NEW HORIZON
Coal Ltd
ABN 61 143 932 110

Annual Report

30 June 2016

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Corporate Directory

Directors	Anthony Brennan Non-Executive Chairman Michael Placha Non-Executive Carl Coward Non-Executive Gary Steinepreis Non-Executive
Company Secretary	Gary Steinepreis
Registered Office	Level 1, 33 Ord Street West Perth Western Australia 6005 Telephone: 08 9420 9300 Facsimile: 08 9420 9399
Share Register	Computershare Investor Services Pty Ltd Reserve Bank Building Level 2 45 St George’s Terrace Perth Western Australia 6000 Investor enquiries: 1300 557 010 Telephone: 08 9323 2000 Facsimile: 08 9323 2033
Auditor	BDO Audit (WA) Pty Ltd 38 Station Street Subiaco Western Australia 6008 Telephone: 08 6382 4600 Facsimile: 08 6382 4601
Bankers	Westpac Banking Corporation 109 St Georges Terrace Perth WA 6000
Stock Exchange Listing	New Horizon Coal Ltd’s shares are listed on the Australian Securities Exchange (ASX), home branch, Perth. ASX Code: NHO (currently suspended)
Website	www.newhorizoncoal.com.au

DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of New Horizon Coal Ltd and the entities it controlled at the end of, or during, the financial year ended 30 June 2016 (New Horizon Coal or the Company or the Group).

Directors

The name of each person who has been a director during the reporting period and to the date of this report are:

Anthony Brennan

Gary Steinepreis

Michael Placha

Carl Coward

Company Secretary

The company secretary is Gary Steinepreis.

Principal Activity

The principal continuing activity of the Group during the period has been investigating new projects in all business sectors for acquisition or investment.

Review of Operations

The Board has been evaluating new projects in all business sectors, carrying out due diligence and reviewing presentations for projects in the technology sector, finance sector and advance stage mining projects.

The Company has not identified a suitable transaction and the ASX determined that the level of operations being undertaken were not sufficient to maintain the continued listing and the shares were suspended from official quotation on 13 October 2015.

The Board's will continue to evaluate all project opportunities which will then enable it to satisfy the requirements of Chapter 12 of the Listing Rules and seeking the reinstatement to trading.

As an exploration entity, the Group has no operating revenue or earnings and consequently the Group's performance cannot be gauged by reference to those measures. Instead, the Directors' consider the Group's performance based on the success of exploration activity, acquisition of additional prospective mineral interests and, in general, the value added to the Group's asset portfolio during the course of the financial year.

Whilst performance can be gauged by reference to market capitalisation, that measure is also subject to numerous external factors. These external factors can be specific to the Group, generic to the mining industry and generic to the stock market as a whole and the Board and management would only be able to control a small number of these factors.

The Group's activities are also subject to numerous risks, mostly outside the Board's and management's control. These risks can be specific to the Group, generic to the mining industry and generic to the stock market as a whole. The key risks, expressed in summary form, affecting the Group and its future performance include but are not limited to:

- geological and technical risk posed to exploration and commercial exploitation success;
- security of tenure including licence renewal (no assurance can be given that the licence renewals and licence applications that have been submitted will be successful), and inability to obtain regulatory or landowner consents;
- change in commodity prices and market conditions;
- environmental and occupational health and safety risks;
- government policy changes;
- retention of key staff; and
- capital requirement and lack of future funding.

This is not an exhaustive list of risks faced by the Group or an investment in it. There are other risks generic to the stock market and the world economy as whole and other risks generic to the mining industry, all of which can impact on the Group.

Operating Result

The loss from operations as at the 30 June 2016 after providing for income tax was $188,579 (2015: profit of $3,006,578). Additional information on the operations and financial position of the Group and its business strategies and prospects are set out in this directors' report and the annual financial report.

Dividends

No dividends were paid or are proposed to be paid to members during the financial year.

Future Developments, Prospects and Business Strategies

Information on likely developments in the operations of the Group and the expected results of operations have not been included in the annual report because the directors believe it would be likely to result in unreasonable prejudice to the Group. Therefore, this information has not been presented in this report.

Significant Changes in the State of Affairs

There have been no significant changes in the state of affairs of the group to the date of this report, not otherwise disclosed in this report.

Environmental Issues

The current Group's operations are not subject to any environmental regulation.

After Reporting Date Events

There has been no matter or circumstance that has arisen that has significantly affected, or may significantly affect:

1. the Group's operations in future financial years, or
2. the results of those operations in future financial years, or
3. the Group's state of affairs in future financial years.

Information on Current Directors

Anthony Brennan (Non-executive Chairman, age 59)

Experience and Expertise

Mr Brennan is a Chartered Accountant with a career of 30 years. He was previously a partner in an Australian national accounting firm, and has extensive hands on experience in financial management. Since leaving the accounting profession in 1990 he has played a leading role in a number of Australian resource companies, including the role of Managing Director and Chairman of a number of ASX or London Stock Exchange (LSE) listed companies.

In 2004 he founded Delta Capital Pty Ltd to provide boutique investment banking and corporate advisory service principally to the natural resources sector with a special focus on conventional and alternative energy companies.

Other Current Directorships

Acorn Minerals Plc

Former Directorships in the Last Three Years

Nil

Special Responsibilities

Chairman

Gary Steinepreis (Non-executive Director, age 50)

Experience and Expertise

Mr Steinepreis holds a Bachelor of Commerce degree from the University of Western Australia and is a Chartered Accountant. He provides corporate, management and accounting advice to a number of companies involved in the resource, technology and leisure industries.

Other Current Directorships

AVZ Minerals Limited since 30 November 2012

Taruga Gold Limited since 15 July 2016

CFOAM Limited since 30 March 2016

Former Directorships in the Last Three Years

ShareRoot Limited (formerly Monto Minerals Ltd) 16 June 2009 to 12 January 2016

Norseman Gold Plc 3 December 2007 to 9 March 2016

Intercept Minerals Ltd 8 April 2014 to 2 February 2015

Special Responsibilities

Company Secretary

Carl Coward (Non-Executive director, age 34)

Experience and Expertise

Mr Coward's qualifications include a Bachelor of Commerce from Curtin University of Technology in Perth, Western Australia. Mr Coward has several years' experience in investment banking with a particular focus on the natural resources sector. He has recently been involved in thermal coal projects in Indonesia, South Africa and North America. He is currently an Associate Director of corporate advisor Delta Capital.

Other Current Directorships

None

Former Directorships in the Last Three Years

None

Information on Current Directors (continued)

Special Responsibilities

None

Michael Placha (Non-Executive director, age 62)

Experience and Expertise

Mr Placha has worked on various international projects throughout his 35-year career in the USA, Australia, Canada, Indonesia, China, Russia, Germany and Italy. Mr Placha earned his Bachelor of Science degree in extractive metallurgy from The Pennsylvania State University.
Mr Placha was Senior Vice President of Signal Peak Energy/Global Rail Group from 2006 through 2010 responsible for the financing and development of a $350 million underground long-wall mine, rail and surface facilities in Montana. He led the design and construction of a 58 Km rail spur and 15MTPY coal handling, processing and loadout facilities.

From 2004 until 2006 as President of Sedgman, Canada, Mr Placha was responsible for design and construction of two metallurgical facilities in British Columbia. Prior to this, Mr Placha spent 16 years with Cyprus Coal and its successor companies working in operations, engineering and sales and marketing.

Other Current Directorships

CFOAM Limited since 30 March 2016

Former Directorships in the Last Three Years

None

Special Responsibilities

Managing Director to 1 May 2015

Directors' Interests in Shares and Options

At 30 June 2016, Directors, in office, held a relevant interest in the following securities of the Company:

2016 **Name**	**Ordinary** **Shares**	**Options** **Unlisted**
Anthony Brennan	26,451,520	-
Gary Steinepreis	20,081,996	-
Michael Placha	1,309,092	-
Carl Coward	15,966,727	-

Meetings of Directors

The number of meetings of the Company's Board of Directors held during the financial year up to and including 30 June 2016 and the numbers of meetings attended by each director were:

Name of Director	Number of Meetings - A	Number of Meetings - B
Anthony Brennan	3	3
Gary Steinepreis	3	3
Carl Coward	3	3
Michael Placha	3	3

A = Number of meetings attended

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

Remuneration Report (Audited)

The principles adopted by the Board are set out under the following main headings:

(1) Principles used to determine the nature and amount of remuneration

(2) Details of remuneration

(3) Employment contracts of Directors and Senior Executives

(4) Performance based remuneration

(5) Other transactions with Key Management Personnel

The information provided under headings 1 to 4 above includes remuneration disclosures that are required under section 300A of the Corporations Act 2001.

