

JATENERGY LIMITED

ABN 31 122 826 242

Annual Report 30 June 2016

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Directors' Report

Your Directors present their report on the consolidated entity (referred to hereafter as “the Group”) consisting of Jatenergy Limited (“Jat” or the “Company”) and its controlled entities during the year ended 30 June 2016.

Directors

The following persons were Directors of Jatenergy Limited during the whole of the financial year and up to the date of this report.

Anthony Crimmins	Executive Chairman
Xipeng Li	Non-Executive Director
Wilton Yao	Executive Director from 1 July 2015, previously Non-Executive Director—appointed 26 November 2013 until 30 June 2015, previously alternate Non-Executive Director for Mr Xipeng Li – (appointed 15 April 2011)

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

Principal activities

The principal activities of Jatenergy Limited are :-

- undertake trading activities with China to generate cashflow, including the development of a JAT product range specifically for China, and
- market technology with TTG Mineral Processing and Coalplus conversion.

During the course of the year, the Group announced it had exited exploration and production of coal from Indonesia and on producing crude oil from its Indonesian oil seeds plantations.

OPERATING AND FINANCIAL REVIEW

FMCG Trading Business

JAT has progressed its trading business that sells Australian product to China. The product range provided includes, milk powder, wine, cosmetics, skin/face creams, nutraceuticals, cereals, oats, biscuits, cleaning products and organic oils. We have continuously updated the market on our activities which have been improving with time. In 2016 sales were \$936,815. This is the most revenue the Group has achieved during its 7 years listed on the ASX. While the margin is small, it is continuous due to the nature of our business which is based on volume. Our focus is on Australian product that is clean and healthy to be sold into the Chinese market. We have been largely successful as Australia is considered by Chinese consumers as being safe. Our food manufacturing regulations are very strict and to maintain registration operations adhere to operational procedures.

We select only the Big Australian sellers which are the products considered to be “hot” for purchase. The Chinese consumer is well read on what are the best Australian products. A product must come from a reputable manufacturing company and if it's a nutraceutical or cosmetic/cream it must be effective and produce the results that are stated. Independent verification of the product's attributes generally helps draw customer attention. There is a big push in China to find the Australian product that has not been yet discovered in China.

Bringing product to China requires a very strong Chinese purchase network. We deal with the best distributors in China having enormous buying power and having impeccable reputation in the on line and off line market. On line stores that JAT is involved with include Alibaba, TMALL and JD to name a few. Our work over the next few years is to place more Australian product on Chinese supermarket shelves. This is known as off line sales and it is 3-4 times bigger than any on line sales. This is the target that JAT will focus upon and it is expected that results from this activity will increase revenue and importantly margins in future years. The Group continues to trade include selling FMCG such as milk powder, baby formulae and health care products to China. These trades provided a gross profit of \$31,238 for the year.

To get a product resold into China JAT spends considerable time understanding the Chinese import requirements. This is known as CIQ or Customs, Inspection and Quarantine and its rules on what products can be resold into China can change suddenly. Australian companies welcome JAT's one solution to bring product to the large and growing market of China. All our orders are paid 100% upfront to reduce any risk of product not being paid in full. Our Australian customers are satisfied with their continued sales and accounts/logistics of purchased goods. The Group continues to trade FMCG such as milk powder, baby formulae and health care products to China. These trades provided a gross profit of \$31,238 for the year.

JAT, the Company, undertook a cost review program to lower all administration and operational costs. During the year the Company raised \$342,593 through a rights issue and \$228,595 through directors and some suppliers accepting shares in lieu of cash in settlement of their services.

The result for the year includes a \$1,225,800 impairment of the coal assets previously held for resale and \$25,654 for loss on derecognition of subsidiaries within the Group for the year, in particular Blackrock Resources Pty Ltd. This amount also includes the write-off of outstanding loans.

As a consequence, the Group only operates in one segment being trading activities and in one geographic region, being Australia.

Jatenergy maintains its interest in energy projects especially in coal and coal related technologies. Management continues its review of potential coal mines and for sites for coal conversion using its coal plus technology. It recognises that the current market for thermal coal is flat and has been for the past 24 months. The 2016 reporting season for many of the larger resource companies such as BHP and Rio have been disappointing but this only reflects the larger resource market. Smaller companies that are similar to JAT such as Cokal have had limited success in commercialising their assets due to a sharp drop in buyer demand. To maintain the Company's profitability, the Board has been creating cash flow through trading activities between Australia and China.

All overseas offices and operations relating to coal production and mining have been temporarily ceased and closed. Asset values given to these sites have been written down to zero value as there is no short to medium term demand to either purchase or operate the assets.

Market for Coal

The global market for coal as shown below is trending flat and for the past 5 years has indicated little growth or upswing. Our opportunity still lies in operating overseas and small mines to remain competitive and medium term sustainable.



LED acquisition

The company announced on the 15th July 2016 that it would not be proceeding with the acquisition of the Nanyang Electrics. It was a mutual decision between JAT and Nanyang and accepted by management and the Board.

Business Cash Flow

The Company has proceeded with trading of product into China including milk powder, natural supplements, cosmetics, skin creams and other similar product ranges. The operation has been stable and provides necessary cash flow to the Company to maintain its operations whilst seeking coal assets and related coal conversion technology projects. Costs of the Company have been dramatically reduced to reflect the true operations of the Company and sustain the future of the business.

Financial result

The consolidated loss of the Group for the year after providing for income tax amounted to \$1,978,817 (2015: \$1,127,373).

The 2016 loss is attributable to the following:

- | | | |
|-------------------------------|-------------|-------------------|
| • Impairment of assets of | \$1,225,800 | (2015: \$428,956) |
| • Consultancy expenses of | \$ 140,925 | (2015: \$252,900) |
| • Occupancy costs of | \$ 48,573 | (2015: \$79,306) |
| • Directors' fees | \$ 291,150 | (2015: \$54,925), |
| • Derecognition of subsidiary | \$ 25,654 | (2015: \$nil) |

Financial position

The consolidated statement of financial position at 30 June 2016 reflects cash at bank of \$235,040 (2015: \$429,687). The net assets of the group have decreased from \$1,436,713 at 30 June 2015 to \$18,825 at 30 June 2016 principally as a result of the write-off the current asset held for resale.

Dividends paid or recommended

No dividends were paid or declared since the start of the period. No recommendation for payment of dividends has been made (2015: \$nil).

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Group during the financial year other than those noted in the operations report.

Matters subsequent to the end of the financial year

On 15 July 2016, Jat advised it would not be proceeding with the transaction with Nanyang initially announced on 24 March 2015.

On 14 September 2016, Jat announced it was in the process of finalizing the setup of a China based subsidiary – Henan JAT Trading Co., Ltd.

With the exception of the above no other matters have arisen since 30 June 2016 that have significantly affected, or may significantly affect:

- (i) the Company's operations in future financial years; or
- (ii) the results of those operations in future financial years; or
- (iii) the Company's state of affairs in future financial years.

Likely developments and expected results of operations

Additional comments on expected results of certain operations of the group are included in this annual report under the Operating and Financial Review section.

Environmental regulations

The consolidated entity's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory in Australia.

Information on directors

Anthony Crimmins

EXECUTIVE CHAIRMAN – (APPOINTED 22 MAY 2012)

Anthony Crimmins has been actively involved in the business development of numerous start-up companies that have been funded and listed on the Australian Securities Exchange. He was fundamental in identifying projects and businesses that could be successfully listed, particularly in "breakthrough" businesses. He worked for 6 years as an environmental engineer and business development manager in Asia, and has a level fluency in Mandarin and an understanding of Asian business practices. He has also previously worked as a general manager, project manager and in commercialisation of technology-based products and services. Mr Crimmins is also a director of Abundant Produce Limited (ASX: ABT).

Xipeng Li

NON-EXECUTIVE DIRECTOR – APPOINTED 15 APRIL 2011)

Li Xipeng is an experienced executive and has served as a Director and Chief Executive Officer of Pinglin Expressway Limited. He has also served as Chairman of Pinglin Expressway Limited since May 2003. Prior to that, Mr Li served as Chairman of HSV, China since May 2001 and as Chairman of Henan Shengrun Real Estate Co Ltd, China, since May 2000. Mr Li graduated from Zhongnan University of Economics and Law and he earned his EMBA at Cheung Kong Graduate School of Business.

Wilton Yao

EXECUTIVE DIRECTOR FROM 1 JULY 2015, PREVIOUSLY NON-EXECUTIVE DIRECTOR – APPOINTED 26 NOVEMBER 2013 UNTIL 30 JUNE 2015, PREVIOUSLY ALTERNATE NON-EXECUTIVE DIRECTOR FOR MR XIPENG LI – (APPOINTED 15 APRIL 2011)

Wilton Yao has been involved in business broking industry for more than 10 years and specialises in franchise recruitment and development. He has worked with a number of franchise firms to develop franchise businesses for both local and international markets. Mr Yao has also been involved in managing several retail and franchise businesses for many years and has great experience and knowledge in management and marketing. Mr Yao has strong connections with overseas investors, especially from mainland China and he has worked closely with Australian Government organisations and local companies to promote successful investment projects for Chinese investors. He also provides consulting services to a number of ASX listed companies, focusing on project exploring and seeking investment funds from overseas investors.

