

MUI CORPORATION LIMITED
(to be Re-Named Skyland Petroleum Limited)

ABN 54 072 350 817

REPORT
For the six months ended 31 December 2015

CONTENTS

	Page
CORPORATE INFORMATION	3
DIRECTORS' REPORT	4
AUDITOR'S INDEPENDENCE DECLARATION	10
CORPORATE GOVERNANCE STATEMENT	11
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	19
STATEMENT OF FINANCIAL POSITION	20
STATEMENT OF CASH FLOWS	21
STATEMENT OF CHANGES IN EQUITY	22
NOTES TO THE FINANCIAL STATEMENTS	23
DIRECTORS' DECLARATION	34
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MUI CORPORATION LIMITED	35
ASX ADDITIONAL INFORMATION	37

CORPORATE INFORMATION

DIRECTORS

Mr J Bell (Chairman)
Mr P Silva
Mr D Martino

COMPANY SECRETARY

Ms L Martino

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PRINCIPAL PLACE OF BUSINESS

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Sydney NSW 2000

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ASX CODE

Shares: MUI

COUNTRY OF INCORPORATION AND DOMICILE

Australia

DIRECTORS' REPORT

Your directors submit the financial report of MUI Corporation Limited ("the Company") for the six months ended 31 December 2015. In order to comply with the provisions of the Corporations Act, the directors report as follows:

Directors

The names of the Company's directors in office during the period and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated:

Mr John Bell
Mr Philip Silva
Mr Domenic Martino

The details of directors and company secretary who held office as at the date of this report are as follows.

Names, Qualifications and Experience

John Bell (Chairman, Non-Executive Director)

Mr Bell graduated from the University of Aston with a B.Sc. (Hons) in Administrative Science, is a Fellow of the Chartered Institute of Management Accountants (UK), a Chartered Global Management Accountant and a Fellow of CPA Australia.

Mr Bell brings extensive experience in strategic, financial and commercial management and governance to the Company. He has had experience as Chairman, CEO, COO, CFO, Director and Company Secretary of a number of ASX listed and venture capital backed companies and specialises in rebuilding value in organisations. He also has extensive experience with multinational companies in the media and entertainment, cable manufacturing, engineering and industrial products industries and has worked in Europe, North and South America, Africa and Asia Pacific. His industry experience covers a wide range including mining exploration, mining services, investment banking, entertainment, technology, medical devices and renewable energy.

During the past three years Mr Bell held no other directorships in ASX listed companies.

Phil Silva (Non-Executive Director)

Mr Silva is a partner of Creative Resources & Distribution and an associate with the Institute of Independent Business (IIB) specialising in management consulting across a range of companies and sectors locally and internationally.

Mr Silva has developed deep knowledge in the IT, telecoms, contact centre and interactive media industries. He has held a number of positions as a Managing Director, Director and Vice President for a number of local private and international public companies.

His primary focus is generating profitable sales returns for his clients both locally and internationally.

During the past three years Mr Silva held a directorship in ASX listed company Synergy Plus Limited (25 September 2015 to current).

Domenic Martino (Non-Executive Director)

Mr Martino is a Chartered Accountant and an experienced director of ASX listed companies. Previously CEO of Deloitte Touch Tohmatsu in Australia, he has significant experience in the development of "micro-cap" companies.

Mr Martino is a key player in the re-birth of a broad grouping of ASX companies including Cokal Limited, Pan Asia Corporation Limited, Clean Global Energy Limited (renamed Citation Resources Ltd) and NuEnergy Capital Limited. He has a strong reputation in China, with a lengthy track record of operating in Papua New Guinea (PNG) and Indonesia, where he has successfully closed key energy and resources deals with local players. He has a proven track record in capital raisings across a range of markets.

Mr Martino was a recipient of the Centenary Medal 2003 for his service to Australian society through business and the arts.

During the past three years Mr Martino held the following directorships in other ASX listed companies:

Australasian Resources Ltd (27 November 2003-Current), Cokal Ltd (24 December 2010-Current), South Pacific Resources Ltd (3 August 2012-Current), ORH Limited (6 May 2009-Current), Pan Asia Corporation Ltd (24 December 2010-Current), Synergy Plus Ltd (7 July 2006-Current) and Food Revolution Group Limited (11 February 2016 to current).

Louisa Martino (Company Secretary)

Ms Martino provides company secretarial and accounting services through Transaction Services Pty Ltd. Prior to this she was the Chief Financial Officer of a private company during its stage of seeking investor financing.

Ms Martino previously worked for a corporate finance company, assisting with company compliance (ASIC and ASX) and capital raisings. She also has experience working for a government organisation in its Business Development division where she performed reviews of business opportunities and prepared business case documents seeking Government funding.

Ms Martino previously worked for a major accounting firm in Perth, London and Sydney where she provided corporate advisory services, predominantly on IPOs and mergers and acquisitions and also performed due diligence reviews. She has a Bachelor of Commerce from the University of Western Australia, is a member of Chartered Accountants Australia and New Zealand and a member of the Financial Services Institute of Australasia (FINSIA).

DIRECTORS' REPORT (continued)

Interest in the Shares and Options of the Company

As at the date of this report, directors had nil interests in the shares and options of the Company.

Dividends

No dividends have been paid or declared since the start of the period and the directors do not recommend the payment of a dividend in respect of the period.

Principal Activities

The principal activity of the Company during the financial period was the licensing of copyright for feature films. There have been no other significant changes in the nature of those activities during the period.

Review of Operations

Acquisition of Skyland Petroleum Group Limited

On 20 November 2015 the Company entered in to a conditional term sheet to acquire 100% of Skyland Petroleum Group Limited ("SPG") (the "Transaction"). SPG identifies strategic opportunities for the development and operation of oil and gas projects predominantly in the former Soviet Union. As part of the Transaction, MUI sought shareholder approval to effect:

- 1) A 50 to 1 share consolidation;
- 2) A capital raising of up to \$17 million;
- 3) Change in the nature and scale of the business;
- 4) MUI to issue up to 13 million shares (post-consolidation) at an issue price of \$0.10 per Share for the conversion of a convertible note previously issued by the Company; and
- 5) MUI to acquire SPG via the issue of 798,647,010 Shares (post-consolidation) at an issue price of \$0.10 per Share;

As conditions precedent to the Transaction, MUI will change its name to "Skyland Petroleum Limited", the Company will convert to equity the convertible note on its balance sheet, ASX approval for re-listing is to be obtained and the Board of MUI, with the exception of Mr Martino, will resign and be replaced by new Board members nominated by SPG. These terms were incorporated into a Share Exchange agreement that was signed with the Vendors of SPG on 29 January 2016.

Option held over AusAsia

On 14 March 2014, the Company entered in to a Put and Call Option Deed with AusAsia on the following terms:

- AusAsia Energy Pty Ltd ("AusAsia") grants a call option to MUI to purchase the shares of its wholly owned subsidiary, JEMS Exploration Pty Ltd ("Shares"), which holds the Grey Ranges and Laura Basin exploration tenements ("Call Option") as follows:
 - Queensland Exploration Permit for Coal EPC 2510 – Grey Ranges;
 - Queensland Exploration Permit for Coal EPC 2544 – Grey Ranges;
 - Queensland Exploration Permit for Coal EPC 2557 – Grey Ranges; and
 - Queensland Exploration Permit for Coal EPC 2755 – Laura Basin;
- MUI grants to AusAsia a put option to require MUI to purchase the Shares, which can only be exercised if MUI does not exercise the Call Option, on terms and conditions contained in the Share Purchase Agreement ("Put Option");
- The expiry date of the Put and Call Options is 15 December 2014 (since extended to 15 December 2016);
- The conditions to be met prior to exercising the options are as follows:
 - MUI obtaining all shareholder approvals necessary;
 - Compliance with Chapters 1 and 2 of the ASX Listing Rules as a result of the application of Listing Rule 11;
 - JEMS remaining the holder of the tenements, and all such tenements remaining in good standing; and
 - MUI being satisfied with its due diligence investigations in respect of JEMS and the tenements.

