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**COALBANK LIMITED**  
**ABN 20 075 877 075**

**HALF-YEAR REPORT – 31 DECEMBER 2016**

**DIRECTORS' REPORT**

Your directors present their report on the consolidated entity ("the Group") consisting of Coalbank Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2016.

**DIRECTORS**

The following persons were directors of Coalbank Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

<b>Name</b>	<b>Position</b>	<b>Period of Directorship</b>
Anthony Chan	Non-Executive Chairman	Appointed 22 November 2013
Nick Bolkus	Non-Executive Deputy Chairman	Appointed 22 November 2013
George Lam	Non-Executive Director	Appointed 22 November 2013
Daniel Chan	Non-Executive Director	Appointed 22 November 2013
Ron Marks	Non-Executive Director	Appointed 23 November 2013

**REVIEW OF OPERATIONS**

The loss after income tax of the Group for the half-year was \$591,349 (2015: loss \$394,943) after expensing \$55,722 costs associated with the Convertible Note (2015: \$Nil) and recognising \$91,066 expense from share of loss from equity accounted investment (2015: \$ Nil).

The half-year write-off of capitalised exploration expenditure recognises the continuing process undertaken by the Group to rationalise holding costs in areas where coal project development would be very long term in the current industry environment.

Exploration activities in the half-year were limited to desktop studies and management of field facilities. The reduced number of coal tenements in the financial year ended June 2016 reduced the exploration tenement holding costs in the current period.

The Group has focused on identifying and evaluating opportunities in the resources sector at a time where the resources sector generally is under some pressure globally.

**STRATEGIC DIRECTION**

**Strategic Direction**

The Group's key strategic focuses are:

1. Acquisition of a suitable project to provide cash flow in the short to medium term;
2. Exploration and development of existing and new coal projects for the creating of longer-term shareholder value;
3. Broadening the Group's exposure in the energy sector;
4. Commodity trading to pursue short-to-medium term revenue opportunities; and
5. Sale or farm-in for the petroleum permits.

The Group has reviewed its current tenement holdings with emphasis being placed on tenements which may hold economic benefit to the Group in the short to medium term. The Group now retains five (5) Exploration Permits for Coal and three (3) Authorities to Prospect for Petroleum. The intent is to preserve cash which will allow the Group to explore other opportunities that may arise.

**ACTIVITIES RELATED TO ENERGY PROJECTS**

**Coal**

Coalbank retains 5 coal exploration permits following surrenders in the previous half year, with EPC1418 also to be surrendered on completion of necessary procedures. The remaining coal tenements are centered on and near Coalbank’s Blackall Coal Project. The permits are:

EPC1625                      EPC1719                      EPC1418                      EPC1632                      EPC1993

Coalbank is keeping expenditure to minimal required levels whilst reviewing ways to bring value from its Blackall Coal project.

Only desktop studies and limited field activities were undertaken during the period.

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

**Petroleum**

On 10th November 2016 Coalbank Limited announced that it has entered into a Memorandum of Understanding (MOU) with Eastern Gas Pty Ltd (EGPL) with regard to Coalbank’s Petroleum and Gas Permits held by its 100% subsidiary Surat Gas Pty Ltd (Surat).

EGPL is a wholly owned subsidiary of Ranger Resources Pty Ltd

The key points of the MOU are:

- Surat will grant EGPL a right to earn 50% interest in the tenements by carrying out initial exploration activities over the tenements.
- EGPL will be required to spend no less than \$30,000 over 3 months following execution to earn its 50% interest. This will be principally a detailed review of the available geological and geophysical data on the tenements at EGPL cost.
- Surat will have a free carry on all capital and operational expenditure up to \$650,000 in this Joint Venture.
- EGPL is to be appointed as first Joint Venture Operator. It will be the day to day manager of the JV, but subject to a JV Operating Committee with equal membership from EGPL and Surat.

The permits held are:

ATP1072                      ATP1095                      ATP1098

No field work has been undertaken on the permits.

**Biogas**

On 15<sup>th</sup> July 2016 Coalbank Limited announced that it had entered into an Agreement to subscribe for shares representing a 25% shareholding in Utilitas Pty Ltd (Utilitas) for \$1 million. Coalbank further advised on 19<sup>th</sup> August 2016 that it had settled on its subscription for shares in Utilitas Group Pty Ltd (100% holder of Utilitas Pty Ltd) for a 25% holding for \$1m.

As part of the restructure of the Utilitas Group, Coalbank also acquired the shares held by a number of small shareholders at the placement price of 14.14 cents, representing just under 1% for a total cost of \$28,849, resulting in a reduced number of shareholders in the Utilitas Group.

Utilitas is a privately owned Group focused on the emerging biogas industry in Australasia and represents a unique opportunity for Coalbank as it provides an additional investment in the energy and resources sector to diversify its existing portfolio.