Information on company secretary

Graeme Hogan (Bcom FCPA FCSA)

COMPANY SECRETARY (PART-TIME) (APPOINTED 23 JULY 2012)

Graeme Hogan has worked in the resources industry for over 30 years. He has worked with companies in the following commodities: iron ore, coal, industrial minerals and copper/gold. Graeme has over 20 years' experience as company secretary of both listed and unlisted companies. He is currently also the Company Secretary of Abundant Produce Limited (ASX Code ABT)

Director and audit committee meetings

The number of meetings of the Company's Board of Directors held during the year ended 30 June 2016 and the numbers of meetings attended by each Director were:

	Meetings of directors	
	A	B
Anthony Crimmins	1	1
Xipeng Li	-	1
Wilton Yao	1	1

A Number of meetings attended

B Number of meetings held during the time the Director held office

The Directors are in regular contact and decisions are made using circular resolutions of the Directors as permitted by the Company's constitution. The Directors' have found this process is the most effective and cost efficient given they are not resident in the same city.

Corporate Governance

The Board of Director of Jatenergy Limited is responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business and affairs of Jatenergy Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

Jatenergy Limited's corporate governance practices were in place for the whole year and were compliant with the ASX Governing council's best practice recommendations, unless otherwise stated.

Information on corporate governance is available included in this Annual Report and further information can be requested from the Company's corporate office – Suite 6.08, Level 8, 55 Miller Street, Pyrmont.

Risk management

The Company takes a proactive approach to risk management. Management, through the Chief Executive Officer, is responsible for designing, implementing and reporting on the adequacy of the Company's risk management and internal control system. The risk management program is approved and monitored by the Board. Management reports to the Board on the Company's key risks and the extent to which it believes these risks are being managed. This is performed on a six monthly basis or more frequently as required by the Board.

The Board is responsible for satisfying itself annually, or more frequently as required, that management has developed and implemented a sound system of risk management and internal control.

The Company has developed a series of risks which the Company believes to be inherent in the business and industry in which the Group operates. These include:

- operating risk;
- environmental risk;
- branding and reputation risk;
- legal, compliance and regulatory risk;
- competitor and market risk;
- intellectual property risk;
- occupational health and safety risk; and
- financing and adequacy of capital risk.

These risk areas are provided here to assist investors to understand better the nature of the risks faced by our Group and the industry in which we operate. This is not necessarily an exhaustive list.

The Board received regular reports on progress in addressing and management of the key risks associated with the Group's business. The Board has the right to appoint external professional advisers to carryout regular investigations into control mechanisms, and report their findings, including recommendations for improvement to controls, processes and procedures to the Board.

A copy of the Company's risk management policy is contained in Annexure 4 of the Company's Corporate Governance Statement, a copy of which is available on request from the Company's registered office.

REMUNERATION REPORT (Audited)

This report outlines the remuneration arrangements in place for Directors and key management personnel of the Group for Financial Year 2016. The remuneration report is set out under the following main headings:

- A. Principles used to determine the nature and amount of remuneration
- B. Details of remuneration
- C. Service agreements
- D. Share-based compensation
- E. Other Information

These disclosures have been audited, as required by section 308(3c) of the Corporations Act 2001.

Role of the remuneration committee

Currently the role of the Remuneration Committee is undertaken by the Board given the number of directors and the nature and size of the Company. Its role is to make recommendations on:

- non-executive director fees
- executive remuneration (directors and other executives), and
- the over-arching executive remuneration framework and incentive plan policies.

Their objective is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Company. In doing this, the remuneration committee seeks advice from independent remuneration consultants.

The Corporate Governance Statement provides further information on the role of this committee.

Principles used to determine the nature and amount of remuneration

The performance of the Group depends on the quality of its Directors and executives.

To prosper, the Group must attract, motivate and retain highly skilled Directors and executives. To this end, the Group embodies the following principles in its remuneration framework:

- provide competitive rewards to attract high calibre executives;
- link executive rewards to shareholder value;
- ensure that a significant portion of executive remuneration is 'at risk', and therefore dependent on meeting pre-determined performance benchmarks; and
- establish appropriate performance hurdles in relation to variable executive remuneration.

The Board of Directors assesses the appropriateness of the nature and amount of remuneration of Directors and senior managers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality Board and executive team. Currently the Board has determined that Directors and senior managers will be remunerated at fixed rates per month to enable the Group to have control of its costs and cash flows. Upon improvement in economic conditions and Group performance the Directors will reintroduce remuneration policies which place a significant portion of executive remuneration 'at risk'.

Remuneration structure

In accordance with the corporate governance principles and recommendation, the structure of Non-Executive Director and senior manager remuneration is separate and distinct.

Non-executive director remuneration

Objective

The Board seeks to set aggregate remuneration at a level that provides the Group with the ability to attract and retain Directors of the highest calibre, while incurring costs that are acceptable to shareholders.

Structure

Each Non-Executive Director receives a fixed fee for being a Director of the Group.

The constitution and the ASX Listing Rules specify that the maximum aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting of shareholders. At the general meeting of shareholders held on 27 November 2009, this maximum amount was set at \$350,000 per annum. In 2016, the Group had one Non-Executive Director, Mr Xipeng Li, and a total of \$Nil (2015: \$101,000) including superannuation was paid. Previously Mt Wilton Yao was considered a non-executive director but he has taken on the role of managing the trading goods part of the business and is therefore now an executive director.

The amount of aggregate remuneration sought to be approved by shareholders and the fixed fees paid to Directors are reviewed annually. The Board considers fees paid to Non-Executive Directors of comparable companies when undertaking the annual review process.

Executive remuneration

Objective

The Group aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group and so as to:

- reward executives for group and individual performance against targets set by reference to appropriate benchmarks;
- align the interests of executives with those of shareholders;
- link reward with the strategic goals and performance of the Group; and
- ensure total remuneration is competitive by market standards.

There are currently no full time executives of the Company and the remainder of this policy reflects the current policy, however, when the financial situation of the Company changes in the future and full time executives are appointed then this policy will be reviewed and updated to incorporate appropriate market conditions prevailing at that time.

Structure

A policy of the Board is to establish employment or consulting contracts with the chairman, chief executive officer and other senior executives. At the time of this report there is a consulting agreement with Tony Crimmins.

Remuneration consists of fixed remuneration under an employment or consultancy agreement and long term equity-based incentives that are subject to satisfaction of performance conditions. The

equity-based incentives are intended to retain key executives and reward performance against agreed performance objectives.

Fixed remuneration

The level of fixed remuneration is set so as to provide a base level of remuneration that is both appropriate to the position and competitive in the market.

Fixed remuneration is reviewed annually by the Board and the process consists of a review of group-wide and individual performance, relevant comparative remuneration in the market, and internal and (where appropriate) external advice on policies and practices.

Senior managers are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and expense payment plans, such that the manner of payment chosen is optimal for the recipient without creating additional cost for the Group.

Remuneration Policy and Performance

As the Company does not have any full time executives at this time the Company has not established or agreed upon remuneration policies applicable to the CEO, general manager and other senior personnel of the Company in relation to KPI's and extent of remuneration which is 'at risk'. The Company will establish suitable policies upon the appointment of these senior executives.

Voting and comments made at the Company's last Annual General Meeting

The Remuneration Report was passed unanimously on a show of hands at the last Annual General Meeting and the Company received a greater than 99% of 'yes' votes by proxy on its Remuneration Report for the financial year ending 30 June 2015. The Company did not receive any feedback on the Report during this meeting.

Relationship between remuneration policy and company performance

Information is provided below in relation to revenue, profitability and share price for the past 5 years. The company does not currently have any full time executives and therefore there is no comparative remuneration information and how it relates to the performance of the company. The Executive Chairman's contract is a fixed fee per month and does not provide for any incentive performance payments.

	2016	2015	2014	2013	2012
	\$	\$	\$	\$	\$
Revenue	967,052	32,851	572,421	132,192	464,505
Net loss	(1,978,817)	(1,127,373)	(3,040,654)	(2,213,427)	(4,664,932)
Share price	0.01	0.019	0.018	0.022	0.037

The Company is currently reviewing its remuneration policies as indicated above.

B - Details of remuneration

Details of the remuneration of the Directors and other key management personnel (as defined in AASB 124 Related Party Disclosures) of Jatenergy Limited are set out in the following tables. Key management personnel for the year ended 30 June 2016 include Tony Crimmins and Wilton Yao. Mr Crimmins and Mr Yao have contracts currently in place for the Group.

Name	Cash salary and fees	Total	Performance related	
2016		\$	\$	%
Non-executive directors				-
Xipeng Li	-	-	-	-
Total non-executive directors				-
Executives				
Anthony Crimmins	144,000	144,000	-	-
Wilton Yao	147,500	147,500	-	-
Total executive directors				-
Total	291,500	291,500		-

Name	Cash salary and fees	Total	Performance related	
2015		\$	\$	%
Non-executive directors				
Xipeng Li	-	-	-	-
Wilton Yao	100,000	100,000	-	-
Ian Gebbie*	2,000	2,000		
Total non-executive directors				
	102,000	102,000		

Name	Cash salary and fees	Total	Performance related
Executives			
Anthony Crimmins	144,000	144,000	-
Chris Flanagan**	-	-	-
Total executive directors & key management	144,000	144,000	-
Total	246,000	246,000	-

* Mr Ian Gebbie resigned on 12 November 2014.