1 Principles used to determine the nature and amount of remuneration

The objective of the Groupś executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered.

The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms to market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

(i) competitiveness and reasonableness;

(ii) acceptability to shareholders;

(iii) performance linkage / alignment of executive compensation;

(iv) transparency; and

(v) capital management.

The Group has structured an executive remuneration framework that is market competitive and complimentary to the reward strategy of the organisation.

Alignment to shareholders' and program participants' interests:

(i) focuses on sustained growth in shareholder wealth;
(ii) attracts and retains high calibre executives;
(iii) rewards capability and experience; and
(iv) provides a clear structure for earning rewards.

Remuneration Governance

Fees and payments to directors and key management personnel reflect the demands and responsibilities of the positions and are in line with the general market and the financial condition of the Group. There are no minimum or maximum amounts. There is no remuneration committee. Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which will be periodically recommended for approval by shareholders. The maximum currently stands at $250,000 per annum as per the Group's constitution and may be varied by ordinary resolution of the shareholders in general meeting. The entire board which comprises four directors are responsible for remuneration packages. The Directors believe this is satisfactory given the size and complexity of Company operations.

Use of Remuneration Consultants

Remuneration consultants were not used in the establishment of remuneration packages in 2016.

Company Performance, Shareholder Wealth and Directors' and Executives' Remuneration

No relationship exists between the Company performance, earnings, shareholder wealth and Directors' and Executive Remuneration for this financial period and the previous 4 financial periods. As at the date of the report, the Company is currently investigating new projects for acquisition and/or investment. All Directors are on reduced remuneration until a new project is identified. No remuneration is currently performance related.

Comments and Voting at Annual General Meeting

There were no comments or questions arising at the 2015 annual general meeting regarding remuneration. The Company remuneration report was passed by the requisite majority of shareholders (100% by a show of hands).

2 Details of Remuneration

The key management personnel of the Group, during the year, were:

Directors:	Position:	Date Appointed
Gary Steinepreis	Director / Secretary	4 June 2010
Michael Placha	Managing Director	2 December 2011
Carl Coward	Director	2 December 2011
Anthony Brennan	Non-Executive Chairman	2 July 2014

The amount of remuneration of the key management personnel is set out below:

2016 Name	Salary	Fees	Super	Bonus	Medical	Share Based	Total
	$	$	$	$	$	$	$
Directors:							
A Brennan	33,333	-	3,167	-	-	-	**36,500**
G Steinepreis	-	20,000	-	-	-	-	**20,000**
M Placha	40,309	-	-	-	-	-	**40,309**
C Coward	18,265	-	1,735	-	-	-	**20,000**
TOTAL	**91,907**	**20,000**	**4,902**	-	-	-	**116,809**

2015 Name	**Salary**	**Fees**	**Super**	**Bonus**	**Medical**	**Share Based**	**Total**
	$	**$**	**$**	**$**	**$**	**$**	**$**
Directors:							
A Brennan	40,000	-	3,800	-	-	-	**43,800**
G Steinepreis	-	24,000	-	-	-	-	**24,000**
M Placha	92,462	-	-	-	4,153	-	**96,615**
C Coward	21,918	-	2,082	-	-	-	**24,000**
M Sanders	-	-	-	-	-	-	-
TOTAL	**154,380**	**24,000**	**5,882**	**-**	**4,153**	**-**	**188,415**

3 Employment Contracts of Directors and Senior Executives

Due to the financial condition of the Group, the Directors have ceased drawing any remuneration from 1 May 2016.

4 Performance-based Remuneration

There has been no performance based remuneration paid to directors and key management personnel in the current or previous period.

Options holdings

Details of options held directly, indirectly or beneficially by directors and key management personnel and their related parties at 30 June 2016 are as follows:

2016 Name	**Held at 1/7/2015**	**Options acquired**	**Other movements (option expiry)**	**Held at 30/6/2016**	**Vested and exercisable at 30/6/2016**
Directors:					
Anthony Brennan	-	-	-	-	-
Gary Steinepreis	-	-	-	-	-
Michael Placha	5,000,000	-	(5,000,000)	-	-
Carl Coward	-	-	-	-	-
Total	**5,000,000**	**-**	**(5,000,000)**	**-**	**-**

Ordinary shareholdings

Details of equity instruments (other than options and performance shares) held directly, indirectly, or beneficially by directors and key management personnel and their related parties are as follows:

2016 Name	**Held at 1/7/2015**	**Shares acquired**	**Other changes**	**Balance 30/6/2016**
Directors:				
Anthony Brennan	26,451,520	-	-	26,451,520
Gary Steinepreis	20,081,996	-	-	20,081,996
Michael Placha	1,309,092	-	-	1,309,092
Carl Coward	15,966,727	-	-	15,966,727
Total	**63,809,335**	**-**	**-**	**63,809,335**

Performance Shareholdings

Details of equity instruments (other than ordinary shares and options) held directly, indirectly, or beneficially by directors and key management personnel and their related parties are as follows:

2016 Name	Held at 1/7/2015	Performance Shares allotted	Performance shares expired	Balance 30/6/2016
Directors:				
Anthony Brennan (1)	2,000,000	-	(2,000,000)	-
Gary Steinepreis	-	-	-	-
Michael Placha	-	-	-	-
Carl Coward (1)	2,000,000	-	(2,000,000)	-
Total	**4,000,000**	**-**	**(4,000,000)**	**-**

Performance shares were issued to the shareholders of Delta Coal Fund Pty Ltd as part of the purchase price of the Kinney Coal Project. Mr Coward is a shareholder of Delta Coal Fund and the performance shares issued to him do not form part of his remuneration.

(1) Mr Coward and Mr Brennan had an interest in 2,000,000 class C performance shares. The details, terms and conditions of the performance shares on issue are located in note 11(h) and (i).

The class C performance shares expired due to the condition not being satisfied.

Other Transactions with Directors and Key Management Personnel

There were no other transactions with Directors and Key Management Personnel during the year (2015:$Nil).

Loans to key management personnel

No loans were made to any director or other key management personnel of the group, including their personally related parties during the financial year.

End of the audited remuneration report.

Options

At the date of this report, share options on issue to take up fully paid Ordinary Shares in the capital of the Company are as follows:

2016 Unlisted Options Date of Issue	No. of Options Outstanding	Expiry Date	Exercise Price
9/11/2011	5,000,000	9/11/2016	$0.50
TOTAL	**5,500,000**		

The names of persons who currently hold options are entered in a register kept by the Company pursuant to Section 170 of the Corporations Act 2001, which may be inspected free of charge. No person entitled to exercise any option has or had, by virtue of the option, a right to participate in any share issue of the Company or any other corporation. Subsequent to year end no options have been exercised.

Indemnifying of Officers or Auditor

The Company does not have directors and officers insurance. The Company does not have auditor insurance. The Directors believe this is reasonable given the size and complexity of the Company operations.

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*.

Corporate Governance

The directors of the Company support and adhere to the principles of corporate governance, recognising the need for the highest standard of corporate behaviour and accountability. Please refer to the corporate governance statement included with this report.

Auditor

BDO Audit (WA) Pty Ltd continues in office in accordance with section 327 of the *Corporations Act 2001.*

Non-Audit Services

During the reporting period $Nil (2015:$Nil) was paid or is payable for non-audit services provided by BDO.

The Board of Directors are satisfied that the provision of any non-audit services during the current or future periods is / will be compatible with the general standard of independence for auditors imposed by APES 110 code of ethics for professional accountants.

