COUNTY COAL LIMITED
ABN 40 149 136 783
ASX Preliminary final report – 30 June 2015

This yearly report is for the twelve months ended 30 June 2015. The previous corresponding period is the year to 30th June 2014.

The information in this report should be read in conjunction with the most recent annual financial report.

Contents

COUNTY COAL LIMITED
YEAR ENDED 30 JUNE 2015
RESULTS FOR ANNOUNCEMENT TO THE MARKET

	Increase/(Decrease) (dollars)	**Increase/(Decrease) (percent)**		**2015**	**2014**
Revenue from ordinary activities	($53,516)	(78%)	to	$14,728	$68,244
Loss from ordinary activities before tax attributable to members	($9,392,997)	(625%)	to	($10,896,664)	($1,503,667)
Loss from ordinary activities after tax attributable to members	($9,392,997)	(625%)	to	($10,896,664)	($1,503,667)
Loss for the period attributable to members	($9,392,997)	(625%)	to	($10,896,664)	($1,503,667)

Additional dividend/distribution information

Details of dividends/distributions declared or paid during or subsequent to the year ended 30 June 2015 are as follows:

Dividends/distributions	Amount per security	Franked amount per security
Final dividend	Nil	Nil
Interim dividend	Nil	Nil

The Board has resolved that no dividend will be paid for the year ended 30 June 2015.

Record date for determining entitlements to the dividend: N/A

COMMENTARY

There is no doubt that the last twelve months have been difficult for the world coal industry in general and the US based thermal coal industry in particular. With respect to the world view, demand has declined due to a significant oversupply as world growth has slowed and as a result, prices have become depressed, dropping by close to 30% year-on-year. The global decline, coupled with the concerted push by the US Federal Administration to cease the use of coal in favour of gas for domestic power generation, has magnified the issues facing the US coal industry.

The impact of this downturn has been both negative and positive for County Coal. At the end of FY2013, the Company announced that it had acquired an option over property adjacent to its Shell Creek resource area, increasing the Company's Project Area to 2,339 acres (955 hectares). The negative impacts of the decline in world coal prices are firstly, the value of County's 730 million tonnes of proven JORC coal resources has declined, resulting in a write-down in our accounts; and secondly, when the option to purchase the additional property became due in July 2015 this year, County took the decision not to exercise its option. As a result, the total property under County's control in the Powder River Basin ("PRB") has reverted to the original 900+ acres (400 hectares). It should be noted that the Company's 730 million tonnes of JORC measured coal resource is contained within the original holdings and has not been affected by the decision not to exercise the purchase option.

On the positive side, County management believes that the combination of the US focus on phasing out coal-fired power generation has led to a glut in availability of domestic coal in Western USA and therefore, an increasing demand for supply routes into the Asian export markets. At the same time, Asia's major suppliers Indonesia and Australia have become higher risk suppliers leading Asian buyers to look to diversify.

COAL TRANSPORT PROGRAM

PRB coal is appealing from a coal quality perspective due to its low sulphur content and it provides a diversified source for Asian buyers to mitigate the increasing risk of long term reliance on Australia and Indonesia. The nature of the resources (shallow, thick seams amenable to open cut mining technology) coupled with the relatively low labour and materials costs, allows PRB coal to be competitive into Asia, in spite of the relatively large mine-to-port transport distance.

Looking at these issues, County Coal has determined the strategy for a successful, profitable US based export coal business lies in:

a) retaining our previously identified resources in the PRB;
b) having a bulk ship-loading facility capable of efficiently loading 20mtpa into 60,000 tonne capacity ships or larger;
c) having access to a third party coal that can utilize the port facility to service Asian markets; and
d) having port loading capacity for other bulk products to offset the cyclic nature of the export coal business.

In early 2015, County commenced an in-depth focus on a particular site in North West USA that it believes provides an excellent opportunity for the construction of a major, multi-product bulk ship-loading facility. The area identified for this terminal is on a brownfields industrial site and, while the water depth is currently not sufficient for panamax sized vessels (60,000 DWT), County believes the technology is available to provide efficient, environmentally safe ship loading capacity for this sized ship and potentially even larger ships.

The Company through a corporate entity established specifically for the purpose, is pursuing the approvals for and the construction of a port facility to export coal. County currently holds 30% of this vehicle. Subject to a number of milestones being achieved and through a series of steps, including incremental funding, County will own an 85% share in the project.

