

Annual Report 2010

AMBRE CTL LIMITED

ANNUAL REPORT 2010

Fuelling Queensland's Future



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Ambre CTL Limited Annual Report 2010

Prepared in December 2010 by Ambre CTL Limited, Level 27
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Directors' report

Your directors present their report, together with the financial statements of the consolidated entity, being the parent entity (Ambre CTL Limited) and its controlled entities, for the period ended 30 June 2010.

Directors

The following persons were directors of the parent entity during the whole of the period and up to the date of this report, unless otherwise noted:

E Choros Executive Director

D Usasz Non-Executive Director

SMJ van Baarle Executive Director

The qualifications, experience and special responsibilities of the directors are set out below.



Edek Choros, Executive Director

Edek Choros MSc (Geol), BE (Mining)

Executive Director

With over 20 years of geological and engineering experience, Mr Choros's strength lies in his ability to identify and develop new project opportunities with the potential to apply resource upgrading technologies.

Mr Choros successfully led the establishment and sale of the Millennium Coal Project in Queensland's Bowen Basin spanning 1999-2005 prior to forming Ambre Energy. His keen interest in the conversion of coal and oil shale to liquid fuels is driving Ambre Energy's direction as a credible player in the peak oil debate.

Mr Choros is closely involved with executive recruitment and is building a team capable of adding value to ambreCTL. His track record in developing robust and profitable ventures has ensured that ambreCTL continues to attract investment and international interest.

Mr Choros gained his qualifications as a geologist and mining engineer in Krakow, Poland before moving to Australia in 1989. He worked for the Electricity Trust of South Australia and subsequently as a private consultant in the coal mining industry before establishing Millennium Coal.



David Usasz, Non-Executive Director

David Usasz BCom, FCA

Non-Executive Director

Mr Usasz's experience in financial and strategic affairs is founded upon 31 years of service at PricewaterhouseCoopers, including 20 years as partner. Throughout his career he has advised businesses in both government and private sectors on management issues surrounding success and growth.

Mr Usasz has been a registered tax agent for more than 25 years, gaining extensive experience in corporate finance with a focus on tax, and mergers and acquisitions. He has an acute understanding of Asian markets and investors following three years working in Hong Kong and considerable travel to Japan, Taiwan, Jakarta and Singapore.

Mr Usasz's experience as a board member of ASX listed Queensland Mining Corporation Limited and ASX listed Cromwell Corporation Limited is vital as Ambre CTL Limited establishes itself as an independent company. His diversified interests and networks are further exemplified by former directorship of the Australian Rugby Union Limited (2005–2007) and significant honorary positions held with the Princess Alexandra Hospital Research Foundation and the Australia Taiwan Business Council.



Michael van Baarle, Executive Director

Michael van Baarle BCom, LLB

Executive Director

Michael van Baarle is a founding director of Ambre CTL Limited with broad responsibilities including capital raising, contract negotiation and positioning the company with senior government and industry stakeholders.

He retired from a 20-year legal career in September 2006 to accept an executive position as Director Business Development with Ambre Energy, and is a member of the Ambre Energy Limited and Ambre CTL Limited boards.

During his legal career, Mr van Baarle practiced law in Australia and the United Kingdom, gaining wide experience in business services with a narrowed focus on the resource sector. His term with BHP Coal's in-house legal team and his work on the Millennium Coal Project as a partner at Hillhouse Burrough McKeown provided specific exposure to the issues faced by projects in the energy sector.



Mr Mark Fraser, Chief Financial Officer and Company Secretary

Company Secretary

Mark Fraser BCom

Chief Financial Officer and Company Secretary

Mark Fraser holds the positions of Chief Financial Officer and Company Secretary with Ambre CTL Limited. He is responsible for the preparation of the company's statutory financial reports, other statutory compliance, cashflow management, and company secretarial services.

Mr Fraser is the principal liaison for investor enquiries and as Chief Financial Officer is focused on ensuring the company's finances are properly structured and reported.

Mr Fraser completed a Bachelor of Commerce at the University of Newcastle and is currently completing postgraduate studies with both the Institute of Chartered Accountants in Australia and Chartered Secretaries Australia.