** Mr Chris Flanagan resigned 26 February 2015

C. Service Agreements

The Chairman is employed under a consulting and employment services contract. The major provisions of the agreement relating to remuneration are set out below:

Name	Terms of agreement	Notice period
Tony Crimmins	The contract is with Top Cat Consulting for the provision of Mr Crimmins' services at \$13,200 per month (inc GST) and expired on 31 December 2015 but continued on a month to month basis until 30 June 2016 when a new service contract was agreed whereby the monthly fee would be \$5,500 per month.	4 month notice period.
Wilton Yao	The contract is with J & Y Group for the provision of Mr Yao' services at \$13,200 per month (inc GST) and expires on 1 July 2016 but continues on a month to month basis until terminated or a new contract replaces this contract.	4 month notice period.

Description of options/rights issued and remuneration

D. Share-based compensation

Details of the options granted as remuneration in prior years to key management personnel are shown below

Share holdings of key management personnel and Directors

	Balance at the start of the year	Other changes during the year	Balance at the end of the year
Directors and key management personnel of Jatenergy Limited ordinary shares	No	No	No
2016			
Xipeng Li	13,411,222	-	13,411,222
Anthony Crimmins	11,194,145	18,764,704	28,958,849
Wilton Yao	-	3,500,000	3,500,000
2015			
Xipeng Li	13,411,222	-	13,411,222
Anthony Crimmins	7,257,451	3,936,694	11,194,145
Wilton Yao	-	-	-
Chris Flanagan	575,000	-	575,000

Director and executive options

No options were granted as remuneration in the financial year ended 30 June 2016, or the year ended 30 June 2015.

Total share based expenses as approved at the General Meeting of shareholders in April 2016 :-

- Tony Crimmins - \$132,000 through issue of 6,000,000 ordinary fully paid shares (2015: nil)
- Wilton Yao - \$77,000 through issue of 3,500,000 ordinary fully shares (2015 :- nil)
- Graeme Hogan - \$17,000 through issue of 1 million ordinary fully paid shares (2015 :- nil)

There were no Options held by key management personnel in 2016 (2015 :- nil)

Options on issue

At the date of this report, there were no options on issue.

There have been no unissued shares or interests under option of any controlled entity within the Group during or since reporting date.

During the year ended 30 June 2016, no ordinary shares of Jatenergy Limited were issued on the exercise of options granted. No further shares have been issued since year end. No amounts are unpaid on any of the shares.

E. Other Information

There were no loans to Directors or executives during or since the end of the year. There were no loans to Directors or executives during the prior year.

END OF REMUNERATION REPORT

Indemnification of officers and auditors

During the financial year, the Group paid premiums to insure the Directors and officers of the Group.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity of officers of the Group and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for them or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities. No insurance or indemnification has been given to the auditors.

The Group has entered into Deeds of Indemnity, Insurance and Access with each of the Directors and the Company Secretary. Each deed provides officers with the following:

- a right to access certain Board papers of the Group during the period of their tenure and for a period of seven years after that tenure ends;
- subject to the Corporations Act an indemnity in respect of liability to persons other than the Group and its related bodies corporate that they may incur while acting in their capacity as an officer of the Group or a related body corporate, except where that liability involves a lack of good faith and for defending certain legal proceedings; and
- the requirement that the Group maintain appropriate Directors and officers insurance for the officer.

No liability has arisen under these indemnities as at the date of this report.

The Group has not, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer of the Group against a liability incurred as such by an officer.

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 Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

The proceedings brought by Chapmans Limited were settled during the year on a confidential basis. There are no other proceedings have been brought or intervened in on behalf of the Group with leave of the Court under section 237 of the Corporations Act 2001.

Environmental Issues

The group is not subject to any environmental laws in the Commonwealth or States or Territories of Australia. The Group complies with the licence conditions for its coal licences in Indonesia.

Non-audit services

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group and/or the Company are important.

Details of the amounts paid or payable to the auditor (Hall Chadwick) for audit and non-audit services provided during the year are set out below.

The Board has considered the position and in accordance with the advice received from the audit committee is satisfied that the provision of the non-audit service is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor.
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of ethics for Professional Accountants.

During the year the following fees were paid or payable for services provided by the auditor of the group, its related practices and non-related audit firms:

	Consolidated	Consolidated
	2016	2015
	\$	\$

(a) Assurance services

Audit services – Hall Chadwick

Audit of financial reports and other audit work under the Corporations Act 2001	33,500	33,500
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Other Services	-	-
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Total remuneration for audit services	33,500	33,500
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Auditor’s independence declaration

A copy of the auditor’s independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 18.

This report is made in accordance with a resolution of the Board of Directors:



Chairman

Anthony Crimmins

Dated this 30th day of September 2016

JAT ENERGY LIMITED
ABN 31 122 826 242
AND ITS CONTROLLED ENTITIES
AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C OF THE
CORPORATIONS ACT 2001 TO THE DIRECTORS OF JAT ENERGY LIMITED

SYDNEY

Level 40
2 Park Street
Sydney NSW 2000
Australia

GPO Box 3555
Sydney NSW 2001

Ph: (612) 9263 2600
Fx: (612) 9263 2800

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2016 there have been no contraventions of:

- i. the auditor's independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- ii. any applicable code of professional conduct in relation to the audit.

Nell Chadwick

HALL CHADWICK
Level 40, 2 Park Street
Sydney NSW 2000

Graham Webb

GRAHAM WEBB
Partner
Date: 30 September 2016

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2016

	Note	Consolidated Entity	
		2016	2015
			\$
Revenue	5	936,815	-
Cost of goods Sold		(905,577)	--
Gross Profit		31,238	-
Other Revenue		30,237	32,851
Consultancy & professional fees		(78,109)	(299,687)
Insurance expense		(30,279)	(34,480)
Share based payments		(226,000)	-
Depreciation expense		(2,633)	(991)
Directors' fees		(291,150)	(54,925)
Employee benefits expense		(3,903)	(96,801)
Travel expenses		(15,320)	(15,778)
Occupancy expenses		(48,573)	(79,306)
Finance costs		(2,263)	(3,782)
Other expenses		(74,110)	(91,248)
Coal production costs		(16,498)	(54,270)
Loss on derecognition of controlled entities		(25,654)	-
Impairment of assets		(1,225,800)	(428,956)
Loss before income tax	6	(1,978,817)	(1,127,373)
Income tax expense	7	-	-
Loss for the year		(1,978,817)	(1,127,373)
Other Comprehensive Income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		-	86,381
Total comprehensive loss for the year		(1,978,817)	(1,040,992)
Loss attributable to:			
- Members of parent entity		(1,975,417)	(1,051,284)
- Non-controlling interest		(3,400)	(76,089)
		(1,978,817)	(1,127,373)
Total comprehensive loss attributable to:			
- Members of parent entity		(1,975,417)	(964,903)
- Non-controlling interest		(3,400)	(76,089)
		(1,978,817)	(1,040,992)
Loss per share for loss attributable to the ordinary equity holders of the company:			
			Cents
Basic loss per share	22	(1.3)	(0.9)
Diluted loss per share	22	(1.3)	(0.9)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

For the year ended 30 June 2016

Consolidated Entity			
		2016	2015
	Note	\$	\$
Assets			
Current assets			
Cash and cash equivalents	8	235,040	429,687
Trade and other receivables	9	357,000	36,484
Assets held for sale	10	-	1,225,800
Total current assets		592,040	1,691,971
Non-current assets			
Plant and equipment	11	5,464	6,025
Total non-current assets		5,464	6,025
Total assets		597,504	1,697,996
Liabilities			
Current liabilities			
Trade and other payables	12	578,679	261,283
Total current liabilities		578,679	261,283
Total liabilities		578,679	261,283
Net assets		18,825	1,436,713
Equity			
Contributed equity	13	27,981,593	27,420,664
Non-controlling interest		880,741	884,141
Reserves		-	(124,684)
Accumulated losses		(28,843,509)	(26,743,408)
Total equity		18,825	1,436,713

The above statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2016

	Contributed Equity	Non- Controlling Interest	Reserves	Accumulated Losses	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2014	26,526,160	954,328	(252,270)	(25,322,711)	1,905,507
Loss for the year	-	(76,089)	-	(1,051,284)	(1,127,373)
Foreign Currency translation	-	-	86,381	-	86,381
Total comprehensive income	-	(76,089)	86,381	(1,051,284)	(1,040,992)
Issue of Capital	894,504	-	-	-	894,504
Transaction Costs	-	-	-	-	-
Transaction with owners	894,504	-	-	-	894,504
Derecognition of controlled entities	-	5,902	41,205	(369,413)	(322,306)
Balance at 30 June 2015	27,420,664	884,141	(124,684)	(26,743,408)	1,436,713
Balance at 1 July 2015	27,420,664	884,141	(124,684)	(26,743,408)	1,436,713
Loss for the year	-	(3,400)	-	(1,975,417)	(1,978,817)
Reserves transferred to retained earnings	-	-	124,684	(124,684)	-
Total comprehensive income	-	(3,400)	124,684	(2,100,101)	(1,978,817)
Issue of Capital	571,188	-	-	-	571,188
Transaction Costs	(10,259)	-	-	-	(10,259)
Transaction with owners	560,929	-	-	-	560,929
Balance at 30 June 2016	27,981,593	880,741	-	(28,843,509)	18,825