The particularly exciting attribute in relation to this property is that the size of the identified land and water frontage is significantly greater than the other opportunities County examined, thus allowing for a larger facility that could include loading capacity for other commodities such as grain and potash.

COAL TRANSPORT PROGRAM (continued)

After identifying the opportunity, County Coal engaged two international engineering companies, the first to examine the feasibility of constructing and operating a large, multi-product bulk ship-loading port on the identified site and the second to advise on the state of demand and supply for bulk products such as grain, potash, LNG and timber products sourced from within an economic distance of the North American west coast.

The preliminary report on the feasibility of construction was generally positive, stating that the rail access plan was sound, the site was well located and excellent for the purpose proposed but the arrangements planned for the shipping itself could be a challenge due to tidal issues and dredging requirements. A subsequent review of the report by an expert engineer in the tidal and sea current issues of the US North West coast found the original report overstated the magnitude of the issues but that further study was required. Additionally, County obtained a report from a firm of naval architects and design specialists which considered whether trans-shipment could provide a cost effective alternative. This report found trans-shipping could potentially remove many of the environmental issues, which may otherwise arise and would allow for the utilization of cape sized vessels. By the end of FY2015, County Coal has:

a) identified a potential port site in a low impact location;
b) had the identified site assessed by an international engineering company;
c) identified a very viable alternative to offset the risk related to the one negative issue raised by the engineering report; and
d) commenced a process to secure the access to the proposed port site.

County Coal's management considers that, under the right circumstances of demand and supply where a competitive cost/price relationship can be achieved, using our market expertise to sell coal sourced from other US suppliers would be a viable proposition. Initially, limited availability of US west coast coal loading infrastructure was a barrier to entry for this market because traditional shippers held options on future capacity. However, County Coal's proposed export terminal located on the US North West coast would provide an opportunity for the Company to sell third party coal, keeping its own coal reserves for exploitation in the future. In addition, a port facility in the proposed location opens a good opportunity for the loading of bulk products other than coal.

FINANCIAL POSITION

As detailed above, the last twelve months for the world coal industry has been difficult. In light of this fact, the Board believes it is prudent to reassess the value of the Company's coal rights, freehold property and capitalised exploration and evaluation expenditure. To this end, the Board has impaired these assets by $8.8 million in the accounts as at 30 June 2015.

During the financial year the Board continued to minimize cash used by the Company. As advised previously, the Chairman and the CEO continued with reduced remuneration throughout the past financial year, as did a number of the Company's key advisors who has previously agreed to reduce the cost of the services supplied by up to 50%. The focus of the expenditure during the past financial year has been on identifying potential bulk terminal sites, including undertaking preliminary engineering studies to gain confidence that the sites being considered were feasible. Subsequent to the end of the financial year the Board, including the Managing Director and a number of the Company's key advisors, have agreed to reduce their remuneration to zero, so as to reduce the future cash outgoings of the Company.

The Company's current cash reserves mean that it will be necessary for the Company to secure additional funding in the near future.

OUTLOOK

While the world coal industry is currently depressed, commentators remain positive about two things. First, there is still strong support for the premise that there will be increasing thermal coal demand in Asia and second, there is a strong view that a substantial proportion of this increased demand will come from the North West US and Canada. In addition, research undertaken by County indicates there is a growing demand for other bulk commodities in Asia. County believes now is the time to build a coal export business in the US North West to meet the projected demand increase from 2018 onwards.

The Company has identified an excellent site for the construction of a multi-product ship loading facility. In FY2016, the Company expects to continue the process of securing that site and then commence the process of developing a bulk terminal to fulfill its overall strategy of becoming a significant supplier of PRB coal to the Asian thermal coal markets. The Company’s focus to build a port facility to load and/or trade third party coals into the Asian market is an appropriate strategy, given the current world oversupply of thermal coal and the availability of third party coal in the US North West. Construction and operation of a bulk coal terminal on the North American west coast would allow County Coal to maintain its business focus on being a supplier of coal sourced from the PRB and North West US to Asia and, because of the size of the proposed site, potentially expand the business focus into loading bulk products other than coal, such as grain and potash.

FY2016 will see the Company further examining the availability of supply and concentrating on securing the rights to the land and other assets required for its proposed coal loading terminal.