Audit Services

During the reporting period $27,267 (2015:$ 38,163) was paid or is payable for audit services provided by the auditor.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 12 of this financial report.

Signed in accordance with a resolution of the board of directors

G Steinepreis

Gary Steinepreis
Director
28 September 2016

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

DECLARATION OF INDEPENDENCE BY PHIL MURDOCH TO THE DIRECTORS OF NEW HORIZON COAL LIMITED

As lead auditor of New Horizon Coal Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of New Horizon and the entities it controlled during the period.

Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 28 September 2016

	Note	2016 $	2015 $
Revenue from operations	5	8,455	13,155
Administration costs	6	(25,920)	(58,732)
Corporate compliance costs		(23,669)	(36,782)
Corporate management fees		(20,000)	(6,000)
Salaries and superannuation paid		(56,499)	(62,308)
Audit and non-audit service fees		(25,624)	(38,163)
Occupancy costs		-	(6,000)
Closure costs for Kinney Coal Project		(45,322)	-
Impairment of exploration costs		-	(98,592)
Reversal of share based payments expense		-	3,300,000
Profit / (Loss) before income tax		**(188,579)**	**3,006,578**
Income tax expense	7	-	-
Profit / (Loss) after tax from operations		**(188,579)**	**3,006,578**
Other Comprehensive Income			
Items that may be reclassified to profit or loss			
Exchange difference on translation		(708)	18,630
Total comprehensive income / (loss) for the period attributable to the members of New Horizon Coal Ltd		**(189,287)**	**3,025,208**
		Cents	**Cents**
Gain/(Loss) per share for loss from continuing operations attributable to the ordinary equity holders of the Company:			
Basic gain/(loss) per share	16(a)	(0.08)	1.40
Diluted gain/(loss) per share	16(b)	(0.08)	1.33

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

ASSETS	Note	30 June 2016 $	30 June 2015 $
Current assets			
Cash and cash equivalents	8	577,847	778,658
Trade and other receivables		1,846	3,048
Total current assets		**579,693**	**781,706**
Total assets		**579,693**	**781,706**
LIABILITIES			
Current liabilities			
Trade and other payables	9	19,798	32,524
Total current liabilities		**19,798**	**32,524**
Total liabilities		**19,798**	**32,524**
NET ASSETS		**559,895**	**749,182**
EQUITY			
Contributed equity	10	20,372,705	20,372,705
Reserves	10	2,166,104	2,166,812
Accumulated losses	11	(21,978,914)	(21,790,335)
TOTAL EQUITY		**559,895**	**749,182**

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

2016	**Equity**	**Option reserve**	**Performance share reserve**	**FCTR**	**Accumulated losses**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
Balance 1 July 2015	**20,372,705**	**183,812**	**92,209**	**1,890,791**	**(21,790,335)**	**749,182**
Income/(Loss) for the year	-	-	-	-	(188,579)	**(188,579)**
Comprehensive income for year	-	-	-	(708)	-	**(708)**
Total comprehensive loss for year	-	-	-	(708)	(188,579)	**(189,287)**
Transactions with owners in their capacity as owners:						
Shares issued placement	-	-	-	-	-	**-**
Balance 30 June 2016	**20,372,705**	**183,812**	**92,209**	**1,890,083**	**(21,978,914)**	**559,895**

2015	**Equity**	**Option reserve**	**Performance Share reserve**	**FCTR**	**Accumulated losses**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
Balance 1 July 2014	**19,285,525**	**183,812**	**3,392,209**	**1,872,161**	**(24,796,913)**	**(63,206)**
Income/(Loss) for the year	-	-	-	-	3,006,578	**3,006,578**
Comprehensive income for year	-	-	-	18,630	-	**18,630**
Total comprehensive income for year	-	-	-	18,630	3,006,578	**3,025,208**
Transactions with owners in their capacity as owners:						
Shares issued placement	1,180,000	-	-	-	-	**1,180,000**
Reversal of share based payments	-	-	(3,300,000)	-	-	**(3,300,000)**
Transaction costs	(92,820)	-	-	-	-	**(92,820)**
Balance 30 June 2015	**20,372,705**	**183,812**	**92,209**	**1,890,791**	**(21,790,335)**	**749,182**

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

New Horizon Coal Ltd
Consolidated Statement of Cash Flows
For the year ended 30 June 2016

	Note	2016 $	2015 $
Cash flow from operating activities			
Interest received		8,455	13,155
Payments to suppliers and employees		(209,087)	(215,791)
Net cash outflow from operations	15	**(200,632)**	**(202,636)**
Cash flows from investing activities			
Payments for exploration and development		-	(118,226)
Net cash outflow from investing activities		**-**	**(118,226)**
Cash flows from financing activities			
Loan repayments		-	(100,000)
Proceeds from the issue of shares		-	1,180,000
Proceeds from borrowings		-	70,000
Costs associated with capital raising		-	(90,530)
Net cash inflow from financing activities		**-**	**1,059,470**
Net decrease in cash and cash equivalents		**(200,632)**	**738,608**
Foreign currency movement		(179)	(822)
Cash and cash equivalents at the beginning of the period		778,658	40,872
Cash and cash equivalents at the end of the period	8	**577,847**	**778,658**

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

1 Summary of significant accounting policies

(a) Basis of preparation

The financial statements include the financial statements and notes of New Horizon Coal Ltd, a public limited entity, and its controlled entities for the year ended 30 June 2016. The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. New Horizon Coal Limited is a for profit entity for the purposes of preparing the financial statements. The financial statements have been approved for issue by the Board of Directors on 28 September 2016.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in the financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. The financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of the financial statements are presented below. They have been consistently applied unless otherwise stated. The financial statements have been prepared on an accruals basis and are based on historical costs.

(b) New and Amended Standards Adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2015:

- Interpretation 21 Accounting for Levies
- AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets
- AASB 2013-4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting
- AASB 2014-1 Amendments to Australian Accounting Standards

None of the new Standards and amendments to Standards that are mandatory for the first time for the financial year beginning 1 July 2015 affected any of the amounts recognised in the current period or any prior period and is not likely to affect future periods. Additionally, they did not significantly affect the Group's accounting policies or any of the disclosures.

Adoption of new and revised accounting standards

In the year ended 30 June 2016, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2015. It has been determined by the Company that, there is no impact, material or otherwise, of the new and revised standards and interpretations on its business and therefore no change is necessary to Company accounting policies.

No retrospective change in accounting policy or material reclassification has occurred requiring the inclusion of a third Statement of Financial Position as at the beginning of the comparative financial period, as required under AASB 101.

1 Summary of significant accounting policies (continued)

(c) Principles of Consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of New Horizon Coal Ltd as at 30 June 2016 and the results of all subsidiaries for the period then ended. New Horizon Coal Ltd and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity. Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction proves evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Subsidiaries are accounted for in the parent entity financial statements at cost.

(d) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Interest income is recognised on a time proportion basis using the effective interest method.

(e) Income Tax

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

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction.

The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability.

1 Summary of significant accounting policies (continued)

(e) Income Tax (continued)

No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(f) Impairment of Assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired.

If such an indication exists, the recoverable amount of the asset being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the profit and loss statement.

(g) Cash and Cash Equivalents

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

(h) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the period which are unpaid. They are recognised initially at fair value and subsequently at amortised cost. The amounts are unsecured and are usually paid within 30 days of recognition.

(i) Contributed Equity

Ordinary shares are classified as equity. Costs associated with capital raisings (exclusive of GST) directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds. If the entity reacquires its own equity instruments, eg as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable costs associated with capital raisings (net of income taxes) is recognised directly in equity.

1 Summary of significant accounting policies (continued)

(j) Earnings per Share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit / (loss) attributable to equity holders 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.

(k) Goods and Services Tax

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

Receivables and payables are stated exclusive of the amount of GST receivable or payable.

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

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

(l) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on a discounted basis. Any changes in the estimates for the costs are accounted for on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

1 Summary of significant accounting policies (continued)

(m) Share Based Payment Transactions

The Group may provide benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions'). The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted.

