



INTERIM FINANCIAL REPORT 2016

Appendix 4D

Pawnee Energy Limited

ABN 73 122 948 805

Half year report

Current reporting period: 6 months ended 30 June 2016

Previous corresponding period: 6 months ended 30 June 2015

All amounts are stated in Australian Dollars.

Results for announcement to the market

				\$
Revenue	-	-	to	-
Loss after tax attributable to members	Up	109%	to	219,320
Net loss for the period attributable to members	Up	109%	to	219,320

Commentary on results

Please refer to the review of operations within the Directors' report.

Dividends per share

	Amount per share	Franked amount per share at 30% tax	Amount per share of foreign sourced dividend	Amount \$
<u>Current period</u>				
NIL	-	-	-	-
<u>Previous corresponding period</u>				
NIL	-	-	-	-

Net tangible assets per share

	30 June 2016	31 December 2015
Net tangible assets per ordinary share - (cents)	(0.26)	(11.25)

Details of entities over which control has been gained or lost

NIL

Compliance statement

This report is based on the interim financial report that has been reviewed. The review report was not subject to qualification is included in the interim financial report.

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Pawnee Energy Limited

ABN 73 122 948 805

DIRECTORS' REPORT FOR THE HALF-YEAR ENDED 30 JUNE 2016

Your Directors present their report for Pawnee Energy Limited at the end of the half-year ended 30 June 2016.

Directors

The names of Directors who held office within Pawnee Energy Limited during or since the end of the half-year:

David John Lindh

Richard Jay Groeden (Resigned on 22 March 2016)

Neville Wayne Martin

Marcus Stephen Boland (Appointed on 23 February 2016)

Bruce Hocking (Appointed on 18 March 2016)

Review of Operations

During the last 6 months, the Company entered into an agreement with Resource Capital Limited ("RCA") pursuant to which RCA agreed to provide \$1 million of funding to the Company in two tranches in exchange for the issue of 1 million convertible notes to RCA and independent clients of RCA.

On 24 February 2016, the Company received the first tranche of \$500,000 and subsequently issued 500,000 convertible notes to various sophisticated investor clients of RCA. At the Company's Extraordinary General Meeting on 18 March 2016, the Company approved the conversion of the first tranche convertible notes and share issues to AEP Administrative Services Pty Ltd for past services and certain Directors for accrued director fees.

During the period, the Company has considered various energy, resources and infrastructure related assets in the USA in line with its strategy to inject new assets into the Company. The Company is pursuing and conducting due diligence on a number of assets and opportunities and will make a determination at the completion of that process followed by an update to the market at that time.

The Company has also continued to maintain its 25% interest in Island Sky Corporation and is working with the company to maximise the potential and value of the business and crystallise the associated value of its holding in the company.

Auditor's Independence Declaration

The lead auditor's independence declaration under Section 307C of the Corporations Act 2001 is set out on page 2 of the half-year report ended 30 June 2016.

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



David J Lindh

Chairman

Dated: 31 August 2016

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67 Greenhill Rd
Wayville SA 5034

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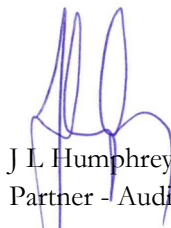
**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF PAWNEE ENERGY LIMITED**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Pawnee Energy Limited for the half-year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J L Humphrey
Partner - Audit & Assurance

Adelaide, 31 August 2016

Grant Thornton Audit Pty Ltd ACN 130 913 594
a subsidiary or related entity of Grant Thornton Australia Ltd ABN 41 127 556 389

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Pawnee Energy Limited
ABN 73 122 948 805

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 30 JUNE 2016

	NOTE	30 June 2016 \$	30 June 2015 \$
Other income		22	20
Expenses			
Directors remuneration		(60,000)	(60,000)
Administration	2	(111,902)	(18,963)
Professional Fees		(47,440)	(26,087)
Loss before income tax		(219,320)	(105,030)
Income tax expense		-	-
Loss for the period		(219,320)	(105,030)
Other comprehensive income		-	-
Total comprehensive income		(219,320)	(105,030)
Loss is attributable to:			
Owners of Pawnee Energy Limited		(219,320)	(105,030)
Total comprehensive income attributable to:			
Owners of Pawnee Energy Limited		(219,320)	(105,030)
Earnings per share for loss attributable to the ordinary equity holders of the company:			
Basic earnings per share (cents per share)		(0.59)	(1.41)
Diluted earnings per share (cents per share)		(0.59)	(1.41)

