
Rig rental income	**-**	1,785
Depreciation and depletion expenses	**(169)**	(460)
Other operations and administration expenses	**(42)**	(164)
Operating costs and consumables - drilling rig	**(23)**	(1,245)
Impairment losses - other equipment and vehicles	**-**	(4,391)
Profit / (loss) before income tax	**624**	(4,475)
Income tax expense	-	-
Profit / (loss) from discontinued operations	**624**	(4,475)
Cash flow information attributable to the discontinued operations		
Net cash (outflow)/inflow from operating activities	**(120)**	185
Net cash inflow from investing activities	**3,550**	-
Net cash inflow from investing activities	**-**	-
Income tax expense	-	-
	3,430	185

5. Discontinued operations (continued)

Details of the sale of the rig and associated equipment:

	2014 $'000	2013 $'000
Total consideration received	**3,550**	-
Carrying amount of rig on the date of sale (1 May 2014)	**(3,144)**	-
Gain on sale before income tax	**406**	-
Income tax expense	-	-
Gain on sale after income tax	**406**	-

6. Cash and cash equivalents

Cash and cash equivalents comprise:

	2014 $'000	2013 $'000
Cash at bank and in hand	**5,584**	4,443
Deposits at call	**17,718**	13,095
Total cash and cash equivalents	**23,302**	17,538

Market risks

Cash at bank and in hand are bearing interest rates between nil and 2.45% (2013: nil and 2.70%). The deposits are bearing floating interest rates between 3.24% and 3.76% (2013: 3.40% and 3.70%). These deposits have an average maturity of 30 days (2013: 24 days).

The Group's policies in relation to monitoring and controlling market risks such as Foreign Exchange Risks and Interest Rate Risks, including the sensitivity of cash and cash equivalents is set out in Note 22.

Of the total cash balances above, $7,625,476 (2013: $8,595,170) is held as security for various facilities, including:

- $7,341,138 (2013: $8,310,832) held as security for bank guarantees in favour of the State of Queensland and other parties in respect of the Group's obligations under environmental licences and commercial agreements;
- $184,338 (2013: $184,338) held as collateral to secure bank guarantees for the Company's obligations under the terms of its leases of business premises; and
- $100,000 (2013: $100,000) held as collateral to secure a corporate credit card facility pursuant to a right of set-off.

The amount unused on the bank guarantee facility was $1,904,634 (2013: $395,634) at balance date.

The Group has an asset finance facility of $500,000 (2013: $400,000). Finance leases and bank loans have been drawn on the facility (Note 13(a)) and the amount unused on the facility at balance date was $62,764 (2013: $163,390).

(a) Reconciliation of profit / (loss) after income tax to net cash outflow from operating activities

	2014 $'000	2013 $'000
Loss for the year	**(12,220)**	(21,885)
Non-cash rental income	**-**	(1,784)
Receipts from joint operation participants	**8,431**	7,257
Receipts of refunds of goods and services tax	**2,807**	3,728
Goods and services tax paid	**(3,550)**	(5,031)
Operating expenses paid on behalf of joint oeprators	**(8,205)**	(7,256)
Depreciation and depletion	**7,744**	7,106
Finance costs – unwinding of discount on provisions	**601**	914
Non-cash loss on impairment of property, plant and equipment	**-**	4,391
Non-cash loss on impairment of exploration costs	**37**	4,550
Non-cash employee benefits expense - share based payments	**438**	630
Non-cash gain on disposal of plant and equipment	**(418)**	(6)
Net exchange differences	**-**	(3)
Change in operating assets and liabilities:		
Decrease in receivables and other current assets	**308**	1,345
(Increase) / decrease in inventories	**(181)**	73
(Decrease) / increase in trade and other payables	**(2,036)**	971
Decrease in provisions	**(3,327)**	(2,900)
Net cash outflow from operating activities	**(9,571)**	(7,900)

6. Cash and cash equivalents (continued)

(b) Non-cash investing and financing activities

Finance leases

In the prior year, the Company acquired vehicles costing $678,568 by way of finance leases.

Issue of Performance Rights to employees

During the year, the Company issued Performance Rights to employees as set out in Note 15(e)

7. Trade and other receivables

Trade and other receivables comprise:

	2014 $'000	2013 $'000
Trade receivables	**1,286**	648
Other receivables	**817**	560
Interest receivable	**111**	54
Prepayments	**59**	21
Total trade and other receivables	**2,273**	1,283

As at 30 June 2014 there were no trade receivables that were past due but not impaired (2013: $101,000).

