

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

**HALF-YEAR REPORT – 31 DECEMBER 2014**

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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 2014 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 2014.

### 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:

Name	Position	Period of Directorship
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 \$3,800,426 (2013: profit \$446,559) after expensing \$3,095,403 (2013: Nil) of capitalised exploration expenditure. The prior year profit included the one-off profit from discontinued operations of \$1,335,555 as detailed in note 12 to the financial statements.

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.

Exploration activities in the half-year were limited to desktop studies and maintenance of field facilities where exploration equipment is stored. The Company continued to rank the economic benefit of existing tenements and is in the process of reducing the number of tenements held.

#### CORPORATE ACTIVITIES:

##### Placement

During the half year to 31 December 2014, the Company made a placement of 128,093,700 shares at 1.5 cents raising \$1.9 million.

##### Potential Acquisition of Ebenezer Mine and associated permits

During the half year, Coalbank entered into a binding Terms Sheet with Zedemar Holdings Pty Ltd, a privately owned company to acquire a 100% interest in ML 4712, known as Ebenezer Mine together with its associated assets and MDL 172.

The Company has conducted and continues to undertake due diligence activities in respect of this potential acquisition. Although the conditions precedents were not satisfied by the agreed date, Coalbank has secured a non-exclusive extension to June 2015, during which to complete the conditions precedent to settlement.

#### 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; and
3. Coal procurement and trading to pursue short-to-medium term revenue opportunities.

The Company has reviewed its current tenement holdings with emphasis being place on tenements which may hold economic benefit to the company in the short to medium term. 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 is in the process of lodging relinquishments with the Department of Natural Resources for some 22 tenements of the current 31 tenements held. These tenements were considered to hold limited short to medium term economic benefits for the Company due to lack of infrastructure or likelihood of identifying economic resources for development taking into account all relevant factors.

**Coal Projects – General**

Coalbank expects the remainder of the financial year to focus on securing finance for the Ebenezer project and finalising the relinquishment of tenements which the Department of Natural Resources.

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.

**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**

**13 March 2015**

## 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 2014, 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 R Jenkins**  
Director

**BDO Audit Pty Ltd**

Brisbane, 13 March 2015

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

	Note	Half-year	
		2014	2013
		\$	\$
Revenue		11,317	13,551
Other income		3,182	1,534
Professional services expenses		(310,359)	(423,042)
Tenement expenditure written off	3	(3,095,403)	-
Finance costs		(142,324)	(166,875)
Corporate overhead expenses		(136,504)	(290,613)
Depreciation expenses		(3,745)	(4,157)
Directors' remuneration		(55,950)	(19,394)
Due diligence expenses		(70,640)	-
		-----	-----
Loss before income tax		(3,800,426)	(888,996)
Income tax expense		-	-
		-----	-----
Loss from continuing operations		(3,800,426)	(888,996)
Profit from discontinued operations	12	-	1,335,555
		-----	-----
Net profit (loss) for the half-year		(3,800,426)	446,559
<i>Other comprehensive income</i>			
Other comprehensive income for the period, net of tax		-	-
		-----	-----
Total comprehensive income / (loss) attributable to the owners of COALBANK Limited		(3,800,426)	446,559
		=====	=====
		<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		(0.4)	(0.1)
Diluted earnings per share		(0.4)	(0.1)
<b>Profit / (loss) per share for profit / (loss) attributable to the ordinary equity holders of COALBANK Limited:</b>			
Basic earnings per share		(0.4)	0.0
Diluted earnings per share		(0.4)	0.0

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 2014**

	Notes	31 December 2014 \$	30 June 2014 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		911,945	142,424
Receivables		172,241	167,927
		<hr/>	<hr/>
Total current assets		1,084,186	310,351
		<hr/>	<hr/>
<b>Non-current assets</b>			
Plant and equipment		15,416	17,225
Exploration and evaluation assets		17,051,337	19,810,991
Other assets		68,000	73,000
		<hr/>	<hr/>
Total non-current assets		17,134,753	19,901,216
		<hr/>	<hr/>
<b>Total assets</b>		18,218,939	20,211,567
		<hr/> <hr/>	<hr/> <hr/>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		147,135	157,212
Borrowings	7	2,000,000	2,103,513
		<hr/>	<hr/>
Total current liabilities		2,147,135	2,260,725
		<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>		3,647,135	3,760,725
		<hr/> <hr/>	<hr/> <hr/>
<b>Net assets</b>		14,571,804	16,450,842
		<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>			
Contributed equity	8	62,974,400	61,053,012
Reserves		3,528,043	3,528,043
Accumulated losses		(51,930,639)	(48,130,213)
		<hr/>	<hr/>
<b>Total equity</b>		14,571,804	16,450,842
		<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 2014**

