COALBANK LIMITED
ABN 20 075 877 075

HALF-YEAR REPORT – 31 DECEMBER 2013

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2013 and any public announcements made by COALBANK Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of COALBANK Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2013.

Directors
A Chan, N Bolkus, G Lam and D Chan were appointed directors on 22 November 2013 and continue in office at the date of this report.

R Marks was appointed as a director on 23 November 2013 and continues in office at the date of this report.

R Clarke, G A J Baynton, W R Stubbs, L R Grimstone, G Baker and S Ever were directors from the beginning of the financial year until their resignation on 22 November 2013.

Review of operations
The profit after income tax of the Group for the half-year was $446,559 (2012: loss $1,022,113). The profit includes the one-off profit from discontinued operations of $1,335,555 as detailed in note 11 to the financial statements.

The principal field exploration activities in the half-year were limited to rehabilitation of a small number of drill sites in the Tambo region remaining from a previous drilling programme.

The Company conducted further research into historical records, which, along with other evidence, has identified additional coal intersections in COALBANK's South East Queensland EPCs and further validated the Company's existing data set. The additional data has enabled the refinement and prioritization of the next phase of drilling targets for these EPCs.

CORPORATE ACTIVITIES:

Proportional Takeover Transaction

As previously announced on 27th August 2013, Treasure Wheel Global Limited (Treasure Wheel), made a proportional takeover offer for 75% of each COALBANK shareholder's shares at 1 cent per share. On 16th October 2013 shareholders in COALBANK voted in favour of the proportional takeover. The company completed the proportional takeover in which Treasure Wheel attained an interest of 62.3% in Coalbank on 12 November 2013.

Convertible Bond Variation

As previously announced, the parties also entered into a further deed of variation concerning the terms for the repayment and/or conversion of the loan provided by Treasure Wheel to redeem the convertible bonds currently on issue (Loan). To facilitate the repayment of the Loan at the end of the loan term, Treasure Wheel may elect to convert all or part of the Loan (and any accrued interest) into equity at $0.015 per COALBANK share, which conversion will be subject to shareholder approval. Treasure Wheel must provide at least 30 days notice prior to end of the term of the loan should it wish to convert to Coalbank ordinary shares or be repaid in cash.

Partial Asset Sale

The partial asset sale announced on 27th August 2013 has been completed. Treasure Wheel agreed to acquire COALBANK's Biloela South, Coalbank South, and Chinchilla East EPCs, and Harvest Metals Pty Ltd for $2,000,000 independently of the proportional takeover of Coalbank Limited.

Issue of New Shares and Unlisted Options Cancelled

As announced on 25 October 2013 the company cancelled by agreement, 40 million unlisted options exercisable at 25 cents each. This cancellation satisfied the conditions of the Treasure Wheel Offer outlined in the Target Statement lodged with ASX on 20 September 2013.

The Company also issued 8,250,000 fully paid ordinary shares upon exercise of Performance Rights as a consequence of the change of control in the company.

Strategic Direction

On 13 November 2013 COALBANK provided an update on the Company's strategic direction following the successful proportional takeover offer by Treasure Wheel. As previously announced, this change-of-control provides shareholders and new investors with the opportunity to participate in the Company's future.

Treasure Wheel advised its intention to pursue a dual strategy for COALBANK focusing on:

1. **Coal procurement and trading** to pursue short-to-medium term revenue opportunities; and
2. **Exploration and development** of existing and new coal projects for the creation of longer-term shareholder value.

This dual strategy provides a long-term solution for building shareholder wealth by introducing new revenue opportunities.

Executive Appointments
On 2 December 2013 the Company announced the appointment of a new Chief Executive Officer, Mr Andrew Fogg. Mr Bruce Patrick, who has been Chief Executive Officer of Coalbank since 30 August 2011, continues to provide his services to the company in the role of Chief Operating Officer.

ACTIVITIES RELATED TO ENERGY PROJECTS:

Coal Projects - Tenement Portfolio Update

Coalbank has completed the purchase of a small 5 sub-block permit (EPC1249) adjacent to its EPC1524 in the Moreton Basin. Documentation to formalise the transfer was lodged with the Department of Natural Resources and Mines. COALBANK will hold a portfolio of 30 granted EPCs

Coal Projects – General

Field activities in the half-year included rehabilitation and maintenance work on earlier drill sites.

COALBANK expects the remainder of the financial year to focus on a review of COALBANK's remaining coal projects and planning for the next phase of exploration and growth.

Statutory reporting and where relevant relinquishments of sub-blocks have been made in accordance with the conditions of the various exploration permits.

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 3.