Market risks

Trade and other receivables are non-interest bearing.

The Group's policies in relation to monitoring and controlling market risks such as Foreign Exchange Risks and Interest Rate Risks, including the sensitivity of trade and other receivables is set out in Note 22.

Fair value and credit risk

Due to the short term nature of these receivables, their carrying amount is assumed to approximate their fair value.

Interest receivable on term deposits is owed from high-quality financial institutions.

Trade and other receivables comprise amounts owing from a customer for gas sales; the Australian Taxation Office for GST and fuel credits; amounts owing from joint operations participants for their share of exploration costs incurred; and amounts owing from the settlement of a damages claim. The Company's gas customer is a significant Australian listed company with no history of default. All trade and other receivables owing to the Group at balance date have subsequently been received prior to the issue of this financial report. The creditworthiness of joint operations participants is assessed at the time that the Group becomes a party to a joint operations and monitored regularly thereafter. These parties are backed by significant international energy companies and have no history of default. The Group's rights to reimbursement of costs incurred as operator are secured by Deeds of Cross Charge over the joint operators' interest in the respective tenements. The Group does not hold any collateral in relation to receivables owing from customers, contractors or sub-lessees.

8. Inventories

Inventories comprise:

	2014 $'000	2013 $'000
Stores and consumables – at cost	**3,250**	2,603

9. Gas field assets

The movements in gas field assets were as follows:

	Gas field producing assets $'000	Development work in progress $'000	Plant and equipment $'000	Leased plant & equipment $'000	Total $'000
As at 1 July 2012					
Cost	53,818	1,192	26,924	-	81,934
Accumulated depletion and depreciation	(6,525)	-	(3,269)	-	(9,794)
Net book amount at 1 July 2012	**47,293**	**1,192**	**23,655**	**-**	**72,140**
Additions	-	11,743	11	531	12,285
Transfer from development work in progress	11,171	(12,331)	1,160	-	-
Transfer from exploration assets	114	-	-	-	114
Research and development incentives received	(1,128)	-	-	-	(1,128)
Restoration assets movement	(943)	-	-	-	(943)
Depletion and depreciation expenses	(4,573)	-	(1,692)	(35)	(6,300)
Net book amount at 30 June 2013	**51,934**	**604**	**23,134**	**496**	**76,168**
As at 30 June 2013					
Cost	63,032	604	28,095	531	92,262
Accumulated depletion and depreciation	(11,098)	-	(4,961)	(35)	(16,094)
Net book amount at 30 June 2013	**51,934**	**604**	**23,134**	**496**	**76,168**
Additions	-	5,321	20	-	5,341
Transfer from development work in progress	3,127	(3,891)	764	-	-
Restoration asset movements	(1,054)	-	-	-	(1,054)
Research and development incentives received	(1,741)	-	-	-	(1,741)
Depletion and depreciation expenses	(4,996)	-	(1,855)	(496)	(7,347)
Net book amount at 30 June 2014	**47,270**	**2,034**	**22,063**	**-**	**71,367**
As at 30 June 2014					
Cost	63,364	2,034	28,879	531	94,808
Accumulated depletion and depreciation	(16,094)	-	(6,816)	(531)	(23,441)
Net book amount at 30 June 2014	**47,270**	**2,034**	**22,063**	**-**	**71,367**

10. Other property, plant and equipment

The movements in other property, plant and equipment were as follows:

	Land and buildings $'000	Furniture, fittings and equipment $'000	Other equipment and vehicles $'000	Leased vehicles $'000	Total $'000
As at 1 July 2012					
Cost	550	595	10,062	124	11,331
Accumulated depletion and impairment	(52)	(299)	(1,199)	(1)	(1,551)
Net book amount at 1 July 2012	**498**	**296**	**8,863**	**123**	**9,780**
Additions	-	16	52	148	216
Disposals	-	(2)	(9)	-	(11)
Depreciation	(26)	(140)	(768)	(36)	(970)
Impairment charge	-	-	(4,391)	-	(4,391)
Net book amount at 30 June 2013	**472**	**170**	**3,747**	**235**	**4,624**
As at 30 June 2013					
Cost	550	601	10,088	272	11,511
Accumulated depletion and impairment	(78)	(431)	(6,341)	(37)	(6,887)
Net book amount at 30 June 2013	**472**	**170**	**3,747**	**235**	**4,624**
Additions	-	32	276	-	308
Disposals	-	(1)	(3,161)	-	(3,162)
Depreciation	(25)	(132)	(304)	(38)	(499)
Net book amount at 30 June 2014	**447**	**69**	**558**	**197**	**1,271**
As at 30 June 2014					
Cost	550	624	6,490	272	7,936
Accumulated depletion and impairment	(103)	(555)	(5,932)	(75)	(6,665)
Net book amount at 30 June 2014	**447**	**69**	**558**	**197**	**1,271**