No further work is planned on County Coal’s coal projects in the PRB in the immediate future. County Coal has previously announced some 730 million tonnes of JORC coal resource in its exploration areas in Wyoming’s PRB.

COAL RESOURCE SUMMARY

A summary of County Coal’s current Coal Resources are contained in the following table.

Prospect	**JORC Inferred Coal Resource**	**JORC Indicated Coal Resource**	**JORC Measured Coal Resource**	**Total JORC Coal Resource**
Shell Creek Coal Project	59 Mt	17 Mt	344 Mt	420 Mt
Miller Coal Project	-	-	310 Mt	310 Mt
Total JORC Coal Resource	59 Mt	17 Mt	654 Mt	730 Mt

Notes: (a) The information in the table "JORC-Compliant Coal Resources" is based on Independent Geologist’s Report, Aqua Terra Consultants Inc., October 2012. The information in this table that relates to Geology, Exploration results and Mineral resources is based on information compiled by Steven J Stresky, who is a member of the American Institute of Professional Geologists, and a full time employee of Aqua Terra Consultants Inc. (the geology consultants to County Coal). Mr Stresky has sufficient experience which is relevant to the style of deposit under consideration and to the activity he is undertaking to qualify as a “Competent Person” as defined in the 2004 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resource and Ore Reserves”. Mr Stresky consents to the inclusion in the report of the matters based on the information in the form and context in which it appears. This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

PRELIMINARY CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 30 JUNE 2015

	2015 $	2014 $
Interest revenue	14,728	68,244
Administration, development and corporate expenses	(1,039,967)	(1,571,903)
Impairment of coal rights and property	(8,874,487)	-
Unrealised loss on asset held for sale	(996,889)	-
Interest paid	(49)	(8)
Loss before income tax expense	**(10,896,664)**	**(1,503,667)**
Income tax expense	-	-
Loss for the period	**(10,896,664)**	**(1,503,667)**
Basic earnings per share (cents per share)	**(11.57)**	**(1.60)**
Diluted earnings per share (cents per share)	**(11.57)**	**(1.60)**

The accompanying notes form part of these financial statements

PRELIMINARY CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2015

	2015 $	2014 $
Loss	(10,896,664)	(1,503,667)
Items that may be classified subsequently to the income statement		
Other comprehensive income:		
Foreign exchange translation difference for foreign operations	1,517,170	(354,668)
Other comprehensive income for the period	1,517,170	(354,668)
Total comprehensive loss attributable to members of the parent entity	**(9,379,494)**	**(1,858,355)**

The accompanying notes form part of these financial statements

PRELIMINARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2015

	2015 $	2014 $
Assets		
Current Assets		
Cash and cash equivalents	245,114	1,564,165
Trade and other receivables	41,714	107,640
Assets held for resale	1,168,418	-
Total Current Assets	**1,455,246**	**1,671,805**
Non-Current Assets		
Coal rights, freehold property and capitalised exploration and evaluation expenditure	637,200	10,272,355
Interest in associate entity	431,907	-
Property, plant and equipment	650	2,026
Total Non-Current Assets	**1,069,757**	**10,274,381**
Total Assets	**2,525,003**	**11,946,186**
Liabilities		
Current Liabilities		
Trade and other payables	86,951	288,640
Total Current Liabilities	**86,951**	**288,640**
Non-Current Liabilities		
Trade and other payables	-	-
Total Non-Current Liabilities	**-**	**-**
Total Liabilities	**86,951**	**288,640**
Net Assets	**2,438,052**	**11,657,546**
Equity		
Issued Capital	16,054,410	16,054,410
Reserves	2,837,261	1,160,091
Accumulated losses	(16,453,619)	(5,556,955)
Total Equity	**2,438,052**	**11,657,546**

The accompanying notes form part of these financial statements

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

	Issued Capital	Foreign Currency Translation Reserve	Share Option Reserve	Accumulated Losses	Total
	$	$	$	$	$
Balance at 1 July 2013	**16,054,410**	**1,194,759**	**160,000**	**(4,053,288)**	**13,355,881**
Loss attributable to members	-	-	-	(1,503,667)	(1,503,667)
Share option reserve on recognition of remuneration options	-	-	160,000	-	160,000
Total other comprehensive income for the year	-	(354,668)	-	-	(354,668)
Balance at 30 June 2014	**16,054,410**	**840,091**	**320,000**	**(5,556,955)**	**11,657,546**
Balance at 1 July 2014	**16,054,410**	**840,091**	**320,000**	**(5,556,955)**	**11,657,546**
Loss attributable to members	-	-	-	(10,896,664)	(10,896,664)
Share option reserve on recognition of remuneration options	-	-	160,000	-	160,000
Total other comprehensive income for the year	-	1,517,170	-	-	1,517,170
Balance at 30 June 2015	**16,054,410**	**2,357,261**	**480,000**	**(16,453,619)**	**2,438,052**

