Rule 4.3A

Appendix 4E

Preliminary unaudited final report for the year ended 30 June 2015

Name of entity:

Avexa Limited

ABN:

53 108 150 750

Results for announcement to the market

	$A'000 - Unaudited
Total Revenue:	Increase of 8.1% to 319
Loss from ordinary activities after tax attributable to members:	Increase of 122.4% to (6,443)
Net loss for the year attributable to members:	Increase of 122.4% to (6,443)

Dividends

It is not proposed to pay dividends.

There are no dividend or distribution reinvestment plans in operation and there have been no dividend or distribution payments during the financial year ended 30 June 2015.

No explanation considered necessary to explain any of the above other than as provided within this report.

Commentary on results for the year and significant information

Principal activities

There have been two principal activities for the Group during the course of the financial year. Firstly, the Company's drug development programmes with establishment and support of an Early Access Programme (EAP) for apricitabine (ATC) and secondly, actively monitoring the performance of the Company's investments most particularly the North Pratt coal mine in Alabama, USA which is expected to be the primary source of funds for the remaining clinical development of ATC and its other pre-clinical research projects. The Company is a public company listed on the ASX, incorporated and domiciled in Australia, and with a registered office and principal place of business located at Suite 8, Level 1, 61-63 Camberwell Road, Hawthorn East, VIC 3123. Except as disclosed elsewhere in this Report, there have been no significant changes in the nature of these activities during the year.

Review and results of operations

The Company reported an unaudited net loss of $6.4 million for the 2015 financial year; this was 122% more than the $2.9 million loss of 2014. The net loss of $6.4 million was largely a result of the decision by directors to write down the value of its investment in the North Pratt coal mine by $5 million (refer section 2.0 below 'Investment').

Net cash utilised through operating activities for the 2015 financial year was $2.0 million, an 18% increase on the $1.7 million spent in the prior year.

On 5 January 2015 the Company allotted and issued 55,128,359 new shares under the Share Purchase Plan (SPP) announced on 24 November 2014. The SPP raised $795,500 which provided further working capital for the Company.

Key matters impacting the result for Avexa this year were:

1. Drug Development programmes

(a) ATC

Together with the Company's partner, LINK Healthcare, an Early Access Programme was established to make ATC available to patients in great need. ATC is being made available on a cost recovery basis (approximately AU$ 10,000 per annum). Specialised ATC product was manufactured and shipped to LINK's warehouse in Singapore for global availability. ATC is now able to be supplied prior to formal marketing approval in a number of markets under a variety of arrangements such as Special Access Schemes (SAS) and named patient supply (NPS). These arrangements are a slow process and prohibit active promotion of the product to physicians and as such Avexa and LINK have been facilitating medical education of physicians addressing their questions on the usage of ATC in their patients. Activities to date have included LINK establishing a website for physicians to provide clinical information and enable ATC to be quickly supplied once the necessary permits have been received. Articles discussing the ATC EAP have appeared in specialist HIV media and Link has been asked to meet with leading physicians and answer their queries in regard to ATC at the Washington DC AIDS Conference 10-13 September.

The planned progression of ATC through the initiation of clinical trial activities was deferred. This deferral is a result of the absence of expected investment returns from the Company's principal investment in the North Pratt coal mine (refer details below).

(b) HIV Integrase and anti-bacterial (early stage)

The Company's has two pre-clinical (early stage) drugs – a suite of HIV-integrase inhibitors and AVX13616, a novel antibiotic.

During the year a major pharmaceutical company was given access to, under strict confidentiality, a number of the most promising (once a day dosage) HIV-integrase inhibitors compounds for private testing. However, it has become clear that these most promising compounds require further validation studies to progress into the clinic. This will identify which of the compounds within the suite would be most suitable as a component of a new generation anti-integrase-based ART regimen. However, these further validation studies will have to wait for the necessary funds to become available.

The Company has been unable to deliver AVX13616 in a form that remains active in the hostile environment of the gut. Accordingly the progression to a Clostridium difficile animal model has been put on hold in favour of a more facile target and model. AVX13616 is also active against Staphylococcus aureus (also called Golden Staph) which is a common cause of severe skin infections. Further clinical activities are dependent on raising funds to support the investigation of AVX13616 in preclinical models of serious S. aureus infections.

