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BARALABA COAL COMPANY LIMITED

ABN 13 112 682 158

and its controlled entities

**INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2016**

BARALABA COAL COMPANY LIMITED
AND ITS CONTROLLED ENTITIES

Directors' Report

The Directors submit their report together with the consolidated interim financial report of the Group, being Baralaba Coal Company Limited (formerly Cockatoo Coal Limited) and its controlled entities, for the half year ended 31 December 2016 and the review report thereon.

DIRECTORS

The names of the Directors of the Company in office during or since the end of the half year are:

Peter Ian Richards – Independent Chairman

BCom

Director since 15 January 2014.

Peter Richards has over 36 years of experience in the mining services and industrial sectors with global companies including BP Plc, Wesfarmers, Dyno Nobel Limited and Norfolk Group Limited where he served as Managing Director. In his time at Dyno Nobel, where he was Managing Director and CEO, Peter also held a number of senior executive positions in both North America and Asia Pacific.

Mr Richards currently serves as Chairman of Emeco Holdings Limited and NSL Consolidated Limited and as a Director of GrainCorp Limited. He has a Bachelor of Commerce, Accounting and Economics, from the University of WA.

Damon Gilbert Barber – Non-executive Director

BEng (Mining), MBA

Director since 11 March 2015.

Mr Barber is the Senior Managing Director of Liberty Metals & Mining Holdings, LLC. Mr Barber has over 24 years of experience in natural resources finance and operations. Mr Barber graduated from the University of Kentucky with a B.S. in Mining Engineering and began his career as a section foreman at CONSOL Energy Inc.'s Loveridge Mine. Mr Barber holds an MBA from the Wharton School of the University of Pennsylvania. Mr Barber is currently a director of Yara Dallon B.V., Atalaya Mining Plc and Ram River Coal Corp.

Mark Christopher Tomek – Non-executive Director

LL.B, MBA

Director since 11 March 2015.

Mr Mark Tomek is a senior member of Liberty Metals & Mining Holdings, LLC. Mark has over 13 years' experience in corporate finance, law and principal investing. Prior to joining Liberty Metals & Mining Holdings, LLC, Mr Tomek worked as an Investment Banker in Canada and England, focusing on mergers & acquisitions and mining, and practiced corporate and securities law in Toronto at a large Canadian law firm. Mark has an LL.B. from Dalhousie University and an MBA from the Ivey Business School.

Stephen James Motteram – Non-executive Director

MBA, BSc (Ag), Grad Dip Econ

Director since 11 March 2015.

Mr Motteram is the Global Head of Asset Development for Carbon Steel Materials at Noble Group. He has over 21 years' experience in commodities trading and financing. Since joining Noble in 2011 he has worked on transactions in Australia, Indonesia, Africa, India, Brazil and China. Prior to this, he worked at National Australia Bank and Louis Dreyfus.

Stephen graduated from the University of Melbourne with a Bachelor's degree in Agricultural Science and a Graduate Diploma in Economics. He is an Associate member of CPA Australia and also has an MBA from Melbourne Business School/University of Western Ontario.

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Directors' Report

Timothy James Gazzard – Non-executive Director

BEng (Mining), Grad Dip App Fin, MBA

Director since 19 December 2013.

Tim Gazzard is an Executive Director with Noble International Pte Ltd and is Global Head of Noble Group's Iron Ore & Special Ores business. Mr Gazzard joined Noble in 2009 working in roles across Europe, China and Indonesia. Prior to this, he worked with Barclays Capital in Investment Banking and Thiess as a Mining Engineer in Australia, Indonesia and Peru.

Mr Gazzard has 17 years' experience in commodities across all aspects of the supply chain including mining, asset development, logistics, marketing, financing and M&A. Mr Gazzard graduated from the University of Queensland with a Bachelor in Mining Engineering and also holds a Graduate Diploma in Applied Finance and an MBA from London Business School.

Kenneth Scott Andrew Thompson - Non-executive Director

BEng (Mining) [Hons], MBA, MAusIMM

Director since 27 November 2009.

Scott Thompson is a Director of Harum Energy Australia Pty Limited and has 19 years of coal industry experience. Prior to joining the Tanito Coal Group in 2003, he worked with various international mining organisations including Anglo American and PT Adaro Indonesia. Mr Thompson holds a B.Eng (Hons) in Mining Engineering and an MBA from the University of Cape Town.

SENIOR MANAGEMENT

Brett Garland – Chief Executive Officer

BEng (Mining)

Chief Executive Officer since 30 January 2017.

Mr Garland is a mining engineer with over 30 years' experience in the Australian coal mining industry, and possesses significant experience in Queensland open-cut coal mining operations. Recently, Brett has been a contract General Manager with Delta SBD. Previously, Mr Garland spent 5 years at Caledon Coal Pty Ltd, the most recent two years of which were in the capacity of CEO/Managing Director. Prior to his employment with Caledon, Mr Garland spent 6 years in senior roles with New Hope Coal Pty Ltd and Macarthur Coal Ltd.

Mr Garland is a Fellow of the Australian Institute of Mining and Metallurgy, the Institute of Engineers Australia, Mine Managers Association of Australia, Society of Mining (Metallurgy & Exploration) and the Australian Institute of Company Directors. Brett is also currently the Chairman of the Board of the Queensland Mines Rescue Services.

Brian Wyatt – General Manager – Baralaba Coal Mine

Interim Chief Executive Officer from 30 May 2016 to 29 January 2017.

Brian has over 30 years of experience in the Australian mining industry. Mr Wyatt has held various senior roles throughout his career spanning GM Operations, GM Processing, and Head of Occupational Health & Safety.

Most recently Mr Wyatt was GM Regis Resources, GM for Millennium Minerals in Western Australia, prior to which he was GM of the Lady Annie Copper Mine where Mr Wyatt led the redevelopment and restart of the idle operation to a full workforce of 300.

Daniel Gall – Chief Financial Officer and Company Secretary

BSc (Math), ACA

Company Secretary since 24 September 2016 and Chief Financial Officer since 1 December 2016.

Daniel has over 20 years of finance experience and has held several senior finance roles including positions at ASX listed companies Mastermyne Ltd and Powerhouse Ventures Ltd. Daniel commenced his career at PriceWaterhouseCoopers and is a Chartered Accountant.

OVERVIEW

The half year ended 31 December 2016 for Baralaba Coal Company Limited ('Baralaba Coal' or 'the Company') and its controlled entities ('the Group') was a period where the Company continued to work through its detailed operational scheduling, planning and infrastructure works in preparation for the re-start of the Baralaba North mine. It is anticipated that the Baralaba North mine will resume production in the second calendar quarter of 2017.

Company Strategy

The Company continues the process to restart the Baralaba North mine including the associated infrastructure works. Mining activities will remain in care and maintenance while the various capital works are undertaken.

Production Plan

The Company is currently targeting resumption of coal production in the second quarter of calendar year 2017 with estimated production for the 2017 calendar year of 600kt to 800kt of saleable product.

In calendar year 2018, production of 2.0Mtpa - 2.2Mtpa is targeted. This target is within previously reported Marketable Reserves of 31Mt which has been updated to 33Mt as per the Reserves and Resources section which follows. The Marketable Reserves and other material assumptions on which this target is based are contained within the John T. Boyd Report – "Coal Reserve Report - Baralaba North Coal Deposit Report No. 5153.005 December 2016" which was released on the ASX on 22 December 2016.

