



CELSIUS COAL

LIMITED

ANNUAL REPORT

2015

CORPORATE DIRECTORY

DIRECTORS

William Oliver	(Non-Executive Director)
Alistair Muir	(Non-Executive Director)
Ranko Matic	(Non-Executive Director)

COMPANY SECRETARY

Ranko Matic

REGISTERED OFFICE & CONTACTS

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SHARE REGISTRY

Automic Registry Services
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DIRECTORS' REPORT

Your directors present their report, together with the financial statements on the consolidated entity, consisting of Celsius Coal Limited and the entities it controlled at the end of, or during, the year ended 30 June 2015.

DIRECTORS

The names of directors in office at any time during or since the end of the year are listed below. Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

NAME OF PERSON	POSITION
Mr William Oliver	Non-Executive Director
Mr Alistair Muir	Non-Executive Director
Mr Ranko Matic	Non-Executive Director
Mr Alexander Molyneux	Non-Executive Chairman (resigned 10 November 2014)

COMPANY SECRETARY

Mr Ranko Matic held the position of company secretary during and at the end of the financial year.

OPERATING RESULTS

The loss of the consolidated entity amounted to \$17,812,484 (2014: \$7,068,041) after providing for income tax and eliminating non-controlling equity interests.

DIVIDENDS

No dividends were paid or declared since the start of the financial year. No dividend has been recommended.

PRINCIPAL ACTIVITIES

During the year, the principal activities of the consolidated entity consisted of mineral exploration and mineral extraction via joint venture arrangements.

There were no significant changes in the nature of the activities of the consolidated entity during the year.

DIRECTORS' REPORT

REVIEW OF OPERATIONS

West Australian Nickel Assets

Celsius owns two nickel assets in Western Australia. Celsius (through View Nickel Pty Ltd) owns a 30% joint venture interest in the Carnilya Hill Joint Venture in Western Australia with Mincor Resources NL (Joint Venture). Mincor Resources NL (Mincor, ASX:MCR) is the operator of the Carnilya Hill JV. The tenements covered by the Camilya Hill Joint Venture (JV) include Mining Licences M26/47, M26/48, M26/49 and M26/453.

Additionally the Company has a 100% interest in the Abengo Hill Nickel Project to the south and west of Minara Resources' Murrin Murrin nickel mine. The tenements are located near to Minara Resources' Murrin Murrin mine and the NiWest operation currently under development by GME Resources Ltd and are believed to have potential for both nickel laterite and nickel sulphide mineralisation.

Mincor has not advised the Company of any material results from exploration at the Carnilya Hill Project during the Quarter. While mining operations at Carnilya Hill ceased in the first quarter of 2012 access to the decline and other mine infrastructure was maintained so that the opportunity to recommence mining remains intact.

Celsius initiated a reassessment of the Abengo Hill Nickel Project during the financial year. While prospective for both gold and nickel mineralisation the targets identified are early stage and conceptual in nature and therefore the Board has determined that intensive exploration is not warranted at this stage. Activities on the Project will focus on refining and advancing the targets identified through low cost exploration.

Kyrgyz Coal Projects

Due to depressed global coal prices and weak investor markets the Company was unable to raise adequate funds through the financial year to advance its Kyrgyz coal projects from existing or new investors. It also tried, unsuccessfully, to monetize these assets through a sale process. The agreements under which the Company holds tenure over the projects require substantial ongoing commitments which the Company was unable to meet both based on its current cash reserves and interest from potential offtake partners. As a result the licenses which contain the Company's coal projects were forfeited back to the Kyrgyz Government. These projects are held via Hong Kong based subsidiary companies and as a result of the above these companies were put into liquidation with no likely return to Celsius shareholders.

Corporate

The Company is actively seeking complementary and non-complementary assets, investments and businesses that have the potential to generate additional shareholder value. These other opportunities might include making investments in other sectors outside of resources. As at the date of this report, no commercial discussions are at a stage that would warrant any disclosure. The company is operating at a greatly reduced cost base with the aim of preserving its cash reserves.

FINANCIAL POSITION

The net assets of the consolidated entity have decreased to become net liabilities of \$454,718 as at 30 June 2015, a decrease of \$13,503,450 from net assets of \$13,048,732 at 30 June 2014.

The consolidated entity's net working capital, being current assets less current liabilities is a deficit of \$591,982 (2014: \$1,613,801).

EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any matters or circumstances that have arisen since the end of the financial year which 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.

LIKELY DEVELOPMENTS

The Directors believe, on reasonable grounds, that to include in this report particular information regarding likely developments in the operations of the Company and the expected results of those operations in future financial years would be speculative and likely to result in unreasonable prejudice to the Company. Accordingly, this information has not been included in this report.

ENVIRONMENTAL REGULATION

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory. The directors have considered the enacted National Greenhouse and Energy Reporting Act 2007 (the "NGER Act") which introduces a single national reporting framework for the reporting and dissemination of information about the greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the directors have determined that the NGER Act will have no effect on the Company for the current or subsequent financial year. The directors will reassess this position as and when the need arises.

INFORMATION ON DIRECTORS

Mr William Oliver

Non-Executive Chairman

Qualifications

BSc (Hons), GDipAppFin (FINSIA), MAIG, MAusIMM.

Experience

Mr Oliver was appointed to the position of director on 23 December 2011. Mr Oliver has 12 years' experience in the international resources industry working for both major and junior companies. He holds an honours degree in Geology from the University of Western Australia as well as a post-graduate diploma in finance and investment from FINSIA.

Mr Oliver has led large scale resource definition projects for Rio Tinto and previously worked in near mine exploration/resource definition roles for New Hampton Goldfields and Harmony Gold. He managed exploration in Portugal for Iberian Resources Limited including target generation and grassroots exploration across a range of commodities.

More recent roles include Exploration Manager for Bellamel Mining and BC Iron and he is currently Technical Director of Orion Gold NL (ASX:ORN) and Non-Executive Director of Minbos Resources Ltd (ASX:MNB). He has wide-ranging exploration experience including expertise in near-mine exploration/resource extension and resource definition as well as significant experience in the technical and economic evaluation of resources projects.

Interest in Shares and Options

52,888,889 ordinary shares
Nil

Directorships held in other listed entities

Technical Director of Orion Gold NL (since 7 April 2014)
Non-Executive Director of Minbos Resources Ltd (since 2 September 2013)
Non-Executive Director of Signature Metals Ltd (resigned 2 October 2012)

Mr Alistair Muir

Non-Executive Director

Qualifications

Bachelor of Applied Science in Geology, University of South Australia Graduate Diploma in Management, University of South Australia, Member of AusIMM

Experience

Mr Muir has over 20 years experience in senior geological roles and leading major exploration and development projects. These have primarily been in the bulk commodity areas of steaming/coking coal and iron ore but with some significant experience in the sedimentary hosted uranium environment.

Mr Muir's coal experience extends over some 15 years initially working with major steaming coal development projects at the feasibility and operation level and later in a consulting capacity looking at a number of eastern seaboard steaming and coking coal projects both open pit and underground. His experience extends to all aspects of mine evaluation including optimisation of mining method, environmental, geotechnical, hydrogeological and financial evaluation. Mr. Muir is well versed in managing the regulatory environment including occupational health and safety. He has a strong track record in effective community engagement with a major focus on environmental sustainability.

Mr Muir has considerable experience in the building and management of a multi-discipline team in overseas environments. With recent MBA studies he has some of the latest thinking on organisational culture and team development. He has experience in both Kyrgyzstan and Eastern Africa.

He is a member of AusIMM and is appropriately experienced and credentialed to be recognized as being a competent person for JORC purposes.

Interest in Shares and Options

111,908,133 ordinary shares
2,000,000 unlisted employee options exercisable at \$0.02 and expiring on 21/02/2016
10,000,000 unlisted options exercisable at \$0.02 and expiring on 12/12/2016

Directorships held in other listed entities

Nil

DIRECTORS' REPORT

Mr Ranko Matic Non-Executive Director and Company Secretary

Qualifications B.Bus, CA

Experience Over 25 years experience in the areas of financial and executive management, accounting, audit, business and corporate advisory. Ranko has considerable experience in a range of industries with particular exposure to public listed companies and large private enterprises. He is a Director of a Chartered Accounting firm and a Corporate Advisory company based in Perth, Western Australia and has specialist expertise and exposure in the areas of audit, corporate services, due diligence, mergers and acquisitions, and valuations. Through these positions Mr Matic has been involved in an advisory capacity in over 40 initial public offerings on the ASX in the last 15 years, as well as several recapitalisations of public listed companies.

Interest in Shares and Options 37,222,222 ordinary shares
2,500,000 unlisted options exercisable at \$0.02 and expiring on 12/12/2016

Directorships held in other listed entities Non-Executive Director of East Energy Resources Ltd (since 13 July 2007)
Non-Executive Director of Valmec Limited (since 6 Feb 2012)
Non-Executive Director of Argosy Minerals Limited (since 17 July 2014)

MEETING OF DIRECTORS

Name	Number of meetings	Number eligible to attend	Number attended
Alexander Molyneux	1	1	1
Bill Oliver	2	2	2
Alistair Muir	2	2	2
Ranko Matic	2	2	2

There were 2 directors meetings held during the financial year, however many board matters were dealt with via circular resolutions. The Company does not have a formally constituted audit committee or remuneration committee as the board considers that the Company's size and type of operation do not warrant such committees.

