



Half year report
for the half-year ended 31 December 2009

Corporate directory

Board of Directors

Mr Russell Barnett	Non-Executive Chairman
Mr Miles Ashton	Managing Director
Mr Ross Ashton	Non-Executive Director
Mr Paul Robinson	Non-Executive Director
Mr Phillip MacLeod	Alternate Director

Company Secretary

Mrs Anna MacKintosh

Registered and Principal Office

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WEST PERTH WA 6005

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WEST PERTH WA 6872

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Website: www.gbenergy.com.au

Auditors

Deloitte
Woodside Plaza
Level 14, 240 St Georges Terrace
PERTH WA 6000

Corporate Advisors

Somerville Corporate Pty Ltd
Suite 1/56 Kings Park Road
WEST PERTH WA 6005

Share Registry

Advanced Share Registry Services Pty Ltd
150 Stirling Highway
NEDLANDS WA 6008

Securities Exchange Listing

Australian Securities Exchange
(Home Exchange: Perth, Western Australia)
Code: GBX

Half year report for the half-year ended 31 December 2009

Directors' report	1
Auditor's independence declaration	5
Independent auditor's report.....	6
Directors' declaration	8
Condensed consolidated statement of comprehensive income	9
Condensed consolidated statement of financial position	10
Condensed consolidated statement of changes in equity.....	11
Condensed consolidated statement of cash flows.....	12
Notes to the condensed consolidated financial statements	13

Directors' report

The directors of GB Energy Limited submit herewith the financial report of GB Energy Limited ('GB Energy' or 'the Company') and its subsidiaries ('the consolidated entity') for the half-year ended 31 December 2009. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of the directors of the Company during or since the end of the half-year are:

Name

Mr Russell Barnett	Non-Executive Chairman
Mr Miles Ashton	Managing Director
Mr Ross Ashton	Non-Executive Director
Mr Paul Robinson	Non-Executive Director
Mr Phillip Macleod	Alternate Director
Mr Graeme Kirke	Non-Executive Chairman

The above named directors held office during or since the end of the half-year except for:

- Mr Miles Ashton – appointed as Managing Director on 9 July 2009
- Mr Graeme Kirke – resigned as Managing Director on 9 July 2009, resigned as Non-Executive Chairman on 30 October 2009 and resigned as Non-Executive Director 27 November 2009
- Mr Russell Barnett – appointed as Non-Executive Director on 21 October 2009 and appointed as Non-Executive Chairman on 30 October 2009

Review of operations

Non-Renounceable Rights Issue - \$1,544,034

In December 2009, GB Energy successfully completed a non-renounceable rights issue of 61,761,385 shares at 2.5 cents per share with 1 free attaching option with each share subscribed for on the basis of 1 share for every 1 share held by shareholders. The maximum amount of \$1,544,034 was raised with the issue being partly underwritten by the Directors of GB Energy. Proceeds of the placement will be used to:

- Repay in full the Directors loans of \$400,000;
- Fund uranium exploration expenditure in Slovakia;
- Project acquisition in the energy and clean-tech and renewable energy sectors; and
- General working capital.

Protean Power Wave Energy Technology - 49% interest

In November 2009, the Supreme Court of Western Australia found in favour of GB Energy in the matter of GB Energy Limited vs. Protean Power Pty Ltd & Others. In finding for GB Energy, the Honourable Justice Le Miere confirmed GB Energy's position that the Funding and Subscription Deed is binding on the parties and that GB Energy is entitled to be the sole funder of stage 2 of the

development of the Protean Wave Energy Technology. His Honour also found that Sean Moore and Kingsley Fiegert are obliged under the Deed to appoint two GB Energy nominee directors to the Board of Protean Power Pty Ltd ('Protean'). The defendants, Protean, Sean Moore and Kingsley Fiegert were also ordered to pay GB Energy's costs of the action. His Honours findings mean that GB Energy was wholly successful in the action and the steps taken by GB Energy were completely vindicated.