The fair value of these payments is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. The fair value of the options granted is adjusted to reflect market conditions, but excludes the impact of any non-market vesting conditions. Non-market vesting conditions, if any, are included in assumptions about the number of options likely to be exercisable.

The grant date fair value of performance shares granted under asset acquisition agreements is recognised as an increase in the cost of the investment with a corresponding increase in equity. The Group issued performance shares as part of the acquisition of Kinney Coal Project as outlined in note 14(h). The Group follows the guidelines of AASB 2 'Share based payments' and takes into account the probability of achieving these performance conditions.

(n) 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.

(o) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Fair value

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.

Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in profit and loss.

1 Summary of significant accounting policies (continued)

(p) Foreign Currency Translation

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

(i) Assets and liabilities for each statement of financial position are translated at the closing rate at the date of the statement of financial position;
(ii) Income and expenses for each Statement of Profit or Loss and Other Comprehensive Income are translated at the average exchange rate for the period being reported on; and
(iii) All resulting exchange differences are recognised in the forging currency translation reserve in equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in the foreign currency translation reserve. When a foreign operation is sold the associated exchange differences are reclassified to the Statement of Profit or Loss and Other Comprehensive Income as part of the gain or loss on sale.

(q) New Accounting Standards and Australian Accounting Interpretations

The following new accounting standards and interpretations have been issued, but are not mandatory for financial years ended 30 June 2016. They have not been adopted in preparing the financial statements for the year ended 30 June 2016 and are expected to impact the entity in the period of initial application. The Group's assessment of the impact of these new standards and interpretations is set out below.

- *AASB 9 Financial Instruments*

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2018 and completes phases I and III of the IASB's project to replace IAS 39 (AASB 139) 'Financial Instruments: Recognition and Measurement'. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. Chapter 6 'Hedge Accounting' supersedes the general hedge accounting requirements in AASB 139 and provides a new simpler approach to hedge accounting that is intended to more closely align with risk management activities undertaken by entities when hedging financial and non-financial risks. The consolidated entity will adopt this standard and the amendments from 1 July 2018. As the entity does not have any financial liabilities measured at fair value through profit or loss, the amendments will not require any changes in fair value attributable to liabilities.

1 Summary of significant accounting policies (continued)

(q) New Accounting Standards and Australian Accounting Interpretations

- *AASB 15 Revenue from Contracts with Customers*

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The nature of the change 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. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under IAS 18 Revenue. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of AASB 15 and due to the replacement of AASB 111, it is expected to have an impact on the presentation and disclosure of construction contracts that are in place when application of the standard becomes mandatory.

- *AASB 2015-1 Amendments to Australian Accounting Standards*

Annual Improvements to Australian Accounting Standards 2012-2014 Cycle (issued January 2015) – Effective for periods beginning on or after 1 January 2016. These amendments are applicable to annual periods beginning on or after 1 January 2016. The changes affect two standards as follows: AASB 5 Non-current Assets Held for Sale and Discontinued Operations. The update clarifies that if assets/disposal groups are reclassified from being held for sale to being held for distribution to owner or vice versa, this is considered to be a continuation of the original plan for disposal. It also clarifies that if assets cease to be held for distribution to owners, the usual AASB 5 requirements for assets that cease to be held for sale will apply. The update also affects AASB 119: Employee benefits by clarifying that high quality corporate bonds or national government bonds used to determine the discount rate for long service leave and defined benefit liabilities must be denominated in the same currency as the benefits that will be paid to the employee.

- AASB 16 Leases.

This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2019. This Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity. The consolidated entity will adopt this standard and the amendments from 1 July 2019.

2 Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks and accounts receivable and payable. The Group's activities expose it to a variety of financial risks; market risk (including fair value and interest rate risk), credit risk, liquidity risk, foreign exchange fluctuations, cash flow and interest rate risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Risk management is carried out by the board of directors under policies approved by the Board. The board identifies and evaluates financial risks for overall risk management.

Interest Rate Risk

As the Group has no significant interest-bearing assets other than cash at bank, the Group's income and operating cash flows are not materially exposed to changes in market interest rates.

The risk arises due to changes in interest rates offered by the bank. The risk is managed by seeking alternative quotes from competing banks.

2016 **Financial Instruments**	**Floating interest rate**	**Non-interest bearing**	**Total**	**Weighted average effective interest rate**
	$	**$**	**$**	**%**
(i) Financial assets				
Cash assets	567,740	10,107	577,847	1.22
Total financial assets	**567,740**	**10,107**	**577,847**	

2015 **Financial Instruments**	**Floating interest rate**	**Non-interest bearing**	**Total**	**Weighted average effective interest rate**
	$	**$**	**$**	**%**
(i) Financial assets				
Cash assets	777,719	939	778,658	3.35
Total financial assets	**777,719**	**939**	**778,658**	

The net fair value of financial assets and liabilities are materially in line with their carrying values.

2 Financial Risk Management (continued)

Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash to meet commitments as and when they fall due. The Group has no long term or short term debt and its risk with regard to liquidity relates to its ability to maintain its current operations prior to the generation of future income streams. The Group's ability to raise equity funding in the market is paramount in this regard. The Group manages liquidity by ensuring that it has at least sufficient cash to meet its budgeted commitments for at least 12 months.

As at 30 June 2016	Less than 6 months	6-12 months	1-5 years	Over 5 years	Total contractual	Carrying amount
	$	$	$	$	$	$ 19,798
Trade and other payables	19,798	-	-	-	19,798	

As at 30 June 2015	Less than 6 months	6-12 months	1-5 years	Over 5 years	Total contractual	Carrying amount
	$	$	$	$	$	$ 32,524
Trade and other payables	32,524	-	-	-	32,524	

Credit Risk

The Group has no significant concentrations of credit risk. The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings.

Cash at bank and short term bank deposits	**2016**	**2015**
	$	**$**
Westpac Banking Corporation - AA	567,740	777,719
Washington Financial Bank (not rated)	10,107	939
	577,847	778,658

Price Risk

The Group is not exposed to commodity price risk.

Foreign Currency Risk

The group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollars, was as follows:

2 Financial Risk Management (continued)

	2016	2015
	$	**$**
Cash and cash equivalents	10,107	939

Foreign currency risk can only arise on financial instruments that are denominated in a currency other than the functional currency in which they are measured. Translation related risks are therefore not included in the assessment of the entity's exposure to currency risks.

Translation exposures arise from financial and non-financial items held by an entity (for example a subsidiary) with a functional currency different from the group's presentation currency. However, foreign currency denominated inter-company receivables and payables which do not form part of a net investment in a foreign operation would be included in the sensitivity analysis for foreign currency risks, because even though the balances eliminate in the consolidated Statement of Financial Position, the effect on profit or loss of their revaluation under AASB 121 is not fully eliminated.

For the purposes of AASB 7, currency risk does not arise from financial instruments that are non-monetary items. The foreign currency exposure arising from investing in non-monetary financial instruments is reflected in the other prise risk disclosures as part of fair value gains and losses.

Fair Value Measurement

(a) Net fair value

The carrying value and net fair values of financial assets and liabilities at balance date are:

	2016		2015	
	Carrying Amount	Net fair Value	Carrying Amount	Net fair Value
	$	$	$	$
Financial assets				
Cash and cash equivalents	577,848	577,848	778,658	778,658
Trade & other receivables - current	1,846	1,846	3,048	3,048
	579,694	579,694	781,706	781,706
Financial Liabilities				
Trade and other payables - current	19,798	19,798	32,524	32,524
	19,798	19,798	32,524	32,524

2 Financial Risk Management (continued)

Fair Value Measurement (continued)

(b) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. AASB 7 *Financial Instruments: Disclosures* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

i) Quoted prices in active markets for identical assets or liabilities (level 1)
ii) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (level 2); and
iii) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

Due to their short term nature, the carrying amount of the financial assets and liabilities at balance date is assumed to approximate their fair value.

3 Critical Accounting Estimates, Judgements and Assumptions

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

No critical accounting estimates and/or assumptions have been made during the preparation of the financial statements other than as disclosed elsewhere in this financial report.

