Cobar Consolidated Resources Limited

ABN 67 118 684 576

Half-year Financial Report - 31 December 2011

Cobar Consolidated Resources Limited
31 December 2011

Directors	Richard H. Mazzucchelli – Chairman Ian R. Lawrence – Managing Director George A. Lefroy – Non Executive Director John A. Dreyer – Non Executive Director Gary Armor – Non Executive Director
Company Secretary	Trevor J. Shard
Registered office	Level 4, 448 St Kilda Road Melbourne Victoria 3004 Tel: 61 3 9869 8200 Fax: 61 3 9869 8299
Auditor	Loren Datt Leydin Freyer Audit Pty Ltd Chartered Accountants Suite 304, 22 St Kilda Road St Kilda Victoria 3182
Solicitors	Lewis Holdway Commercial Lawyers 20 Queen Street Melbourne Victoria 3000
Website address	www.ccrlimited.com.au

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Cobar Consolidated Resources Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled for the half year ended 31 December 2011.

Directors

The following persons were directors of Cobar Consolidated Resources Limited during the whole of the financial half-year and up to the date of this report:

Richard H. Mazzucchelli
Ian R. Lawrence
George A Lefroy
John A. Dreyer
Gary Armor

Principal Activities

During the financial half-year the principal continuing activities of the consolidated entity consisted of:

- Exploration and evaluation of mineral assets
- Development of Wonawinta Silver Project

Review of operations

The loss for the consolidated entity after providing for Income tax amounted to $1,375,605 (31 December 2010: $1,218,020).

Refer to the detailed Review of Operations that follows the Director's Report.

Significant changes in the state of affairs

The company issued 26,000,000 shares raising $16,900,000 before costs in October 2011.

The $22M project finance facility with CBA was signed on 31 October 2011. As at 31December 2011 $5.4M of the facility has been drawn to support the security required under the mining lease.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 4.

This report is made in accordance with a resolution of directors pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

I.R. Lawrence
Managing Director

1 March 2012

Melbourne

Review of Operations

The loss for the consolidated entity after providing for income tax amounted to $1,375,605 (31 December 2010 $1,218,020).

Good progress was made on a number of fronts with the Wonawinta Silver Project over the 6 months ended 31 December 2011.

- All major approvals in place
- Mining contractor mobilised to site
- Process plant construction 87% spent or committed
- Upgraded ore reserve

Following the completion of grade control and infill drilling programs in the September quarter, the Company released a revised indicated and inferred resource in November 2011.

The revised resource estimate, which was calculated using a cut-off grade of 22g/t Ag, is shown in the table below.

	Ore	Grade		Contained metal	
	Mt	Ag g/t	Pb %	Ag Moz	Pb '000t
Indicated	16.9	66	0.9	36.0	148
Inferred	9.1	58	0.7	16.8	61
Total	**26.0**	**63**	**0.8**	**52.8**	**209**

Subsequent to the end of the half year, the Company announced a revised ore reserve estimate based on the indicated resource above.

	Ore	Grade		Contained metal	
Classification	Mt	Ag g/t	Pb %	Ag Moz	Pb '000t
Probable	**10.1**	**80**	**1.1**	**25.9**	**107**

Footnotes:

1. Ore Reserves are included in the Mineral Resource.
2. Cut-off grade of 22 g/t silver equivalent using a silver price A$30/oz and lead price A$1,869/tonne.
3. A global dilution factor of 3 g/t silver has been applied.

Lucas Earthmovers, the mining contractor, commenced mobilisation to site in late December and has commenced construction of the tailings dam.

Construction of the processing plant is well advanced with 87% of the plant and equipment having been constructed or committed at the end of the half year. Progressive plant commissioning is planned to commence in late March

The major approvals required for mine development – the mining lease, mine operations plan, water licence and environment protection licence – were obtained during the December quarter.

The Company has appointed Grant Davidson as General Manager - Operations. Grant is a mining engineer who worked previously with Mt Isa Mines, Newcrest and most recently, Ausenco.

