



**CHARTER  
PACIFIC**  
Corporation Limited

# Appendix 4D

## Interim final report

### Half year ended 31 December 2014

For announcement to the market

Revenues from ordinary activities	Up	21354.40%	to	\$ 423,939
Loss from ordinary activities after tax attributable to owners of the Company	Down	-30.67%	to	\$ (1,138,130)
Loss for the period attributable to owners of the Company	Down	-30.67%	to	\$ (1,138,130)

No dividend has been declared for the current period and no dividend was declared or paid for the previous period.

The net tangible assets (NTA) per security as at 31 December 2014 was \$0.00618 (30 June 2014: (\$0.004)).

The accounts have been reviewed.

Charter Pacific Corporation Limited  
ABN 12 003 344 287

PO Box 40, Surfers Paradise Qld 4217, Australia  
Ph: +61-7-5538 2558 Fax: +61-7-5526 8922  
Email: charpac@charpac.com.au

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**CHARTER PACIFIC CORPORATION LIMITED  
& ITS CONTROLLED ENTITIES**

**31 DECEMBER 2014 INTERIM FINANCIAL REPORT**

**DIRECTORS' REPORT**

The Directors present their report together with the consolidated interim financial report for the six months ended 31 December 2014 and the review report thereon.

**Directors**

The Directors of the Company at any time during or since the end of the interim period are:

<b>Name</b>	<b>Period of Directorship</b>
Mr Kevin John Dart Managing Director/Executive Chairman	Director since 1988 - appointed Managing Director 1988. Appointed Executive Chairman 29 November 2013.
Mr Peter John Bradfield	Director since 13 August 2007.
Mr David Henry Selfe	Director since 7 June 2012.

**Review of Operations**

Principal Activities

The principal activities of the Group during the course of the six months ended 31 December 2014 were securing the Legleitat iron ore mining licence from the Mauritanian government, continued development and funding of the mining and exploration activities in Mauritania.

Other than this there were no significant changes in the nature of the activities of the Group during the six months ended 31 December 2014.

Operating & Financial Review

The results of the Group showed a consolidated operational net loss, attributable to the members of Charter Pacific Corporation Limited of (\$1,138,130) (2013:(\$1,641,535)). The loss includes a \$255,521 interest expense relating to the net present value calculation relating to deferred payment for the Legleitat permit.

The Executive Chairman and Company Secretary have agreed with the company to implement a 40% reduction in their remuneration packages effective as at 1 July 2014. It should also be noted that whilst all Director and executive entitlements have been accounted for in the half yearly result, the Directors and senior executives are continuing to significantly defer payment of their fees and salaries to ensure that the Company remains well positioned to unlock the value within its investments. These deferred payments are recorded under Trade and Other Payables in the Statement of Financial Position.

A Summary of the Major Investments of the Group are as follows:

**MAURITANIA**

The Company holds a 60% interest in Legleitat Iron Mauritanie S.A which holds iron ore mining permit 2138. The Company owns through its wholly owned subsidiaries, West Africa Iron Pty Ltd and West Africa Resources Pty Ltd, a 51% interest in Mauritanian iron ore exploration permits 792 and 791 respectively. The Company has the right to move to 100% ownership of both permit 792 and 791 at its election. The Company also holds through its 100% owned subsidiary West Africa Gold Pty Ltd a 100% interest in gold exploration permits 1869 and 1963 in Mauritania.

**CHARTER PACIFIC CORPORATION LIMITED  
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**31 DECEMBER 2014 INTERIM FINANCIAL REPORT**

**DIRECTORS' REPORT (continued)**

**MAURITANIA (continued)**

The operations on permit 792 comprised of geophysical analysis and review of satellite imagery data, ground magnetic survey data, ground penetrating data and field exploration results to define a drilling program for permit 792 to test the depth continuity and thickness of Banded Iron Formation (BIF). Minimal exploration was undertaken on iron ore permit 791 and the two gold/copper permits 1869 and 1963.

The volatile and continuing weakness in iron ore and gold/copper prices during the last 12 months have frustrated efforts of the Company to secure development funding and or joint venture partners for the Legleitat iron ore mining operations and the planned exploration for permits 791, 792, 1869 and 1963. The Company is exploring every avenue to maximise and extract value for its resources investments in Mauritania.

