



# **CELSIUS COAL**

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## **LIMITED**

**ANNUAL REPORT**

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**2016**

## **CORPORATE DIRECTORY**

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### **DIRECTORS**

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

### **COMPANY SECRETARY**

Ranko Matic

### **REGISTERED OFFICE & CONTACTS**

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Stock Exchange Listing - ASX Code: CLA

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### **AUDITORS**

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### **SHARE REGISTRY**

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## DIRECTORS' REPORT

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Your directors present their report, together with the financial statements on the consolidated entity, consisting of Celsius Coal Limited and the entities it controlled at the end of, or during, the year ended 30 June 2016.

### DIRECTORS

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

NAME OF PERSON	POSITION
Mr William Oliver	Non-Executive Chairman
Mr Alistair Muir	Non-Executive Director
Mr Ranko Matic	Non-Executive Director

### COMPANY SECRETARY

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

### OPERATING RESULTS

The loss of the consolidated entity amounted to \$615,849 (2015: \$17,812,484) after providing for income tax and eliminating non-controlling equity interests.

### DIVIDENDS

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

### PRINCIPAL ACTIVITIES

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

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

### REVIEW OF OPERATIONS

#### West Australian Nickel Assets

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

While mining operations at Carnilya Hill ceased in the first quarter of 2012 access to the decline and other mine infrastructure was maintained so that the opportunity to recommence mining remains intact. Mincor has not advised the Company of any material results from exploration at the Carnilya Hill Project during the year. While the Carnilya Hill Project has several areas which could be of interest at higher nickel prices, the prices making these prospects viable are

## DIRECTORS' REPORT

far above the prevailing price therefore due to its current financial situation Celsius has elected not to contribute to cash calls for the current period and dilute accordingly.

Additionally the Company has a 100% interest in the Abengo Hill Nickel Project to the south and west of Minara Resources' Murrin Murrin nickel mine. The tenements are located near to Minara Resources' Murrin Murrin mine and the NiWest operation currently under development by GME Resources Ltd and are believed to have potential for both nickel laterite and nickel sulphide mineralisation. In addition the tenements are located between Leonora and Laverton, west of Dacian Gold's Mt Morgans Project and east of KIN Mining's Leonora Gold Project.

The Company believes that there is potential for both gold and nickel mineralisation at the Abengo Hill Project based on an earlier review of the project. Given the activity in the district the Company plans to recommence its exploration efforts at Abengo Hill in coming months.

### Krygyz Coal Projects

As outlined in the 2015 annual report the Hong Kong based subsidiary companies which held the Company's former Kyrgyz Coal Projects were placed into liquidation during April 2015. The liquidation process was completed during the reporting period.

### Corporate

On 26 October 2015 Celsius announced that it had entered into a binding heads of agreement with the shareholders of Favourit Global Pty Ltd (Favourit), a socially designed sports betting platform, to acquire 100% of the equity in Favourit (Acquisition). The Acquisition was approved by shareholders at a meeting on 28 January 2016, however on 8 June 2016 the Company received a Final Stop Order from ASIC relating to the Prospectus relating to the acquisition of Favourit Global Pty Ltd and associated capital raising. This meant that the Acquisition announced on 26 October 2015 could not proceed.

As a consequence of the cessation of the Acquisition the Company is intending to carry on its business as an exploration company, which would allow the Company to recommence trading without the need to re-comply with the ASX's admission requirements in Chapter 1 and Chapter 2 of the ASX Listing Rules. The Company has made submissions to the ASX to recapitalise the Company including converting debt to equity. Resolutions relating to this proposal are to be put to shareholders at a general meeting on 3 October 2016.

## FINANCIAL POSITION

The net liabilities of the consolidated entity has increased to become net liabilities of \$904,748 as at 30 June 2016, an increase of \$450,030 from net liabilities of \$454,718 at 30 June 2015.

The consolidated entity's net working capital, being current assets less current liabilities is a deficit of \$1,068,505 (2015: \$591,982).

## EVENTS AFTER THE REPORTING PERIOD

On 2 September 2016 the Company lodged a Notice of General Meeting of Ordinary Shareholders to be held on 3 October 2016 detailing its plans for the Company's recapitalisation. The resolutions being put to the general meeting include approving a public offer capital raising to raise up to \$1.2 million through the issue of up to 120,000,000 shares with one free attaching option for each three shares allotted. The Company plans to use the funds for continuing exploration activities on its Western Australian nickel assets, namely its Abenego Hill Project.

The general meeting also seeks shareholder approval to convert all the convertible notes and interest outstanding into

## DIRECTORS' REPORT

ordinary shares with one free attaching option for each two shares allotted, as well as an issue of up to 31,400,400 ordinary shares with one free attaching option for each three shares allotted to convert up to \$314,004 of creditors into equity.

Contemporaneously, there was a Notice of General Meeting of Performance Shareholders lodged on 2 September 2016 to be held on 3 October 2016. The business of the meeting is to approve the variation to the terms of the Performance Shares, specifically that they will be cancelled upon completion of a capital raising.

On 20 September 2016 the balance of Performance Shares were consolidated 1:2,000 leaving a remaining balance of 463,547 Performance Shares.

The directors are not aware of any other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated entity the results of those operations, or the state of affairs of the consolidated entity in future financial years.

