

Appendix 4D

Half Year Report

Period ended 31 December 2008

Name of entity:

Coalworks Limited

ACN 114 702 831

Results for Announcement to the Market

(Appendix 4D item 2)

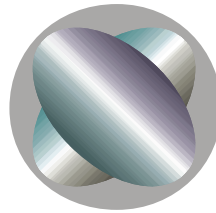
The % change and amount of change results are calculated with reference to the previous corresponding period being 31 December 2007.

		Change	Amount of Change		\$
Revenue from ordinary activities (Appendix 4D item 2.1)	Up	277352%	900,534	to	900,859
Profit/(loss) from ordinary activities after tax attributable to members (Appendix 4D item 2.2)	Up	1765%	464,585	to	438,270
Net profit/(loss) for the period attributable to members (Appendix 4D item 2.3)	Up	1765%	464,585	to	438,270
Dividends/distributions (Appendix 4D item 2.4)			Amount per security		Franked amount per security
Final Dividend (half year report only)			Nil		Nil
Previous Corresponding period (half year report only)			Nil		Nil
Record date for determining entitlements to the dividend: (Appendix 4D item 2.5)			Day / Month / Year Not Applicable		
Explanation of Operating Results (Appendix 4D item 2.6) Please refer to the attached reports for the period ended 31 December 2008 Half-Year Report for further information on the operating result.					
Net Tangible Assets per Security (Appendix 4D item 3)			31/12/2008		31/12/2007
Net Tangible Assets			19,666,856		2,207,733
Total Number of Ordinary Shares			102,595,639		4,415
Net tangible asset backing per Ordinary Share			\$ 0.19		\$ 500.05

COALWORKS LIMITED

ACN 114 702 831

and controlled entities



Coalworks Limited

ACN 114 702 831

**HALF-YEAR REPORT
AND
FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

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COALWORKS LIMITED

ACN 114 702 831

and controlled entities

**HALF-YEAR REPORT
AND
FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

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COALWORKS LIMITED

ACN 114 702 831

and controlled entities

Directors' Report

The directors present their report on the company and its controlled entities for the financial period ended 31 December 2008.

Directors

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

- Mr Wayne Mitchell - Chairman
- Dr Andrew E Firek - Managing Director
- Mr Graham Coall - Executive Director
- Mr Sin Pyng Teng - Non – Executive Director

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Review of Operations

Oaklands EL6861 (Coalworks 100%)

Summary of Coalworks' Achievements Six Months to End of December 2008:

- **760 Million tonnes total coal resource now includes:**
 - 212 Million tonnes indicated resource; and
 - 548 Million tonnes inferred resource

Total tonnage has increased plus part of the resource have been upgraded to indicated status.
- **NSW Department of Primary Industries approval received for measured resource drilling program as part of Oaklands feasibility study**
- **Major drilling program** with 58 holes drilled and up to three rigs used.
- **Commencement of bulk sampling using clamshell excavator** to mine 10-20 tonnes of coal in vicinity of planned trial test pit.
- **Strategic Alliance formed with Oaklands landowner** - a joint venture with Willala Pastoral Co Pty, one of the major owners within Coalworks' Oaklands License area, will facilitate the development of the Oaklands coal mine.
- **A Conceptual Mine & Rail Study** - A conceptual Mine Study and Rail Study from our Consulting Engineers has been completed.
- **Decision made to move to feasibility studies on the Oaklands project.**
- **Report from Uhde Shedden Completed on clean coal processing options at Oaklands**

COALWORKS LIMITED

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and controlled entities

Drilling at Oaklands has continued throughout the September and December 2008 quarters, with 58 holes completed for a total of 6,368 metres drilled. This rapid drilling program (using up to three rigs drilling a mix of cored, partly cored and open holes) has permitted a significant increase in resource tonnage at Oaklands. The revised inferred and indicated resource, announced on 11 March 2009, now totals **760 million tonnes** of sub-bituminous thermal coal including 212 Million tonnes in the indicated category.