Impairment charge – prior year

The carrying value of the Group's drilling rig was reviewed in response to significant falling demand for drilling services in the prior year across the resources industry. An independent valuation of the drilling rig performed at 30 June 2013 has resulted in the recognition of an impairment loss in the year ended 30 June 2013 of $4,391,000 to reduce the carrying value of the equipment to its fair value, less costs to sell.

The rig was sold in May 2014 for $3.55 million resulting in a gain from sale of assets of $406,000.

10. Other property, plant and equipment (continued)

Non-current assets pledged as security

Refer to Note 13 for details of non-current assets pledged as security by the Parent Entity and its controlled entities.

11. Intangible assets – exploration and evaluation costs

The movements in exploration and evaluation costs were as follows:

	2014 $'000	**2013 $'000**
Balance at the start of the year	**13,016**	17,200
Additions	**745**	613
Transfer to gas field assets	**-**	(114)
Research and development incentives received	**-**	(158)
Restoration asset movement	**(5)**	25
Impairment charge	**-**	(4,550)
Balance at the end of the year	**13,756**	13,016

Impairment charge – prior year

Following a review of the Group's exploration tenements in the prior year, an impairment loss of $4,550,000 was recognised in respect of the exploration and evaluation costs carried-forward for the Group's interests in ATP974P and ATP978P in the Galilee Basin. The results of exploration activities in the region to that time and the distance from established infrastructure or gas markets had raised significant uncertainty over the ability of the Group to recover the carrying value from successful development or sale. The carrying value of the Group's interests in these tenements was reduced to nil.

In March 2014 WestSide relinquished its interests in the ATP974P and ATP978P in the Galilee Basin.

12. Trade and other payables

Trade and other payables comprise:

	2014 $'000	**2013 $'000**
Trade payables and accruals	**7,037**	5,885
Employee benefits	**393**	391
Trade and other payables	**7,430**	6,276

Market Risks

Trade payables and accruals do not bear interest and the aggregate carrying values of these financial liabilities approximate the net fair values.

The Group's policies in relation to monitoring and controlling market risks such as Foreign Exchange Risks and Interest Rate Risks, including the sensitivity of trade and other payables is set out in Note 22.

Liquidity risks

All trade and other payables are expected to be settled within 12 months.

Payables of $6,341 (2013: $17,000) are secured by a right of set-off against cash on deposit.

13. Borrowings

Borrowings (current) comprise:

	2014 $'000	**2013 $'000**
Bank loans - secured	**32**	-
Lease liabilities	**36**	476
Total borrowings (current)	**68**	476
Borrowings (non-current) comprise:		
Bank loans	**204**	-
Lease liabilities	**162**	198
Total borrowings (non-current)	**366**	198

13. Borrowings (continued)

Market Risks

Trade payables and accruals do not bear interest and the aggregate carrying values of these financial liabilities approximate the net fair values.

The Group's policies in relation to monitoring and controlling market risks such as Foreign Exchange Risks and Interest Rate Risks, including the sensitivity of trade and other payables are set out in Note 22.

(a) Secured liabilities and assets pledged as security:

	2014 $'000	2013 $'000
Bank loans - secured	**236**	-
Lease liabilities	**198**	674
Total security	**434**	674

Bank loans are secured by a chattel mortgage over specified light vehicles with a carrying value of $267,000 (2013: $46,000). Lease liabilities are secured over specified light vehicles with a carrying value of $197,000 (2013: $235,000) and over a trailer-mounted compression unit with a carrying value of nil (2013: $496,000).

(b) Fair value

The carrying amount of current and non-current borrowings is a reasonable approximation of fair value.