Pawnee Energy Limited
ABN 73 122 948 805

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	NOTE	30 June 2016 \$	31 December 2015 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		369,931	549
Trade and other receivables		4,683	340
TOTAL CURRENT ASSETS		374,614	889
NON-CURRENT ASSETS			
Investment in associate	3	-	-
TOTAL NON-CURRENT ASSETS		-	-
TOTAL ASSETS		374,614	889
CURRENT LIABILITIES			
Trade and other payables	4	545,862	836,517
TOTAL CURRENT LIABILITIES		545,862	836,517
NET (LIABILITIES)		(171,248)	(835,628)
EQUITY			
Issued capital	5	13,623,387	12,739,687
Retained losses		(13,794,635)	(13,575,315)
TOTAL EQUITY		(171,248)	(835,628)

The accompanying notes form part of these financial statements.

Pawnee Energy Limited
ABN 73 122 948 805

STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 30 JUNE 2016

	Issued Capital	Retained Losses	Total
	\$	\$	\$
Balance at 1 January 2016	12,739,687	(13,575,315)	(835,628)
Shares issued during the period		-	883,700
Total profit or loss for the period	-	(219,320)	(219,320)
Other comprehensive income	-	-	-
Balance at 30 June 2016	13,623,387	(13,794,635)	(171,248)
Balance at 1 January 2015	12,739,687	(13,447,415)	(707,728)
Total profit or loss for the period	-	(105,030)	(105,030)
Other comprehensive income	-	-	-
Balance at 30 June 2015	12,739,687	(13,552,445)	(812,758)

The accompanying notes form part of these financial statements.

Pawnee Energy Limited
ABN 73 122 948 805

STATEMENT OF CASHFLOWS FOR THE HALF-YEAR ENDED 30 JUNE 2016

	30 June 2016 \$	30 June 2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(191,542)	(38,570)
Finance Costs	-	(370)
Interest received	22	20
Net cash used in operating activities	<u>(191,520)</u>	<u>(38,920)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	500,000	-
Proceeds from convertible notes yet to be issued	100,000	-
Repayment of directors loans	(39,098)	-
Proceeds from directors loans	-	40,330
Net cash generated from funding activities	<u>560,902</u>	<u>40,330</u>
Net (decrease) / increase in cash held	369,382	1,410
Cash at beginning of period	549	580
Cash at the end of the period	<u>369,931</u>	<u>1,990</u>

The accompanying notes form part of these financial statements.

Pawnee Energy Limited

ABN 73 122 948 805

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2016

NOTE 1: BASIS OF PREPARATION

These general purpose financial statements for the interim half-year reporting period ended 30 June 2016 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Pawnee Energy Limited. As such, it does not contain information that represents relatively insignificant changes occurring during the half-year. It is therefore recommended that this financial report be read in conjunction with the annual financial statements for the year ended 31 December 2015, together with any public announcements made during the half-year.

The interim financial statements have been prepared in accordance with the accounting policies adopted in the last annual financial statements for the year ended 31 December 2015.

The interim financial statements have been approved and authorised for issue by the Board of Directors on 30 August 2016.

Pawnee Energy Limited
ABN 73 122 948 805

NOTE 2: LOSS FOR THE PERIOD

	30 June 2016 \$	30 June 2015 \$
The following revenue and expense items are relevant in explaining the financial performance for the interim period:		
Administration Expenses		
Accounting and secretarial fees	1,488	17,150
Consulting fees	80,634	-
Travel expenses	27,000	-
Other expenses	2,780	1,813
	119,902	18,963

Pawnee Energy Limited
ABN 73 122 948 805

NOTE 3: INVESTMENT IN ASSOCIATE

The Company holds a 25% voting power and equity interest in Island Sky Corporation which manufactures and distributes water-making machines. The investment is accounted for under the equity method. The associate has a reporting date of 31 December, and its principal place of business is the United States of America.

The shares are not publicly listed on a stock exchange and hence published price quotes are not available

	30 June 2016 \$	31 December 2015 \$
Investment in associate		
Shares – Island Sky Corporation	116,800	116,800
Provision for Impairment	(116,800)	(116,800)
	<hr/> -	<hr/> -

The directors fully impaired the investments in prior periods.