The accompanying notes form part of these financial statements

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

	2015 $	2014 $
Cash flows from operating activities		
Receipts from customers	-	-
Payments to suppliers and employees (inclusive of GST)	(745,878)	(1,589,895)
Interest received	16,704	81,420
Interest paid	(49)	(8)
Net cash used in operating activities	(729,223)	(1,508,483)
Cash flows from investing/financing activities		
Funds advanced to associate	(377,369)	-
Acquisition of coal rights, freehold property and exploration and evaluation expenditure	(212,459)	(214,162)
Net cash used by investing/financing activities	(589,828)	(214,162)
Net decrease in cash and cash equivalents held	(1,319,051)	(1,722,645)
Cash and cash equivalents at beginning of period	1,564,165	3,286,810
Cash and cash equivalents at end of reporting period	245,114	1,564,165

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

REPORTING ENTITY

County Coal Limited is a company domiciled in Australia. The consolidated financial statements of the Company as at and for the year ended 30 June 2015 comprise the Company and its controlled entities (together referred to as the Consolidated Entity). The Consolidated Entity year is involved in coal exploration and development in the USA.

2. BASIS OF PREPARATION

a. Statement of compliance
The preliminary financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board and the Corporations Act 2001. The preliminary financial report of the Consolidated Entity and the financial report of the Company comply with International Financial Reporting Standards and Interpretations adopted by the International Accounting Standards Board. The preliminary financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read with the latest annual report for the year ended 30 June 2014 and any public announcement made by the Consolidated Entity during the year in accordance with the continuous disclosure requirement of the Corporations Act 2001.

b. Basis of measurement
The consolidated financial statements have been prepared on the historical cost basis.

c. Functional and presentation currency
These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency.

d. Use of judgments and estimates
The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is described in the following areas: Impairment and Financial instruments.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by all entities in the Consolidated Entity.

a. Basis of Consolidation
Controlled entities
Controlled entities are entities controlled by the Company. Control exists when the Company has power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of controlled entities are included in the consolidated financial statements from the date that control commences until the date that control ceases. Investments in controlled entities are carried at their cost of acquisition in the Company's financial statements.

Transactions eliminated on consolidation
Intra-group balances and any recognised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

b. Income Recognition
Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured.
The following specific recognition criteria must also be met before revenue is recognised:
Interest
Control of the right to receive the interest payment.

c. Goods and Services Tax
Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the relevant taxation authority is included as a current asset or liability in the balance sheet. Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the relevant taxation authority are classified as operating cash flows.

d. Foreign Currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of controlled entities at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary transactions denominated in foreign currencies that are stated at historical cost are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at the foreign exchange rates ruling at the date the fair value was determined. Foreign exchange differences arising on translation are recognised in the income statement.

Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, generally are translated to the functional currency at foreign exchange rates ruling at the reporting date. The revenues and expenses of foreign operations are translated to the functional currency at rates approximating the foreign exchange rates ruling at the dates of transactions. Foreign currency differences arising from translation of controlled entities with a different functional currency to that of the Consolidated Entity are recognised in the foreign currency translation reserve (FCTR). When a foreign operation is disposed of, in part or in full, the relevant amount of its FCTR is transferred to profit or loss.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity in the FCTR.

e. Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with an original maturity of three months or less.

f. Provisions

A provision is recognised in the balance sheet when the Consolidated Entity has a present legal or constructive obligation as a result of a past event that can be measured reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

g. Impairment

The carrying amounts of the Consolidated Entity's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see below). An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the income statement. Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit or a group of units and then, to reduce the carrying amount of the other assets in the unit or a group of units on a pro-rata basis.