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cashflows

For the year ended 30 June 2016

Consolidated Entity

		2016	2015
	Note	\$	\$
Cash flows from operating activities			
Receipts from customers		616,299	25,339
Payments to suppliers and employees		(1,143,136)	(655,342)
Interest received		4,192	6,919
Interest paid		(2,263)	(3,308)
Net cash outflow from operating activities	21	(524,908)	(626,392)
Cash flows from investing activities			
Payments for plant & equipment		(2,072)	-
Net cash inflow/(outflow) from investing activities		(2,072)	-
Cash flows from financing activities			
Proceeds from convertible note		-	200,000
Proceeds from issues of shares		342,593	594,504
Transactions costs		(10,259)	-
Net cash inflow from financing activities		332,333	794,504
Net (decrease)/increase in cash and cash equivalents			
		(194,647)	168,112
Cash and cash equivalents at the beginning of the financial year		429,687	258,344
Effect of exchange on cash holdings in foreign currencies		-	3,231
Cash and cash equivalents at end of year	4	235,040	429,687

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to Financial Statements

This financial report covers the consolidated entity consisting of Jatenergy Limited and its controlled entities.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompany a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The financial report is presented in Australian currency.

Jatenergy Limited is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 6, Suite 8
55 Miller Street
Pyrmont NSW 2009

The financial report was authorised for issue by the Directors on 30 September 2016. The Company has the power to amend and reissue the financial report.

Through the use of the internet, we have ensured that our corporate reporting is timely and complete. All press releases, financial reports and other information are available on our website: www.jatenergy.com.

1. Summary of significant accounting policies

Basis of preparation

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group 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 stated otherwise.

Except for cash flow information, the 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.

Jatenergy Ltd is the Group's ultimate parent company. Jatenergy Ltd is a public company incorporated and domiciled in Australia. The address of its registered office and its principal place of business is Floor 6, Suite 8, 55 Miller Street, Pyrmont, New South Wales 2009, Australia. The consolidated financial statements for the year ended 30 June 2016 were approved and authorised for issue by the Board of Directors on 30 September 2016.

1. Summary of significant accounting policies (cont)

(a) Principles of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent, JAT Energy Limited and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 19.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as “non-controlling interests”. The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary’s net assets on liquidation at either fair value or at the non-controlling interests’ proportionate share of the subsidiary’s net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

(b) Going concern basis of accounting

The financial statements have been prepared on a going concern basis. The Group has incurred an operating loss for the year of \$1,978,817 (2015: \$1,127,373) and has negative cash flows from operating activities of \$524,908 (2015: \$626,392). The Company raised \$342,593 in equity through an entitlement offer in December 2015 and \$228,594 to settle fees through the issue of 10,652,686 shares in April 2016. The Directors are managing the Company’s cash flows carefully to meet its operational commitments. The Directors intend to fund the company activities from future sales of its trading business and further capital raisings. Therefore, the Directors consider that the going concern basis is appropriate. Should the Group be unable to raise further funds or continue its trading activities profitably then there will be a material uncertainty over the ongoing viability of the company.

(c) Revenue and other income

Interest income is recognised on a time proportion basis using the effective interest method.

Revenue from trading income is recognised when the significant risks and rewards of ownership of the goods have passed from the buyer to the seller.

(d) Income tax

The income tax expense or revenue for the period is the tax payable on the current period’s taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements and to unused tax losses.

1. Summary of significant accounting policies (cont)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(e) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(f) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

(g) Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

1. Summary of significant accounting policies (cont)

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of (a) fair value of consideration transferred, (b) the recognised amount of any non-controlling interest in the acquire, and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase) is recognised in profit or loss immediately

(h) Impairment of non-financial assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be 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 expensed to the statement of profit or loss.

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

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

(i) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

(j) Financial instruments

Recognition and initial 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.

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 represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

1. Summary of significant accounting policies (cont)

Amortised cost is calculated as:

- (i) the amount at which the financial asset or financial liability is measured at initial recognition;
- (ii) less principal repayments;
- (iii) 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
- (iv) 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 Group 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.

(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, as they are expected to mature within 12 months after the end of the reporting period.

(ii) Financial liabilities:

Non-derivative financial liabilities are subsequently measured at amortised cost.

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of profit or loss.

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 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.

(k) Plant and equipment

Plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

1. Summary of significant accounting policies (cont)

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.

Depreciation on assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives.

The depreciation rates used for each class of depreciable assets are:

- Furniture, fittings and office equipment 20-33%

The asset's residual values and useful lives are reviewed and adjusted if appropriate, at each reporting date.

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 (note 1(h)).

Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in the statement of profit or loss.

(l) Assets Held for Sale

Non-current assets are reclassified as held for sale when it is highly probable that a sale will take place, within 12 months of the financial year end date.

(m) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Jatenergy Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss, except when they are attributable to part of the next investment in foreign operation.

Translation differences on financial assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in statement of profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale financial assets are included in the fair value reserve in other comprehensive income.

1. Summary of significant accounting policies (cont)

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the statement of profit or loss, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

(n) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(o) New accounting standards and Australian accounting interpretations

Accounting Standards issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed

- (i) AASB 9: *Financial Instruments* and associated Amending Standards (applicable to annual reporting periods beginning on or after 1 January 2018).

1. Summary of significant accounting policies (cont)

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

The directors anticipate that the adoption of AASB 9 will not have a significant impact on the Group's financial instruments.

- (ii) AASB 15: *Revenue from Contracts with Customers* (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-8: *Amendments to Australian Accounting Standards – Effective Date of AASB 15*).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

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 the goods or services. To achieve this objective, AASB 15 provides the following five-step process

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

The transitional provisions of this Standard permit an entity to either: restate the contracts that existed in each prior period presented per AASB 108: *Accounting Policies, Changes in Accounting Estimates and Errors* (subject to certain practical expedients in AASB 15); or recognise the cumulative effect of retrospective application to incomplete

contracts on the date of initial application. There are also enhanced disclosure requirements regarding revenue.

1. Summary of significant accounting policies (cont)

The directors anticipate that the adoption of AASB 15 will not have a significant impact on the Group's financial statements.

- (iii) AASB 16: *Leases* (applicable to annual reporting periods beginning on or after 1 January 2019).

When effective, this Standard will replace the current accounting requirements applicable to leases in AASB 117: *Leases* and related Interpretations. AASB 16 introduces a single lessee accounting model that eliminates the requirement for leases to be classified as operating or finance leases.

The main changes introduced by the new Standard include:

- recognition of a right-to-use asset and liability for all leases (excluding short-term leases with less than 12 months of tenure and leases relating to low-value assets);
- depreciation of right-to-use assets in line with AASB 116: *Property, Plant and Equipment* in profit or loss and unwinding of the liability in principal and interest components;
- variable lease payments that depend on an index or a rate are included in the initial measurement of the lease liability using the index or rate at the commencement date; and
- by applying a practical expedient, a lessee is permitted to elect not to separate non-lease components and instead account for all components as a lease; and
- additional disclosure requirements.

The transitional provisions of AASB 16 allow a lessee to either retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Although the directors anticipate that the adoption of AASB 16 will impact the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

- (iv) AASB 2014-3: *Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations* (applicable to annual reporting periods beginning on or after 1 January 2016)

This Standard amends AASB 11: *Joint Arrangements* to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: *Business Combinations*, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards

except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations.

1. Summary of significant accounting policies (cont)

The application of AASB 2014-3 will result in a change in accounting policies for the above described transactions, which were previously accounted for as acquisitions of assets rather than applying the acquisition method per AASB 3.

The transitional provisions require that the Standard should be applied prospectively to acquisitions of interests in joint operations occurring on or after 1 January 2016. As at 30 June 2016, management is not aware of the existence of any such arrangements that would impact the financial statements of the entity going forward and as such is not capable of providing a reasonable estimate at this stage of the impact on initial application of AASB 2014-3.

- (v) *AASB 2014-10: Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (applicable to annual reporting periods beginning on or after 1 January 2018, as deferred by AASB 2015-10: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128).*

This Standard amends AASB 10: *Consolidated Financial Statements* with regards to a parent losing control over a subsidiary that is not a “business” as defined in AASB 3 to an associate or joint venture, and requires that:

- a gain or loss (including any amounts in other comprehensive income (OCI)) be recognised only to the extent of the unrelated investor’s interest in that associate or joint venture;
- the remaining gain or loss be eliminated against the carrying amount of the investment in that associate or joint venture; and
- any gain or loss from remeasuring the remaining investment in the former subsidiary at fair value also be recognised only to the extent of the unrelated investor’s interest in the associate or joint venture. The remaining gain or loss should be eliminated against the carrying amount of the remaining investment.

The application of AASB 2014-10 will result in a change in accounting policies for transactions of loss of control over subsidiaries (involving an associate or joint venture) that are businesses per AASB 3 for which gains or losses were previously recognised only to the extent of the unrelated investor’s interest.