The quality results received support the previous trend of higher specific energy coals in the northern part of the area with some zones of similar quality coals present in the southern zone. Higher ash occurs in the roof and floor plies of some intersections, but a thick working section is possible even where these high ash sections are excluded. Individual lower ash and higher energy plies exist in the seam, with the potential for selective mining to maximise product quality.

In addition to drilling to upgrade the resource, the exploration program has included fully cored geotechnical holes and hydrogeological bores to progress mine planning, and dewatering for the "Clam Shell" bulk sample exercise. Pump test results will be interpreted in the March 2009 quarter.

Excavation commenced in December 2008 for a 3.5m by 1.5m large diameter "Clam Shell" hole dug using a 120 tonne crane to obtain a bulk sample of the Lane Shaft Seam for pilot plant testwork at ACIRL. The excavation and bulk sample are situated in the vicinity of the planned test pit. The excavation results to date have confirmed the interpreted geology in the test pit area. Dewatering for the bulk sample has provided valuable pump test data relevant to planning future mining. Delivery of the bulk sample to ACIRL is envisaged in March, 2009.

Coalworks' board has reviewed the work to date and has approved the commencement of a feasibility study based on two possible pit locations. First, in the north of the project area, where coal qualities are highest and secondly, in the south of the project area in a zone where selective mining might provide similar quality coal to the north.

Planned work in the next period includes ACIRL pilot plant testwork on the bulk sample, announcement of revised resources, and commencement of studies required for project feasibility, including a new drilling program to upgrade resources to JORC measured status in the area of initial planned mining.

Figure 1 shows drill-hole locations, while Table 1 presents a summary of drill holes completed during the September and December 2008 quarters. Table 2 contains coal quality data from the Lane Shaft seam.

JOINT VENTURE TO ACCESS OAKLANDS LAND

The company has entered into a joint venture with Willala Pastoral Co. Pty Ltd ("Willala"), one of the major owners of land within Coalworks' Oaklands licence area. The joint venture is wide ranging in scope but is primarily aimed at facilitating the development of the Oaklands coal mine, including coal processing facilities, infrastructure and a clean coal processing plant, by securing access to approved locations on Willala land.

Under the terms of the agreement, Coalworks will pay a CPI indexed royalty of \$1.00 per tonne of product coal sold from or fed into a power station (or similar plant) on the Willala land.

As agreed Coalworks has during the period invested \$2 million into the joint venture trust which will establish a land portfolio. Coalworks will own 40 percent of the trust and Willala will own 60 percent.

The land trust has been established under strict prudential conditions so that it can invest and fulfil the objectives of purchasing land and to facilitate Coalworks' mine development. Any further royalties or benefits earned will be shared by the joint venture partners. Willala will manage the Joint Venture as it has the management expertise to both acquire agricultural land prudently and to maintain agricultural activities until it is required as mining land.