Calculation of recoverable amount

Receivables

The recoverable amount of the Consolidated Entity's investments in receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted. Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Significant receivables are individually assessed for impairment. Impairment testing of significant receivables that are not assessed as impaired individually is performed by placing them into portfolios of significant receivables with similar risk profiles and undertaking a collective assessment of impairment. Non-significant receivables are not individually assessed. Instead, impairment testing is performed by placing non-significant receivables in portfolios of similar risk profiles, based on objective evidence from historical experience adjusted for any effects of conditions existing at each balance date. The allowance for impairment is calculated with reference to the profile of debtors in the Consolidated Entity's sales and marketing regions.

Other Assets

The recoverable amount of other assets is the greater of their fair value less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash flows from continuing use that are largely independent of the cash flows of other assets or groups of assets (cash generating units). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to the cash generating units that are expected to benefit from the synergies of the combination. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

g. Impairment (continued)

Reversals of Impairment
An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or recognised, if no impairment loss had been recognised.

h. Property, Plant and Equipment

Owned assets
Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see accounting policy (g)). An asset's cost is determined as the consideration provided plus incidental costs directly attributable to the acquisition. Subsequent costs in relation to replacing a part of property, plant and equipment are recognised in the carrying amount of the item if it is probable that future economic benefits embodied within the part will flow to the Consolidated Entity and its cost can be measured reliably. All other costs are recognised in the income statement as incurred.

Leased assets – Operating leases
Payments made under operating leases are expensed on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property. Minimum lease payments include fixed rate increases.

Depreciation
Depreciation is recognised in the income statement on a straight-line basis. Items of property, plant and equipment, including leasehold assets, are depreciated using the straight-line method over their estimated useful lives, taking into account estimated residual values. Assets are depreciated from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and held ready for use. Depreciation rates and methods, useful lives and residual values are reviewed at each balance sheet date. When changes are made, adjustments are reflected prospectively in current and future financial periods only. The estimated useful lives in the current and comparative periods are as follows:
Plant & equipment 3 – 10 years

i. Exploration, Evaluation and Development Expenditure
Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which such costs are expected to be recouped through successful development and exploitation or from sale of the area; or exploration and evaluation activities in the area have not, at balance date, resulted in booking economically recoverable reserves, and active operations in, or relating to, this area are continuing.

Accumulated costs in respect of areas of interest which are abandoned are written off in full against profit in the period in which the decision to abandon the area is made.

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.

Amortisation is charged against individual deposits currently based on reserve estimates. Amortisation is not charged on costs carried forward in respect of areas of interest in the development phase until production commences.

j. Restoration
Provisions for future environmental restoration are recognised where there is a present obligation as a result of exploration, development, production, transportation or storage activities having been undertaken, and it is probable that an outflow of economic benefits will be required to settle the obligation. The estimated future obligations include the costs of removing facilities, abandoning mines and restoring the affected areas.

The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date, based on current legal requirements and technology. Future restoration costs are reviewed annually and any changes in the estimate are reflected in the present value of the restoration provision at the end of the balance sheet date, with a corresponding change in the cost of the associated asset.

The amount of the provision for future restoration costs relating to exploration, development and production facilities is capitalized and depleted as a component of the cost of those activities.

The unwinding of the effect of discounting on the provision is recognised as a finance cost.

k. Employee Benefits

Wages, salaries and annual leave
Liabilities for employee benefits for wages, salaries and annual leave expected to settle within 12 months of the period end represent present obligations resulting from employees' services provided up to reporting date, calculated at undiscounted amounts based on remuneration wage and salary rates that the Consolidated Entity expects to pay as at reporting date including related on-costs, such as workers' compensation insurance and payroll tax.

l. Receivables
Trade and other receivables are stated at amortised cost less impairment losses (see accounting policy (g)).

m. Associates
Associates are entities over which the consolidated entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The consolidated entity discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

n. Taxation
Income tax expense in the income statement for the periods presented comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantially enacted at reporting date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is calculated using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for the initial recognition of goodwill and other assets or liabilities in a transaction that affects neither accounting nor taxable profit, or differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based upon the laws that have been enacted at reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be recognised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be recognised. Additional income taxes that arise from distribution of dividends are recognised at the same time as liability to pay the related dividend is recognised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity or on a different tax entity but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be recognised simultaneously.

o. Payables
Trade and other payables are stated at amortised cost.

p. Finance income and expense
Interest income is recognised as it accrues in the income statement using the effective interest method.

q. Earnings per share
The Consolidated Entity presents basic and diluted earnings/(loss) per share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the net profit/(loss) attributable to equity holders of the parent for the financial period, after excluding any costs of servicing equity (other than ordinary shares) by the weighted average number of ordinary shares of the Company, adjusted for any bonus issue.

