GREENVALE MINING N.L.
ABN 54 000 743 555

FINANCIAL REPORT
HALF-YEAR
31 DECEMBER 2005

GREENVALE MINING N.L.

ABN 54 000 743 555

DIRECTORS:
Leslie L. White (Chairman)
Gabriel M. Lorentz, LL.B. (Deputy Chairman)
Elizabeth Stoliar, B.Bus., ASA

SECRETARY:
Gary A. Douglas, F.C.A.

BANKERS:
Westpac Banking Corporation

SOLICITORS:
Osborne & Associates

AUDITORS:
KPMG

REGISTERED OFFICE:
C/- Agoston, Douglas & Partners
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SHARE REGISTRARS:
Link Marketing Services Limited
Level 12
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AUSTRALIA
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The directors present their report together with the financial report for the half- year ended 31 December 2005 and the review report thereon.

Directors
The directors of the company at any time during or since the end of the half-year are:

Mr Leslie L. White Chairman	Date of Appointment 1969
Mr Gabriel M. Lorentz, LL.B., Deputy Chairman	Date of Appointment 1972
Mrs Elizabeth Stoliar, B.Bus C.P.A.	Date of Appointment 1984

Review of Operations
During the period the Company continued its mineral exploration activity and care and maintenance program on its oil shale and other leases and continued to invest its surplus funds.

Events Subsequent to Balance Date

On 16 February 2006 the Company issued 600,000 ordinary shares (20 cents fully paid) at 42 cents per share to clients of Martin Place Securities Pty Ltd raising $252,000.

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 2 and forms part of the directors' report for the half- year ended 31 December 2005.

Dated at Sydney this the day of February, 2006.

Signed in accordance with a resolution of the directors:

....
Leslie L. White
Director

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

I declare that, to the best of my knowledge and belief in relation to the review for the half -year ended 31 December 2005 there have been :

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

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

KPMG

Mark Epper
Partner

Sydney, February, 2006

CONDENSED INTERIM INCOME STATEMENT

For the six months ended 31 December 2005

	31 December 2005 $	31 December 2004 $
Other income	-	5,300
Other expenses	(121,172)	(132,773)
Loss before financing costs	(121,172)	(127,473)
Financial income	5,395	8,846
Financial expenses	(53,120)	(33,334)
Net financing costs	(47,725)	(24,488)
Share of (loss) of associates accounted for using the equity method	(7,583)	(3,088)
Loss before income tax expense	(176,480)	(155,049)
Income tax expense	-	-
Net Loss	(176,480)	(155,049)
Loss attributable to members	(176,480)	(155,049)
	cents	cents
Basic & diluted (loss) per share attributable to ordinary equity holders	(0.93)	(0.82)

The income statement is to be read in conjunction with the accompanying notes to the half-year financial statements.

CONDENSED INTERIM STATEMENT OF RECOGNISED INCOME AND EXPENSE

For the six months ended 31 December 2005

	Note	31 December 2005 $	31 December 2004 $
Adoption AASB 139	7	131,153	-
Changes in fair value of financial assets available for sale	4	23,263	-
Net income recognised directly in equity		154,416	-
Loss for the period	4	(176,480)	(155,049)
Total recognised income and expense for the period		(22,064)	(155,049)

The statement of recognised income and expense is to be read in conjunction with the accompanying notes to the half-year financial statements.

CONDENSED INTERIM BALANCE SHEET

As at 31 December 2005

	Note	31 December 2005 $	30 June 2005 $
CURRENT ASSETS			
Cash and cash equivalents		146,085	257,935
Receivables		7,818	4,964
TOTAL CURRENT ASSETS		153,903	262,899
NON-CURRENT ASSETS			
Other investments		518,796	513,885
Investments accounted for using equity method	3	455,829	313,907
Plant and equipment		1,327	1,627
Intangible - Exploration and evaluation expenditure		1,986,574	1,986,574
TOTAL NON-CURRENT ASSETS		2,962,526	2,815,993
TOTAL ASSETS		3,116,429	3,078,892
CURRENT LIABILITIES			
Payables		57,670	81,578
TOTAL CURRENT LIABILITIES		57,670	81,578
NON-CURRENT LIABILITIES			
Interest-bearing loans		1,453,997	1,370,488
TOTAL NON-CURRENT LIABILITIES		1,453,997	1,370,488
TOTAL LIABILITIES		1,511,667	1,452,066
NET ASSETS		1,604,762	1,626,826
EQUITY			
Issued capital		3,070,765	3,070,765
Reserves		154,416	-
Retained Losses		(1,620,419)	(1,443,939)
TOTAL EQUITY	4	1,604,762	1,626,826