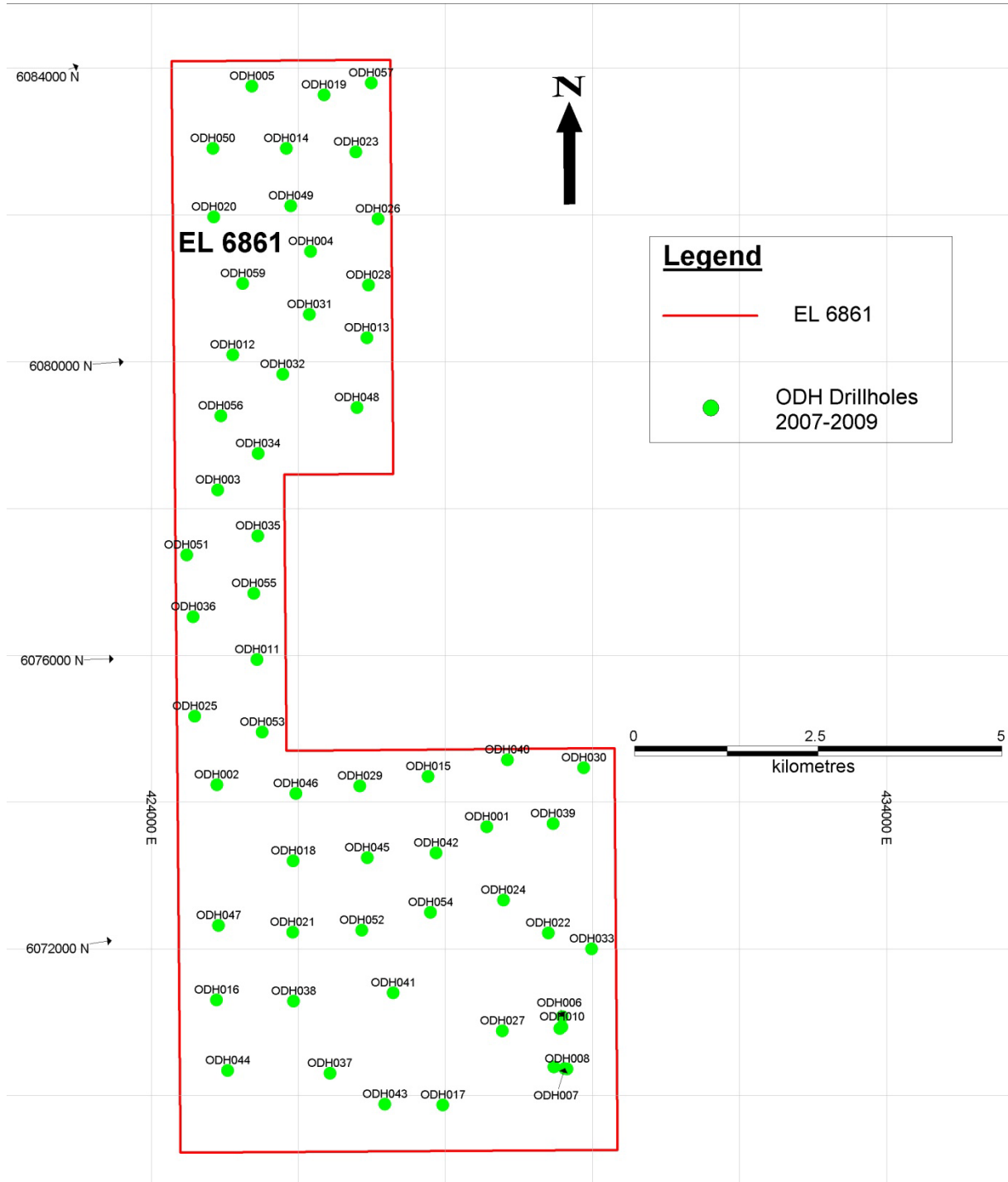
COALWORKS LIMITED

ACN 114 702 831

and controlled entities

**Interim Financial Report
Directors' Report**

Figure 1 Locations of drillholes completed during September and December 2008 quarters.



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ACN 114 702 831

*and controlled entities***Interim Financial Report
Directors' Report****Table 1** Summary of holes completed during the September and December 2008 quarters.

Hole ID	Seam Name	Top (m)	Base (m)	Thickness (m)	Total Depth	Geophysically corrected
ODH007	Lanes Shaft	57.63	67	9.37	91	y
ODH008	Lanes Shaft	57.5	66.9	9.4	71	n
ODH009	Lanes Shaft	62.73	72.37	9.64	74.33	y
ODH010	Lanes Shaft	64.53	75.14	10.61	83	y
ODH011	Lanes Shaft	73.68	79.23	5.55	90.6	y
	Lower Lanes Shaft	80.17	83.2	3.03		
ODH012	Coreen Creek	203.03	204.55	1.52	254	y
	Lanes Shaft	222.68	241.18	18.5		
ODH013	Coreen Creek	82.2	83.55	1.35	125.7	y
	Upper Lanes Shaft	103.3	107.03	3.73		
	Lanes Shaft	107.83	120.88	13.05		
ODH014	Coreen Creek	117.9	118.6	0.7	160.12	y
	Lanes Shaft	136.55	150.13	13.58		
ODH015	Lanes Shaft	65.84	81.45	15.61	87.3	y
ODH016	Coreen Creek	87.7	88.68	0.98	135.1	y
	Lanes Shaft	114.5	129.43	14.93		
ODH017	Coreen Creek	52	52.5	<0.5	102.3	y
	Lanes Shaft	82.05	91.82	9.77		
	Lower Lanes Shaft	92.14	96.95	4.81		
ODH018	Coreen Creek	59.5	60.3	0.8	105.44	y
	Lanes Shaft	86.4	97.93	11.53		
	Lower Lanes Shaft	98.41	101.4	2.99		
ODH019	Coreen Creek	125.40	125.70	0.30	168	y
	Lanes Shaft	147.20	163.00	15.8		
	Lower Lanes Shaft	166.10	167.10	1		
ODH020	Coreen Creek	144	144.6	0.6	180	y
	Lanes Shaft	159.9	176.1	16.2		
ODH021	Coreen Creek	65.7	67.08	1.38	117.3	y
	Upper Lanes Shaft	79.07	79.77	0.7		
	Lanes Shaft	96.23	110.72	14.49		
ODH022	Lanes Shaft	42.5	56.72	14.22	72.3	y

