

HANDINI RESOURCES LIMITED

ABN 40 115 095 264

(Formerly named CDH Limited)

**Interim Financial Report for the Half-Year ended
31 December 2008**

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ABN 40 115 095 264

(FORMERLY NAMED CDH LIMITED)

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Directors' Report

Your directors submit the financial report of Handini Resources Limited ("the Company") for the half-year ended 31 December 2008.

Directors

The names of the directors in office at any time during or since the end of the year are:

Mr Antony Goldfinch

Non-Executive Director – Chairman – appointed on 21 November 2007; resigned on 1 December 2009

Mr Goldfinch graduated with a LL.B degree from University of Auckland and a LL.M degree from University of Western Australia. He is a lawyer by profession and has had many years experience in litigation matters and experience in most areas of commercial and business disputes. He has practiced in mining law in Western Australia (both litigious and non-litigious). He now practices primarily in the commercial area.

Dato' Ramiah Anpalagan

Non-Executive Director – Deputy Chairman – appointed on 21 November 2007

Dato' Ramiah is the Chairman of the Audit Committee.

He is a lawyer by profession. He obtained his first degree in Applied Science from Curtin University of Technology, Western Australia in 1985, proceeded to do a business course in the same university and obtained a Graduate Diploma in Business Administration in 1989. He then obtained a Bachelor of Law (Honours) degree from University of East London in the United Kingdom in 1992 and another bachelor's degree in law from Bond University in Queensland. Studying part-time while practising law he completed the Masters in Business Administration degree from the University of Southern Queensland.

Mr Garry Hodges

Executive Director – appointed on 17 December 2007; resigned on 25 February 2009

Mr Hodges completed a five year Mechanical Apprenticeship with Rotorua Engineering in New Zealand gaining a Grade A Mechanical Certificate in heavy Diesel Equipment. Later he graduated with a Diploma in Mechanical Engineering from Seddon Memorial Technical College New Zealand.

Garry Hodges has held senior management positions associated with the mining, construction and infrastructure in Australia, Africa, Papua New Guinea and Indonesia over a thirty year period.

He is an Associate Fellow of the Australia Institute of Management AFAIM.

Mr Mohammad As'ad

Non-Executive Director – appointed on 5 February 2008

Mr As'ad is an engineer by profession. He obtained his degree in Chemical Engineer from Bandung Institute of Technology, Indonesia in 1983. He has over 15 years in product development and over 20 years in chemical industry. He was also involved in planning and evaluated oil wells production around Indonesia. Presently he is also a director of Drilchem Pty Ltd which provides technical support to oil companies and markets drilling equipment fluid additives.

Mr Vikas Agarwal

Non-Executive Director – appointed on 7 November 2008

Mr Agarwal is in charge of the VISA Group's international operations and leads the global coal and coke business of the group. He has been instrumental in securing coking joint ventures in Australia and in the finalization of the thermal coal off-take agreement with the Company in Indonesia.

Chief Executive Officer

Mr Ray Handini

Mr Handini is a chartered accountant and a lawyer by profession. He post graduated with LL.M and MBA degrees. He has varied working experience drawn from investment banking, property development, quarrying and oil palm plantation management with a career spanning more than 30 years. He is responsible for developing the Company's investment in the coal mining industry in Indonesia and the subsequent listing of the Company on the ASX. Mr Handini is not a director of the Company.

Directors' Report (cont'd)

Company secretary

Mr Faris Azmi Abdul Rahman – *appointed on 3 April 2009*

Mr Faris has a Bachelor of Commerce from Bond University in Queensland and is an Associate Member of CPA Australia. He has several years of work experience, having worked in auditing with Arthur Andersen in Malaysia, in the Securities Issues Department of the Malaysian Securities Commission and in the Corporate Finance Department of a Malaysian securities company. He has also spent some time in Indonesia developing mining interests.

Mr David Ballantyne – *appointed on 3 January 2008; resigned on 3 April 2009*

Mr Ballantyne has almost 20 years experience in the management and administration of public companies in the resources, technology and agribusiness sectors on ASX in Australia and AIM in the UK. Prior to this he worked in corporate services, audit and insolvency with Hall Chadwick, Price Waterhouse and Grant Thornton in Australia and the UK. He has held the position of director or company secretary in a number of companies.