**CONQUEST AGRI LIMITED (13% owned)**

On 30 October 2014, Conquest Agri Limited ("Conquest") abandoned a proposed acquisition of 100% of the issued capital of Priority One Network Group Limited subsequent to Priority One not satisfying certain conditions precedent for the transaction. On 5 December 2014 Conquest appointed a Voluntary Administrator as the first step in Conquest being restructured in preparation for the acquisition of a new business enterprise via a Deed of Company Arrangement (DOCA) which was approved by creditors and then Conquest shareholders on 12 February 2015. When the administrator has effectuated the DOCA, Conquest will then proceed with the acquisition of a new business enterprise to be approved by shareholders in the near future and following approval by shareholders an application will be made to relist Conquest on the ASX.

**Subsequent Events**

There were no other matters or circumstances that have arisen since the end of the financial period which have significantly affected or may significantly affect the operations of the Group, the results of the operations, or the state of affairs of the Group in future financial periods other than those mentioned in the interim financial report.

**Lead Auditor's Independence Declaration**

The lead auditor's independence declaration is set out on page 4 and forms part of the Directors' report for the six months ended 31 December 2014.

Dated at Gold Coast this 27<sup>th</sup> day of February 2015.

Signed in accordance with a resolution of the Directors:



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Kevin J Dart  
Director

**DECLARATION OF INDEPENDENCE BY JAMES MOONEY TO THE DIRECTORS OF CHARTER PACIFIC CORPORATION LIMITED**

As lead auditor for the review of Charter Pacific Corporation 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 Charter Pacific Corporation Limited and the entities it controlled during the period.



James Mooney  
Partner

**BDO East Coast Partnership**

Melbourne, 27 February 2015

**CHARTER PACIFIC CORPORATION LIMITED  
& ITS CONTROLLED ENTITIES**

**31 DECEMBER 2014 INTERIM FINANCIAL REPORT**

**CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2014**

	NOTE	31-Dec-14 \$	30-Jun-14 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		213,143	350,596
Trade and other receivables	8	275,515	13,382
Prepayments		2,792	13,488
Financial assets at fair value through profit or loss		<u>2</u>	<u>2</u>
<b>Total current assets</b>		<u>491,452</u>	<u>377,468</u>
<b>NON-CURRENT ASSETS</b>			
Exploration and evaluation expenditure	9	11,268,590	2,262,060
Property, plant and equipment		56,636	65,751
Other	9	<u>3,522,636</u>	<u>-</u>
<b>Total non-current assets</b>		<u>14,847,862</u>	<u>2,327,811</u>
<b>Total assets</b>		<u>15,339,314</u>	<u>2,705,279</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		1,581,962	1,391,840
Loans and borrowings	9	5,559,713	1,691,636
Employee benefits		<u>1,428,959</u>	<u>1,342,308</u>
<b>Total current liabilities</b>		<u>8,570,634</u>	<u>4,425,784</u>
<b>NON-CURRENT LIABILITIES</b>			
Loans and borrowings	9	<u>5,691,280</u>	<u>-</u>
<b>Total non-current liabilities</b>		<u>5,691,280</u>	<u>-</u>
<b>Total liabilities</b>		<u>14,261,914</u>	<u>4,425,784</u>
<b>NET ASSETS/(LIABILITIES)</b>		<u>1,077,400</u>	<u>(1,720,505)</u>
<b>EQUITY</b>			
Issued capital		27,465,557	26,763,109
Reserves		1,561,003	1,850,052
Accumulated losses		<u>(31,497,846)</u>	<u>(30,359,716)</u>
<b>Total deficiency attributable to shareholders of the Company</b>		<u>(2,471,286)</u>	<u>(1,746,555)</u>
Non-controlling interest		<u>3,548,686</u>	<u>26,050</u>
<b>TOTAL EQUITY/(DEFICIENCY)</b>		<u>1,077,400</u>	<u>(1,720,505)</u>

The notes on pages 9 to 13 are an integral part of these consolidated interim financial statements.