Principal activities

During the year, the principal activities of the consolidated entity were –

- development of ambreCTL, a project incorporating an above-ground coal gasification and liquid fuel production facility fed by an onsite open cut mine near Toowoomba, Queensland, Australia

Review of operations

Principal operations activities during the year include:

- exploration drilling
- environmental baseline studies towards an Environmental Impact Statement, including but not limited to, noise surveys, water borehole monitoring, soils studies, flora and fauna studies, dust monitoring
- community engagement and consultation
- property acquisition and land option agreement negotiation
- progression of licence agreements for key project components with potential technology providers
- coal gasification testing
- progression of concept studies for key project components i.e. water supply, product marketing, power supply
- hosted visit and collaborated with US mined land reclamation expert Dr Dave Ralston

Operating results

The net accounting loss for the Consolidated Entity was \$1,622,366

Significant changes in state of affairs

During the financial year, the group –

- re-evaluated the use of the 500 million tonne JORC-compliant Felton North coal deposit near Toowoomba, Queensland and re-assessed the project previously proposed on this site - the Felton Clean Coal Demonstration Project to produce dimethyl ether.
- announced a revised development proposal for the Felton North coal deposit in the name of ambreCTL, with the following defining features:
 - a fuel production facility delivering 940 million litres per year (ML/yr) of high quality unleaded petrol (ULP) and 150 ML/yr of LPG
 - an adjoining open-cut coal mine to supply four million tonnes per annum (Mtpa) of feed coal to the facility
 - a process involving above-ground gasification converting coal from the mine to a synthesis gas or 'syngas' for conversion to methanol. Methanol is then converted to high quality unleaded petrol and LPG using ExxonMobil technology.
 - production of market-ready fuels containing no sulphur and requiring no additional refining prior to use
 - capital cost in the order of \$3.5 billion
 - a project area covering approximately 2,000ha
 - 1,880 peak construction jobs and 530 ongoing direct full time jobs
 - \$26 billion stimulus to the Australian economy over the life of the 35 to 40 year project
- lodged an Initial Advice Statement (IAS) as part of an application to the Queensland Government for a significant project declaration – decision pending
- received technology proposals from key technology providers
- progressed land acquisition and land option agreements in the site area

Felton North coal deposit JORC resources

Tenement	Measured		Indicated		Inferred		Subtotal	
	Mt	Ave. % Raw Ash	Mt	Ave. % Raw Ash	Mt	Ave. % Raw Ash	Mt	Ave. % Raw Ash
EPC1810 ²	-	-	-	-	18.71	34.18	18.71	34.18
EPC935	49.48	34.74	97.94	34.81	332.98	35.49	480.40	35.28
TOTAL	49.48	34.74	97.94	34.81	351.69	35.42	499.10¹	35.23

¹ Summary of estimated coal resources at a 50% raw ash cut-off.

² EPC1810 was identified as EPC1138 in the June 2009 JORC resource statement. The EPC was retitled in December 2009 following an EPC consolidation. Resource figures under both titles are identical. EPC1810 is held by a related party of Ambre CTL Limited.

The information in this report that relates to Mineral Resources for the Felton North project was compiled by Mr David John Arnott who holds the position of Divisional Manager – Applied Geosciences with Snowden Mining Industry Consultants Pty Ltd. Mr Arnott is a qualified geologist with over 20 years experience in coal geology and resource evaluation. He is a member of the Australian Institute of Mining and Metallurgy and certified by that organisation as a Chartered Professional. Mr Arnott has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and the activity to which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves*.

The information in this report that relates to Exploration Results is based on information compiled by Mr Jason Russell and Mr Adam Frankish who have both held the position of Exploration Manager with Ambre Energy. Mr Russell is a qualified geologist with over nine years experience in coal geology and Mr Frankish is a qualified geologist with over six years experience in coal geology. Both are members of the Australian Institute of Mining and Metallurgy. Both Mr Russell and Mr Frankish have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and the activity to which they are undertaking to qualify as Competent Persons as defined by the 2004 edition of the *Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves*.

Mr Arnott, Mr Russell and Mr Frankish consent to the inclusion in the report of the matters based upon information provided to them and in form and context in which they appear.