2. Investment

In February this year the Company advised that the construction phase of its major investment in CHUSA (the North Pratt coal mine) had been completed. This included the re-opening of the mine and associated development works including the wash plant. Coal production was planned to average approximately 25,000 tons per month and an initial contract to supply 100,000 short tons to a local buyer over the ensuing year had been secured. By April it was becoming evident that the market for both metallurgical and thermal coal was dramatically weakening due to a number of global and local factors. These included a rapidly declining commodities market and China's slowing growth. This required an immediate change in North Pratt's original business plan pending a recovery in the demand for coal. Importantly it was decided not to mothball the plant, rather reduce production and meet demand on a month to month basis.

The continued global downturn in most commodity markets has been without precedent and completely unforeseen. The decision to keep the mine open and running appears, so far, to have been justified and production has been gradually increasing where, approximately 12,000 short tons will have been shipped by the end of August. North Pratt management are hopeful that in the last quarter of the year, they will secure new local contracts for 2016. It is not possible at this stage to forecast what volumes can be secured.

In light of the uncertainty, the directors have taken a conservative position with the carrying value of the North Pratt investment. To comply with accounting standards, a write down of the investment by $5 million is required and is considered a prudent decision in the circumstances. It is supported by a base case financial model reflecting current volumes and prices. In the event that volumes and prices recover, the value of the investment can be reinstated. The write down is a non-cash adjustment to the carrying value of the investment.

Likely developments, outlook and risks

Given the severity and extent of the weakness in global commodities including the demand for coal as described above, it is not possible or indeed reasonable for the directors to advise with any confidence the likely time frame for ATC's clinical advancement nor progression of its two pre-clinical, early stage drugs.

In the meantime, the Company has been actively exploring a number of business development opportunities capable of extending the Company's business and restoring shareholder value pending a recovery in commodities. A number of potential targets have been identified and are currently undergoing preliminary due diligence. Pending completion of such preliminary due diligence, there is no certainty that any transaction will proceed.

The ability of the consolidated entity to meet operating cash requirements for the next 12 months and beyond is dependent on cash flows being generated from the successful execution of the CHUSA business plan and business development opportunities currently under consideration. The CHUSA business plan is dependent on a number of factors including, among others, assumptions relating to sales volumes, coal prices, working capital requirements, debt repayment obligations and regulatory compliance. Refer to note 19 for further comment.

Preparation and manufacture of drug product containing ATC for the Early Access Programme has been completed.

- ATC product is now available on a cost recovery basis.
- Clinical use of ATC is subject to the usual risks for pharmaceutical products, including production, transport, and clinical risk.
- Initiation of clinical trial activities can only occur once sufficient funds are available from the Company's investments (or from third party collaboration).

Actions subsequent to year end

Except as disclosed above, in the interval between the end of the financial year and the date of this report no item, transaction or event of a material and unusual nature has arisen that is 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.

Statement of comprehensive income - Unaudited
For the year ended 30 June 2015

	Note	**Current period - $A'000**	Previous corresponding period - $A'000
Revenue from operating activities		289	295
Other income from ordinary activities		30	-
Total revenue	1(a)	**319**	**295**
Contract research and development costs	1(c)	(398)	(493)
Employee expenses		(893)	(1,097)
Share-based payment expense		-	37
Depreciation expense	1(b)	(8)	(15)
Occupancy		(86)	(66)
Consulting		(84)	(104)
Professional costs		(181)	(374)
Travel and accommodation		(35)	(28)
Asset management expenses		(22)	(20)
Insurance		(81)	(95)
Corporate administration		(104)	(98)
Intellectual property		(317)	(392)
Other expenses from ordinary activities	1(b)	(86)	(140)
Share of net loss of equity accounted associate	23	(1,145)	(104)
Impairment of equity accounted investment		(3,822)	-
Impairment of loan to equity accounted associate		(1,178)	-
Results from operating activities		**(8,121)**	**(2,694)**
FX Gains/(losses)*		1,126	128
Net finance income/(expense)		552	(331)
Profit / (loss) from ordinary activities before related income tax expense		**(6,443)**	**(2,897)**
Income tax expense		-	-
Net (loss) / profit attributable to owners of the Company		**(6,443)**	**(2,897)**
Other comprehensive income			
Items that may be reclassified subsequently to the income statement			
Foreign Currency Translation Reserve		**782**	**(225)**
Total comprehensive (loss)/income for the period attributed to owners of the Company		**(5,661)**	**(3,122)**
Basic earnings per share (cents per share)		**(0.68)**	**(0.33)**
Diluted earnings per share (cents per share)		**(0.68)**	**(0.33)**

* During the year the Group reclassified its FX gains / (losses) from other expenditure to FX Gains / (losses). The classification better reflects the nature of the expenditure and highlights it as a separate line item.