INSURANCE OF OFFICERS

The company has indemnified the directors and executives of the company for the costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith. During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings. No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

DIRECTORS' REPORT

SHARES UNDER OPTION

At the date of this report there are 84,500,000 unissued ordinary shares in respect of which options are outstanding.

Expiry date	Grant Date	Exercise price	Number of options
21 February 2016	17 February 2013	\$0.02	2,000,000
10 April 2016	17 May 2013	\$0.025	25,000,000
20 May 2016*	20 May 2013	\$0.02	15,000,000
20 May 2016*	20 May 2013	\$0.035	15,000,000
20 May 2016*	20 May 2013	\$0.05	15,000,000
12 December 2016	12 December 2013	\$0.02	12,500,000

Total number of options outstanding at the date of this report

84,500,000

* These options are yet to achieve vesting conditions.

No person entitled to exercise any option referred to above has or had, by virtue of the option, a right to participate in any share issue of any other body corporate.

REMUNERATION REPORT (Audited)

This report details the nature and amount of the remuneration for each key management person of Celsius Coal Limited for 30 June 2015.

The remuneration report is set out under the following headings:

- A Principles used to determine the nature and amount of remuneration
- B Details of remuneration
- C Service agreements
- D Share-based compensation
- E Option holdings
- F Shareholdings
- G Performance rights holdings
- H Related party disclosures

The information provided under headings A-G includes remuneration disclosures that are required under accounting Standard AASB 124 *Related Party Disclosures*. These disclosures have been transferred from the financial report and have been audited.

A. Principles used to determine the nature and amount of remuneration

In determining competitive remuneration rates, the Board, acting in its capacity as the remuneration committee, seeks independent advice on local and international trends among comparative companies and industry generally. It examines terms and conditions for employee incentive schemes benefit plans and share plans. Independent advice may be obtained to confirm that executive remuneration is in line with market practice and is reasonable in the context of Australian executive reward practices.

The Board recognises that Celsius Coal Limited operates in a global environment. To prosper in this environment we must attract, motivate and retain key executive staff.

DIRECTORS' REPORT

Market Comparisons

Consistent with attracting and retaining talented executives, the Board endorses the use of incentive and bonus payments. The Board will continue to seek external advice to ensure reasonableness in remuneration scale and structure, and to compare the Company's position with the external market. The impact and high cost of replacing senior employees and the competition for talented executives requires the committee to reward key employees when they deliver consistently high performance.

Board Remuneration

Shareholders approve the maximum aggregate remuneration for non-executive directors, which currently stands at \$300,000 per annum, as approved by shareholders at the Annual General Meeting on 21 November 2006. The Board determines actual payments to directors and reviews their remuneration annually based on independent external advice with regard to market practice, relativities, and the duties and accountabilities of directors. A review of directors' remuneration is conducted annually to benchmark overall remuneration including retirement benefits.

Performance-based Remuneration

The Company has established a Performance Rights Plan ("PRP") to provide ongoing incentives to Directors, Executives and Employees of the Company. The objective of the PRP is to provide the Company with a remuneration mechanism, through the issue of securities in the capital of the Company, to motivate and reward the performance of the Directors and employees in achieving specified performance milestones within a specified performance period. The Board will ensure that the performance milestones attached to the securities issued pursuant to the PRP are aligned with the successful growth of the Company's business activities.

The Directors and employees of the Company have been, and will continue to be, instrumental in the growth of the Company. The Directors consider that the PRP is an appropriate method to:

- (a) reward Directors and employees for their past performance;
- (b) provide long term incentives for participation in the Company's future growth;
- (c) motivate Directors and generate loyalty from senior employees; and
- (d) assist to retain the services of valuable Directors and employees.

Group Performance, Shareholder Wealth and Directors and Executives Remuneration

The remuneration policy has been tailored to increase the direct positive relationship between shareholder's investment objectives and director's and executive's performance. Currently, directors and executives are encouraged to hold shares in the Company to ensure the alignment of personal and shareholder interests. The Group provides performance based remuneration via their Performance Rights Plan. No Performance Shares are currently on issue. There were 25,000,000 Class B Performance Shares issued under this plan that were cancelled upon the resignation of Alexander Molyneux on 10 November 2014.

DIRECTORS' REPORT

The following summarises the performance of the Group over the last 5 financial years:

	2011	2012	2013	2014	2015
Revenue (\$)	149,904	560,844	256,016	4,523	2,648
Net profit/(loss) after income tax (\$)	38,347,749	642,397	(6,794,262)	(7,068,040)	(17,812,494)
Share price at year end (cents/share)	0.014	0.024	0.015	0.001	0.001
Dividends paid (cents/share)	-	-	-	-	-

B. Details of remuneration

Amounts of remuneration

The remuneration for each key management person of the Company for the year was as follows:

2015

Key Management Person	Short-term Benefits				Post-employment Benefits	Other Long Term Benefits	Share based Payments			Performance Related	Remuneration Consisting of Options	
	Cash, salary & Commissions	Cash profit Share	Non-Cash Benefit	Other			Super-annuation	Other	Equity (Shares & Performance Rights)			
									Options			Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%	
Mr A Molyneux	-	-	27,083	-	-	-	-	-	-	27,083	-	-
Mr W Oliver	20,000	-	30,000	-	-	-	-	-	-	50,000	-	-
Mr A Muir	115,146	-	75,109	-	-	-	-	-	-	190,255	-	-
Mr R Matic (1)	18,500	-	21,000	-	-	-	-	-	-	39,500	-	-
Mr M O’Kane (2)	-	-	40,635	-	-	-	-	-	-	40,635	-	-
	153,646	-	193,827	-	-	-	-	-	-	347,473		

2014

Key Management Person	Short-term Benefits				Post-employment Benefits	Other Long Term Benefits	Share based Payments			Performance Related	Remuneration Consisting of Options	
	Cash, salary & Commissions	Cash profit Share	Non-Cash Benefit	Other	Super-annuation	Other	Equity (Shares & Performance Rights)	Options	Total		%	%
\$	\$	\$	\$	\$	\$	\$	\$	\$	%	%		
Mr A Molyneux	314,583	-	12,500	-	-	-	133,131	-	460,214	28.93%	-	
Mr A Muir	265,171	-	25,036	-	13,697	-	-	97,000	400,904	-	24.20%	
Mr W Oliver	50,000	-	10,000	-	-	-	-	-	60,000	-	-	
Mr R Matic (1)	35,000	-	7,000	-	-	-	-	24,250	66,250	-	36.60%	
Mr M O’Kane (2)	257,800	-	16,922	-	-	-	-	-	274,722	-	-	
	922,554	-	71,458	-	13,697	-	133,131	121,250	1,262,090			

¹ The above are solely Director Fees. Cash from other activities are also paid to Bentleys (WA) Pty Ltd and Capital and Corporate Advisors Pty Ltd, companies with which Mr Matic is a shareholder and director. The payments are for the provision of tax advisory services, corporate secretarial and accounting services and disclosed in section H of the Remuneration Report.

² Mr O'Kane resigned as the Group Chief Financial Officer on 18 August 2014.

DIRECTORS' REPORT

C Service agreements

There were no key management personnel that have or had service agreements for the year ended 30 June 2015, other than as disclosed below.

Employment Contracts of Key Management Personnel

Each member of the Company's key management personnel are employed on open ended employment contracts between the individual person and the Company. There are no directors or employees employed as executives as at the date of this report.

All Directors are currently Non-Executive Directors and are not employed on a formal contract.

The below is as at the date of the financial report and effective 1 February 2015:

Key Management Person	Appointment	Term of Agreement	Base Salary (excludes GST) \$ p.a.	Termination Benefit
Willam Oliver	Non-Executive Chairman	No fixed term	36,000	Nil
Alistair Muir	Non-Executive Director	No fixed term	36,000	Nil
Ranko Matic	Non-Executive Director	No fixed term	36,000	Nil

D Share-based compensation

Options

There were no options granted or share based compensation provided during the year ended 30 June 2015.

Shareholdings

There were no shares issued to the directors as part of compensation during the year ended 30 June 2015.