**CHARTER PACIFIC CORPORATION LIMITED  
& ITS CONTROLLED ENTITIES**

**31 DECEMBER 2014 INTERIM FINANCIAL REPORT**

**CONSOLIDATED INTERIM STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014**

	NOTE	31-Dec-14 \$	31-Dec-13 \$
<b>Revenue</b>	10	423,939	1,976
Other income	11	261,000	-
<b>Expenses</b>			
Depreciation and amortisation expenses		(9,115)	(13,178)
Rent and occupancy costs		(53,279)	(85,934)
Professional fees		(455,933)	(296,941)
Travel expenses		(12,341)	(37,893)
Shareholder reports and registry costs		(48,258)	(35,009)
Employee expenses		(616,873)	(886,907)
Realised loss on investments held for trading		-	(95,642)
Interest costs		(321,771)	(41,242)
Other operating expenses		<u>(120,569)</u>	<u>(141,352)</u>
<b>Net operating loss before share based payments and impairment losses</b>		<u>(953,200)</u>	<u>(1,632,122)</u>
Share-based payments		(1,876)	-
Impairment losses		<u>(183,054)</u>	<u>(9,413)</u>
<b>Loss before income tax</b>		(1,138,130)	(1,641,535)
Income tax (expense)/benefit		<u>-</u>	<u>-</u>
<b>Loss after income tax for the period attributable to owners of the Company</b>		<u>(1,138,130)</u>	<u>(1,641,535)</u>
<b>Other comprehensive income</b>			
Items that may be reclassified subsequently to profit and loss:			
Foreign exchange translation		<u>(290,925)</u>	<u>6,573</u>
<b>Other comprehensive income for the period, net of income tax</b>		<u>(290,925)</u>	<u>6,573</u>
<b>Total comprehensive loss for the period attributable to owners of the Company</b>		<u>(1,429,055)</u>	<u>(1,634,962)</u>
<b>Loss per share</b>			
Basic loss per share		<u>(0.008)</u>	<u>(0.013)</u>
Diluted loss per share		<u>(0.008)</u>	<u>(0.013)</u>

The notes on pages 9 to 13 are an integral part of these consolidated interim financial statements.

**CHARTER PACIFIC CORPORATION LIMITED  
& ITS CONTROLLED ENTITIES**

**31 DECEMBER 2014 INTERIM FINANCIAL REPORT**

**CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014**

	Share capital \$	Option issue reserve \$	Fair value reserve \$	Foreign currency translation reserve \$	Accumulated losses \$	Non- controlling interest \$	Total equity/ (deficiency) \$
Balance at 1 July 2013	26,015,307	1,854,846	(4,496)	-	(27,667,080)	17,665	216,242
<b>Total comprehensive income for the period</b>							
Loss	-	-	-	-	(1,641,535)	-	(1,641,535)
<i>Other comprehensive income</i>							
Total other comprehensive income	-	-	-	6,573	-	-	6,573
<b>Total comprehensive loss for the period</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,573</u>	<u>(1,641,535)</u>	<u>-</u>	<u>(1,628,389)</u>
<b>Transactions with owners, recorded directly in equity</b>							
<i>Contributions by and distributions to owners</i>							
Shares issued	734,424	-	-	-	-	-	734,424
Total transactions with owners	734,424	-	-	-	-	-	734,424
Minority interest	-	-	-	-	-	-	-
<b>Balance at 31 December 2013</b>	<u>26,749,731</u>	<u>1,854,846</u>	<u>(4,496)</u>	<u>6,573</u>	<u>(29,308,615)</u>	<u>17,665</u>	<u>(684,296)</u>
Balance at 1 July 2014	26,763,109	1,854,846	(4,496)	(298)	(30,359,716)	26,050	(1,720,505)
<b>Total comprehensive loss for the period</b>							
Loss	-	-	-	-	(1,138,130)	-	(1,138,130)
<i>Other comprehensive income</i>							
Total other comprehensive income	-	-	-	(290,925)	-	-	(290,925)
<b>Total comprehensive loss for the period</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(290,925)</u>	<u>(1,138,130)</u>	<u>-</u>	<u>(1,429,055)</u>
<b>Transactions with owners, recorded directly in equity</b>							
<i>Contributions by and distributions to owners</i>							
Shares issued, net of transaction costs	703,813	-	-	-	-	-	703,813
Options issued	-	1,876	-	-	-	-	1,876
Value of conversion rights on convertible notes	(1,365)	-	-	-	-	-	(1,365)
Non-controlling interest	-	-	-	-	-	3,522,636	3,522,636
Total transactions with owners	702,448	1,876	-	-	-	-	704,324
Foreign currency translations	-	-	-	-	-	-	-
<b>Balance at 31 December 2014</b>	<u>27,465,557</u>	<u>1,856,722</u>	<u>(4,496)</u>	<u>(291,223)</u>	<u>(31,497,846)</u>	<u>3,548,686</u>	<u>1,077,400</u>

The notes on pages 9 to 13 are an integral part of these consolidated interim financial statements.