### LIKELY DEVELOPMENTS

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

### ENVIRONMENTAL REGULATION

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

### INFORMATION ON DIRECTORS

**Mr William Oliver** Non-Executive Chairman

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

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

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

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

## DIRECTORS' REPORT

Interest in Shares and Options	32,834 ordinary shares Nil
Directorships held in other listed entities	Technical Director of Orion Gold NL (since 7 April 2014) Non-Executive Director of Minbos Resources Ltd (since 2 September 2013)
<b>Mr Alistair Muir</b>	
Qualifications	Bachelor of Applied Science in Geology, University of South Australia Graduate Diploma in Management, University of South Australia, Member of AusIMM
Experience	<p>Mr Muir has over 20 years experience in senior geological roles and leading major exploration and development projects. These have primarily been in the bulk commodity areas of steaming/coking coal and iron ore but with some significant experience in the sedimentary hosted uranium environment.</p> <p>Mr Muir's coal experience extends over some 15 years initially working with major steaming coal development projects at the feasibility and operation level and later in a consulting capacity looking at a number of eastern seaboard steaming and coking coal projects both open pit and underground. His experience extends to all aspects of mine evaluation including optimisation of mining method, environmental, geotechnical, hydrogeological and financial evaluation. Mr. Muir is well versed in managing the regulatory environment including occupational health and safety. He has a strong track record in effective community engagement with a major focus on environmental sustainability.</p> <p>Mr Muir has considerable experience in the building and management of a multi-discipline team in overseas environments. With recent MBA studies he has some of the latest thinking on organisational culture and team development. He has experience in both Kyrgyzstan and Eastern Africa.</p> <p>He is a member of AusIMM and is appropriately experience and credentialed to be recognized as being a competent person for JORC purposes.</p>
Interest in Shares and Options	97,094 ordinary shares Nil
Directorships held in other listed entities	Nil
<b>Mr Ranko Matic</b>	
Qualifications	B.Bus, CA
Experience	<p>Over 25 years experience in the areas of financial and executive management, accounting, audit, business and corporate advisory. Ranko has considerable experience in a range of industries with particular exposure to public listed companies and large private enterprises. He is a Director of a Chartered Accounting firm and a Corporate Advisory company based in Perth, Western Australia and has specialist expertise and exposure in the areas of audit, corporate services, due diligence, mergers and acquisitions, and valuations. Through these positions Mr Matic has been involved in an advisory capacity in over 40 initial public offerings on the ASX in the last 15 years, as well as several recapitalisations of public listed companies.</p>
Interest in Shares and Options	69,269 ordinary shares Nil
Directorships held in other listed entities	Non-Executive Director of East Energy Resources Ltd (since 13 July 2007) Non-Executive Director of Valmec Limited (since 6 Feb 2012) Non-Executive Director of Argosy Minerals Limited (since 17 July 2014) Non-Executive Director of Antilles Oil and Gas NL (since 12 February 2016)

## DIRECTORS' REPORT

### MEETING OF DIRECTORS

Name	Number of meetings	Number eligible to attend	Number attended
Bill Oliver	0	0	0
Alistair Muir	0	0	0
Ranko Matic	0	0	0

There were no directors meetings held during the financial year, however all board matters were dealt with via circular resolutions. The Company does not have a formally constituted audit committee or remuneration committee as the board considers that the Company's size and type of operation do not warrant such committees.

### INSURANCE OF OFFICERS

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

### PROCEEDINGS ON BEHALF OF THE COMPANY

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

### SHARES UNDER OPTION

At the date of this report there are no unissued ordinary shares in respect of which options are outstanding.

### REMUNERATION REPORT (Audited)

This report details the nature and amount of the remuneration for each key management person of Celsius Coal Limited for 30 June 2016.

The remuneration report is set out under the following headings:

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

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

have been audited.

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

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

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

### **Market Comparisons**

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

### **Board Remuneration**

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

### **Performance-based Remuneration**

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

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

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



## DIRECTORS' REPORT

### Group Performance, Shareholder Wealth and Directors and Executives Remuneration

The remuneration policy has been tailored to increase the direct positive relationship between shareholder's investment objectives and director's and executive's performance. Currently, directors and executives are encouraged to hold shares in the Company to ensure the alignment of personal and shareholder interests. The Company provides performance based remuneration via their Performance Rights Plan. No Performance Rights are currently on issue.

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

	2012	2013	2014	2015	2016
Revenue (\$)	560,844	256,016	4,523	2,648	2,325
Net profit/(loss) after income tax (\$)	642,397	(6,794,262)	(7,068,040)	(17,812,494)	(615,849)
Share price at year end (cents/share)	0.024	0.015	0.001	0.001	0.001*
Dividends paid (cents/share)	-	-	-	-	-

\*Suspended as at 30 June 2016. The company last traded at 0.001 cents per share on the 27 January 2016.

### B. Details of remuneration

#### Amounts of remuneration

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

#### 2016

Key Management Person	Short-term Benefits				Post-employment Benefits	Other Long Term Benefits	Share based Payments		Total	Performance Related	Remuneration Consisting of Options
	Cash, salary & Commissions	Cash profit	Non-Cash	Other			Equity (Shares & Performance Rights)	Options			
		Share	Benefit		Super-annuation						
	\$	\$	\$	\$	\$	\$	\$	\$	%	%	
Mr W Oliver	36,000	-	-	-	-	-	-	36,000	-	-	
Mr A Muir	36,000	-	-	-	-	-	-	36,000	-	-	
Mr R Matic (1)	36,000	-	-	-	-	-	-	36,000	-	-	
	<b>108,000</b>	-	-	-	-	-	-	<b>108,000</b>			

## DIRECTORS' REPORT

### 2015

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

<sup>1</sup> The above are solely director fees. Cash from other activities are also paid to Bentleys Corporate Advisory (WA) Pty Ltd, a company with which Mr Matic is a shareholder and director. The payments are for the provision of corporate secretarial and accounting services and disclosed in section H of the Remuneration Report.

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

### C Service agreements

There were no key management personnel that have or had service agreements for the year ended 30 June 2016, other than as disclosed below.

### Employment Contracts of Key Management Personnel

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

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

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

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

### D Share-based compensation

#### Options

There were no options granted or share based compensation provided during the year ended 30 June 2016.

#### Shareholdings

Refer to section F for shares issued to the directors as part of compensation during the year ended 30 June 2016. The shares issues related to payment of compensation for the financial year ended 30 June 2015.

## DIRECTORS' REPORT

### E Option Holdings

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

30 June 2016	Balance at beginning of the year	Granted as remuneration during the year	Exercise of options	Other changes during the year (options cancelled)	Balance at end of year
Mr A Muir	12,000,000	-	-	(12,000,000)	-
Mr R Matic	2,500,000	-	-	(2,500,000)	-
	14,500,000	-	-	(14,500,000)	-

### F Shareholdings

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

30 June 2016	Balance at beginning of the year	Granted as remuneration during the year*	Issued on exercise of options	Other changes during the year (1:2000 consolidation)	Balance at end of year
Mr W Oliver	52,888,889	12,777,778	-	(65,633,833)	32,834
Mr A Muir	111,908,333	82,277,944	-	(194,089,183)	97,094
Mr R Matic	37,222,222	101,313,722	-	(138,466,675)	69,269
	202,019,444	196,369,444	-	(398,189,691)	199,197

\* Issue of shares related to remuneration from the prior year's directors and professional fees.