	Issued capital \$	Accumulated losses \$	Share based payments reserve \$	Total \$
<b>Balance at 1 July 2013</b>	60,792,142	(47,520,296)	3,528,043	16,799,889
Profit for the period	-	446,559	-	446,559
Other comprehensive income	-	-	-	-
<b>Total comprehensive income</b>	-	446,559	-	446,559
<b>Transactions with owners in their capacity as owners:</b>				
Issue of share capital, net of transaction costs	-	-	-	-
Value of conversion rights on convertible notes	260,870	-	-	260,870
<b>Sub total</b>	260,870	-	-	260,870
<b>Balance at 31 December 2013</b>	<b>61,053,012</b>	<b>(47,073,737)</b>	<b>3,528,043</b>	<b>17,507,318</b>
<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>	<b>62,974,400</b>	<b>(51,930,639)</b>	<b>3,528,043</b>	<b>14,571,804</b>

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 2014**

	Half-year	
	2014	2013
	\$	\$
<b>Cash flows from operating activities</b>		
Receipts in the course of operations (inclusive of goods and services tax)	19,637	68,024
Payments to suppliers and employees (inclusive of goods and services tax)	(649,079)	(1,100,804)
Interest received	11,317	13,551
	<hr/>	<hr/>
<b>Net cash outflow from operating activities</b>	<b>(618,125)</b>	<b>(1,019,229)</b>
	<hr/>	<hr/>
<b>Cash flows from investing activities</b>		
Payments for exploration assets	(329,988)	(315,276)
Payments for plant and equipment	(2,254)	-
Proceeds on sale of plant and equipment	3,500	-
Payment for security deposit	(10,000)	(5,000)
Refund of security deposit	5,000	8,000
Proceeds on sale of assets	-	1,000,000
	<hr/>	<hr/>
<b>Net cash inflow (outflow) from investing activities</b>	<b>(333,742)</b>	<b>687,724</b>
	<hr/>	<hr/>
<b>Cash flows from financing activities</b>		
Proceeds from share issue	1,921,388	-
Proceeds from current borrowings	100,000	-
Repayment of current borrowings	(300,000)	-
	<hr/>	<hr/>
<b>Net cash inflow from financing activities</b>	<b>1,721,388</b>	<b>-</b>
	<hr/>	<hr/>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>769,521</b>	<b>(331,505)</b>
Cash and cash equivalents at the beginning of the half-year	142,424	907,773
	<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the half-year</b>	<b>911,945</b>	<b>576,268</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 2014

### Note 1 Summary of significant accounting policies

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2014 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 2014 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 from continuing operations of \$3,800,426 after expensing \$3,095,403 (2013 \$Nil) of capitalised exploration expenditure. This compares with a profit (including the one-off profit from discontinued operations as referred to in note 12) of \$446,559 in 2013. The Group also has net current liabilities of \$1,062,949 (2014: \$1,950,374). This is primarily due to \$2,000,000 of convertible notes held by Treasure Wheel Global Ltd. The Directors have received representations from this party that it will elect to convert all notes to equity subject to approval by shareholders.

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.

The Group had net cash outflows from operating activities of \$618,125 (2013: \$1,019,229) for the half-year ended 31 December 2014, but also raised \$1,921,388 from a placement resulting in a net increase in cash of \$769,521 during the period.

The Group also has expenditure commitments of \$2,481,000 (2013: \$4,827,917) as detailed in Note 9.

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 and/or should shareholders not approve the issue of shares necessary to convert the \$2,000,000 convertible note, 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 recognised, 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 2014**

**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.

Prior to the beginning of the current half-year, the consolidated entity disposed of its mineral projects and therefore consists solely of one segment, being coal exploration.