14. Provisions

Provisions comprise:

	Provisions for remedies payable $'000	Provision for restoration and rehabilitation $'000	Total $'000
Balance at the start of the year – current	3,078	793	3,871
Balance at the start of the year – non-current	903	13,025	13,928
Total current and non-current at 1 July 2013	**3,981**	**13,818**	**17,799**
Decrease in provisions recognised	-	(1,191)	(1,191)
Amounts used during the year	(2,622)	-	(2,622)
Credited to the Statement of Comprehensive Income:	(706)	-	(706)
Unwinding of discount	117	484	601
Balance at the end of the year	**770**	**13,111**	**13,881**
Comprising:			
Current - expected to be utilised within the next 12 months	770	312	1,082
Non-current - expected to be utilised after one year	-	12,799	12,799
Total current and non-current at 30 June 2014	**770**	**13,111**	**13,881**

(a) Provision for future remedies payable

Pursuant to a gas sales agreement, the Group is obligated to pay remedies to customers where not all contracted gas sale quantities are delivered. The Group has made provision for future remedies payable under these contracts based on forecast production volumes aligned to historical production levels in June 2014. The future remedies payable have been recognised at their present value using a discount rate reflective of the Group's expected cost of borrowing. The actual value of future remedies payable will ultimately be determined by the Group's ability to supply contracted quantities of gas. The provision does not take into account additional gas production which may result from the commissioning of new wells and remediation of existing production wells as there is insufficient certainty as to the impact of these initiatives at this time.

(b) Provision for restoration and rehabilitation

The Group is required to rehabilitate areas disturbed by its production and exploration activities. These restoration activities may be performed at any time up to the time that the permit or tenement is relinquished. In raising the provision above, it has been estimated that while some of the areas will be rehabilitated in the coming year, the majority will be rehabilitated close to the expiry of the relevant Lease or Authority to Prospect. Further explanation is provided at Note 1(e).

15. Contributed Equity

Contributed equity comprise:

(a) Share capital

	Notes	2014 shares	2013 shares	2014 $'000	2013 $'000
Authorised and issued ordinary shares – fully paid	15(c),(d)	**445,102,941**	358,639,380	**150,853**	135,919

(b) Other equity securities

	Notes	2014 securities	2013 securities
Performance rights	15(e)	**4,747,000**	2,812,000

(c) Movement in share capital

Date	Details	Number of shares	Issue price	Value $'000
1 July 2012	**Balance**	**355,867,890**	-	**134,549**
27 July 2012	Issue of shares[1]	253,490	-	67
2 January 2013	Issue of shares[1]	1,990,000	-	978
4 January 2013	Issue of shares – exercise of Incentive Options[2]	70,000	-	41
10 January 2013	Issue of shares – exercise of Incentive Options[2]	370,000	-	240
4 February 2013	Issue of shares[1]	88,000	-	50
	Less: share issue costs			(6)
30 June 2013	**Balance**	**358,639,380**		**135,919**
28 August 2013	Issue of shares[1]	620,000	-	228
10 October 2013	Issue of shares – private placement	44,444,444	$0.18	8,000
11 November 2013	Issue of shares – share purchase plan	41,399,117	$0.18	7,452
	Less: share issue costs			(746)
30 June 2014	**Balance**	**445,102,941**		**150,853**

1 *Shares were issued upon vesting of Performance Rights. The value recognised in contributed equity is the fair value of the Performance Rights at their grant date.*

2 *Shares were issued upon exercise of Incentive Options. The value recognised in contributed equity is the exercise price ($0.313 per share) and the fair value of the Incentive Options at their grant date (adjusted for any incremental fair value upon revision of their exercise prices since their grant date).*

(d) Ordinary shares

Ordinary shares have no par value.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll each share is entitled to one vote.

(e) Performance rights

At 30 June 2014 there were 4,747,000 Performance Rights on issue (2013: 2,812,000).

Eligible employees have the opportunity to participate in the Employee Performance Rights Plan. Under the plan, eligible employees can be granted an allocation of Performance Rights which will vest upon completion of a specified minimum service period or upon the achievement of performance targets and service milestones.

The plan is designed to align the performance of employees with the interests of shareholders and to assist in the retention of experienced personnel.

Each Performance Right that satisfies its vesting conditions can be converted to one ordinary share for nil consideration. Upon conversion, the issued ordinary shares will be subject to a holding lock until the earlier of seven years from grant, or cessation of employment.

The Board retains the discretion to waive vesting conditions in certain instances where there is a takeover offer for the Company or other events such as a merger or scheme of arrangement.

15. Contributed equity (continued)

(e) Performance rights (continued)

The fair value of the Performance Rights is the market value of the Company's Ordinary Shares on the date the Performance Rights were granted and does not take into account vesting conditions.