E Option Holdings

The number options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

30 June 2015	Balance at beginning of the year	Granted as remuneration during the year	Exercise of options	Other changes during the year	Balance at end of year
Mr W Oliver	5,000,000	-	-	(5,000,000)#	-
Mr A Molyneux*	20,000,000	-	-	(20,000,000)#	-
Mr A Muir	12,000,000	-	-	-	12,000,000
Mr R Matic	2,500,000	-	-	-	2,500,000
Mr M O'Kane**	-	-	-	-	-
	39,500,000	-	-	(25,000,000)	14,500,000

* Mr Alexander Molyneux resigned 10 November 2014

** Mr O'Kane resigned on 18 August 2014.

Options expired during the financial year

F Shareholdings

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

30 June 2015	Balance at beginning of the year	Granted as remuneration during the year	Issued on exercise of options	Other changes during the year	Balance at end of year
Mr W Oliver	4,000,000	-	-	48,888,889	52,888,889
Mr A Molyneux*	29,244,850	-	-	(29,244,850)*	-
Mr A Muir	635,000	-	-	111,273,333	111,908,333
Mr R Matic	3,000,000	-	-	34,222,222	37,222,222
Mr M O'Kane**	-	-	-	..**	-
	36,879,850	-	-	165,139,594	202,019,444

* Mr Alexander Molyneux resigned 10 November 2014

** Mr O'Kane resigned on 18 August 2014.

G Performance Rights Holdings

The number of performance rights in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

30 June 2015	Balance at beginning of the year	Granted as remuneration during the year	Exercised during the period	Other changes during the year	Balance at end of year
Mr A Molyneux	25,000,000	-	-	(25,000,000)*	-
Mr A Muir	-	-	-	-	-
Mr M O'Kane**	-	-	-	-	-
Mr W Oliver	-	-	-	-	-
Mr R Matic	-	-	-	-	-
	25,000,000	-	-	(25,000,000)#	-

* Performance rights cancelled upon resignation on 10 November 2014.

** Mr O'Kane resigned on 18 August 2014.

H Related Party Disclosures

a) Transactions with related parties

During the year, there were payments made to Bentleys (WA) Pty Ltd and Capital and Corporate Advisors Pty Ltd, a company with which Mr Matic is a shareholder and director. The payments are for the provision of tax advisory services, corporate secretarial and accounting services and amounted to \$53,399 (2014: \$136,585).

During the year, there were payments made to Kanyalat Pty Ltd, a company with which a Non-Executive Director Alistair Muir is a shareholder and director. The payments were for the services provided as a director (seven months as Managing Director) of the Company and amounted to \$190,255 (2014: \$107,464).

During the year, there were payments made to Billandbry Consulting Pty Ltd, a company with which a Non-Executive Director, Mr William Oliver, is a shareholder and director. The payments were for the services provided as director of the Company and amounted to \$50,000 (2014: \$60,000).

There were no other transactions with related parties. All related party transactions are on normal commercial terms and conditions.

H Related Party Disclosures (continued)

b) Payables owing to related parties

	2015	2014
	\$	\$
Billandbry Consulting Pty Ltd	14,800	22,000
Bentleys (WA) Pty Ltd	-	4,163
Capital and Corporate Advisors Pty Ltd	98,821	64,932
Kanyalat Pty Ltd	77,050	61,531
Alexander Molyneux	-	64,583
Matthew O'Kane (resigned on 18 August 2014)	-	56,913
	<u>190,671</u>	<u>274,122</u>

It is proposed that a portion of the above balances will be settled by issuing ordinary shares of the Company.

This concludes the remuneration report, which has been audited.

NON AUDIT SERVICES

No non-audit services were provided to the company by the Company's external auditor during the financial year.

AUDITOR

RSM Bird Cameron Partners were appointed as the consolidated entity's auditors at the 2011 Annual General Meeting and continues in office in accordance with section 327 of the Corporations Act 2001.

AUDITORS' INDEPENDENCE DECLARATION

A copy of the auditors' Independence declaration as required under section 307C of the *Corporations Act 2001* is included within this financial report.

This directors' report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors.



William Oliver
Non-Executive Chairman

Date: 30 September 2015
Perth

CORPORATE GOVERNANCE STATEMENT

The Board has reviewed its current practices in light of the revised ASX Corporate Governance Principles and Recommendations with a view to making amendments where applicable after considering the Company's size and the resources it has available.

As the Company's activities develop in size, nature and scope, the size of the Board and the implementation of any additional formal corporate governance committees will be given further consideration.

The Board sets out below its "if not why not" report in relation to those matters of corporate governance where the Company's practices depart from the Recommendations.

PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT		
	Recommendation	Celsius Coal Ltd Current Practice
1.1	A listed entity should disclose: (a) respective roles and responsibilities of its board and management; and (b) those matters expressly reserved to the board and those delegated to management	Adopted The Directors have adopted a Board Charter which outlines the role of the Board. This is contained within their Corporate Governance Plan document, a copy of which is available on the Company's website – www.celsiuscoal.com Executive Service Agreements outline functions of the executive directors. Non-executive Director appointment letters outline the terms and conditions of non-executive director appointments. As the Company recruits additional management, the roles and responsibilities of these persons will be considered and documented.
1.2	A listed entity should: (a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director	Adopted Material information in relation to a director up for re-election is provided in the Notice of Meeting for each AGM including background, other material directorships, term and the Board's consideration of them as independent or non independent director.
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Adopted All directors have a written agreement with the Company setting out the terms of their appointments.
1.4	The Company Secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the Board.	Adopted The responsibilities of the Company Secretary are contained within the Board Charter.
1.5	A listed entity should: (a) Have a diversity Policy which includes requirements for Board/Committee to set measurable objectives for achieving gender diversity and assess them and achieving them annually (b) disclose that policy (c) disclose at end of reporting period how objectives are being achieved via: (i) respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how senior exec is defined); or (ii) if entity is a "relevant employer" under the Workplace Gender Equality Act, the entities most recent "Gender Equality	Partially Adopted The Company has adopted a Diversity Policy within its Corporate Governance Plan document. Although it contains objectives, they are general in nature and not considered measurable. There are no immediate plans to further develop these objectives to include measurable objectives. The Company makes the following disclosures regarding the proportion of women employed in the organisation: - Women on Board: 0% - Women in Senior Management: 0% - Women in whole organisation: 0%
1.6	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors; and (b) disclose, in relation to each reporting period, whether a performance evaluation was	Adopted The Company has a performance evaluation policy, as detailed in Schedule 6 of its Corporate Governance Plan document providing for an annual review on the board, directors and management. An evaluation has not taken place within the

CORPORATE GOVERNANCE STATEMENT

	undertaken in the reporting period in accordance with that process.	financial period.
1.7	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Adopted. As detailed above, the Company has a performance evaluation policy which include the performance of executives. An evaluation did not take place this financial period as currently there are no executives within the company, with all three directors in non-executive roles.
PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE		
	Recommendation	Celsius Coal Limited Current Practice
2.1	The board of a listed entity should: (a) Have a nomination committee which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by a independent director; and disclose: (i) the charter of the committee; (ii) the members of the committee; and (iii) as at the end of each reporting period, the number of times the committee met through the period and the individual attendances of the members at those meetings; or (b) If it does not have a nomination committee disclose that fact and the processes it employs to address board succession issue and to ensure that the board has the appropriate balance of skills, knowledge experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	Not Adopted The Company does not have a separate nomination committee and the full board will consider the matters and issues arising that would usually fall to the nomination committee in accordance with the Nomination Committee Charter. The Company has adopted a Nomination Committee Charter setting out the board process to raise the issues that would otherwise be considered by the Nomination Committee. The Board consider that at this stage, no efficiencies or other benefits would be gained by establishing a separate nomination committee. The Nomination Committee Charter is detailed in Schedule 5 of the Corporate Governance Plan document available on the Company's website www.celsiuscoal.com
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	Not Adopted The Company currently has a mixture of skills on the Board, including technical, financial, business, management and leadership. There is a statement on Board Composition contained on the Corporate Governance page on the Company's website. www.celsiuscoal.com There is no immediate plans to develop and disclose a Board Skills Matrix.
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors (b) if a director has an interest, position, association or relationship as described in Box 2.3 (Factors relevant to assessing independence) but the board is of the opinion that it doesn't compromise the independence of the director, nature of the interest, position, association or relationship and an explanation as to why the board is of that opinion; and (c) the length of service of each director.	Adopted. (a) Ranko Matic – Independent William Oliver – Independent (b) n/a (c) Ranko Matic - appointment 5 November 2012 – 2 years 11 months William Oliver – appointment - 23 December 2010 - service 4 years, 9 month
2.4	A majority of the Board of a listed entity should be independent directors.	Adopted. Currently both Ranko Matic and Bill Oliver are considered independent directors. Therefore 2 of the 3 directors are considered independent as per box 2.3 of the ASX Corporate Governance Principles and Recommendations.
2.5	The Chair of a Board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	Adopted. William Oliver is the current Chairman of the Company and as there is currently no appointed CEO in the Company, this recommendation is satisfied.