The transitional provisions require that the Standard should be applied prospectively to sales or contributions of subsidiaries to associates or joint ventures occurring on or after 1 January 2018. Although the directors anticipate that the adoption of AASB 2014-10 may have an impact on the Group’s financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

2 Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limited and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group's activities expose it to a limited number of financial risks as described below. The Group's overall risk management program seeks to minimise potential adverse effects on the financial performance of the Group. To date, the Group has not had the need to utilise derivative financial instruments such as foreign exchange contracts or interest rate swaps to manage any risk exposure identified. The Group holds the following financial instruments.

		Consolidated Entity	
		2016	2015
	Note	\$	\$
Financial assets			
Cash and cash equivalents	8	235,040	429,687
Trade and other receivables	9	357,000	36,484
Total		592,040	466,171
Financial liabilities			
Trade and other payables	12	578,679	261,283
Total		578,679	261,283

Specific financial risk exposures and management

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

(a) Interest rate risk

The Group's main interest exposure arises from cash at bank and bank term deposits as at the reporting date, the Group had the following cash profile.

2 Financial risk management (cont)

	Consolidated Entity	
	2016	2015
	\$	\$
Cash at bank and in hand	135,007	83,992
Term deposit	100,033	345,695
Total	235,040	429,687

The Group's main interest rate risk arises from cash and cash equivalents. The bank term deposit has an interest rate which is fixed for the term of the investment and the bank accounts have a floating interest rate.

(b) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The risk is measured using cash flow forecasting. The Groups exposure to foreign currency risk relates to investments in overseas entities which are denominated in foreign currency with future investments dependent on achievement of milestones agreed.

The Group maintains two foreign currency (United States dollars) bank accounts in Australia to control currency risk. The balances of these accounts at 30 June 2016 totalled USD\$1,698 (2015: USD\$396). The Group no longer operates internationally and is no longer exposed to exchange risk arising from various currency exposure as all trading activities are conducted in Australian dollars.

Foreign exchange risk arises from future commercial transactions denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

(c) Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, deposits and banks as well credit exposure including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. In respect of the group, credit risk relates to loans with subsidiary and associated companies. In order to achieve stated corporate objectives, the parent entity provides financial support to subsidiary and associated companies, but only to the level which the

Board considers necessary to achieve these objectives and meets agreed conditions. Any loans to subsidiary and associated companies considered to be unrecoverable have been provided for.

2 Financial risk management (cont)

(d) Liquidity risk

The Group maintains sufficient liquidity by holding cash in readily accessible accounts. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group has no access to borrowing facilities at the reporting date. The Group's financial assets \$592,040 and financial liabilities \$578,679 have a maturity within 12 months of 30 June 2016.

(e) Fair value

The carrying amount of financial assets and liabilities recorded in the financial statements represents their respective net fair values unless otherwise noted, determined in accordance with the accounting policies disclosed in the Statement of Accounting Policies.

(f) Sensitivity analysis

The following table illustrates a sensitivity to the Group's exposure to changes in interest rates for 2016 and interest rates and exchange rates for 2015, when the Group included international operations. The table indicates the impact on how profit and equity values reported at reporting date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. This sensitivity assumes that the movement in a particular variable is independent of other variables.

	Consolidated Entity	
	Profit	Equity
	\$	\$
Year ended 30 June 2016		
+/-1% in interest rates	+/-2,350	+/-2,350
Year ended 30 June 2015		
+/-1% in interest rates	+/-383	+/-383
+/-10% in \$A/\$US	+/-1,752	+/-1,752

3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(g) Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Impairment of receivables/deposits

Impairment of receivables occurs when the Group believes it is unlikely that they will recover funds classified as receivables/deposits.

4 Segment information

The Company in the past year has changed with its exit from coal in Indonesia. All reports to the Board are on a consolidated basis for the Group being recognised as one segment.

The Company is now managed primarily on the basis as one entity and therefore Company's operating segment is determined on the same basis.

For reporting purposes, the entity now only operates in one geographical area, being Australia.

The tables below report the comparative information for 2015 when the Group recognized two segments (coal and jatropa) and two geographic regions (Australia and Indonesia).

(i) Segment performance

	Coal	Oilseeds	Total
	\$	\$	\$
2015			
REVENUE			
External Sales	-	-	-
Total Segment Revenue	-	-	-
Reconciliation of segment revenue to group revenue			
Interest Revenue			6,919
Other revenue			25,932
Total Group Revenue			32,851
Segment net profit(loss) from continuing operations before tax	(328,964)	-	(328,964)
Amounts not included in segment result but reviewed by the Board			
Corporate Expenses			(797,418)
Depreciation and amortisation			(991)
Net (loss) from continuing operations			(1,127,373)

4 - Segment information (cont)

(ii) Segment assets

	Coal	Oilseeds	Total
	\$	\$	\$
2015			
Segment Assets			
Segment assets increases for the period			
Capital expenditure	-	-	-
Acquisitions	-	-	-
	-	-	-
Reconciliation of segment assets to group assets	1,225,800	-	1,225,800
Corporate assets			472,196
Total Group Assets			1,697,996

(iii) Segment liabilities

	Coal	Oilseeds	Total
	\$	\$	\$
2015			
Segment Liabilities			
Reconciliation of segment liabilities to group liabilities	6,523	-	6,523
Corporate liabilities		-	254,760
Total Group Liabilities			261,283

(iv) Revenue by geographic location

	2015
	\$
Revenue, attributable to external customers is disclosed below, based on the location of the external customer	
Australia	32,851
Indonesia	-
Total Revenue	32,851
Non-Current Assets by geographical location	
	2015
	\$
Australia	6,025
Indonesia	-
Total Assets	6,025

5 Revenue

	Consolidated Entity	
	2016	2015
	\$	\$
Revenue		
Trading Income	936,815	-
Total Revenue	936,815	-
Other Income		
Interest	4,192	6,919
Consulting Fee	-	5,909
Rental income	24,503	20,023
Miscellaneous Income	1,542	-
Total Other Income	30,237	32,851

6 Expenses

	Consolidated Entity	
	2016	2015
	\$	\$
Loss before income tax includes the following specific expenses:		
Depreciation of plant and equipment	2,633	991
Finance costs	2,263	3,782
Loss on derecognition of controlled entities	25,654	-
Impairment of asset held for sale	1,225,800	428,956
Consultancy & Professional Fees	78,109	299,687
Share based payment expense	226,000	-
Rental expense relating to operating lease	48,573	79,306

7 Income tax expense

	Consolidated Entity	
	2016	2015
	\$	\$
(a) Numerical reconciliation of income tax expense to prima facie tax payable		
Loss before income tax expense	(1,978,817)	(1,127,373)
Tax (benefits) at the Australian tax rate of 30%	(593,645)	(338,212)
Tax effect of amounts which are not deductible in calculating taxable income:		

7 Income tax expense (cont)

	Consolidated Entity	
	2016	2015
	\$	\$
Impact of overseas tax rate	-	(9,627)
Loss on derecognition of subsidiaries not deductible	7,696	21,014
Impairment	367,740	128,687
Adjusted income tax	(218,209)	(198,138)
Tax losses and timing differences not brought to account	218,209	198,138
Income tax expense	-	-

Tax losses

Unused tax losses for the current year for which no deferred tax asset has been recognised	727,363	533,353
Unused tax losses carried forward from prior years for which no deferred tax asset has been recognised	9,290,738	8,757,385
Potential tax benefit at 30%	3,005,430	2,787,221

Utilisation of prior year tax losses are reliant on the Company meeting the prescribed tests under Division 105A of the Income Tax Assessment Act 1997.

Tax consolidation legislation

Jatenergy Limited has not formed a tax consolidated group.

8 Cash and cash equivalents

	Consolidated Entity	
	2016	2015
	\$	\$
Cash at bank and in hand	135,007	83,992
Term deposit	100,033	345,695
Total	235,040	429,687

(a) Cash

The cash in the investment account earns floating interest rates of between 1.5% and 2.0% (2015: 2.35% to 2.4%).

(b) Interest rate risk

The Group's exposure to interest rate risk relates primarily to the cash balances in the investment account detailed above. The Group's and the parent entity's exposure to interest rate risk is discussed in note 2.

9 Trade and other receivables

	Consolidated Entity	
	2016	2015
	\$	\$
Trade receivables	303,472	-
Other receivables	53,528	36,484
Total	357,000	36,484

	Gross Amount \$000	Past Due and Impaired \$000	Past Due but Not Impaired (Days Overdue)				Within Initial Trade Terms \$000
			< 30 \$000	31-60 \$000	61-90 \$000	> 90 \$000	
2016							
Trade and term receivables	303,472	-	-	500	-	-	302,972
Other receivables	53,528	-	-	-	-	-	53,528
Total	357,000	-	-	-	-	-	303,472
2015							
Trade and term receivables	-	-	-	-	-	-	-
Other receivables	36,484	-	-	-	-	-	36,484
Total	36,484	-	-	-	-	-	36,484

(a) Effective interest rates and credit risk

There is no interest rate risk for the balance of trade and other receivables.

10 Assets available for sale

	Consolidated Entity	
	2016	2015
	\$	\$
Tenements	-	1,225,800
Total	-	1,225,800

At 30 June 2015 the tenements were reclassified as held for sale as it was considered highly probable at that time they will be sold within 12 months of the year end. The company was in discussions with a party who had provided a letter of intent to acquire the tenements held by the company's controlled entity PT Coal Soil Brik for a consideration of circa US\$2 million subject to due diligence. However, due diligence was never completed and as a result the balance was impaired in full.