Following the successful court action a Deed of Settlement was signed in December 2009 between GB Energy, Protean, Sean Moore and Kingsley Fiegert. Under the original Funding and Subscription Deed GB Energy could earn up to a 50% equity interest in Protean by expending a total of \$2.1 million dollars of stage 2 funding. GB Energy has currently provided Protean with funding of \$750,000 to earn a 20% equity interest with a further \$250,000 paid into court pending the outcome of the Supreme Court proceedings. Under the new Deed of Settlement reached between the parties the following terms have been agreed:

- GB Energy will be returned the \$250,000 currently held in court;
- GB Energy will be transferred shares from Sean Moore and Kingsley Fiegert so as to hold 49% of Protean with 1% to be held by eNGN Limited, a company controlled by Graeme Kirke, a former Director of GB Energy and current substantial shareholder, and the remaining 50% to be held by Sean Moore and Kingsley Fiegert;
- GB Energy waives any right it has to enforce the costs order against Protean, Sean Moore and Kingsley Fiegert as handed down in the recent Supreme Court proceedings;
- GBX nominee directors on the Protean Board immediately step down as directors of Protean; and
- In the event that Protean engages in any capital raising within the next 2 years, GB Energy has the right to participate under the same terms and conditions and proportion to their shareholding.

Day to day operations of Protean will be managed by Protean Managing Director Sean Moore and work on stage 2, which involves the design and construction of a commercial prototype is in progress.

The Deed of Settlement signed between the parties resulted in GB Energy withdrawing as sole and only funder of Protean. The withdrawal of funding by GB Energy resulted in Protean not having sufficient funds to continue their research and development. As a result GB Energy impaired their investment as at 31 December 2009, recording an impairment loss of \$765,002 (2008: Nil). On the 29 January 2010, Protean announced it was in voluntary administration.

GB Energy Acquires 100% of Imperial Petroleum Limited

GB Energy owns 75% of GBE Exploration Pty Ltd ('GBE Exploration') and Imperial Petroleum Limited ('Imperial') own the remaining 25%. The acquisition of 100% of shares in Imperial gives GB Energy an effective 100% interest in GBE Exploration.

GBE Exploration is the holding vehicle for the Company's energy assets in the Czech Republic and Slovakia. The acquisition of 100% of Imperial gives GB Energy an effective 100% interest in its three Slovakia uranium licenses and 100% of any proceeds realised from the withdrawal of its oil and gas assets in the Czech Republic.

Uranium Exploration

Slovakia – 100%

GB Energy, through its wholly owned subsidiary GBE Exploration, holds 100% of three uranium exploration licences in Slovakia. In nearby licences Canadian company Tournigan Energy Ltd have completed a positive Preliminary Assessment (Scoping Study) and is moving towards a Prefeasibility Study on the development of a published 31 million pound resource at Kuriskova (Indicated Resource 1.19MT grading 0.558% U₃O₈ for 14.6 million pounds and Inferred Resource 3.78MT grading 0.215% U₃O₈ for 17.9 million pounds).

Modern systematic uranium exploration programmes have not been conducted on the GB Energy licences which cover uranium mineralisation areas initially explored by the Soviets in the 1960's.

In December 2009, GB Energy completed a year 2 exploration program on the three licences including ground radiometric surveys. The results of the program are expected to be known in the first quarter of 2010.

Withdrawal from oil and gas projects in the Czech Republic and New Zealand

Sever

GB Energy has executed a Termination Agreement of Future Contract between GBE Exploration's wholly owned Czech subsidiary, Imperial Energy s.r.o. and UNIGEO A.S..

GB Energy has not earned an interest in the licenses, the subject of the original agreement, and there are no outstanding obligations.

Salas

GB Energy completed the sale of GBE Exploration's wholly owned subsidiary, Forum Energy s.r.o., to an independent third party. The sale has effectively netted GB Energy an amount of AUD \$687,174. The sale of Forum Energy s.r.o. completes GB Energy's withdrawal from oil and gas projects in the Czech Republic in line with the Company's strategic review completed in July 2009.

Permit 51150 Onshore Taranaki, New Zealand

GB Energy received approval from the New Zealand regulatory authorities (Crown Minerals) for the assignment of its 66.7% contributing interest in PEP 51150 to its joint venture partner Green Gate Limited who will assume all the obligations under the license. GB Energy has completed its withdrawal from oil and gas exploration obligations in accordance with the Company's strategic review completed in July 2009.