### G Performance Rights Holdings

There were no performance rights issued or on issue during the financial year.

### H Related Party Disclosures

#### a) Transactions with related parties

During the year, there were payments made to Bentleys Corporate Advisory (WA) Pty Ltd, a company with which Mr Matic is a shareholder and director. The payments are for the provision of tax advisory services, corporate secretarial and accounting services and amounted to \$58,898 (2015: \$53,399). Payments were also made to the above company for services provided as a director of the Company and amounted to \$36,000 (2015: \$39,500).

During the year, there were payments made to Kanyalat Pty Ltd, a company with which a Non-Executive Director Alistair Muir is a shareholder and director. The payments were for the services provided as a director of the Company and amounted to \$36,000 (2015: \$190,255).

During the year, there were payments made to Billandbry Consulting Pty Ltd, a company with which a Non-Executive Director, Mr William Oliver, is a shareholder and director. The payments were for the services provided as director of the Company and amounted to \$36,000 (2015: \$50,000).

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

#### b) Payables owing to related parties

	2016	2015
	\$	\$
Billandbry Consulting Pty Ltd	15,950	14,800
Bentleys Corporate Advisory (WA) Pty Ltd	21,668	98,821
Kanyalat Pty Ltd	12,000	77,050
	49,618	190,671

This concludes the remuneration report, which has been audited.

### NON AUDIT SERVICES

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

### AUDITOR

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

### AUDITORS' INDEPENDENCE DECLARATION

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

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



**William Oliver**  
**Non-Executive Chairman**

Date: 29 September 2016  
Perth

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

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

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

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

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	accordance with that process.	
1.7	A listed entity should: (a) have and disclose a process for periodically evaluating the performance of its senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Adopted.  As detailed above, the Company has a performance evaluation policy which include the performance of executives. An evaluation did not take place this financial period as currently there are no executives within the company, with all three directors in non-executive roles.
<b>PRINCIPLE 2 – STRUCTURE THE BOARD TO ADD VALUE</b>		
	<b>Recommendation</b>	<b>Celsius Coal Limited Current Practice</b>
2.1	The board of a listed entity should: (a) Have a nomination committee which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by a independent director; and disclose: (i) the charter of the committee; (ii) the members of the committee; and (iii) as at the end of each reporting period, the number of times the committee met through the period and the individual attendances of the members at those meetings; or (b) If it does not have a nomination committee disclose that fact and the processes it employs to address board succession issue and to ensure that the board has the appropriate balance of skills, knowledge experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	Not Adopted  The Company does not have a separate nomination committee and the full board will consider the matters and issues arising that would usually fall to the nomination committee in accordance with the Nomination Committee Charter. The Company has adopted a Nomination Committee Charter setting out the board process to raise the issues that would otherwise be considered by the Nomination Committee. The Board consider that at this stage, no efficiencies or other benefits would be gained by establishing a separate nomination committee.  The Nomination Committee Charter is detailed in Schedule 5 of the Corporate Governance Plan document available on the Company's website <a href="http://www.celsiuscoal.com">www.celsiuscoal.com</a>
2.2	A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	Not Adopted  The Company currently has a mixture of skills on the Board, including technical, financial, business, management and leadership. There is a statement on Board Composition contained on the Corporate Governance page on the Company's website. <a href="http://www.celsiuscoal.com">www.celsiuscoal.com</a> There is no immediate plans to develop and disclose a Board Skills Matrix.
2.3	A listed entity should disclose: (a) the names of the directors considered by the board to be independent directors (b) if a director has an interest, position, association or relationship as described in Box 2.3 (Factors relevant to assessing independence) but the board is of the opinion that it doesn't compromise the independence of the director, nature of the interest, position, association or relationship and an explanation as to why the board is of that opinion; and (c) the length of service of each director.	Adopted.  (a) Ranko Matic – Independent William Oliver – Independent Alistair Muir – Independent (b) n/a (c) Ranko Matic - appointment 5 November 2012 – 3 years 11 months William Oliver – appointment - 23 December 2010 - 6 years, 9 month Alistair Muir – 6 May 2013 – 3 years and 5 months
2.4	A majority of the Board of a listed entity should be independent directors.	Adopted.  Currently all are considered independent directors as per box 2.3 of the ASX Corporate Governance Principles and Recommendations.
2.5	The Chair of a Board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	Adopted.  William Oliver is the current Chairman of the Company and as there is currently no appointed CEO in the Company, this recommendation is satisfied.
2.6	A listed entity should have a program for inducting	Adopted.

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

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	Listing Rules; and (b) disclose that policy or a summary of it	document which is available on the Company's website. Refer <a href="http://www.celsiuscoal.com">www.celsiuscoal.com</a>
<b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SHAREHOLDERS</b>		
	<b>Recommendation</b>	<b>Celsius Coal Limited Current Practice</b>
6.1	A listed entity should provide information about itself and its governance to investors via its website.	Adopted Refer to the Company's Corporate Governance page on its website – <a href="http://www.celsiuscoal.com">www.celsiuscoal.com</a>
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Adopted The Company has a Shareholder Communication strategy which is contained in the Company's Corporate Governance Plan document, which is published on its website – <a href="http://www.celsiuscoal.com">www.celsiuscoal.com</a>
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Adopted The Company encourages participation at General Meetings upon the dispatch of its Notice of Meeting and advises security holders that they may submit questions they would like to be asked at the meeting to the Board and to the Company's auditors.
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Adopted
<b>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</b>		
	<b>Recommendation</b>	<b>Celsius Coal Limited Current Practice</b>
7.1	The board of a listed entity should:  (a) have a committee or committees to oversee risk, each of which: (i) has at least three members, a majority of whom are independent directors; and (ii) is chaired by an independent director, And disclose: (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or  (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.	Not Adopted  The Company does not currently have a Risk Committee. The role of the risk committee is undertaken by the whole board. The Board follows the Audit and Risk Committee Charter and the Risk Management plan as contained within the Corporate Governance Plan document as published on the company's website <a href="http://www.celsiuscoal.com">www.celsiuscoal.com</a>  Within the "disclosure –Risk Management" section of the Corporate Governance Plan, the Company undertakes regular risk management reviews.
7.2	The board or a committee of the board should:  (a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.	Adopted.  The Board reviews risk on a regular basis with following policies and procedures forming part of the Company's Risk Management Framework: <ul style="list-style-type: none"> <li>• Audit and Risk Committee Charter</li> <li>• Disclosure – Risk Management, as in Schedule 8 in the Corporate Governance document.</li> </ul> A review has not taken place in the reporting period.
7.3	A listed entity should disclose:  (a) if it has an internal audit function, how the function is structured and what role it performs; or  (b) if it does not have an internal audit function, that fact and the processes it employs for evaluating	Not Adopted  The Company does not have a structured formalised internal audit function, however historically the Board has reviewed the internal control systems and risk management policies on an annual basis.