OPERATING ACTIVITIES

Safety and Environment

The Baralaba Complex remains in compliance with all safety, environmental and statutory obligations. Care and maintenance activities continue without diminishing the Company's commitment to the health and safety of its workforce. Baralaba Coal's 12 month rolling TRIFR is 10.5, compared to the June 2016 Queensland Open Cut Coal Mines average of 14.7.

Baralaba North Mine

With the Baralaba North mine in care and maintenance mode for half year ended 31 December 2016, there was no coal sold or produced during the period and no overburden removed. The main focus for the Baralaba North mine has been the safe demobilisation of contractor mining equipment, pit dewatering and the maintenance of the mine area.

INFRASTRUCTURE

The Company continued with the following infrastructure works associated with restarting the Baralaba North mine:

Banana Creek Bridge Replacement

Construction commenced on a new bridge over Banana Creek on 2 September 2016. Construction of this bridge is one of three major works packages associated with haul route upgrades required to be completed to allow an increase in production above 1.0Mtpa of coal. It is estimated that practical completion of the new bridge will occur at the end of February 2017.

Dawson Highway Overpass and Train Load Out ('TLO') Private Access

The Dawson Highway realignment and TLO access road work was awarded to Golding Contractors ('Goldings') and Goldings commenced work on 15 November 2016. When complete, the Dawson Highway realignment will have cars driving between Moura and Banana travelling over a raised section of the highway to allow mining vehicles coming from the Baralaba Complex to access the TLO by travelling directly underneath the Dawson Highway. It is estimated that practical completion of the work will occur in June 2017.

Haul Route Road Upgrades

Works relating to sealing, widening and upgrading certain parts of the haul route road commenced in January 2017 with Goldings being awarded the 13.5km unsealed section. It is estimated that this work will be completed by June 2017 ahead of the restart of mining operations.

EXPLORATION & TENURE

The Company continues to minimise expenditure on exploration while it focuses on the re-start of the Baralaba North mine.

Tenure Review

Following the strategic review of the Company's tenure portfolio, a number of exploration permits were surrendered during the half year ended 31 December 2016, as follows:

Project	Basin	Area	Relinquished	Relinquishment Submitted
Tipton	Surat	Dalby	EPC 1733	n/a
Broadmere	Surat	Taroom	EPC 2924	EPCs 1436, 1556 and 1558
Rolleston North	Bowen	Rolleston	EPC 2205	EPCs 1467, 1531 and 2191
Calen	n/a	Mackay	EPC 2138	n/a

CORPORATE ACTIVITIES

Appointment of Chief Executive Officer

The appointment of Mr Brett Garland as Chief Executive Officer was announced on the ASX on 4 January 2017. Mr Garland is a mining engineer with over 30 years' experience in the Australian coal mining industry and possesses significant experience in Queensland open-cut coal mining operations.

Annual General Meeting

The following resolutions were passed at the AGM held on 16 November 2016 and enacted shortly thereafter:

- Share consolidation of 500 to 1.
- Adoption of a modernised Constitution.
- Name change to Baralaba Coal Company Limited.

ASX Reinstatement to Official Quotation

The Company's shares were reinstated to quotation on the ASX on 22 December 2016 (ASX ticker: BCL).

Plan of Operations / Financial Assurance

On 27 October 2016, a decision was received from the State of Queensland whereby the Company's new plan of operations was assessed as meeting the requirements of the Environmental Protection Act 1994 and \$4.7 million of additional financial assurance (environmental bonding) was required and paid in November 2016.

Extraordinary General Meeting

The Company is evaluating numerous capital funding options in order to meet the funding requirements associated with the expansion capital expenditure programs and the final mine restart plan. In order to give the Company flexibility regarding its financing options, the Company held an EGM on 31 January 2017 and received shareholder approval to allow it to issue 53,925,200 shares in excess of the 15% limit under Listing Rule 7.1 in due course.

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Directors' Report

PROJECTS

Baralaba Coal Company is a coal mining, exploration and development company with the Baralaba North mine and projects in the Bowen, Galilee and Surat Basins in Queensland, Australia. The Company has a significant tenement portfolio with an interest in projects which have reported a total of 70.3 million tonnes of JORC compliant Marketable Reserves and 1,603 million tonnes of JORC compliant Resources.

The Company's lead project is the Baralaba North mine with contiguous tenements located in the Bowen Basin, with a focus on ULV pulverised coal injection ('ULV PCI') coal. The Company also has an extensive thermal coal tenement portfolio across the Surat and Galilee Basins.

The Company's Bowen Basin projects extend from the Dingo project in the north to the Baralaba South project in the south and have contiguous target areas covering an area of approximately 56,320 hectares with Permian Age, Rangal Coal Measures sub-cropping over a strike length of approximately 92 kilometres. Production at the Baralaba mine has demonstrated that the seams of the Rangal Coal Measures in this area have ULV PCI and thermal coal properties. The seams mined at the Baralaba North mine have been intersected in the Baralaba South and Lochinvar target areas. The Company also possesses a suite of exploration projects throughout the Southern Bowen Basin, primarily around the Rolleston area.

The Company's Surat Basin projects cover an area of approximately 4,000 km². The Juandah and Taroom Coal Measures of the Walloon Sub-Group both sub-crop within the Surat project area. The Tin Hut Creek and Davies Road projects are located in the Juandah Coal Measures and the Bottle Tree, Bushranger and Krugers projects are located within the Taroom Coal Measures.

The Company's Galilee Basin projects cover an area in excess of 960 km² located approximately 150km SW of Charters Towers. The Galilee Basin in central Queensland contains resources of high volatile, thermal coal, found within the seams of the Permian Age, Betts Creek Beds coal measures.

Summaries of the Company's currently defined and reported JORC coal reserves and resources, by project on a 100% basis, based on drilling for which details of drill hole co-ordinates and cumulative thickness of coal have been reported by the Company and are included on the Company's website, are as follows:

BARALABA COAL COMPANY LIMITED – COAL RESERVES – DECEMBER 2016								
Project	Tenement	Depth of Reserve (m)	Marketable Reserve (Mt)			ROM Reserve (Mt)		
			Proven	Probable	Total	Proven	Probable	Total
Baralaba North	MLs 80169, 80170, and 80201	<200	17.0	16.3	33.3	18.7	18.4	37.1
Baralaba South	MDL 352 and EPC 1047 (MLA 80193)	<200	-	37.0	37.0	-	45.0	45.0
Bowen Basin Total			17.0	53.3	70.3	18.7	63.4	82.1

Note:

- Includes depletion of resource at the Baralaba North mine to the half year ended 31 December 2016.
- Data is rounded and this may cause some apparent discrepancies in totals.
- The Company owns less than a 100% interest in the companies that own the Baralaba North and Baralaba South projects.
- The Company consolidates 100% of the assets and liabilities of these companies in its financial statements.