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

To the Directors of Cobar Consolidated Resources Ltd:

I declare that to the best of my knowledge and belief, in relation to the Independent Half-year Auditor's Review for the half-year ending 31 December 2011, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

LOREN DATT
Registered Company Auditor
Registration: 339204

Dated: 5 March 2012

Contents

General information

The financial report covers Cobar Consolidated Resources Limited as a consolidated entity consisting of Cobar Consolidated Resources Limited and the entities it controlled. The financial report is presented in Australian dollars which is Cobar Consolidated Resources Limited's functional and presentation currency.

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

Cobar Consolidated Resources Limited is a listed public company limited by shares incorporated and domiciled in Australia. It's registered office and principal place of business is:

Level 4
448 St Kilda Road
Melbourne
Victoria 3004

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report which is not part of the financial report.

The financial report was authorised for issue in accordance with a resolution of directors on 1 March 2012. The directors have the power to amend and reissue the financial report.

Statement of Comprehensive Income for the half year ended 31 December 2011

	Note	Half-year ended 31 December 2011 $	Half-year ended 31 December 2010 $
Other revenue		577,848	88,510
		577,848	88,510
Administration expenses		(463,934)	(330,227)
Option Fees		(680,000)	
Corporate Expenses		(227,311)	
Consulting fees		(294,347)	(545,411)
Employee costs		(563,751)	(307,590)
Share based payments		(70,856)	(118,150)
Depreciation and amortisation expense		(59,179)	(5,152)
Profit/(loss) before tax for the period		**(1,781,530)**	**(1,218,020)**
Income tax benefit		405,925	-
Profit/(loss) after tax for the period		(1,375,605)	(1,218,020)
Other Comprehensive Income (gain on cash flow hedge)	2	7,895,818	-
Total comprehensive income for the period		**6,520,213**	**(1,218,020)**

	Cents per Share	Cents per Share
Earnings/(Loss) per share		
Basic Earnings/(Loss) per share	(0.73)	(0.92)
Diluted Earnings/(Loss) per share	(0.70)	(0.92)

The above statement of comprehensive income should be read in conjunction with the accompanying notes

Statement Of Financial Position	Note	31 December 2011 $	30 June 2011 $
Current Assets			
Cash and cash equivalents		16,873,362	26,462,983
Trade and other receivables		300,173	250,724
Other financial assets	15	2,115,000	20,000
Other financial derivatives	2	7,895,918	-
Other current assets		32,986	71,705
Total Current Assets		27,217,439	26,805,412
Non-Current Assets			
Property, plant, and equipment	10	2,336,114	44,531
Intangible Assets		257,693	133,724
Exploration and evaluation assets	11	5,214,379	4,517,770
Mine Properties	12	30,080,705	11,032,707
Deferred Tax Assets	14	2,232,577	1,826,652
Other non-current assets	15	3,068,170	53,430
Total Non-Current Assets		43,189,638	17,608,814
Total Assets		70,407,077	44,414,226
Current Liabilities			
Trade and other payables		3,601,412	1,595,437
Provision for employee benefits		144,553	91,785
Total Current Liabilities		3,745,965	1,687,222
Non Current Liabilities			
Lease Creditor		120,081	-
Rehabilitation Provision	13	640,191	
Provision for employee benefits		10,049	4,377
Total Non-Current Liabilities		770,321	4,377
Total Liabilities		4,516,286	1,691,599
Net Assets		65,890,791	42,722,627
Equity			
Issued capital	4	63,651,391	47,168,476
Reserves	2B	8,484,114	423,260
Accumulated losses		(6,244,714)	(4,869,109)
Total Equity		65,890,791	42,722,627

The above statement of financial position should be read in conjunction with the accompanying notes

Statement of Changes in Equity as at 31 December 2011	**Contributed Equity**	**Retained Earnings**	**Reserves**	**Total**
	$	**$**	**$**	**$**
Balance as at 1 July 2010	13,429,323	(2,578,717)	220,294	11,070,900
Loss for the period		(1,218,020)		(1,218,020)
Comprehensive income for the period				-
Issue of share capital	6,527,990			6,527,990
Share based payment expense			118,150	118,150
Balance At 31 December 2010	**19,957,313**	**(3,796,737)**	**338,444**	**16,499,020**
Balance as at 1 July 2011	47,168,476	(4,869,109)	423,260	42,722,627
Loss for the period		(1,375,605)		(1,375,605)
Comprehensive income for the period			7,895,918	7,895,918
Issue of share capital	16,900,000			16,900,000
Cost of capital raising	(693,346)			(693,346)
Options exercised	196,850			196,850
Share based payment	79,411		164,936	244,347
Balance At 31 December 2011	**63,651,391**	**(6,244,714)**	**8,484,114**	**65,890,791**