**Rounding of amounts**

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

**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 4.

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



**A Chan**  
**Chairman**

**10 March 2017**

**RSM Australia Partners**

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**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of the financial report of Coalbank Limited for the half year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.



**RSM AUSTRALIA PARTNERS**



**Albert Loots**  
Partner

Brisbane, Queensland  
Dated: 10 March 2017

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**General information**

The financial statements cover Coalbank Limited as a consolidated entity ("the Group") consisting of Coalbank Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

Coalbank Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 16, 344 Queen Street  
Brisbane QLD 4000  
(07) 3229 6606

A description of the nature of the Group's operations and its principal activities are included in the directors' report.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 10 March 2017.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

	Note	31 December 2016 \$	31 December 2015 \$
Interest income		1,201	521
Professional services expenses		(265,159)	(254,300)
Tenement expenditure written off/expensed	3	(13,740)	(6,752)
Finance costs		(28,331)	-
Interest costs		(27,391)	-
Corporate overhead expenses		(101,678)	(75,117)
Depreciation expenses		(3,345)	(3,345)
Directors' remuneration		(61,840)	(55,950)
Share of loss from equity accounted investment		(91,066)	-
		<hr/>	<hr/>
Loss before income tax		(591,349)	(394,943)
Income tax expense		-	-
		<hr/>	<hr/>
Net loss for the half-year		(591,349)	(394,943)
<i>Other comprehensive income</i>			
Other comprehensive income for the period, net of tax		-	-
		<hr/>	<hr/>
Total comprehensive loss for the half-year		(591,349)	(394,943)
		<hr/> <hr/>	<hr/> <hr/>
		<b>Cents</b>	<b>Cents</b>
<b>Loss per share for loss from continuing operations attributable to the ordinary equity holders of Coalbank Limited:</b>			
Basic earnings per share		(0.06)	(0.04)
Diluted earnings per share		(0.06)	(0.04)
<b>Loss per share for loss attributable to the ordinary equity holders of Coalbank Limited:</b>			
Basic earnings per share		(0.06)	(0.04)
Diluted earnings per share		(0.06)	(0.04)

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

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2016**

	Note	31 December 2016 \$	30 June 2016 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		14,382	932,756
Trade and other receivables		36,309	116,327
		<hr/>	<hr/>
Total current assets		50,691	1,049,083
		<hr/>	<hr/>
<b>Non-current assets</b>			
Plant and equipment		2,111	5,456
Investments		-	28,849
Exploration and evaluation assets	5	15,485,508	15,389,119
Investments accounted for using the equity method		937,816	-
Other assets		126,975	174,796
		<hr/>	<hr/>
Total non-current assets		16,552,410	15,598,220
		<hr/>	<hr/>
<b>Total assets</b>		16,603,101	16,647,303
		<hr/> <hr/>	<hr/> <hr/>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		266,702	198,615
Borrowings	7	200,000	3,620,000
		<hr/>	<hr/>
Total current liabilities		466,702	3,818,615
		<hr/>	<hr/>
<b>Non-current liabilities</b>			
Other financial liabilities	6	1,500,000	1,500,000
Borrowings	8	1,365,644	-
		<hr/>	<hr/>
Total non-current liabilities		2,865,644	1,500,000
		<hr/>	<hr/>
<b>Total liabilities</b>		3,332,346	5,318,615
		<hr/> <hr/>	<hr/> <hr/>
<b>Net assets</b>		13,270,755	11,328,688
		<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>			
Issued Capital	9	65,507,816	62,974,400
Reserves		3,528,043	3,528,043
Accumulated losses		(55,765,104)	(55,173,755)
		<hr/>	<hr/>
<b>Total equity</b>		13,270,755	11,328,688
		<hr/> <hr/>	<hr/> <hr/>

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

	Issued capital \$	Accumulated losses \$	Share based payments reserve \$	Total \$
<b>Balance at 1 July 2015</b>	62,974,400	(52,701,805)	3,528,043	13,800,638
Profit for the period	-	(394,943)	-	(394,943)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	-	(394,943)	-	(394,943)
<b>Transactions with owners in their capacity as owners:</b>				
Issue of share capital, net of transaction costs	-	-	-	-
<b>Sub total</b>	-	-	-	-
<b>Balance at 31 December 2015</b>	62,974,400	(53,096,748)	3,528,043	13,405,695
<b>Balance at 1 July 2016</b>	62,974,400	(55,173,755)	3,528,043	11,328,688
Profit for the period	-	(591,349)	-	(591,349)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	-	(591,349)	-	(591,349)
<b>Transactions with owners in their capacity as owners:</b>				
Issue of share capital, net of transaction costs	2,533,416	-	-	2,533,416
<b>Sub total</b>	2,533,416	-	-	2,533,416
<b>Balance at 31 December 2016</b>	65,507,816	(55,765,104)	3,528,043	13,270,755