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BARALABA COAL COMPANY LIMITED – COAL RESOURCES – DECEMBER 2016						
Project	Tenement	Depth of Resource (m)	Coal Resource (Mt)			
			Measured	Indicated	Inferred	Total
Baralaba North	MLs 80169, 80170, 80200 and 80201, MDLs 184 and 416, and EPC 1047	<200	26	40	31	97
Baralaba Central (closed)	MLs 5605, 5580, 5581, 5590 and 80157	<200	4	8	4	16
Baralaba South	MDL 352 and EPC 1047 (MLA 80193)	<200	36	17	139	192
Lochinvar	EPC 1047	<200	-	4	60	64
Bowen Basin Total			66	69	234	369
Tin Hut Creek	MDL 430	<150	-	207	137	344
Bottle Tree	MDL 433	<125	-	30	6	36
Krugers	MDL 441	<150	-	33	130	163
Davies Road	MDL 437	<150	-	14	35	49
Bushranger	MDL 451	<150	-	19	126	145
Broadmere	EPC1465	<150	-	-	52	52
Surat Basin Total			-	303	486	789
South Pentland	EPC 1486	200-650	-	94	351	445
Galilee Basin Total			-	94	351	445
Group Total			66	466	1,071	1,603

Note: - Includes depletion of resource at the Baralaba North mine to the half year ended 31 December 2016.
- Data is rounded and this may cause some apparent discrepancies in totals.
- The Company owns less than a 100% interest in the companies that own the Baralaba North, Baralaba Central, Baralaba South and Lochinvar projects.
- The Company consolidates 100% of the assets and liabilities of these companies in its financial statements.

Baralaba Complex

The Baralaba Complex is located near the town of Baralaba in the south eastern limb of the Bowen Basin, Queensland, which comprises the Baralaba Coal Measures. The Baralaba Complex consists of Baralaba North mine (operational), Baralaba Central (closed), and Baralaba South (exploration and pre-feasibility). The Baralaba North mine is an open-pit operation.

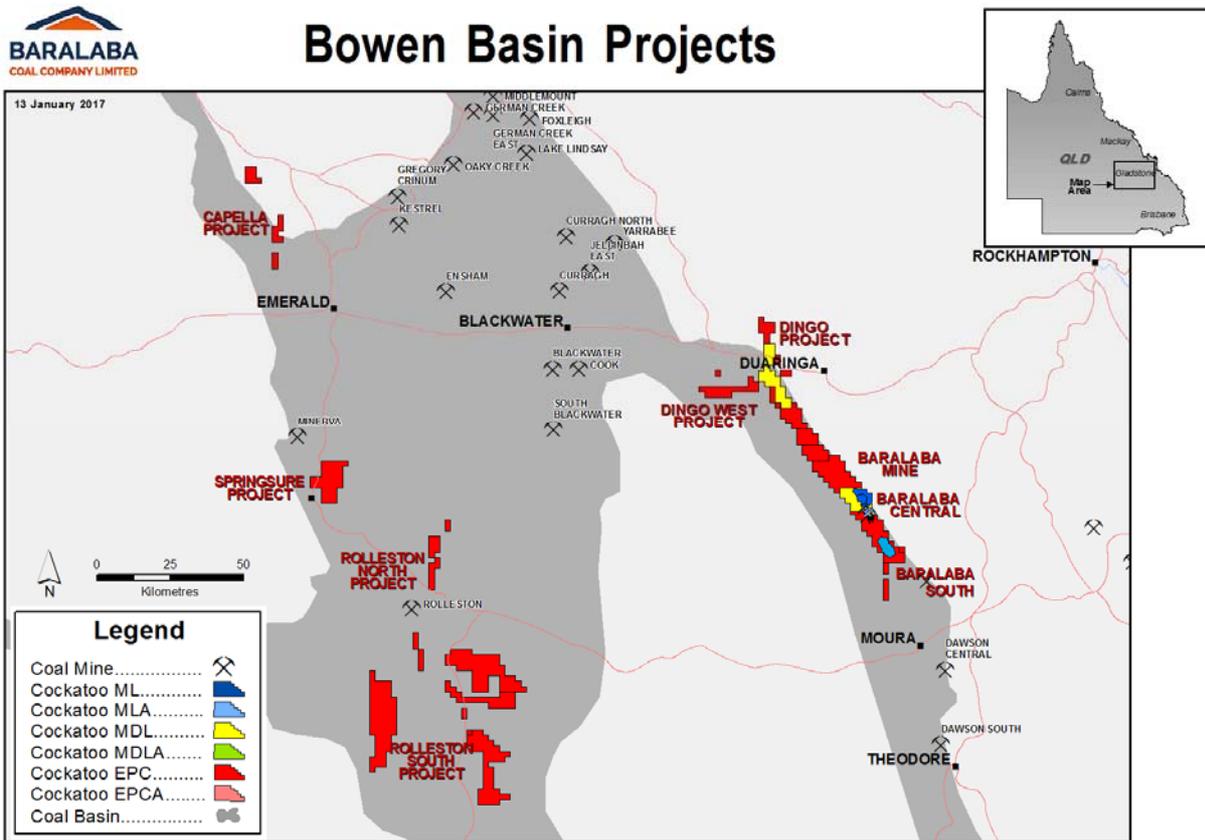
Predominantly ULV PCI coal for steel making is produced, along with some thermal coal, from multiple seams forming the well-known Baralaba Coal Measures, the eastern basin equivalent of the Rangal Coal Measures. The coal produced is exported from the Port of Gladstone.

Bowen Basin Projects

The Company's Bowen Basin Projects comprise:

- MLs 5580, 5581, 5590, 5605, 80157, 80169 and 80200 and MDL 184, which are held by the Company's 62.5% owned subsidiary, Baralaba Coal Pty Limited.
- MLs 80170 and 80201, MDL 416 and EPC 1047 to the north of the Baralaba Township and MDL 352, EPCs 1047, 2107 and 2143 and MLA 80193 to the south of Baralaba Township, which are held by the Company's 80% owned subsidiary, Wonbindi Coal Pty Limited.
- The Dingo project comprising MDL 512 and EPCs 862, 863 and 1063 which are currently 30% owned by the Company's 100% owned subsidiary, Independent Coal Pty Limited.

Baralaba Coal Company also controls an additional 18 EPCs in the Bowen Basin including the Bowen East, Capella, Dingo West, Rolleston and Springsure projects.