MUI explored a number of alternatives to maximise the value of the call option. The Company agreed binding terms with AusAsia to relinquish MUI's call option to purchase JEMS and for the repayment of MUI's loan to AusAsia as follows:

1. AusAsia will pay MUI:
 - a. An initial cash payment of \$1,200,000; and
 - b. \$4,800,000 in cash by 15 December 2015.
2. MUI will release its security upon receipt of the last of the above payments.
3. The Loan Facility Agreement with AusAsia extends to 15 December 2015 (subsequently extended to December 2016); and
4. Should the transaction not complete by 15 December 2015 with the payment of \$4,800,000 (assuming the \$1,200,000 has been paid), AusAsia will relinquish 30% of the shares of JEMS to a third party nominated by AusAsia and MUI will retain its option to acquire 70% of the shares of JEMS. In this event the security as mentioned above will continue (except to the extent of the 30% of shares in JEMS is transferred to the party nominated by AusAsia).

To date the Company has received \$160,000 of the above consideration as repayment of the AusAsia loan.

DIRECTORS' REPORT (continued)

AusAsia has not made any further payment of instalments and consequently the Directors believe that it is prudent for the Company to fully provide for the loan in the financial statements. The Directors are currently identifying other avenues for the call option. MUI is also reviewing its options in respect of the security and guarantee held in respect of the loan.

Financial Position

The net assets of the Company have decreased by \$325,093 from 30 June 2015 to net liabilities of \$1,127,598 as at 31 December 2015.

Operating Results for the Period

The statement of profit or loss and other comprehensive income for the six months to 31 December 2015 shows a net loss attributable to members of \$255,510 (12 months to 30 June 2015: loss \$3,908,328).

Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the Company during the period.

Significant Events after the Reporting Date

On 18 February 2016, the Company held a General Meeting where shareholder approval was obtained (amongst other items) for the acquisition of Skyland Petroleum Group Limited. From this date the Company was suspended from trading on ASX.

The Company has since completed a consolidation of its capital on the basis of 1 new share for every 50 shares held. Fractions have been rounded up to the nearest whole share. In addition, the Company has completed its capital raising, raising a total of \$14.25 million.

As announced on 3 March 2016, the acquisition of Skyland Petroleum Group Limited is nearing completion with the majority of key requirements having been satisfied. The Company is currently seeking ASX confirmation of re-compliance with Chapters 1 and 2 of the ASX Listing Rules to allow recommencement of trading on ASX. This is also a condition precedent to the acquisition of Skyland Petroleum Group Limited.

Likely Developments and Future Results

It is likely that the acquisition of Skyland Petroleum Group Limited will complete and the Company will change the nature of its business to oil and gas exploration and development.

Environmental Regulation and Performance

The Company was not subject to any environmental regulations or licences during the financial period.

Indemnification and Insurance of Officers and Auditors

During the period, the Company paid a premium in respect of a contract insuring the directors of the Company (as named above), the company secretary, Ms L Martino and any related body corporate against a liability incurred as such against a director or secretary to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Company has not otherwise, during or since the end of the reporting period, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the period.

DIRECTORS' REPORT (continued)

REMUNERATION REPORT (Audited)

This report outlines the remuneration arrangements in place for the directors and executives of the Company. The following persons acted as directors during or since the end of the financial period:

Mr J Bell	Director (non-executive)
Mr P Silva	Director (non-executive)
Mr D Martino	Director (non-executive)

The previous remuneration report was passed at the Company's 2015 Annual General Meeting held on 25 November 2015. There were no comments provided by shareholders in respect of the previous remuneration report.

Remuneration Philosophy

The performance of the Company depends upon the quality of the directors and executives. The philosophy of the Company in determining remuneration levels is to:

- set competitive remuneration packages to attract and retain high calibre employees;
- link executive rewards to shareholder value creation; and
- establish appropriate, demanding performance hurdles for variable executive remuneration.

The Board of Directors of the Company is responsible for determining and reviewing compensation arrangements for the directors.

The Board of Directors assesses the appropriateness of the nature and amount of remuneration of directors on a periodic basis by reference to relevant employment market conditions with an overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team. A remuneration consultant has not been engaged by the Company to provide recommendations in respect of remuneration, given the size of the entity and its structure.

Non-executive Director Remuneration

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The last determination was at the General Meeting held on 18 February 2016 when shareholders approved an aggregate remuneration of \$500,000 per year.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed periodically. The Board considers fees paid to non-executive directors of comparable companies when undertaking the annual review process.

The remuneration of non-executive directors for the six months ended 31 December 2015 is detailed in the ensuing pages.

Executive Remuneration

Remuneration of the executive directors is based on fees approved by the Board of Directors and is set at levels to reflect market conditions and encourage the continued services of the director.

The remuneration of the executive directors for the period ended 31 December 2015 is detailed in the ensuing pages.

There were no employment contracts in place during the financial period.

DIRECTORS' REPORT (continued)

Remuneration of Directors

Directors' remuneration for the six months ended 31 December (year ended 30 June):

		Salary & Fees	Total
J Bell	Dec 2015	18,000	18,000
	June 2015	36,000	36,000
P Silva	Dec 2015	18,000	18,000
	June 2015	36,000	36,000
D Martino	Dec 2015	18,000	18,000
	June 2015	36,000	36,000
Total	Dec 2015	54,000	54,000
	June 2015	108,000	108,000

Directors' interests in the Shares and Options of the Company

Shares held in the Company

Nil shares were held by directors in the Company during the six months to December 2015 (June 2015: Nil).

Options held in the Company (number)

Nil options were held by directors in the Company during the six months to December 2015 (June 2015: Nil).

Other transactions with directors

Below are transactions carried out between the Company and related parties of directors.

- 1) Mr Martino is a director of AusAsia Energy Pty Ltd ("AusAsia") and JEMS Exploration Pty Ltd. As at 31 December 2015, AusAsia owed the Company \$3,487,780. The loan is interest free provided full repayment of the funds lent is made prior to the expiry date. Default interest accrues at 12% p.a.;

Mr Martino has provided a personal guarantee to unconditionally and irrevocably guarantee the payment of loan amount and any accrued or capitalised interest.

MUI also currently holds a call option to purchase 100% of the shares of JEMS Exploration Pty Ltd ("JEMS"), a company that owns four Exploration Permits for Coal in Queensland from AusAsia Energy Pty Ltd ("AusAsia").

- 2) Mr Martino's son is the sole director of Transaction Services Pty Ltd, a company that provides MUI with company secretarial, accounting, office rental and secretarial services. The amount payable to Transaction Services Pty Ltd for the six months to 31 December 2015 totalled \$122,478. As at 31 December 2015, \$259,115 was owing to Transaction Services Pty Ltd; and
- 3) Mr Martino's son is the sole director of Minimum Risk Pty Ltd, a company that provides MUI with underwriting services. The latest underwriting agreement was entered in to in September 2013 (prior to Minimum Risk Pty Ltd being a related party), entitling Minimum Risk Pty Ltd to an underwriting fee equal to 6% of the amount raised plus options. In January 2014, \$500,000 was raised under this underwriting agreement, creating an amount payable to Minimum Risk Pty Ltd of \$30,000 plus 37,313,433 options (with an exercise price of \$0.001 and expiry date 3 years from the date of issue). These options are yet to be issued, but the associated expense of \$13,433 has been accrued in the accounts. As at 31 December 2015, a total of \$62,816 was owing to Minimum Risk Pty Ltd for underwriting services.

THIS CONCLUDES THE REMUNERATION REPORT WHICH HAS BEEN AUDITED.

DIRECTORS' REPORT (continued)

Directors' Meetings

The number of meetings of directors held during the period and the number of meetings attended by each director were as follows:

	Eligible Director Meetings Held	Director Meetings Attended
Mr J Bell	1	1
Mr P Silva	1	1
Mr D Martino	1	1

Committee Membership

As at the date of this report, the Company has no committees.

The Board's view is that the Company is not at a size that justifies having separate committees. However, matters typically dealt with by various committees are dealt with by the Board.

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of MUI Corporation Ltd support the principles of corporate governance. The Company's corporate governance statement is contained after this directors' report.