11 Property, Plant and equipment

	2016	2015
	\$	\$
Furniture & fixtures		
Cost	40,057	37,985
Accumulated Depreciation	(34,593)	(31,960)
	<u>5,464</u>	<u>6,025</u>

Movements in Carrying Amounts	Furniture and Fittings	Total
Balance at 1 July 2015	6,025	6,025
Additions	2,072	2,072
Depreciation	(2,633)	(991)
Balance at 30 June 2016	<u>5,464</u>	<u>5,464</u>

12 Trade and other payables

	Consolidated Entity	
	2016	2015
	\$	\$
Trade payables	578,679	261,283
Total	<u>578,679</u>	<u>261,283</u>

Trade payables are non-interest bearing. Their fair value approximates their carrying amount.

13 Contributed equity

		Consolidated Entity	
		2016	2015
	Notes	\$	\$
Share capital			
Ordinary Shares			
172,262,035 (2015: 141,456,840) Fully paid shares	(c)	27,981,592	27,420,664
Total Share Capital		<u>27,981,592</u>	<u>27,420,664</u>

13 Contributed equity (cont)

(b) Movements in ordinary share capital

	2016	2015	2016	2015
	\$	\$	Number	Number
At the beginning of the reporting period	27,420,664	26,526,160	141,456,840	103,565,568
Share issues during the year:				
23 July 2014(Conversion of loan)	-	100,000	-	5,000,000
17 December 2014(Entitlement issue)	-	269,004	-	10,760,161
17 December 2014(Conversion of loan)	-	200,000	-	10,000,000
11 March 2015(Placement)	-	25,500	-	1,020,000
6 May 2015(Placement)	-	300,000	-	11,111,111
7 November 2015(Placement)	2,594	-	152,686	-
10 December 2015(Entitlement issue)	342,593	-	20,152,509	-
27 April 2016(Share based payment)	209,000	-	9,500,000	-
17 May 2016(Share cancellation)	(83,891)	-	(4,934,793)	-
20 May 2016(Placement)	83,891	-	4,934,793	-
27 June 2016(Share based payment)	17,000	-	1,000,000	-
Transaction costs	(10,259)	-	-	-
Closing balance	27,981,592	27,420,664	172,262,035	141,456,840

(c) Ordinary shares

The Company does not have a limited amount of authorised capital.

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 and do not have a par value.

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.

(d) Options

There are no director or executive options, on issue during or outstanding at year end.

(e) Capital risk management

The Group's and parent entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. There were no changes in the Group's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

14 Key management personnel disclosures

(a) Directors and key management personnel

The following persons were Directors of Jatenergy Limited during the financial year.

Chairman - executive

Anthony Crimmins (appointed 22 May 2012)

Executive director

Wilton Yao, Alternate Executive Director from 1 July 2015 responsible for trading activities

Non-executive directors

Xipeng Li, Non-Executive Director (appointed 15 April 2011)

Wilton Yao, Alternate Non-Executive Director for Mr Xipeng Li (appointed 15 April 2011) and Non-executive director appointed 26 November 2013 until 30 June 2015

(b) Other transactions with key management personnel

There were no other transactions with key management personnel during the financial year ended 30 June 2016 or 30 June 2015 otherwise than noted in the remuneration report.

	2016	2015
	\$	\$
Short term employee benefits	291,150	246,000
Total	291,150	246,000

Short-term employee benefits

These amounts include fees and benefits paid to the executive Chair and non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to each KMP.

15 Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and a non-related audit firm.

	Consolidated Entity	
	2016	2015
	\$	\$
Assurance services		
Audit services		
Hall Chadwick		
Audit of financial reports and other audit work under the Corporations Act 2001	33,500	33,500
Total remuneration for audit services	33,500	33,500
Other services	-	-
Total remuneration for assurance services	33,500	33,500

15 Remuneration of auditors (cont)

Hall Chadwick were appointed as the Group's auditors at the Annual General Meeting on 28 November 2014.

16 Contingencies

(a) Contingent liabilities

The Group had a contingent liability in relation to the Jong Kang 2 operations in Indonesia as at 30 June 2015. On 2 December 2013 the Group entered into a profit share agreement in relation to Jong Kang 2 with Chapmans Limited, under which \$200,000 was provided by Chapmans Limited. Chapmans Limited filed a Statement of Claim against Jatenergy Limited on 15 December 2014. The proceedings have now been settled and both parties have executed a Deed of Settlement and Release dated 27 October 2015. The terms of the Deed are confidential.

17 Commitments

(a) Operating lease commitments - group as lessee

	Consolidated Entity	
	2016	2015
	\$	\$
Commitments for minimum lease payments in relation to operating leases contracted for the reporting date but not recognised as liabilities, payable:		
Within one year	17,432	16,647
Later than one year but not later than five years	-	-
Later than five years	-	-
	<u>17,432</u>	<u>16,647</u>

The lease is a rental lease over the Sydney premises of JAT Energy Limited.

18 Related party transactions

(a) Parent entity

Jatenergy Limited is the ultimate parent entity within the Group.

(b) Subsidiaries

Interests in the subsidiary are set out in note 19.

(c) Key management personnel

Disclosures relating to key management personnel are set out in the Director's report.

(d) Amounts receivable or payable to related parties

The following amounts were payable to related parties for the year ended 30 June 2016 or the year ended 30 June 2015.

18 Related party transactions (cont)

	Consolidated Entity	
	2016	2015
	\$	\$
Fees invoiced to Jat Energy Limited paid/payable to a company controlled by Tony Crimmins at year end	29,400	115,500
Fees invoiced to Jat Energy Limited payable to a company controlled by Wilton Yao, a director at year end	28,050	19,200
Fees invoiced to Jat Development Limited payable to a company controlled by Wilton Yao, a director at year end	82,500	82,500

(e) Transactions with related parties

The following transactions occurred with related parties:

	Consolidated Entity	
	2016	2015
	\$	\$
A company controlled by Tony Crimmins, a director, paid rent to Jat Energy during the period	4,125	2,182
A company controlled by Tony Crimmins, a director, received payment for expenses incurred during the period	2,380	2,918
A company of which Tony Crimmins is a director, paid rent to Jat Energy during the period	10,184	22,900
A company controlled by Wilton Yao, a director, received payment for expenses incurred during the period	7,999	22,786

19 Controlled Entities

(a) Controlled Entities Consolidated

Subsidiaries of Jatenergy Limited	Country of incorporation / Place of Business	Percentage Owned (%)*		Percentage Owned by Non-Controlling Interest (%)*	
		2016	2015	2016	2015
		%	%	%	%
Jatenergy Indonesia Pte Ltd(~)	Singapore	-	100	-	-
Jatenergy Developments Limited	Australia	75	75	25	25
PT Jatoil Waterland(^)	Indonesia	-	70	-	30
Aus Jat Pty Ltd (*)	Australia	100	-	-	-
Blackrock Resources Pty Ltd	Australia	100	100	-	-
Blackrock Energy Pte Ltd(x)	Singapore	-	100	-	-
PT Barata Energy	Indonesia	-	100	-	-
PT Coal Soil Brik	Indonesia	-	80	-	20

* Percentage of voting power is in proportion to ownership

^ - At a meeting of shareholders held on 15 January 2015 shareholders voted to wind up PT Jatoil Waterland. The wind up has been completed subject to formal notification from the Indonesian authorities.

~ - An application to strike off Jatenergy Indonesia Pte Ltd from the Singapore Directory of Registered Entities was made on 11 March 2015

* Aus Jat Pty Ltd was incorporated in December 2015.

x This entity is a subsidiary of Blackrock Resources Pty Ltd

Blackrock Resources Pty Ltd is in the process of being deregistered as it no longer has a purpose with all its subsidiaries being closed and wound up.

19 Controlled Entities

(b) Non -controlling interests

Material Non-Controlling Interests are in relation to Jat Energy Developments Pty Limited

Significant balances of Jat Energy Developments Pty Limited (entity with a material 25% non-controlling interest) are as follows:

	Consolidated Entity	
	2016	2015
	\$	\$
Revenue	287,974	4,743
Loss for the year	(13,599)	(304,355)
Current Assets	56,202	156,550
Non-current Assets	555,361	463,478
Total Assets	611,563	620,028
Current Liabilities	88,598	83,463
Non current Liabilities	-	-
Total Liabilities	88,598	83,463
Net Assets	522,965	536,565

20 Events occurring after the reporting date

On 15 July 2016, Jat advised it would not be proceeding with the transaction with Nanyang initially announced on 24 March 2015.

On 14 September 2016, Jat announced it was in the process of finalizing the setup of a China based subsidiary – Henan JAT Trading Co., Ltd.

With the exception of the above no other matters have arisen since 30 June 2016 that have significantly affected, or may significantly affect:

- (i) the Company's operations in future financial years; or
- (ii) the results of those operations in future financial years; or
- (iii) the Company's state of affairs in future financial years.