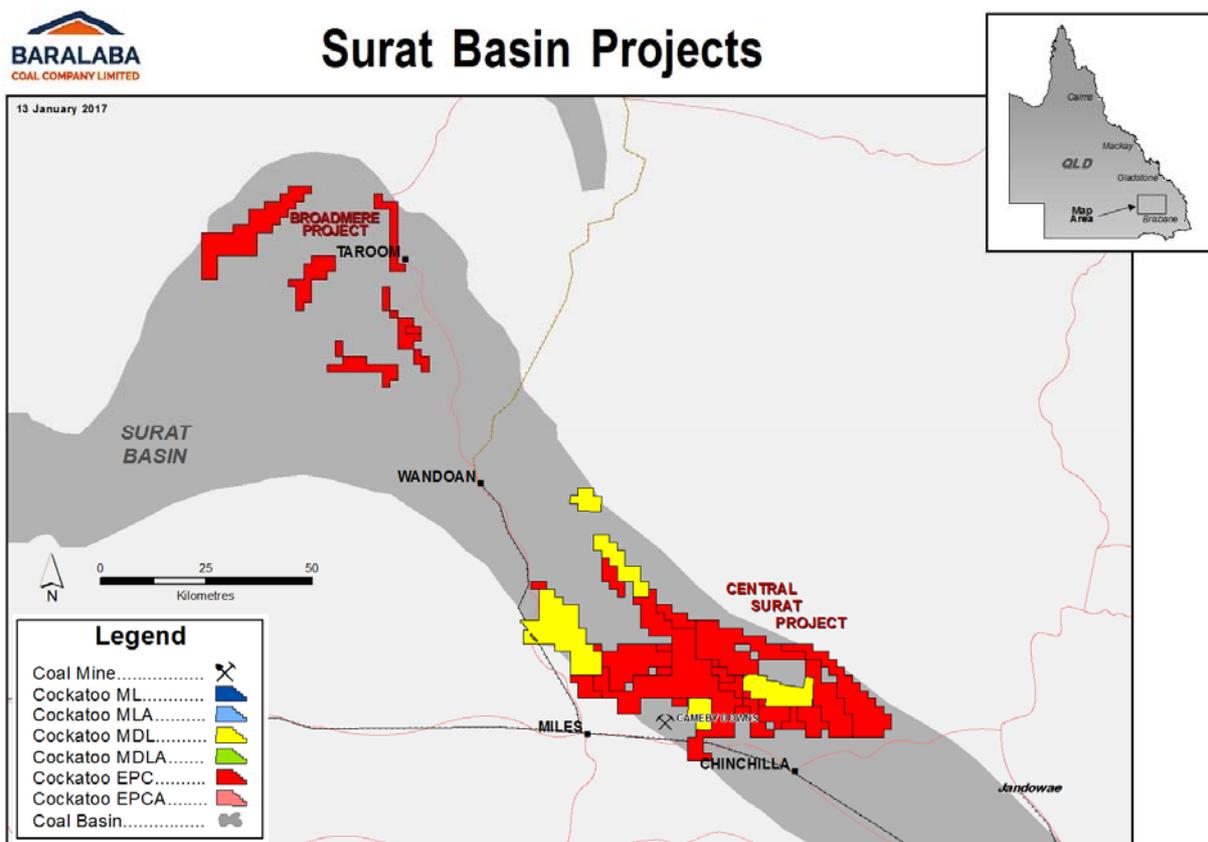
Surat Basin Projects

The Surat Basin is a well established energy province, with existing power developments, regional centres, service industries and infrastructure. The potential for development of a significant export coal industry from the Surat will be enhanced by the planned development of the Surat Basin Railway, connecting the region to the port of Gladstone by developing a new rail freight corridor from Wandoan northwards to the existing Moura-Gladstone rail line, joining at the township of Banana.

The Company's Surat Basin projects have now been advanced to a stage where no further substantial field activities are planned for these projects until there is further clarity regarding the development progress of the proposed Surat Basin railway and other major coal mine developments in the region. Given the uncertainty in the timing of development of the rail and port infrastructure, impairments have previously been recorded against the Group's investments and other assets that relate to the Surat Basin projects.

The Company's Surat Basin projects, comprise:

- The Surat project, incorporating Tin Hut Creek, Bottle Tree, Davies Road, Krugers and Bushranger (MDLs 430, 433, 437, 441 and 451, EPCs 796, 813, 1041, 1134, 1170, 1278, 1464, 1593, 1596, 2092, 2199 and 2200)
- Broadmere project incorporating EPC's 1436, 1465, 1557, 1556 and 1558



Surat Basin Projects

COMPETENT PERSONS STATEMENT

The information in this document relating to Baralaba Coal Company's Exploration Results, Mineral Resources and Ore Reserves is based on information extracted from the reports detailed below, which are available to view at Baralaba Coal Company's website <http://www.baralabacoal.com.au> and on Baralaba Coal Company's company announcement platform at <http://www.asx.com.au>.

'Baralaba North JORC Reserve Report', released to ASX on 22 December 2016
'Baralaba North JORC Resource Report', released to ASX on 22 December 2016
'Bowen Basin Projects Resource and Reserve Updated', released to ASX on 5 April 2013; and
'Surat Basin Projects Drilling and Resource Update', released to ASX on 16 January 2013; and
'South Pentland Project Resource Upgrade', released to ASX on 10 September 2014; and
'Maiden JORC Resource at the Taroom Project', released to the ASX by Blackwood Corporation on 12 September 2013.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of the estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

The estimates pertaining to Reserves for Baralaba South were prepared under the 2004 edition of the Australasian Code for Reporting of Mineral Resources and Ore Reserves. As such, these statements are not reported in accordance with the current 2012 edition of the Australasian Code for Reporting of Mineral Resources and Ore Reserves (2012 JORC Code), and are considered to be historical estimates. A competent person has not done sufficient work to classify these historical estimates in accordance with the 2012 JORC Code, and it is uncertain that following evaluation and/or further exploration work that the estimates will be able to be reported as Reserves in accordance with the 2012 JORC Code.

The estimates pertaining to Resources for Baralaba Central Mine, Baralaba South, Lochinvar, Tin Hut Creek, Kingaroy, Bottle Tree, Krugers, Davies Road and Bushranger were prepared under the 2004 edition of the Australasian Code for Reporting of Mineral Resources and Ore Reserves. As such, these statements are not reported in accordance with the current 2012 edition of the Australasian Code for Reporting of Mineral Resources and Ore Reserves (2012 JORC Code), and are considered to be historical estimates. A competent person has not done sufficient work to classify these historical estimates in accordance with the 2012 JORC Code, and it is uncertain that following evaluation and/or further exploration work that the historical estimates will be able to be reported as Resources in accordance with the 2012 JORC Code.

BARALABA COAL COMPANY LIMITED
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Directors' Report

LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

The lead auditor's independence declaration is set out on page 32 and forms part of the directors' report for the half year ended 31 December 2016.

Rounding

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' report. Amounts in the Directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Signed at Brisbane this 28th day of February 2017
in accordance with a resolution of the Board of Directors:



Peter Richards
Chairman

BARALABA COAL COMPANY LIMITED
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Condensed interim statement of financial position
as at 31 December 2016

		Consolidated	
	Notes	31 December 2016	30 June 2016
		\$'000	\$'000
Current assets			
Cash and cash equivalents		19,149	35,649
Trade and other receivables		1,096	1,063
Inventories	8	518	562
Other	9	243	413
Total current assets		21,006	37,687
Non-current assets			
Term deposits	10	41,253	35,589
Exploration and evaluation expenditure	11	49,307	48,838
Property, plant and equipment	12	263,359	246,705
Intangible assets		129	159
Other	9	585	2,714
Total non-current assets		354,633	334,005
Total assets		375,639	371,692
Current liabilities			
Trade and other payables	13	3,913	6,996
Employee benefits		85	99
Borrowings	14	3,239	-
Total current liabilities		7,237	7,095
Non-current liabilities			
Borrowings	14	114,464	103,910
Employee benefits		21	21
Provisions	15	32,814	22,115
Total non-current liabilities		147,299	126,046
Total liabilities		154,536	133,141
Net assets		221,103	238,551
Equity			
Share capital	7	621,466	621,466
Accumulated losses		(342,725)	(331,916)
Total equity attributable to equity holders of the Company		278,741	289,550
Non-controlling interest		(57,638)	(50,999)
Total equity		221,103	238,551

The condensed interim statement of financial position should be read in conjunction with the accompanying notes.