The balance sheet is to be read in conjunction with the accompanying notes to the half-year financial statements.

CONDENSED INTERIM STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2005

	31 December 2005 $	31 December 2004 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash payments in the course of operations	(120,151)	(96,081)
Interest received	5,395	8,846
Interest paid	(53,120)	(33,334)
Net cash used in operating activities	(168,876)	(120,569)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration expenditure	-	(451,944)
Advances from associated companies	(26,483)	(23,126)
Advances from associates	83,509	514,424
Proceeds from sale of non-current assets	-	10,000
Net cash provided by investing activities	57,026	49,354
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	3,660
Net cash provided by financing activities	-	3,660
Net (decrease)/increase in cash held	(111,850)	(67,555)
Cash at the beginning of the financial period	257,935	378,902
Cash at the end of the financial period	146,085	311,347

The statement of cash flow is to be read in conjunction with the accompanying notes to the half- year financial statements.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Greenvale Mining N.L. ("the Company") is a company domiciled in Australia. The condensed interim financial report of the Company is for the six months ended 31 December 2005.

The condensed consolidated half-year financial report was authorised for issue by the directors on 21st February 2006.

(a) **Statement of Compliance**

The condensed half -year financial report is a general-purpose financial report which has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Interpretations adopted by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001.

International Financial Reporting Standards ("IFRS") form the basis of Australian Accounting Standards adopted by the AASB, and for the purpose of this report are called Australian equivalents to IFRS ("AIFRS"), to distinguish from previous Australian GAAP.

This is the entity's first AIFRS condensed half-year financial report for part of the period covered by the first AIFRS annual financial report and AASB 1 *First time adoption of Australian equivalents to International Financial Reporting Standards*. The condensed half-year financial report does not include all of the information required for a full annual financial report.

The half-year financial report is to be read in conjunction with the most recent annual financial report, however, the basis of their preparation is different to that of the most recent annual financial report due to the first time adoption of AIFRSs. This report must also be read in conjunction with any public announcements made by Greenvale Mining N.L. during the half-year in accordance with continuous disclosure obligations arising under the Corporations Act 2001.

An explanation of how the transition to AIFRSs has affected the reported balance sheet, income statement and cash flows of the Company is provided in note 6. This note includes reconciliations of equity and profit or loss for comparative periods reported under Australian GAAP (previous GAAP) to those reported for those periods under AIFRSs.

(b) **Basis of preparation**

The financial report is presented in Australian dollars.

On 1 March 2005, the controlled entity Onslow Mining Pty Ltd was liquidated and control ceased from this date. The income statement, statement of recognised income and expenses and the statement of cash flows have been consolidated for the period 1 July 2004 to 1 March 2005. There is no consolidated entity as at 30 June 2005 and 31 December 2005.

The financial report is prepared on the historical cost basis except for financial instruments available for sale which have been measured at fair value.

Non-current assets are stated at the lower of carrying amount and fair value less costs to sell.

The preparation of an half-year financial report in conformity with AASB 134 *Interim Financial Reporting* requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

Estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

This condensed half-year financial report has been prepared on the basis of AIFRSs on issue that are effective or available for early adoption at the entity's first AIFRS annual reporting date, 30 June 2006. Based on these AIFRSs, the Board of Directors have made assumptions about the accounting policies expected to be adopted when the first AIFRS annual financial report is prepared for the year-ended 30 June 2006.