The movements in Performance Rights on issue during the year are as follows:

2014		Number of performance rights				
Vesting date	**Expiry date**	**Balance at the start of the year**	**Granted during the year**	**Vested and converted to shares during the year**	**Forfeited during the year**	**Outstanding at the end of the year**
30 June 2013[2]	30 June 2014	415,000	-	(275,000)	(140,000)	-
31 December 2014[1]	31 December 2015	880,000	-	(130,000)	(45,000)	705,000
31 December 2015[1]	31 December 2016	1,517,000	-	(215,000)	(437,000)	865,000
30 June 2016[1]	30 June 2017	-	3,386,000	-	(209,000)	3,177,000[4]
Total 30 June 2014		**2,812,000**	**3,386,000**	**(620,000)**	**(831,000)**	**4,747,000**
Weighted average fair value at grant date			**$0.172**			

2013		Number of performance rights				
Vesting date	**Expiry date**	**Balance at the start of the year**	**Granted during the year**	**Vested and converted to shares during the year**	**Forfeited during the year**	**Outstanding at the end of the year**
30 June 2012[2]	30 June 2013	579,400	-	(253,490)	(325,910)	-
31 December 2012[3]	31 December 2013	2,180,000	-	(2,078,000)	(102,000)	-
30 June 2013[2]	30 June 2014	-	415,000	-	-	415,000
31 December 2014[1]	31 December 2015	1,120,000	-	-	(240,000)	880,000
31 December 2015[1]	31 December 2016	1,782,000	-	-	(265,000)	1,517,000
Total 30 June 2013		**5,661,400**	**415,000**	**(2,331,490)**	**(932,910)**	**2,812,000**
Weighted average fair value at grant date			**$0.355**			

1 *These Performance Rights vest upon achievement of service milestones – the participant must be employed by the Group at the vesting date.*

2 *These Performance Rights vest upon achievement of performance targets and service milestones and may be settled wholly or partly in cash at the discretion of the Board.*

3 *These Performance Rights vest upon achievement of performance targets and service milestones – the participant must be employed by the Group at the vesting date.*

4 *1,700,000 performance rights were exercisable at 30 June 2014 (2013: nil)*

16. Reserves

Movements in reserves were as follows:

	Share option reserve $'000	**Performance rights reserve $'000**	**Total $'000**
At 1July 2012	**669**	**763**	**1,432**
Employee performance right expense	-	696	696
Transfers to contributed equity upon exercise	(143)	(1,095)	(1,238)
At 30 June 2013	**526**	**364**	**890**
Employee performance right expense	-	505	505
Transfers to contributed equity upon exercise	-	(228)	(228)
At 30 June 2014	**526**	**641**	**1,167**

(a) Share option reserve

The share option reserve is used to recognise the fair value of share options granted or issued. When options are exercised the value attributed to those options is transferred to contributed equity.

(b) Performance rights reserve

The performance rights reserve is used to recognise the fair value of share rights granted or issued. When share rights vest and shares are issued, the value attributed to those rights is transferred to contributed equity.

17. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of all subsidiaries in accordance with the accounting policy described in Note 1(b), including the following significant subsidiaries:

Name of entity	Country of incorporation	Class of shares	Equity holding* 2014	Equity holding* 2013
WestSide ATP 688P Pty Ltd	Australia	Ordinary	**100%**	100%
WestSide ATP 769P Pty Ltd	Australia	Ordinary	**100%**	100%
WestSide CSG A Pty Ltd	Australia	Ordinary	**100%**	100%
WestSide CSG D Pty Ltd	Australia	Ordinary	**100%**	100%
Nazara Energy Pty Ltd	Australia	Ordinary	**100%**	100%

** The proportion of ownership interest is equal to the proportion of voting power held*

Deeds of cross charge

WestSide Corporation Limited, WestSide ATP 688P Pty Ltd, WestSide ATP 769P Pty Ltd, Nazara Energy Pty Ltd, WestSide CSG A Pty Ltd and WestSide CSG D Pty Ltd are parties to Deeds of Cross Charge with their respective joint operation partners. Pursuant to the Deeds, each party has granted a fixed and floating charge over their participating interest in the respective exploration tenements, Petroleum Leases, Pipeline Licences and joint operation assets to secure their prospective liabilities under Joint Operating Agreements. In respect of joint operators in ATP 688P and ATP 769P, the Deeds of Cross Charge are capped at a maximum of $1 million in the event of default