BARALABA COAL COMPANY LIMITED
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Condensed interim statement of profit or loss and other comprehensive income
for the half year ended 31 December 2016

	Notes	Consolidated	
		31 December 2016 \$'000	31 December 2015 \$'000
Coal sales revenue		-	52,147
Other income		25	75
		25	52,222
Operating expenses		(2,583)	(50,178)
Marketing and transportation		(42)	(22,129)
Government royalties		(25)	(2,974)
Administration expenses		(898)	(4,029)
Depreciation and amortisation		(331)	(556)
Operating lease termination fees		-	(26,550)
Reversal of impairment	6	-	290
Provision expense – infrastructure guarantees		-	(45,969)
Other expenses		(67)	95
		(3,946)	(152,000)
Results from operating activities		(3,921)	(99,778)
Financial income		501	386
Financial expense		(14,029)	(6,336)
Net finance expense		(13,527)	(5,950)
Profit/(Loss) before income tax		(17,448)	(105,728)
Income tax expense		-	-
Profit/(Loss) for the period		(17,448)	(105,728)
Other comprehensive income			
Total items that will not be reclassified to profit or loss		-	-
Total items that may be reclassified subsequently to profit or loss:		-	-
Other comprehensive income for the period		-	-
Total comprehensive profit/(loss) for the period		(17,448)	(105,728)

BARALABA COAL COMPANY LIMITED
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Condensed interim statement of profit or loss and other comprehensive income
for the half year ended 31 December 2016

	Notes	Consolidated	
		31 December 2016 \$'000	31 December 2015 \$'000
Profit/(Loss) for the period attributable to:			
- Equity holders of the parent		(10,809)	(80,303)
- Non-controlling interest		(6,639)	(25,425)
Profit/(Loss) for the period		(17,448)	(105,728)
Total comprehensive profit/(loss) for the period attributable to:			
- Equity holders of the parent		(10,809)	(80,303)
- Non-controlling interest		(6,639)	(25,425)
Total comprehensive profit/(loss) for the period		(17,448)	(105,728)
Basic profit/(loss) per share attributable to ordinary equity holders			
	5	(7.02) cents	(59.90) cents
Diluted profit/(loss) per share attributable to ordinary equity holders			
	5	(7.02) cents	(59.90) cents

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

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Condensed interim statement of changes in equity
for the half year ended 31 December 2016

	Share capital \$'000	Retained losses \$'000	Total \$'000	Non- controlling interest \$'000	Total equity \$'000
For the half year ended 31 December 2016					
Balance at 1 July 2016	621,466	(331,916)	289,550	(50,999)	238,551
Total comprehensive income for the period					
Loss	-	(10,809)	(10,809)	(6,639)	(17,448)
Transactions with owners, recorded directly in equity					
<i>Contributions by and distributions to owners</i>	-	-	-	-	-
Balance at 31 December 2016	621,466	(342,725)	278,741	(57,638)	221,103
For the half year ended 31 December 2015					
Balance at 1 July 2015	611,466	(269,091)	342,375	(32,964)	309,411
Total comprehensive income for the period					
Loss	-	(80,303)	(80,303)	(25,425)	(105,728)
Transactions with owners, recorded directly in equity					
<i>Contributions by and distributions to owners</i>	-	-	-	-	-
Balance at 31 December 2015	611,466	(349,394)	262,072	(58,389)	203,683

The condensed interim statement of changes in equity should be read in conjunction with the accompanying notes.

BARALABA COAL COMPANY LIMITED
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Condensed interim statement of cash flows
for the half year ended 31 December 2016

	Notes	Consolidated	
		31 December 2016 \$'000	31 December 2015 \$'000
Cash flows from operating activities			
Cash receipts from customers		-	49,473
Payments for production		(5,452)	(42,161)
Net cash flow from/(used in) production activities		(5,452)	7,312
Other cash payments in the course of operations		(2,862)	(2,894)
Proceeds from other income		26	75
Cash from/(used in) operations		(8,288)	4,493
Borrowing costs paid		(36)	(872)
Interest received		501	835
Net cash from/(used in) operating activities		(7,823)	4,456
Cash flows from investing activities			
Payments for exploration and evaluation	11	(525)	(1,833)
Payments for mining development	12	(2,263)	(37,324)
Payments for property, plant and equipment	12	(225)	(490)
Net proceeds from the sale of exploration projects		-	382
Payments for security deposits	10	(5,664)	(49,033)
Net cash from/(used in) investing activities		(8,677)	(88,298)
Cash flows from financing activities			
Repayment of borrowings		-	(152)
Proceeds from Parent Company Guarantees called		-	37,000
Net cash from/(used in) financing activities		-	36,848
Net increase/(decrease) in cash and cash equivalents		(16,500)	(46,994)
Cash and cash equivalents and term deposits at 1 July		35,649	64,738
Effect of exchange rate adjustments on cash held		-	238
Cash and cash equivalents at 31 December		19,149	17,982

The condensed interim statement of cash flows should be read in conjunction with the accompanying notes.

BARALABA COAL COMPANY LIMITED
AND ITS CONTROLLED ENTITIES

Notes To The Condensed Interim Financial Statements

Note 1 - Reporting entity

Baralaba Coal Company Limited (the 'Company') is a company domiciled in Australia. The condensed consolidated interim financial statements of the Company as at and for the half year ended 31 December 2016 comprises the Company and its subsidiaries (together referred to as the 'Group') and the Group's interest in associates.

The consolidated annual financial report of the Group as at and for the year ended 30 June 2016 is available upon request from the Company's registered office at Level 7, 10 Eagle Street, Brisbane, QLD, 4000 or at www.baralabacoal.com.au.

The interim financial report was authorised for issue by the directors on 28 February 2017.

Note 2 – Basis of preparation

Statement of compliance

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001, and with IAS 34 *Interim Financial Reporting*.

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Group as at and for the year ended 30 June 2016.

The Company is a kind referred to in ASIC Corporations (Rounding in Financial/Director's Reports) instrument 2016/191, and in accordance with that Class Order, amounts in the Director's Report and the consolidated interim financial report have been rounded to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Going concern

The consolidated interim financial report has been prepared on a going concern basis which contemplates the realisation of assets and settlement of liabilities in the ordinary course of business.

The Group recorded a loss for the period of \$17,448k, used \$7,823k of cash in operating activities, used \$8,677k in investing activities for the period, and had accumulated losses of \$342,725k as at 31 December 2016. The Group had cash on hand of \$19,149k, net assets of \$221,103k and net current assets of \$13,769k at 31 December 2016.

The Company is currently evaluating capital funding options in order to meet the funding requirements associated with the expansion capital expenditure programs and the mine restart plan. Mining operations will not recommence until additional funding has been secured and the capital expenditure program is complete. In order to give the Company flexibility regarding its financing options, the Company held a General Meeting on 31 January 2017 where shareholders gave approval to allow the Company to issue shares in excess of the 15% limit under Listing Rule 7.1.

The Company's loan agreement and additional consideration deed entered into with Liberty Metals & Mining Holdings, LLC encompasses significant financial and non-financial covenants. The Company does not consider itself in breach of the loan agreement or additional consideration deed as at the date of this report, however a subsequent breach resulting in a default under either or both of those arrangements may cast significant doubt upon the Group's ability to continue as a going concern.

These conditions give rise to material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern.