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ODH023	Coreen Creek	140	142	2	186	y
	Lanes Shaft	162.2	175.6	13.4		
ODH024	Lanes Shaft	55.57	62.92	7.35	69.3	y
ODH025	Coreen Creek	100.8	102	1.2	142.1	y
	Lanes Shaft	120.83	132.31	11.48		
ODH026	Coreen Creek	160.2	161.2	1	201	y
	Lanes Shaft	178	194	16		
ODH027	Lanes Shaft	76	89.04	13.04	96.1	y
ODH028	Coreen Creek	112.2	113.1	0.9	164	y
	Lanes Shaft	132.9	148.6	15.7		
ODH029	Lanes Shaft	69.52	78.37	8.85	85.1	y
ODH030	Lanes Shaft	54.6	62.71	8.11	65.3	y
ODH031	Coreen Creek	129	130.2	1.2	180	y
	Lanes Shaft	150.8	169.1	18.3		
ODH032	Coreen Creek	121.2	122.2	1	164	y
	Lanes Shaft	143	159	16		
ODH033	Lanes Shaft	44.6	53.44	8.84	57.1	y
ODH034	Coreen Creek	108	109	1	162	y
	Lanes Shaft	132	152	20		
ODH035	Coreen Creek	73	74	1	114	y
	Lanes Shaft	85	105	20		
ODH036	Coreen Creek	114	116	2	154	y
	Lanes Shaft	134	149	15		
ODH037	Coreen Creek	91.7	92.3	0.6		y
	Lanes Shaft	116	120.2	4.2		
	Lower Lanes Shaft	126.4	129.1	2.7	136.65	
ODH038	Coreen Creek	74.5	75.5	1	123.1	y
	Lanes Shaft	102.71	119.89	17.18		
ODH039	Lanes Shaft	53.7	62.63	8.93	65.8	y
ODH040	Lanes Shaft	57.54	68.77	11.23	74.1	y
ODH041	Coreen Creek	72	73	1	117.15	y
	Lanes Shaft	97.15	114.41	17.26		
ODH042	Coreen Creek	41	42	1	88.75	y
	Lanes Shaft	65	80.7	15.7		
ODH043	Coreen Creek	64.74	66.38	1.64	120.1	y
	Lanes Shaft	97.37	113.15	15.78		