Diluted EPS is calculated using the basic EPS earnings/(loss) as the numerator. The weighted average number of shares used as the denominator is adjusted by the after-tax effect of financing costs associated with the dilutive potential ordinary shares and the effect on revenues and expenses of conversion to ordinary shares associated with dilutive potential ordinary shares adjusted for any bonus issue.

r. Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any income tax benefit.

s. New standards and interpretations not yet mandatory or early adopted

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

AASB 9 Financial Instruments

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

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2017. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 July 2017 but the impact of its adoption is yet to be assessed by the consolidated entity.

t. New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities

The consolidated entity has applied AASB 2012-3 from 1 July 2014. The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of 'currently has a legally enforceable right of set-off'; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement.

t. New, revised or amending Accounting Standards and Interpretations adopted

AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets

The consolidated entity has applied AASB 2013-3 from 1 July 2014. The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed.

AASB 2014-1 Amendments to Australian Accounting Standards (Parts A to C)

The consolidated entity has applied Parts A to C of AASB 2014-1 from 1 July 2014. These amendments affect the following standards: AASB 2 'Share-based Payment': clarifies the definition of 'vesting condition' by separately defining a 'performance condition' and a 'service condition' and amends the definition of 'market condition'; AASB 3 'Business Combinations': clarifies that contingent consideration in a business combination is subsequently measured at fair value with changes in fair value recognised in profit or loss irrespective of whether the contingent consideration is within the scope of AASB 9; AASB 8 'Operating Segments': amended to require disclosures of judgements made in applying the aggregation criteria and clarifies that a reconciliation of the total reportable segment assets to the entity's assets is required only if segment assets are reported regularly to the chief operating decision maker; AASB 13 'Fair Value Measurement': clarifies that the portfolio exemption applies to the valuation of contracts within the scope of AASB 9 and AASB 139; AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets': clarifies that on revaluation, restatement of accumulated depreciation will not necessarily be in the same proportion to the change in the gross carrying value of the asset; AASB 124 'Related Party Disclosures': extends the definition of 'related party' to include a management entity that provides KMP services to the entity or its parent and requires disclosure of the fees paid to the management entity; AASB 140 'Investment Property': clarifies that the acquisition of an investment property may constitute a business combination.

u. Other financial assets

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transactions costs. The Group determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates designation at each financial period-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the Group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

(i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category ‘financial assets at fair value through profit or loss’. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

(ii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost.

This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount. This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when investments are derecognised or impaired, as well as through amortisation process.

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(iv) Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

u. Other financial assets (continued)

(iv) Available-for-sale investments (continued)

The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair value is determined using valuation techniques. Such techniques include using recent arm’s length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models.

4. FINANCIAL RISK MANAGEMENT

Overview

The Company and Consolidated Entity have exposure to the following risks from the use of financial instruments:

• Credit risk
• Liquidity risk
• Market risk

This note presents information about the Company's and the Consolidated Entity's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout these consolidated financial statements. The Board of directors has overall responsibility for the establishment and oversight of the risk management and monitors operational and financial risk management throughout the Consolidated Entity. Monitoring risk management includes ensuring appropriate policies and procedures are published and adhered to.

The Board aims to manage the impact of short-term fluctuations on the Company's and the Consolidated Entity's earnings. Over the longer term, permanent changes in market rates will have an impact on earnings.

The Company and the Consolidated Entity are exposed to risks from movements in exchange rates and interest rates that affect revenues, expenses, assets, liabilities and forecast transactions. Financial risk management aims to limit these market risks through ongoing operational and finance activities.
Exposure to credit, foreign exchange and interest rate risks arises in the normal course of the Company's and the Consolidated Entity's business. Derivative financial instruments are not used to hedge exposure to fluctuations in foreign exchange rates.

Credit Risk

Credit risk is the risk of financial loss to the Company or the Consolidated Entity if a customer, controlled entity or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's and the Consolidated Entity's receivables from customers.

Trade and other receivables

The Company's and Consolidated Entity's exposure to credit risk is influenced mainly by the geographical location and characteristics of individual customers. The Consolidated Entity does not have a significant concentration of credit risk with a single customer.

