

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

**HALF-YEAR REPORT – 31 DECEMBER 2015**

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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 2015 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 2015.

### **Directors**

#### **DIRECTORS**

The names and details of the Directors of Coalbank Limited in office at the date of this report or at any time during the financial half-year are:

<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 \$394,943 (2014: loss \$3,800,426) after expensing \$6,752 (2014: \$3,095,403) of capitalised exploration expenditure.

The prior 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 maintenance of field facilities where exploration equipment is stored. The Company completed the reduction of the number of tenements held.

The company has focused on identifying and evaluating opportunities in the resources sector at a time where the resources sector generally is under some pressure globally. This has the potential to reveal opportunities for the company.

#### **STRATEGIC DIRECTION**

##### **Strategic Direction**

The Company'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. Coal procurement and trading to pursue short-to-medium term revenue opportunities; and
4. Sale or farm-in for the petroleum permits.

The Company has reviewed its current tenement holdings with emphasis being placed on tenements which may hold economic benefit to the company in the short to medium term. The company now retains eight (8) Exploration Permits for Coal and three (3) Authorities to Prospect for Petroleum. The intent is to preserve cash which will allow the Company to explore other opportunities that may arise.

**ACTIVITIES RELATED TO ENERGY PROJECTS****Coal Projects - Tenement Portfolio Update**

After completing its review of existing tenements, Coalbank has reduced its coal exploration tenement holdings to eight permits by lodging relinquishments with the Department of Natural Resources. The remaining coal tenements are centred on and near Coalbank's Blackall Coal Project. The remaining permits are:

EPC1414	EPC1417	EPC1625	EPC1719
EPC1415	EPC1418	EPC1632	EPC1993

**Coal Projects – General**

Coalbank is looking for innovative 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 Permits**

Coalbank is seeking interested parties for farm in or sale of its three Authorities to Prospect for Petroleum. The permits held are:

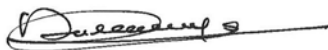
ATP1072	ATP1095	ATP1098
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No field work has been undertaken on the permits.

**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**

**15 March 2016**



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**DECLARATION OF INDEPENDENCE BY C R JENKINS TO THE DIRECTORS OF COALBANK LIMITED**

As lead auditor for the review of Coalbank Limited for the half-year ended 31 December 2015, 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.

A handwritten signature in black ink, appearing to read 'C R Jenkins', is written over a horizontal line.

**C R Jenkins**  
Director

**BDO Audit Pty Ltd**

Brisbane, 15 March 2016

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	Note	2015 \$	Half-year 2014 \$
Revenue		521	11,317
Other income		-	3,182
Professional services expenses		(254,300)	(310,359)
Tenement expenditure written off/expensed	3	(6,752)	(3,095,403)
Finance costs		-	(142,324)
Corporate overhead expenses		(75,117)	(136,504)
Depreciation expenses		(3,345)	(3,745)
Directors' remuneration		(55,950)	(55,950)
Due diligence expenses		-	(70,640)
		<hr/>	<hr/>
Loss before income tax		(394,943)	(3,800,426)
Income tax expense		-	-
		<hr/>	<hr/>
Net profit (loss) for the half-year		(394,943)	(3,800,426)
<i>Other comprehensive income</i>			
Other comprehensive income for the period, net of tax		-	-
		<hr/>	<hr/>
Total comprehensive income / (loss) attributable to the owners of COALBANK Limited		(394,943)	(3,800,426)
		=====	=====
		<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		(0.04)	(0.4)
Diluted earnings per share		(0.04)	(0.4)
<b>Profit / (loss) per share for profit / (loss) attributable to the ordinary equity holders of COALBANK Limited:</b>			
Basic earnings per share		(0.04)	(0.4)
Diluted earnings per share		(0.04)	(0.4)

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

**CONSOLIDATED BALANCE SHEET  
AS AT 31 DECEMBER 2015**

	Notes	31 December 2015 \$	30 June 2015 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		66,463	233,183
Receivables		54,312	20,372
		<hr/>	<hr/>
Total current assets		120,775	253,555
		<hr/>	<hr/>
<b>Non-current assets</b>			
Plant and equipment		8,801	12,147
Exploration and evaluation assets		17,032,536	17,005,387
Other assets		182,296	182,296
		<hr/>	<hr/>
Total non-current assets		17,223,633	17,199,830
		<hr/>	<hr/>
<b>Total assets</b>		17,344,408	17,453,385
		<hr/> <hr/>	<hr/> <hr/>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		138,713	152,747
Borrowings	7	2,300,000	2,000,000
		<hr/>	<hr/>
Total current liabilities		2,438,713	2,152,747
		<hr/>	<hr/>
<b>Non-current liabilities</b>			
Other financial liabilities	6	1,500,000	1,500,000
		<hr/>	<hr/>
Total non-current liabilities		1,500,000	1,500,000
		<hr/>	<hr/>
<b>Total liabilities</b>		3,938,713	3,652,747
		<hr/> <hr/>	<hr/> <hr/>
<b>Net assets</b>		13,405,695	13,800,638
		<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>			
Contributed equity	8	62,974,400	62,974,400
Reserves		3,528,043	3,528,043
Accumulated losses		(53,096,748)	(52,701,805)
		<hr/>	<hr/>
<b>Total equity</b>		13,405,695	13,800,638
		<hr/> <hr/>	<hr/> <hr/>