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## CORPORATE GOVERNANCE STATEMENT

	and continually improving the effectiveness of its risk management and internal control processes.	Internal controls are reviewed on an annual basis.
7.4	A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	<p>Not Adopted.</p> <p>The Company does not have a sustainability policy. However the Company does have the following policies:</p> <ul style="list-style-type: none"> <li>- Occupational Health and Safety Policy</li> <li>- Community Engagement Policy</li> <li>- Environmental Policy</li> </ul> <p>As available on the Company's website, which does address some of these sustainability issues.</p>

### PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

	Recommendation	Celsius Coal Limited Current Practice
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <ul style="list-style-type: none"> <li>(i) has at least three members, a majority of whom are independent directors; and</li> <li>(ii) is chaired by an independent director, and disclose:</li> <li>(iii) the charter of the committee;</li> <li>(iv) the members of the committee; and</li> <li>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> <p>(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>Not Adopted.</p> <p>The Company does not have a Remuneration Committee.</p> <p>The role of the remuneration committee is currently undertaken by the full board. The Company has adopted a Remuneration Committee Charter which is contained within the Company's Corporate Governance Plan document and published on the Company's website <a href="http://www.celsiuscoal.com">www.celsiuscoal.com</a>. The Board follows the Remuneration Committee Charter which provides for dealing with board remuneration issues.</p>
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	<p>Adopted.</p> <p>This information is contained within the Remuneration Report of the Annual Report. Setting remuneration for executives is set out in the Remuneration Committee Charter.</p>
8.3	<p>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>	Not Applicable

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2016**



	Notes	Consolidated	
		2016 \$	2015 \$
Revenue	2	2,325	2,648
Gain on disposal of controlled entities	15	-	2,316,122
Write off and impairment of exploration expenditure and other assets		-	(18,780,177)
Depreciation expense		-	(30,435)
Directors' and employee benefits expense		(96,000)	(291,126)
Share based payment		-	133,131
Legal and other professional fees		(265,045)	(202,495)
Finance costs		(156,387)	(350,680)
Travel and accommodation		-	(19,296)
Corporate advisory		-	(28,855)
Other expenses		(98,206)	(98,597)
Foreign exchange (loss)/gain		(2,536)	(464,215)
<b>Loss before income tax</b>		<b>(615,849)</b>	<b>(17,813,975)</b>
Income tax expense	3	-	-
<b>Loss for the year</b>		<b>(615,849)</b>	<b>(17,813,975)</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to operating result</i>			
Exchange differences on translating foreign controlled entities		-	(685,220)
Other comprehensive income for the year		-	(685,220)
<b>Total comprehensive loss for the year</b>		<b>(615,849)</b>	<b>(18,499,195)</b>
Net loss attributable to:			
Members of parent entity		(615,849)	(17,812,484)
Non-controlling interest		-	(1,491)
		<b>(615,849)</b>	<b>(17,813,975)</b>
Total comprehensive loss attributable to:			
Members of the parent entity		(615,849)	(18,473,912)
Non-controlling interest		-	(25,283)
		<b>(615,849)</b>	<b>(18,499,195)</b>
<b>Earnings per share</b>			
		<b>Cents</b>	<b>Cents</b>
- Basic earnings per share	17	(0.39)	(14.22)
- Diluted earnings per share	17	(0.39)	(14.22)

The accompanying notes form part of this financial report.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2016**



	Notes	Consolidated	
		2016	2015
		\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	22,166	406,880
Trade and other receivables	5	74,905	10,640
<b>Total current assets</b>		<u>97,071</u>	<u>417,520</u>
<b>Non-current assets</b>			
Deferred exploration expenditure	6	163,757	137,264
<b>Total non-current assets</b>		<u>163,757</u>	<u>137,264</u>
<b>Total assets</b>		<u>260,828</u>	<u>554,784</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	7	279,581	279,806
Borrowings	8	885,995	729,696
<b>Total current liabilities</b>		<u>1,165,576</u>	<u>1,009,502</u>
<b>Total liabilities</b>		<u>1,165,576</u>	<u>1,009,502</u>
<b>Net liabilities</b>		<u>(904,748)</u>	<u>(454,718)</u>
<b>EQUITY</b>			
Issued capital	9	28,919,711	28,753,892
Reserves		754,245	754,245
Accumulated losses		<u>(30,578,704)</u>	<u>(29,962,855)</u>
<b>Total deficiency in equity</b>		<u>(904,748)</u>	<u>(454,718)</u>

The accompanying notes form part of this financial report.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2016**



	Issued Capital	Accumulated Losses	Foreign Currency Translation Reserve	Other Reserves	Non Controlling Interest	Total
<b>Balance at 1 July 2014</b>	23,625,016	(11,551,111)	661,428	887,376	(573,977)	13,048,732
Loss for the year	-	(17,812,484)	-	-	(1,491)	(17,813,975)
Other comprehensive income	-	-	(661,428)	-	(23,792)	(685,220)
<b>Total comprehensive (loss) / income for the year</b>	-	(17,812,484)	(661,428)	-	(25,283)	(18,499,195)
<b>Transactions with owners, directly in equity</b>						
Issue of share capital	5,177,943	-	-	-	-	5,177,943
Capital raising costs	(49,067)	-	-	-	-	(49,067)
Share based payments	-	-	-	(133,131)	-	(133,131)
Derecognition of non-controlling interest	-	(599,260)	-	-	599,260	-
<b>Balance at 30 June 2015</b>	<b>28,753,892</b>	<b>(29,962,855)</b>	<b>-</b>	<b>754,245</b>	<b>-</b>	<b>(454,718)</b>
<b>Balance at 1 July 2015</b>	28,753,892	(29,962,855)	-	754,245	-	(454,718)
Loss for the year	-	(615,849)	-	-	-	(615,849)
Other comprehensive income	-	-	-	-	-	-
<b>Total comprehensive (loss) / income for the year</b>	-	(615,849)	-	-	-	(615,849)
<b>Transactions with owners, directly in equity</b>						
Issue of share capital	187,602	-	-	-	-	187,602
Capital raising costs	(21,783)	-	-	-	-	(21,783)
<b>Balance at 30 June 2016</b>	<b>28,919,711</b>	<b>(30,578,704)</b>	<b>-</b>	<b>754,245</b>	<b>-</b>	<b>(904,748)</b>

The accompanying notes form part of this financial report.

**CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2016**



	Notes	Consolidated	
		2016	2015
		\$	\$
<b>Cash flows from operating activities</b>			
Expenditure on mining interests		(26,372)	(188,218)
Payments to suppliers and employees		(356,911)	(483,922)
Interest received		2,325	2,648
Interest paid		(88)	-
<b>Net cash outflow from operating activities</b>	18	(381,046)	(669,492)
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		-	196,650
Payment of capital raising costs		(3,668)	(42,794)
Proceeds from borrowings		-	805,285
<b>Net cash inflow from financing activities</b>		(3,668)	959,141
<b>Net increase/(decrease) in cash held</b>		(384,714)	289,649
Cash at the beginning of the financial year		406,880	117,231
<b>Cash at the end of the financial year</b>	4	22,166	406,880

The accompanying notes form part of this financial report.

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

The financial statements were authorised for issue on 29<sup>th</sup> September 2016 by the directors of the company.

## **1. Summary of significant accounting policies**

### **Basis of Preparation**

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

### **Going Concern**

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

As disclosed in the financial statements, the consolidated entity incurred a net loss of \$615,849 and had net cash outflows from operating activities of \$381,046 for the year ended 30 June 2016. As at that date, the consolidated entity had net current liabilities \$1,068,505 and net liabilities of \$904,748.

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

- In accordance with the *Corporations Act 2001*, the consolidated entity has plans to raise further working capital through the issue of equity during the financial year ended 30 June 2017, as evidenced by resolution 1 of the consolidated entity’s Notice of General Meeting of Ordinary Shareholders scheduled for 3 October 2016 to approve a capital raising to raise up to \$1.2 million;
- The consolidated entity has trade payables of \$267,081 as at 30 June 2016 and is planning to negotiate with various creditors for part of those payables to be repaid in shares; as evidenced by resolution 6 of the consolidated entity’s Notice of General Meeting of Ordinary Shareholders scheduled for 3 October 2016 to approve the issue of shares and options to creditors in satisfaction of amounts owing;
- The consolidated entity expect to convert the balance of the convertible note and accumulated interest as at 30 June 2016 as evidenced by resolution 5 of the consolidated entity’s Notice of General Meeting of Ordinary Shareholders scheduled for 3 October 2016 to approve the issue of shares and options to discharge the obligations under the convertible note deed; and
- The consolidated entity continues to keep costs at a minimum in order to conserve cash reserves for the financial year ended 30 June 2017. On the assumption that all the resolutions at the general meeting on 3 October 2016 are passed, the consolidated entity’s will continue with its exploration activities on its nickel assets and will continue to actively seek additional assets, investments and businesses that have the potential to generate additional shareholder value.

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

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

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

**1. Summary of significant accounting policies (continued)**

Should the consolidated entity not achieve the matters set out above, there is a material uncertainty which may cast significant doubt as to whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

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

**a) Comparatives**

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

**b) Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Celsius Coal Limited at the end of the reporting period. A controlled entity is any entity over which Celsius Coal Limited has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist where the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

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

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

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the Equity section of the statement of financial position and statement of profit or loss and other comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

**c) Business Combinations**

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities. A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (i.e. parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated financial statements, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree.

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

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

**1. Summary of significant accounting policies (continued)**

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

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

**d) Income tax**

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

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

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

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

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

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

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

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

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



**1. Summary of significant accounting policies (continued)**

**Tax consolidation**

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

**e) Foreign Currency Transactions and Balances**

*Functional and Presentation Currency*

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

*Transactions and Balances*

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

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

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

**f) Trade receivables**

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

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

**g) Plant and equipment**

Plant and equipment are measured on the cost basis.

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

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

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

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**1. Summary of significant accounting policies (continued)**

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

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

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

**h) Impairment of assets**

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

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

**i) Current and Non-Current Classification**

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

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

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

**j) Trade and other payables**

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

**k) Borrowings**

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

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

**1. Summary of significant accounting policies (continued)**

**l) Exploration and evaluation expenditure**

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

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

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

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

**m) Cash and cash equivalents**

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

**n) Revenue and Other Income**

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

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

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

**o) Employee benefits**

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

***Equity-settled compensation***

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

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**1. Summary of significant accounting policies (continued)**

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

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

**p) Goods and services tax ("GST")**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

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

**q) Earnings per share**

**(i) Basic earnings per share**

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

**(ii) Diluted earnings per share**

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

**r) Segment reporting**

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

**s) Provisions**

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

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

1. Summary of significant accounting policies (continued)

t) Financial instruments

**Initial recognition and measurement**

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

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

**Classification and subsequent measurement**

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

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

*Amortised cost* is calculated as:

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

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

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

i. *Loans and receivables*

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

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

ii. *Financial liabilities*

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

**Impairment**

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

**Financial guarantees**

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

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

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

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**1. Summary of significant accounting policies (continued)**

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

**De-recognition**

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

**u) Critical accounting judgments, estimates and assumptions**

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

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

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

*Exploration and evaluation expenditure*

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

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

*Environmental Issues*

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

*Taxation*

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

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

*Share based payment transactions*

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

1. Summary of significant accounting policies (continued)

*Impairment*

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

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

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

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

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

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2016. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

*AASB 9 Financial Instruments*

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

*AASB 15 Revenue from Contracts with Customers*

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

**1. Summary of significant accounting policies (continued)**

*AASB 16 Leases*

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The consolidated entity will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the consolidated entity.

**Segment Information**

The Directors have considered the requirements of AASB 8 – "Operating Segments" and the internal reports that are reviewed by the chief operating decision maker (the Board) in allocating resources and have concluded that at this time there are no separately identifiable segments.

Throughout the year, the consolidated entity remained focused on mineral exploration over a number of areas of interest in Western Australia.