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2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	Adopted. The induction of new directors is currently completed by the Company Secretary. All Directors have access to professional development opportunities to improve on their skills and knowledge to assist in their roles as directors.
PRINCIPLE 3 – PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING		
	Recommendation	Celsius Coal Limited Current Practice
3.1	A listed entity should: (a) Have a code of conduct for its directors, senior executives and employees; and (b) (b) disclose that code of conduct or a summary of it.	Adopted. Copy of Code of Conduct is contained within the Company's Corporate Governance Plan which is published on the Company's website and available at www.celsiuscoal.com
PRINCIPLE 4 – SAFEGUARD INTEGRITY IN FINANCIAL REPORTING		
	Recommendation	Celsius Coal Limited Current Practice
4.1	The board of a listed entity should: (a) have an audit committee which: (i) has at least 3 members, all of whom are non-executive directors and a majority of whom are independent directors; and (ii) is chaired by an independent director, who is not the chair of the board; And disclose: (iii) the charter of the committee (iv) the relevant qualifications and experience of the member of the committee; and (v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the member at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.	Not Adopted The role of the audit committee is currently undertaken by the full board. The Company has adopted an Audit and Risk Committee Charter which is published in the Company's Corporate Governance Plan and available on the Company's website www.celsiuscoal.com . The Board follows the Audit and Risk Committee Charter which provides for integrity of corporate reporting and the removal of the external auditor and the rotation of the audit engagement partner.
4.2	The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Adopted
4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit	Adopted
PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE		
	Recommendation	Celsius Coal Limited Current Practice
5.1	A listed entity should: (a) have a written policy for complying with its	Adopted. The Company has a Continuous Disclosure Policy which is

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	continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it	published in the Company's Corporate Governance Plan document which is available on the Company's website. Refer www.celsiuscoal.com
PRINCIPLE 6 – RESPECT THE RIGHTS OF SHAREHOLDERS		
	Recommendation	Celsius Coal Limited Current Practice
6.1	A listed entity should provide information about itself and its governance to investors via its website.	Adopted Refer to the Company's Corporate Governance page on its website – www.celsiuscoal.com
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Adopted The Company has a Shareholder Communication strategy which is contained in the Company's Corporate Governance Plan document, which is published on its website – www.celsiuscoal.com
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Adopted The Company encourages participation at General Meetings upon the dispatch of its Notice of Meeting and advises security holders that they may submit questions they would like to be asked at the meeting to the Board and to the Company's auditors.
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Adopted
PRINCIPLE 7 – RECOGNISE AND MANAGE RISK		
	Recommendation	Celsius Coal Limited Current Practice
7.1	The board of a listed entity should: (a) have a committee or committees to oversee risk, each of which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, And disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	Not Adopted The Company does not currently have a Risk Committee. The role of the risk committee is undertaken by the whole board. The Board follows the Audit and Risk Committee Charter and the Risk Management plan as contained within the Corporate Governance Plan document as published on the company's website www.celsiuscoal.com Within the "disclosure –Risk Management" section of the Corporate Governance Plan, the Company undertakes regular risk management reviews.
7.2	The board or a committee of the board should: (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	Adopted. The Board reviews risk on a regular basis with following policies and procedures forming part of the Company's Risk Management Framework: - Audit and Risk Committee Charter - Disclosure – Risk Management, as in Schedule 8 in the Corporate Governance document. A review has not taken place in the reporting period.
7.3	A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have an internal audit function, that	Not Adopted The Company does not have a structured formalised internal audit function, however historically the Board has reviewed the internal control systems and risk management policies on an annual basis.

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	fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.	Internal controls are reviewed on an annual basis.
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Not Adopted. The Company does not have a sustainability policy. However the Company does have the following policies: - Occupational Health and Safety Policy - Community Engagement Policy - Environmental Policy As available on the Company's website, which does address some of these sustainability issues.
PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY		
	Recommendation	Celsius Coal Limited Current Practice
8.1	The board of a listed entity should: (a) have a remuneration committee which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, and disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.	Not Adopted. The Company does not have a Remuneration Committee. The role of the remuneration committee is currently undertaken by the full board. The Company has adopted a Remuneration Committee Charter which is contained within the Company's Corporate Governance Plan document and published on the Company's website www.celsiuscoal.com. The Board follows the Remuneration Committee Charter which provides for dealing with board remuneration issues.
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Adopted. This information is contained within the Remuneration Report of the Annual Report. Setting remuneration for executives is set out in the Remuneration Committee Charter.
8.3	A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.	Not Applicable

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015**



	Notes	Consolidated	
		2015	2014
		\$	\$
Revenue	2	2,648	4,523
Gain on disposal of controlled entities	17	2,316,122	-
Write off and impairment of exploration expenditure and other assets		(18,780,177)	(2,428,544)
Depreciation expense		(30,435)	(94,358)
Directors' and employee benefits expense		(291,126)	(2,291,521)
Share based payment		133,131	(46,642)
Legal and other professional fees		(202,495)	(398,339)
Finance costs		(350,680)	(275,106)
Travel and accommodation		(19,296)	(361,346)
Corporate advisory		(28,855)	(151,001)
Other expenses		(98,597)	(1,612,497)
Foreign exchange (loss)/gain		(464,215)	17,829
Loss before income tax		(17,813,975)	(7,637,002)
Income tax expense	3	-	-
Loss for the year		(17,813,975)	(7,637,002)
Other comprehensive income			
<i>Items that may be reclassified subsequently to operating result</i>			
Exchange differences on translating foreign controlled entities		(685,220)	285,153
Other comprehensive income for the year		(685,220)	285,153
Total comprehensive loss for the year		(18,499,195)	(7,351,849)
Net loss attributable to:			
Members of parent entity		(17,812,484)	(7,068,041)
Non-controlling interest		(1,491)	(568,961)
		(17,813,975)	(7,637,002)
Total comprehensive loss attributable to:			
Members of the parent entity		(18,473,912)	(6,817,906)
Non-controlling interest		(25,283)	(533,943)
		(18,499,195)	(7,351,849)
Earnings per share		Cents	Cents
- Basic earnings per share	19	(0.71)	(0.35)
- Diluted earnings per share	19	(0.71)	(0.35)

The accompanying notes form part of this financial report.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015**



	Notes	Consolidated 2015 \$	2014 \$
ASSETS			
Current assets			
Cash and cash equivalents	4	406,880	117,231
Trade and other receivables	5	10,640	44,082
Other assets	6	-	30,119
Total current assets		417,520	191,432
Non-current assets			
Deferred exploration expenditure	7	137,264	18,562,486
Plant and equipment	8	-	87,490
Total non-current assets		137,264	18,649,976
Total assets		554,784	18,841,408
LIABILITIES			
Current liabilities			
Trade and other payables	9	279,806	1,805,233
Borrowings	10	729,696	-
Total current liabilities		1,009,502	1,805,233
Non-current liabilities			
Borrowings	10	-	3,987,443
Total non-current liabilities		-	3,987,443
Total liabilities		1,009,502	5,792,676
Net (liabilities)/assets		(454,718)	13,048,732
EQUITY			
Issued capital	11	28,753,892	23,625,016
Reserves		754,245	1,548,804
Accumulated losses		(29,962,855)	(11,551,111)
Equity attributable to the owners of Celsius Coal Limited		(454,718)	13,622,709
Non-Controlling Interest		-	(573,977)
Total (deficiency in equity)/equity		(454,718)	13,048,732

The accompanying notes form part of this financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2015



	Issued Capital	Accumulated Losses	Foreign Currency Translation Reserve	Other Reserves	Non Controlling Interest	Total
Balance at 1 July 2013	23,303,437	(4,483,070)	411,293	1,022,178	(40,034)	20,213,804
Loss for the year	-	(7,068,041)		-	(568,961)	(7,637,002)
Other comprehensive income:						
Foreign currency translation of controlled entities	-	-	250,135	-	35,018	285,153
Total comprehensive (loss) / income for the year	-	(7,068,041)	250,135	-	(533,943)	(7,351,849)
Transactions with owners, directly in equity						
Issue of share capital	331,443	-	-	-	-	331,443
Capital raising costs	(9,864)	-	-	-	-	(9,864)
Share based payments	-	-	-	(134,802)	-	(134,802)
Balance at 30 June 2014	23,625,016	(11,551,111)	661,428	887,376	(573,977)	13,048,732
Balance at 1 July 2014	23,625,016	(11,551,111)	661,428	887,376	(573,977)	13,048,732
Loss for the year	-	(17,812,484)		-	(1,491)	(17,813,975)
Other comprehensive income	-	-	(661,428)	-	(23,792)	(685,220)
Total comprehensive (loss) / income for the year	-	(17,812,484)	(661,428)	-	(25,283)	(18,499,195)
Transactions with owners, directly in equity						
Issue of share capital	5,177,943	-	-	-	-	5,177,943
Capital raising costs	(49,067)	-	-	-	-	(49,067)
Share based payments	-	-	-	(133,131)	-	(133,131)
Derecognition of non-controlling interest	-	(599,260)	-	-	599,260	-
Balance at 30 June 2015	28,753,892	(29,962,855)	-	754,245	-	(454,718)

The accompanying notes form part of this financial report.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2015



		Consolidated	
	Notes	2015	2014
		\$	\$
Cash flows from operating activities			
Expenditure on mining interests		(188,218)	(3,471,504)
Payments to suppliers and employees		(483,922)	(2,739,377)
Interest received		2,648	4,523
Net cash outflow from operating activities	20	(669,492)	(6,206,358)
Cash flows from investing activities			
Purchase of property, plant and equipment		-	(81,862)
Proceeds from sale of property, plant and equipment		-	213,007
Net cash inflow from investing activities		-	131,145
Cash flows from financing activities			
Proceeds from issue of shares		196,650	150,000
Payment of capital raising costs		(42,794)	(9,864)
Proceeds from borrowings		805,285	3,712,337
Net cash inflow from financing activities		959,141	3,852,473
Net increase/(decrease) in cash held		289,649	(2,222,740)
Cash at the beginning of the financial year		117,231	2,339,971
Cash at the end of the financial year	4	406,880	117,231

The accompanying notes form part of this financial report.