Mr Robert John Collins – *resigned 21 November 2008*

Operating Results

The loss after tax attributable to equity holders of the Company for the half-year ended 31 December 2008 amounted to \$8,036,364 (2007: \$6,936)

Review of Operations

The Company convened a general meeting of shareholders on 31 July 2008 at which the following matters were approved:

- The change of name of the Company to Handini Resources Limited
- The issue of 2 million fully paid ordinary shares and 1.5 million options exercisable at 50 cents within four years of issue to each of the four directors of the Company, being Messrs Anthony Goldfinch, Dato Ramiah Anpalagan, Garry Hodges and M. As'ad.
- The issue of 138 million fully paid ordinary shares and a US\$20 million convertible bond to PT Nusantara Termal Coal ("NTC") or its nominees for the forward purchase of 14.4 million tonnes of coal from NTC under the joint venture mining agreement.
- The issue of 10 million shares to Coal Fe Resources Limited pursuant to the collaboration agreement.
- The approval of an employee incentive scheme.

On 23 July 2008 the Company lodged a prospectus with Australian Securities and Investments Commission and an application for listing with Australian Securities Exchange Limited. On 10 October a supplementary prospectus was lodged.

On 30 September 2008 the Company signed a subscription agreement, an off-take agreement, an assignment agreement and a joint venture agreement with Visa Comtrade (Asia) Limited. Pursuant to these agreements Visa subscribed for a minimum of 6.8 million shares at 50 cents per share, with further subscriptions based on future production targets, and committed to purchasing the 14.4 million tonnes of coal from the Company's Indonesian operations. On 10 October the subscription monies, amounting to \$3.4 million were received.

On 22 October 2008, the Company was admitted to the official list of Australian Securities Exchange Limited.

On 8 June 2009 Ravensgate prepared an independent assessment of the exploration potential of the PT Global Multi Energi (PTGME) tenement. The exploration tenement is situated near the town of Tanjung in South Kalimantan. The purpose of the geological investigation was to assess any issues relevant to the possible JORC compliancy of the historically reported, but as yet unclassified, grade and tonnage figures produced by the Indonesian consultants, and also to assess the overall exploration potential of the property.

The PTGME tenement covers some 2,047 hectares and is located to the north of Tanjung in South Kalimantan on Borneo Island. The tenement lies 64 kilometres due north of Tanjung. By road the tenement area is approximately 90 kilometres from Tanjung. It takes approximately three hours to drive from Tanjung to the tenement area. There have been two phases of mapping and drilling completed over the tenement. In total some 114 coal outcrops have been mapped. Only three of the mapped outcrops are recorded to be thicker than two metres.

Directors' Report (cont'd)

The first phase of drilling (boreholes BH01 to BH17) was carried out from late-October 2008 through to mid-December 2008. Seventeen holes, totalling 500 metres, were completed. This drilling program was relatively unsuccessful. Many of the holes did not intersect any coal seams.

The second phase of drilling was completed between mid-February and mid-March 2008. In total 13 boreholes (DH01 to DH13) were drilled for a total of 501 metres. Ravensgate consider this program more successful. The drill holes were however sited very close to known outcrops. All the coal intersections are therefore very shallow.

The total reported grade and tonnage estimate calculated by the Indonesian geological consultants (Bandung) is 18.1 million tons of coal. Bandung have reported that the grade and tonnage estimate was calculated using the "Coal Resource Classification System of the U.S. Geological Survey". The criteria used to calculate this grade and tonnage estimate does not comply with minimum standards as set out in guidelines of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code 2004).

The tenement holds promising exploration potential for thermal coal. Samples submitted from the DH-series of boreholes indicates that the calorific value of the coal is >7000 Kcal/kg. Additional mapping and pitting will be required to identify drill targets.

Ravensgate considers the project represents an Exploration Target of between 10.5Mt and 15.7Mt of thermal coal (5000-7000Kcal/kg). This estimate assumes geological continuity, average thicknesses of 100 to 150 centimetres, cumulative strike lengths of 9800 and 5500m for the southeast and northwest domains respectively, depth of 100m (down dip) and a dry bulk density of 1.3 tm-3.