Events after balance sheet date

Since the end of the financial year, the group has:

- acquired certain assets belonging to the ultimate parent company, Ambre Energy Limited, including the following additional subsidiaries:
 - Ambre Energy (Felton) Pty Ltd
 - Ambre EOR Pty Ltd
- achieved successful commercial scale gasification testing results in a gasifier owned by Synthesis Energy Systems (SES) in Zao Zhuang, China
- completed long-lead Environmental Impact Statement (EIS) background information collection (i.e. fauna and flora studies)
- completed concept level mine and process plant design
- received remaining technology proposals from key technology providers

Otherwise, there has not been any other matter or circumstance that has significantly affected, or may significantly affect, the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

Future developments

Likely developments in the operations of the Consolidated Entity in future financial years and the expected results of those operations include:

- receipt of Terms of Reference for an Environmental Impact Statement and subsequent completion
- completion of detailed project design and a Bankable Feasibility Study
- final investment decision leading to financial close
- project construction leading to commissioning and finally operation

Environmental regulations

Ambre Energy (Felton) Pty Ltd is subject to environmental regulations applicable in the State of Queensland, Australia, where it holds coal exploration tenements and during the financial year no environmental non-compliance issues were recorded.

The Group is not subject to the conditions imposed by the registration and reporting requirements of the National Greenhouse and Energy Reporting Act 2007.

Dividends

The directors declare that no amount has been paid or declared by way of a dividend since the start of the financial year. The Directors do not recommend the payment of a dividend in respect of the financial year.

Indemnifications of officers and auditors

During the financial year the company's parent entity, Ambre Energy Limited, paid a premium in respect of a contract insuring the directors of the company (as named above), the company secretary, and all executive officers of the company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

Directors' meetings

The number of meetings of the company's Board of Directors held during the year ended 30 June 2010, and the number of meetings attended by each director was as follows:

	Full meetings of directors	
	Attended	Held*
E. Choros	8	8
SMJ. van Baarle	8	8
D. Usasz	8	8

* Number of meetings held during the time the director held office.

** Numbers refer to board meetings held by Ambre Energy Limited, the parent company of Ambre CTL Limited, at which ambreCTL matters were discussed and recorded.

Proceedings involving the Company

The company is not a party to any court proceedings.

Auditor's independence declaration

The auditor's independence declaration for the year ended 30 June 2010 has been received and can be found on page 8 of the annual report.

The report is made in accordance with a resolution of the directors.

E. Choros

Edward (Edek) Choros

Director

Brisbane 24 December 2010

Directors' declaration

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 9 to 23, are in accordance with the Corporations Act 2001 and;

(a) comply with Accounting Standards; and

(b) give a true and fair view of the financial position as at 30 June 2010 and of the performance for the year ended on that date of the consolidated entity;

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.

E. Choros

Edward (Edek) Choros

Director

Brisbane 24 December 2010

Auditor's independence declaration



Grant Thornton

AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF AMBRE CTL LIMITED

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In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Ambre CTL Limited for the period ended 30 June 2010, I declare that, to the best of my knowledge and belief, there have been:

- 1 No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- 2 No contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

DJ Carroll
Director – Audit & Assurance

Brisbane, Dated 24 December 2010

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Financial report



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AMBRE CTL LIMITED – CONSOLIDATED ENTITY

ACN 138 224 647

Statement of comprehensive income

FOR THE PERIOD ENDED 30 JUNE 2010

	Note	2010 \$
Revenue	2	980
Foreign exchange gains (losses)		(547)
Consultants and professional expense		(476,325)
Loss on disposal of financial assets	3	(69,583)
Research and development expense		(959,700)
Other expenses		(83,147)
Professional & consulting fees		(34,044)
Profit/(loss) before income tax	3	(1,622,366)
Income tax expense/(benefit)		-
Profit/(loss) for the year		(1,622,366)
Attributable to members of the parent entity		(1,622,366)
Attributable to non-controlling interest		-
Other Comprehensive Income:		
Other comprehensive income for the year, net of income tax		-
Total comprehensive income for the year		(1,622,366)