Statement of changes in equity for the year ended 30 June 2015 - Unaudited

	Issued capital $'000	Accumulated losses $'000	Fair Value Reserve	Foreign currency translation reserve	Total Equity $'000
Opening balance as at 1 July 2014	**183,483**	**(171,787)**	**-**	**(225)**	**11,471**
Comprehensive income/(loss) for the period					
Loss	-	(6,443)	-	-	(6,443)
Total other comprehensive income	-	-	-	782	782
Total comprehensive income for the period	**-**	**(6,443)**	**-**	**782**	**(5,661)**
Transfer from Fair Value Reserve	-	-	-	-	-
Issue of ordinary shares pursuant to Share Purchase Plan	796	-	-	-	796
Transaction costs relating to issue of ordinary shares	(46)	-	-	-	(46)
Equity settled share-based payment transactions	-	-	-	-	-
Total transactions with owners	**750**	**-**	**-**	**-**	**750**
Closing balance as at 30 June 2015	**184,233**	**(178,230)**	**-**	**557**	**6,560**

Statement of changes in equity for the year ended 30 June 2014

	Issued capital $'000	Accumulated losses $'000	Fair Value Reserve	Foreign currency translation reserve	Total Equity $'000
Opening balance as at 1 July 2013	**182,523**	**(168,853)**	**(131)**	**-**	**13,539**
Comprehensive income/(loss) for the period					
Loss	-	(2,897)	-	-	(2,897)
Total other comprehensive income	**-**	-	-	(225)	(225)
Total comprehensive income for the period	**-**	**(2,897)**	**-**	**(225)**	**(3,122)**
Transfer from Fair Value Reserve	-	-	131	-	131
Issue of ordinary shares pursuant to Share Purchase Plan	1,014	-	-	-	1,014
Transaction costs relating to issue of ordinary shares	(54)	-	-	-	(54)
Equity settled share-based payment transactions	-	(37)	-	-	(37)
Total transactions with owners	**960**	**(37)**	**131**	**-**	**1,054**
Closing balance as at 30 June 2014	**183,483**	**(171,787)**	**-**	**(225)**	**11,471**

Statement of financial position - Unaudited
As at 30 June 2015

	Note	**Current period - $A'000**	Previous corresponding period - $A'000
Current assets			
Cash assets	3	1,025	3,362
Receivables	4	408	1,828
Investments	7	110	154
Other	8	41	46
Total current assets		**1,584**	**5,390**
Non-current assets			
Intangible assets	5	-	-
Investment in Coal Holding USA, LLC	23	1	4,158
Loans to associates	4	5,235	2,352
Plant and equipment	6	17	23
Total non-current assets		**5,253**	**6,533**
Total assets		**6,837**	**11,923**
Current liabilities			
Trade and other payables	9	199	254
Employee benefits provisions	10	78	185
Total current liabilities		**277**	**439**
Non-current liabilities			
Employee benefits	10	-	13
Total non-current liabilities		**-**	**13**
Total liabilities		**277**	**452**
Net assets		**6,560**	**11,471**
Equity			
Issued capital	11	184,233	183,483
Fair Value Reserve		-	-
Foreign Currency Translation Reserve		557	(225)
Accumulated losses	2	(178,230)	(171,787)
Total equity		**6,560**	**11,471**

Statement of cash flows - Unaudited
For the year ended 30 June 2015

	Note	**Current period - $A'000**	Previous corresponding period - $A'000
Cash flows from operating activities			
Cash receipts in the course of operations		30	15
Cash payments in the course of operations		(2,420)	(2,667)
R&D Incentive		295	617
Interest received		60	347
Net cash used in operating activities	22	**(2,035)**	**(1,688)**
Cash flows from investing activities			
Payments for property, plant and equipment		(2)	(20)
Payments for equity investments		-	(4,470)
Proceeds from disposal of listed equity investments		232	-
Working capital loan to Coal Holdings USA,LLC		(1,277)	(3,159)
Proceeds from disposal of assets		-	2
Net cash used in investing activities		**(1,047)**	**(7,647)**
Cash flows from financing activities			
Proceeds from issue of shares pursuant to share purchase plan		796	1,014
Share issue costs		(46)	(54)
Net cash used in financing activities		750	960
Net (decrease) / increase in cash held		**(2,332)**	**(8,375)**
Cash at the beginning of the financial year		**3,362**	**11,869**
Effect of exchange rate fluctuations on cash held		**(5)**	**(132)**
Cash at the end of the financial year	21	**1,025**	**3,362**