The above statement of changes in equity should be read in conjunction with the accompanying notes

<u>**Statement of Cash Flows for half year ended 31 December 2011**</u>	**Half-year ended 31 December 2011 $**	**Half-year ended 31 December 2010 $**
Cash flows from Operating Activities		
Payments to suppliers and employees	(1,393,506)	(888,077)
Interest received	554,565	124,116
Net cash used in Operating Activities	(838,941)	(763,961)
Cash flows from Investing Activities		
Payments for Property, Plant, and Equipment	(2,291,583)	(1,363)
Payments for Mine Properties	(17,042,023)	-
Payments for Intangibles	(123,969)	(67,230)
Payments for Exploration and Evaluation	(696,609)	(1,531,510)
Net cash provided by / (used in) Investing Activities	(20,154,184)	(1,600,103)
Cash flows from Financing Activities		
Proceeds from the issue of shares	17,096,850	6,527,990
Payment for capital raising expenses	(693,346)	-
Payments for Bank Funding Arrangements (reserve& equity deposits)	(5,000,000)	-
Net cash provided by Financing Activities	11,403,504	6,527,990
Net Increase/(Decrease) in Cash Held	(9,589,621)	4,163,926
Cash and cash equivalents at beginning of the half year	26,462,983	3,737,338
Cash and cash equivalents at the end of the half year	16,873,362	7,901,264

The above statement of cash flow should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2011 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001.

These general purpose financial statements do not include the notes of the type normally included in annual financial statements. Accordingly these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2011 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

The consolidated entity has adopted all of the new revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed in the relevant accounting policy.

The adoption of these Accounting Standards and Interpretations did not have any impact on the financial performance or position of the consolidated entity. The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 2 Share-Based Payment ('AASB 2') - amendments for Group Cash-settled Share-based Payment Transactions The consolidated entity has applied the amendments to AASB 2 from 1 January 2010. These amendments clarify the scope of AASB 2 by requiring an entity that receives goods or services in a share-based payment arrangement to account for those goods or services no matter which entity in the consolidated entity settles the transaction and no matter whether the transaction is settled in shares or cash.

Note 2. Cash Flow Hedge Accounting

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in the fair value depends on whether the derivative is designated as a hedging instrument, and if so the nature of them being hedged. The company designates certain derivatives as:

- Hedges of high probable forecast transactions (cash flow hedges)

The company documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions . The company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in the fair values or cash flows of hedged items.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other income or other expense.
Amounts accumulated in equity are reclassified to the profit or loss in periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of forward contracts hedging export sales is recognised in the profit or loss within sales.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity at that time and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit and loss.

At 31 December 2011 the following financial derivative was calculated as follows:

Entered Silver Hedge forward contract 1.8m ounces @ A$31.87
Fair value 1.8m ounces @ A$27.48 at 31 December 2011
Change in fair value of fwd contract 1.8m ounces @ A$4.39 equals $7,895,918

Note 2b. Reserves

The value carried in reserves is as follows:

Reserves	Dec-11	Jun-11
Share Based Payment Reserve	588,196	423,260
Cash Flow Hedge	7,895,918	0
Total Reserves	**8,484,114**	**423,260**

Note 3. Operating segments

The Group's operations encompass the exploration for and the development of mining base and precious metals.

The group has adopted AASB 8 *Operating Segments* with effect from 1 January 2009. AASB 8 requires operating segments to be identified on the basis of internal reports about the components of the Group that are regularly reviewed by management in order to allocate resources to the segment and to assess its performance.