4 Segment Information

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The Group currently operates in one operating segment being the mining and exploration sector and two geographic locations, those being, Australia and the United States of America. The chief operating decision makers look at areas of interest when reviewing exploration activities and the allocation of resources. The areas of interest are contained within separate operating entities and geographic locations and are reported on accordingly.

The directors are of the opinion that the current financial position and performance of the Group is equivalent to the operating segments identified. The segment information provided to the board of directors for reportable segments for the year ended 30 June 2016 is as follows:

4 Segment Information (continued)

30 June 2016	New Horizon Coal - Australia	Kinney Coal Project – USA	Total
	$	$	$
Income	8,455	-	8,455
Expenses	(147,322)	(49,712)	(197,034)
Income tax expense	-	-	-
Operating loss	**(138,867)**	**(49,712)**	**(188,579)**
Other significant items:			
Impairment of exploration costs	-	-	-
Net loss before tax	(138,867)	(49,712)	**(188,579)**

Assets	New Horizon Coal - Australia	Kinney Coal Project – USA	Total
	$	$	$
Cash & cash equivalents	567,740	10,107	577,847
Other receivables	1,846	-	1,846
	569,586	10,107	579,693
Liabilities			
Other payables	19,798	-	19,798
	19,798	-	19,798

30 June 2015	New Horizon Coal - Australia	Kinney Coal Project – USA	Total
	$	$	$
Income	13,155	-	13,155
Expenses	(175,396)	(32,589)	(207,985)
Income tax expense	-	-	-
Operating loss	**(162,241)**	**(32,589)**	**(194,830)**
Other significant items:			
Impairment of exploration costs	-	(98,592)	**(98,592)**
Reversal - share based payments expense	3,300,000	-	**3,300,000**
Net loss before tax	3,137,759	(131,181)	**3,006,578**

Assets	New Horizon Coal - Australia	Kinney Coal Project – USA	Total
	$	$	$
Cash & cash equivalents	777,719	939	778,658
Other receivables	3,048	-	3,048
	780,767	**939**	**781,706**
Liabilities			
Other payables	32,524	-	32,524
	32,524	**0**	**32,524**

5 Revenue from operations

	2016	2015
	$	**$**
Interest received	8,455	13,155
	8,455	**13,155**

6 Administration Costs

	2016	2015
	$	**$**
Administration & accounting consultancy fees	(16,272)	(22,762)
General legal fees	-	(203)
Advertising & marketing costs	(540)	(775)
Information technology costs	-	(285)
Employment on-costs	-	(6,887)
Telecommunication costs	(827)	(1,981)
Tax consulting and payroll	(4,000)	(8,268)
Travel costs	(1,118)	(10,880)
Meetings & conferences	(61)	(79)
Depreciation expense	-	(4,367)
General insurance costs	(231)	(292)
Other	(2,871)	(1,953)
Administration Costs	**(25,920)**	**(58,732)**

7 Income Tax Expense

		2016	2015
		$	**$**
a.	**The components of tax expense comprise:**		
	Current tax	-	-
	Deferred tax	-	-
	Under provision from prior year	-	-
		-	-
b.	**The prima facie tax benefit on profit / (loss) from ordinary activities before income tax is reconciled to income tax as follows:**		
	Prima facie tax benefit on profit / (loss) from ordinary activities before income tax at 30% (2015:30%)	(55,574)	901,973
	Add tax effect of:		
	- Revenue losses not recognised	50,824	55,784
	- Other non-allowable items	14,914	40,287
		9,164	998,044
	Less tax effect of:		
	- Other deferred tax balances not recognised	9,164	8,044
	- Reversal of share based payment reserve	-	990,000
	Income tax	-	-
c.	**Unrecognised deferred tax assets:**		
	Carry forward revenue losses	378,526	327,702
	Carry forward capital losses	1,141	1,141
	Capital raising costs	12,173	19,239
	Provisions and accruals	4,950	7,047
	Net deferred tax	**396,790**	**355,129**

7 Income Tax Expense (continued)

The tax benefits of the above deferred tax assets will only be obtained if:

(a) the company derives future assessable income of a nature and amount sufficient to enable the benefits to be utilised;
(b) the company continues to comply with the conditions for deductibility imposed by law; and
(c) no changes in income tax legislation which adversely affect utilising benefits.

8 Current assets – Cash and cash equivalents	**2016**	**2015**
	$	**$**
Cash at bank and in hand	577,847	778,658
Closing balance cash at bank and in hand	**577,847**	**778,658**

The Group's exposure to interest rate risk is discussed in note 2. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of cash at bank and in hand. The Group does not have any restrictions on its bank accounts recognised as cash.

Refer to note 2 for the risk management policy of the Group. As at 30 June 2016, no trade receivables were past due or impaired.

9 Trade and other payables	**2016**	**2015**
	$	**$**
Trade and other payables – current and unsecured	19,798	32,524
	19,798	**32,524**

Refer to note 2 for the risk management policy of the Group.

10 Contributed Equity

(a) Share Capital

	2016 Shares	2016 $	2015 Shares	2015 $
Ordinary shares fully paid	236,000,000	20,372,705	236,000,000	20,372,705

(b) Movement in Ordinary Share Capital

2016 Date	Details	Number of shares	Issue price	Amount $
01/07/2015	Opening balance	236,000,000		20,372,705
30/06/2016	**Balance**	**236,000,000**		**20,372,705**

2015 Date	Details	Number of shares	Issue price	Amount $
01/07/2014	Opening balance	118,000,000	-	19,285,525
05/09/2014	Issue of shares	118,000,000	0.01	1,180,000
	Transaction Costs			(92,820)
30/06/2015	**Balance**	**236,000,000**		**20,372,705**

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Group 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.

(c) Option Premium Reserve

	2016 Number	2016 $	2015 Number	2015 $
	-	183,812	-	183,812

10 Contributed Equity (continued)

(d) Movement in Option Premium Reserve

2016 **Date**	**Details**	**Number of options**	**Issue price**	**Amount $**
01/07/2015	Opening balance	-	-	183,812
30/06/2016	**Balance**	**-**		**183,812**

2015 **Date**	**Details**	**Number of options**	**Issue price**	**Amount $**
01/07/2014	Opening balance	89,000,000	-	183,812
31/12/2014	Expiry of listed options	(89,000,000)	-	-
30/06/2015	**Balance**	**-**		**183,812**

Major Terms and Conditions of Options

	Number of options	Issue date	Conversion factor	Vesting condition / date	Expiry date	Exercise price
Unlisted	5,000,000	09/11/11	1:1	Completion of BFS and decision to mine 09/11/14	09/11/16	$0.50
Unlisted	5,500,000	26/04/13	1:1	26/04/13	26/04/16	$0.30

(e) Share Based Payment Reserve

	30 June 2016 Number	**30 June 2016 $**	**30 June 2015 Number**	**30 June 2015 $**
Incentive options	5,000,000	92,209	10,500,000	92,209

(f) Movement in Share Based Payment Reserve

2016 **Date**	**Details**	**Number of options**	**Amount $**
01/07/2015	Opening balance	10,500,000	92,209
26/04/2016	Expiry of listed options	(5,500,000)	-
30/06/2016	**Balance**	**5,000,000**	**92,209**

2015 **Date**	**Details**	**Number of options**	**Amount $**
01/07/2014	Opening balance	16,000,000	92,209
31/12/2014	Expiry of listed options	(5,500,000)	-
30/06/2015	**Balance**	**10,500,000**	**92,209**

10 Contributed Equity (continued)

(g) Options

At the date of this report, share options on issue to take up fully paid Ordinary Shares in the capital of the Company are as follows:

2016 Unlisted Options Date of Issue	No. of Options Outstanding	Expiry Date	Exercise Price
9/11/2011	5,000,000	9/11/2016	$0.50
TOTAL	**5,000,000**		

(h) Performance Share Reserve

Performance shares were issued as part of the purchase price of the Kinney Coal Project.