In the event the Group cannot raise sufficient additional capital or is in breach of the loan agreement or additional consideration deed, it may not be able to continue its operations as a going concern and meet its obligations under the loan agreement, and therefore may not be able to realise its assets and extinguish its liabilities in the ordinary course of operations and at the amounts stated in the interim financial report.

BARALABA COAL COMPANY LIMITED
AND ITS CONTROLLED ENTITIES

Notes To The Condensed Interim Financial Statements

Note 3 - Significant accounting policies

The accounting policies applied by the Group in the consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 30 June 2016.

The Directors have considered it appropriate to change the classification and presentation of expenditures included in the consolidated statement of profit or loss and other comprehensive income, even though there has been no change in accounting policy, to achieve a more appropriate presentation. As such, comparative information has also been reclassified and represented.

Note 4 - Estimates

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2016.

Note 5 - Earnings per share

	Consolidated	
	31 December 2016	31 December 2015
	\$'000	\$'000
Basic and diluted earnings per share have been calculated using:		
Net profit/(loss) for the half year attributable to equity holders of the parent	(10,809)	(80,303)
	Number of shares¹	Number of shares¹
Weighted average number of shares used as the denominator:		
- Number for basic loss per share	154,071,996	134,069,790
- Number for diluted loss per share	154,071,996	134,069,790

¹The above amounts have been adjusted to reflect the consolidation of capital on a 500 to 1 basis which occurred during the half year ended 31 December 2016. The comparative information above has also been adjusted to reflect the consolidation of capital.

At 31 December 2016 the Group had no potentially dilutive securities on issue.

For the half year ended 31 December 2015, as the Group was loss making, none of the potentially dilutive securities were considered dilutive.

BARALABA COAL COMPANY LIMITED
AND ITS CONTROLLED ENTITIES

Notes To The Condensed Interim Financial Statements

Note 6 – Impairment

	Consolidated	
	31 December 2016	31 December 2015
	\$'000	\$'000
Impairment reversal on exploration and evaluation assets	-	290

During the prior period the Company sold its interest in Kingaroy Tenement EPC 882 to Moreton Resources Group. This resulted in an impairment reversal of \$290k as it had been previously fully impaired.

Note 7 - Capital and reserves

	31 December 2016		30 June 2016	
	Number of shares	\$'000	Number of shares	\$'000
Fully paid ordinary shares				
Ordinary shares on issue 1 July – fully paid	77,034,894,841	621,466	67,034,894,841	621,466
Issued ordinary shares 30 May 2016 – non-cash ¹	-	-	10,000,000,000	-
Consolidation of capital	(76,880,822,845)	-	-	-
Ordinary shares on issue at period end – fully paid	154,071,996	621,466	77,034,894,841	621,466

During the half year ended 31 December 2016, following shareholder approval at the Company's Annual General Meeting, the Company performed a 500 to 1 share consolidation with part holdings rounded up to the next whole share. The number of shares on issue was reduced from 77,034,894,841 to 154,071,996.

No shares were issued during the half year ended 31 December 2016.

¹ On the effectuation of the Deed of Company Arrangement on 30 May 2016, the Company issued 6,000,000,000 ordinary shares to Liberty Metals & Mining Holdings, LLC and 4,000,000,000 ordinary shares to JS Baralaba Wonbindi Pty Ltd.

Dividends

There were no dividends paid or declared during the half year ended 31 December 2016 or 31 December 2015.

BARALABA COAL COMPANY LIMITED
AND ITS CONTROLLED ENTITIES

Notes To The Condensed Interim Financial Statements

Note 8 - Inventories

	Consolidated	
	31 December 2016	30 June 2016
	\$'000	\$'000
Finished goods – coal stock	-	3
Other	518	559
	518	562

Coal inventory is carried at the lower of cost or net realisable value.

Note 9 - Other assets

Current

Prepayments	243	413
	243	413

Non-current

Security deposits	585	2,714
	585	2,714

Note 10 – Term deposits

Term deposits – restricted	41,253	35,589
	41,253	35,589

Restricted deposits are held as security for guarantees issued by financial institutions on behalf of the Company.

Note 11 - Exploration and evaluation expenditure

Opening balance	48,838	54,807
Additions	469	898
Disposals	-	(382)
Impairment reversal	-	290
Impairment	-	(6,775)
Closing balance	49,307	48,838

The Directors are satisfied that no impairment is required for the half year to 31 December 2016.

At 30 June 2016 the Directors believed that indicators of impairment existed given the Company went through a voluntary administration process in that period. As such, the Directors completed an impairment assessment over the carrying value of the Group's exploration and evaluation assets at 30 June 2016. The Directors considered the carrying value of the exploration and evaluation assets by comparison to market data on sales of similar assets and the value per tonne of resources implied.

The South Pentland project was fully impaired with a \$3,804k impairment recorded at 30 June 2016. This resulted in the Galilee Basin projects being fully impaired. The Dingo project in the Bowen Basin was fully impaired with a \$2,874k impairment recorded at 30 June 2016. Some minor carrying values amounting to \$97k were also impaired from other projects in the Bowen Basin. The Directors recorded a total impairment for the Group's exploration and evaluation assets of \$6,775k for the year to 30 June 2016.

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

During the prior period the Company sold its interest in Kingaroy Tenement EPC 882 to Moreton Resources Group. This resulted in an impairment reversal of \$290k as it had been previously fully impaired.

BARALABA COAL COMPANY LIMITED
AND ITS CONTROLLED ENTITIES

Notes To The Condensed Interim Financial Statements

Note 12 – Property, Plant and Equipment

	Consolidated	
	31 December 2016	30 June 2016
	\$'000	\$'000
Land and buildings – cost	20,976	14,022
Accumulated depreciation	(359)	(330)
Net book value	20,617	13,692
Office equipment – cost	823	818
Accumulated depreciation	(670)	(639)
Net book value	153	179
Motor vehicles – cost	1,638	1,638
Accumulated depreciation	(1,293)	(1,244)
Net book value	345	394
Plant and equipment – cost	5,358	5,193
Accumulated depreciation	(3,296)	(3,093)
Net book value	2,062	2,100
Deferred stripping asset – cost	38,630	38,630
Accumulated depreciation	(1,880)	(1,880)
Net book value	36,750	36,750
Mining properties and development assets - cost	227,127	217,285
Accumulated depreciation	(23,695)	(23,695)
Net book value	203,432	193,590
Total Property, Plant and Equipment	263,359	246,705

Reconciliations of the carrying amounts for each class of Property, Plant and Equipment are set out below:

Land and buildings

Carrying amount at beginning of year	13,692	13,604
Additions	4,894	234
Transfer from other non-current assets	2,060	-
Disposals	-	(559)
Depreciation	(29)	413
Net book value	20,617	13,692

Office equipment

Carrying amount at beginning of year	179	260
Additions	5	7
Disposals	-	-
Depreciation	(31)	(88)
Net book value	153	179

BARALABA COAL COMPANY LIMITED
AND ITS CONTROLLED ENTITIES

Notes To The Condensed Interim Financial Statements

Note 12- Property, Plant and Equipment (Continued)

	Consolidated	
	31 December 2016 \$'000	30 June 2016 \$'000
Motor vehicles		
Carrying amount at beginning of year	394	529
Additions	-	-
Disposals	-	(27)
Depreciation	(49)	(108)
Net book value	345	394
Plant and equipment		
Carrying amount at beginning of year	2,100	3,614
Additions	165	210
Disposals	-	(1,790)
Depreciation	(203)	66
Net book value	2,062	2,100
Deferred stripping asset		
Carrying amount at beginning of year	36,750	39,541
Additions	-	8,107
Impairment	-	(9,981)
Depreciation	-	(917)
Net book value	36,750	36,750
Mining properties and development assets		
Carrying amount at beginning of year	193,590	212,674
Additions	9,842	22,649
Impairment	-	(54,319)
Addition through recognition of rehabilitation provision	-	15,789
Depreciation	-	(3,203)
Net book value	203,432	193,590

During the half year the deferred stripping costs carried relate to the Baralaba North mine.