With the commencement of the development of the Wonawinta Silver Project during the financial year ended 30 June 2011 the decision was made to have two reportable segments as follows:

i. The Wonawinta Silver Project
ii. Mineral exploration within Australia and all other activities.

For the financial year ended 31 December 2011, the operating segment information is as follows:

Segment Report December 11	Dec-11 Wonawinta	Dec-11 Other Segments	Total	Dec-10 Wonawinta	Dec-10 Other Segments	Total
Total Segment Revenue from External Customers		**577,848**	**577,848**		**88,510**	**88,510**
Adjusted EBITDA	**(680,000)**	**(1,101,350)**	**(1,781,350)**	**-**	**(1,218,020)**	**(1,218,020)**
Depreciation and amortisation	-	59,179	59,179	-	5,152	5,152
Buy back of future royalty payment expensed	-	-	-	-	-	-
Income Tax Benefit	405,925	-	405,925	-	-	-

	Dec-11 Wonawinta	Dec-11 Other Segments	Total	Jun-11 Wonawinta	Jun-11 Other Segments	Total
Total Segment Assets	**30,080,705**	**40,326,372**	**70,407,077**	**11,032,707**	**33,381,519**	**44,414,226**
Additions to non current Assets	19,047,998	6,944,853	25,992,851	11,067,065	155,801	11,222,866
Total Segment Liabilities	**3,003,117**	**1,513,168**	**4,516,285**	**1,388,864**	**302,736**	**1,691,600**

Note 4. Equity Contributed

Movements in the issued capital were as follows:

	31 December 2011	31 Dec 2010	31 December 2011	31 Dec 2010
	Shares	Shares	$	$
Ordinary shares fully paid	**206,918,037**	**146,939,315**	**63,651,391**	**19,957,313**

Movement in ordinary share capital

Details	Date	No of shares		issue price	$
Balance	01/07/2011	179,783,037			47,167,476
Share Issue	02/07/2011	26,000,000	$	0.65	16,900,000
Cost of placement					(693,346)
Exercise of options	28/12/2011	835,000	$	0.11	91,850
Exercise of options	28/12/2011	300,000	$	0.35	105,000
Exercise of options adjustment	28/12/2011				79,411
Balance	**31/12/2011**	**206,918,037**			**63,650,391**

Ordinary shares
Ordinary shares entitled the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value.

Share buy-back
There is no current on-market share buy-back.

Note 5. Equity – dividends
There were no dividends paid during the current or previous financial half-year.

Note 6. Contingent liabilities
There were no contingent liabilities in existence at 31 December 2011.

Note 7. Commitments for expenditure

Capital Expenditure Commitments
Capital expenditure contracted but not provided for, all of which is payable within 1 year $6,452,260 ($4,348,120 June11). This primarily represents mining properties expenditure related to the Wonawinta Silver Project.

Note 8. Subsidiaries

The consolidated financial statements incorporate the assets and liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

		Equity holding	
Name of entity	Country of incorporation	31 Dec 2011 %	31 Dec 2010 %
CCR Bundoon Pty Ltd	Australia	100.00	100.00
CCR DeNardi Pty Ltd	Australia	100.00	100.00
CCR Gundaroo Pty Ltd	Australia	100.00	100.00
Silver Corporation of Australia Pty Ltd	Australia	100.00	100.00

Note 9. Events occurring after the reporting date

There has been no matter or circumstance that has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Note 10. Property Plant & Equipment

Property, Plant and Equipment of $2.3m includes pastoral station land valued at $1.7m, motor vehicles $0.2m, Computer equipment $0.2m The schedule below details the balances -

	Land	Furniture Fittings and Equipment	Plant & Machinery	Computer Equipment	Motor vehicles	Total
	$000	$000	$000	$000	$000	$000
As at 30 June 2011						
Cost	0	17,061	-	34,335	19,000	**70,396**
Accumulated Depreciation	0	(5,334)	-	(3,292)	(17,238)	**(25,864)**
Net Book Amount	**0**	**11,727**	**-**	**31,043**	**1,762**	**44,532**
						-
						-
Opening Net Book Amount	**0**	**11,727**	**-**	**31,043**	**1,762**	**44,532**
Additions	1,741,814	4,984	143,302	183,009	228,376	**2,301,485**
Disposals	0	(917)	-	(7,225)	(1,761)	**(9,903)**
Depreciation	0	0	0	0		**0**
Closing Net Book Amount	**1,741,814**	**15,794**	**143,302**	**206,827**	**228,377**	**2,336,114**

Note 11. Exploration and Evaluation Assets

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

i. the rights to tenure of the area of interest are current; and
ii. at least one of the following conditions is also met:
   (a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
   (b) exploration and evaluation activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (or the cash-generating unit(s) to which it has been allocated, being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision is made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to ‘Mines Properties’.