Auditor's independence declaration

The auditor's independence declaration is included on page 5 and forms part of the directors' report for the half-year ended 31 December 2009.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the Directors

A handwritten signature in black ink, appearing to read 'Miles Ashton', with a long horizontal flourish extending to the right.

Miles Ashton
Managing Director
2 March 2010

The Board of Directors
GB Energy Limited
6 Ord St
WEST PERTH WA 6000

2 March 2010

Dear Board Members

GB Energy Limited

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

As lead audit partner for the review of the financial statements of GB Energy Limited for the half year ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Kathleen Bozanic

Kathleen Bozanic
Partner
Chartered Accountants
Perth, 2 March 2010

Independent Auditor's Review Report to the members of GB Energy Limited

We have reviewed the accompanying half-year financial report of GB Energy Limited, which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the half-year ended on that date, selected explanatory notes and the directors' declaration of the consolidated entity comprising GB Energy Limited and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 8 to 17.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes 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 Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year 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 2009 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 GB Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Auditor's Independence Declaration

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of GB Energy 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 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Kathleen Bozanic

Kathleen Bozanic
Partner
Chartered Accountants
Perth, 2 March 2010

Directors' declaration

The directors declare that:

- (a) 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; and
- (b) In the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors



Miles Ashton
Managing Director
2 March 2010

Condensed consolidated statement of comprehensive income for the half-year ended 31 December 2009

	Note	Consolidated Half-year ended	
		31 Dec 2009 \$	31 Dec 2008 \$
Continuing operations			
Other income		7,052	61,800
Gain recognised on disposal of interest in former subsidiary	11	122,790	-
Costs in relation to disposal of interest in former subsidiary		(123,854)	-
Administrative and employee expenses		(743,348)	(514,003)
Finance costs		(13,333)	-
Impairment of exploration expenditure		-	(593,412)
Impairment of asset available for sale	7	(765,002)	-
Depreciation		(11,088)	(10,083)
Loss before tax		(1,526,783)	(1,055,698)
Income tax expense		-	-
Loss for the period from continuing operations		(1,526,783)	(1,055,698)
Discontinued operation			
Loss for the period from discontinued operation		(23,969)	-
Loss for the period		(1,550,752)	(1,055,698)
Other comprehensive income			
Exchange differences arising on translation of foreign operations		(19,127)	(129,630)
Income tax relating to components of other comprehensive income		-	-
Other comprehensive income for the period (net of tax)		(19,127)	(129,630)
Total comprehensive income for the period		(1,569,879)	(1,185,328)
Loss attributable to:			
Owners of the parent		(1,550,752)	(1,028,960)
Non-controlling interests		-	(26,738)
		(1,550,752)	(1,055,698)
Total comprehensive income attributable to:			
Owners of the parent		(1,569,879)	(1,158,590)
Non-controlling interests		-	(26,738)
		(1,569,879)	(1,185,328)
Loss per share			
From continuing and discontinued operations Basic and diluted (cents per share)		2.40	1.97
From continuing operations Basic and diluted (cents per share)		2.37	1.97

Notes to the condensed consolidated financial statements are included on pages 13 to 17.

Condensed consolidated statement of financial position as at 31 December 2009

	Note	Consolidated	
		31 Dec 2009	30 June 2009
		\$	\$
Current assets			
Cash and cash equivalents		1,326,139	315,586
Other receivables		284,451	2,795
		1,610,590	318,381
Assets classified as held for sale		-	574,937
Total current assets		1,610,590	893,318
Non-current assets			
Other financial assets	7	-	750,000
Plant and equipment		24,906	25,393
Exploration and evaluation expenditure	3	538,425	445,556
Total Non-current assets		563,331	1,220,949
Total assets		2,173,921	2,114,267
Current liabilities			
Trade and other payables		124,323	219,227
Borrowings	4	-	150,000
Total current liabilities		124,323	369,227
Total liabilities		124,323	369,227
Net assets		2,049,598	1,745,040
Equity			
Issued capital	5	7,111,120	5,161,804
Reserves		(488,534)	(367,738)
Accumulated losses		(4,572,988)	(3,022,236)
Equity attributable to owners of the parent		2,049,598	1,771,830
Non-controlling interest		-	(26,790)
Total equity		2,049,598	1,745,040

Notes to the condensed consolidated financial statements are included on pages 13 to 17.