Notes to the Statement of financial performance

1 Revenue and expenses from ordinary activities

(a) Revenues	**Current period - $A'000**	Previous corresponding period - $A'000
R&D Incentive	289	295
Other income	30	-
Total revenue from ordinary activities	**319**	**295**

(b) Expenses		
Depreciation of plant and equipment	(8)	(15)
Amounts recognised in provisions for:		
- Employee benefits	39	99
Finance expense	-	(637)
Other expenses:		
- Advertising and promotion	(46)	(103)
- Workplace administration	(22)	(28)
- Other expenses	(18)	(9)
Total Other expenses	**(86)**	**(140)**

(c) Research and Development (R&D)

Contract research and development expenditure	(398)	(493)
Direct research and development expenditure	(680)	(880)
Total R&D expenditure for the year	**(1,078)**	**(1,373)**

Notes to the Statements of changes in equity, financial position and cash flows

2 Accumulated losses

Accumulated losses at the beginning of the financial year	(171,787)	(168,853)
Net loss attributable to owners of the company	(6,443)	(2,897)
Share-based payment expense	-	(37)
Accumulated losses at the end of the financial year	**(178,230)**	**(171,787)**

3 Cash assets

	Current period - $A'000	Previous corresponding period - $A'000
Cash at bank and on hand	388	694
Bank short term deposits	637	2,668
Cash assets	**1,025**	**3,362**

Interest on cash at bank is credited at prevailing market rates. The weighted average interest rate at reporting date was 1.5% (2014:2.8%).

4 Receivables

Current		
Trade and other receivables	119	133
R&D Incentive and other tax receivables	289	295
Working capital loan – Coal Holdings USA, LLC	-	1,400
Total Current Receivables	**408**	**1,828**
Non-Current		
Working Capital Loan – Coal Holding USA, LLC [1]	6,413	2,352
Less impairment provision	(1,178)	-
Total Non-Current Receivables	**5,235**	**2,352**

The provision for impairment against the working capital loan has been estimated based on an assessment of future cash flows to be generated by the company's investment in the North Pratt coal mine. Refer to note 23 for further comment.

[1] The working capital loan to Coal Holding USA, LLC (CHUSA) was secured by a fixed and floating charge over the assets of CHUSA and its subsidiary company, North Pratt Coal Holdings LLC.

5 Intangibles

North American marketing licence for apricitabine (ATC) – at cost	25,762	25,762
Less: Provision for impairment	(25,762)	(25,762)
	-	-
Intellectual property – at cost	12,000	12,000
Less: Accumulated amortisation	(12,000)	(12,000)
Total intangibles	**-**	**-**

Following a General Meeting of shareholders in July 2010, the new directors of the Company initiated an independent review of the Company's assets including apricitabine (ATC), to which the internally generated, indefinite life intangible asset relates. Should future decisions and actions in regard to ATC result in the directors of the Company having the opinion that some value has been restored to this intangible asset, the existing provision for impairment may be reversed to the extent that the directors believe to be prudent and that value will be reflected in the Company's balance sheet. For the financial year 2015, the directors still consider the intangible assets nil valuation is appropriate.

6 Plant and equipment

	Current period - $A'000	Previous corresponding period - $A'000
Plant and equipment (at cost)	438	436
Less: Accumulated depreciation	(421)	(413)
Property, plant and equipment	**17**	**23**

7 Investments

Financial assets classified as available for sale	110	154
Total Current Investments	**110**	**154**

8 Other assets

Prepayments	**41**	**46**

9 Trade and other payables

Trade creditors and accruals	**199**	**254**

10 Employee benefits

Current		
Employee benefits	**78**	**185**
Non-current		
Employee benefits	**-**	**13**

11 Issued Capital

Issued and paid up capital	**2015**		2014	
	$'000	**Number**	**$'000**	**Number**
980,778,925 (2014:925,650,566) ordinary shares, fully paid	184,233	980,778,925	183,483	925,650,566

Movements in issued capital during the year were as follows:

Issued capital at the beginning of the financial year	183,483	925,650,566	182,523	847,688,779
Issue of shares pursuant to Share Purchase Plan	796	55,128,359	1,014	77,961,787
Issue of shares pursuant to placement	-	-	-	-
Transaction costs relating to Rights Issue and placements	(46)	-	(54)	-
Issued capital at the end of the financial year	**184,233**	**980,778,925**	**183,483**	**925,650,566**

Options to acquire ordinary shares

During the financial year nil (2014: nil) options were issued to employees under the Avexa Employee Share Option Plan. Nil (2014: nil) options were issued to directors. Nil (2014: 4,190,000) options held by employees or directors lapsed or were forfeited and nil (2014: nil) were exercised. Movements in options for the 2015 financial year comprise the following:

2015 Options
No options were held or issued for the year ended 2015.

2014 Options

Options	**Exercise Price**	**No of options at beginning of year**	**Options granted**	**Options lapsed / forfeited**	**Options exercised**	**No of options at end of year**
Total employee options	$0.13	190,000	-	(190,000)	-	-
Total directors options	$0.06	4,000,000	-	(4,000,000)	-	-
Total options		**4,190,000**	**-**	**(4,190,000)**	**-**	**-**

12 Net tangible assets per ordinary security

	Current period - $A'000	Previous corresponding period - $A'000
Net tangible assets	**6,560**	**11,471**
Issued share capital at reporting date	**Shares**	**Shares**
	980,778,925	**925,650,566**
Net tangible assets per ordinary security	**0.7 cents**	**1.2 cents**

13 Earnings per share (EPS)

	Current period - $A'000	Previous corresponding period - $A'000
a) Earnings reconciliation		
Basic earnings per share (cents per share)	**(0.68)**	(0.33)
Diluted earnings per share (cents per share)	**(0.68)**	(0.33)
Net loss:		
Basic earnings	**(6,443)**	(2,897)
Diluted earnings	**(6,443)**	(2,897)
b) Weighted average number of shares	**Number**	**Number**
Number for basic earnings per share:		
Ordinary shares	**952,233,008**	888,058,033
Number for diluted earnings per share:		
Ordinary shares	**952,233,008**	888,058,033
Effect of share options on issue	**-**	**-**
	952,233,008	**888,058,033**

14 Returns to shareholders

There have been no returns to shareholders during the financial year.

15 Control gained over entities having material effect

There are no entities having material effect over which the Company gained control during or subsequent to the financial year ended 30 June 2015.

16 Loss of control of entities having material effect

There are no entities over which the Company lost control during or subsequent to the financial year ended 30 June 2015.

17 Non-cash financing and investing activities

There have been no non-cash financing and investing transactions during the 2015 financial year (2014: nil) which have had a material effect on assets and liabilities of the Company.

18 Segment reporting

The Company operates within two business segments (anti-infective research and development and investments). Although the Company's clinical trials were conducted in a number of countries there was no income derived from these activities, as such activities were controlled from Australia.

Information about reportable segments

	Research & Development		**Investments**		**Total**	
	2015 **$'000**	2014 $'000	**2015** **$'000**	2014 $'000	**2015** **$'000**	2014 $'000
External revenues	319	295	-	-	319	295
Inter-segment revenue	-	-	-	-	-	-
Interest revenue	48	196	316	110	364	306
Finance Expense	-	-	-	-	-	-
Impairment of equity accounted investment and loan	-	-	5,000	-	5,000	-
Impairment charge	-	-	-	637	-	637
Share of net profit/(loss) of associate accounted for using the equity method	-	-	(1,145)	(104)	(1,145)	(104)
Depreciation	8	15	-	-	8	15
Reportable segment profit/(loss)before tax	(1,903)	(2,982)	(4,540)	85	(6,443)	(2,897)
Reportable segment total assets	1,490	3,763	5,347	8,160	6,837	11,923
Investment accounted for using the equity method	-	-	1	4,158	1	4,158
Reportable segment total liabilities	256	432	21	20	277	452

The aggregate of the assets, liabilities and profits for each segment is the Group total

19 Factors affecting the results in the future

In the interval between the end of the financial year and the date of this report no item, transaction or event of a material and unusual nature has arisen that is likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years except:

Following an investment and loan to Coal Holdings USA LLC (CHUSA) in February 2014 and subsequent provision of additional loan funding, the Company's cash reserves have been significantly reduced. The ability of the consolidated entity to meet operating cash requirements for the next 12 months and beyond is dependent on cash flows being generated from the successful execution of the business plan of CHUSA, which is dependent on a number of factors that may or may not occur as expected, including assumptions relating to sales volumes, coal prices, working capital requirements, debt repayment obligations and regulatory compliance. In addition, in order to meet the forecast operating cash requirements, the Company may need to raise funds from other sources, which may include raising capital, securing debt facilities or monetising the Group's existing portfolio of intangible assets. There is uncertainty as to the success and timing of these activities and therefore a material uncertainty exists in relation to the company's ability to continue as a going concern.