18. Joint operations

Subsidiaries have entered into joint operating agreements to jointly explore, appraise, develop and produce coal seam gas resources in specific Petroleum Leases and exploration tenements in Queensland. Interests in these joint operations are set out below:

Joint operations	Principal activity	2014	2013
ATP 769P	Coal seam gas exploration	**25.5%**	25.5%
ATP 688P	Coal seam gas exploration	**25.5%**	25.5%
ATP 974P	Coal seam gas exploration	**51%**	51%
ATP 978P	Coal seam gas exploration	**51%**	51%
Meridian SeamGas	Coal seam gas production	**51%**	51%

WestSide group companies hold direct interests in the underlying assets of the joint operations above and contribute to expenses in proportion to their ownership interest. Each joint operator sells to customers its own share of gas production from the assets which form part of the Meridian SeamGas joint operations, based on its ownership interest in the joint operation.

Capital expenditure commitments relating to the joint operations are set out in Note 19(a). There are no contingent liabilities relating to the joint operations.

19. Commitments and contingencies

I. Commitments

(a) Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	2014 $'000	2013 $'000
Intangible assets – exploration and evaluation costs[1]	**1,921**	17,665
Non-current assets – Gas field development assets and Property, plant and equipment[2]	**9,023**	1,494
Capital commitments	**10,944**	19,159

1. *Although the Group has not necessarily contracted with suppliers for the exploration work, the Group is committed to conducting exploration and appraisal programs with its joint operators. These amounts represent WestSide's share of expected expenditure required to complete these approved work programs. The capital commitments for exploration and evaluation costs include capital expenditure commitments of $1,921,000 (2013: $17,655,000) relating to joint operations listed in Note 18.*
2. *Although the Group has not necessarily contracted with suppliers for development work, the Group is committed to conduct development activities to increase production from the Meridian SeamGas gas fields. These amounts represent WestSide's share of expected expenditure to complete these programs. The capital commitments include capital expenditure commitments of $9,023,000 (2013: $1,494,000) relating to joint operations listed in Note 18.The Parent Entity has committed to provide funding for these programs.*

19. Commitments and contingencies (continued)

I. Commitments (continued)

(b) Operating lease commitments

The Group leases offices and office equipment under non cancellable operating leases. The leases have varying terms, escalation clauses and renewal rights.

Commitments for minimum lease payments in relation to non cancellable operating leases are payable as follows:

	2014 $'000	2013 $'000
Not later than 1 year	**528**	507
Later than 1 year but not later than 5 years	**673**	1,191
Operating lease commitments	**1,201**	1,698

(c) Finance lease

Commitments in relation to finance lease are payable as follows:

	2014 $'000	2013 $'000
Not later than 1 year	**50**	505
Later than 1 year but not later than 5 years	**180**	230
Minimum lease payments	**230**	735
Future finance charges	**(32)**	(61)
Recognised as liability	**198**	674
Representing lease liabilities (Note 13):		
Current	**36**	476
Non-current	**162**	198
Total lease liabilities	**198**	674

The Group leases various vehicles with a carrying value of $197,000 (2013: $235,000) under finance leases expiring within five years. Under the terms of the leases, the Group has the option to acquire the leased vehicles for approximately 30% of their original acquisition cost on expiry of the leases.

II. Contingencies

(a) Guarantees

For information about guarantees given by the Group and Parent Entity, please refer to Note 6, Note 17 and Note 23.

(b) Rehabilitation liabilities of sub-leased Petroleum Lease

WestSide has subleased part of Petroleum Lease 94 (PL94) to other parties who have assumed all of the permit and environmental obligations associated with that area. If the sub-lessee were to default on its sub-lease obligations, WestSide as a registered permit holder, would have an obligation to contribute to the rehabilitation of the area. WestSide's share of the estimated liability for restoration and rehabilitation at balance date would be $1,346,494 (2013: $1,763,665).

(c) *Gas Sales Agreement*

One of WestSide's existing gas sales agreements terminates on 1 January 2015. However, under the terms of that agreement in certain circumstances there is an obligation to continue to supply gas for a period of 12 months following termination. WestSide currently disagrees as to whether or not the relevant circumstances triggering this obligation have arisen and what contractual terms would apply. In the worst case if the customer's claim is 100% successful WestSide would be required to deliver gas to the customer for 12 months at the current contract price.

20. Related party transactions

(a) Parent Entity and related parties

The Parent Entity and ultimate Australian Parent Entity within the Group is WestSide Corporation Limited.

Interests in significant subsidiaries are set out in Note 17.