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

A Chan
Chairman

10 March 2014

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DECLARATION OF INDEPENDENCE BY CHRISTOPHER SKELTON TO THE DIRECTORS OF COALBANK LIMITED

As lead auditor for the review of COALBANK Limited for the half-year ended 31 December 2013, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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

C J Skelton
Director

BDO Audit Pty Ltd

Brisbane, 10 March 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	Half-year 2013 $	2012 $
Revenue	13,551	13,590
Other income	1,534	-
Professional services expenses	(423,042)	(110,949)
Loss on disposal of subsidiary	-	(918,197)
Tenement expenditure written off	-	(11,624)
Finance costs	(166,875)	(302,035)
Revaluation of financial liabilities at fair value through profit or loss	-	999,987
Corporate overhead expenses	(290,613)	(319,413)
Depreciation expenses	(4,157)	(8,679)
Directors' remuneration	(19,394)	(209,900)
Share based payments expense	-	(154,893)
Loss before income tax	(888,996)	(1,022,113)
Income tax expense	-	-
Loss from continuing operations	(888,996)	(1,022,113)
Profit from discontinued operations (refer note 11)	1,335,555	-
Net profit (loss) for the half-year	446,559	(1,022,113)
Other comprehensive income		
Other comprehensive income for the period, net of tax	-	-
Total comprehensive income / (loss) attributable to the owners of COALBANK Limited	446,559	(1,022,113)
	=======	=======
	Cents	**Cents**
Loss per share for loss from continuing operations attributable to the ordinary equity holders of COALBANK Limited:		
Basic earnings per share	(0.1)	(0.1)
Diluted earnings per share	(0.1)	(0.1)
Profit / (loss) per share for profit / (loss) attributable to the ordinary equity holders of COALBANK Limited:		
Basic earnings per share	0.0	(0.1)
Diluted earnings per share	0.0	(0.1)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

COALBANK

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2013

	Notes	31 December 2013 $	30 June 2013 $
ASSETS			
Current assets			
Cash and cash equivalents		576,268	907,773
Receivables		209,997	135,456
Total current assets		786,265	1,043,229
Non-current assets			
Plant and equipment		20,970	30,093
Available-for-sale financial assets		450,000	450,000
Exploration and evaluation assets		19,684,260	20,005,214
Other assets		78,000	108,500
Total non-current assets		20,233,230	20,593,807
Total assets		21,019,495	21,637,036
LIABILITIES			
Current liabilities			
Trade and other payables		238,026	469,041
Borrowings	6	1,774,151	-
Other		-	1,000,000
Total current liabilities		2,012,177	1,469,041
Non-current liabilities			
Other financial liabilities	5	1,500,000	1,500,000
Borrowings	6	-	1,867,400
Derivative liability	6	-	706
Total non-current liabilities		1,500,000	3,368,106
Total liabilities		3,512,177	4,837,147
Net assets		17,507,318	16,799,889
EQUITY			
Contributed equity		61,053,012	60,792,142
Reserves		3,528,043	3,528,043
Accumulated losses		(47,073,737)	(47,520,296)
Total equity		17,507,318	16,799,889

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

COALBANK

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	Issued capital $	Accumulated losses $	Share based payments reserve $	Total $
Balance at 1 July 2012	59,627,384	(23,778,119)	3,360,119	39,209,384
Loss for the period	-	(1,022,113)	-	(1,022,113)
Other comprehensive income	-	-	-	-
Total comprehensive income	-	(1,022,113)	-	(1,022,113)
Transactions with owners in their capacity as owners:				
Issue of share capital, net of transaction costs	1,164,758	-	-	1,164,758
Non-cash share based payments	-	-	154,893	154,893
Sub total	1,164,758	(1,022,113)	154,893	297,538
Balance at 31 December 2012	60,792,142	(24,800,232)	3,515,012	39,506,922
Balance at 1 July 2013	60,792,142	(47,520,296)	3,528,043	16,799,889
Profit for the period	-	446,559	-	446,559
Other comprehensive income	-	-	-	-
Total comprehensive income	-	446,559	-	446,559
Transactions with owners in their capacity as owners:				
Issue of share capital, net of transaction costs	-	-	-	-
Value of conversion rights on convertible notes	260,870	-	-	260,870
Sub total	260,870	-	-	260,870
Balance at 31 December 2013	61,053,012	(47,073,737)	3,528,043	17,507,318