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ODH044	Coreen Creek	100.24	100.93	0.69	142.1	y
	Lanes Shaft	122.65	138.89	16.24		
ODH045	to be redrilled					n
ODH046	Coreen Creek	46.8	~47	<.2	85.1	y
	Lanes Shaft	69.1	81.75	12.65		
ODH047	Coreen Creek	82.88	83.17	0.29	128.1	y
	Lanes Shaft	109.14	124.56	15.42		
ODH048	no coal intersected				266.83	n
ODH049	Coreen Creek	131.0	131.7	0.0	164.86	y
	Lanes Shaft	148.3	162.58	14.28		
ODH050	Coreen Creek	106.1	106.7	0.6	138.1	y
	Lanes Shaft	120.17	134.71	14.54		
ODH051	Coreen Creek	144.5	145.25	0.75	179.1	y
	Lanes Shaft	162.58	175.57	12.99		
ODH052	Coreen Creek	73.00	73.29	0.290	102.1	y
	Lanes Shaft	83.66	100.02	16.36		
ODH053	Coreen Creek	52.8	53	0.2	84.1	y
	Lanes Shaft	71.42	81.17	9.75		
ODH054	Lanes Shaft	80.66	95.82	15.16	99	y
ODH055	Lanes Shaft	78	90.14	12.14	93	y
ODH056	Coreen Creek	184.50	185.00	<0.5	225.1	y
	Lanes Shaft	204.7	222.07	17.37		
ODH057	Coreen Creek	136.44	137.15	0.71	177.1	n
	Lanes Shaft	160.62	175.6	14.98		n

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COALWORKS LIMITED

ACN 114 702 831

*and controlled entities***Interim Financial Report
Directors' Report****Table 2** Coal quality results received during the September and December 2008 quarters. All samples from Lane Shaft seam, and represent potential working sections.

Drillhole	From (m)	To (m)	Thickness (m)	Moisture (%ad)	Raw Ash (%ad)	Total Sulfur (%ad)	CV (MJ/kg, corrected, ad)	CV (kcal/kg, corrected, ad)
ODH011	78.94	83.03	4.09	14.3	17.2	0.29	20.4	4873
ODH013	109.09	120.88	11.79	17.3	14.1	0.21	20.2	4829
ODH014	137.93	149.91	11.98	15.3	11.5	0.28	21.9	5241
ODH015	65.9	81.3	15.4	20.6	15.7	0.4	19.13	4569
ODH16	114.41	129.37	14.96	12.4	16.6	0.26	21.31	5089
ODH17	81.71	96.75	15.04	13.5	23	0.28	18.74	4476
ODH18	86.1	101.06	15.62	14	17.5	0.38	20.41	4876
ODH21	79.07	110.72	15.9	14.9	15.3	0.29	NA	
ODH22	53.37	56.72	3.35	12.3	NA	NA	NA	
ODH24	55.57	62.9	7.33	14.3	NA	0.23	NA	
ODH25	120.83	131.06	10.17	16.67	16.97	0.26	NA	
ODH29	69.52	78.37	8.85	NA	20.72	0.23	NA	
ODH30	59.2	61.23	2.03	13.7	19.9	0.28	NA	
ODH38	102.8	119.49	16.7	14.7	16	0.28	NA	
ODH039	55.87	62.68	6.81	15.2	21	0.22	NA	
ODH040	59.64	68.77	9.13	16.7	21	0.22	NA	
ODH041	97.57	114.37	16.8	16.2	19.3	0.31	NA	
ODH042	65	80.7	15.7	NA	18	0.26	NA	

*Note – high ash plies at top and base of seam excluded where present.
Depths not geophysically corrected.*

COALWORKS LIMITED

ACN 114 702 831

and controlled entities

**Interim Financial Report
Directors' Report**

Auditor's Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 13 for the half year ended 31 December 2008.

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



Andrew Firek
Director

Dated this 12 March 2009

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COALWORKS LIMITED
ABN 60 006 569 124

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

I declare that, to the best of my knowledge and belief, during the half year ended 31 December 2008 there have been:

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

Hall Chadwick
Level 29, 31 Market St
Sydney NSW 2000



DREW TOWNSEND
Partner
Date: 12 March 2009

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Graham Webb
Lyle Vallance
Bill Petrovski
David Ross

National Association
Hall Chadwick

Other Independent firms in:
Brisbane
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COALWORKS LIMITED
ACN 114 702 831

**INDEPENDENT AUDITOR'S REVIEW REPORT TO
THE MEMBERS OF COALWORKS LIMITED**

Review on the Half Year Financial Report

We have reviewed the accompanying half-year financial report of Coalworks 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 summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' Responsibility for the Half Year Financial Report

The directors of the consolidated entity 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 establishing and maintaining internal control 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 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 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 Coalworks 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 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, provided to the directors of Coalworks Limited on 12 March 2009 would be in the same terms if provided to the directors as at the date of this auditor's review report.