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

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

	<b>31 December 2016 \$</b>	<b>31 December 2015 \$</b>
<b>Cash flows from operating activities</b>		
Receipts in the course of operations (inclusive of goods and services tax)	48,533	28,640
Payments to suppliers (inclusive of goods and services tax)	(406,019)	(434,855)
Interest received	1,201	521
	<hr/>	<hr/>
<b>Net cash outflow from operating activities</b>	<b>(356,285)</b>	<b>(405,694)</b>
	<hr/>	<hr/>
<b>Cash flows from investing activities</b>		
Payments for exploration and evaluation assets	(161,545)	(61,026)
Payments for investments	(1,000,033)	-
Proceeds from repayment of loan to investment	100,000	-
Refund of security deposit	47,821	-
	<hr/>	<hr/>
<b>Net cash outflow from investing activities</b>	<b>(1,013,757)</b>	<b>(61,026)</b>
	<hr/>	<hr/>
<b>Cash flows from financing activities</b>		
Payments for share issue costs associated with convertible note	(28,332)	-
Proceeds from current borrowings	480,000	300,000
	<hr/>	<hr/>
<b>Net cash inflow from financing activities</b>	<b>451,668</b>	<b>300,000</b>
	<hr/>	<hr/>
<b>Net decrease in cash and cash equivalents</b>	<b>(918,374)</b>	<b>(166,720)</b>
Cash and cash equivalents at the beginning of the half-year	932,756	233,183
	<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the half-year</b>	<b>14,382</b>	<b>66,463</b>
	<hr/> <hr/>	<hr/> <hr/>

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 2016

### Note 1 Summary of significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2016 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

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 2016 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 principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated. The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

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

As disclosed in the financial statements, the Group recorded a loss of \$591,349 (2015: loss of \$394,943) after expensing \$55,722 costs associated with the Convertible Note (2015: \$Nil) and recognising \$91,066 expense from share of loss from equity accounted investment (2015: \$Nil). Also, the Statement of Financial Position shows a working capital shortfall of \$416,011 (2015: \$2,317,938).

The ability of the Group to continue as a going concern is principally dependent on:

- Continued financial support of Treasure Wheel Global Limited for at least 12 months from the date of this report; and
- Ability to raise capital on the market and/or sell non-core assets.

These conditions give rise to material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern.

The directors believe that the going concern basis of preparation is appropriate due to the following reasons:

- Treasure Wheel Global Limited has provided a letter of support undertaking to provide financial support and not call their debt, to enable Coalbank Limited to continue operations, for at least 12 months from the date of this report; and
- Since 31 December 2016, Coalbank Limited has received a loan of \$250,000 from Treasure Wheel Global Limited.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities should the Group be unable to continue as a going concern.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

**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. Financial information provided to the board is currently at the consolidated level.

Management currently identifies the Group as having only one reportable segment, being exploration of coal, oil and gas. All significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

The Group operates solely within Australia. The Group does not have any products or services that it derives revenue from.

**Note 3 Expenses**

	31 December 2016 \$	31 December 2015 \$
Loss before income tax for the half-year includes the following items:		
<b>Expenses</b>		
Exploration Expenditure expensed	13,740	6,752
Share of loss from equity accounted investment	91,066	-
<i>Finance costs</i>		
Unwinding of issue costs financial liabilities not at fair value through profit or loss	28,331	-
Interest paid	27,391	-
Finance costs expensed	55,722	-

**Note 4 Fair Value of Financial Instruments**

*Recurring Fair Value Measurements*

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

Due to their short term nature, the carrying amounts of current receivables, and current payables is assumed to approximate their fair value.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

**Note 5 Non-current assets - Exploration and evaluation assets**

	<b>31 December 2016 \$</b>	<b>30 June 2016 \$</b>
<b>Exploration phase costs – at cost</b>	<u>15,485,508</u>	<u>15,389,119</u>

The capitalised exploration assets carried forward above has been determined as follows:

Balance at the beginning of the year	15,389,119	17,005,387
Expenditure incurred during the year	110,129	283,357
Exploration abandoned	<u>(13,740)</u>	<u>(1,899,625)</u>
Balance at the end of the year	<u>15,485,508</u>	<u>15,389,119</u>

The ultimate recoupment of costs carried forward for exploration assets is dependent upon the successful development and commercial exploitation or alternatively sale of the interests in the tenements.

The write-off of capitalised exploration expenditure recognises the continuing process undertaken by the Group to rationalise holding costs in areas where coal project development would be very long term in the current industry environment.