Condensed consolidated statement of changes in equity for the half-year ended 31 December 2009

	Issued capital	Option premium reserve	Equity-settled employee benefits reserve	Foreign currency translation reserve	Revaluation reserve	Accumulated losses	Attributable to owners of the parent	Non-controlling Interest	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Consolidated									
Balance at 1 July 2008	4,744,824	243,160	-	(32,238)	-	(1,329,155)	3,626,591	-	3,626,591
Loss for the period	-	-	-	-	-	(1,028,960)	(1,028,960)	(26,738)	(1,055,698)
Exchange differences arising on translation of foreign operations	-	-	-	(129,630)	-	-	(129,630)	-	(129,630)
Total comprehensive income for the period	-	-	-	(129,630)	-	(1,028,960)	(1,158,590)	(26,738)	(1,185,328)
Shares issued	416,980	-	-	-	-	-	416,980	-	416,980
Recognition of share-based payment	-	2,500	-	-	-	-	2,500	-	2,500
Revaluation of associate which is now part of the consolidated entity	-	-	-	-	(523,642)	-	(523,642)	-	(523,642)
Initial recognition of non-controlling interest	-	-	-	-	-	-	-	39,385	39,385
Balance at 31 December 2008	5,161,804	245,660	-	(161,868)	(523,642)	(2,358,115)	2,363,839	12,647	2,376,486
Balance at 1 July 2009	5,161,804	245,660	18,140	(107,896)	(523,642)	(3,022,236)	1,771,830	(26,790)	1,745,040
Loss for the period	-	-	-	-	-	(1,550,752)	(1,550,752)	-	(1,550,752)
Exchange differences arising on translation of foreign operations	-	-	-	(30,535)	-	-	(30,535)	-	(30,535)
Difference arising on disposal of interest in Forum Energy s.r.o. (note 11)	-	-	-	11,408	-	-	11,408	-	11,408
Total comprehensive income for the period	-	-	-	(19,127)	-	(1,550,752)	(1,569,879)	-	(1,569,879)
Shares issued	1,847,771	-	-	-	-	-	1,847,771	-	1,847,771
Shares issued to controlled entity (note 5)	101,545	-	-	-	-	-	101,545	-	101,545
Recognition of share-based payment	-	-	26,666	-	-	-	26,666	-	26,666
Transfer of non-controlling interest following consolidated entity being wholly owned	-	-	-	-	(128,335)	-	(128,335)	26,790	(101,545)
Balance at 31 December 2009	7,111,120	245,660	44,806	(127,023)	(651,977)	(4,572,988)	2,049,598	-	2,049,598

Notes to the condensed consolidated financial statements are included on pages 13 to 17.

Condensed consolidated statement of cash flows for the half-year ended 31 December 2009

	Note	Consolidated Half-year ended	
		31 Dec 2009 \$	31 Dec 2008 \$
Cash flows from operating activities			
Payments to suppliers and employees		(966,076)	(518,534)
Interest and other costs of finance paid		(13,333)	-
Net cash used in operating activities		(979,409)	(518,534)
Cash flows from investing activities			
Interest received		7,052	41,517
Exploration expenditure		(107,217)	(107,125)
Payments for evaluation of projects		-	(228,508)
Payments for plant & equipment		(10,601)	(496)
Proceeds from disposal of interest in former subsidiary	11	687,174	-
Additional interest acquired in asset available for sale	7	(15,002)	-
Amount paid into Supreme Court – Protean Power Pty Ltd case	7	(250,000)	-
Net cash provided by (used in) investing activities		311,406	(294,612)
Cash flows from financing activities			
Proceeds from issues of equity securities		1,847,785	2,500
Payment for share issue costs		(14)	-
Proceeds from borrowings	4	250,000	-
Repayment of borrowings	4	(400,000)	-
Proceeds from bond repayment		-	134,369
Net cash provided by financing activities		1,697,771	136,869
Net increase (decrease) in cash and cash equivalents		1,029,768	(676,277)
Cash and cash equivalents at the beginning of the period		315,586	1,937,957
Effects of exchange rate changes on the balance of cash held in foreign currencies		(19,215)	-
Cash and cash equivalents at the end of the period		1,326,139	1,261,680

Notes to the condensed consolidated financial statements are included on pages 13 to 17.