Impairment of Assets

After consideration of both internal and external factors, the Directors believe that no indicators of impairment existed at 31 December 2016 and have therefore not completed an impairment assessment over the carrying value of the Group's property, plant and equipment assets at 31 December 2016.

For the year ended 30 June 2016 the Directors believed that indicators of impairment existed given the Company had been through voluntary administration. As such, the Directors completed an impairment assessment over the carrying value of the Group's property, plant and equipment assets at 30 June 2016.

In assessing the value of the assets relating to the Baralaba North mine, the Group assessed the recoverable amount at 30 June 2016 based on its fair value less costs of disposal.

The recoverable amount of the Baralaba North mine cash generating unit was determined by discounting the future cash flows to be generated from the mine. The key assumptions to which the model is most sensitive include:

- Forecast commodity price of ULV PCI coal
- Foreign exchange rates
- Mining, processing, administrative and capital costs
- Discount rate of 10% post tax
- Remaining life of mine of approximately 20 years
- Forecast total saleable production of 43.8 million tonnes
- Certain infrastructure costs based on current market prices

BARALABA COAL COMPANY LIMITED
AND ITS CONTROLLED ENTITIES

Notes To The Condensed Interim Financial Statements

Note 12- Property, Plant and Equipment (Continued)

The net present value projections were based on the mine plan produced by John T. Boyd Company (Mining and Geological Consultants) as engaged by the Group following the return of the Group to the control of the directors.

Management considered each key assumption and used external sources of information and utilised external consultants where possible and personnel within the Group to determine key inputs.

Furthermore, the Group's cash flow forecasts were based on estimates of future commodity prices and exchange rates. The Group reviewed long term forecast data from externally verifiable sources when determining its forecasts.

Production and capital costs were based on an estimate of future production levels. This information was obtained from external consultants, internally maintained budgets, life of mine models and project evaluations performed by the Group in its ordinary course of business.

The Group applied a discount rate of 10% to the forecast future attributable post-tax cash flows. This discount rate represents an estimate of the rate the market would apply having regard to the time value of money and the risks specific to this project.

Based on the impairment review completed at 30 June 2016, the recoverable amount for the Baralaba North Project cash generating unit was estimated to be \$224.6 million which resulted in an impairment loss of \$64.3 million for the year ended 30 June 2016. This was calculated based on the Group's existing resource statement and the updated mine plan.

The main factors that the company believes contributed to this loss are a mine plan with lower production levels and lower total saleable production.

The impairment loss was allocated to the individual assets constituting the project as follows:

	31 December 2016	30 June 2016
	\$'000	\$'000
Mining properties and development assets	-	54,319
Deferred stripping asset	-	9,981
	-	64,300

Note 13 – Trade and other payables

Current	3,913	6,996
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Note 14 – Borrowings

Current

Liberty Metals & Mining Holdings, LLC debt facility	3,239	-
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Non-current

Liberty Metals & Mining Holdings, LLC debt facility	120,306	109,910
Capitalised loan establishment fee	(5,842)	(6,000)
	114,464	103,910

BARALABA COAL COMPANY LIMITED
AND ITS CONTROLLED ENTITIES

Notes To The Condensed Interim Financial Statements

Note 14 – Borrowings (continued)

Liberty Metals & Mining Holdings, LLC ('LMM') debt facility and additional consideration deed

In the prior period to 30 June 2016, under the Deed Of Company Arrangement, \$100 million of net proceeds were provided by LMM via a debt facility and share purchase.

The key terms of the LMM debt facility are:

- Interest of 12.5% per annum, (with a default interest rate of 16.5%)
- Interest accrues and is capitalised and added to the loan until 31 December 2017
- Cash repayments of interest due every quarter from 31 March 2018 onwards
- Amortisation of principal and capitalised interest start 30 June 2019
- Term of the loan is to 31 December 2021 when the loan is repayable in full

The key terms of the LMM additional consideration deed are:

- 3.75% of gross revenue of the Company and its subsidiaries payable to LMM quarterly in arrears
- Term of the Additional Consideration Deed is to 31 December 2056

Note 15 – Provisions

	Consolidated	
	31 December 2016	30 June 2016
	\$'000	\$'000
Rehabilitation provision	22,314	22,115
Property purchase provision	10,500	-
	32,814	22,115
Rehabilitation provision reconciliation		
Opening balance	22,115	6,101
Addition/(reversal)	-	15,789
Interest expense on unwind of discount	199	225
Closing balance	22,314	22,115

The rehabilitation provision relates to the Baralaba Central and Baralaba North mine areas. It is a non-current provision due to the rehabilitation work being planned for the end of the mine life and the Group continuing as a going concern.

The Group is required to rehabilitate the Baralaba Central and Baralaba North mining areas when mining is completed. Given the long term nature of the liability, there is uncertainty in relation to the estimates of the provision or the costs that could be incurred. During the prior year the group reassessed its estimates in relation to future rehabilitation costs using the updated mine plan produced by John T. Boyd Company (Mining and Geological Consultants). The significant estimates include an approximate remaining life of mine of 20 years, inflation of 1% and the total hectares of land to be rehabilitated. These estimated costs have been discounted using a risk free rate of 2.87% (30 June 2016 – 2.87%) to calculate a present value of the rehabilitation provision.

The property purchase provision relates to a potential land purchase that would be used for future operational purposes. The property owners have a put option, which if exercised, would require the Company to purchase the property. The earliest date the put option can be exercised is 17 March 2018. The Company also has a call option over the property which is currently exercisable, and as such, an asset and a liability have been recognised at 31 December 2016.

BARALABA COAL COMPANY LIMITED
AND ITS CONTROLLED ENTITIES

Notes To The Condensed Interim Financial Statements

Note 16 - Segment reporting

The Group has two reportable segments, as described below:

- Mining – development, production and sale of coal; and
- Exploration and evaluation – exploration and evaluation activities of the Group.

Operating segments have been determined based on the analysis provided in the reports reviewed by senior management in assessing performance and determining strategy. The Group derives its revenue from the production and sale of coal.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate activities, including parent company borrowings and gains/losses from foreign exchange.