The Australian Accounting Standards and UIG Interpretations that will be effective or available for voluntary early adoption in the annual financial statements for the period ended 30 June 2006 are still subject to change therefore cannot be determined with certainty. Accordingly, the accounting policies for that annual period that are relevant to this interim financial information will be determined only when the first AIFRS financial statements are prepared at 30 June 2006.

The preparation of the condensed half-year financial report in accordance with AASB 134 resulted in changes to the accounting policies as compared with the most recent annual financial statements prepared under previous GAAP. Except for the change in accounting policy relating to classification and measurement of financial instruments (refer note 7), the accounting policies set out below have been applied consistently to all periods presented in these condensed half-year financial statements. They also have been applied in preparing an opening AIFRS balance sheet at 1 July 2004 for the purposes of the transition to Australian Accounting Standards -- AIFRSs, as required by AASB 1. The impact of the transition from previous GAAP to AIFRSs is explained in note 6. Where relevant, the accounting policies applied to the comparative period have been disclosed if they differ from the current period policy.

The accounting policies have been applied consistently throughout the Company for purposes of this condensed half-year financial report.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) **Investments – associates**
Associates are those entities where the Company has significant influence, but not control, over the financial and operating policies. The Company's share of the total recognised gains and losses of associates is on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the share of losses exceeds its interest in an associate, the carrying amount of the investment is reduced to nil and recognition of further losses is discontinued except to the extent where there is legal or constructive obligations or made payments on behalf of an associate.

(d) **Investments - equity securities**
Financial instruments held by the Company as available for sale are stated at fair value, with a resultant gain or loss recognised directly in equity, except for impairment losses. Where these investments are derecognised, the cumulative gain/loss previously recognised directly in equity is recognised in profit or loss. The fair value of available for sale financial instruments is their quoted bid price at the balance sheet date. Financial instruments are recognised/derecognised on the date it commits to purchase/sell the investments.

(e) **Exploration and evaluation expenditure**
Pre-licence costs are recognised in the income statement as incurred.

Exploration and evaluation costs are capitalised as exploration and evaluation assets on a project by project basis pending determination of the technical feasibility and commercial viability of the project. The capitalised costs are presented as either tangible or intangible exploration and evaluation assets according to the nature of the assets acquired. When a licence is relinquished or a project abandoned, the related costs are recognised in the profit and loss immediately.

Amortisation is not charged on exploration and evaluation assets until production commences.

Expenditure deemed to be unsuccessful is recognised in the income statement immediately.

(f) **Plant and equipment**
Items of plant and equipment are stated at cost less accumulated depreciation. Depreciation is charged to the income statement on a straight-line basis over the expected useful lives of each part of an item of property, plant and equipment. Assets are first depreciated in the year of acquisition. Depreciation rate used for plant and equipment is 20% (2004: 20%).

(g) **Receivables**
Receivables are stated at their cost less impairment losses (see accounting policy (k)).

(h) **Payables**
Payables are stated at cost.

(i) **Interest-bearing liabilities**
Interest-bearing liabilities are recognised initially at fair value less attributable transaction costs.

(j) **Net financing costs**
Financial expense comprise interest payable on borrowings calculated using the effective interest rate method. Interest income is recognised in the income statement as it accrues, using the effective interest rate method.

(k) **Impairment**
The carrying amount of assets are reviewed each reporting date whether there is any indication of impairment. If any such indications exist, the assets recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

Calculation of recoverable amount
The recoverable amount of receivables is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate. Receivables with a short duration are not discounted.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing recoverable amount, the estimated future cash flows are discounted to their present value using a pre-tax discounted rate that reflects current market assessment of the time value and the risks specific to the asset.

Where a decline in the fair value of an available-for sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) **Income tax**

Income tax on the income statement for the periods presented comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner or realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(m) **Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the 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 statement of financial position.

(n) **Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less.

2. SEGMENT INFORMATION

BUSINESS SEGMENTS

	FINANCE/INVESTMENT		MINING AND MINERAL EXPLORATION		TOTAL	
	31 December 2005	31 December 2004	31 December 2005	31 December 2004	31 December 2005	31 December 2004
	$	$	$	$	$	$
Segment Loss	(176,480)	(155,049)	-	-	(176,480)	(155,049)
	=======	======	=======	======	=======	=======

Greenvale Mining N.L. does not engage in inter-segment transactions nor does it carry on business outside Australia. The operations are in Australia, except for the investment in Austral Pacific Energy & Resources Corporation which is incorporated in the United States of America.