These consolidated financial statements and notes represent those of Celsius Coal Limited and its controlled entities (the “consolidated entity” or “Group”). The separate financial statements of the parent entity, Celsius Coal Limited have not been presented within this financial report as permitted by the Corporations Act 2001.

The financial statements were authorised for issue on 30th September 2015 by the directors of the company.

1. Summary of significant accounting policies

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Corporations Act 2001, Australian Accounting Standards, Interpretations of the Australian Accounting Standards Board (“AASB”) and International Financial Reporting Standards as issued by the International Accounting Standards Board. The consolidated entity is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated. Except for cash flow information, these financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Going Concern

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the company and consolidated entity incurred net losses of \$21,731,316 and \$17,813,975 respectively and the consolidated entity had net cash outflows from operating activities of \$669,492 for the year ended 30 June 2015. As at that date, the company and the consolidated entity had net current liabilities of \$594,349 and \$591,982 respectively and net liabilities of \$7,311,338 and \$454,718 respectively.

The Directors believe that there are reasonable grounds to believe that the company and consolidated entity will continue as going concerns, after consideration of the following factors:

- In accordance with the *Corporations Act 2001*, the Company has plans to raise further working capital through the issue of equity during the financial year 2016;
- The Company has director related payables of \$190,671 as at 30 June 2015 and has negotiated with the directors for those payables to be repaid in shares as was done during the financial year 2015;
- During the year ended 30 June 2015, \$4,462,808 of convertible note debt was converted to equity. The company is planning to convert the balance as at 30 June 2015 of the convertible note liability as disclosed in Note 10 in the next twelve months; and
- The consolidated entity continues to reduce costs in order to conserve cash reserves for the financial year 2016 and will continue to actively seek assets, investments and businesses that have the potential to generate additional shareholder value.

Accordingly, the Directors believe that the company and consolidated entity will be able to continue as going concerns and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The company's and consolidated entity's ability to continue as going concerns is mainly dependent on the following factors:

- obtaining additional working capital through the issue of equity as and when required; and
- conversion of the convertible note into equity.

Should the directors not achieve the matters set out above, there is significant uncertainty whether the company and consolidated entity will continue as going concerns and therefore whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the company and consolidated entity are not able to continue as going concerns.

a) Comparatives

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

1. Summary of significant accounting policies (continued)

b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Celsius Coal Limited at the end of the reporting period. A controlled entity is any entity over which Celsius Coal Limited has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist where 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.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated entity have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

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 profit or loss and other 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.

c) Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses 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 (i.e. parent entity). 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 consolidated financial statements, 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. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Fair value uplifts in the value of pre-existing equity holdings are taken to the statement of comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as a receivable. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is remeasured each reporting period to fair value through the statement of profit or loss and other comprehensive income unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of profit or loss and other comprehensive income.

1. Summary of significant accounting policies (continued)

d) Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Tax consolidation

Celsius Coal Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation legislation. Each entity in the Group recognises its own current and deferred tax liabilities, except for any deferred tax liabilities resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The Group notified the Australian Tax Office that it had formed an income tax consolidated group to apply from 12 August 2003. The tax consolidated group has entered a tax sharing agreement whereby each company in the Group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

1. Summary of significant accounting policies (continued)

e) Foreign Currency Transactions and Balances

Functional and Presentation Currency

The functional currency of each of the entities in the consolidated entity is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transactions and Balances

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 when fair values were determined.

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

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in the statement of profit or loss and other comprehensive income.

Group companies

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

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. These differences are recognised in profit or loss in the period in which the operation is disposed.

f) Trade receivables

All trade debtors are recognised at the amounts receivable as they are due for settlement no more than 120 days from the date of recognition.

Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when some doubt as to collection exists and in any event when the debt is more than 60 days overdue.

g) Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

1. Summary of significant accounting policies (continued)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

The depreciable amount of all plant and equipment is depreciated on a straight-line basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use.

The expected useful lives are as follows:

- Plant and equipment 3-5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income.

h) Impairment of assets

At the end of each reporting period, the consolidated entity assesses whether there is any indication that an asset is impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is recognised immediately in the profit or loss, unless the asset is carried at a revalued amount in accordance with another standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

i) Current and Non-Current Classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

1. Summary of significant accounting policies (continued)

j) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the consolidated entity during the reporting period which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

k) Borrowings

Loans and debentures are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and is recorded as part of other creditors.

On issue of convertible notes, the fair value of the liability component, being the obligation to make future payments of principal and interest to noteholders, is calculated using a market interest rate for an equivalent non-convertible note. The residual amount, representing the fair value of the conversion option, is included in equity as other equity securities with no recognition of any change in the value of the option in subsequent periods. The liability is included in borrowings and carried on an amortised cost basis with interest on the notes recognised as borrowing costs on an effective yield basis until the liability is extinguished on conversion or maturity of the notes.

l) Exploration and evaluation expenditure

Exploration and evaluation expenditures are written off as incurred, except when such costs are expected to be recouped through successful development and exploitation, or sale, of an area of interest. In addition, exploration assets recognised on acquisition of an entity are carried forward provided that exploration and/or evaluation activities in the area have not yet reached a stage that permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing.

The expenditure carried forward when recovery is expected represents an accumulation of direct net exploration and evaluation costs incurred by or on behalf of the consolidated entity and applicable indirect costs, in relation to separate areas of interest for which rights of tenure are current.

The successful commercial exploitation of all exploration and evaluation expenditure is dependent upon the Company raising adequate debt and equity funding, which is dependent upon continued investor support.

If it is established subsequently that economically recoverable reserves exist in a particular area of interest, resulting in the decision to develop a commercial mining operation, then in that year the accumulated expenditure attributable to that area, to the extent that it does not exceed the recoverable amount for the area concerned, will be transferred to mine development. As such it will be subsequently amortised against production from that area. Any excess of accumulated expenditure over recoverable amounts will be written off to the statement of profit or loss and other comprehensive income.

m) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with short periods to maturity and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

1. Summary of significant accounting policies (continued)

n) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

o) Employee benefits

Provision is made for the consolidated entity's liability for employee benefits arising from services rendered by employees to the reporting date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wages increases and the probability that the employee may satisfy vesting requirements. Those cash outflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

Equity-settled compensation

The consolidated entity operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account.

Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the good or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is shown in the option reserve.

The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using an appropriate valuation model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

p) 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 Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

q) Earnings per share

(i) Basic earnings per share

Basic earnings per share is determined by dividing net profit after income tax attributable to members of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

1. Summary of significant accounting policies (continued)

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

r) Segment reporting

A business segment is identified for a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment subject to risks and returns that are different from those of segments operating in other economic environments.

s) Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

t) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Amortised cost is calculated as:

- a. the amount at which the financial asset or financial liability is measured at initial recognition;
- b. less principal repayments;
- c. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
- d. less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The consolidated entity does *not* designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

1. Summary of significant accounting policies (continued)

i. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period (All other loans and receivables are classified as non-current assets).

ii. Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Impairment

At the end of each reporting period, the consolidated entity assesses whether there is objective evidence that a financial instrument has been impaired.

Financial guarantees

Where material, financial guarantees issued, which require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due, are recognised as a financial liability at fair value on initial recognition.

The guarantee is subsequently measured at the higher of the best estimate of the obligation and the amount initially recognised less, when appropriate, cumulative amortisation in accordance with AASB 118: Revenue. Where the entity gives guarantees in exchange for a fee, revenue is recognised under AASB 118.

The fair value of financial guarantee contracts has been assessed using a probability weighted discounted cash flow approach. The probability has been based on:

- the likelihood of the guaranteed party defaulting in a year period;
- the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and
- the maximum loss exposed if the guaranteed party were to default.

De-recognition

Financial assets are de-recognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are de-recognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

1. Summary of significant accounting policies (continued)

u) Critical accounting judgments, estimates and assumptions

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the consolidated entity.

There have been no judgements, apart from those involving estimation, in applying accounting policies that have a significant effect on the amounts recognised in these financial statements.

Following is a summary of the key assumptions concerning the future and other key sources of estimation at reporting date that have not been disclosed elsewhere in these financial statements.

Exploration and evaluation expenditure

The Board of Directors determines when an area of interest should be abandoned. When a decision is made that an area of interest is not commercially viable, all costs that have been capitalised in respect of that area of interest are written off. The Directors' decision is made after considering the likelihood of finding commercially viable reserves.

The Board of Directors regularly review each project, which includes an assessment of possible impairment, taking into consideration economic viability of operations and validity of licences and permits.

Environmental Issues

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors understanding thereof. At the current stage of the company's development and its current environmental impact the directors believe such treatment is reasonable and appropriate.

Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates take into account both the financial performance and position of the Company as they pertain to current income taxation legislation, and the directors' understanding thereof.

No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by the Australian Taxation Office.

Share based payment transactions

The company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using an appropriate valuation model.