The accompanying notes form part of these financial statements

AMBRE CTL LIMITED – CONSOLIDATED ENTITY

ACN 138 224 647

Statement of financial position

FOR THE PERIOD ENDED 30 JUNE 2010

	Note	2010 \$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	4	96,723
Trade and other receivables	5	92,740
Other current assets	7	1,206
TOTAL CURRENT ASSETS		190,669
TOTAL ASSETS		190,669
CURRENT LIABILITIES		
Trade and other payables	8	6,968
TOTAL CURRENT LIABILITIES		6,968
NON-CURRENT LIABILITIES		
Financial liabilities	9	1,756,067
TOTAL NON-CURRENT LIABILITIES		1,756,067
TOTAL LIABILITIES		1,763,035
NET ASSETS		(1,572,366)
EQUITY		
Equity attributable to members of the parent entity:		
Issued capital	10	50,000
Retained earnings		(1,622,366)
Non-Controlling Interest		-
TOTAL EQUITY		(1,572,366)

The accompanying notes form part of these financial statements

AMBRE CTL LIMITED – CONSOLIDATED ENTITY

ACN 138 224 647

Statement of changes in equity

FOR THE PERIOD ENDED 30 JUNE 2010

	Share capital \$	Retained Earnings \$	Total \$
Profit/ (Loss) attributable to members of parent entity	-	(1,622,366)	(1,622,366)
Total other comprehensive income for the year	-	-	-
Shares issued during the year	50,000	-	50,000
Balance at 30 June 2010	50,000	(1,622,366)	(1,572,366)

Statement of cashflows

FOR THE PERIOD ENDED 30 JUNE 2010

	Note	2010 \$
CASH FLOWS FROM OPERATING		
Payments to suppliers and employees		(1,710,323)
Interest received		980
Net cash provided by (used in) operating activities	13	(1,709,344)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares		50,000
Loans from parent entity		1,756,067
Net cash provided by (used in) financing activities		1,806,067
Net increase in cash and cash equivalents held		96,723
Cash and cash equivalents at beginning of the period		-
Cash and cash equivalents at end of financial year	4	96,723

The accompanying notes form part of these financial statements

AMBRE CTL LIMITED – CONSOLIDATED ENTITY

ACN 138 224 647

Notes to the financial statements

FOR THE PERIOD ENDED 30 JUNE 2010

Note 1: Statement of Significant Accounting Policies

The consolidated financial report of Ambre CTL Limited and its controlled entities for the financial period ended 30 June 2010 comprises Ambre CTL Limited and its controlled entities (together referred to as the consolidated entity). Ambre CTL Limited (the parent), incorporated on 10 July 2009 is an unlisted public company registered and domiciled in Australia. Consequently this financial report is prepared for the period from the date of incorporation to 30 June 2010 and there is no comparative period.

Basis of preparation

The consolidated financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

The consolidated financial 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. All amounts are presented in Australian dollars.

The following is a summary of the material accounting policies adopted by the consolidated group in preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Accounting Policies

(a) Principles of Consolidation

A controlled entity is any entity Ambre CTL Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

A list of controlled entities is contained in Note 6 and 14 to the financial statements. All controlled entities have a June financial year end.

As at reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the period then ended. Where controlled entities have entered (left) the consolidated group during the period, their operating results have been included (excluded) from the date control was obtained (ceased).

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the Equity section of the Statement of Financial Position and Statement of Comprehensive Income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profits and losses are eliminated in preparing the financial statements. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

AMBRE CTL LIMITED – CONSOLIDATED ENTITY

ACN 138 224 647

Notes to the financial statements

FOR THE PERIOD ENDED 30 JUNE 2010

Note 1: Statement of Significant Accounting Policies (cont'd)

Business combinations

Business combinations occur where control over another business is obtained and results in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer. The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the accounts and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed.

In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured. The acquisition may result in the recognition of goodwill or a gain from a bargain purchase. All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

(b) Income tax

Tax Consolidation

Ambre CTL Limited and its wholly-owned Australian subsidiaries are members of an income tax consolidated group under the tax consolidation regime. The head entity of the group is Ambre Energy Limited. Each entity in the group recognises its own current and deferred tax liabilities, except for any deferred tax assets resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The current tax liability of each group entity is then subsequently assumed by the parent entity.

There are no tax-sharing arrangements in place between members of the consolidated group at the date of this report.