**CHARTER PACIFIC CORPORATION LIMITED  
& ITS CONTROLLED ENTITIES**

**31 DECEMBER 2014 INTERIM FINANCIAL REPORT**

**CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS  
FOR THE SIX MONTHS ENDED 31 DECEMBER 2014**

	<b>31-Dec-14</b>	<b>31-Dec-13</b>
	<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts in the course of operations	261,000	-
Cash payments in the course of operations	<u>(515,471)</u>	<u>(774,926)</u>
Cash used in operations	(254,471)	(774,926)
Interest paid	(3,437)	-
Interest received	<u>1,039</u>	<u>2,837</u>
<b>Net cash used in operating activities</b>	<u>(256,869)</u>	<u>(772,089)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition payment for Mauritania	(3,443,370)	-
Exploration and evaluation expenditure	(248,715)	(148,111)
Acquisition of plant and equipment	-	(7,765)
Loans from other entities	-	(9,400)
Proceeds from sale of equity investments	<u>-</u>	<u>171,215</u>
<b>Net cash (used in)/provided by investing activities</b>	<u>(3,692,085)</u>	<u>5,939</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Loan funds for Mauritania	3,437,570	-
Proceeds from issue of shares	200,000	526,751
Interest on secured loans	(26,069)	-
Proceeds/(Repayments) from secured/unsecured loans	<u>200,000</u>	<u>(31,382)</u>
<b>Net cash provided by financing activities</b>	<u>3,811,501</u>	<u>495,369</u>
<b>Net (decrease) in cash and cash equivalents</b>	(137,453)	(270,781)
Cash and cash equivalents at 1 July	<u>350,596</u>	<u>561,839</u>
<b>Cash and cash equivalents at 31 December</b>	<u>213,143</u>	<u>291,058</u>

The notes on pages 9 to 13 are an integral part of these consolidated interim financial statements.

**CHARTER PACIFIC CORPORATION LIMITED  
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**31 DECEMBER 2014 INTERIM FINANCIAL REPORT**

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**1. Reporting entity**

Charter Pacific Corporation Limited (the “Company”) is a Company domiciled in Australia. The consolidated interim financial report of the Company, as at and for the six months ended 31 December 2014, comprises the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in associates and jointly controlled entities.

The consolidated annual financial report of the Group as at and for the year ended 30 June 2014 is available upon request from the Company’s registered office at Level 18, 50 Cavill Avenue, Surfers Paradise Qld 4217 or at [www.charpac.com.au](http://www.charpac.com.au).

**2. Statement of compliance**

The half-year financial report is a general purpose financial report prepared in accordance with AASB 134 ‘Interim Financial Reporting’ and the Corporations Act 2001.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity. The half-year financial report should be read in conjunction with the annual financial report of Charter Pacific Corporation Limited as at 30 June 2014 which was prepared in accordance with the requirements of the Corporations Act 2001 and applicable Australian Accounting Standards. It is also recommended that the half-year financial report be considered together with any public announcements made by the parent entity during the period 1 July 2014 to the date of this report in accordance with the continuous disclosure obligations of the ASX listing rules.

This consolidated interim financial report was approved by the Board of Directors on 27 February 2015.

**3. Significant accounting policies**

(a) Basis of accounting

The half-year financial report has been prepared on the basis of historical cost, except where stated. For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

The half-year financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

(b) Accounting policies

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company’s 2014 annual financial report for the financial year ended 30 June 2014.

(c) Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with the current period’s disclosures.

(d) Fair values of financial instruments

The Group has a number of financial instruments which are not measured at fair value in the Statement of Financial Position. Due to their short term nature, the carrying amount of the current receivables, current payables and current borrowings is assumed to approximate their fair value.

**CHARTER PACIFIC CORPORATION LIMITED  
& ITS CONTROLLED ENTITIES**

**31 DECEMBER 2014 INTERIM FINANCIAL REPORT**

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**4. Going concern**

The consolidated entity has incurred a loss after tax for the half year ended 31 December 2014 of \$1,138,130 and had net cash outflows from operating activities of \$256,859.

The ability of the consolidated entity to continue as a going concern is dependent upon a number of factors, including the continuation and availability of funds.