NOTE 4: TRADE AND OTHER PAYABLES

	30 June 2016 \$	31 December 2015 \$
Trade payables	138,194	327,670
Funds received in advance – convertible notes	100,000	-
Accrued expenses	159,446	302,346
Directors loans - unsecured	148,222	187,564
	<hr/> 545,862	<hr/> 817,580

Pawnee Energy Limited
ABN 73 122 948 805

NOTE 5: ISSUED CAPITAL

	30 June 2016	31 December 2015
a. Ordinary Shares	\$	\$
At the beginning of the period	12,739,687	12,739,687
Shares issued during the period	883,700	-
At the end of the period	<u>13,623,387</u>	<u>12,739,687</u>
	30 June 2016	31 December 2015
b. Ordinary shares	No.	No.
At the beginning of the period	7,428,340	7,428,340
Shares issued during the period	58,913,330	-
At the end of the period	<u>66,341,670</u>	<u>7,428,340</u>

NOTE 6: OPERATING SEGMENTS

Following the disposal of the company's operating subsidiary Island Sky Corporation (based in the USA), the directors are of the view that there is no longer distinguishable operating segments which require disclosure.

NOTE 7: EVENTS SUBSEQUENT TO REPORTING DATE

With respect to the second tranche, the Company has also to date received funds pursuant to the agreement with RCA and expects to receive the remainder over the coming weeks once its deals are in place.

The funding received from RCA has been used to pay down existing creditors and to seek new opportunities to acquire suitable energy, resources and infrastructure related assets in the USA and elsewhere.

Other than as noted above, there were no events that have occurred subsequent to the financial statement that would materially affect the financial report.

NOTE 8: GOING CONCERN BASIS OF ACCOUNTING

The financial report has been prepared on the basis of going concern.

The Company incurred a loss of \$219,320 during the half-year ended 30 June 2016, a cash outflow of \$191,520 from operating activities and had net liabilities of \$171,248.

The Company remains reliant upon the continued financial support of the directors for the provision of working capital through interest free loans, the collection of the amount receivable from the sale of its subsidiary and/or additional further capital raisings to continue as a going concern. We understand that once a suitable business is found to be acquired the company will seek to raise the additional capital required through a disclosure document

If the continued financial support of the directors is not forthcoming, the collection of the proceeds from the sales of Island Sky Corporation is not recovered and/or additional funds are not raised, the going concern basis may not be appropriate, with the result that the Company may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and in amounts different from those stated in the Interim Financial Report. No allowance for such circumstances has been made in the Interim Financial Report.

NOTE 9: CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last reporting date.

NOTE 10: COMPANY DETAILS

The registered office of the company is:

Pawnee Energy Limited
Level 3
100 Pirie Street
Adelaide SA 5000
Telephone (08) 8232 8800
Facsimile (08) 8232 2540

DIRECTORS' DECLARATION

The Directors of the company declare that:

1. The financial statements and notes set out on pages 3 to 11 are in accordance with the Corporations Act 2001 including:
 - a. giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the half-year ended on that date; and
 - b. comply with Accounting Standard AASB 134 Interim Financial Reporting, and the Corporations Regulations 2001.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



David Lindh

Chairman

Dated: 31 August 2016

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67 Greenhill Rd
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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF PAWNEE ENERGY LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Pawnee Energy Limited, which comprises the statement of financial position as at 30 June 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes, and the directors' declaration.

Directors responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with the Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the financial report is not presented fairly, in all material respects, in accordance with the Australian Accounting Standards and the Corporations Act 2001. As the auditor of Pawnee Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the Australian professional accounting bodies.

Material uncertainty regarding going concern

Without modification to the conclusion expressed above, we draw attention to Note 8 to the half-year financial statements which indicates that the Company incurred a net loss of \$219,320, a cash outflow of \$191,520 from operating activities and had net liabilities of \$171,248.

Should the continuing financial support of the Directors not be forthcoming, the collection of the proceeds from the sale of Island Sky Corporation is not recovered, and/or additional funds are not raised, these conditions, along with other matters as set forth in Note 8 indicate the existence of material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern and therefore the Company may be unable to realise its assets and discharge its liabilities in the normal course of business at the amounts stated in the half-year financial report.

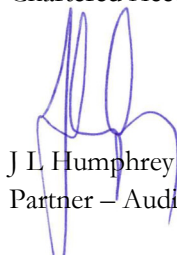
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Pawnee Energy Limited is not in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the consolidated entity's Company's financial position as at 30 June 2016 and of its performance for the half-year ended on that date; and
- b complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J L Humphrey
Partner – Audit & Assurance

Adelaide, 31 August 2016