(c) Foreign Currency Transactions and Balances

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Australian dollars, which is the functional currency of Ambre CTL Limited and the presentation currency for the consolidated financial statements.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

AMBRE CTL LIMITED – CONSOLIDATED ENTITY

ACN 138 224 647

Notes to the financial statements

FOR THE PERIOD ENDED 30 JUNE 2010

Note 1: Statement of Significant Accounting Policies (cont'd)

(c) Foreign Currency Transactions and Balances (cont'd)

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- i. assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- ii. income and expenses are translated at average exchange rates for the period where this approximates the rate at the date of the transaction; and
- iii. retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of comprehensive income in the period in which the operation is disposed.

(d) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(e) Revenue

Revenue is measured at the fair value of consideration received or receivable, net of the amount of goods and service tax.

Interest Revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. All revenue is stated net of the amount of goods and services tax (GST).

(f) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and service tax (GST), except where an amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of an asset or as part of an item of expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO, is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(g) Presentation of financial statements

The Group applies revised AASB 101 *Presentation of Financial Statements (2007)*, which became effective for the Group as of 10 July 2009. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income.

AMBRE CTL LIMITED – CONSOLIDATED ENTITY

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Notes to the financial statements

FOR THE PERIOD ENDED 30 JUNE 2010

Note 1: Statement of Significant Accounting Policies (cont'd)

(g) Presentation of financial statements (cont'd)

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current period.

(h) New Accounting Standards for Application in Future Periods

The following standards, amendments to standards and interpretations have been identified as those which may impact the Group in the period of initial application. They are available for early adoption at 30 June 2010, but have not been applied in preparing this financial report:

AASB 9: Financial Instruments and AASB 2009–11: These standards are applicable retrospectively and amend the classification and measurement of financial assets. The Group has not yet determined the potential impact on the financial statements.

AASB 124: Related Party Disclosures: (applicable for annual reporting periods commencing on or after 1 January 2011): This standard removes the requirement for government related entities to disclose details of all transactions with the government and other government related entities and clarifies the definition of a related party to remove inconsistencies and simplify the structure of the standard. No changes are expected to materially affect the Group.

AASB 2009–4, 5: Amendments to Australian Accounting Standards arising from the Annual Improvements Project; affects various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes. No changes are expected to materially affect the Group.

AASB 2009–8: Amendments to Australian Accounting Standards — Group Cash-settled Share-based Payment Transactions [AASB 2] (applicable for annual reporting periods commencing on or after 1 January 2010): These amendments clarify the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction. The amendments incorporate the requirements previously included in Interpretation 8 and Interpretation 11 and as a consequence, these two Interpretations are superseded by the amendments. These amendments are not expected to impact the Group.

AASB 2009–10: Amendments to Australian Accounting Standards — Classification of Rights Issues [AASB 132] (applicable for annual reporting periods commencing on or after 1 February 2010): These amendments clarify that rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. These amendments are not expected to impact the Group.

AASB Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments (applicable for annual reporting periods commencing on or after 1 July 2010). This Interpretation deals with how a debtor would account for the extinguishment of a liability through the issue of equity instruments. The Interpretation states that the issue of equity should be treated as the consideration paid to extinguish the liability, and the equity instruments issued should be recognised at their fair value unless fair value cannot be measured reliably in which case they shall be measured at the fair value of the liability extinguished. The Interpretation deals with situations where either partial or full settlement of the liability has occurred. This Interpretation is not expected to impact the Group.

AMBRE CTL LIMITED – CONSOLIDATED ENTITY

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Notes to the financial statements

FOR THE PERIOD ENDED 30 JUNE 2010

Note 1: Statement of Significant Accounting Policies (cont'd)

(i) Going Concern

The financial statements have been prepared on a going concern basis. Ambre CTL Limited is reliant on continuing financial support from its parent entity, Ambre Energy Limited, to sustain operations. Ambre Energy Limited has raised significant funding of \$10.5 million since 30 June 2010 by way of redeemable convertible notes. The majority of the notes (\$10.0million) are repayable by 24 June 2011 if not converted into shares in the parent entity.

The parent entity is currently preparing an Information Memorandum to raise further funds for working capital purposes. The parent entity is also investigating a possible listing of all or part of the Group on the Australian Securities Exchange (ASX) to raise significant funding for its major projects in the 2011 calendar year when appropriate conditions exist.

Given these factors, the Board has assessed the resources available to the company and consequently believe that the company will be able to pay its debts as and when they fall due.