21 Reconciliation of loss after income tax to net cash outflow from operating activities

	Consolidated Entity	
	2016	2015
	\$	\$
Loss for the year	(1,978,817)	(1,127,373)
Depreciation	2,633	991
Foreign exchange (gain)/loss	-	(89)
Bad Debt expense	500	
Share based payment expense	226,000	
Loss on derecognition of subsidiaries	25,654	-
Impairment of assets	1,225,800	428,956
Change in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	(320,516)	27,882
(Decrease)/increase in trade and other payables	293,838	43,241
Net cash outflow from operating activities	(524,908)	(626,392)

22 Loss per share

	Consolidated Entity	
	2016	2015
	cents	cents
(a) Basic and diluted loss per share		
Basic loss attributable to the ordinary equity holders of the Company	(1.3)	(0.9)
Diluted loss attributable to the ordinary equity holders of the Company	(1.3)	(0.9)
(b) Loss used in calculating basic and diluted loss per share	(1,978,817)	(1,127,373)
(c) Weighted average number of shares used as the denominator	(d)	(e)
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share.	154,397,083	121,326,013
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share.	154,397,083	121,326,013

23 JAT Energy Limited - Parent Company Information

	Consolidated Entity	
	2016	2015
	\$	\$
Parent Entity		
Assets		
Current assets	535,838	293,821
Non-current assets	5,464	98,476
Total assets	541,302	392,297
Liabilities		
Current liabilities	1,045,442	171,297
Total liabilities	1,045,442	171,297
Equity		
Issued capital	27,981,592	27,420,664
Retained earnings	(28,485,733)	(27,199,664)
Total equity	(504,141)	221,000
Reserves		
Total reserves	-	-
Financial performance		
Loss for the year	8,813,941	256,033
Other comprehensive income		
Total comprehensive income	8,813,941	256,033
Guarantees in relation to the debts of subsidiaries		
Guarantee provided under the deed of cross guarantee	Nil	Nil
Contingent liabilities		
Non-cancellable operating lease - premises	-	-
Contractual commitments		
Contractual capital commitments for the acquisition of property, plant or equipment.	Nil	Nil

Directors Declaration

In accordance with a resolution of the directors of Jatenergy Limited, the directors of the company declare that:

1. the financial statements and notes, as set out on pages 19 to 49, are in accordance with the *Corporations Act 2001* and
 - a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and
 - b. give a true and fair view of the financial position as at 30 June 2016 and of the performance for the year ended on that date of the consolidated group;
2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
3. the directors have been given the declarations required by s 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer.



Director

Tony Crimmins

Dated this 30th day of September 2016

**JAT ENERGY LIMITED
ABN 31 122 826 242
AND ITS CONTROLLED ENTITIES
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
JAT ENERGY LIMITED**

SYDNEY

Level 40
2 Park Street
Sydney NSW 2000
Australia

GPO Box 3555
Sydney NSW 2001

Ph: (612) 9263 2600
Fx : (612) 9263 2800

Report on the Financial Report

We have audited the accompanying financial report of Jat Energy Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated 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 entity comprising the company and the entity 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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

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.

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JAT ENERGY LIMITED
ABN 31 122 826 242
AND ITS CONTROLLED ENTITIES
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
JAT ENERGY LIMITED

Auditor's Opinion

In our opinion:

- a. the financial report of Jat Energy 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 2016 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 modifying our opinion, we draw attention to Note 1(b) in the financial report, which indicates that the consolidated entity incurred a net loss of \$1,987,817 and had negative cash flows from operating activities of \$524,908 during the year ended 30 June 2016. These conditions, along with other matters as set forth in Note 1(b), indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amount stated in the financial report.

Report on the Remuneration Report

We have audited the remuneration report included in pages 9 to 15 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with s 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.

Auditor's Opinion

In our opinion the remuneration report of Jat Energy Limited for the year ended 30 June 2016 complies with s300A of the Corporations Act 2001.

Nell Chadwick

HALL CHADWICK
Level 40, 2 Park Street
Sydney NSW 2000

Graham Webb

GRAHAM WEBB

Partner

Date: 30 September 2016

Corporate Governance Statement

The Company's compliance and departures from the Recommendations as at the date of this announcement are set out below:

Principles and Recommendations	Comply (Yes/No)	Explanation
Principle 1: - Lay solid foundations for management and oversight		
Recommendation 1.1 A listed entity should have disclosed a charter which sets out the respective roles and responsibilities of the Board, the chair and management; and includes a description of those matters expressly reserved to the board and those delegated to management	Yes	The Company has adopted a Board Charter. The Board Charter is available on request from the Company. The Company is currently upgrading its website and the Charter will be available on the website by 31 October 2016.
Recommendation 1.2 A listed entity should: <ul style="list-style-type: none"> (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 relevant to a decision on whether or not to elect or re-elect a director 	Yes	(a) The Company has guidelines for the appointment and selection of the Board. (b) All material information relevant to a decision on whether or not to elect or re-elect a director will be provided to security holders in a Notice of Meeting pursuant to which the resolution to elect or re-elect a director will be voted on.
Recommendation 1.3 A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment	Yes	Each director and senior executive is a party to a written agreement with the Company setting the terms of their appointment.
Recommendation 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.	Yes	The Board Charter provides that the Company Secretary is accountable directly to the Board through the chair.
Recommendation 1.5 A listed entity should: <ul style="list-style-type: none"> (a) Have a diversity policy which includes requirements for the board; (b) To set measurable objectives for achieving gender diversity; and (c) To assess annually both the objectives and the entity's progress in achieving them; (d) Disclose that policy or a summary of 	Yes	The Company has adopted a Diversity Policy. The Diversity Policy provides a framework for the Company to set and achieve measurable objective that encompass gender equality. The Diversity Policy provides for the monitoring and evaluation of the scope and currency of

<p>it; and</p> <p>(e) Disclose as at the end of each reporting period:</p> <p>(f) The measurable objectives for achieving gender diversity set by the board in accordance with the entity's diversity policy and its progress towards achieving them; and</p> <p>(g) Either:</p> <p>(h) The respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or</p> <p>(i) The entity's "Gender Equality Indicators", as defined in the Workplace Gender Equality Act 2012.</p>		<p>the Diversity Policy. The Company is responsible for implementing, monitoring and reporting o measurable objectives.</p> <p>The Diversity Policy is available from the Company and will be available on the company's website when the website upgrade is completed.</p> <p>The Company currently has 3 male directors and has no senior executives employed. The Company will endeavour to recruit a suitably female director or senior executive if and when a vacancy or appointment becomes available.</p>
<p>Recommendation 1.6 A listed entity should:</p> <p>(a) Have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) Disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	<p>No</p>	<p>(a) The Company does not have a Nomination Committee. The functions of the Nomination Committee are performed by the whole Board. At this stage of the Company's development, it is not considered appropriate for a Nomination Committee to be created.</p> <p>(b) The Board is responsible for evaluating the performance of the Board and individual directors. A review is currently being undertaken.</p>
<p>Recommendation 1.7 A listed entity should:</p> <p>(a) Have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) Disclose in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period</p>	<p>Yes</p>	<p>The Board is responsible for evaluating the performance of senior executives. The Board is to arrange a performance evaluation of the senior executives.</p> <p>The performance of senior executives has been reviewed in the past year.</p>

in accordance with that process		
Principle 2: Structure the board to add value		
<p>Recommendation 2.1 The board of a listed entity should:</p> <ul style="list-style-type: none"> (a) Have a nomination committee which: (b) Has at least 3 members, a majority of whom are independent directors; and (c) Is chaired by an independent director, (d) And disclose (e) The charter of the committee; (f) The members of the committee; and (g) 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 (h) If it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, experience, independence and knowledge of the entity to enable it to discharge its duties and responsibilities effectively 	No	<p>Given the size and nature of the existing Board and the magnitude of the company's operations, the Company's Nomination Committee is undertaken by the full Board.</p> <p>Pursuant to the Board Charter, the full Board carries out the duties that would ordinarily be assigned to the Nomination Committee.</p> <p>The Board's nomination responsibilities are set out in the Board Charter.</p> <p>The Board will devote time each year to discuss Board succession issues. All members of the Board are involved in the Company's nomination process, to the maximum extent permitted under the Corporations Act and the ASX Listing Rules.</p> <p>The Board's skill matrix is available upon request from the Company's registered office.</p>
<p>Recommendation 2.2 A listed entity should have and disclose a board skill matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership</p>	Yes	<p>The Board Charter contains the current Board skill matrix is available upon request from the Company's registered office.</p>
<p>Recommendation 2.3 A listed entity should disclose:</p> <ul style="list-style-type: none"> (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 of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendations (3rd Edition), but the board is of the opinion that it does not compromise the independence of the director, the nature of the 	No	<p>As at the date of this statement, the Board comprises 3 directors of which none are considered independent.</p> <p>The length of service of each Director is provided in the 2016 Annual Report.</p>