Options

At the date of this report, the unissued ordinary shares of MUI Corporation Limited under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Option
2 December 2013	3 December 2016	5 cents	1,000,000

In addition to the above and as announced on 30 September 2013, the Company entered into an underwriting agreement whereby 50 million options will be issued to the underwriter on completion of a share placement to take place for the issue of 670,000,000 shares to eligible persons at an issue price of 0.1 cents per share raising \$670,000 (before the costs of the issue). The terms of these options will be an expiry date 3 years from issue and an exercise price of 5 cents. On 31 January 2014, the underwriter completed the placement of 500,000,000 shares, entitling the underwriter to an underwriter fee of \$30,000 plus 746,267 options.

Option holders do not have any rights to participate in any issues of shares or other interests in the company or any other entity.

During the period ended 31 December 2015 nil (June 2015: nil), ordinary shares of the Company were issued on the exercise of options granted. No further shares have been issued since period-end. No amounts are unpaid on any of the shares.

No person entitled to exercise the option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

Auditor Independence

Section 307C of the Corporations Act 2001 requires our auditors, William Buck, to provide the directors of the Company with an Independence Declaration in relation to the audit of the annual report. This Independence Declaration is attached to and forms part of this directors' report for the period ended 31 December 2015.

Non-Audit Services

The auditors provided no non-audit services during the financial period;

Since 31 December 2015, the auditor has prepared an Investigating Accountant's Report for the Prospectus lodged with ASIC on 4 February 2016 and 18 February 2016.

The Directors report, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.



John Bell

Chairman

Dated this 10th day of March 2016

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001 TO THE DIRECTORS OF MUI CORPORATION LIMITED**

I declare that, to the best of my knowledge and belief during the six months ended 31 December 2015 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

N. S. Benbow

N. S. Benbow
Director

Dated this 10th day of March, 2016

**CHARTERED ACCOUNTANTS
& ADVISORS**

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CORPORATE GOVERNANCE STATEMENT

The Board of Directors of MUI Corporation Ltd (the “Company” or “MUI”) is responsible for the corporate governance of the Company, having regard to the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd edition). The Board guides and monitors the business and affairs of MUI on behalf of the shareholders by whom they are elected and to whom they are accountable.

The Corporate Governance Council's principles are summarised as follows:

Principle 1 Lay solid foundations for management and oversight

Principle 2 Structure the board to add value

Principle 3 Act ethically and responsibly

Principle 4 Safeguard integrity in corporate reporting

Principle 5 Make timely and balanced disclosure

Principle 6 Respect the rights of security holders

Principle 7 Recognise and manage risk

Principle 8 Remunerate fairly and responsibly

This statement outlines the main corporate governance practices in place during the six months ended 31 December 2015, which comply with the ASX Corporate Governance Council recommendations, except where noted.

This Corporate Governance Statement is current as at 10 March 2016 and has been adopted by the Board.

To ensure that the Board is well equipped to discharge its responsibilities, it has established guidelines and accountability as the basis for the administration of corporate governance.

Role of the Board

The key responsibilities of the Board include:

- Setting strategic direction of the company, establishment of goals for management and monitoring the achievement of these goals,
- Appointing the Chair,
- Appointment and removal of the Chief Executive Officer including determination of conditions of service and monitoring of performance,
- Ratification of the appointment and, if appropriate removal of, the Chief Financial Officer (or equivalent), the Company Secretary and / or other senior executives (if any),
- Approving the entity's remuneration framework,
- Overseeing management's implementation of the entity's strategic objectives and its performance generally,
- Overseeing the integrity of the entity's accounting and corporate reporting systems, including the external audit,
- Approval and monitoring of progress of operating budgets, major capital expenditure, capital management and acquisitions,
- Setting and reviewing systems of risk management and internal compliance and control, codes of conduct and legal compliance including ensuring compliance with continuous disclosure requirements.

CORPORATE GOVERNANCE STATEMENT (continued)

Structure of the Board

Directors of the Company are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with or could reasonably be perceived to materially interfere with the exercise of their unfettered and independent judgment.

Factors relevant to assessing independence of a director are contained in box 2.3 of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd edition). Generally, these are as follows:

Using these factors, generally an independent director is a non-executive director (i.e. is not a member of management) and:

- within the last three years has not been employed in an executive capacity by the Company or its subsidiaries, or been a director after ceasing to hold any such employment;
- within the last three years is not a principal or employee of a professional adviser to the Company or its subsidiaries;
- within the last three years is not a significant supplier or customer of the Company or its subsidiaries, or an officer of or otherwise associated directly or indirectly with a significant supplier or customer. A significant supplier is defined as one whose revenues from the Company are a material amount of the supplier's total revenue. A significant customer is one whose amounts payable to the Company are a material amount of the customer's total operating costs;
- is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- has no material contractual relationship with the Company or its subsidiaries other than as a director of the Company;
- has no close family ties with any person who falls within any of the categories described above; or
- has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company; and

Two of the directors of the Company are considered to be independent. Mr Martino is a director of AusAsia Energy Pty Ltd and Jems Exploration Pty Ltd with whom the Company has entered into a material contractual relationship and is therefore not independent. In accordance with director duties and Div 2 of Pt 2D.1, as Mr Martino has a personal interest in certain matters he is excluded from attending director meetings about, or voting on, these matters.

There are procedures in place, agreed by the Board, to enable the Directors in furtherance of their duties to seek independent professional advice at the Company's expense.

The term in office held by each director is as follows:

Name	Term
J Bell	4 years, 1 month
P Silva	4 years, 1 month
D Martino	2 years

When a Board vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the service of a new director with particular skills, the Board will document the process behind a recommendation for a candidate or panel of candidates with the appropriate expertise.

The Board then appoints the most suitable candidate who must stand for election at the next general meeting of shareholders.

Board and Senior Executive Responsibilities

As the Board acts on behalf of and is accountable to the shareholders, it seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks.

Currently the entire Board acts in a management capacity as there are no senior executives. Those items discussed below in the Board Charter as being dealt with by the Managing Director are currently dealt with by the Board.

The Company has a board charter that discloses the specific responsibilities of the Board, and those delegated to senior executives. The responsibility for the operation and administration of the Company is delegated by the Board to the Managing Director (currently the entire Board). The Board ensures that the Managing Director is appropriately qualified and experienced to discharge his responsibilities, and has in place procedures to assess the performance for the Company's officers, contractors and consultants. Senior executives are responsible for reporting all matters which fall within the Company's materiality thresholds at first instance to the Managing Director or, if the matter concerns the Managing Director, directly to the Chairman. If there is no Chairman in place, the matter is to be reported to the independent directors.

The Board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risks identified by the Board. It has a number of mechanisms in place to ensure this is achieved, including the following:

CORPORATE GOVERNANCE STATEMENT (continued)

- implementation of operating plans and budgets by management and Board monitoring progress against budget; and
- procedures to allow directors, in the furtherance of their duties, to seek independent professional advice at the Company's expense.

Board Skills Matrix

The Board uses a skills matrix to guide its assessment of the skills and experience of current Directors, and those skills that the Board considers will complement the effective functioning of the Board. Current Directors possess a range of professional skills summarised in the following table:

Corporate governance and compliance	66%
Strategy / business analysis	100%
Geographic experience – Asia Pacific	100%
Financially knowledgeable	66%
M&A experience / equity / capital markets	100%
Risk management skills / experience	66%
Other for profit directorship experience	100%

Remuneration and Nomination Committee

The Board has not established a formal Remuneration and Nomination Committee. The full Board attends to the matters normally attended to by a Remuneration and Nomination Committee. Remuneration levels are set by the Company in accordance with industry standards to attract suitable qualified and experienced Directors.

For full discussion of the Company's remuneration philosophy and framework and the remuneration received by Directors and executives in the current period please refer to the Remuneration Report, which is contained within the Directors' Report.

There is no scheme to provide retirement benefits to Non-Executive Directors.

Audit and Risk Management Committee

The Board has not established an Audit and Risk Management Committee. The full Board attends to the matters normally attended to by such a Committee.

The Board acknowledges that when the size and nature of the Company warrants an Audit and Risk Management Committee that the Committee will operate under a Charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the Company. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of key performance indicators.

The Board will delegate responsibility for establishing and maintaining a framework of internal control and ethical standards to the Audit and Risk Management Committee as and when it is formed.