	2016 Shares	2016 $	2015 Shares	2015 $
Class B	-	-	-	-
Class C	-	-	10,000,000	-
Performance shares	-	-	**10,000,000**	-

In calculating the value of the performance shares issued the following inputs were used:

	Class B	Class C
Number of shares	10,000,000	10,000,000
Underlying share price	22 cents	22 cents
Probability of achieving milestone	75%	75%
Value of performance share	16.5 cents	16.5 cents
Calculated value	$1,650,000	$1,650,000

The class B performance shares were to convert to ordinary shares if the Company completed a bankable feasibility study and the board made a positive decision to mine within 36 months of the project acquisition date (Milestone B). The performance condition was not met and these performance shares expired when the Company announced its decision not to proceed with the project..

The class C performance shares were to convert to ordinary shares if the Company undertook the development and commercial production of coal within 48 months of the project acquisition date (Milestone C). The performance condition was not met and these performance shares expired when the Company announced its decision not to proceed with the project..

10 Contributed Equity (continued)

(i) Movement in Performance Share Reserve

2016 Date	 Details	Number of shares	Issue price	Amount $
01/07/2015	Opening balance	10,000,000	16.5 cents	-
31/12/2015	Reversal of performance shares – Class C	(10,000,000)		-
30/06/2016	**Balance**	-		-

2015 Date	 Details	Number of shares	Issue price	Amount $
01/07/2014	Opening balance	20,000,000	16.5 cents	3,300,000
31/12/2014	Reversal of performance shares – Class C	-		(1,650,000)
31/12/2014	Expiry of performance shares – Class B	(10,000,000)		(1,650,000)
30/06/2015	**Balance**	**10,000,000**		-

(j) Nature and Purpose of Reserves

Option Reserve

The option reserve is used to recognise funds received from options issued to shareholders. The reserve is recognised in contributed equity when the options are exercised and converted to ordinary share capital.

Share Based Payment Reserve

The share based payment reserve is used to recognise the fair value of unlisted options issued to employees but not converted into ordinary shares. The reserve is recognised in contributed equity when and if the relevant milestone is attained within the specified period and as a result the unlisted options concerned convert to ordinary shares.

Performance Share Reserve

The performance share reserve is used to recognise the fair value of performance shares issued to the vendors of the Kinney Project but not converted into ordinary shares. The reserve is recognised in contributed equity when and if the relevant milestone is attained within the specified period and as a result the performance shares concerned convert to ordinary shares.

(j) Nature and Purpose of Reserves

Foreign Currency Translation Reserve

The foreign currency translation reserve is used to record exchange differences arising on consolidation of subsidiaries with different functional currencies from that of the parent entity.

10 Contributed Equity (continued)

(k) Capital Risk Management

The Group's objective when managing capital is to safeguard the ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the return of capital to shareholders, issue new shares or sell assets to reduce debt. The Group defines capital as cash and cash equivalents plus equity.

The board of directors monitors capital on an ad-hoc basis. No formal targets are in place for return on capital. There are no gearing ratios as the Group has not derived any income from their mineral exploration and currently has no debt facilities in place.

11 Accumulated Losses

	2016	2015
	$	$
Movements in accumulated losses:		
Balance at the beginning of the period	(21,790,335)	(24,796,913)
Net gain/(loss) from continuing operations	(188,579)	3,006,578
Balance at the end of the year	**(21,978,914)**	**(21,790,335)**

12 Dividends

There were no dividends recommended or paid during the financial year (2015: nil).

13 Related Party Transactions

The amount of remuneration paid to related parties during the financial year is set out below and in the *Audited Remuneration* section of the *Directors' Report.*

There are no outstanding loans to or from related parties and no outstanding balances arising from sales / purchases of goods and services to or from related parties.

Wasatch Natural Resources LLC and Delta Coal Fund Pty Ltd are wholly owned subsidiaries (100%) of New Horizon Coal Limited. Transactions between the entities are eliminated upon consolidation.

(a) The total payments made to directors and key management personnel during the year are set out below:

Services provided by directors and key management personnel and recognised as an expense	**2016**	**2015**
	$	**$**
Short term employee benefits	111,907	178,380
Post-employment benefits	4,902	10,035
Share based payments	-	-
	116,809	**188,415**

Detailed remuneration disclosures with regard to amounts paid to directors are provided in the audited remuneration report in the directors' report.

(b) Other Transactions with Directors and Key Management Personnel

There were no other transactions with Directors and Key Management Personnel during the year (2015:$Nil).

14 Remuneration of Auditors

Assurance Services	**2016**	**2015**
Audit Services	**$**	**$**
Amounts paid/payable to BDO Audit (WA) Pty Ltd for audit and review of the financial reports	27,267	38,163

15 Reconciliation of Loss After Income Tax to Net Cash Outflow from Operating Activities

	2016 **$**	**2015** **$**
Profit / (Loss) for the year	(188,579)	3,006,578
Non-cash operating items		
Impairment expense	-	98,592
Share based payments	-	(3,300,000)
Depreciation	-	4,367
Foreign currency movement	-	36,282
Changes in operating assets and liabilities:		
Net movement in trade receivables and payables		
(Increase) / decrease in trade and other receivables	1,202	1,360
Increase / (decrease) in trade and other payables	(13,255)	(49,815)
Net cash outflow from operating activities	**(200,632)**	**(202,636)**

16 Profit / (Loss) Per Share

	2016	**2015**
(a) Basic Profit / (Loss) Per Share	**Cents**	**Cents**
Profit / (Loss) from operations attributable to the ordinary equity holders of the Company	(0.08)	1.40
Total basic profit / (loss) per share attributable to the ordinary equity holders of the Company	**(0.08)**	**1.40**
(b) Diluted Profit / (Loss) Per Share		
Profit / (Loss) from operations attributable to the ordinary equity holders of the Company	(0.08)	1.33
Total diluted profit / (loss) per share attributable to the ordinary equity holders of the Company	**(0.08)**	**1.33**

(c) Reconciliation of Profit / (Loss) used in Calculating Profit / (Loss) per Share	**2016** **$**	**2015** **$**
Profit / (Loss) attributable to the ordinary equity holders of the Company used in calculating basic and diluted profit /(loss) per share	**(188,579)**	**3,006,578**

16 Profit / (Loss) Per Share (continued)

(d) Weighted Average Number of Shares Used as the Denominator	**2016 Number**	**2015 Number**
Weighted average number of ordinary shares used as the denominator in calculating basic profit / (loss) per share	236,000,000	236,000,000
Adjustments for calculation of diluted profit / (loss) per share:		
Options	5,000,000	10,500,000
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted profit / (loss) per share	241,000,000	246,500,000

(e) Information Concerning the Classification of Securities

Options and Performance Shares

Diluted earnings per share is equal to basic loss per share as the company is in a loss position.

17 Contingent Liabilities

There are no contingent liabilities (2015:$Nil).

18 Events Occurring After Reporting Date

There has been no matter or circumstance that has arisen that has significantly affected, or may significantly affect:

1. the Company’s operations in future financial years, or
2. the results of those operations in future financial years, or
3. the Company’s state of affairs in future financial years.

19 New Horizon Coal Ltd Parent Company Information

Financial Position	**2016**	**2015**
	$	**$**
Current assets		
Cash and cash equivalents	567,740	777,719
Trade and other receivables	1,846	3,048
Total current assets	**569,586**	**780,767**
Total assets	**569,586**	**780,767**
Current liabilities		
Provisions	16,500	27,690
Trade and other payables	3,566	4,834
Total liabilities	**20,066**	**32,524**
Net Assets	**549,520**	**748,243**
Equity		
Contributed equity	20,372,705	20,372,705
Option premium reserve	183,812	183,812
Share based payment reserve	92,209	92,209
Accumulated losses	(20,099,206)	(19,900,483)
Total Equity	**549,520**	**748,243**

Financial Performance	**2016**	**2015**
	$	**$**
Revenue from operations	8,455	13,155
Expenses from operations	(206,918)	3,018,394
Profit/(Loss) before income tax	**(198,463)**	**3,031,549**
Income tax expense	-	-
Profit/(Loss) for the year	**(198,463)**	**3,031,549**
Other comprehensive income net of tax	-	-
Total comprehensive profit/(loss) attributable to the members of New Horizon Coal Ltd	**(198,463)**	**3,031,549**

The Directors' of the Company declare that:

1 The financial statements and notes as set out on pages 13 to 38 are in accordance with the *Corporations Act 2001*, and

(i) comply with Accounting Standards and the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(ii) give a true and fair view of the financial position of the Group as at 30 June 2016 and of its performance for the year ended on that date.