<p>interest, position, association or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) The length of service of each director</p>		
<p>Recommendation 2.4 A majority of the board of a listed entity should be independent directors</p>	No	The Board will consider the number of independent directors when considering appointing additional or replacement directors.
<p>Recommendation 2.5 The chair of the 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.</p>	No	Mr Crimmins is the Chairman and CEO and is not considered independent.
<p>Recommendation 2.6 A listed entity should have a program for inducting new directors and providing appropriate professional development opportunities for continuing directors to develop and maintain the skills and knowledge needed to perform their role as a director effectively.</p>	Yes	The Company has in place an induction program for new directors.
Principle 3: Act ethically and responsibly		
<p>Recommendation 3.1 A listed entity should:</p> <p>(a) Have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) Disclose that code or a summary of it.</p>	Yes	The Board has a Code of Conduct for directors and senior executives. The Code of Conduct has been extended to cover other employees and consultants/contractors. The Code is available upon request from the Company's registered office and will be available on the Company's website when it has been upgraded.
Principle 4: Safeguard integrity in financial reporting		
<p>Recommendation 4.1 The board of a listed entity should:</p> <p>(a) Have an audit committee which:</p> <p>(b) Has at least 3 members, all of whom are non-executive directors and a majority of whom are independent directors: and</p> <p>(c) Is chaired by an independent director, who is not the chair of the board,</p> <p>(d) And disclose:</p> <p>(e) The charter of the committee;</p> <p>(f) The relevant qualifications and</p>	No	<p>Given the size and nature of the existing Board and the magnitude of the company's operations, the Company's Audit Committee is undertaken by the full Board.</p> <p>The functions of the Audit Committee, currently performed by the Board are included in an Audit Committee Charter which is available upon request from the Company's</p>

<p>experience of the members of the committee; and</p> <p>(g) In relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(h) If does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its financial reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>		<p>registered office and will be available from the company's website when its upgrade is completed.</p>
<p>Recommendation 4.2</p> <p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from the CEO and the CFO a declaration that 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.</p>	<p>Yes</p>	<p>The CEO and CFO have provided declarations that 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 Group.</p>
<p>Recommendation 4.3</p> <p>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.</p>	<p>Yes</p>	<p>The auditor is invited to the Company's AGM to answer questions from security holders relevant to the audit.</p>
<p>Principle 5: Make timely and balanced disclosure</p>		
<p>Recommendation 5.1</p> <p>A listed entity should:</p> <p>(a) Have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and</p> <p>(b) Disclose that policy or a summary of it.</p>	<p>Yes</p>	<p>The Company has a written policy for complying with its continuous disclosure obligations under the Listing Rules.</p> <p>The Continuous Disclosure Policy is available upon request from the Company's registered office and from the Company's website when its website has been upgraded.</p>
<p>Principle 6: Respect the rights of security holders</p>		

<p>Recommendation 6.1 A listed entity should provide information about itself and its governance to investors via its website.</p>	No	The Company is currently upgrading its website and will include its governance information on the website when completed.
<p>Recommendation 6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.</p>	Yes	The Company has adopted a Shareholder Communications Policy which aims to promote and facilitate two-way communication with investors.
<p>Recommendation 6.3 A listed entity should disclose the policies and processes it has in place to facilitate an encourage participation at meetings of security holders</p>	Yes	The Shareholder Communication Policy contains relevant policies and processes and is available upon request from its registered office and will be available from the company's website when its upgrade is completed.
<p>Recommendation 6.4 A listed entity should give security holders the option to receive communication from and send communications to, the entity and its security register electronically.</p>	Yes	This facility is available to all security holders.
<p>Principle 7: Recognise and manage risk</p>		
<p>Recommendation 7.1 The Board of a listed entity should:</p> <ul style="list-style-type: none"> (a) Have a committee or committees to oversee risk, each of which: (b) Has at least three members, a majority of whom are independent directors; and (c) Is chaired by an independent director, (d) And disclose: (e) The charter of the committee; (f) The members of the committee; and (g) 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 (h) If it does not have a risk committee or committees that satisfy (a) above disclose that fact and the process it employs for overseeing the entity's risk management framework 	No	Given the size and nature of the existing Board and the magnitude of the Company's operations, the Company's Risk functions are undertaken by the full Board.
<p>Recommendation 7.2 The board or a committee should:</p> <ul style="list-style-type: none"> (a) Review the entity's risk management framework with 	Yes	The Board reviews on an annual basis the effectiveness of the company's management of its material risk. The current

<p>management at least annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risks the entity faces and to ensure that they remain within the risk appetite set by the board; and</p> <p>(b) Disclose in relation to each reporting period, whether such a review has taken place.</p>		<p>review will be completed before 31 December 2016.</p>
<p>Recommendation 7.3 A listed entity should disclose:</p> <p>(a) If it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) If it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>No</p>	<p>Given the size of the Company the Board does not consider it necessary to have an internal audit function. This function is undertaken by the Board in its role as the Audit Committee.</p>
<p>Recommendation 7.4 A listed entity should disclose whether, and if so how, it has regard to economic, environmental and social responsibility risks and, if it does, how it manages or intends to manage those risks.</p>	<p>Yes</p>	<p>If the Company has any material exposure to economic, environmental and social sustainability risk, it will disclose any such exposure and how it manages or intends to manage those risks, in future Corporate Governance Statements. To date the Company has no material exposures to economic, environmental and social sustainability risks.</p>
<p>Principle 8: Remunerate fairly and responsibly</p>		
<p>Recommendation 8.1 The board of a listed entity should:</p> <p>(a) Have a remuneration committee which:</p> <p>(b) Has at least 3 members, a majority of whom are independent directors; and</p> <p>(c) Is chaired by an independent director,</p> <p>(d) And disclose:</p> <p>(e) The charter of the committee;</p> <p>(f) The members of the committee; and</p> <p>(g) As at the end of each reporting</p>	<p>No</p>	<p>Given the size and nature of the existing Board and the magnitude of the Company's operations, the Company's Remuneration Committee functions are undertaken by the full Board.</p>

<p>period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(h) 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.</p>		
<p>Recommendation 8.2 A listed entity should separately disclose its policies regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives and ensure that the different roles and responsibilities of non-executive directors compared to executive directors and other senior executives are reflected in the level and composition of their remuneration.</p>	Yes	The Company's policies and practices have been disclosed in the June 2016 Annual Report.
<p>Recommendation 8.3 A listed entity which has an equity-based remuneration scheme should:</p> <p>(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</p> <p>(b) Disclose that policy or a summary of it</p>	Yes	<p>The Company has a Share Trading policy which includes a policy of prohibiting participants of an equity-based remuneration scheme from entering into transactions (whether through use of derivatives or otherwise) which limit the economic risk of participating in the scheme.</p> <p>A copy of the company's Share Trading policy is available upon request from the Company's registered office and will be available from the Company's website when its upgrade has been completed.</p>

Shareholder Information

Additional Information required by the ASX Limited listing rule and not disclosed elsewhere in this report are set out below.

The shareholder information set out below was applicable as at 23 September 2016

(a) Distribution of equity securities

Analysis of a number of ordinary fully paid shareholders by size of holding:

		Holders	Units	Percentage
1	-	33	13,809	0.01%
1,001	-	230	707,423	0.41%
5,001	-	120	916,206	0.53%
10,001	-	292	10,586,896	6.15%
100,001	-	132	160,037,701	92.90%
Total on Register		821	172,262,035	100.00%

Total Number of holders of less than a marketable parcel of ordinary shares: 572

(h) Substantial holders

The substantial shareholders of the Company are as follows:

Holder Name	Ordinary Shares	Percentage
HAJEK ADAM LESLIE + L G	29,303,948	17.01%
CRIMMINS ANTHONY STEPHEN <CRIMMINS A/C>	24,958,849	16.81%
FENG ZHOU XUAN	21,111,111	12.26%
SHENG RUN HLDGS GRP AUST	13,411,222	7.78%

(i) Voting rights

The voting rights attaching to each class of equity securities are set out below:

(ii) Ordinary Shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(j) Equity security holdings

Twenty largest quoted equity security holders.

The names of the 20 largest quoted equity security holders of quoted equity securities are listed below:

		Spread & Top 20 Listings	
	Holder Name	Current Units	Status % of Issued
1	CRIMMINS ANTHONY STEPHEN <CRIMMINS A/C>	28,958,849	16.81%
2	HAJEK ADAM LESLIE + L G	21,222,430	12.32%
3	FENG ZHOU XUAN	21,111,111	12.26%
4	SHENG RUN HLDGS GRP AUST <L&S FAM A/C>	9,125,000	5.30%
5	HAJEK SUPER PL	7,800,000	4.53%
6	BOND STREET CUSTS LTD	5,175,462	3.00%
7	SHENG RUN HLDGS GRP AUST	4,286,222	2.49%
8	BOND STREET CUSTS LTD	4,050,000	2.35%
9	LOZADA LOUIS	3,513,514	2.04%
10	J & Y GROUP PTY LTD	3,500,000	2.03%
11	RUN IT PL	3,145,455	1.83%
12	JEFFREE KURT M & S L	2,406,166	1.40%
13	COOKE RODNEY STUART	1,936,124	1.12%
14	MELDEJ PL	1,699,999	0.99%
15	SHAW DARREN JOHN	1,409,498	0.82%
16	AUSTRATRONICS PTY LTD	1,403,980	0.82%
17	HSBC CUSTODY NOM AUST LTD	1,153,312	0.67%
18	SUN YONG MING	1,081,081	0.63%
19	XU XIAO PING	1,081,081	0.63%
20	JAT SHARE SCHEME PL	1,053,880	0.61%
	Total Top 20 Shareholders	125,113,164	72,65%