Notes to the condensed consolidated financial statements

1. Significant accounting policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. This half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. The Company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Company's 2009 annual financial report for the financial year ended 30 June 2009, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The consolidated entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board ('the AASB') that are relevant to their operation and effective for the current reporting period.

New and revised Standards and Interpretations effective for the current reporting period that are relevant to the consolidated entity include:

- AASB 3 *Business Combinations*
- AASB 8 *Operating Segments*
- AASB 101 *Presentation of Financial Statements*
- AASB 127 *Consolidated and Separate Financial Statements*

The adoption of these new and revised Standards and Interpretations has resulted in changes to the consolidated entity's accounting policies in the following areas that have affected the amounts reported for the current or prior periods.

Changes in ownership interests of subsidiaries

AASB 127 *Consolidated and Separate Financial Statements* (2008) has been adopted in the current period and applies prospectively. The revised Standard has resulted in changes in the consolidated entity's accounting policies regarding increases or decreases in ownership interests in its subsidiaries. In prior years, in the absence of specific requirements in the Australian Accounting Standards, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate. The impact of decreases in interests in subsidiaries that did not involve loss of control (being the difference between the consideration received and the carrying amount of the share of net assets disposed of) was recognised in profit or loss. Under AASB 127(2008), all increases or decreases in such interests are recognised in equity, with no impact on goodwill or profit or loss.

1 Significant accounting policies (cont'd)

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the revised Standard requires that the consolidated entity derecognises all assets, liabilities and non-controlling interests at their carrying amount. Any retained interest in the former subsidiary is recognised at its fair value at the date that control is lost. A gain or loss on loss of control is recognised in profit or loss as the difference between the proceeds, if any, and these adjustments.

Going concern

The financial statements have been prepared on the basis that the consolidated entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and the settlement of liabilities in the normal course of business.

If the consolidated entity chooses to maintain its current level of expenditure on specific projects, it will have to raise additional capital during the second half of 2010. If the consolidated entity does not raise additional capital in the short term it can continue as a going concern by substantially reducing exploration expenditure until funding is available, applying to amend proposed expenditure on prospecting operations, relinquishing the right to existing tenements, or entering into joint venture arrangements to continue ongoing exploration expenditure.

The Directors are of the opinion that the basis upon which the financial statements are prepared is appropriate in the circumstances. However, if an event were to arise where the consolidated entity could not raise additional equity capital in order to remain as a going concern, uncertainty would exist as to whether the consolidated entity could realise assets at the amounts as shown in the financial statements and extinguish liabilities in the normal course of business.

2 Segment information

The consolidated entity has adopted AASB 8 *Operating Segments* and AASB 2007-3 *Amendments to Australian Accounting Standards arising from AASB 8* with effect from 1 January 2009. AASB 8 requires operating segments to be identified on the basis of internal reports about components of the consolidated entity that are regularly reviewed by the Board of Directors in order to allocate resources to the segment and to assess its performance. In contrast, the predecessor Standard (AASB 114 *Segment Reporting*) required an entity to identify two sets of segments (business and geographical), using a risks and rewards approach, with the entity's 'system of internal financial reporting to key management personnel' serving only as the starting point for the identification of such segments. As a result, following the adoption of AASB 8, the identification of the consolidated entity's reportable segments has changed.

At 30 June 2009, segment information reported externally was analysed on the basis of the entity operating in two business segments being oil, gas, uranium exploration and the wave energy technology and in two geographical segments being Australia and Central Europe. However, information reported to the consolidated entity's Board of Director's for the purposes of resource allocation and assessment of performance is more specifically focused on the development and commercialisation of early stage energy projects through the Company's strategy of project acquisitions in the energy and clean-tech and renewable energy sectors. The consolidated entity's reportable segments under AASB 8 are therefore as follows:

- Exploration and evaluation expenditure
- Administration and renewable energy/clean tech sector expenditure

Exploration and evaluation expenditure relates to three uranium exploration licences in Slovakia covering Permian volcano sedimentary sequences. The consolidated entity holds a 100% effective interest in these licences through Crown Energy s.r.o a wholly owned subsidiary of GBE Exploration Pty Ltd.