The financial statements have been prepared on the basis that the consolidated entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business for the following reasons:

1. The Board is of the opinion that, subject to satisfactory market conditions and the ability of the Company to successfully execute its current plans in respect to attracting cornerstone investors and/ or joint venture partners for its Mauritanian investments, the Company should be able to raise sufficient funds for its ongoing operations, as and when required. Directors have implemented plans to introduce new cornerstone investors to the Company to raise sufficient funds to meet budgeted cash outflows for operations. To this end, directors are currently in various stages of negotiations with interested parties.
2. The Company has received letters of financial support from the Director and Company Secretary (loan holders) confirming that demand of loan funds and unpaid interest as at 31 December 2014 will not be made on the Company within the next 12 months unless the Company raises sufficient capital to meet its operational requirements.
3. The Company has received letters of support from current and retired Directors confirming that the outstanding Directors entitlements and retirement benefits will not be demanded from the Company within the next 12 months unless the Company raises sufficient capital to meet its operational requirements.
4. The consolidated entity's indicative cash flow forecast for the next twelve months includes significant cash outflows in relation to exploration and evaluation expenditure, which if need be, can be deferred or eliminated by the sale, joint venture or relinquishment of mining tenements. The consolidated entity has discretion over the quantum and timing of this type of expenditure.
5. Management of the consolidated entity are actively managing the current level of discretionary expenditures in line with the funds available to the consolidated entity.

Based on the above, the Directors are satisfied that, adequate plans are in place and that the Company is executing those plans to ensure it will have positive cash flows through to 27 February 2016 (12 months from date on review report).

On this basis the financial report has been prepared on the going concern basis. However the need to obtain additional funding indicates a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern.

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

**5. Estimates**

The preparation of interim financial reports 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 2014.

**6. Financial risk management**

All aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial report as at and for the year ended 30 June 2014.

**CHARTER PACIFIC CORPORATION LIMITED  
& ITS CONTROLLED ENTITIES**

**31 DECEMBER 2014 INTERIM FINANCIAL REPORT**

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**7. Operating segments**

For the six months ended 31 December 2014

	CORPORATE SERVICES		SHARE TRADING		EXPLORATION & EVALUATION		TOTAL	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$	\$	\$
Total external revenue	<u>270,000</u>	-	-	(861)	-	-	<u>270,000</u>	(861)
Inter-segment revenues	-	-	-	-	-	-	-	-
Reportable segment profit/(loss) before income tax	<u>270,000</u>	(709)	-	(861)	-	-	<u>270,000</u>	(1,570)
Reportable segment assets	-	-	<u>2</u>	<u>2</u>	<u>11,268,590</u>	<u>1,959,050</u>	<u>11,268,592</u>	<u>1,959,052</u>
Unallocated assets							<u>4,070,722</u>	<u>458,943</u>
Total assets							<u>15,339,314</u>	<u>2,417,995</u>
			<b>2014</b>	<b>2013</b>				
			\$	\$				
Total profit or loss for reportable segments			<u>270,000</u>	(1,570)				
			270,000	(1,570)				
Unallocated amounts			<u>(1,408,130)</u>	(1,639,965)				
Consolidated loss before income tax			<u>(1,138,130)</u>	<u>(1,641,535)</u>				

There were no major changes in segment assets during the period.

The Group comprises the following main operating segments:

- Corporate services – the Group provides corporate services to other companies.
- Share trading – the purchase and sale of listed investment securities to generate short-term profits.
- Exploration and Evaluation - the exploration of iron ore and gold permits.

**CHARTER PACIFIC CORPORATION LIMITED  
& ITS CONTROLLED ENTITIES**

**31 DECEMBER 2014 INTERIM FINANCIAL REPORT**

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**8. Trade and other receivables**

	<b>31-Dec-14</b>	<b>30-Jun-14</b>
	\$	\$
<b>CURRENT ASSETS</b>		
Trade and other receivables	<u>275,515</u>	<u>13,382</u>

**9. Exploration and evaluation expenditure**

	<b>31-Dec-14</b>	<b>30-Jun-14</b>
	\$	\$
Costs carried forward in respect of area of interest in:		
- exploration and evaluation phases	<u>11,268,590</u>	<u>2,262,060</u>
	<u>11,268,590</u>	<u>2,262,060</u>
Opening balance	2,262,060	1,810,939
Acquisitions during the period	8,806,589	-
Expenditure during the period	<u>199,941</u>	<u>451,121</u>
Closing balance	<u>11,268,590</u>	<u>2,262,060</u>

Ultimate recoupment of these costs is dependent on successful development and commercial exploration or alternatively sale of respective areas of interest.