The Company's Policy is to appoint external auditors who clearly demonstrate independence. The performance of the external auditor is reviewed annually by the Board. The Corporations Act provides a policy of rotating the audit partner at least every 5 years.

Risk Management

The Company takes a proactive approach to Risk Management. The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the Company's objectives and activities are aligned with the risks and opportunities identified by the Board.

In addition to the fact that the Company is not of a size and nature to warrant a separate committee, the Board believes that it is crucial for all Board members to be a part of this process, and as such has not established a separate risk management committee.

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board, including implementation of Board approved operating plans and budgets and Board monitoring of progress against these budgets, including the establishment and monitoring of performance indicators of both a financial and non-financial nature.

CORPORATE GOVERNANCE STATEMENT (continued)

BEST PRACTICE RECOMMENDATION

Set out below are the 8 Principles of Good Corporate Governance and Best Practice Recommendations as outlined by the ASX Corporate Governance Council (3rd edition).

Best Practice Recommendation	Action Taken
<p>Principle 1: Lay solid foundation for management and oversight</p> <p>1.1 A listed entity should disclose:</p> <p>(a) The respective roles and responsibilities of its board and management; and</p> <p>(b) Those matters expressly reserved to the board and those delegated to management</p> <p>1.2 A listed entity should:</p> <p>(a) Undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>(b) Provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</p> <p>1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their employment.</p> <p>1.4 The company secretary of a listed entity should be accountable directly to the board, through the chair; on all matters to do with the proper functioning of the board.</p> <p>1.5 A listed entity should:</p> <p>(a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;</p> <p>(b) disclose that policy or a summary of it; and</p> <p>(c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them and either:</p> <p>(1) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.</p> <p>1.6 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>The Company's corporate governance policies include a board charter that discloses the specific responsibilities of the Board, and those delegated to senior executives. Currently the responsibility for the operations and administration of the Company is with the Board as, given the Company's current position, there is no senior executive / separate management team.</p> <p>The Board identifies potential candidates and may take advice from an external consultant. Potential new directors are subject to appropriate and prudent background and screening checks prior to appointment. Board candidates must stand for election at the next general meeting of shareholders following such appointment, where information is set out to shareholders including; biographical details, other material directorships, any material adverse information revealed by checks and details of interest, position, association or relationship that might have influence.</p> <p>The Company does not adhere to letters of appointment for directors. Their service is on a month to month basis. The performance of all senior executives is reviewed annually by the Chairman or independent directors which includes measuring actual performance against planned performance. There were no senior executives employed by the Company during the period.</p> <p>The Company Secretary reports directly to the Board and supports the Board by advising on governance matters, monitoring implementation of policy and procedures, co-ordinating and timely despatch of Board papers and ensuring minutes accurately capture the business conducted at Board meetings.</p> <p>The Company continues to strive towards achieving objectives established towards increasing diversity. It does not propose to establish measurable gender diversity objectives in the future as:</p> <ul style="list-style-type: none"> The Company's Directors and senior executives is a small, stable team of experienced personal; and The Company is committed to making all selection decisions on the basis of merit. Setting specific objectives for such a small team would potentially influence decision making to the detriment of the Company. <p>At the end of the reporting period (31 December 2015), the Board of Directors consisted of three men and the Company Secretary is female.</p> <p>Evaluations of the Board, committees and individual directors occurred during the period. The Company has not disclosed the basis of such evaluation processes. The Board takes ultimate responsibility for these matters and does not consider disclosure of performance evaluation necessary at this stage.</p>

CORPORATE GOVERNANCE STATEMENT (continued)

Best Practice Recommendation	Action Taken
<p>1.7 A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p> <p>Principle 2: Structure the Board to add value</p> <p>2.1 The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; OR</p> <p>(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p> <p>2.2 A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.</p> <p>2.3 A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p> <p>2.4 A majority of the board of a listed entity should be independent directors.</p> <p>2.5 The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.</p> <p>2.6 A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.</p>	<p>The Managing Director is responsible for annual evaluations of senior executives (if any). There are no senior executives (who are not directors) and therefore no evaluations of senior executives took place during the period, nor has the Company disclosed the basis of such evaluation processes adopted by the Company. The Board takes ultimate responsibility for these matters and does not consider disclosure of performance evaluation necessary at this stage.</p> <p>The Company is not of a size that justifies having a separate nomination committee. However, matters typically dealt with by such a committee are dealt with by the full Board.</p> <p>As part of its usual role, the full Board oversees the appointment and induction process for directors, and the selection, appointment, evaluation and succession planning process of the Company's directors and senior executives. When a vacancy exists or there is a need for a particular skill, the Board determines the selection criteria that will be applied. The Board then identifies suitable candidates, with assistance from an external consultant if required, and will interview and assess the selected candidates.</p> <p>Refer "Board Skills Matrix" above.</p> <p>Two of the three Board members are considered independent. Mr Bell and Mr Silva.</p> <p>Mr Bell has been executive director, however it has been in this interim whilst the Company looks for potential projects. This is not considered to affect his independence.</p> <p>The length of service of each director is set out above under "Structure of the Board".</p> <p>The majority of the board is independent. To assist the Directors with independent judgement, it is the Board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval from the Chairman or independent directors for incurring such expense, the Company will pay the reasonable expenses associated with obtaining such advice.</p> <p>The Chairman of the Company is independent.</p> <p>The Company has an informal process to educate new directors about the nature of the business, current issues, the corporate strategy and the expectations of the Company concerning performance of directors. Directors also have the opportunity to visit the Company's areas of interest and meet with management to gain a better understanding of business operations. Directors are encouraged to undertake continuing professional education and, if this involves industry seminars and approved education courses, where appropriate, this is paid for by the Company.</p>

CORPORATE GOVERNANCE STATEMENT (continued)

Best Practice Recommendation	Action Taken
<p>Principle 3: Act Ethically and Responsibly</p> <p>3.1 A listed entity should:</p> <ul style="list-style-type: none"> (a) have a code of conduct for its directors, senior executives and employees; and (b) disclose that code or a summary of it. 	<p>The Company recognises the need for Directors and employees to observe the highest standards of behaviour and business ethics in conducting its business activities and intends to maintain a reputation of integrity. The Company has subscribed to a general Code of Conduct. The Code of Conduct lists the standards of ethical behaviour that are expected to be met by the Directors and employees of the Company. Such persons are also expected to meet the ethical standards of any professional bodies they belong to. Any breaches of the Code of Conduct are to be reported to the Chairman for notification to the Board. The Board will decide on appropriate disciplinary action and may report breaches to the appropriate authorities.</p> <p>All Directors, managers and employees are required to act honestly, in good faith and in the best interests of the Company while exercising due care and diligence, recognising and respecting their responsibility to shareholders and other stakeholders of the Company. All Directors, managers and employees of the Company are required to act in an ethical manner at all times, avoiding conflicts of interest and observing the principals of independence in decision-making.</p>
<p>Principle 4: Safeguard integrity in corporate reporting</p> <p>4.1 The board of a listed entity should:</p> <ul style="list-style-type: none"> (a) have an audit committee which: <ul style="list-style-type: none"> (1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: <ul style="list-style-type: none"> (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; OR (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner <p>4.2 The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p> <p>4.3 A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.</p>	<p>The Board is of the view that given the current size of the Company and the size and composition of the Board, that there would be no efficiencies or other benefits gained by having a separate audit committee. However, the issues relevant to the integrity of the Company's financial reporting typically dealt with by such a committee are dealt with by the full Board. The Company has as a standing agenda item at each Board meeting to deal with any audit related matters that would normally be carried out by an audit committee.</p> <p>The Chairman and Company Secretary/Chief Financial Officer (CFO) provide a certification to the Board on the integrity of the Company's external financial reports for the half-year and full year. The Chairman and CFO also provide assurance to the Board that the declaration provided in accordance with section 295A of the Corporations Act 2001 is founded on a sound system of risk management and internal control, and that the system is operating effectively in all material respects in relation to financial reporting risks. In addition, reporting of the management of the Company's material business risks, forms part of routine management reporting to the Board.</p> <p>The Company receives assurances from the Chairman and CFO in respect of the yearly and half-yearly financial statements. Given the volume of accounting transaction and the size of the management team, quarterly assurances are not considered necessary.</p> <p>The performance of the external auditor is reviewed annually. It is both the Company's and the auditor's policy to rotate audit engagement partners at least every five years.</p> <p>The external auditor provides an annual declaration of their independence to the Board. The external auditor is requested to attend annual general meetings and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.</p>