20. Related party transactions (continued)

Interests in joint operations and jointly controlled entities are set out in Note 18.

(b) Transactions with related parties are as follows:

	2014 $	2013 $
Costs incurred as operator of joint operations and on-charged to joint operations	**29,430,930**	40,354,239
Contributions to joint operations costs	**12,010,510**	23,147,428

(c) Outstanding balances as at the reporting date, arising from transactions with related parties were as follows:

	2014 $	2013 $
Current assets – trade and other receivables		
From joint operations for costs incurred as operator of joint operations	**58,044**	69,655

(d) Key management personnel and directors compensation:

Short-term employee benefits	**2,510,385**	2,679,337
Share-based payment	**430,507**	524,706
Post-employment benefits	**185,438**	182,016
Termination benefits	**51,416**	-

21. Remuneration of auditors

During the year the following fees were paid or payable for services provided by PricewaterhouseCoopers, the auditor of the Parent Entity:

(a) Audit services:

	2014 $	2013 $
Audit and review of financial reports	**214,337**	211,379

(b) Non-audit services:

Taxation compliance	**34,642**	33,311
Taxation advice on mergers, acquisitions and divestments	**32,559**	32,899
Research & development tax rebate advice	**171,136**	130,338
Staff training	**-**	1,000
Total non-audit services	**238,337**	197,548
Total auditors' remuneration	**452,674**	408,927

It is the Group's policy to employ PricewaterhouseCoopers on assignments additional to their statutory audit duties where PricewaterhouseCoopers' expertise and experience with the Group are important. These assignments are principally tax advice, or where PricewaterhouseCoopers is awarded assignments on a competitive basis. It is the Group's policy to seek competitive tenders for all major consulting projects.

Approval from the Audit and Compliance Committee is required for non-audit assignments.

22. Financial risk management

The Group seeks to minimise potential adverse effects on the financial performance of the Group arising from market risks including currency risk; credit risk and liquidity risk. The Group has implemented a range of policies and procedures designed to assess and mitigate these risks.

(a) Market risk - Foreign exchange risk

The Group aims to limit its exposure to foreign currency fluctuations for major firm orders of equipment and inventories denominated in foreign currency. The Group enters into agreements with suppliers of equipment where the prices are fixed in foreign currency – predominantly US Dollars. No services are provided to foreign customers.

In order to protect against exchange rate movements, the Group may use US Dollar bank accounts to purchase US Dollars to match the expected timing of foreign currency payments where material firm orders have been placed.

(b) Market risk - Interest rate risk

The Group's borrowings disclosed in Note 13 are fixed interest liabilities and are not subject to interest rate risk. The Group has no other borrowings as at 30 June 2014.

Interest earned on available cash is managed by depositing surplus funds in fixed term deposits to optimise interest revenue taking into account forecast cash flow requirements. Further detail is set out in Note 6.

(c) Market risk - Sensitivity analysis

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to market risks:

2014		**Foreign exchange risk**		**Interest rate risk**	
	Carrying amount $'000	**-10% Profit $'000**	**+10% Profit $'000**	**-10% Profit $'000**	**+10% Profit $'000**
Financial assets					
Cash and cash equivalents	23,302	1	(1)	(74)	74
Trade and other receivables	2,207	-	-	-	-
Financial liabilities					
Trade and other payables	(7,037)	(5)	4	-	-
Borrowings	(434)	-	-	-	-
		(4)	**3**	**(74)**	**74**

2013		**Foreign exchange risk**		**Interest rate risk**	
	Carrying amount $'000	**-10% Profit $'000**	**+10% Profit $'000**	**-10% Profit $'000**	**+10% Profit $'000**
Financial assets					
Cash and cash equivalents	17,538	1	(1)	(56)	57
Trade and other receivables	1,259	-	-	-	-
Financial liabilities					
Trade and other payables	(5,885)	(1)	1	-	-
Borrowings	(674)	-	-	-	-
		-	**-**	**(56)**	**57**

The above sensitivity analysis assumes that changes in interest rates will have an immediate impact on all cash balances, notwithstanding that at balance date a significant portion of cash is held as term deposits which have fixed interest rates and an average maturity of 30 days (2013: 24 days). The impact of changes of interest rates on cash balances is based on the annual interest which would be received if the cash balances at balance date were maintained for a full year and does not attempt to predict changes in cash balances over that period. The sensitivity analysis is based on pre-tax figures as the Group is currently in a tax loss position which results in nil tax payable and nil tax expense.