In September 2014 the Company finalised first round funding for the acquisition of the advanced Hematite deposit permit 2138 in Mauritania by its subsidiary Legleitat Iron Mauritanie SA's (Legleitat) by securing a loan of US\$3M (incorporated in loans and borrowings of \$3,678,180 in the Statement of Financial Position) from its in-country partner and Legleitat shareholder, Wafa Mining & Petroleum for the initial payment of the permit to the Mauritanian Government. The loan amount of \$1,678,180 to Wafa is included in the loans and borrowings amount of \$5,559,713.

As part of the loan, Wafa Mining & Petroleum received an additional 10% equity in Legleitat Iron Mauritanie SA, increasing its equity position to 20%. The Mauritanian Government remains a 20% shareholder and Charter Pacific now holds 60% of the company.

No interest is payable on the loan.

The permit acquisition terms have been recorded in the Statement of Financial Position -

The acquisition cost of US\$10M over 5 years is made up as follows:

	This payment has been made
Initial payment on issue of Presidential Decree US\$3M by Charter Pacific	
1st anniversary of commencement of operations US\$2M payable by Wafa Mining & Petroleum,	Deferred payment balance of \$2,288,600
2nd anniversary of commencement of operations US\$2M payable by Charter Pacific,	Deferred payment balance of \$2,288,600
3rd anniversary of commencement of operations US\$2M payable by Wafa Mining & Petroleum,	Deferred payment balance of \$2,288,600
4th anniversary of commencement of operations US\$1M payable by Charter Pacific	Deferred payment balance of \$1,144,300

The present value calculations relating to deferred payments have a 20% discount factor which represents the loan and borrowings amount of \$5,691,280 in the Statement of Financial Position.

The commitments of Wafa in terms of payment for the permit have recorded as a non-current receivable and Charter Pacific's payment for the permit have been recorded as a non-current liability.

**CHARTER PACIFIC CORPORATION LIMITED  
& ITS CONTROLLED ENTITIES**

**31 DECEMBER 2014 INTERIM FINANCIAL REPORT**

**NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**10. Revenue**

Revenue predominantly relates to charges to Conquest for consulting fees uncharged services since January 2013 to November 2014 of \$270,000 and uncharged interest on outstanding loan balances since July 2012 to September 2014 of \$152,908. The balance of \$1,081 relates to other interest (2013:\$1,976).

**11. Other income**

Other income relates to recovery of the impaired loan to Conquest in the amount of \$11,000 plus a partial payment of \$250,000 for the assignment of Conquest's debt to the Company to a third party.

**12. Related parties**

**Transactions with key management personnel**

All related party transactions in the half year ended 31 December 2014 were on the same basis as those disclosed in the 30 June 2014 financial statements.

**13. Contingent liabilities**

No contingent liabilities exist as at 31 December 2014.

**14. Subsequent events**

There were no other matters or circumstances have arisen since the end of the financial period which have significantly affected or may significantly affect the operations of the Group, the results of the operations, or the state of affairs of the Group in future financial periods other than those mentioned in the interim financial report.

**CHARTER PACIFIC CORPORATION LIMITED  
& ITS CONTROLLED ENTITIES**

**31 DECEMBER 2014 INTERIM FINANCIAL REPORT**

**CHARTER PACIFIC CORPORATION LIMITED**

**DIRECTORS' DECLARATION**

In the opinion of the Directors of Charter Pacific Corporation Limited ("the Company"):

1. the financial statements and notes set out on pages 5 to 13, 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 2014 and of its performance for the six months period ended on that date; and
  - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
2. 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 in accordance with a resolution of the Directors:



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Kevin J Dart  
Director

Dated at Gold Coast this 27<sup>th</sup> day of February 2015.



Tel: +61 3 9603 1700  
Fax: +61 3 9602 3870  
www.bdo.com.au

Level 14, 140 William St  
Melbourne VIC 3000  
GPO Box 5099 Melbourne VIC 3001  
Australia

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Charter Pacific Corporation Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Charter Pacific Corporation Limited, which comprises the consolidated statement of financial position 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 Charter Pacific Corporation 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 Charter Pacific Corporation 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 Charter Pacific Corporation 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 4 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 future successful raising of necessary funding through equity, successful exploration and subsequent exploitation of the consolidated entity's tenements, and/or sale of non-core assets. These conditions, along with other matters as set out in Note 4, 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 East Coast Partnership



**James Mooney**  
Partner

Melbourne, 27 February 2015