Impairment

The consolidated entity assesses impairment at the end of each reporting period by evaluating conditions and events specific to the consolidated entity that may be indicative of impairment triggers. Validity of licences and permits, economic viability of current operations and economic viability for future operations are all elements that are considered. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

1 Summary of significant accounting policies (continued)

(v) New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(w) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2015. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The consolidated entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
30 JUNE 2015 (continued)



1. Summary of significant accounting policies (continued)

Segment Information

The consolidated entity operates within two geographical segments within mineral exploration and extraction being Australia and Kyrgyzstan. The segment information provided to the chief operating decision maker is as follows:

2015	Exploration activities AUSTRALIA \$	Exploration Activities KYRGYZSTAN \$	Total \$	Consolidated \$
Other revenue	1,038	1,610	2,648	2,648
Total segment revenue	1,038	1,610	2,648	2,648
Segment result before income tax	(11,298,515)	(6,513,968)	(17,812,484)	(17,812,484)
Loss before income tax				(17,812,484)
Segment assets	554,784	-	554,784	554,784
Total assets				554,784
Segment liabilities	1,009,502	-	1,009,502	1,009,502
Total Liabilities				1,009,502
2014	Exploration activities AUSTRALIA \$	Exploration Activities KYRGYZSTAN \$	Total \$	Consolidated \$
Other revenue	4,523	-	4,523	4,523
Total segment revenue	4,523	-	4,523	4,523
Segment result before income tax	(2,713,748)	(4,354,293)	(7,068,041)	(7,068,041)
Loss before income tax				(7,068,041)
Segment assets	11,722,510	7,118,898	18,841,408	18,841,408
Total assets				18,841,408
Segment liabilities	4,731,528	1,061,148	5,792,676	5,792,676
Total Liabilities				5,792,676

2. Other income

Interest

	Consolidated 2015	2014 \$
	2,648	4,523
	2,648	4,523

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
30 JUNE 2015 (continued)



	Consolidated	
	2015	2014
	\$	\$
3. Income tax expense		
Loss before income tax expense	(17,813,975)	(7,637,002)
Tax at the Australian tax rate of 30% (2014: 30%)	(5,344,193)	(2,291,101)
Tax effect amounts which are not deductible in calculating taxable income:		
Deferred tax assets not brought to account	5,063,874	647,845
Income tax expense	278,317	1,643,256
	-	-
Tax benefit at 30% not recognised	27,645,437	27,367,119

The deferred tax asset attributable to carried forward income tax losses and temporary differences has not been recognised as an asset as the company has not commenced trading and the availability of future profits to recoup these losses is not considered probable at the date of this report.

	Consolidated	
	2015	2014
	\$	\$
4. Cash and cash equivalents		
Cash at bank and in hand	406,880	117,231
5. Trade and other receivables		
CURRENT		
Trade receivables (^)	-	32,015
Other receivables (#)	10,640	12,067
	10,640	44,082

(^) 2015 net of impairment charge of \$32,015 (2014: \$438,867)

(#) 2015 net of impairment charge of nil (2014: \$354,945)

6. Other assets		
CURRENT		
Prepayments	-	21,781
Inventories (+)	-	6,152
Other	-	2,186
	-	30,119

(+) 2015 net of impairment charge of \$30,119 (2014: \$150,682)

7. Deferred exploration expenditure		
Expenditure brought forward	18,562,486	17,151,936
Expenditure incurred during the year	86,566	2,943,236
Write-off of exploration expenditure	(18,511,788)	(1,532,686)
Expenditure carried forward	137,264	18,562,486

The exploration assets in Kyrgyzstan have been fully written off during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
30 JUNE 2015 (continued)



8. Plant and equipment

	Consolidated	
	2015	2014
	\$	\$
Plant and equipment	-	230,090
Less: accumulated depreciation	-	(142,600)
Total plant and equipment	-	87,490

Reconciliations

Reconciliations of the carrying amounts of each class of plant and equipment at the beginning and end of the current financial year are set out below.

	Motor Vehicles	Office Equipment	Plant & Equipment	Total
	\$	\$	\$	\$
Carrying amount at 30 June 2013	305,077	81,680	208,627	595,384
Additions	43,666	1,127	37,069	81,862
Depreciation expense	(39,567)	(25,733)	(29,058)	(94,358)
Reversal/(Impairment)	91,775	(11,680)	(30,252)	49,843
Disposal	(382,703)	(7,888)	(128,919)	(519,510)
Translation difference	(11,211)	(552)	(13,968)	(25,731)
Carrying amount at 30 June 2014	7,037	36,954	43,499	87,490
Depreciation expense	(2,857)	(9,920)	(17,659)	(30,436)
Reversal/(Impairment)	(4,180)	(27,034)	(25,840)	(57,054)
Carrying amount at 30 June 2015	-	-	-	-

	Consolidated	
	2015	2014
	\$	\$
Trade creditors	240,306	1,183,174
Accrued expenses	39,500	283,146
Other creditors	-	338,913
	279,806	1,805,233

10. Borrowings

Convertible notes	700,000	3,712,337
Accrued interest on convertible notes	29,696	275,106
	729,696	3,987,443

The current year balance comprises of Convertible Notes issued to various noteholders. The terms of the Convertible Notes are as follows:

Interest: 15% of Gross Proceeds payable at the Maturity Date or on conversion. Interest to be paid in cash or shares at the election of the noteholder;

Maturity Date: Notes to convert on completion of a successful corporate transaction or earlier at the election of the noteholder;

Conversion Price: Equal to pricing of the subsequent equity capital raising to be completed within Celsius;

Options: Shares on conversion of Convertible Note will have a 1:2 free attaching call option with an exercise price equal to the price of the subsequent equity raising and expiry of 30 December 2018; and

Security: The note holders will take full form security over Celsius. Celsius has entered into a general security agreement with the note holders. The full form security will be extinguished when the notes convert or are repaid in full.

The prior year balance was comprised of Convertible Notes issued to the Blumont Group which were converted in March 2015 into 177,151,526 fully paid ordinary shares in Celsius Coal Limited, including interest, in full satisfaction of the liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
30 JUNE 2015 (continued)



	2015 \$	2014 \$
11. Issued Capital		
3,010,530,130 (2014: 2,011,471,247) Ordinary shares – fully paid	30,524,387	25,346,443
Capital raising costs	(1,770,495)	(1,721,427)
	<u>28,753,892</u>	<u>23,625,016</u>
a) Ordinary Shares	No. of shares	No. of shares
At the beginning of the reporting period:	<u>2,011,471,247</u>	<u>1,979,976,397</u>
Shares issued during the year		
– 6 August 2013	-	5,000,000
– 11 September 2013	-	5,000,000
– 24 October 2013	-	5,000,000
– 12 December 2013	-	16,000,000
– 31 December 2013	-	494,850
– 17 July 2014	227,062,500	-
– 29 August 2014	18,750,000	-
– 23 December 2014	360,759,434	-
– 3 March 2015	177,151,526	-
– 7 May 2015	104,315,581	-
– 22 May 2015	111,019,842	-
At the end of the reporting period	<u>3,010,530,130</u>	<u>2,011,471,247</u>

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll, each share is entitled to one vote.

b) Capital Management

The objectives of management when managing capital is to safeguard the Group's ability to continue as a going concern, so that the Group may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Company at 30 June 2015 and 2014 is as follows:

	2015 \$	2014 \$
Cash and cash equivalents	406,880	117,231
Trade and other receivables	10,640	44,082
Trade and other payables	(279,806)	(1,805,233)
Short term borrowings	(729,696)	-
Working capital position	<u>(591,982)</u>	<u>(1,643,920)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2015 (continued)



12. Interests of Key Management Personnel (“KMP”)

Refer to the remuneration report contained in the directors’ report for details of the remuneration paid or payable to each member of the Group’s key management personnel for the year ended 30 June 2015.

The total remuneration paid to KMP of the company and the group during the year are as follows:

	2015	2014
	\$	\$
Short-term employee benefits	347,473	994,012
Post-employment benefits	-	13,697
Share based payments	-	254,381
	<u>347,473</u>	<u>1,262,090</u>

13. Related parties

a) Parent entity

The parent entity is Celsius Coal Limited.

b) Controlled entities

Interests in controlled entities are set out in note 17.

c) Key management personnel

Disclosures relating to key management personnel are set out in the Remuneration Report in the Directors’ Report.

d) Transactions and balances with related parties

Disclosures relating to transactions with related parties are set out in the Remuneration Report in the Directors’ Report.

14. Remuneration of auditors

	Consolidated	
	2015	2014
	\$	\$
<i>RSM Bird Cameron Partners</i>		
Audit and review fees	32,500	33,000
<i>Other auditors for subsidiaries</i>		
Audit and review fees	-	31,800
	<u>32,500</u>	<u>64,800</u>

15. Contingent liabilities

There were no material contingent liabilities, not provided for in the financial statements of the Company as at 30 June 2015 (2014: nil). Any liabilities in relation to the liquidation of the Hong Kong based controlled entities have been recognised in the financial statements.