AMBRE CTL LIMITED – CONSOLIDATED ENTITY

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Notes to the financial statements

FOR THE PERIOD ENDED 30 JUNE 2010

	Note	2010 \$
Note 2: Revenue		
— Interest received		980
Note 3: Loss for the year		
Expenses		
— Loss on option fees paid for freehold land		69,583
— Research & development costs		959,700
Note 4: Cash and cash equivalents		
Cash at bank and in hand		96,723
Note 5: Trade and other receivables		
CURRENT		
GST receivable		92,740
Note 6: Controlled entities		
a. Controlled entities consolidated		
	Country of Incorporation	Percentage Owned (%)*
Subsidiaries of Ambre CTL Limited:		
Ambre Pipelines Pty Ltd	Aust	100
<i>* percentage of voting power is in proportion to ownership</i>		
This subsidiary is currently dormant and has only \$3,000 in issued capital. Therefore the consolidated entity accounts of Ambre CTL Limited are substantially the same as those of the parent entity. (refer Note17)		
Note 7: Other assets		
CURRENT		
Prepayments		1,206
Note 8: Trade and other payables		
CURRENT		
Trade payables		6,968
Note 9: Borrowings		
NON-CURRENT		
Unsecured liabilities		
Loans from parent entity- Ambre Energy Limited		1,756,067

AMBRE CTL LIMITED – CONSOLIDATED ENTITY

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Notes to the financial statements

FOR THE PERIOD ENDED 30 JUNE 2010

Note 10: Issued capital

Effective 1 July 1998 the corporations law abolished the concepts of authorised share capital and par value. Accordingly the parent entity has no authorised capital and its shares have no par value.

	Note	2010 No.
Ordinary Shares- issued		200,000,000
		<u>\$</u>
Ordinary shares- fully paid		50,000
Issued capital		<u>50,000</u>
		No.
a. Ordinary shares		
At the beginning of the reporting period		-
Shares issued on equity settled transactions		200,000,000
At the end of the reporting period		<u>200,000,000</u>

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

Capital Management

Management controls the capital of the group in order to ensure that the group can fund its operations and continue as a going concern. The group's capital includes ordinary share capital and there are no externally imposed capital requirements. Management effectively manages the group's capital by assessing the group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of share issues to ensure adequate equity is raised as required. There have been no changes in the strategy adopted by management to control the capital of the group since the prior year.

Note 11: Related party transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Details of transactions between the reporting entity and its related parties are as follows:

a. Loans with related parties

Loans made between the parent entity and its ultimate holding company, Ambre Energy Limited and its wholly owned subsidiaries, are non interest bearing.

Note 12: Segment reporting

The Group is not required to disclose segment information.

AMBRE CTL LIMITED – CONSOLIDATED ENTITY

ACN 138 224 647

Notes to the financial statements

FOR THE PERIOD ENDED 30 JUNE 2010

Note 13: Cash flow information

	Note	2010 \$
a. Reconciliation of cash flow from operations with profit after income tax		
Profit/(loss) after income tax		(1,622,366)
Cash flows excluded from profit attributable to operating activities		
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in other assets		(1,206)
Increase/(decrease) in trade payables and accruals		(85,772)
Cashflow from operations		<u>(1,709,344)</u>
b. Credit facilities		
institutions.		

Note 14: Events after the reporting period

On 6 October 2010 following a restructure of assets and entities within the Ambre Energy group, certain assets belonging to the ultimate parent company Ambre Energy Limited, were transferred so that they are now controlled by Ambre CTL Limited.

Ambre CTL Limited now controls the following additional subsidiaries:

	Country of Incorporation	Percentage Owned (%)*
— Ambre Energy (Felton) Pty Ltd	Aust	100
— Ambre EOR Pty Ltd	Aust	100

AMBRE CTL LIMITED – CONSOLIDATED ENTITY

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Notes to the financial statements

FOR THE PERIOD ENDED 30 JUNE 2010

Note 15: Financial risk management

The Group's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable.