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>2. Other income</b>		
Interest	2,325	2,648
	2,325	2,648
<b>3. Income tax expense</b>		
Loss before income tax expense	(615,849)	(17,813,975)
Tax at the Australian tax rate of 28.5% (2015: 30%)	(175,517)	(5,344,193)
Tax effect amounts which are not deductible in calculating taxable income	52,220	5,063,874
Deferred tax assets not brought to account	123,297	278,317
Income tax expense	-	-
Tax benefit not recognised – opening balance	27,645,437	27,645,437
Reduction in opening deferred taxes resulting from reduction in tax rate	(1,382,272)	-
	26,263,165	
Tax benefit not recognised – current year	57,332	
Tax benefit at 28.5% not recognised (2015: 30%)	26,320,497	27,645,437

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

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**30 JUNE 2016 (continued)**



	Consolidated	
	2016	2015
	\$	\$
<b>4. Cash and cash equivalents</b>		
Cash at bank and in hand	22,166	406,880
<b>5. Trade and other receivables</b>		
Other receivables	74,905	10,640
	74,905	10,640
<b>6. Deferred exploration expenditure</b>		
Expenditure brought forward	137,264	18,562,486
Expenditure incurred during the year	26,493	86,566
Write-off of exploration expenditure	-	(18,511,788)
Expenditure carried forward	163,757	137,264
The exploration assets in Kyrgyzstan were fully written off during the prior financial year.		
<b>7. Trade and other payables</b>		
Trade creditors	267,081	240,306
Accrued expenses	12,500	39,500
	279,581	279,806
<b>8. Borrowings</b>		
Convertible notes	700,000	700,000
Accrued interest on convertible notes	185,995	29,696
	885,995	729,696

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

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

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

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

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

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**30 JUNE 2016 (continued)**



	Consolidated	
	2016	2015
	\$	\$
<b>9. Issued Capital</b>		
Ordinary shares – fully paid	30,711,988	30,524,387
Capital raising costs	(1,792,277)	(1,770,495)
	28,919,711	28,753,892

<b>a) Ordinary Shares</b>	No. of shares	No. of shares
At the beginning of the reporting period:	3,010,530,130	2,011,471,247
Shares issued during the year		
– 17 July 2014	-	227,062,500
– 29 August 2014	-	18,750,000
– 23 December 2014	-	360,759,434
– 3 March 2015	-	177,151,526
– 7 May 2015	-	104,315,581
– 22 May 2015	-	111,019,842
– 9 September 2015	12,077,300	-
– 1 December 2015	196,369,444	-
1:2,000 Share Consolidation during the year		
– 5 February 2016	(3,217,362,840)	-
At the end of the reporting period	1,614,034	3,010,530,130

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

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

**b) Capital Management**

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

Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Group at 30 June 2016 and 2015 is as follows:

	2016	2015
	\$	\$
Cash and cash equivalents	22,166	406,880
Trade and other receivables	74,905	10,640
Trade and other payables	(279,581)	(279,806)
Short term borrowings	(885,995)	(729,696)
Working capital position	(1,068,505)	(591,982)

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**30 JUNE 2016 (continued)**



**10. Interests of Key Management Personnel (“KMP”)**

Refer to the remuneration report contained in the directors’ report for details of the remuneration paid or payable to each member of the Group’s key management personnel for the year ended 30 June 2016.

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

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	108,000	347,473
Post-employment benefits	-	-
Share based payments	-	-
	<u>108,000</u>	<u>347,473</u>

**11. Related parties**

**a) Parent entity**

The parent entity is Celsius Coal Limited.

**b) Controlled entities**

Interests in controlled entities are set out in note 15.

**c) Key management personnel**

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

**d) Transactions and balances with related parties**

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

**12. Remuneration of auditors**

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<i>RSM Australia Partners</i>		
Audit and review fees	24,500	32,500
	<u>24,500</u>	<u>32,500</u>

**13. Contingent liabilities**

The Group, through its wholly owned subsidiary, View Nickel Pty Ltd, has 30% joint venture interest in the Carnilya Hill Joint Venture. The Carnilya Hill Joint Venture is subject to potential cost in respect to the rehabilitation of the mine. Accordingly, through its joint venture interest, the Group has a contingent liability. The rehabilitation provision is triggered either when the JV decides to complete the full rehabilitation, when the Department of Mines and Petroleum mandates the JV must complete the full rehabilitation or when the tenements are relinquished. None of these events are expected to occur in the near future. There is uncertainty as to whether future liabilities will arise in respect of this item and at current, the amount cannot be reliably estimated.

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**14. Commitments for expenditure**

**(a) Tenement Expenditure Commitments:**

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

	2016	2015
	\$	\$
The Company has tenement rental and expenditure commitments payable of:		
– not later than 12 months	97,222	69,500
– between 12 months and 5 years	-	80,412
	<u>97,222</u>	<u>149,912</u>

**(b) Capital commitments**

There are no capital commitments contracted for at balance date.

**15. Controlled entities**

Name of Entity	Country of Incorporation	Class of Shares	Percentage Owned (%)	
			2016	2015
View Nickel Pty Ltd	Australia	Ordinary	100%	100%

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

**Details of liquidation**

	Consolidated	
	2016	2015
	\$	\$
Total proceeds from liquidation	-	-
Carrying amount of net assets disposed	-	1,106,856
De-recognition of foreign currency translation reserve	-	1,209,266
Gain on disposal before income tax	-	2,316,122
Income tax expense	-	-
Gain on disposal after income tax	<u>-</u>	<u>2,316,122</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**30 JUNE 2016 (continued)**



**16. Events after the reporting period**

On 2 September 2016 the Company lodged a Notice of General Meeting of Ordinary Shareholders to be held on 3 October 2016 detailing its plans for the Company's recapitalisation. The resolutions being put to the general meeting include approving a public offer capital raising to raise up to \$1.2 million through the issue of up to 120,000,000 shares with one free attaching option for each three shares allotted. The Company plans to use the funds for continuing exploration activities on its Western Australian nickel assets, namely its Abenego Hill Project.

The general meeting also seeks shareholder approval to convert all the convertible notes and interest outstanding into ordinary shares with one free attaching option for each two shares allotted, as well as an issue of up to 31,400,400 ordinary shares with one free attaching option for each three shares allotted to convert up to \$314,004 of creditors into equity.

Contemporaneously, there was a Notice of General Meeting of Performance Shareholders lodged on 2 September 2016 to be held on 3 October 2016. The business of the meeting is to approve the variation to the terms of the Performance Shares, specifically that they will be cancelled upon completion of a capital raising.