CORPORATE GOVERNANCE STATEMENT (continued)

Best Practice Recommendation	Action Taken
<p>Principle 5: Make timely and balanced disclosure</p> <p>5.1 A listed entity should:</p> <ul style="list-style-type: none"> (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it. 	<p>MUI has a formal written policy for the continuous disclosure of any price sensitive information concerning the Company. The Board has also adopted a formal written policy covering arrangements to promote communications with shareholders and to encourage effective participation at general meetings.</p> <p>The Chairman and the Company Secretary have been nominated as the Company's primary disclosure officers.</p> <p>MUI is committed to providing shareholders and stakeholders with extensive, transparent, accessible and timely communications on the Company's activities, strategy and performance.</p>
<p>Principle 6: Respect the rights of security holders</p> <p>6.1 A listed entity should provide information about itself and its governance to investors via its website.</p> <p>6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p> <p>6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.</p> <p>6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>	<p>The Company has only a basic website.</p> <p>The Company does not currently have an investor relations program; however, shareholders are able to contact the company secretary or board directly should they have any queries / comments.</p> <p>The Board encourages full participation of shareholders at the Annual General Meeting, to ensure a high level of accountability and identification with the Company's strategy and goals.</p> <p>The Company does not currently have the facilities to send and receive correspondence electronically with shareholders. The directors will review this option, in light of the cost associated with maintaining the electronic system for communication</p>
<p>Principle 7: Recognise and manage risk</p> <p>7.1 The board of a listed entity should:</p> <ul style="list-style-type: none"> (a) have a committee or committees to oversee risk, each of which: <ul style="list-style-type: none"> (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose; (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; OR (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework. <p>7.2 The board or a committee of the board should:</p> <ul style="list-style-type: none"> (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place. 	<p>The Company is not currently considered to be of a size, nor are its affairs of such complexity to justify the establishment of a separate risk management committee. Instead, the Board, as part of its usual role and through direct involvement in the management of the Company's operations ensures risks are identified, assessed and appropriately managed. Where necessary, the Board draws on the expertise of appropriate external consultants to assist in dealing with or mitigating risk.</p> <p>The Company has in place policies and procedures, including a risk management framework, which is developed and updated to help manage these risks.</p> <p>The Company's risk management policy is designed to provide the framework to identify, assess, monitor and manage the risks associated with the Company's business.</p> <p>Main areas of risk include credit risk, fluctuating commodity prices and exchange rate fluctuation, political and economic climate, exploration and development and continuous disclosure obligations. Regular consideration is given to these matters by the Board.</p> <p>The Company has in place an internal control framework to assist in identifying, assessing, monitoring and managing risk. This framework includes quarterly financial reporting, maintenance of and adherence to the Company's continuous disclosure policy and regular informal operations reports provided by Directors to the Board.</p> <p>The Company's internal control system is monitored by the Board and assessed regularly to ensure effectiveness and relevance to the Company's current and future operations.</p> <p>The Company has a small management team who interact with directors on a regular basis and ensures constant communication of material business risks.</p>

CORPORATE GOVERNANCE STATEMENT (continued)

Best Practice Recommendation	Action Taken
<p>7.3 A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; OR</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p> <p>7.4 A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>The Company does not have a formally established internal audit function. The Board ensures compliance with the internal controls and risk management procedures previously mentioned.</p> <p>The Company has an outstanding loan from AusAsia Energy Pty Ltd and an option to purchase exploration licences in Qld and, as such, it faces risks inherent to its business, including credit risk, economic, environmental and social sustainability risks, which may materially impact the Company's ability to create or preserve value for security holders over the short, medium or long term.</p> <p>The Company views sustainable and responsible business practices as an important long term driver of performance and shareholder value and is committed to transparency, fair dealing, responsible treatment of employees and partners and positive interaction with the community.</p>
<p>Principle 8: Remunerate fairly and responsibly</p> <p>8.1 The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director, and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; OR</p> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p> <p>8.2 A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p> <p>8.3 A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	<p>The Board has not established a formal remuneration committee. The full Board attends to the matters normally attended to by a remuneration committee. Remuneration levels are set by the Company in accordance with industry standards to attract suitable qualified and experienced directors and senior executives.</p> <p>For full discussion of the Company's remuneration philosophy and framework and the remuneration received by directors and executives in the current period, please refer to the Remuneration Report, which is contained within the Directors' Report.</p> <p>Non-executive Directors receive fees which are determined by the Board within the aggregate limit set by the shareholders at a general meeting.</p> <p>Executive Directors' remuneration is determined by the Board with reference to current market rates and remuneration paid to executives in comparable listed companies determined by the size and nature of operations.</p> <p>Remuneration for all Directors and key management personnel has been disclosed in the Directors' Report.</p> <p>There is no formal equity-based remuneration scheme, however shares and options can be issued as part remuneration. Securities can only be issued to Company Directors under a resolution at a general meeting of shareholders. The Directors and senior executives who participate in equity-based remuneration are prohibited from entering into transactions or arrangements that limit the economic risk of participating in unvested entitlements or entitlements subject to a holding lock.</p>

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE PERIOD ENDED 31 December 2015

	Notes	Dec 2015 \$	June 2015 \$
Revenue	2(a)	1	137
Corporate administrative expenses	2(b)	(230,586)	(375,751)
Impairment of financial asset	7	(609)	(3,487,171)
Finance costs		(24,316)	(45,543)
Loss before income tax expense		(255,510)	(3,908,328)
Income tax expense	3	-	-
Loss after tax attributable to the company		(255,510)	(3,908,328)
Other Comprehensive Income			
Other comprehensive income, net of income tax		-	-
Total comprehensive loss for the period attributable to the company		(255,510)	(3,908,328)
Basic loss per share (cents per share)	4	(0.01)	(0.11)
Diluted loss per share (cents per share)	4	(0.01)	(0.09)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 December 2015

	Notes	Dec 2015 \$	June 2015 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5 (a)	12,716	45,584
Trade and other receivables		49,588	26,833
Other current assets	6	20,000	20,000
Total Current Assets		82,304	92,417
Total Non-Current Assets		-	-
Total Assets		82,304	92,417
LIABILITIES			
Current Liabilities			
Trade and other payables		549,201	278,538
Financial liability		20,000	-
Convertible notes	8	640,701	616,384
Total Current Liabilities		1,209,902	894,922
Total Liabilities		1,209,902	894,922
Net Assets / (Liabilities)		(1,127,598)	(802,505)
EQUITY			
Issued capital	9	35,694,847	35,764,430
Options reserve	10	31,784	31,784
Accumulated losses		(36,854,229)	(36,598,719)
Total Equity		(1,127,598)	(802,505)

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 DECEMBER 2015

	Notes	Dec 2015 \$	June 2015 \$
Cash flows from operating activities			
Interest received		1	137
Payments to suppliers and directors		(42,434)	(185,543)
Net cash flows used in operating activities	5 (b)	(42,433)	(185,406)
Cash flows from investing activities			
Loan to AusAsia Energy Pty Ltd		(896)	(11,820)
Net cash flows used in investing activities		(896)	(11,820)
Cash flows from financing activities			
Loan from third party		20,000	-
Payments in respect of capital raising		(9,539)	-
Net cash flows from financing activities		10,461	-
Net decrease in cash and cash equivalents		(32,868)	(197,226)
Cash and cash equivalents at beginning of period		45,584	242,810
Cash and cash equivalents at the end of the period	5 (a)	12,716	45,584

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 DECEMBER 2015

	<i>Issued Capital</i>	<i>Options Reserve</i>	<i>Accumulated Losses</i>	<i>Total Equity</i>
	\$	\$	\$	\$
Balance at 1 July 2014	35,764,430	52,751	(32,711,358)	3,105,823
Loss for the year	-	-	(3,908,328)	(3,908,328)
Total Comprehensive loss for the year	-	-	(3,908,328)	(3,908,328)
<i>Transactions with owners in their capacity as owners:</i>				
Expiry of Options	-	(20,967)	20,967	-
At 30 June 2015	35,764,430	31,784	(36,598,719)	(802,505)
Balance at 1 July 2015	35,764,430	31,784	(36,598,719)	(802,505)
Loss for the period	-	-	(255,510)	(255,510)
Total Comprehensive loss for the period	-	-	(255,510)	(255,510)
<i>Transactions with owners in their capacity as owners</i>				
Costs associated with capital raising	(69,583)	-	-	(69,583)
At 31 December 2015	35,694,847	31,784	(36,854,229)	(1,127,598)

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

These financial statements are general purpose financial statements, that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The Company has changed its financial year end to 31 December to align with the Skyland Petroleum Group Limited subsidiaries once completion of the acquisition takes place. Accordingly, the figures presented within this report reflect the transactions for MUI Corporation Limited for the period 1 July 2015 to 31 December 2015. The comparative figures presented represent the Company's figures for the year 1 July 2014 to 30 June 2015.