2 The Managing Director has given the declarations required by S295A of the Corporations Act 2001.

3 The Company has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.

4 In the opinion of the directors' there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

G Steinepreis

Gary Steinepreis
Director
West Perth
28 September 2016

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

INDEPENDENT AUDITOR'S REPORT

To the members of New Horizon Coal Limited

Report on the Financial Report

We have audited the accompanying financial report of New Horizon 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, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Stat*ements, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 company's preparation of the financial report that gives a true and fair view 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of New Horizon 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 New Horizon 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(a).

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 9 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with 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 New Horizon Coal Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO

Phillip Murdoch

Director

Perth, 28 September 2016

Corporate Governance Statement

New Horizon Coal Ltd, its wholly owned subsidiaries (the Group) and the Board are committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to review the framework and practices to ensure they meet the interests of shareholders.

The disclosure of corporate governance practices can be viewed on the Company website at www.newhorizoncoal.com.au

The directors are responsible to the shareholders for the performance of the Group in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Group as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Group is properly managed.

Day to day management of the Group's affairs and the implementation of the corporate strategy and policy initiatives are undertaken by the Board.

Corporate Governance Compliance

A description of the Group's main corporate governance practices are set out below. The Group has considered the ASX Corporate Governance Principles and Recommendations (3rd edition) to determine an appropriate system of control and accountability to best fit its business and operations commensurate with these guidelines.

Disclosure of Corporate Governance Practices
Summary Statement

	ASX Principles and Recommendations	"If not, why not"
Recommendation 1.1	P	
Recommendation 1.2	P	
Recommendation 1.3	P	
Recommendation 1.4	P	
Recommendation 1.5		P
Recommendation 1.6		P
Recommendation 1.7		P
Recommendation 2.1		P
Recommendation 2.2	P	
Recommendation 2.3	P	
Recommendation 2.4		P
Recommendation 2.5		P
Recommendation 2.6	P	
Recommendation 3.1	P	
Recommendation 4.1		P
Recommendation 4.2	P	
Recommendation 4.3	P	
Recommendation 5.1	P	
Recommendation 6.1	P	
Recommendation 6.2	P	
Recommendation 6.3	P	
Recommendation 6.4		P
Recommendation 7.1		P
Recommendation 7.2	P	
Recommendation 7.3		P
Recommendation 7.4	P	
Recommendation 8.1		P
Recommendation 8.2	P	
Recommendation 8.3	P	

Disclosure – Principles & Recommendations - financial year 2015/2016

Principle 1 – Lay solid foundations for management and oversight

Recommendation 1.1:

A listed entity should disclose the respective roles and responsibilities of its board and management and those matters expressly reserved to the Board and those delegated to management and disclose those functions.

Disclosure:

The Directors are responsible to the shareholders for the performance of the Group in both the short and the longer term and seek to balance sometimes competing objectives in the best interests of the Group as a whole. Their focus is to enhance the interests of shareholders and other key stakeholders and to ensure the Group is properly managed.

Day to day management of the Group's affairs and the implementation of the corporate strategy and policy initiatives are undertaken by the Managing Director (who acts in the capacity as CEO).

The matters that the Board has specifically reserved for its decision are:

- the appointment and management of the CEO;
- approval of the overall strategy and annual budgets of the business;
- overseeing the accounting and corporate reporting systems, including the external audit; and
- compliance with constitutional documents.

The CEO is delegated the authority to ensure the effective day-to-day management of the business and the Board monitors the exercise of these powers. The CEO is required to report regularly to the Board on the performance of the Business.

Recommendation 1.2:

A listed entity should undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director and 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.

Disclosure:

The Company undertakes checks on any person who is being considered as a director. These checks may include character, experience, education and financial history and background.

All security holder releases will contain material information following the guidance contained in the ASX Corporate Governance Principles and Recommendations (3rd edition) about any candidate to be elected for the first time or re-elected to enable an informed decision to be made.

Recommendation 1.3:

A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

Disclosure:

Each senior executive and executive director has a formal employment contract and the non-executive directors have a letter of appointment including a directors' interest agreement with respect to disclosure of security interests.

Recommendation 1.4:

The Company Secretary should be accountable directly to the Board, through the chair, on all matters to do with the proper functioning of the Board.

Disclosure:

The Company Secretary has a direct reporting line to the Board, through the Chair.

Recommendation 1.5:

A listed entity should establish a policy concerning diversity and disclose the policy or summary of the policy. The policy should include requirements for the Board to establish measureable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them.

Disclosure:

The Board supports diversity but the Group has not yet developed a policy. It is the Board's intention to develop a policy at a time when the size of the Group and its activities warrants such a structure.

There are currently no women employees in the organisation.

Recommendation 1.6:

A listed entity should have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors and whether a performance evaluation was undertaken in the reporting period in accordance with that process.

Disclosure:

The Chairman is responsible for evaluating the performance of the Board, its committees and individual directors. This is generally done through a meeting with the Chair.

The review is currently informal but is based on a review of goals for the Board and individual Directors. The goals are based on corporate requirements and any areas for improvement that may be identified. The Chairman will provide each Director with confidential feedback on his or her performance. There was no formal performance evaluation during the financial year.

Recommendation 1.7:

A listed entity should have and disclose a process for periodically evaluating the performance of senior executives and whether a performance evaluation was undertaken in the reporting period in accordance with that process.

Disclosure:

The Board is responsible for evaluating the senior executives. Induction procedures are in place and senior executives have formal job descriptions which includes the process for evaluating their performance.

There was no formal performance evaluation of the senior executives during the financial year.

Principle 2 – Structure the board to add value

Recommendation 2.1:

The Board of a listed entity should establish a Nomination Committee which the majority should be independent directors (including the Chair).

Disclosure:

A nomination committee has not been established. The role of the Nomination Committee has been assumed by the full Board operating under the Nomination Committee Charter adopted by the Board.

Recommendation 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.

Disclosure:

The Board Charter provides that the Board will review capabilities, technical skills and personal attributes of its directors. It will normally review the Board's composition against those attributes and recommend any changes in Board composition that may be required.

	Non-executive chairman	Managing director – whilst in this role	Non-executive directors	Non-executive director / Company Secretary
Leadership	X	X	X	X
Strategy / Risk	X	X	X	X
Communication	X	X	X	X
Fundraising	X	X	X	X
Mining Industry	X	X	X	X
Governance	X	X	X	X
Health, safety and environment		X		X
Financial acumen	X	X	X	X

Recommendation 2.3:
A listed entity should disclose the names of the directors considered to be independent directors and length of service of each director.

Disclosure:
There are no members of the Board which are considered to be classified as an independent director. The dates of appointment as a director are contained in the Directors' Report.

Recommendation 2.4:

A majority of the Board of a listed entity should be independent directors.

Disclosure:

The Group does not have a majority of independent directors.

Consistent with the size of the Group and its activities, the Board is comprised of three (3) directors, one of which is currently considered to be an independent director.

The Board's policy is that the majority of directors shall be independent, non-executive directors. The composition of the Board does not currently conform to its policy. It is the Board's intention to comply with its policy at a time when the size of the Group and its activities warrants such a structure.

Recommendation 2.5:

The Chair of the Board of a listed entity should be an independent director.

Disclosure:

Anthony Brennan acts as Chair of the Board he is not independent. It is the Board's intention to comply with its policy at a time when the size of the Group and its activities warrants such a structure.

Recommendation 2.6:

A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

Disclosure:

The Board Charter provides for induction and professional development for the Board.

Principle 3 – Act ethically and responsibly

Recommendation 3.1:

A listed entity should have a Code of Conduct for its directors, senior executives and employees.