The administration expenditure relates to head office costs and includes the renewable energy/clean tech sector expenditure relating to the investment in the wave energy technology entity Protean Power Pty Ltd.

2 Segment information (cont'd)

Information regarding these segments is presented below. Amounts reported for the prior period have been restated to conform to the requirements of AASB 8. The accounting policies of the new reportable segments are the same as the consolidated entity's accounting policies.

The following is an analysis of the consolidated entity's results by reportable operating segment for the periods under review:

	Segment loss	
	Half-year ended	
	31 Dec 2009	31 Dec 2008
	\$	\$
Continuing operations		
Exploration and evaluation expenditure	(61,311)	(764,237)
Administration and renewable energy/clean tech sector expenditure	(1,489,441)	(291,461)
Consolidated segment loss for the period	(1,550,752)	(1,055,698)

The following is an analysis of the consolidated entity's assets by reportable operating segments:

	31 Dec 2009	30 June 2009
	\$	\$
Continuing operations		
Exploration and evaluation expenditure	709,087	1,147,830
Administration and renewable energy/clean tech sector expenditure	1,464,834	966,437
Consolidated segment assets	2,173,921	2,114,267

3 Exploration and evaluation expenditure

	31 Dec 2009	30 June 2009
	\$	\$
Continuing operations		
Balance at beginning of period	445,556	1,370,555
Capitalised during the year	92,869	481,323
Impairment of exploration and evaluation expenditure	-	(831,385)
Assets classified as held for sale	-	(574,937)
Balance at end of period	538,425	445,556

	31 Dec 2009	30 June 2009
	\$	\$
Discontinued operations		
Balance at beginning of period	-	-
Capitalised during the year	43	-
Impairment of exploration and evaluation expenditure	(43)	-
Balance at end of period	-	-

On 28 July 2009, the Company announced that a termination agreement of future contract was executed between GBE Exploration Pty Ltd's wholly owned Czech subsidiary, Imperial Energy s.r.o and the Company. The Company had not earned an interest in the sever licences and has strategically suspended operational activities relating to the sever licences in the Czech Republic.

4 Borrowings

On 9 July 2009, the Directors of the Company provided an unsecured loan of \$400,000 (\$150,000 was received prior to 30 June 2009) at an interest rate of 7% repayable on or before 15 Jan 2010. \$250,000 of the loan proceeds was used to fund commitments under the 2nd tranche of stage 2 of the Funding and Subscription Deed for the Protean Wave Energy technology with the remaining \$150,000 used to fund other working capital requirements. The Company repaid the \$400,000 Directors loan with interest during the current half-year reporting period.

5 Issued capital

Movement in shares

Balance at beginning of period
Shares issued – 13 July 2009 (i)
Shares issued – 24 July 2009 (ii)
Shares issued – 21 December 2009 (iii)
Share issue costs

31 December 2009	
Number	\$
53,883,105	5,161,804
6,750,000	303,750
1,128,280	101,545
61,761,385	1,544,035
-	(14)
123,522,770	7,111,120

Balance at end of period

- (i) the Company issued 6,750,000 fully paid ordinary shares by way of private placement at 4.5 cents per share.
- (ii) The Company issued 1,128,280 fully paid ordinary shares at 9 cents per share, on the basis of 0.2105 GB Energy Limited shares for 1 Imperial Petroleum Limited share, as consideration of \$101,545 to acquire the remaining 13% of Imperial Petroleum Limited. The Company now owns 100% of the shares in Imperial Petroleum Limited.
- (iii) The Company issued 61,761,385 fully paid ordinary shares by way of a non-renounceable rights issue at 2.5 cents per share.

6 Options

Movement in quoted options over ordinary shares on issue

There was no movement in the quoted options of the Company during the current interim reporting period.