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	Issued capital \$	Accumulated losses \$	Share based payments reserve \$	Total \$
<b>Balance at 1 July 2014</b>	61,053,012	(48,130,213)	3,528,043	16,450,842
Profit for the period	-	(3,800,426)	-	(3,800,426)
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	-	(3,800,426)	-	(3,800,426)
<b>Transactions with owners in their capacity as owners:</b>				
Issue of share capital, net of transaction costs	1,921,388	-	-	1,921,388
<b>Sub total</b>	1,921,388	-	-	1,921,388
<b>Balance at 31 December 2014</b>	62,974,400	(51,930,639)	3,528,043	14,571,804
<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

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 2015**

	Half-year	
	2015	2014
	\$	\$
<b>Cash flows from operating activities</b>		
Receipts in the course of operations (inclusive of goods and services tax)	28,640	19,637
Payments to suppliers and employees (inclusive of goods and services tax)	(434,855)	(649,079)
Interest received	521	11,317
	<hr/>	<hr/>
<b>Net cash outflow from operating activities</b>	<b>(405,694)</b>	<b>(618,125)</b>
	<hr/>	<hr/>
<b>Cash flows from investing activities</b>		
Payments for exploration assets	(61,026)	(329,988)
Payments for plant and equipment	-	(2,254)
Proceeds on sale of plant and equipment	-	3,500
Payment for security deposit	-	(10,000)
Refund of security deposit	-	5,000
	<hr/>	<hr/>
<b>Net cash inflow (outflow) from investing activities</b>	<b>(61,026)</b>	<b>(333,742)</b>
	<hr/>	<hr/>
<b>Cash flows from financing activities</b>		
Proceeds from share issue	-	1,921,388
Proceeds from current borrowings	300,000	100,000
Repayment of current borrowings	-	(300,000)
	<hr/>	<hr/>
<b>Net cash inflow from financing activities</b>	<b>300,000</b>	<b>1,721,388</b>
	<hr/>	<hr/>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>(166,720)</b>	<b>769,521</b>
Cash and cash equivalents at the beginning of the half-year	233,183	142,424
	<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the half-year</b>	<b>66,463</b>	<b>911,945</b>
	=====	=====

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 2015

### Note 1 Summary of significant accounting policies

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2015 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 2015 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 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 \$394,943 (2014: \$3,800,426) after expensing \$6,752 (2014: \$3,095,403) of capitalised exploration expenditure. Also, the Balance Sheet shows a working capital shortfall of \$2,317,938 (2014: \$1,899,192). This is due to the \$2,000,000 (2014: \$2,000,000) convertible note now being a current liability and due for settlement within 12 months.

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

- The note holder electing to convert the note into 133,333,333 ordinary shares in Coalbank Limited subject to the necessary shareholder approval;
- Continued financial support of Treasure Wheel Global Ltd 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:

- The directors have received a commitment from the noteholder to convert their convertible notes into shares, subject to shareholder approval;
- 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 2015, Coalbank Limited has received a loan of \$100,000 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 2015**

**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 is reporting on an operating basis into the following segments. There are no inter-segment transactions.

*Coal* - Exploration for coal.

*Petroleum* - Exploration for petroleum.

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 2015 is as follows:

<b>Half-year 2015</b>	<b>Coal \$</b>	<b>Petroleum \$</b>	<b>Consolidated \$</b>
Tenement expenditure written-off	5,382	1,370	6,752
<b>Half-year 2014</b>			
Tenement expenditure written-off	3,095,403	-	3,095,403
<b>Total segment assets</b>			
<b>31 December 2015</b>			
Segment assets			
Exploration and evaluation assets	17,008,167	24,369	17,032,536
Cash and cash equivalents			66,463
Trade and other receivables			54,312
Plant and equipment			8,801
Other assets	30,000	152,296	182,296
Total assets			17,344,408
<b>30 June 2015</b>			
Segment assets			
Exploration and evaluation assets	16,999,324	6,063	17,005,387
Cash and cash equivalents			233,183
Trade and other receivables			20,372
Plant and equipment			12,147
Other assets	30,000	152,296	182,296
Total assets			17,453,385

