

Pawnee Energy Limited

Appendix 4E Unaudited Preliminary Final Report For the year ended 31 December 2015

Appendix 4E

Commentary on Full Year Results

The Directors of Pawnee Energy Limited ('Pawnee' or "the Company") hereby present the Company's Appendix 4E – Preliminary Final Report for the financial year ended 31 December 2015.

Through this report, the Board seeks to provide an update to its Shareholders and the market on the results achieved for the 2015 financial year (ended 31 December 2015). It should be noted that the Group's financial year runs from January to December each year.

The loss for the year after income tax amounted to \$127,900 (2014 loss of \$1,288,994). The prior year loss includes the provision for doubtful debt associated with the amount receivable from the sale of Island Sky Corporation.

Review of Operations

During the period, the Board engaged in discussions with a number of interested parties regarding potential business opportunities including Sydney based investment firm, Resource Capital Limited (**RCL**). In the current financial year, these discussions eventuated in RCL agreeing to provide \$1 million of funding to the Company in two tranches in exchange for the issue of 1 million convertible notes to RCL and independent clients of RCL. Full details of the agreement with RCL were provided in the Company's ASX announcement dated 2 February 2016.

The operations and payment of certain creditors during the period were satisfied by the provision of unsecured loans by the Directors of the Company.

The Company continued to maintain its 25% interest in Island Sky Corporation and worked closely with that company to receive the balance of the purchase price under the Stock Purchase Agreement dated 18 June 2012.

APPENDIX 4E
PRELIMINARY FINAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2015

The following information is given to ASX under listing rule 4.3A.

1. Reporting period

Current Period 12 months ended 31 December 2015
Prior Period 12 months ended 31 December 2014

2. Results for announcement to the market

Company	Item	2015 \$	Up / Down	% Movement
Revenue	2.1	45	Down	99.8%
Loss after tax attributable to members	2.2	127,900	Down	90.1%
Loss attributable to members	2.3	127,900	Down	90.1%
Dividend	2.4			
	Amount per security	Amount Franked	Amount Unfranked	
Final dividend per share	Nil	Nil	Nil	
Explanatory information	2.5	For further information refer <i>Commentary on Results</i> which accompanies this announcement.		

Overview

The principal activity of the company was to retain a 25% interest in Island Sky Corporation, which markets and develops a USA Patented, high capacity, energy efficient air-to-water making machine which draws water vapour from the air and converts it into drinking water.

There were no other significant changes in the nature of the consolidated Group's principal activities during the financial year.

This financial report includes the financial statements and notes of Pawnee Energy Limited. The Company is incorporated and domiciled in Australia.

Overview of results

The net loss after tax has decreased by \$1,161,094. The prior year loss includes the provision for doubtful debt associated with the amount receivable from the sale of Island Sky Corporation.

Financial Position

The net liabilities of the Company have increased by \$127,900 from \$707,729 at 31 December 2014 to \$835,628 as at 31 December 2015. This increase has largely resulted from increase in trade and other payables of \$126,945.

Significant Changes in the State of Affairs

There have been no significant changes in the state of affairs of the parent entity during the financial year or prior year.

3. Consolidated Statement of Profit or Loss and Other Comprehensive Income – see accompanying preliminary financial statements

4. Consolidated Statement of Financial Position – see accompanying preliminary financial statements

5. Consolidated Statement of Cash Flow – see accompanying preliminary financial statements

6. Dividends Paid or Recommended

The Directors have resolved not to pay an unfranked final dividend.

7. Details of any Dividend or distribution reinvestment plans

Please see Point 2.4 above for recommended dividends. The Company does not have any distribution reinvestment plans.

8. Statement of movements in Retained Earnings – see accompanying statement of changes in equity

9. Net tangible assets per security

	31 December 2015	31 December 2014
Number of securities	7,428,340	7,428,340
Net tangible assets per security in cents	(11.25)	(9.53)

10. Changes in controlled entities

There have been no changes in controlled entities during the year.

11. Details of associates and joint venture entities

Not applicable.

12. Any other significant information needed by an investor to make an informed assessment of the entity's financial performance and financial position

Refer *Commentary on Results* which accompanies this announcement.

13. Foreign entities disclosures

The financial report is a general purpose financial report that has 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*.