3. MATERIAL INTEREST IN ENTITIES WHICH ARE NOT CONTROLLED

Name	Principal Activities	Place of Incorporation	Direct and Indirect Interest 31 Dec 2005	Direct and Indirect Interest 30 June 2005	Carrying amount Equity Accounted 31 Dec 2005	Carrying amount Equity Accounted 30 June 2005
			%	%	$	$
Minga Pty Ltd	Finance Company	AUST	49.7	49.7	455,829	313,907
Alpha Resources Pty Limited	Mineral Exploration	AUST	52.2	52.2	-	-
Austral Pacific Energy &Resources Corporation	Oil & Gas Exploration	USA	26.1	26.1	-	-
Texas Energy Corporation N.L.	Mining	AUST	52.2	52.2	-	-
					455,829	313,907

4. CAPITAL AND RESERVES

	Issued Capital	Fair Value Reserve	Retained Losses	Total Equity
Balance at 1 July 2005	3,070,765	-	(1,443,939)	1,626,826
Adoption of AASB 139 (note 7)	-	131,153	-	131,153
Total recognised income and expense	-	23,263	(176,480)	(153,217)
Balance at 31 December 2005	3,070,765	154,416	(1,620,419)	1,604,762

Issued Capital

	31 December 2005 $	30 June 2005 $
9,955,760 (June 2005– 9,955,760) ordinary shares fully paid	2,507,500	2,507,500
9,012,240 (June 2005 – 9,012,240) ordinary shares paid to 5 cents	563,265	563,265
	3,070,765	3,070,765

Partly paid shares are 15 cents uncalled and rank equally with fully paid shares for dividend and voting purposes.

Holders of ordinary shares are entitled to receive dividends as declared from time to time to time and are entitled to one vote per Share at shareholders meetings. In the event of winding up of the Company, ordinary shareholders rank after creditors and are Fully entitled to any proceeds of liquidation.

5. COMMITMENTS AND CONTINGENT LIABILITIES

Since 30 June 2005, there have been no material changes in contingent liabilities, contingent assets or commitments.

6. EXPLANATION OF TRANSITION TO AIFRS

As stated in note 1(a), these are the first condensed half-year financial statements for part of the period covered by the first AIFRS annual financial statements prepared in accordance with Australian Accounting Standards - AIFRSs.

The accounting policies in note 1 have been applied in preparing the condensed half-year financial statements for the six months ended 31 December 2005, the comparative information for the six months ended 31 December 2004, the financial statements for the year ended 30 June 2005 and the preparation of an opening AIFRS balance sheet at 1 July 2004 (the entity's date of transition).

In preparing its opening AIFRS balance sheet, comparative information for the six months ended 31 December 2004 and financial statements for the year ended 30 June 2005, the entity has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (previous GAAP).

An explanation of how the transition from previous GAAP to AIFRSs has affected the entity's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

(i) Reconciliation of net loss

The adoption of AIFRS has not resulted in any adjustment to the comparative period net loss as at 31 December 2004 and 30 June 2005.

6. EXPLANATION OF TRANSITION TO AIFRS (continued)

(ii) Reconciliation of equity

	Note	Previous GAAP $	Effect of transition to AIFRS $	AIFRS $	Previous GAAP $	Effect of transition To AIFRS $	AIFRS $	Previous GAAP $	Effect of transition to AIFRS $	AIFRS $
		1 July 2004			31 December 2004			30 June 2005		
Issued capital		3,067,105	-	3,067,105	3,070,765	-	3,070,765	3,070,765	-	3,070,765
Reserves	(a)	4,083,610	(4,083,610)	-	4,083,610	(4,083,463)	-	1,263,605	(1,263,605)	-
Retained Losses	(a)	(5,290,351)	4,083,610	(1,206,741)	(5,445,400)	4,083,610	(1,361,790)	(2,707,544)	1,263,605	(1,443,939)
Total equity		1,860,364	-	1,860,364	1,708,975	-	1,708,975	1,626,826	-	1,626,826