There were no changes in environmental or other legislative requirements during the year that have significantly affected the results or operations of the Company.

Significant Changes in the State of Affairs

It was disclosed in the Prospectus of 28 July 2008 that the Company proposed to acquire China Time International Limited ("CTI"), a British Virgin Island incorporated company which directly and indirectly owns 100% of PT Bungo Raya Nusantara ("BRN") which in turn controls 60% of PT Nusantara Termal Coal ("NTC"), both companies being incorporated in Indonesia.

The Company has decided not to proceed with the proposed acquisition of CTI because of ongoing litigation affecting BRN.

BRN is the legal owner of 18,750 shares issued by NTC ("NTC Shares") representing 60% of its equity. BRN has pledged the NTC Shares to Coal Fe Resources Limited ("CFRL") pursuant to a Pledged of Shares Agreement dated 14 September 2007 as security for a loan made to CTI which is BRN's holding company.

Based on a Settlement and Release Agreement dated 15 May 2008 between CFRL, BRN and CTI, BRN has agreed to sell the NTC shares to fulfill its corporate guarantee obligation. BRN has granted full power of attorney to CFRL to sell and transfer the NTC Shares to other parties to settle its obligation and obtain a release from CFRL.

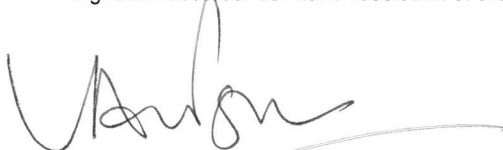
On 16 May 2008 the Company entered into a Conditional Share Sale Agreement ("CSSA") with Coal Fe Resources Limited ("CFRL") as attorney for BRN to purchase 18,750 shares in NTC by issuing 10,000,000 shares in the Company to Coal Fe.

Under the CSSA, the Company will acquire all rights, title and interest in or attached to the NTC Shares and will be entitled to all benefits, gains or proceeds arising from the NTC Shares and will execute all rights of ownership and will perform all obligations with respect thereto, subject to certain conditions precedent which as at the date of this report are still pending.

Auditor's Independence Declaration

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 5 for the half-year ended 31 December 2008.

Signed in accordance with a resolution of the Board of Directors.



Dato' Ramiah Anpalagan
Director

DATED this 11th day of December 2009

Stantons International

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11 December 2009

Board of Directors
Handini Resources Limited
125 Royal Street
East Perth, WA 6004

Dear Sirs

RE: HANDINI RESOURCES LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Handini Resources Limited.

As Audit Director for the review of the financial statements of Handini Resources Limited for the period ended 31 December 2008, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely
STANTONS INTERNATIONAL
(Authorised Audit Company)



J P Van Dieren
Director

Income Statement

for the half-year ended 31 December 2008

		31.12.2008	31.12.2007
		\$	\$
Revenue		33,661	13,354
Employee benefits expenses		(150,000)	-
Depreciation and amortisation expenses		(5,397)	-
Consulting and management expenses		(163,414)	(1,514)
Other expenses	2	(7,751,214)	(18,776)
Loss before income tax expense/benefit		(8,036,364)	(6,936)
Income tax (expense)/benefit relating to ordinary activities		-	-
Loss for the half-year		(8,036,364)	(6,936)
Attributable to:			
Equity holders of the parent		(8,036,364)	(6,936)
Minority Interest		-	-
		(8,036,364)	(6,936)
Basic loss per share (cents)		7.24	0.13

Diluted loss per share has not been disclosed as it results in a more favourable figure than basic loss per share.