The financial statements apply the going concern basis of accounting, have been prepared on an accruals basis and are based on historical costs.

The financial statements are presented in Australian dollars.

MUI Corporation Limited (the "Company") is a for-profit listed Public Company, incorporated in Australia.

(b) Statement of Compliance

The financial report was authorised for issue on the day of the Directors' Report.

The financial report complies with Australian Accounting Standards ("AASB's"). Compliance with AASB's ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(c) Going Concern

These financial statements have been prepared on a going concern basis, notwithstanding the fact that for the six months ended 31 December 2015 the Company generated a loss after tax of \$248,510 and incurred net cash outflows from operations of \$42,433. As at 31 December 2015 the Company had available cash reserves of \$12,716 and negative working capital of \$1,120,598.

For the 12 months from the date of this report, the Directors have determined that MUI is a going concern based upon the subsequent capital raising as disclosed in note 19.

(d) Critical Accounting Estimates and Judgements

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Assessment of Impairment of Financial Asset:

As assessment is undertaken at the end of each reporting period as to whether a financial asset is impaired. If there is objective evidence that an impairment loss on a financial asset measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through use of a provision account. The amount of the loss shall be recognised in profit or loss.

Convertible Notes:

The fair value of convertible notes comprises the fair value of the liability and the equity residual value. The Company has recorded convertible notes at the amount of money advanced. This is because, given the nature and size of the Company, the face value of the unsecured debt under the convertible note is the most reliable estimate of the fair value of the unsecured debt (i.e. there exists no market for debt of this nature to facilitate a fair value estimate).

Equity-based Payment Transactions:

The Company measures the cost of equity-settled transactions with directors by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model, taking into account the terms and conditions upon which the instruments were granted.

The accounting estimates and assumptions relating to equity based payment transactions would have no impact on the carrying amounts of assets and liabilities within the next reporting period but may impact profit or loss or equity.

(e) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Interest Income:

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(f) Cash and Cash Equivalents

Cash comprises cash at bank and on hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(g) Income Tax

The income tax expense or benefit for the period is the tax payable on the current year's taxable income (loss) based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge (benefit) is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period.

Deferred income tax is provided on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except when the deferred income tax liability arises from the initial recognition of goodwill or from an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Unrecognised deferred income tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(h) Other Taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Financial Instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at amortised cost using the effective interest rate method, or cost.

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense item in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, where they are expected to mature within 12 months after the end of the reporting period.

Financial liabilities

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Payables are carried at amortised cost and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Impairment

At the end of each reporting period, the Company assesses whether there is objective evidence that a financial instrument has been impaired. As assessment is undertaken at the end of each reporting period as to whether a financial asset is impaired. If there is objective evidence that an impairment loss on a financial asset measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset shall be reduced either directly or through use of a provision account. The amount of the loss shall be recognised in profit or loss.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(j) Convertible Notes

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes, in accordance with accounting practice, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders' equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In the financial statements, the fair value of convertible notes comprises the fair value of the liability and the equity residual value. The Company has recorded convertible notes at the amount of money advanced. This is because, given the nature and size of the Company, the face value of the unsecured debt under the convertible note is the most reliable estimate of the fair value of the unsecured debt (i.e. there exists no market for debt of this nature to facilitate a fair value estimate).

(k) Issued Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(l) Earnings / (loss) per Share

Basic earnings / (loss) per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses;
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; and
- divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(m) Share Based Payment

Equity-settled share-based compensation benefits may be provided to employees.

Equity-settled transactions are awards of shares, or options over shares that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

(n) Application of new and revised accounting standards

The Company has adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.

The adoption of all the new and revised standards and interpretations has not resulted in any changes to the Company's accounting policies and has no effect on the amounts reported for the current or prior periods. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been adopted early.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The AASB has issued new standards, amendments and interpretations to existing standards which have been published but are not yet effective, and have not yet been adopted early by the Group. The new standards, amendments and interpretations that may be relevant to the Group's financial statements are provided below.

Standard / Interpretation	Effective for annual reporting periods beginning on or after
AASB 9 <i>Financial Instruments</i> and AASB 2010-7 <i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)</i>	1 January 2017
AASB 15 <i>Revenue from contracts with customers</i> AASB 15 <i>Revenue from Contracts with Customers</i>	1 January 2017

The new standards are not expected to have a material impact on the financial statements.

	Dec 2015 \$	June 2015 \$
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2. REVENUES AND EXPENSES

a) Other Revenue

Interest received	1	137
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b) Corporate Administration Expenses

Legal fees	18,330	11,371
Occupancy costs	33,162	65,899
Professional fees	80,000	120,000

3. INCOME TAX EXPENSE

The prima facie tax benefit on loss from ordinary activities

before income tax is reconciled to the income tax expense as follows:

Prima facie tax/(benefit) on loss before income tax at 30% (June 2015: 30%)	(76,653)	(1,172,498)
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Less:

Deferred tax asset on current period losses not brought to account	76,653	1,172,498
Income tax expense attributable to loss	-	-

Deferred tax assets (at 30%) not brought to account, the benefits of which will only be realised if the conditions for deductibility set out in the accounting policies note occur.

Tax losses	10,455,710	10,379,057
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4. LOSS PER SHARE

Loss per share:

The loss and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share is as follows:

Loss from continuing operations	(255,510)	(3,908,328)
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	Number	Number
Weighted average number of shares used to determine basic and diluted loss per share	3,693,857,804	3,693,857,804

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2015

	Dec 2015	June 2015
	\$	\$

5. CASH AND CASH EQUIVALENTS

(a) Reconciliation of cash

Cash at the end of the financial period as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash at bank and cash in hand	12,716	45,584
	12,716	45,584

Cash at bank earns interest at floating rates based on daily bank deposit rates. The Company has no credit standby arrangements, loan or overdraft facilities.

(b) Reconciliation of net loss after tax to net cash flows from operations

Net loss	(255,510)	(3,908,328)
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Adjustments for non-cash items:

Impairment of Loan to AusAsia Energy Pty Ltd	609	3,487,171
Interest accrued on convertible notes	24,316	45,543

Changes in assets and liabilities:

(Increase)/decrease in receivables and other assets	(22,755)	(4,388)
(Decrease)/increase in trade payables and accruals	203,907	194,596
Net cash used in operating activities	(42,433)	(185,406)

6. OTHER CURRENT ASSETS

Film library	20,000	20,000
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7. FINANCIAL ASSETS

Current

Related Party Loan – AusAsia Energy Pty Ltd (refer note 17(c))	3,487,780	3,487,171
Provision for Loan	(3,487,780)	(3,487,171)
	-	-

The Company executed a Put and Call Option Deed to acquire all of the issued capital of AusAsia Energy Pty Ltd ("AusAsia"), which in turn owns 100% of Jems Exploration Pty Ltd ("JEMS"). JEMS holds the rights over coal mining tenements in Queensland. The expiry date of the Put and Call Option has been extended from 15 December 2015 to 15 December 2016.