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

COALBANK

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	Half-year 2013 $	2012 $
Cash flows from operating activities		
Receipts in the course of operations (inclusive of goods and services tax)	68,024	105,041
Payments to suppliers and employees (inclusive of goods and services tax)	(1,100,804)	(616,083)
Interest received	13,551	13,590
Net cash outflow from operating activities	(1,019,229)	(497,452)
Cash flows from investing activities		
Payments for exploration assets	(315,276)	(889,433)
Proceeds on sale of plant and equipment		3,750
Payment for security deposit	(5,000)	-
Refund of security deposit	8,000	5,300
Proceeds on sale of assets	1,000,000	250,000
Net cash inflow (outflow) from investing activities	687,724	(630,383)
Cash flows from financing activities		
Proceeds from share issue	-	1,245,524
Payment of share issue costs and costs of issuing convertible bonds	-	(80,766)
Proceeds from issue of convertible bonds	-	-
Net cash inflow from financing activities	-	1,164,758
Net increase / (decrease) in cash and cash equivalents	(331,505)	36,923
Cash and cash equivalents at the beginning of the half-year	907,773	996,414
Cash and cash equivalents at the end of the half-year	576,268	1,033,337

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

Note 1 Summary of significant accounting policies

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2013 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2013 and any public announcements made by COALBANK Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies and methods of computation adopted are the same as those of the most recent annual financial statements. New and revised standards have been issued by the AASB and are effective for the half-year. No significant adjustments have been made on adoption of the standard.

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and realization of assets and liabilities in the normal course of business.

Going concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realization of assets and settlement of liabilities in the normal course of business.

As disclosed in the financial statements, the Group recorded a profit (including the one-off profit from discontinued operations as referred to in note 11) of $446,559 (2012: loss $1,022,113) and had net cash outflows from operating activities of $1,019,229 (2012: $497,452) for the half-year ended 31 December 2013.

The Group also has expenditure commitments of $4,827,917 (2012: $11,317,639) as detailed in Note 8.

The Directors acknowledge that, as in the prior year, to continue the exploration and development of the Group’s exploration projects, the budgeted cash flows from operating and investing activities for the future will necessitate further capital raising. In the event that the Group is unable to raise future funding requirements, there exists a material uncertainty that may cast significant doubt on the Group’s ability to continue as a going concern with the result that the Group may be required to realise their assets at amounts different to those currently recognized, settle liabilities other than in the ordinary course of business and make provisions for costs which may arise as a result of cessation or curtailment of normal business operations.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

Note 2 Segment information

Description of segments
The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources. The Board of Directors carries out the role and is therefore the Chief Operating Decision Maker.

The Group is managed primarily on the basis of product category having different risk profiles and performance assessment criteria. Operating segments are therefore determined on this basis.

The consolidated entity has identified its reportable operating segments based on its internal reports that are reviewed and used by the Board of Directors in assessing performance and in determining the location of resources. It's reporting on an operating basis into the following segments. There are no inter-segment transactions.

Coal - Exploration for coal.
Minerals - Exploration for base metals.

The consolidated entity operates solely within Australia. Given the current stage of the Group's activities, there is no segment revenue.

The segment information provided to the board for the reportable segments for the half-year ended 31 December 2013 is as follows:

Half-year 2013	Coal $	Minerals $	Consolidated $
Tenement expenditure written-off	-	-	-
Half-year 2012			
Tenement expenditure written-off	(9,794)	(1,830)	(11,624)
Total segment assets			
31 December 2013			
Segment assets	19,751,760	10,500	19,762,260
Cash and cash equivalents			576,268
Trade and other receivables			209,997
Plant and equipment			20,970
Available-for-sale financial assets			450,000
Total assets			21,019,495
30 June 2013			
Segment assets	19,565,988	547,726	20,113,714
Cash and cash equivalents			907,773
Trade and other receivables			135,456
Available-for-sale financial assets			450,000
Plant and equipment			30,093
Total assets			21,637,036

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

Note 2 Segment information (continued)

Total segment liabilities	Coal $	Minerals $	Consolidated $
31 December 2013			
Segment liabilities	1,256	-	1,256
Trade and other payables			236,770
Other financial liabilities			1,500,000
Borrowings			2,000,000
Total liabilities			3,738,026
30 June 2013			
Segment liabilities	7,041	-	7,041
Trade and other payables			462,000
Other			1,000,000
Other financial liabilities			1,500,000
Borrowings			1,867,400
Derivative liability			706
Total liabilities			4,837,147

A reconciliation to profit (loss) before income tax is provided as follows:

	2013 $	**2012 $**
Tenement expenditure written off	-	(11,624)
Corporate expenses / income		
Professional services expenses	(423,042)	(110,949)
Corporate overhead expenses	(290,613)	(319,413)
Depreciation expenses	(4,157)	(8,679)
Directors' remuneration	(19,394)	(209,900)
Finance costs	(166,875)	(302,035)
Revaluation of financial liabilities at fair value through profit or loss	-	999,987
Profit (loss) on disposal of assets	1,335,555	(918,197)
Share based payments expense	-	(154,893)
Interest income	13,551	13,590
Other income	1,534	-
Profit (loss) before income tax	446,559	(1,022,113)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

Note 3 Profit (loss) for the half-year

	Half-year 2013 $	Half-year 2012 $
Profit (loss) for the half-year includes the following items:		
Expenses		
Finance costs		
Unwinding of issue costs financial liabilities not at fair value through profit or loss	67,581	299,894
Issue costs of financial liabilities at fair value through profit or loss	-	-
Interest paid	(706)	2,141
Cost of refinancing	100,000	-
Finance costs expensed	166,875	302,035

Note 4 Fair Value of Financial Instruments

Recurring Fair Value Measurements

No financial instruments are subject to recurring fair value measurement as at the end of the reporting period. Due to their short term nature, the carrying amounts of current receivables, and current payables is assumed to approximate their fair value.

The Available for Sale Financial Assets, represent shares in an unlisted public company, Sierra Oil Limited, and as such their fair value is not disclosed as it cannot be determined reliably as there is no active market. The intention at this stage is to not dispose of the shares. The carrying amount of the shares is $450,000 (June 2013: $450,000).

The current borrowings of $1,774,151 at 31 December 2013, represent the liability component of convertible notes issued as described in Note 5. The original liability recorded was determined by separating the debt and equity components of the financial instrument by discounting future cash flows using observable market data. (Level 2 in the fair value hierarchy) This liability is subsequently measured at amortised cost and due to it being current, the carrying amount is assumed to approximate fair value.

Refer to Note 5 for information in relation to the Non-Current “Other Financial Liabilities”.

Note 5 Non-current liabilities – Other financial liabilities

	31 December 2013 $	30 June 2013 $
Other financial liabilities	1,500,000	1,500,000

The Group has a royalty agreement with Oliver Lennox-King (Lennox-King). The royalty is ranges from 1% to 2% of the gross value of coal produced from certain tenements currently held by the Group, in the areas of the Moreton Energy Coal Project in the Clarence-Moreton Basin and the Tambo Coal & Gas Project in the Upper Surat Basin.

The initial $1.5 million received and recorded as a liability was initially recognised at fair value. Post initial recognition, the $1.5 million received is accounted for in accordance with the Group policy for financial instruments set out in Note 1(o) of the 30 June 2013 Annual Report.

The royalty is only payable in the event of future production of coal.

There has been no movement in the balance of the liability. The Group has assessed that the fair value at the time of the initial transaction, which was at arm's length, remains a reasonable assessment of the fair value at 31 December 2013 as no changes in the underlying circumstances have occurred since. The fair value would be Level 3 in the hierarchy.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

Note 6 Liabilities – Convertible bonds

	31 December 2013 $	30 June 2013 $
The carrying value of Convertible bonds are disclosed as:		
Derivative liability	-	706
Borrowings	1,774,151	1,867,400
	1,774,151	1,868,106

On 13 November 2013 the group refinanced its convertible notes. The 380 convertible notes that were on issued for $1,900,000 and convertible into ordinary shares in the parent entity were replaced with one convertible note that has been issued for $2,000,000. The initial term of the note is 12 months at which time the note is to be either repaid in cash or converted into 128,000,000 ordinary shares in the parent entity. The holder of the convertible note is Treasure Wheel Global Limited. The discount rate applied in determining the cost and equity components of the financial instrument was 15%.

Borrowings	31 December 2013 $	30 June 2013 $
Face value of notes issued	2,000,000	1,900,000
Derivative liability – fair value initially recognized	-	(1,139,198)
Other equity securities – value of conversion rights	(260,870)	-
	1,739,130	760,802
Issue costs	-	(50,603)
Unwinding of discount	35,021	1,157,201
Current liability (31/12/13) / Non-current liability (30/6/13)	1,774,151	1,867,400

Derivative liability	$
Fair value initially recognised	1,139,198
Fair value movement to 30 June 2013	(1,138,492)
Carrying value at 30 June 2013	706
Termination of convertible note	(706)
Carrying value at 31 December 2013	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

Note 7 Equity securities issued

	Half-year		Half-year	
	2013 Shares	2012 Shares	2013 $	2012 $
Issues of ordinary shares during the half-year				
Shares issued to sophisticated investors	-	27,017,173	-	1,026,652
Shares issued under share purchase plan	-	5,759,769	-	218,871
Shares issued on exercise of performance rights	8,250,000	-	-	(80,765)
Value of conversion rights – Convertible notes	-	-	260,870	-
Share issue expenses	-	-	-	-
Net increase in contributed equity	8,250,000	32,776,942	260,870	1,164,758