The accompanying notes form part of these financial statements

Balance Sheet

as at 31 December 2008

		31.12.2008	30.6.2008
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		706,658	319,828
Trade and other receivables		60,016	686,110
TOTAL CURRENT ASSETS		766,674	1,005,938
NON CURRENT ASSETS			
Property, plant and equipment		156,522	7,295
Prepaid coal purchases & coal acquisition costs	2	24,000,000	-
Investment in unquoted entity	3	2,064,240	-
Other assets	4	1,100,000	884,879
TOTAL NON-CURRENT ASSETS		27,320,762	892,174
TOTAL ASSETS		28,087,436	1,898,112
CURRENT LIABILITIES			
Trade and other payables		166,856	81,715
TOTAL CURRENT LIABILITIES		166,856	81,715
NON CURRENT LIABILITIES			
Long-term liabilities		1,317,114	1,317,326
Convertible bond	5	25,655,905	-
TOTAL NON CURRENT LIABILITIES		26,973,019	1,317,326
TOTAL LIABILITIES		27,139,875	1,399,041
NET ASSETS		947,561	499,071
EQUITY			
Issued capital	6	7,185,777	530,973
Option reserve		301,000	-
Equity component of convertible bond	5	1,529,049	-
Accumulated losses		(8,068,265)	(31,902)
TOTAL EQUITY		947,561	499,071

The accompanying notes form part of these financial statements

Statement of Changes in Equity

for the half-year ended 31 December 2008

	Issued Capital	Option Reserve	Equity Component	Accumulated Losses	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2008	530,973	-	-	(31,901)	499,072
Loss for the half-year	-	-	-	(8,036,364)	(8,036,364)
Issues during the half-year	7,370,000	-	-	-	7,370,000
Transaction costs	(715,196)	-	-	-	(715,196)
Addition during the half-year	-	301,000	1,529,049	-	1,830,049
Balance 31 December 2008	7,185,777	301,000	1,529,049	(8,068,265)	947,561

	Issued Capital	Option Reserve	Equity Component	Accumulated Losses	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2007	530,973	-	-	(20,705)	510,268
Loss for the half-year	-	-	-	(6,936)	(6,936)
Issues during the half-year	-	-	-	-	-
Transaction costs	-	-	-	-	-
Addition during the half-year	-	-	-	-	-
Balance 31 December 2007	530,973	-	-	(27,641)	503,332

The accompanying notes form part of these financial statements

Cash Flow Statement

for the half-year ended 31 December 2008

	31.12.2008 \$	31.12.2007 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash payments in the course of operations	(424,464)	(20,290)
Interest received	19,421	13,354
Net Cash Provided by Operating Activities	(405,043)	(6,936)
CASH FLOWS FROM INVESTING ACTIVITIES		
Unsecured advances made by company	(2,120,000)	(8,500)
Purchase of plant & equipment	(5,000)	-
Net Cash Used in Investing Activities	(2,125,000)	(8,500)
CASH FLOWS FROM FINANCING ACTIVITIES		
Unsecured advances drawn/Repayment of advances	(215,049)	(84,125)
Earnest refundable deposit made	(292,238)	(231,477)
Advance from shareholder	5,000	-
Advance from other	19,160	-
Issue of share capital	3,400,000	-
Net Cash Providing By Financing Activities	2,916,873	(315,602)
Net Increase/(Decrease) in cash held	386,830	(331,038)
Cash at 1 July 2008	319,828	513,349
Cash at 31 December 2008	706,658	182,311

The accompanying notes form part of these financial statements

Condensed Notes to the Financial Statements

1. BASIS OF PREPARATION

This general purpose financial report for the interim half-year reporting period ended 31 December 2008 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2008 and any public announcements made by Handini Resources Limited during the interim 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.

Since 1 July 2007, the Company has elected not to early adopt any new standards or amendments.

Going Concern

This interim financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business. The going concern of the Company is dependant upon it maintaining, and where needed, raising sufficient funds for its operations and commitments. The directors continue to monitor the ongoing funding requirements of the Company and consider the entity able to meet its debts as and when they fall due.

	2009 \$	2008 \$
2. PREPAID COAL PURCHASES & COAL ACQUISITION COSTS		
The payment for the purchase consists of:		
138,000,000 shares in the Company at 2 cents each	2,760,000	-
Convertible bond (Note 5)	27,800,000	-
	30,560,000	-
Less: Provision for impairment (i)	(6,560,000)	-
Net	24,000,000	-

(i) Impairment loss for the period of \$6,560,000 has been included in Other Expenses

The future recoverability of the Prepaid Coal Purchases & Coal Acquisition Costs is dependent on a number of factors including the ability to mine the coal purchased at a profit. In this regard the Company is negotiating with a miner with a view to form a joint-venture to mine the coal purchased on a profit-sharing basis.