Given the current market conditions particularly in the junior coal sector, MUI and AusAsia have agreed binding terms to relinquish MUI's call option to purchase JEMS and for the repayment of MUI's loan. This binding agreement includes the repayment of the loan to AusAsia.

To date, \$160,000 of the agreed repayment of the loan has been received. AusAsia has not made any further payment of subsequent instalments and consequently the Directors believe that it is prudent for the Company to fully provide for the amount of loan outstanding in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2015

The Directors are currently reviewing their alternatives in respect of the call option held and the loan repayable by AusAsia and the potential sale of these assets. MUI is also reviewing various avenues in respect of the security and guarantee held in respect of the loan.

The Company's Loan Facility Agreement continues to provide a secured loan to AusAsia Energy Pty Ltd to fund exploration work. In summary, the Loan Facility Agreement provides the following:

- A loan facility amount of \$4,000,000 of which \$3,487,780 has been loaned as at 31 December 2015. The loaning of funds under the agreement is at MUI's discretion and is only in respect of costs associated with the coal mining tenements. Any costs funded by MUI in respect of the mining tenements from 2 June 2014 are to be reimbursed by AusAsia;
- Security – General security over the assets of AusAsia Energy Pty Ltd and Jems Exploration Pty Ltd;
- Guarantee – Corporate guarantee by Jems Exploration Pty Ltd. Personal guarantee from Mr Domenic Martino who unconditionally and irrevocably guarantees the payment of loan amount and any accrued or capitalised interest;
- The loan is interest free provided full repayment of the funds lent is made prior to the expiry date. Default interest accrues at 12% p.a.

8. CONVERTIBLE NOTES

Current

	Dec 2015 \$	June 2015 \$
Convertible Note	500,000	500,000
Accrued Interest	140,701	116,384
	640,701	616,384

During the 2013 financial year the Company issued unsecured convertible notes to raise \$500,000. The notes attract an annual interest rate of 7.75%, calculated quarterly and payable upon conversion. The conversion price is 0.1 cents per ordinary share and are convertible at the Company's discretion.

9. ISSUED CAPITAL

	Dec 2015 \$	June 2015 \$
Ordinary shares issued and fully paid	35,694,847	35,764,430

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote. Shares have no par value and the Company does not have an authorised amount of share capital.

	Number	Number
<i>(i) Movement in Ordinary Shares on Issue</i>		
Opening balance	3,693,857,804	3,693,857,804
Fully paid shares issued for cash	-	-
Closing balance	3,693,857,804	3,693,857,804

ii) Capital Management

The Board controls the capital of the Company in order to fund its operations and continue as a going concern.

The Company's capital includes ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements except for the restrictions imposed by the ASX Listing Rules, which restricts the amount of equity to be issued without shareholder approval (with the exception of rights issues). At balance date, the number of securities able to be issued by the Company without shareholder approval or without being issued on a pro rata basis totalled 923,464,451.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2015

Management effectively manages the Company's capital by assessing the Company's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

	Number	\$
10. OPTIONS RESERVE		
At 1 July 2015	50,000,000	31,784
Options expired	-	-
At 31 December 2015	50,000,000	31,784

The options reserve reflects options issued to the underwriter for a placement in September 2013. The options are exercisable at \$0.001 and expire 3 December 2016.

11. SHARE BASED PAYMENT

Options issued under share based payment arrangements entered into, or existing during the periods ended 31 December 2015 or 30 June 2015 are set out below.

	Dec 2015		June 2015	
	No. of Options	Weighted Average Exercise Price	No. of Options	Weighted Average Exercise Price
Opening balance	50,000,000	\$0.001	120,000,000	\$0.001
Granted during the period	-	-	-	-
Forfeited during the period	-	-	-	-
Exercised during the period	-	-	-	-
Expired during the period	-	-	(70,000,000)	\$0.001
Closing balance	50,000,000	\$0.001	50,000,000	\$0.001
Exercisable at the end of the period	50,000,000	\$0.001	50,000,000	\$0.001

- (i) Under the underwriting agreement in respect of the Rights Issue completed in December 2012, the Company was to issue 50 million options to the underwriter. The cost associated with these options was fully vested into the 2013 financial year accounts (\$18,351). On 4 December 2013, the Company issued the 50 million options to the underwriter. The terms of these options are an expiry date of 3 December 2016 and an exercise price of \$0.01. These remain outstanding as at 31 December 2015.
- (ii) Under the underwriting agreement entered into in September 2013, the underwriter is entitled to 37,313,433 options (with an exercise price of \$0.001 and expiry date 3 years from the date of issue) on the placement of 500 million shares made on 31 January 2014. These options are yet to be issued, but the associated expense of \$13,433 has been accrued in the accounts.

The fair value of each option when granted was determined as 0.036 cents per option. These values were calculated using the Black-Scholes option pricing model applying the following inputs:

Share Price:	0.1 cents
Exercise Price:	0.1 cents
Expected share price volatility:	49.87%
Vesting date:	30 November 2014
Expiry date:	30 November 2017
Risk-free interest rate:	3.25%
Dividends:	0%

Comparable company volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future movements.

12. FINANCIAL INSTRUMENTS

The Company's principal financial instruments comprise receivables, payables, convertible notes, options and cash and cash equivalents.

The main purpose of these financial instruments is to finance the Company's operations. The main risks arising from the Company's financial instruments are liquidity risk and credit risk. The Board reviews and agrees policies for managing

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2015

each of these risks and they are summarised below.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the financial statements.

Credit Risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Company.

The company has a credit risk exposure with AusAsia Energy Pty Ltd (a related party), which as at 31 Decembr 2015 owed the company \$3,487,780 (June 2015: \$3,487,171). Security over its assets has been obtained from AusAsia Energy Pty Ltd. Collateral held by the Company, securing the receivable, is detailed in Note 7. Domenic Martino is a director of AusAsia and has provided a personal guarantee for the payment of the loan and any accrued interest.

The company has obtained securities and guarantees over assets of sufficient value to mitigate the risk. Charges over the assets of AusAsia Energy Pty Ltd and JEMS Exploration Pty Ltd are registered on the Personal Property Securities Register ("PPSR").

Liquidity Risk

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its non-cancellable obligations related to financial liabilities. The company manages liquidity risk by monitoring forecast cash flows and only investing surplus cash with major financial institutions.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

Financial Instrument	Maturing In					
	1 year or less		Over 1 to 5 years		Over 5 years	
	Dec 2015 \$	June 2015 \$	Dec 2015 \$	June 2015 \$	Dec 2015 \$	June 2015 \$
Financial Assets						
Cash and cash equivalents	12,716	45,584	-	-	-	-
Trade receivables	49,588	26,833	-	-	-	-
Total anticipated inflows	62,304	72,417	-	-	-	-
Financial Liabilities						
Trade payables	(542,201)	(278,538)	-	-	-	-
Loan repayable	(20,000)	-	-	-	-	-
Convertible notes	(640,701)	(616,384)	-	-	-	-
Total expected outflows	(1,202,902)	(894,922)	-	-	-	-
Net inflows (outflows) on financial instruments	(1,140,598)	(822,505)	-	-	-	-

13. FAIR VALUE MEASUREMENT

	December 2015		June 2015	
	Carrying Amount \$	Fair Value \$	Carrying Amount \$	Fair Value \$
Assets carried at fair value				
Cash and cash equivalents	12,716	12,716	45,584	45,584
Assets carried at amortised cost				
Receivables	49,588	49,588	26,833	26,833
Other current assets	20,000	20,000	20,000	20,000
Liabilities carried at amortised cost				
Payables	549,201	549,201	278,538	278,538
Loan repayable	20,000	20,000	-	-
Convertible notes	640,701	640,701	616,384	616,384

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2015

Dec 2015	June 2015
\$	\$

14. AUDITOR'S REMUNERATION

The auditor of MUI Corporation Limited is William Buck Audit (Vic) Pty Ltd

Amounts received or due and receivable by William Buck for an audit or review of the financial report of the entity

7,000	21,500
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15. SEGMENT INFORMATION

The directors have considered the requirements of AASB 8 - Operating Segments and the internal reports that are reviewed by the chief operating decision maker (the Board) in allocating resources and have concluded that at this time there are no separately identifiable segments.