Movement in unquoted options over ordinary shares on issue

On the 21 December 2009, the Company issued 61,761,385 free attaching unquoted options, pursuant to the non-renounceable rights issue. The unquoted options are exercisable at 3.5 cents each on or before 29 July 2011.

7 Other financial assets

At 30 June 2009, the Company held a 20% interest in Protean Power Pty Ltd ('Protean') and accounted for the investment as an other financial asset. To 30 June 2009, the Company provided \$750,000 of stage 2 funding with a further \$250,000 being paid into the Supreme Court of Western Australia in trust.

During the current half-year reporting period the Company provided a further \$15,000 to Protean for ongoing working capital requirements.

In November 2009, the Supreme Court of Western Australia found in favour of the Company in the matter against Protean and Others. In finding for the Company, the Supreme Court of Western Australia confirmed that the Funding and Subscription Deed remained binding on the parties and that the Company is entitled to be the sole funder of stage 2 of the development of the Protean Wave Energy technology.

Following the successful court action a Deed of Settlement was signed in December 2009 between the Company and Protean and Others with the following key terms:

- The Company will be returned the \$250,000 currently held in court.
- The Company will be transferred an additional 29% of the shares in Protean for \$2.00, giving the Company a 49% equity interest in Protean.

As at 31 December 2009, the Company holds 49% in Protean and will be accounted for as an asset available for sale. The Deed of Settlement signed between the parties resulted in GB Energy withdrawing as sole and only funder of Protean. The withdrawal of funding by GB Energy resulted in Protean not having sufficient funds to continue their research and development. As a result GB Energy impaired their investment as at 31 December 2009, recording an impairment loss of \$765,002 (2008: Nil). On the 29 January 2010, Protean announced it was in voluntary administration.

8 Acquisition of additional interest in subsidiary

On 24 July 2009, the Company issued 1,128,280 fully paid ordinary shares at 9 cents per share, on the basis of 0.2105 GB Energy shares for 1 Imperial Petroleum Limited share, as consideration of \$101,545 to acquire the remaining 13% of Imperial Petroleum Limited. The consolidated entity now owns 100% of Imperial Petroleum Limited at \$190,410 (June 2009: 87% at \$88,865).

The increased ownership in Imperial Petroleum Limited has also increased the consolidated entity's effective ownership of GBE Exploration Pty Ltd, Imperial Energy s.r.o., and Crown Energy s.r.o. to 100% (June 2009: 96.75%).

9 Commitments

(a) Slovakia uranium exploration works program

As at 31 December 2009, the consolidated entity completed a year 2 exploration program on the three licences including ground radiometric surveys. The works program costs were \$120,357, and the results of the program are expected in the first quarter of 2010. The results of this program will then determine our exploration commitments for year 3 of the program. While we have not committed to exploration work for 2010, if GB Energy were to maintain one or all three licenses, 70% of the total exploration program must be spent by the end of 2010. This equates to a range of \$205,000 for one license, up to \$746,000 for all three licenses, for the 2010 calendar year.

10 Contingent liabilities and contingent assets

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

11 Disposal of subsidiary

On 4 September 2009, the Company announced the completion of the sale of GBE Exploration Pty Ltd's wholly owned subsidiary Forum Energy s.r.o. The consolidated entity disposed of 100% of its interest in Forum Energy s.r.o.. The sale of Forum Energy s.r.o. completes the Company's withdrawal from oil and gas projects in the Czech Republic in line with the Company's strategic review completed in July 2009. The proceeds on disposal of \$687,174 (US\$587,877) were received in cash.

The net assets of Forum Energy s.r.o. at the date of disposal were as follows:

	4 Sept 2009
	\$
Net assets/(liabilities) on disposal	(1,419)
Forgiveness of loans	577,211
Foreign exchange	(11,408)
Gain on disposal	122,790
Total consideration	687,174

A gain of \$122,790 was recognised on the disposal of Forum Energy. No tax charge or credit arose on the transaction.

12 Subsequent events

- On 4 February 2010, the Company announced that Protean Power Pty Ltd ('Protean') was placed into voluntary administration by the directors of Protean on 29 January 2010. The Company holds a 49% interest in Protean.