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

	Half-year	
	2014	2013
	\$	\$
Profit (loss) for the half-year includes the following items:		
<b>Expenses</b>		
Exploration Expenditure expensed	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	67,581
Interest paid	45,838	(706)
Cost of refinancing	-	100,000
Finance costs expensed	142,324	166,875

**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 \$Nil (June 2014: \$Nil).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

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

	<b>31 December 2014 \$</b>	<b>30 June 2014 \$</b>
<b>Exploration phase costs – at cost</b>	<u>17,051,337</u>	<u>19,981,991</u>
The capitalised exploration assets carried forward above has been determined as follows:		
Balance at the beginning of the year	19,810,991	20,005,214
Expenditure incurred during the year	335,749	524,222
Disposal of subsidiary	-	(634,445)
Exploration abandoned	<u>(3,095,403)</u>	<u>(84,000)</u>
Balance at the end of the year	<u>17,051,337</u>	<u>19,810,991</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 2014 \$</b>	<b>30 June 2014 \$</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(o) of the 30 June 2014 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 2014 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 2014**

**Note 7 Current Liabilities – Borrowings**

<b>31 December 2014</b>	<b>30 June 2014</b>
\$	\$

The carrying value of Convertible bonds are disclosed as:

Borrowings	-	200,000
Convertible Note	2,000,000	1,903,513
	<u>2,000,000</u>	<u>2,103,513</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. The note has been accruing interest at 15% from 13 November 2014 until conversion is approved by shareholders.

<b><i>Borrowings</i></b>	<b>31 December 2014</b>	<b>30 June 2014</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>
	1,739,130	1,739,130
Issue costs	-	-
Unwinding of discount	<u>260,870</u>	<u>164,383</u>
Current liability	<u>2,000,000</u>	<u>1,903,513</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

**Note 8 Equity securities issued**

	Half-year		Half-year	
	2014 Shares	2013 Shares	2014 \$	2013 \$
<b>Issues of ordinary shares during the half-year</b>				
Shares issued to sophisticated investors	128,093,700	-	1,921,388	-
Shares issued under share purchase plan	-	-	-	-
Shares issued on exercise of performance rights	-	8,250,000	-	-
Value of conversion rights – Convertible notes	-	-	-	260,870
Share issue expenses	-	-	-	-
Net increase in contributed equity	128,093,700	8,250,000	1,921,388	260,870

	Half-year	
	2014 Options	2013 Options
<b>Movement in options during the half-year</b>		
Options exercised	-	-
Options lapsed	-	(47,000,000)
	-	(47,000,000)

**Note 9 Commitments for expenditure**

	31 December 2014 \$	30 June 2014 \$
<b>Exploration commitments</b>		
Commitments as at 31 December 2014 for payments under exploration permits for minerals in existence at the reporting date but not recognised as liabilities is as follows:	2,481,000	4,332,500

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**

During the half year, Coalbank entered into a binding Terms Sheet with Zedemar Holdings Pty Ltd, a privately owned company to acquire a 100% interest in ML 4712, known as Ebenezer Mine together with its associated assets and MDL 172.

The Company has conducted and continues to undertake due diligence activities in respect of this potential acquisition. Although the conditions precedent were not satisfied by the agreed date, subsequent to the end of the reporting date Coalbank has secured a non-exclusive extension to June 2015, during which to complete the conditions precedent to settlement.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014**

**Note 12 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.

	Half Year 2014 \$	Period ended 20 November 2013 \$
Revenue	-	-
Operating expenses	-	-
(Loss) /profit before income tax	-	-
Income tax expense/(credit)	-	-
(Loss) / profit after income tax of discontinued operation	-	-
Profit on disposal before income tax	-	1,335,555
Income tax expense	-	-
Profit on disposal after income tax	-	1,335,555
<b>Profit from discontinued operation</b>	-	<b>1,335,555</b>

	Half Year 2014 \$	Period ended 20 November 2013 \$
Net cash inflow (outflow) from ordinary activities	-	-
Net cash inflow (outflow) from investing activities	-	18,501
Net cash inflow (outflow) from financing activities	-	-
<b>Net increase in cash generated by the division</b>	-	<b>18,501</b>

**(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
<b>Total assets</b>	<b>664,445</b>
Other financial liabilities	-
<b>Total liabilities</b>	<b>-</b>
<b>Net assets</b>	<b>664,445</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

**Note 12 Discontinued operation (continued)**

(d) Details of the sale of the division

	Half-year 2014 \$	2013 \$
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
<b>Profit on sale before income tax</b>	-	1,335,555
Income tax expense	-	-
<b>Profit on sale after income tax</b>	-	1,335,555

**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 2014 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  
13 March 2015



## 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 2014, 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 2014 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 2014 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 and 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**



**C R Jenkins**  
Director

Brisbane, 13 March 2015