**Note 6 Non-current liabilities – Other financial liabilities**

	<b>31 December 2016 \$</b>	<b>30 June 2016 \$</b>
Other financial liabilities	<u>1,500,000</u>	<u>1,500,000</u>

The Group has agreements with Oliver Lennox-King (Lennox-King), whereby Lennox-King has paid a net \$1.5 million to the Group and in return the Group has agreed to pay Lennox-King a royalty equal to 1% of the gross value of coal sold 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 liability was initially recognised at fair value. Post initial recognition, the financial liability is accounted for in accordance with the Group policy for financial instruments set out in Note 1(n) of the 30 June 2016 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 2016 as no changes in the underlying circumstances have occurred since. The fair value would be Level 3 in the fair value hierarchy.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

**Note 7 Current Liabilities – Borrowings**

	<b>31 December 2016</b>	<b>30 June 2016</b>
	\$	\$
The carrying value of Convertible bonds are disclosed as:		
Borrowings	200,000	1,620,000
Convertible Note	-	2,000,000
	<u>200,000</u>	<u>2,000,000</u>

On 30 November 2016 Shareholders approved the conversion of a \$2,000,000 convertible note held by Treasure Wheel Global Limited into 133,333,333 ordinary shares in the parent entity.

During the current financial half-year Treasure Wheel Global Limited has advanced \$480,000 by way of an unsecured loan. Following shareholder approval, \$1,900,000 of the unsecured loan was converted into a Convertible Note (see Note 8), leaving a balance of \$200,000 as unsecured loan outstanding at balance date. The unsecured loan is for an initial term of 12 months and accrues no interest.

<b>Convertible Note - Current</b>	<b>31 December 2016</b>	<b>30 June 2016</b>
	\$	\$
Face value of notes issued	2,000,000	2,000,000
Other equity securities – value of conversion rights	-	(260,870)
	-	1,739,130
Unwinding of discount	-	260,870
Converted to equity	(2,000,000)	-
Current liability	<u>-</u>	<u>2,000,000</u>

**Note 8 Non-Current Liabilities – Borrowings**

	<b>31 December 2016</b>	<b>30 June 2016</b>
	\$	\$
The carrying value of Convertible bonds are disclosed as:		
Convertible Note	1,365,644	-
	<u>1,365,644</u>	<u>-</u>

On 30 November 2016 Shareholders approved the issue of a convertible note to replace an unsecured loan of \$1,900,000 to Treasure Wheel Global Limited. No interest is payable on the convertible note which has a maturity date of 30 November 2018.

<b>Convertible Note – Non-Current</b>	<b>31 December 2016</b>	<b>30 June 2016</b>
	\$	\$
Face value of notes issued	1,900,000	-
Other equity securities – value of conversion rights	(561,747)	-
	1,338,253	-
Unwinding of discount	27,391	-
Non-current liability	<u>1,365,644</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

**Note 9 Equity securities issued**

	Half-year		Half-year	
	2016	2015	2016	2015
	Shares	Shares	\$	\$
<b>Issue of ordinary shares during the half-year</b>				
Shares issued during half year	133,333,333	-	2,000,000	-
Share issue costs			(28,331)	-
Value of conversion right – Convertible Note			561,747	
			<hr/>	
Net increase in contributed equity	133,333,333	-	2,533,416	-

	Half-year	
	2016	2015
	Options	Options
<b>Movement in options during the half-year</b>		
Options exercised	-	-
Options lapsed	-	-
	<hr/>	
	-	-

**Note 10 Commitments for expenditure**

	31 December	30 June
	2016	2016
	\$	\$
<b>Exploration commitments</b>		
Commitments as at 31 December 2016 for payments under exploration permits for minerals and petroleum in existence at the reporting date but not recognised as liabilities are as follows:	39,742,000	39,742,000
	<hr/>	

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.

**Note 11 Contingent liabilities**

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

**Note 12 Events subsequent to reporting date**

Since 31 December 2016 Coalbank Limited has been advanced loan funds of \$250,000 from Treasure Wheel Global Limited. The loan is unsecured and for an initial period of 12 months. The loan accrues no interest.

**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 2016 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 made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the directors



A Chan  
Chairman

10 March 2017

**RSM Australia Partners**

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[www.rsm.com.au](http://www.rsm.com.au)**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 statement of financial position as at 31 December 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant 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 Coalbank Limited 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 2016 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.

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### *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 2016 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*.

### *Material Uncertainty Related to Going Concern*

We draw attention to Note 1 in the half-year financial report, which indicates that the consolidated entity incurred a loss of \$591,349 for the half-year ended 31 December 2016 and, as at that date, the consolidated entity had a working capital shortfall of \$416,011. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.



**RSM AUSTRALIA PARTNERS**



**Albert Loots**  
Partner

Brisbane, Queensland  
Dated: 10 March 2017

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