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

**Note 2 Segment information (continued)**

	Coal \$	Petroleum \$	Consolidated \$
<b>Total segment liabilities</b>			
<b>31 December 2015</b>			
Segment liabilities			
Trade and other payables			138,713
Other financial liabilities			1,500,000
Borrowings			<u>2,300,000</u>
Total liabilities			<u>3,938,713</u>
<b>30 June 2015</b>			
Segment liabilities			
Trade and other payables			152,747
Other financial liabilities			1,500,000
Borrowings			<u>2,000,000</u>
Total liabilities			<u>3,652,747</u>

**Note 3 Profit (loss) for the half-year**

	Half-year	
	2015 \$	2014 \$
Profit (loss) for the half-year includes the following items:		
<b>Expenses</b>		
Exploration Expenditure expensed	6,752	3,095,403
Costs associated with potential acquisitions	-	70,640
<i>Finance costs</i>		
Unwinding of issue costs financial liabilities not at fair value through profit or loss	-	96,486
Interest paid	-	45,838
Finance costs expensed	<u>-</u>	<u>142,324</u>

**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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

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

	<b>31 December 2015 \$</b>	<b>30 June 2015 \$</b>
<b>Exploration phase costs – at cost</b>	<u>17,032,536</u>	<u>17,005,387</u>

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

Balance at the beginning of the year	17,005,387	19,810,991
Expenditure incurred during the year	27,149	550,818
Disposal of subsidiary	-	6,063
Exploration abandoned	-	<u>(3,362,485)</u>
Balance at the end of the year	<u>17,032,536</u>	<u>17,005,387</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 2015 \$</b>	<b>30 June 2015 \$</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 the 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 2015 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 2015 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 2015**

**Note 7 Current Liabilities – Borrowings**

<b>31 December 2015</b>	<b>30 June 2015</b>
\$	\$

The carrying value of Convertible bonds are disclosed as:

Borrowings	300,000	-
Convertible Note	2,000,000	2,000,000
	<u>2,300,000</u>	<u>2,000,000</u>

On 13 November 2014 the group's convertible note that had been issued for \$2,000,000 matured. The noteholder, Treasure Wheel Global Limited, has elected to convert the note into 133,333,333 ordinary shares in the parent entity, subject to shareholder approval. No interest is payable on the loan as the holder of the loan, Treasure Wheel Global Limited, has agreed to forego the interest which was payable under the agreement from 13 November 2014.

During the current financial half-year Treasure Wheel Global Limited also advanced the company \$300,000 by way of an unsecured loan. The loan is for an initial term of 12 months and accrues no interest.

<b><i>Convertible Note</i></b>	<b>31 December 2015</b>	<b>30 June 2015</b>
	\$	\$
Face value of notes issued	2,000,000	2,000,000
Other equity securities – value of conversion rights	<u>(260,870)</u>	<u>(260,870)</u>
Issue costs	1,739,130	1,739,130
Unwinding of discount	-	-
	<u>260,870</u>	<u>260,870</u>
Current liability	<u>2,000,000</u>	<u>2,000,000</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

**Note 8 Equity securities issued**

	Half-year		Half-year	
	2015 Shares	2014 Shares	2015 \$	2014 \$
<b>Issue of ordinary shares during the half-year</b>				
Nil shares issued during half year	-	128,093,700	-	1,921,388
	-	-	-	-
	<hr/>		<hr/>	
Net increase in contributed equity	-	128,093,700	-	1,921,388

	Half-year	
	2015 Options	2014 Options
<b>Movement in options during the half-year</b>		
Options exercised	-	-
Options lapsed	-	-
	<hr/>	
	-	-

**Note 9 Commitments for expenditure**

	31 December 2015 \$	30 June 2015 \$
<b>Exploration commitments</b>		
Commitments as at 31 December 2015 for payments under exploration permits for minerals in existence at the reporting date but not recognised as liabilities is as follows:	35,042,917	39,354,000

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 10 Contingent liabilities**

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

**Note 11 Events subsequent to reporting date**

Since 31 December 2015 Coalbank Limited has been advanced loan funds of \$100,000 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 2015 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  
15 March 2016

## 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 2015, 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 2015 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 2015 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 conversion of the \$2,000,000 convertible note into equity, the continued financial support from an unsecured creditor, the future successful raising of necessary funding through equity and/or sale of non-core assets. 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



**C R Jenkins**  
Director

Brisbane, 15 March 2016