During the period, the Company considers that it has only operated in one segment, being the film industry in Australia.

16. CONTROLLED ENTITIES

The Company has a 100% owned subsidiary, Media Education International Pty Ltd. Currently no operations are carried out through this subsidiary and the company is currently dormant. As a consequence, the parent entity's statement of financial position and performance for the periods ended 31 December 2015 and 30 June 2015 are exactly the same as that of the consolidated entity.

17. RELATED PARTY DISCLOSURES

(a) Details of Key Management Personnel

J Bell	(Non-Executive Chairman)
P Silva	(Non-Executive Director)
D Martino	(Non-Executive Director)

(b) Remuneration of Directors and Named Executives

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Company's key management personnel ("KMP") for the period ended 31 December 2015.

The total remuneration paid to KMP of the Company during the period is as follows:

	Dec 2015	June 2015
	\$	\$
Short-term employee benefits	54,000	108,000
Termination benefits	-	-
Equity-based payments	-	-
	54,000	108,000

(c) Other Transactions with Directors

With the exception of the transactions noted below, there are no other specific transactions or balances with related parties.

Mr Domenic Martino was appointed a director on 19 December 2013:

- 1) Mr Martino is a director of AusAsia Energy Pty Ltd ("AusAsia") and JEMS Exploration Pty Ltd. As at 31 December 2015, AusAsia owed the Company \$3,487,781 on the terms as set out in Note 7. The loan is interest free provided full repayment of the funds lent is made prior to the expiry date. Default interest accrues at 12% p.a.;

Mr Martino has provided a personal guarantee to unconditionally and irrevocably guarantee the payment of loan amount and any accrued or capitalised interest.

MUI also currently holds a call option to purchase 100% of the shares of JEMS Exploration Pty Ltd ("JEMS"), a company that owns four Exploration Permits for Coal in Queensland from AusAsia Energy Pty Ltd ("AusAsia"). Further information concerning this transaction is in Note 7.

- 2) Mr Martino's son is the sole director of Transaction Services Pty Ltd, a company that provides MUI with company

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2015

secretarial, accounting, office rental and secretarial services. The amount payable to Transaction Services Pty Ltd for the six months to 31 December 2015 totalled \$122,478. As at 31 December 2015, \$259,115 was owing to Transaction Services Pty Ltd; and

- 3) Mr Martino's son is the sole director of Minimum Risk Pty Ltd, a company that provides MUI with underwriting services. The latest underwriting agreement was entered in to in September 2013 (prior to Minimum Risk Pty Ltd being a related party), entitling Minimum Risk Pty Ltd to an underwriting fee equal to 6% of the amount raised plus options. In January 2014, \$500,000 was raised under this underwriting agreement, creating an amount payable to Minimum Risk Pty Ltd of \$30,000 plus 37,313,433 options (with an exercise price of \$0.001 and expiry date 3 years from the date of issue). These options are yet to be issued, but the associated expense of \$13,433 has been accrued in the accounts. As at 31 December 2015, a total of \$62,816 was owing to Minimum Risk Pty Ltd for underwriting services.

18. COMMITMENTS, CONTINGENCIES AND LEASE COMMITMENTS

There are no capital or lease commitments and no contingent liabilities.

19. EVENTS AFTER THE REPORTING DATE

On 18 February 2016, the Company held a General Meeting where shareholder approval was obtained (amongst other items) for the acquisition of Skyland Petroleum Group Limited. From this date the Company was suspended from trading on ASX.

The Company has since completed a consolidation of its capital on the basis of 1 new share for every 50 shares held. Fractions have been rounded up to the nearest whole share. In addition, the Company has completed its capital raising, raising a total of \$14.25 million.

As announced on 3 March 2016, the acquisition of Skyland Petroleum Group Limited is nearing completion with the majority of key requirements having been satisfied. The Company is currently seeking ASX confirmation of re-compliance with Chapters 1 and 2 of the ASX Listing Rules to allow recommencement of trading on ASX. This is also a condition precedent to the acquisition of Skyland Petroleum Group Limited.

DIRECTORS' DECLARATION

FOR THE PERIOD ENDED 31 DECMEBER 2015

In the opinion of the directors of MUI Corporation Limited (the "Company"):

- (a) the financial statements, notes and additional disclosures included in the director's report designated as audited are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Company's financial position as at 31 December 2015 and of its performance for the period then ended; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
 - (c) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with sections 295A of the *Corporations Act 2001* for the period ended 31 December 2015.

This declaration is signed in accordance with a resolution of the Board of Directors.



John Bell
Director

Dated this 10th day of March 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MUI CORPORATION LIMITED

Report on the Financial Report

We have audited the accompanying financial report of MUI Corporation Limited (the Company), which comprises the consolidated statement of financial position as at 31 December 2015, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the six months then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

CHARTERED ACCOUNTANTS & ADVISORS

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MUI CORPORATION LIMITED (CONT)**

Auditor's Opinion

In our opinion:

- a) the financial report of MUI Corporation Limited is in accordance with the Corporations Act 2001, including:
 - i. giving a true and fair view of the Company's financial position as at 31 December 2015 and of its performance for the six months ended on that date; and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the six months ended 31 December 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of MUI Corporation Limited for the six months ended 31 December 2015, complies with section 300A of the Corporations Act 2001.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

N. S. Benbow

N. S. Benbow
Director

Dated this 10th March 2016

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Securities Exchange Ltd, and not shown elsewhere in this report is as follows. The information is current as at 19 February 2016.

(a) Distribution of Equity Securities

Ordinary share capital

3,693,857,804 fully paid shares held by 1,182 shareholders. All issued ordinary shares carry one vote per share and carry the rights to dividends.

The number of ordinary shareholders, by size of holding are:

	Fully Paid Ordinary Shares	
1 - 1,000	168	74,478
1,001 - 5,000	118	271,071
5,001 - 10,000	21	144,922
10,001 - 100,000	272	13,821,384
100,001 and over	602	3,679,545,949
	1,181	3,693,857,804

753 Shareholders hold less than a marketable parcel

(b) Twenty Largest Holders of Quoted Equity Securities (fully paid ordinary shares)

	Fully Paid Number	Percentage %
BNP Paribas Noms Pty Ltd <UOB KH P/L AC UOB KH DRP>	500,000,000	13.54
Coal Contractors Pty Ltd <Coal Contractors A/C>	273,268,000	7.40
Roadhound Electronics Pty Ltd	158,400,000	4.29
Dobrani Pty Ltd	151,400,000	4.10
Coalindo Pte Limited	139,690,955	3.78
Red And White Holdings Pty Ltd <Blood Super Fund A/c>	105,000,000	2.84
Island Shore Aust Pty Ltd	100,000,000	2.71
Seabreeze Pty Ltd	76,000,000	2.06
Wobbly Investments Pty Ltd	75,000,000	2.03
Mr Yizhou Gu	67,500,000	1.83
Mr Philip Lowry + Mrs Wendy Lowry <The Lowry Super Fund A/c>	67,000,000	1.81
Klen Pty Limited	66,000,000	1.79
Ningbo Inwit Pty Ltd <Ducks Family A/c>	54,000,000	1.46
Mr Mark John Bahen + Mrs Margaret Patricia Bahen <Superannuation Account>	50,000,000	1.35
Brynwilliams Pty Limited	50,000,000	1.35
A2B Logistics Pty Ltd	48,600,000	1.32
Penat Pty Ltd <Penat Pty Ltd Super Fund a/c>	45,250,000	1.23
Mr Stephen Michael Warren	45,000,000	1.22
Royal Jewels Pty Ltd <CJK Superfund A/C>	37,590,000	1.02
Mr Richard Clarnette	26,000,000	0.70
	2,135,698,955	57.82

ASX ADDITIONAL INFORMATION (continued)

(c) Substantial Shareholders (fully paid ordinary shares)

	Fully Paid Number	Percentage %
Coal Contractors Pty Ltd <Coal Contractors A/C>	273,268,000	7.40

(d) Voting Rights

All ordinary shares carry one vote per share without restriction.

(e) Restricted Securities

The Company has no restricted securities on issue.

(f) Business Objective

The Company has used its cash and assets that are readily convertible to cash in a way consistent with its business objectives.