16. Commitments for expenditure

(a) Tenement Expenditure Commitments:

The Company is required to maintain current rights of tenure to tenements, which require outlays of expenditure in future financial periods. Under certain circumstances these commitments are subject to the possibility of adjustment to the amount and/or timing of such obligations, however, they are expected to be fulfilled in the normal course of operations.

	2015 \$	2014 \$
The Company has tenement rental and expenditure commitments payable of:		
– not later than 12 months	69,500	569,386
– between 12 months and 5 years	80,412	375,883
	149,912	945,269

(b) Capital commitments

There are no capital commitments contracted for at balance date.

17. Controlled entities

Name of Entity	Country of Incorporation	Class of Shares	Percentage Owned (%)	
			2015	2014
View Nickel Pty Ltd	Australia	Ordinary	100%	100%
Oshpur Ltd (+)	Hong Kong	Ordinary	-%	100%
Celsius Coal (Hong Kong) Limited (+)	Hong Kong	Ordinary	-%	100%
Kokkia Coal Ltd (+)	Hong Kong	Ordinary	-%	80%
Asia Pacific Resources Ltd (+)	Kyrgyz Republic	Ordinary	-%	100%
Pandj Sher ANK (+)	Kyrgyz Republic	Ordinary	-%	80%
Baidamar Mining Company (+)	Kyrgyz Republic	Ordinary	-%	80%

(+) Under liquidation

During the year, the company impaired all its Kyrgyz coal project assets due to the company's inability to raise adequate funds to advance the projects and meet the substantial on-going commitments. As a result, the licences which contain the company's coal projects were forfeited back to the Kyrgyz government. These projects are held via Hong Kong based controlled entities and as a result these controlled entities were put into liquidation on 15 April 2015 and therefore the company has lost control of these entities.

Details of liquidation

	2015 \$	2014 \$
Total proceeds from liquidation	-	-
Carrying amount of net assets disposed	1,106,856	-
De-recognition of foreign currency translation reserve	1,209,266	-
Gain on disposal before income tax	2,316,122	-
Income tax expense	-	-
Gain on disposal after income tax	2,316,122	-

18. Events after the reporting period

The directors are not aware of any matters or circumstances that have arisen since the end of the financial year which 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
30 JUNE 2015 (continued)



19. Earnings per share

	Consolidated	
	2015	2014
	\$	\$
a) Reconciliation of earnings to profit or loss:		
Loss	(17,812,484)	(7,068,041)
Loss used to calculate basic and diluted EPS	(17,812,484)	(7,068,041)
	Number	Number
b) Weighted average number of ordinary shares used as the denominator in calculating basic EPS	2,505,777,243	2,000,918,781
Weighted average number of dilutive options outstanding	-	-
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	2,505,777,243	2,000,918,781
c) Anti-dilutive options on issue not used in dilutive EPS calculation	84,500,000	109,500,000

* There is no impact from 84,500,000 options outstanding at 30 June 2015 on the earnings per share calculation because they are anti-dilutive. These options could potentially dilute basic EPS in the future. There have been no transactions involving ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

20. Cash flow information

	Consolidated	
a) Reconciliation of loss after income tax to net cash outflow from operating activities	2015	2014
	\$	\$
Loss after income tax	(17,813,976)	(7,637,002)
Depreciation	30,435	94,357
Impairment charges	18,780,175	2,428,544
Share-based payment	(133,131)	46,642
Interest expense paid in shares	350,680	-
Directors and employee benefits expense paid in shares	324,711	-
Loss on disposal of assets	-	281,164
Gain on disposal of controlled entities	(2,316,122)	-
Change in operating assets and liabilities and net of effects from purchase of controlled entity:		
Trade debtors and receivables	57,409	668,482
Other assets	1,051,706	(3,103,249)
Trade and other creditors	(1,001,379)	1,014,704
Net cash outflow from operating activities	(669,492)	(6,206,358)

21. Share-based payments

i. A summary of the movements of all company options issues is as follows:

	Number	Weighted average exercise price
Options outstanding as at 30 June 2013	292,000,000	0.0169
Granted	12,500,000	\$0.02
Exercised	(15,000,000)	\$0.01
Cancelled	(25,000,000)	\$0.02
Expired	(155,000,000)	\$0.01
Options outstanding as at 30 June 2014	109,500,000	\$0.0273
Options exercisable as at 30 June 2014:	109,500,000	\$0.0273
Expired	(25,000,000)	\$0.02
Options exercisable as at 30 June 2015:	84,500,000	\$0.0295

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2015 (continued)



21. Share-based payments

No options were exercised during the financial year (2014: 15,000,000).

The weighted average remaining contractual life of options outstanding at year end was 0.94 years. The exercise price of outstanding shares at the end of the reporting period is \$0.0295.

There were no options granted to employees during the year. The fair value of the options for the year ended 30 June 2015 was nil (2014: \$190,750) and was recognised in the statement of profit or loss and other comprehensive income. The weighted average fair value of options granted during the year was nil (2014: \$0.011).

ii A summary of the movements of all company performance rights issues is as follows:

	Number	
Performance rights outstanding as at 30 June 2013	25,000,000	
Converted to ordinary shares	(16,494,850)	Class A
Cancelled	(8,505,150)	Class A
Granted	25,000,000	Class B
Performance rights outstanding as at 30 June 2014	25,000,000	
Cancelled	(25,000,000)	Class B
Performance rights outstanding as at 30 June 2015	-	

Performance rights exercisable as at 30 June 2015: NIL

The Performance Rights ("PRs") granted during the previous financial year were cancelled during this financial year, due to the resignation of Mr Alexander Molyneux. The cancellation of the PRs was recognised in the statement of profit or loss and other comprehensive income. The fair value of the PRs granted during the previous financial year was \$133,132 and was recognised in the statement of profit or loss and other comprehensive income. PRs granted during the previous year were valued using a binomial option pricing model. The expected life used in the model has been based on management's best estimate for the effects of the vesting conditions and the probability of meeting the vesting conditions. The fair value was discounted by 50% to reflect the probability of not meeting the vesting conditions.

The weighted average fair value of performance rights granted during the year was nil (2014: 0.013).

iii A summary of the movements of all company performance shares issues is as follows:

	Number
Performance shares outstanding as at 30 June 2013	927,000,000
Granted	-
Performance shares outstanding as at 30 June 2014	927,000,000
Granted	-
Performance shares outstanding as at 30 June 2015	927,000,000
Performance shares exercisable as at 30 June 2015:	NIL

A total of 900,000,000 performance shares were issued as part of the consideration for the acquisition of Kokkia Coal and 27,000,000 performance shares were issued as consideration to CPS Securities for their services with respect to their corporate advisory and technical services relating to the Kokkia Coal Limited acquisition. They are comprised of the following:

- 205,400,000 Class A Performance Shares
- 205,400,000 Class B Performance Shares
- 205,400,000 Class C Performance Shares
- 155,400,000 Class D Performance Shares
- 155,400,000 Class E Performance Shares

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2015 (continued)



Each category of performance shares have differing milestones to be achieved before vesting as follows:

- varying levels of JORC resource targets of coking and thermal coal;
- Celsius Coal Limited solely funding a 30,000 metre drilling program or spend a minimum of \$15 million in the first three years; and
- Celsius Coal Limited solely funding a further 30,000 metre drilling program or spend a minimum of \$15 million within two and a half years after the first 30,000 metre drilling program is complete.

The performance shares would also vest if the vendors of Kokkia Coal Limited exercise a put option requiring the performance shares to vest.

No performance shares vested during the year ended 30 June 2015 and no amounts have been recognised in the statement of profit or loss and other comprehensive income for the year ended 30 June 2015 or statement of financial position as at 30 June 2015.

Due to the process of winding up Kokkia Coal Limited via voluntary members' liquidation, it is likely the balance of 927,000,000 Performance Shares will be cancelled during the coming financial year when the liquidation process has been completed.

22. Parent entity disclosures

(a) Financial Position

Assets

Current Assets

Non-Current Assets

Total Assets

Liabilities

Current Liabilities

Non-Current Liabilities

Total Liabilities

Equity

Issued capital

Reserves

Accumulated losses

Total Equity

(b) Financial Performance

Loss for the year

Other comprehensive income

Total Comprehensive Loss

(c) Contingent Liabilities of the Parent Entity

There are no such contingencies.

(d) Commitments of the Parent Entity

Not later than 12 months

Between 12 months and 5 years

Total

	2015 \$	2014 \$
Current Assets	415,153	80,026
Non-Current Assets	1	20,863,210
Total Assets	415,154	20,943,236
Liabilities		
Current Liabilities	1,009,502	809,537
Non-Current Liabilities	6,716,990	10,709,463
Total Liabilities	7,726,492	11,519,000
Equity		
Issued capital	28,753,892	23,625,016
Reserves	754,245	887,376
Accumulated losses	(36,819,475)	(15,088,156)
Total Equity	(7,311,338)	9,424,236
(b) Financial Performance		
Loss for the year	(21,731,316)	(3,944,192)
Other comprehensive income	-	-
Total Comprehensive Loss	(21,731,316)	(3,944,192)
(c) Contingent Liabilities of the Parent Entity		
There are no such contingencies.		
(d) Commitments of the Parent Entity		
Not later than 12 months	-	56,000
Between 12 months and 5 years	-	114,820
Total	-	170,820

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2015 (continued)



23. Financial Risk Management

The consolidated entity's principal financial instruments comprise cash and short-term deposits. The consolidated entity has various other financial assets and liabilities such as other receivables and payables, which arise directly from its operations.