Under the Joint-Venture Mining Agreement dated 16 May 2008 the Company had purchased in advance 14,400,000 metric tonnes of coal from PT Nusantara Termal Coal for a total consideration as set out above.

Using the discounted cash flow method (discount rate of 12%, inflation rate of 5% and coal price of \$55 indexed to inflation rate annually), the Company has assessed the fair value of the Prepaid Coal Purchases & Coal Acquisition Costs as at 31 December 2008 to be \$24,000,000 and has accordingly made a provision for impairment of \$6,560,000.

Condensed Notes to the Financial Statements (cont'd)

	2009 \$	2008 \$
3. INVESTMENT IN UNQUOTED ENTITY		
18,750 ordinary shares in PT Nusantara Termal Coal	1,050,000	-
Advances to PT Nusantara Termal Coal	1,014,240	-
Total Investment in PT Nusantara Termal Coal	<u>2,064,240</u>	<u>-</u>

The 18,750 ordinary shares or 60% equity interest in PT Nusantara Termal Coal ("NTC") were acquired by the Company via a Conditional Share Sale Agreement ("CSSA") entered with Coal Fe Resources Limited on 18 May 2008 by issuing 10,000,000 ordinary shares in the Company subject to certain conditions precedent. As the conditions precedent have not yet been fulfilled and the Company does not have operational or functional controls, NTC has not been consolidated as a subsidiary for the financial year ended 30 June 2009. The audited financial report of NTC for the financial year ended 31 December 2008 is separately appended to the Company's financial report. The advances which are unsecured carry interest at 8.25% p.a.

	2009 \$	2008 \$
4. OTHER ASSETS		
Earnest refundable deposits made	-	884,879
Interest in joint venture (i)	1,100,000	-
	<u>1,100,000</u>	<u>884,879</u>

(i) The interest in joint-venture relates to the investment made to date in the Tabalong Coal Project with PT Global Multi Energi (GME). Under the Project Financing Agreement dated 30 October 2008 the Company agreed to invest \$1,100,000 in GME. In consideration of the said investment the Company has the right to purchase 70% of the coal deposits within the concession area given to GME.

	2009 \$	2008 \$
5. CONVERTIBLE BOND		
Face value	27,800,000	-
Set-off against earnest refundable deposits for advance coal purchases (Note 9)	(1,177,117)	-
	<u>26,622,883</u>	<u>-</u>
Convertible bond interest (unwinding discount)	932,821	-
	<u>27,555,704</u>	<u>-</u>
Equity component	1,529,049	-
Liability component	<u>26,026,655</u>	<u>-</u>

The Company has entered into an agreement on 21 November 2007 with PT Nusantara Indocoal ("NTC"), a company incorporated in Indonesia, for the purchase of 14,400,000 tonnes of coal from NTC. The agreement provides for advance payment for the coal purchase by the issue, among others, of a convertible bond for \$27,800,000 (USD20,000,000) less earnest deposits of \$1,177,117 paid.

The features of the convertible bond are as follows:

- USD 10,000,000 less credit for the Earnest Refundable Deposit redeemable after 6 months of its issue
- USD 10,000,000 redeemable after 24 months of its issue
- Convertible at 50 cents each into shares in the Company at any time at the option of the holder or the Company with conversion being mandatory after 24 months (if not redeemed or converted before that time).

Condensed Notes to the Financial Statements (cont'd)

6. CHANGES IN EQUITY ON ISSUE

	31.12.2008 Number	30.06.2008 Number	31.12.2008 \$	30.06.2008 \$
Ordinary shares				
Balance at beginning of half-year	28,000,001	28,000,001	530,973	530,973
Public issue at 50 cents per share	6,800,000	-	3,400,000	-
Pre-paid coal purchase at 2 cents per share	138,000,000	-	2,760,000	-
Issue to Coal Fe Resources Ltd	10,000,000	-	1,050,000	-
Issue to Directors at 2 cents per share	8,000,000	-	160,000	-
Transaction costs	-	-	(715,196)	-
Balance at end of half-year	<u>190,800,001</u>	<u>28,000,001</u>	<u>7,185,777</u>	<u>530,973</u>
Options				
Balance at beginning of half-year	6,000,000	6,000,000	-	-
Issue to Directors	6,000,000	-	301,000	-
Balance at end of half-year	<u>12,000,000</u>	<u>6,000,000</u>	<u>301,000</u>	<u>-</u>