On 20 September 2016 the balance of Performance Shares were consolidated 1:2,000 leaving a remaining balance of 463,547 Performance Shares.

The directors are not aware of any other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated entity the results of those operations, or the state of affairs of the consolidated entity in future financial years.

**17. Earnings per share**

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
a) Reconciliation of earnings to profit or loss:		
Loss	(615,849)	(17,812,484)
Loss used to calculate basic and diluted EPS	(615,849)	(17,812,484)
	<b>Number</b>	<b>Number</b>
b) Weighted average number of ordinary shares used as the denominator in calculating basic EPS	1,566,988	1,252,889
Weighted average number of dilutive options outstanding	-	-
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	1,566,988	1,252,889
c) Anti-dilutive options on issue not used in dilutive EPS calculation	-	42,250

**18. Cash flow information**

	<b>Consolidated</b>	
	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>a) Reconciliation of loss after income tax to net cash outflow from operating activities</b>		
Loss after income tax	(615,849)	(17,813,976)
Depreciation	-	30,435
Impairment charges	-	18,780,175
Share-based payment	-	(133,131)
Interest expense paid in shares	-	350,680
Directors, employee benefits and other expense paid in shares	169,488	324,711
Gain on disposal of controlled entities	-	(2,316,122)
Change in operating assets and liabilities and net of effects from purchase of controlled entity:		
Trade debtors and receivables	(64,265)	57,409
Other assets	(26,493)	1,051,706
Trade and other creditors	156,073	(1,001,379)
Net cash outflow from operating activities	(381,046)	(669,492)

**19. Share-based payments**

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

	<b>Number</b>	<b>Weighted average exercise price</b>
<b>Options outstanding as at 30 June 2014</b>	109,500,000	\$0.0273
Expired	(25,000,000)	\$0.02
<b>Options outstanding as at 30 June 2015</b>	84,500,000	\$0.0295
Cancelled	(59,500,000)	\$0.0313
Consolidated 1:2,000	(24,987,500)	\$50.00
Expired	(12,500)	\$50.00
<b>Options exercisable as at 30 June 2016</b>	-	-

No options were exercised during the financial year (2015: Nil).

There were no options granted to employees during the year (2015: Nil).

There were shares issued to directors during the year which related to remuneration of the prior financial year for \$176,733 (2015: \$174,946)

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

	<b>Number</b>	
<b>Performance rights outstanding as at 30 June 2014</b>	25,000,000	
Cancelled	(25,000,000)	Class B
<b>Performance rights outstanding as at 30 June 2015</b>	-	
Performance rights exercisable as at 30 June 2016:	NIL	

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

	<b>Number</b>
<b>Performance shares outstanding as at 30 June 2014</b>	927,000,000
Granted	-
<b>Performance shares outstanding as at 30 June 2015</b>	927,000,000
Granted	-
<b>Performance shares outstanding as at 30 June 2016</b>	927,000,000
Performance shares exercisable as at 30 June 2016:	NIL

No performance shares vested during the year ended 30 June 2016 and no amounts have been recognised in the statement of profit or loss and other comprehensive income for the year ended 30 June 2016 or statement of financial position as at 30 June 2016.

The balance of Performance Shares were consolidated 1:2,000 on 20 September 2016, leaving a remaining balance of 463,547 Performance Shares.

A general meeting of Performance Shareholders has been scheduled for 3 October 2016 to approve the variation to the terms of the Performance Shares, specifically that they will be cancelled upon completion of a capital raising. There is also a general meeting of Ordinary Shareholders scheduled for 3 October 2016 to approve a capital raising.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**30 JUNE 2016 (continued)**



**19. Share based payments (continued)**

It is not possible for the Performance Shares to vest as they are dependent on milestones that relate to the now liquidated foreign subsidiaries. The Company no longer holds the coal tenements to be able to achieve the milestones.

The background to the Performance Shares is as follows:

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

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

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

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

**20. Parent entity disclosures**

	2016	2015
	\$	\$
<b>(a) Financial Position</b>		
<b>Assets</b>		
Current Assets	100,572	415,153
Non-Current Assets	1	1
<b>Total Assets</b>	<u>100,573</u>	<u>415,154</u>
<b>Liabilities</b>		
Current Liabilities	1,165,576	1,009,502
Non-Current Liabilities	-	6,716,990
<b>Total Liabilities</b>	<u>1,165,576</u>	<u>7,726,492</u>
<b>Equity</b>		
Issued capital	28,919,711	28,753,892
Reserves	754,245	754,245
Accumulated losses	(30,738,959)	(36,819,475)
<b>Total Equity</b>	<u>(1,065,003)</u>	<u>(7,311,338)</u>
<b>(b) Financial Performance</b>		
Profit/(loss) for the year	6,080,516	(21,731,316)
Other comprehensive income	-	-
<b>Total Comprehensive Loss</b>	<u>6,080,516</u>	<u>(21,731,316)</u>
<b>(c) Contingent Liabilities of the Parent Entity</b>		
There are no such contingencies.		
<b>(d) Commitments of the Parent Entity</b>		
Not later than 12 months	-	-
Between 12 months and 5 years	-	-
<b>Total</b>	<u>-</u>	<u>-</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**30 JUNE 2016 (continued)**



**21. Financial Risk Management**

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

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

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

**(a) Market Risk**

Interest rate risk

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

	2016					
	Floating Interest Rate	Fixed Interest Rate		Non-Interest Bearing	Total	Weight Effective Interest Rate
		1 Year or Less	1 to 5 Years			
	2016 \$	2016 \$	2016 \$	2016 \$	2016 \$	2016 %
Financial Assets						
Cash	22,166	-	-	-	22,166	1.01%
Trade and other receivables	-	-	-	74,905	74,905	-
Total Financial Assets	22,166	-	-	74,905	97,071	
Financial Liabilities						
Trade and other payables	-	-	-	279,581	279,581	-
Total Financial Liabilities	-	-	-	279,581	279,581	



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**30 JUNE 2016 (continued)**



**21. Financial Risk Management (continued)**

2015	Floating Interest Rate	Fixed Interest Rate		Non Interest Bearing	Total	Weight Effective Interest Rate
		1 Year or Less	1 to 5 Years			
	2015 \$	2015 \$	2015 \$	2015 \$	2015 \$	2015 %
Financial Assets						
Cash	406,880	-	-	-	406,880	1.60%
Trade and other receivables	-	-	-	10,640	10,640	-
Total Financial Assets	406,880	-	-	10,640	417,520	
Financial Liabilities						
Trade and other payables	-	-	-	279,806	279,806	-
Total Financial Liabilities	-	-	-	279,806	279,806	

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

*Sensitivity analysis*

At 30 June 2016, if interest rates had changed by +/-100 basis points from the weighted average rate for the year with all other variables held constant, post-tax loss for both the consolidated entity and the parent entity would have been \$222 (2015: \$4,069) lower/higher as a result of lower/higher interest income from cash and cash equivalents. Management have deemed a movement of 100 basis points to be an appropriate measure for this sensitivity analysis.