The consolidated entity's activities expose it to a variety of financial risks, including, credit risk, liquidity risk, foreign exchange rate risk and cash flow interest rate risk. The company is not exposed to price risk.

Risk management is carried out by the Board of Directors, who evaluates and agree upon risk management and objectives.

(a) Market Risk

Interest rate risk

The consolidated entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rate for each class of financial assets and financial liabilities comprises:

2015	Floating Interest Rate	Fixed Interest Rate		Non-Interest Bearing	Total	Weight Effective Interest Rate
		1 Year or Less	1 to 5 Years			
	2015 \$	2015 \$	2015 \$	2015 \$	2015 \$	2015 %
Financial Assets						
Cash	406,880	-	-	-	406,880	1.01%
Trade and other receivables	-	-	-	10,640	10,640	-
Total Financial Assets	406,880	-	-	10,640	417,520	
Financial Liabilities						
Trade and other payables	-	-	-	279,806	279,806	-
Total Financial Liabilities	-	-	-	279,806	279,806	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
30 JUNE 2015 (continued)



23. Financial Risk Management (continued)

2014	Floating Interest Rate	Fixed Interest Rate		Non Interest Bearing	Total	Weight Effective Interest Rate
		1 Year or Less	1 to 5 Years			
	2014 \$	2014 \$	2014 \$	2014 \$	2014 \$	2014 %
Financial Assets						
Cash	117,231	-	-	-	117,231	1.12%
Trade and other receivables	-	-	-	44,082	44,082	-
Total Financial Assets	117,231	-	-	44,082	161,313	
Financial Liabilities						
Trade and other payables	-	-	-	1,805,233	1,805,233	-
Total Financial Liabilities	-	-	-	1,805,233	1,805,233	

The consolidated entity policy is to monitor the interest rate yield curve out to six months to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. Cash at bank and in hand earns interest at floating rates based on daily bank deposit rates. The consolidated entity does not have any receivables or payables that may be affected by interest rate risk.

Sensitivity analysis

At 30 June 2015, if interest rates had changed by +/-100 basis points from the weighted average rate for the year with all other variables held constant, post-tax loss for both the consolidated entity and the parent entity would have been \$4,069 (2014: \$1,172) lower/higher as a result of lower/higher interest income from cash and cash equivalents. Management have deemed a movement of 100 basis points to be an appropriate measure for this sensitivity analysis.

(b) Credit risk

The consolidated entity does not have any significant concentrations of credit risk. Credit risk is managed by the Board and arises from cash and cash equivalents as well as credit exposure including outstanding receivables.

All cash balances held in Australia are held at internationally recognised institutions

The maximum exposure to credit risk at reporting date is the carrying amount of the financial assets disclosed within the financial report.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about default rates.

23. Financial Risk Management (continued)

Financial assets that are neither past due and not impaired are as follows:-

	2015	2014
	\$	\$
Financial assets - counterparties without external credit rating		
Financial assets with no defaults in the past	10,640	44,082
Cash and cash equivalents		
‘AA’ S&P rating	406,880	93,029
Kyrgyz Republic Balances	-	24,202

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash balances and access to equity funding.

The consolidated entity’s exposure to the risk of changes in market interest rates relate primarily to cash assets.

The directors monitor the cash-burn rate of the consolidated on an on-going basis against budget and the maturity profiles of financial assets and liabilities to manage its liquidity risk.

The financial liabilities the consolidated entity had at reporting date were other payables incurred in the normal course of the business. These were non interest bearing and were due within the normal 30-60 days terms of creditor payments.

Maturity analysis for financial liabilities

Financial liabilities of the consolidated entity comprise trade and other payables. As at 30 June 2015 and 30 June 2014 all financial liabilities are contractually maturing within 60 days.

(d) Foreign currency risk

Foreign exchange risks arise when future commercial transactions and recognised financial assets and financial liabilities are denominated in a currency that is not the entity’s functional currency.

As at 30 June 2015, the consolidated entity does not currently hold any funds in foreign currency bank accounts so the foreign currency risk is minimal.

23. Financial Risk Management (continued)

(e) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. All financial assets and financial liabilities of the consolidated entity at the reporting date are recorded at amounts approximating their carrying amount.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the consolidated entity is the current bid price. At reporting date the consolidated entity had no such financial assets.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

24. Company Details

The registered office and principal place of business is:

Level 1, 12 Kings Park Road

West Perth WA 6005

Telephone: 08 9226 4500

Facsimile: 08 9226 4300

DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



William Oliver
Non-Executive Chairman

Date: 30 September 2015
Perth

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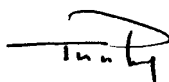
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Celsius Coal Limited for the year ended 30 June 2015, 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 audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Rsm Bird Cameron Partners

RSM BIRD CAMERON PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 30 September 2015

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
CELSIUS COAL LIMITED**

Report on the Financial Report

We have audited the accompanying financial report of Celsius Coal Limited, which comprises the statement of financial position as at 30 June 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

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*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Celsius Coal Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of Celsius Coal Limited is in accordance with the *Corporations Act 2001*, including:
- (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1, which indicates that the company and consolidated entity incurred net losses of \$21,731,316 and \$17,813,975 respectively and the consolidated entity had net cash outflows from operating activities of \$669,492 for the year ended 30 June 2015. As of that date, the company and consolidated entity had net current liabilities of \$594,349 and \$591,982 respectively and net liabilities of \$7,311,338 and \$454,718 respectively. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the company's and consolidated entity's ability to continue as going concerns and therefore, the company and consolidated entity may be unable to realise their assets and discharge their liabilities in the normal course of business.

Report on the Remuneration Report

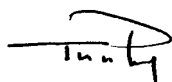
We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Celsius Coal Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

Rsm Bird Cameron Partners

RSM BIRD CAMERON PARTNERS



TUTU PHONG
Partner

Perth, WA

Dated: 30 September 2015

ADDITIONAL INFORMATION

Additional information required by Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 29 September 2015.

(a) Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

Range	Total Holders	Units	% of Issued Capital
1 – 1,000	4,318	1,562,274	0.05
1,001 – 5,000	1,830	4,259,519	0.14
5,001 – 10,000	215	1,614,979	0.05
10,001 – 100,000	246	10,218,239	0.34
100,001 – 9,999,999,999	574	3,004,952,419	99.42
Total	7,183	3,022,607,430	100.00

Unmarketable Parcels

Minimum Parcel Size	Holders	Units
Minimum \$500.00 parcel at \$0.001 per unit	20,000	6,753
		52,097,394

(b) Twenty largest shareholders

The names of the twenty largest holders of quoted ordinary shares are:

Rank	Name	Units	% of Units
1	HOLDEX NOMINEES PTY LTD <NO 431 A/C>	227,272,727	7.52
2	BLUMONT GROUP LTD	177,151,526	5.86
3	KANYALAT LIMITED	111,273,333	3.68
4	DRAGON GAS LIMITED	101,782,357	3.37
5	MR ALEXANDER ALAN MOLYNEUX BRIJOHN NOMINEES PTY LTD <NELSONIO A/C>	100,078,184	3.31
6	DESA CAPITAL LIMITED	75,500,000	2.50
7	MATTHEW O'KANE HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	70,064,811	2.32
8	Y T PROSPERITY LIMITED	62,332,934	2.06
9	WESLEY SOUTH	62,223,812	2.06
10	NATIONAL NOMINEES LIMITED MR WILLIAM ALAN OLIVER & MRS BRYONY NICOLLE NORMAN OLIVER <MAXIMILLIAN INVESTMENT A/C>	54,545,455	1.80
11	JANA LIMITED	54,227,780	1.79
12	TUKOMIKA LIMITED	53,011,111	1.75
13	G & S RESOURCES PTY LTD	52,888,889	1.75
14	QUINDANNING (BVI) LTD	47,727,273	1.58
15	MR BRIAN QUICANO	45,545,455	1.51
16	MISS FRANCIA MILENA RAMIREZ	44,105,556	1.46
17	QUINTERO GROUP LIMITED	43,750,000	1.45
18		42,934,552	1.42
19		42,000,000	1.39
20		39,772,727	1.32
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (TOTAL)		1,508,188,482	49.90

ADDITIONAL INFORMATION

(c) Substantial shareholders

Name	Units	%
HOLDEX NOMINEES PTY LTD <NO 431 A/C>	227,272,727	7.52
BLUMONT GROUP LTD	177,151,526	5.86

(d) Voting rights

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

(e) Options

There are no listed options. There are 84,500,000 unlisted options over unissued shares on issue.

(f) Schedule of interest in mining tenements

Location	Tenement	Percentage held / earning
MURRIN MURRIN STH	E39/1641	100%
NICKEL	E39/1684	100%
CARNILYA	L26/0241	30%
CARNILYA	M26/0047	30%
CARNILYA	M26/0048	30%
CARNILYA	M26/0049	30%
CARNILYA	M26/0453	30%