The options on issue as at 31 December 2008 have the following features:

- 6,000,000 options to subscribe for fully paid shares exercisable at 50 cents at any time on or before the expiry date of 31 January 2011
- 1,500,000 options to subscribe for fully paid shares exercisable at 50 cents at any time after the vesting period of 12 months from the date of grant (31 July 2008) and on or before the expiry date of 31 July 2012
- 1,500,000 options to subscribe for fully paid shares exercisable at 50 cents at any time after the vesting period of 24 months from the date of grant (31 July 2008) and on or before the expiry date of 31 July 2012
- 3,000,000 options to subscribe for fully paid shares exercisable at 50 cents at any time after the vesting period of 306 months from the date of grant (31 July 2008) and on or before the expiry date of 31 July 2012

7. CONTINGENT ASSETS AND LIABILITIES

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

8. SEGMENT INFORMATION

The Company operates predominantly in one geographical segment, being Indonesia, and in one industry, mineral mining and exploration. As such, no segment information is presented.

9. EVENT SUBSEQUENT TO REPORTING DATE

On 11 December 2009 the Company entered into a Memorandum of Understanding (MOU) with PT Toba Jaya (PTTB) to formulate a joint venture or cooperation to jointly carry out mining activities in the coal concession at Muara Bungo, Indonesia wherein the latter shall provide the necessary mining equipment and working capital to mine the coal concession of PT Nusantara Termal Coal (NTC). The Company shall cause NTC to enter into a sub-contract agreement with PTTB to allow PTTB to mine the coal already purchased by the Company from NTC totalling 14,400,000 metric tonnes.

Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 6 to 12, are in accordance with the Corporations Act 2001:
 - (a) comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations; and
 - (b) give a true and fair view of the Company's financial position as at 31 December 2008 and of its performance for the half-year ended on that date.
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.



Dato' Ramiah Anpalagan
Director

DATED this 11th day of December 2009

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF HANDINI RESOURCES LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Handini Resources Limited, which comprises the balance sheet as at 31 December 2008, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a condensed 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 Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 Interim And Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 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 Handini 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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Handini Resources Limited on 11 December 2009.

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 Handini Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2008 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.

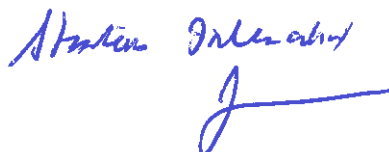
Inherent Uncertainty Regarding Going Concern, the carrying value of investments in Unquoted Entity and Prepaid Coal Purchases and Coal Acquisition Costs.

Without qualification to the review conclusion expressed above, attention is drawn to the following matters:

As referred to in Note 1 to the financial statements, the financial statements have been prepared on a going concern basis. At 31 December 2008, the Company had working capital of \$599,818 and had incurred a loss for the period of \$8,036,364. The ability of the Company to continue as a going concern and meet its planned expenditure commitments is subject to the conversion of the convertible note and/or the raising of further equity and/or loan capital and successfully exploiting its coal interests. In the event that the Board is not successful in recapitalising the Company, securing loan capital and exploiting the coal interests, the Company may not be able to continue as a going concern and the realisable value of its assets may be significantly less than their carrying values.

The recoverability of the carrying value of the Prepaid Purchases and Coal Acquisition Costs of \$24,000,000 and the investment in Unquoted Entity of \$2,064,240 is dependent on a number of assumptions including, inter alia, the price of coal and the ability to extract and mine the coal at a profit. In the event the Company may not be able to continue as a going concern and/or the Company may not be able to extract and mine the coal at a profit, the value of the Coal Acquisition Costs and the Investment in Unquoted Entity may be significantly less than their carrying values.

STANTONS INTERNATIONAL
(Authorised Audit Company)



John P Van Dieren
Director

West Perth, Western Australia
11 December 2009