Given the severity and extent of the weakness in global commodities including the demand for coal as described above, it is not possible or indeed reasonable for the directors to advise with any confidence the likely time frame for ATC's clinical advancement nor progression of its two pre-clinical, early stage drugs.

In the meantime the Company has been actively exploring a number of business development opportunities capable of extending the Company's business and restoring shareholder value pending a recovery in commodities. A number of potential targets have been identified and are currently undergoing preliminary due diligence. Pending completion of such preliminary due diligence, there is no certainty that any transaction will proceed.

20 Franking credits available

There are no franking credits available at reporting date.

21 Reconciliation of cash

Reconciliation of cash at the end of the financial year (as shown in the statement of cash flows) to the related items in the accounts is shown in the following table.

	Current period - $A'000	Previous corresponding period - $A'000
Cash on hand and at bank	388	694
Bank short term deposits	637	2,668
	1,025	**3,362**

22 Reconciliation of loss from ordinary activities after related income tax to net cash used in operating activities

	Current period - $A'000	Previous corresponding period - $A'000
Loss from ordinary activities after income tax	(6,443)	(2,897)
Add / (less) non-cash items:		
- Depreciation and loss on disposal of equipment	8	15
- Share-based payment expense	-	(37)
- Foreign exchange gains	(1,126)	82
- Investment gain on revaluation	(188)	-
- Accrued Interest	(282)	-
- Impairment of equity accounted investment and loan	5,000	-
- Impairment charge	-	637
- Share of net loss of investment in associate	1,145	104
Change in assets and liabilities:		
- (Increase) / decrease in Receivables	20	429
- (Increase) / decrease in Other assets	5	1
- Increase / (decrease) in Employee benefits	(119)	3
- Increase / (decrease) in Deferred Income	-	-
- Increase / (decrease) in Payables	(55)	(25)
- Increase / (decrease) in Other liabilities	-	-
Net cash used in operating activities	**(2,035)**	**(1,688)**

23 Investments accounted for using the equity method

Name of Company	Principal Activity	Country of Incorporation	Ownership Interest		Contribution to Net Loss	
			2015	2014	**2015**	2014
Coal Holdings USA LLC (CHUSA)	Coal Mining Operations	USA	**30%**	30%	(**1,145**)	(104)

Movements in carrying amounts of investments		
Balance at 1 July	**4,158**	-
Investments in associates acquired during the year	**-**	4,262
Share of new profit/(loss) of associate accounted for using the equity method *	**(1,145)**	(104)
Movement in foreign currency translation	**810**	-
Less distributions from associate	**-**	**-**
Impairment of investment	**(3,822)**	**-**
Balance at 30 June	**1**	**4,158**

An equity interest of 30% in CHUSA was acquired on 28 February 2014. Cash flows from this investment will contribute towards the funding of the AVX-305 Phase III clinical trial of apricitabine (ATC).

Following a review of the forecast future cash flows to be generated by the North Pratt coal mine having regard to the current state of the market in which the mine operates, the directors have impaired the investment in/loan to CHUSA in the aggregate amount of $5.0 million. In estimating the impairment charge a value in use discounted cash flow approach was taken, with key assumptions being:

- A post tax discount rate of 15%.
- Coal prices continuing at levels that approximate currently contracted pricing.
- Production volumes consistent with reserve estimates previously provided by the company's independent adviser on the investment.

* The above balances relating to CHUSA have been reported on a provisional basis and are expected to be finalised prior to the lodgement of the Annual Report.

24 Compliance statement

This report has been prepared in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations).

This report is based on accounts that have not been audited. Once completed it is likely that the audit report will contain an emphasis of matter highlighting the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and to realise the loan to the company's equity accounted associate.

Sign here: Date: 31 August 2015

Print name:

Iain Kirkwood
Director