	Floating Interest Rate	Non- Interest Bearing
Financial assets:	2010	2010
	\$	\$
- Cash and cash equivalents	96,723	-
- Receivables	-	92,740
Total financial assets	96,723	92,740

Weighted average effective interest rate	2.00%	-
--	-------	---

	Fixed Interest Rate	Non- Interest
Financial liabilities:	2010	2010
	\$	\$
Financial liabilities at amortised cost		
- Trade and sundry payables	-	6,968
- Amounts payable to related parties	-	1,756,067
Total financial liabilities	-	1,763,035

Weighted average effective interest rate	-	-
--	---	---

Financial liabilities are expected to be paid as follows:	2010
Less than six months	\$ 6,968

Specific Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

a. Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at reporting date whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments.

b. Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities
- obtaining funding from a variety of sources
- maintaining a reputable credit profile
- managing credit risk related to financial assets
- investing only in surplus cash with major financial institutions

AMBRE CTL LIMITED – CONSOLIDATED ENTITY

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Notes to the financial statements

FOR THE PERIOD ENDED 30 JUNE 2010

Note 15: Financial risk management (cont'd)

c. Credit risk

The maximum exposure to credit risk, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

There are no material amounts of collateral held as security at 30/06/2010.

The consolidated group does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the consolidated group.

Credit risk related to balances with banks and other financial institutions is managed by the ARC. The following table provides information regarding credit risk relating to cash and money market securities based on Standard & Poor's counter party credit ratings.

	2010 \$
Cash and cash equivalents excluding cash on hand	
— AA rated	96,723
	<u>96,723</u>

e. Net Fair Values

The net fair values of:

- Assets and liabilities are carried at their approximate carrying value
- No financial Assets and financial liabilities are readily traded on organised markets in standardised form

Note 16: Company details

Ambre CTL Limited's registered office and its principal place of business is as follows:

Level 27
AMP Place
10 Eagle Street
BRISBANE QLD 4000 AUSTRALIA

AMBRE CTL LIMITED – CONSOLIDATED ENTITY

ACN 138 224 647

Notes to the financial statements

FOR THE PERIOD ENDED 30 JUNE 2010

Note 17: Parent entity disclosures

As at, and throughout, the period ending 30 June 2010 the parent company of the Group was Ambre CTL Limited.

	2010 \$
Financial position of parent entity at reporting date	
Current assets	190,669
Non current assets	3,000
Total assets	<u>193,669</u>
Current liabilities	9,968
Non current liabilities	1,756,067
Total liabilities	<u>1,766,035</u>
Total equity of the parent entity comprising of:	
Share capital	50,000
Retained earnings	(1,622,366)
Total equity	<u>(1,572,366)</u>
Result of the parent entity	
Profit/(loss) for the year	(1,622,366)
Total comprehensive income	<u>(1,622,366)</u>

Auditor's report



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AMBRE CTL LIMITED

Grant Thornton Audit Pty Ltd
ABN 91 130 913 594
ACN 130 913 594

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We have audited the accompanying financial report of Ambre CTL Limited (the "Company"), which comprises the statement of financial position as at 30 June 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period ended on that date, a summary of significant accounting policies, other explanatory notes to the financial report and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the period end or from time to time during the financial period.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation and fair presentation of the 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 controls relevant to the preparation and fair presentation of the financial report that are 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. The directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards which require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's opinion

In our opinion:

- 1 The financial report of Ambre CTL Limited is in accordance with the Corporations Act 2001, including:
 - a giving a true and fair view of the Consolidated entity's financial position as at 30 June 2010 and of its performance for the period ended on that date; and
 - b complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- 2 The financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Material Uncertainty Regarding the Recoverability of Certain Assets and Going Concern

As detailed in Note 1(i), the group is reliant on continuing financial support from its parent Ambre Energy Limited to sustain operations. Subsequent to year end, the parent company raised funds of \$10.5million by way of convertible notes. The parent company is also preparing an Information Memorandum to raise further funds for working capital purposes. This new capital together with the Information Memorandum should ensure the cash needs of the group will be met.



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If this funding or alternative sources of capital are not obtained, there exists significant uncertainty whether Ambre CTL Limited and its controlled entities would be able to continue as a going concern and therefore may be forced to realise its assets and extinguish its liabilities other than in the normal course of business and at the amounts stated in the financial report.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

DJ Carroll
Director – Audit & Assurance

Brisbane, Dated 24 December 2010



Ambre CTL Limited

Directors' report

Auditor's independence
declaration

Financial report

Auditor's report:

Corporate directory

Ambre CTL Limited
ACN 138 224 647

Registered office

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