Operating Segments	Mining	Exploration and evaluation	Total
31 December 2016	\$'000	\$'000	\$'000
Reportable segment revenue			
Revenues – external	-	-	-
Finance income	263	1	264
	<u>263</u>	<u>1</u>	<u>264</u>
Reportable segment expenses	<u>(2,039)</u>	<u>(7)</u>	<u>(2,046)</u>
Reportable segment result	<u>(1,776)</u>	<u>(6)</u>	<u>(1,783)</u>
Reportable segment assets	<u>317,496</u>	<u>50,610</u>	<u>368,106</u>
Reportable segment liabilities	<u>36,224</u>	<u>311</u>	<u>36,535</u>
31 December 2015			
	\$'000	\$'000	\$'000
Reportable segment revenue			
Revenues – external	52,147	-	52,147
Finance income	33	2	35
	<u>52,180</u>	<u>2</u>	<u>52,182</u>
Reportable segment expenses	<u>(154,380)</u>	<u>279</u>	<u>(154,101)</u>
Reportable segment result	<u>(102,200)</u>	<u>281</u>	<u>(101,919)</u>
Reportable segment assets	<u>323,338</u>	<u>53,800</u>	<u>377,138</u>
Reportable segment liabilities	<u>145,806</u>	<u>313</u>	<u>146,119</u>

BARALABA COAL COMPANY LIMITED
AND ITS CONTROLLED ENTITIES

Notes To The Condensed Interim Financial Statements

Note 16 - Segment Reporting (Continued)

	Consolidated	
	31 December 2016 \$'000	31 December 2015 \$'000
Reconciliations of reportable segment revenues and profit or loss		
Profit or loss		
Total loss for reportable segments	(1,783)	(101,919)
Unallocated amounts:		
Interest income	237	351
Other income	25	75
Net other corporate expenses	(15,927)	(4,235)
Consolidated loss before tax	<u>(17,448)</u>	<u>(105,728)</u>
Reconciliations of reportable assets and liabilities		
Assets		
Total assets for reportable segments	368,106	377,138
Unallocated corporate assets	7,533	61,776
Consolidated total assets	<u>375,639</u>	<u>438,914</u>
Liabilities		
Total liabilities for reportable segments	36,535	146,119
Unallocated corporate liabilities	118,001	89,112
Consolidated total liabilities	<u>154,536</u>	<u>235,231</u>

Note 17 – Contingent Liabilities

Guarantees

The Company has a bank guarantee facility with the ANZ Bank that is fully cash backed through restricted term deposits (refer Note 10). Details of the guarantees held at 31 December 2016 are:

- \$40,000k as an environmental bond to the State of Queensland against rehabilitation and any potential loss attributable to mining operations at the Baralaba Complex;
- \$938k as two bonds of \$469k each, to the State of Queensland against proper performance and completion of works for the Dawson Highway realignment; and
- \$161k as an environmental bond to the State of Queensland against environmental offsets at the train load out facility.

BARALABA COAL COMPANY LIMITED
AND ITS CONTROLLED ENTITIES

Notes To The Condensed Interim Financial Statements

Note 18 – Controlled Entities

Particulars in relation to controlled entities:	Ordinary shares – Company interest	
	2016	2015
	%	%
<i>Parent Entity</i>		
Baralaba Coal Company Limited		
<i>Controlled entities</i>		
Baralaba Coal Management Company Pty Ltd	80	80
Baralaba Coal Pty Ltd	62.5	62.5
Blackwood Corporation Pty Limited	100	100
Cacatua Pastoral Pty Limited	80	80
Cockatiel Coal Pty Limited	100	100
Cockatoo Coal Marketing Company Pty Ltd	100	100
Cockatoo Coal (Taroom) Pty Limited	100	100
Corella Coal Pty Limited	100	100
Dingo Coal Pty Ltd	100	100
Drill Down Resources Pty Ltd	100	100
Independent Coal Pty Limited	100	100
Injune Coal Pty Limited	100	100
Matilda Coal Pty Ltd	100	100
SE QLD Coal Pty Ltd	100	100
SE QLD Energy Pty Ltd	100	100
Surat Coal Pty Limited	100	100
Wonbindi Coal Pty Limited	80	80
Wonbindi TLO Holdings Pty Limited	100	100

All entities are incorporated in Australia

- Blackwood Corporation Pty Limited, Cockatiel Coal Pty Limited, Cockatoo Coal Marketing Company Pty Ltd, Cockatoo Coal (Taroom) Pty Limited, Corella Coal Pty Limited, Independent Coal Pty Limited, Injune Coal Pty Limited, SE QLD Coal Pty Ltd, SE QLD Energy Pty Ltd and Surat Coal Pty Limited, are wholly owned controlled entities.
- Independent Coal Pty Limited holds a 98% interest in Dingo Coal Pty Ltd and the remaining 2% interest is held by the Company.
- Cockatiel Coal Pty Limited holds a 62.5% interest in Baralaba Coal Pty Ltd and an 80% interest in Wonbindi Coal Pty Limited.
- Wonbindi Coal Pty Limited holds a 100% interest in Cacatua Pastoral Pty Limited, a 100% interest in Baralaba Coal Management Company Pty Ltd and a 100% interest in Wonbindi TLO Holdings Pty Limited.
- Blackwood Corporation Pty Limited holds a 100% interest in Matilda Coal Pty Ltd and Drill Down Resources Pty Ltd.

BARALABA COAL COMPANY LIMITED
AND ITS CONTROLLED ENTITIES

Notes To The Condensed Interim Financial Statements

Note 19 - Events subsequent to the half year end

There has not arisen in the interval between the end of the half year to 31 December 2016 and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

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BARALABA COAL COMPANY LIMITED
AND ITS CONTROLLED ENTITIES

Director's Declaration

In the opinion of the directors of Baralaba Coal Company Limited ('the Company'):

1. The financial statements and notes, set out on pages 12 to 28, are in accordance with the Corporations Act 2001, including:
 - (a) 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) Complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
2. Subject to the proviso detailed in the accounts, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed at Brisbane this 28th day of February 2017
in accordance with a resolution of the Board of Directors:



Peter Richards
Chairman

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Independent Auditor's Review Report to the Members of
Baralaba Coal Company Limited

We have reviewed the accompanying interim financial report of Baralaba Coal Company Limited, which comprises the condensed interim statement of financial position as at 31 December 2016, condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows for the period ended on that date, notes 1 to 19 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the Company and the entities it controlled at the half-year's end or from time to time during the interim period.

Directors' responsibility for the interim financial report

The directors of the Company are responsible for the preparation of the interim 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 interim 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 interim 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 interim financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Group's financial position as at 31 December 2016 and its performance for the interim period ended on that date; and complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As auditor of Baralaba Coal Company Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim 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*.

Conclusion

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

- a) 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) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Independent Auditor's Review Report to the Members of
Baralaba Coal Company Limited

Material uncertainties regarding continuation as a going concern

Without modifying our conclusion, we draw attention to note 2, "Going Concern" in the interim financial report. The conditions disclosed in note 2 indicate the existence of material uncertainties that may cast significant doubt about the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the interim financial report.

KPMG
Brisbane
28 February 2017

Stephen Board
Partner

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Lead Auditor's Independence Declaration under
Section 307C of the Corporations Act 2001 to the Directors of Baralaba Coal
Company Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half year ended 31 December 2016 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Stephen Board

Partner

Brisbane

28 February 2017

BARALABA COAL COMPANY LIMITED
AND ITS CONTROLLED ENTITIES

Corporate Directory

Directors:

Peter Richards (Independent Chairman)
Damon Barber
Mark Tomek
Stephen Motteram
Tim Gazzard
K. Scott Thompson

Company Secretary:

Daniel Gall

Registered Office and Administration:

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