Basis for Qualified Conclusion

As this is the first year that Coalworks Limited is required to prepare an interim financial report and have it reviewed, the income statement; statement of changes of equity; cash flow statement; a summary of significant accounting policies and other explanatory notes for the preceding corresponding half year to 31 December 2007 have not been reviewed or audited. Accordingly, we are not in a position to, and do not, express any assurance in respect of the comparative information for the half year ended 31 December 2007. The financial report for the preceding financial year ended 30 June 2008 has been audited and therefore our review conclusion is not qualified in respect of the comparative information included for the year ended 30 June 2008 included in the balance sheet.

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Gino Malacco
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Brent Kijurina
Blair Pleash

Associates
Graham Webb
Lyle Vallance
Bill Petrovski
David Ross

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COALWORKS LIMITED
ABN 60 006 569 124

**INDEPENDENT AUDITOR'S REVIEW REPORT TO
THE MEMBERS OF COALWORKS LIMITED**

Qualified Conclusion

Except for the effect, if any, on the comparatives for the preceding corresponding half year to 31 December 2007 that may result from the qualification in the preceding paragraph, based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half year financial report of Coalworks Limited is not in accordance with the Corporations Act 2001 including:

- (a) giving a true and fair view of the consolidated entity'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

Hall Chadwick
Level 29, 31 Market Street
Sydney, NSW 2000



DREW TOWNSEND
Partner

Date: 12 March 2009

COALWORKS LIMITED

ACN 114 702 831

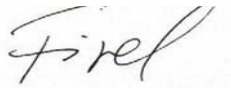
and controlled entities

DIRECTORS' DECLARATION

The directors of the group declare that:

1. The financial statements and notes, as set out on pages 17 to 22
 - a. comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations; and
 - b. give a true and fair view of the economic entity'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.



Director .

Andrew Firek

Dated this 12 March 2009

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COALWORKS LIMITED

ACN 114 702 831

*and controlled entities***CONSOLIDATED INCOME STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	Note	Consolidated Group	
		31.12.2008	31.12.2007
		\$	\$
Revenue			
Interest Income		900,859	325
Expenses			
Administrative Expenses		152,573	2,396
Consultancy & Professional Fees		129,609	7,934
Corporate and ASX Listing Fees		28,913	-
Employee benefits expense		900	-
Legal expenses		32,461	-
Depreciation and amortisation expense		3,828	-
Marketing & Promotion expenses		62,705	-
Other expenses		35,401	16,310
Share based payments		16,200	-
Profit / (Loss) before income tax		<u>438,270</u>	<u>(26,315)</u>
Income tax expense	4	-	-
Profit / (Loss) attributable to mebers of the parent entity		<u>438,270</u>	<u>(26,315)</u>
Basic earnings per share (cents per share)		0.0043	(5.9604)
Diluted earnings per share (cents per share)		0.0037	(5.9604)

The accompanying notes form part of these financial statements.

COALWORKS LIMITED

ACN 114 702 831

*and controlled entities***CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2008**

	Note	Consolidated Group	
		31.12.2008	30.6.2008
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		19,701,914	24,271,518
Other current assets		605,173	247,238
TOTAL CURRENT ASSETS		20,307,087	24,518,757
NON-CURRENT ASSETS			
Investments accounted for using the equity method	7	2,000,000	-
Plant and equipment		16,976	18,844
Exploration and evaluation expenditure		4,247,647	1,235,127
TOTAL NON-CURRENT ASSETS		6,264,623	1,253,971
TOTAL ASSETS		26,571,710	25,772,728
CURRENT LIABILITIES			
Trade and other payables		636,388	312,694
Financial Liabilities		20,818	-
TOTAL CURRENT LIABILITIES		657,206	312,694
TOTAL LIABILITIES		657,206	312,694
NET ASSETS		25,914,504	25,460,034
EQUITY			
Issued capital		25,658,402	25,658,402
Reserves		1,891,712	1,875,512
Retained earnings		(1,635,610)	(2,073,880)
TOTAL EQUITY		25,914,504	25,460,034

The accompanying notes form part of these financial statements.