**(b) Credit risk**

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

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

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

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

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

	2016 \$	2015 \$
<b>Financial assets - counterparties without external credit rating</b>		
Financial assets with no defaults in the past	74,905	10,640
<b>Cash and cash equivalents</b>		
'AA' S&P rating	22,166	406,880

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**21. Financial Risk Management (continued)**

**(c) Liquidity risk**

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

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

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

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

*Maturity analysis for financial liabilities*

Financial liabilities of the consolidated entity comprise trade and other payables. As at 30 June 2016 and 30 June 2015 all financial liabilities are contractually maturing within 60 days.

**(d) Foreign currency risk**

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

As at 30 June 2016, the consolidated entity does not currently hold any funds in foreign currency bank accounts so the foreign currency risk is minimal.

**(e) Fair value estimation**

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

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

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

**22. Company Details**

*The registered office and principal place of business is:*

Level 3, London House

216 St Georges Terrace

Perth WA 6000

Telephone: 08 9226 4500

Facsimile: 08 9226 4300

## DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as stated in Note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

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

On behalf of the directors



William Oliver  
Non-Executive Chairman

Date: 29 September 2016  
Perth

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**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the financial report of Celsius Coal Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

RSM AUSTRALIA PARTNERS

TUTU PHONG  
Partner

Perth, WA  
Dated: 29 September 2016

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

**Report on the Financial Report**

We have audited the accompanying financial report of Celsius Coal Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and 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 consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

*Directors' Responsibility for the Financial Report*

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

*Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

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*Independence*

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

*Opinion*

In our opinion:

- (a) the financial report of Celsius Coal Limited is in accordance with the *Corporations Act 2001*, including:
- (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 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, which indicates that the consolidated entity incurred a net loss of \$615,849 and had net cash outflows from operating activities of \$381,046 for the year ended 30 June 2016. As at that date, the consolidated entity had net current liabilities of \$1,068,505 and net liabilities of \$904,748. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the 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.

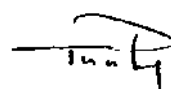
**Report on the Remuneration Report**

We have audited the Remuneration Report included within 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 section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

*Opinion*

In our opinion, the Remuneration Report of Celsius Coal Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

  
RSM AUSTRALIA PARTNERS

  
TUTU PHONG  
Partner

Perth, WA  
Dated: 29 September 2016

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## ADDITIONAL INFORMATION

Additional information required by Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 23 September 2016.

### (a) Distribution of equity securities

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

Range	Total Holders	Units	% of Issued Capital
1 – 1,000	7,000	166,235	10.30%
1,001 – 5,000	128	271,644	16.83%
5,001 – 10,000	24	183,686	11.38%
10,001 – 100,000	31	878,832	54.45%
100,001 – 9,999,999,999	1	113,637	7.04%
<b>Total</b>	<b>7,184</b>	<b>1,614,034</b>	<b>100.00%</b>

### Unmarketable Parcels

Minimum Parcel Size	Holders	Units
Minimum \$500.00 parcel at \$0.01 per unit	7,178	1,204,595

### (b) Twenty largest shareholders

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

Rank	Name	Units	% of Units
1	HOLDEX NOMINEES PTY LTD <NO 431 A/C>	113,637	7.04%
2	BLUMONT GROUP LTD	88,576	5.49%
3	KANYALAT LIMITED	55,637	3.45%
4	DRAGON GAS LIMITED	50,892	3.15%
5	BENTLEYS CORPORATE ADVISORY (WA) PTY LTD	50,657	3.14%
6	MR ALEXANDER ALAN MOLYNEUX	50,040	3.10%
7	KANYALAT LIMITED	41,139	2.55%
8	BRIJOHN NOMINEES PTY LTD <NELSONIO A/C>	37,750	2.34%
9	DESA CAPITAL LIMITED	35,033	2.17%
10	MATTHEW O'KANE	31,167	1.93%
11	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	31,119	1.93%
12	Y T PROSPERITY LIMITED	27,273	1.69%
13	NATIONAL NOMINEES LIMITED	26,506	1.64%
14	MR WILLIAM ALAN OLIVER & MRS BRYONY NICOLLE NORMAN OLIVER <MAXIMILLIAN INVESTMENT A/C>	26,445	1.64%
15	WESLEY SOUTH	25,265	1.57%
16	JANA LIMITED	23,864	1.48%
17	TUKOMIKA LIMITED	22,773	1.41%
18	G & S RESOURCES PTY LTD	22,053	1.37%
19	QUINDANNING (BVI) LTD	21,875	1.36%
20	MR BRIAN QUICANO	21,468	1.33%
<b>Totals</b>		<b>803,169</b>	<b>49.76%</b>
<b>Total Issued Capital</b>		<b>1,614,034</b>	<b>100.00%</b>

## ADDITIONAL INFORMATION

### (c) Substantial shareholders

Name	Units	%
Holdex Nominees Pty Ltd <No 431 A/C>	113,637	7.04
Alistair Muir and his associated entities	97,094	6.02
Blumont Group Ltd	88,576	5.49

### (d) Voting rights

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

### (e) Options

There are no options on issue.

### (f) Schedule of interest in mining tenements

Location	Tenement	Percentage held / earning
Eastern Goldfields, WA	E39/1641	100%
Eastern Goldfields, WA	E39/1684	100%
Carnilya Hill, WA	L26/0241	30%
Carnilya Hill, WA	M26/0047	30%
Carnilya Hill, WA	M26/0048	30%
Carnilya Hill, WA	M26/0049	30%
Carnilya Hill, WA	M26/0453	30%

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