Note 12. Mine Properties

Upon transfer of 'Exploration and evaluation costs' into 'Mine properties', all subsequent expenditure on the construction, installation or completion of infrastructure facilities is capitalized within 'Mine properties. Development expenditure is net of proceeds from all but the incidental sale of ore extracted during the development phase. After production starts, all assets included in 'Mine properties' are transferred to 'Mine property plant and equipment'.

	Intangible Assets	Exploration and Evaluation	Mine Properties
As at 30 June 2011			
Cost	177,442	4,517,770	11,032,707
Accumulated Depreciation	(43,718)	0	0
Net Book Amount	**133,724**	**4,517,770**	**11,032,707**
Opening Net Book Amount	**133,724**	**4,517,770**	**11,032,707**
Additions	172,889	696,609	19,047,998
Disposals	(48,919)		0
Depreciation			0
Closing Net Book Amount	**257,694**	**5,214,379**	**30,080,705**

Note 13. Provision For Rehabilitation

The company records the present value of the estimated cost of legal and constructive obligations to restore operating locations in the period in which the obligation incurred. The nature of the restoration activities includes dismantling and removing structures, rehabilitating mines, dismantling operating activities, closure of plant and waste sites and restoration, reclamation and revegetation of affected areas.

Typically the obligation arises when the asset is installed or the ground/environment is disturbed at the production location. When the liability is initially recorded, the present value of the estimated cost is capitalised by increasing the amount of the related mining assets.

A provision of $640,191 has been provided as at 31 December 2011.

Note 14. Deferred Tax

	Deferred Tax Assets
As at 30 June 2011	
Balance Brought Forward	1,826,652
Charged To Income	405,925
Charged to Equity	0
Closing Balance 31 December	**2,232,577**

The Deferred tax asset was first recognised in June 2011, this asset was created as it became evident that the realisation of losses was probable. The adjustment required to December 2011 was $405,925.

It is virtually certain the project will proceed and financial projections have the company in a taxable financial position in the 2013/2014 year.

Note 15. Other Financial Assets

The company records deposits held under a bank funding arrangement as both medium and long term deposits and therefore records as other financial assets and other non-current assets. The amounts held are as follows –

Other Financial Assets	**Dec-11**	**Jun-11**
Equity Cost Overrun Account	2,000,000	0
Term Deposit (>3 months)	115,000	20,000
Total Reserves	**2,115,000**	**20,000**

Other Non Current Assets	**Dec-11**	**Jun-11**
Reserve Liquidity Account	3,000,000	0
Security Deposit	68,170	53,430
Total Reserves	**3,068,170**	**53,430**

Cobar Consolidated Resources Limited
Directors' declaration

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements:

- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the financial half-year ended on that date.

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the directors

I. R. Lawrence
Managing Director

1 March 2012
Melbourne

LeydinFreyer

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INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF COBAR CONSOLIDATED RESOURCES LTD AND CONTROLLED ENTITIES

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Cobar Consolidated Resources Ltd and controlled entities ("the Group"), which comprises the statement of financial position as at 31 December 2011, and the statement of comprehensive income, statement of changes in equity, cash flows statement for the half-year ended on that date, selected explanatory notes and the directors' declaration of the company at the end of the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matters that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Cobar Consolidated Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Cobar Consolidated Resources Limited, would be in the same terms if given to the directors as at the time of this auditor's 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 Cobar Consolidated Resources Ltd and controlled entities is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

LOREN DATT
Registered Company Auditor
Registration: 339204

Dated: 5 March 2012