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COALWORKS LIMITED**ACN 114 702 831****and controlled entities****CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2008**

	Issued Capital Ordinary	Retained Earnings	Option Reserve	Total
	\$	\$	\$	\$
Balance at 1.7.2007	206,583	(29,432)	-	177,151
Shares Issued during the period	2,312,486			2,312,486
Loss attributable to members of parent entity		(26,315)		(26,315)
Balance at 31.12.2007	2,519,069	(55,747)	-	2,463,322
Balance at 1.7.2008	25,658,402	(2,073,880)	1,875,512	25,460,034
Revaluation increment			16,200	16,200
Profit attributable to members of parent entity		438,270		438,270
Balance at 31.12.2008	25,658,402	(1,635,610)	1,891,712	25,914,504

The accompanying notes form part of these financial statements.

COALWORKS LIMITED

ACN 114 702 831

*and controlled entities***CONSOLIDATED CASH FLOW STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

	Consolidated Group	
	31.12.2008	31.12.2007
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(476,802)	(45,177)
Interest received	900,859	325
Net cash provided by (used in) operating activities	424,057	(44,852)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for Plant and Equipment	(1,959)	-
Payments for Exploration Expenditure	(3,012,520)	(193,598)
Payments for Investments	(2,000,000)	-
Net cash provided by (used in) investing activities	(5,014,480)	(193,598)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	2,312,486
Net cash provided by (used in) financing activities	-	2,312,486
Net (decrease) / increase in cash held	(4,590,423)	2,074,036
Cash at beginning of period	24,271,518	57,778
Cash at end of period	19,681,096	2,131,814

The accompanying notes form part of these financial statements.

COALWORKS LIMITED

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NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2008

NOTE 1: BASIS OF PREPARATION

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2008 and any public announcements made by Coalworks Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The accounting policies have been consistently applied by the entities in the consolidated group and are consistent with those in the June 2008 financial report with the exception of the following additional accounting policy.

a) Investment in Joint Venture

The consolidated group's interests in joint venture entities are brought to account using the equity method of accounting in the consolidated financial statements.

The consolidated group's share of the assets, liabilities, revenue and expenses of joint venture operations are included in the appropriate items of the consolidated financial statements.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

NOTE 2: SEGMENT REPORTING

The company operated in one business, being mineral exploration and development and in one geographical segment being Australia.

NOTE 3: EVENTS AFTER THE BALANCE SHEET DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the company, to affect significantly the operations of the company, the results of those operations, or the state of affairs of the company, in future financial years.

NOTE 4: INCOME TAX EXPENSE

No tax entries have been brought to account in the period due to prior year tax losses.

NOTE 5: DIVIDENDS

No dividends were proposed or paid during the period.

COALWORKS LIMITED

ACN 114 702 831

and controlled entities

NOTE 6: ACQUISITION AND DISPOSAL OF SUBSIDIARIES

There were no acquisitions or disposals of subsidiaries during the period.

NOTE 7: INTEREST IN JOINT VENTURES

During the period the company entered into a joint venture with Willala Pastoral Co Pty Ltd.

As at 31st December 2008, the joint venture entity did not trade with external parties nor hold any assets.

The company's investment in this joint venture as at 31 December 2008 amounted to \$ 2,000,000. This amount is currently held in a cash deposit account with Westpac Banking Corporation in the name of the joint venture, Oaklands Land Trust. Under the terms of the Joint Venture agreement these funds are redeemable at any time.

NOTE 8: CASH AND CASH EQUIVALENTS

Cash at the end of the period represents cash and cash equivalents on hand net of operating overdraft balances.

	Consolidated Group	
	31.12.2008	31.12.2007
	\$	\$
Reconciliation of cash		
Cash at the end of the financial period as shown in the cash flow statement is reconciled to items in the balance sheet as follows:		
Cash and cash equivalents	19,701,914	2,131,814
Bank Overdrafts	(20,818)	-
Cash at end of period	<u>19,681,096</u>	<u>2,131,814</u>