14. Additional information

<u>Earnings per Share on continuing operations</u>	31 December 2015	31 December 2014
Basic earnings per share in cents	(1.72)	(17.3)
Diluted earnings per share in cents	(1.72)	(17.3)

After Balance Date Events

As announced to the ASX on 2 February 2016, the Company entered into an agreement with RCL pursuant to which RCL agreed to provide \$1 million of funding to the Company in two tranches in exchange for the issue of 1 million convertible notes to RCL and independent clients of RCL. On 24 February 2016, RCL completed the first tranche of \$500,000 and the Company subsequently issued 500,000 convertible notes to various sophisticated investor clients of RCL.

15. Compliance Statement

The financial statements are in the process of being audited and are not likely to be subject to dispute or qualification.

Signed in accordance with a resolution of the Board of Directors of Pawnee Energy Limited:



David Lindh – Chairman

Dated this 26th February 2016

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR YEAR ENDED 31 DECEMBER 2015**

	2015	2014
	\$	\$
Other income	100,045	37,084
Administration	(57,347)	(80,103)
Professional fees	(49,517)	(44,488)
Other expenses	(120,411)	(145,656)
Recouped doubtful debt (a)	100,000	-
Provision for Doubtful Debts	-	(1,054,929)
Finance costs	(670)	(902)
(Loss) before income tax	(127,900)	(1,288,994)
Income tax expense	-	-
(Loss) / Profit for the year	(127,900)	(1,288,994)
Other comprehensive income		
Items that may subsequently be reclassified to profit or loss	-	-
Total comprehensive loss for the year	(127,900)	(1,288,994)
Profit attributable to:		
Members of the company	(127,900)	(1,288,924)
Total comprehensive loss attributable to members of the company:	(127,900)	(1,288,924)

(a) During the year the company received \$100,000 in relation to the receivable from the Island Sky Corporation sale which had previously been provided for as a doubtful debt.

**Earnings per share for loss from continuing operations
attributable to the ordinary equity holders of the company:**

Basic earnings per share from continuing operations (cents per share)	(1.7)	(17.3)
Diluted earnings per share from continuing operations (cents per share)	(1.7)	(17.3)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	2015 \$	2014 \$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	549	580
Trade and other receivables	340	1,252
TOTAL CURRENT ASSETS	<u>889</u>	<u>1,832</u>
NON-CURRENT ASSETS		
Investment in associate	-	-
TOTAL NON-CURRENT ASSETS	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>889</u>	<u>1,832</u>
CURRENT LIABILITIES		
Trade and other payables	836,517	709,560
TOTAL CURRENT LIABILITIES	<u>836,517</u>	<u>709,560</u>
TOTAL LIABILITIES	<u>836,517</u>	<u>709,560</u>
NET ASSETS	<u>(835,628)</u>	<u>(707,728)</u>
EQUITY		
Issued capital	12,739,687	12,739,687
Accumulated losses	(13,575,315)	(13,447,415)
TOTAL EQUITY	<u>(835,628)</u>	<u>(707,728)</u>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED 31 DECEMBER 2015**

	Share Capital Ordinary	Accumulated losses	Reserves	Total
	\$	\$	\$	\$
Balance at 31 December 2013	12,739,687	(12,241,047)	82,626	581,266
Transfer of expired options to accumulated losses	-	82,626	(82,626)	-
Total profit or loss	-	(1,288,994)	-	(1,288,994)
Other comprehensive income for the year	-	-	-	-
Balance at 31 December 2014	12,739,687	(13,447,415)	-	(707,728)
Total profit or loss	-	(127,900)	-	(127,900)
Other comprehensive income for the year	-	-	-	-
Balance at 31 December 2015	12,739,687	(13,575,315)		(835,628)

CONSOLIDATED STATEMENT OF CASH FLOW
FOR YEAR ENDED 31 DECEMBER 2015

	2015 \$	2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(99,406)	(180,958)
Interest received	45	193
Finance costs	(670)	(668)
Net cash provided by operating activities	<u>(100,031)</u>	<u>(181,433)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investment in Island Sky Corporation	<u>100,000</u>	-
Net cash provided by investing activities	<u>100,000</u>	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Director Loans	<u>-</u>	147,000
Net cash used in financing activities	<u>-</u>	147,000
Net increase in cash held	(31)	(34,433)
Cash at beginning of financial year	<u>580</u>	<u>35,013</u>
Cash at end of financial year	<u>549</u>	<u>580</u>