Disclosure:

The Company has a Code of Conduct that applies to all Directors, senior executives, employees and contractors.

Principle 4 – Safeguard integrity in corporate reporting

Recommendation 4.1

The Board of a listed entity should have an Audit Committee.

Disclosure:

An audit committee has not been established. The role of the Audit Committee has been assumed by the full Board operating under the Audit Committee Charter adopted by the Board.

Recommendation 4.2

The Board of a listed entity should, before it approves the Company'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.

Disclosure:

This recommendation is included as part of the Audit Committee Charter adopted by the Board.

Recommendation 4.3

A listed entity should ensure that the external auditor is present at the AGM and be available to answer questions from security holders relevant to the audit.

Disclosure:

The Company invites the auditor or representative of the auditor to the AGM.

Principle 5 – Make timely and balanced disclosure

Recommendation 5.1:

A listed entity should have a written policy for complying with its continuous disclosure obligations under the Listing Rules.

Disclosure:

The Board Charter contains the policies designed to ensure compliance with ASX Listing Rule disclosure.

Principle 6 – Respect the rights of security holders

Recommendation 6.1:

A listed entity should provide information about itself and its governance to investors via its website.

Disclosure:

The Company has a website for making this information available to shareholders and investors.

Recommendation 6.2:

A listed entity should design and implement an investor relations program to facilitate two-way communication with investors.

Disclosure:

The Company encourages shareholders to attend and participate in general meetings and will makes itself available to meet shareholders and regularly responds to enquiries made via telephone and in writing.

Recommendation 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.

Disclosure:

The Company encourages shareholders to attend and participate in general meetings. As a junior company the shareholder attendance numbers are low however, if a shareholder wishes to provide a comment or question and is not able to attend the meeting, the Company will address this as part of the meeting.

Recommendation 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.

Disclosure:

The Company is currently reviewing and implementing a strategy to receive communications from, and send communications, to its shareholders.

Principle 7 – Recognise and manage risk

Recommendation 7.1:

The Board of a listed entity should have a committee or committees to oversee risk.

Disclosure:

The Board has adopted a Risk Management Policy. There is no risk management committee and this role is undertaken by the Board who consider this at Board meetings. The overall basis for risk management is to provide recommendations about:

1. Assessing the internal processes for determining and managing key risk areas, particularly:
   - non-compliance with laws, regulations, standards and best practice guidelines, including environmental and industrial relations laws;
   - litigation and claims; and
   - relevant business risks other than those that are dealt with by other specific Board Committees.
2. Ensuring that the Group has an effective risk management system and that major risks to the Group are reported at least annually to the Board.
3. Receiving from management reports on all suspected and actual frauds, thefts and breaches of laws.
4. Evaluating the process the Group has in place for assessing and continuously improving internal controls, particularly those related to areas of significant risk.
5. Assessing whether management has controls in place for unusual types of transactions and/or any potential transactions that may carry more than an acceptable degree of risk.
6. Meeting periodically with key management, internal and external auditors and compliance staff to understand and discuss the Group's control environment.

Recommendation 7.2:

The Board of a listed entity should review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and disclose whether such a review has taken place.

Disclosure:

The Board meets to discuss the operating activities and risk assessment is part of this process. Risks are considered including but not limited to strategic, operational, legal, reputation and financial risks. This is an on-going process rather than an annual formal review.

Recommendation 7.3:

A listed entity should disclose if it has an internal audit function.

Disclosure:

The Company does not have an internal audit function but reviews its risk management and internal control processes on a regular basis.

Recommendation 7.4:

The Company 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.

The Company is of the view that it has adequately disclosed the nature of its operations and relevant information on exposure to economic, environmental and social sustainability risks. Other than general risks associated with the mineral exploration industry, the Company does not currently have material exposure to environmental and social sustainability risks.

Principle 8 – Remunerate fairly and responsibly

Recommendation 8.1:

The Board of a listed entity should have a Remuneration Committee.

Disclosure:

A Remuneration Committee has not been established. The role of the Remuneration Committee has been assumed by the full Board operating under the Remuneration Committee Charter adopted by the Board.

Recommendation 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.

Disclosure:

The Company provides disclosure of all Directors and executives remuneration in its annual report.

Non-executive directors are remunerated at a fixed fee for time, commitment and responsibilities. Remuneration for non-executive directors is not linked to the performance of the Group. There are no documented agreements providing for termination or retirement benefits to non-executive directors (other than for superannuation).

Executive directors and senior executives are offered a competitive level of base pay at market rates and are reviewed annually to ensure market competitiveness. Long term performance incentives may include performance and production bonus payments, shares and / or options granted at the discretion of the Board and subject to obtaining the relevant approvals.

Recommendation 8.3:

A listed entity which has an equity based remuneration scheme should 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 disclose that policy or summary of it.

Disclosure:

The Company does not have an equity based remuneration scheme which is affected by this recommendation.

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

1 Distribution of Equity Securities

Analysis of numbers of security holders by size of holding:

			Number
1	-	1,000	9
1,001	-	5,000	7
5,001	-	10,000	82
10,001	-	100,000	183
100,001	-	and over	165
			446

There were 196 holders of less than a marketable parcel of ordinary shares.

2 Substantial Holders

Substantial holders of equity securities, ordinary shares, in the Company are set out below:

Ordinary Shares (Holders with 5% or more)

Name	**Number held**	**Percentage of issued shares**
Brennan Super (WA) Pty Ltd <A T Brennan Superfund A/C>	26,451,520	11.20%
Oakhurst Enterprises Pty Ltd and Gary Steinepreis	20,081,996	8.51%
Jason Peterson	19,137,541	8.10%
Mr Carl Coward and Mr Carl Coward <BUDO HO A/C>	15,966,727	6.76%

3 Unlisted Option Holders

Unlisted option holders are set out below:

Unlisted Options (Holders with 5% or more)

Name	**Number held**	**Percentage of unlisted options**
Greg Hunt	5,000,000	100%

4 Voting Rights

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

1 Ordinary Shares

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

2 Options

These securities have no voting rights.

5 Equity Security Holders

The names of the twenty largest holders of ordinary shares are listed below:

Rank	Name	Number of shares	%
1.	BRENNAN SUPER (WA) PTY LTD <A T BRENNAN SUPERFUND A/C>	24,901,520	10.55
2.	MR JASON PETERSON + MRS LISA PETERSON <J & L PETERSON S/F A/C>	19,137,541	8.11
3.	JDK NOMINEES PTY LTD <KENNY CAPITAL A/C>	10,000,000	4.24
4.	LUJETA PTY LTD <THE MARGARET ACCOUNT>	10,000,000	4.24
5.	OAKHURST ENTERPRISES PTY LTD	8,841,996	3.75
6.	VIENNA HOLDINGS PTY LTD <RONJEN SUPER FUND A/C>	8,420,000	3.57
7.	MR PHILLIP JOHN COULSON	8,397,546	3.56
8.	ASCENT CAPITAL HOLDINGS PTY LTD	5,660,000	2.40
9.	MR CARL COWARD <BUDO HO A/C>	5,584,413	2.37
10.	ROSEMAN (SA) PTY LTD <G & A A/C>	5,420,000	2.30
11.	MR CARL COWARD	5,250,000	2.22
12.	JEFF M MCCARTHY	5,000,000	2.12
13.	AGENS PTY LIMITED <THE MARK COLLINS FAMILY A/C>	4,869,464	2.06
14.	MR MARTIN ROWNEY	4,100,000	1.74
15.	JOGCHUM BRINKSMA	4,000,000	1.69
16.	MR CARL PHILIP COWARD	4,000,000	1.69
17.	EDF TRADING LIMITED	4,000,000	1.69
18.	OAKHURST ENTERPRISES PTY LTD	3,800,000	1.61
19.	VAGABOND RESOURCES PTY LTD	3,558,424	1.51
20.	OCTIFIL PTY LTD	2,676,818	1.13
TOTAL		**147,617,722**	**62.55**

6 On-Market Buy-Back

There is no current on-market buy-back.