	Half-year	
	2013 Options	2012 Options
Movement in options during the half-year		
Options exercised	-	-
Options lapsed	(47,000,000)	-
	(47,000,000)	-

	Half-year	
	2013 Rights	2012 Rights
Movement in performance rights during the half-year		
Performance rights exercised	(8,250,000)	-
Performance rights expired	-	-
	(8,250,000)	-

Note 8 Commitments for expenditure

	31 December 2013 $	30 June 2013 $
Exploration commitments		
Commitments as at 31 December 2013 for payments under exploration permits for minerals in existence at the reporting date but not recognised as liabilities is as follows:	4,827,917	9,341,389

So as to maintain current rights to tenure of various exploration tenements, the Group will be required to outlay amounts in respect of tenement exploration expenditure commitments. These outlays, which arise in relation to granted tenements are noted above. The outlays may be varied from time to time, subject to approval of the relevant government departments, and may be relieved if a tenement is relinquished.

Exploration commitments are calculated on the assumption that each of the tenements will be held for its full term. However, commitments may decrease materially as exploration advances and ground that is shown to be unprospective is progressively surrendered. Expenditure commitments on prospective ground will be met out of existing funds, joint ventures, farm-outs, and new capital raisings.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

Note 9 Contingent liabilities

There have been no changes in contingent liabilities or contingent assets since the end of the previous annual reporting period.

Note 10 Events subsequent to reporting date

Note 11 Discontinued operation

(a) Description

On 20 November 2013 the Group disposed of its wholly owned subsidiary, Harvest Metals Pty Ltd, along with its Biloela South, Coalbank South and Chinchilla East EPC's to Treasure Wheel Global Limited for $2,000,000.

Financial information relating to the assets sold for the period to the date of disposal is set out below.

(b) Financial performance and cash flow information

The financial performance and cash flow information presented are for the period ended 20 November 2013.

	Period ended 20 November 2013 $	Half-year 2012 $
Revenue	-	-
Operating expenses	-	(1,830)
(Loss) /profit before income tax	-	(1,830)
Income tax expense/(credit)	-	-
(Loss) / profit after income tax of discontinued operation	-	(1,830
Profit on disposal before income tax	1,335,555	-
Income tax expense	-	-
Profit on disposal after income tax	1,335,555	-
Profit from discontinued operation	1,335,555	(1,830)

	Period ended 20 November 2013 $	Half-year 2012 $
Net cash inflow (outflow) from ordinary activities	-	-
Net cash inflow (outflow) from investing activities	18,501	(55,979)
Net cash inflow (outflow) from financing activities	-	-
Net increase in cash generated by the division	18,501	(55,979)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

Note 11 Discontinued operation (continued)

(c) Carrying amounts of assets and liabilities

The carrying amounts of assets and liabilities as at 20 November 2013 were:

	20 November 2013 $
Exploration assets	639,445
Security deposits	25,000
Total assets	664,445
Other financial liabilities	-
Total liabilities	-
Net assets	664,445

(d) Details of the sale of the division

	Half-year 2013 $	2012 $
Consideration received or receivable:		
Cash	2,000,000	-
Total disposal consideration	2,000,000	-
Costs associated with the sale	-	-
Carrying amount of net assets sold	664,445	-
Profit on sale before income tax	1,335,555	-
Income tax expense	-	-
Profit on sale after income tax	1,335,555	-

Note 12 Related parties

Parent entities

The parent entity within the group is COALBANK Limited. The ultimate parent entity and ultimate controlling party is Treasure Wheel Global Limited which at 31 December 2013 owned 62.3% (2012: nil%).

COALBANK

DIRECTORS' DECLARATION

In the directors' opinion:

(a) the attached financial statements and notes are in accordance with the *Corporations Act 2001,* including:
(i) complying with Accounting Standard AASB 134 Interim Financial Reporting, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
(ii) giving a true and fair view of the group's financial position as at 31 December 2013 and of its performance for the half-year ended on that date, and

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

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

A Chan
Chairman

Brisbane
10 March 2014

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of COALBANK Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of COALBANK Limited, which comprises the consolidated balance sheet as at 31 December 2013, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of COALBANK Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

Emphasis of matter

Without modifying our conclusion, we draw attention to Note 1 in the half-year financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the future successful raising of necessary funding through equity. These conditions, along with other matters as set out in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

BDO Audit Pty Ltd

BDO

C J Skelton
Director

Brisbane, 10 March 2014