(iii) Notes to the reconciliation of equity

(a) Reserves

At 1 July 2004 and 31 December 2004 an amount of $644,006 and 30 June 2005 an amount of $516,352 has been reclassified from a revaluation reserve recognised under previous GAAP to retained losses. The amount represents the balance on the revaluation reserve in respect of assets that are measured on the basis of deemed cost under AIFRSs. In addition, an amount of $3,439,604 (1 July 2004 and 31 December 2004) and $747,253 (30 June 2005) has been reclassified from a capital profits reserve to retained losses.

(iv) Reconciliation of cash flow

The adoption of AIFRS has resulted in security deposits being reclassified from "current receivables" to "cash and cash equivalents".

7. CHANGE IN ACCOUNTING POLICY

In the current financial year, the company adopted AASB 132: *Financial Instruments: Disclosure and Presentation* and AASB 139: *Financial Instruments: Recognition and Measurement.* This change in accounting policy has been adopted in accordance with the transition rules contained in AASB 1, which does not require the restatement of comparative information for financial instruments within the scope of AASB 132 and AASB 139.

The adoption of AASB 139 has resulted in the Company recognising available-for-sale investments at fair value as opposed to cost under previous GAAP. This change has been accounted for by adjusting the opening balance of equity (fair value reserve) at 1 July 2005 as detailed below. In addition adjusting AIFRS entries to the investment in associate has been made at 1 July 2005 relating to the adoption of AASB 139.

	Previous GAAP 1 July 2005 $	Impact of change in accounting policy $	AIFRS 1 July 2005 $
Investments accounted for using equity method	313,907	131,153	445,060
Other investments	513,885	-	513,885
Fair value reserve	-	(131,153)	(131,153)

8. EVENTS SUBSEQUENT TO BALANCE DATE

On 16 February 2006 the Company issued 600,000 ordinary shares (20 cents fully paid) at 42 cents per share to clients of Martin Place Securities Pty Ltd raising $252,000.

In the opinion of the directors of Greenvale Mining NL

1. the financial statements and notes set out on pages 3 to 10, are in accordance with the Corporations Act 2001, including :

   (a) giving a true and fair view of the financial position of the company as at 31 December 2005 and of its performance, as represented by the results of its operations and cash flows for the half- year ended on that date; and

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

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

Dated at Sydney this day of February, 2006.

Signed in accordance with a resolution of the directors:

Leslie L White
Director

INDEPENDENT REVIEW REPORT TO THE MEMBERS OF GREENVALE MINING N.L.

Scope

The financial report and directors' responsibility

The financial report comprises the half-year statement of income, balance sheet, statement of recognised income and expense, statement of cash flows, accompanying notes 1 to 8 to the financial statements, and the directors' declaration for Greenvale Mining N.L. ("the Company") for the half-year ended 31 December 2005.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The directors are also responsible for preparing the relevant reconciling information regarding adjustments required under the Australian Accounting Standard AASB 1 *First-Time Adoption of Australian equivalents to International Financial Reporting Standards.*

Review approach

We conducted an independent review in order for the Company to lodge the financial report with the Australian Securities and Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements.

We performed procedures in order to state whether on the basis of the procedures described anything has come to our attention that would indicate the financial report does not present fairly, in accordance with the Corporations Act 2001, Australian Accounting Standard AASB 134 Interim Financial Reporting and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our statement on the basis of the review procedures performed, which were limited primarily to:

- enquiries of company personnel; and
- analytical procedures applied to the financial data.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

The procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

A review cannot guarantee that all material misstatements have been detected.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe the half-year financial report of Greenvale Mining N.L. is not in accordance with:

a) the Corporations Act 2001, including:

   i giving a true and fair view of the Company's financial position as at 31 December 2005 and of its performance for the half-year ended on that date; and

   ii complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and

b) other mandatory financial reporting requirements in Australia.

KPMG

Mark Epper
Partner

Sydney, February 2006