The analysis is conducted in relation to a base AUD / USD exchange rate of $0.9420 (2013: $0.9194) and an interest rate of 3.17% pa (2013: 3.24%).

22. Financial risk management (continued)

(d) Credit risk

The Group has no significant concentrations of credit risk. Cash transactions and deposits are with ANZ and Westpac banks, high credit quality financial institutions. Further information relating to the credit risk of trade and other receivables is set out in Note 7.

(e) Funding and liquidity risk management

The Group maintains a system of controls which provide for continual monitoring of future cash flow requirements, allowing it to put in place appropriate facilities to ensure that sufficient funds are available to fund the Group's activities in the short to medium term.

The Group's and the Parent Entity's underlying objectives with respect to managing capital are to safeguard their ability to continue as a going concern to enable the Group to operate to increase shareholder value. While the Group's activities comprise mainly development, exploration and appraisal operations, funding through a combination of equity and debt is considered to be the most appropriate capital structure.

23. Parent Entity financial information

(a) Summary financial information

	2014 $'000	**2013 $'000**
Current assets	**28,157**	20,972
Total assets	**134,114**	120,869
Current liabilities	**8,414**	7,022
Total liabilities	**8,780**	7,220
Contributed equity	**150,853**	135,919
Share option reserve	**526**	526
Performance rights reserve	**641**	364
Accumulated losses	**(26,686)**	(23,160)
Total shareholders' equity	**125,334**	113,649
Loss for the year	**(3,526)**	(13,221)
Total comprehensive income	**(3,526)**	(13,221)

(b) Parent Entity contingent liabilities

The Parent Entity is a party to Deeds of Cross Charge as set out in Note 17 and is party to an agreement with a corporate advisor as set out in Note 19.

The Parent Entity has guaranteed the obligations of wholly-owned subsidiaries WestSide CSG A Pty Ltd and WestSide CSG D Pty Ltd in respect of their obligations under Joint Operating Agreements and other commercial agreements. Cash of $7,625,476 (2013: $8,595,170,) is held as security for bank guarantees in favour of the State of Queensland and other parties in respect of obligations of the Company's subsidiaries under environmental licences and commercial agreements.

Cash of $184,338 (2013: $184,338) is held as collateral to secure bank guarantees for the Company's obligations under the terms of its leases of business premises. The amount unused on the bank guarantee facility was $1,904,634 (2013: $395,634) at balance date.

Cash of $100,000 (2013: $100,000) is held as collateral to secure a corporate credit card facility pursuant to a right of set-off. An amount of $6,341 (2013: $17,000) was owed under the corporate credit card facility at balance date.

(c) Parent Entity commitments

The Parent Entity's operating lease commitments are as disclosed for the Group in Note 19(b). The Parent Entity has also committed to fund the capital commitments of its subsidiaries as set out in Note 19(a).

24. Events occurring after the balance sheet date

Issue, vesting and lapsing of employee performance rights

On 4 July 2014, following the Directors' advice to shareholders to accept the takeover offer by Landbridge Energy Australia Pty Ltd., the Board exercised its discretion to vest all 4,747,000 outstanding Performance Rights, converting them to ordinary shares, and to release restrictions on all unquoted employee shares. This resulted in recognition of an expense of $495,553 in July 2014.

Takeover offer

On 5 August 2014 Landbridge Energy Australia Pty Ltd's takeover offer closed with Landbridge having received acceptances for 93.45% of the Company's issued share capital. Landbridge lodged a notice for the compulsory acquisition of all of the remaining issued shares in WestSide Corporation Ltd and WestSide was removed from the official list of ASX Limited on 18 September 2014.

Advisory fee

Under the terms of a contract with a corporate advisor, WestSide paid additional fees of $1,039,760 in July 2014 as a result of Landbridge gaining more than 90% interest in WestSide.

In the Directors' opinion:

(a) the financial statements and notes set out on pages 7 to 35 are in accordance with the *Corporations Act 2001,* including:

(i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

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

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001.*

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

Michael Hughes
Director

Brisbane
30 September 2014

Independent auditor's report to the members of WestSide Corporation Limited

Report on the financial report

We have audited the accompanying financial report of WestSide Corporation Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for WestSide Corporation Limited (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at 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, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply 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 consolidated 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.

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*.

Auditor's opinion

In our opinion:

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

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

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

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

PricewaterhouseCoopers

PricewaterhouseCoopers

Michael Shewan
Partner

Brisbane
30 September 2014