Policies and procedures of credit management and administration of receivables are established and executed at a regional level. Individual regions deliver reports to management and the Board on debtor ageing and collection activities on a monthly basis.

In monitoring customer credit risk, the ageing profile of total receivables balances is reviewed by management by geographic region on a monthly basis. Regional management is responsible for identifying high risk customers and placing restrictions on future trading, including suspending future shipments and administering dispatches on a prepayment basis.

The Company and the Consolidated Entity have established an allowance for impairment that represents their estimate of incurred losses in respect of trade and other receivables.

Liquidity Risk

Liquidity risk is the risk that the Consolidated Entity will not be able to meet its financial obligations as they fall due. The Consolidated Entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Consolidated Entity's reputation.

The Consolidated Entity monitors cash flow requirements and produces cash flow projections for the short and long term with a view to optimising return on investments. Typically, the Consolidated Entity ensures that it has sufficient cash on demand to meet expected operational net cash flows for a period of at least 30 days, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

4. FINANCIAL RISK MANAGEMENT (continued)

Market Risk
Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Company's and the Consolidated Entity's net loss or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency Risk
The Consolidated Entity will undertake its coal exploration and development activities in US currency and be exposed to currency risk on the value of its exploration assets that are denominated in United States dollars (USD). A percentage of the Consolidated Entity's future revenues from coal exploration and development activities may be denominated in currencies other than AUD. Risk resulting from the translation of assets and liabilities of foreign operations into the Consolidated Entity's reporting currency is not hedged.

Interest Rate Risk
The Consolidated Entity is exposed to interest rate risks in Australia.

Capital Management
The Consolidated Entity's objectives when managing capital are to safeguard its ability to continue as a going concern, to provide returns to shareholders, to provide benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Board aims to maintain and develop a capital base appropriate to the Consolidated Entity. In order to maintain or adjust the capital structure, the Consolidated Entity can issue new shares. The Board of directors undertakes periodic reviews of the Consolidated Entity's capital management position to assess whether the capital management structure is appropriate to meet the Consolidated Entity's medium and long-term strategic requirements. Neither the Company nor any of its subsidiaries is subject to externally imposed capital requirements. There were no significant changes in the approach to capital management during the period.

5. CONTINGENT LIABILITIES AND COMMITMENTS

The Consolidated Entity is not aware of any contingent liabilities, which existed as at the end of the financial period or have arisen as at the date of this report other than as detailed below.

Pursuant to the property purchase agreements in relation to the properties/leasehold coal rights acquired during the previous financial years, certain royalties are payable to vendors of the various properties. No royalties are payable at the date of these accounts.

Pursuant to a property purchase agreement in relation to the Shell Creek Coal Project located in Johnson County, Wyoming, in addition to certain royalties payable in the future, an additional amount is payable to the vendors of US$0.10 per short ton* proved up to JORC Proved Coal Reserve status over 10 years, up to an estimated 220,000,000 short tons. An amount of US$5 million was paid to the vendors in December 2011 in lieu of the first 50,000,000 short tons to be proven up.

*Note that this agreement uses an imperial unit of measurement known as a “short ton” which is a unit of weight equivalent to 2,000 pounds or 907.18474 kilograms.

6. EVENTS SUBSEQUENT TO REPORTING DATE

Since the end of the year, the directors are not aware of any matter that has significantly affected or may significantly affect the operations of the Company in subsequent financial periods.

7. DIVIDENDS

No dividends were paid during or subsequent to the year ended 30th June 2015.

8. SEGMENT REPORTING

The consolidated Entity operates only in one segment and accordingly no segment information is disclosed.

9. ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED ENTITIES

No subsidiaries were acquired or disposed of during the year ended 30th June 2015. In January 2015, the Company acquired a 30% interest in a company established for the purpose of pursuing the construction of a port facility for County Coal to export coal planned to be produced from the Powder River Basin.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

10. DISCONTINUING OPERATIONS

No operations were discontinued during the year ended 30th June 2015.

11. FOREIGN ACCOUNTING STANDARDS

N/A

12. NTA BACKING

	2015	**2014**
Net tangible asset backing per ordinary share	2.59 cents	12.38 cents

13. OTHER SIGNIFICANT INFORMATION

N/A

14. LOSS PER SHARE

The following reflects the loss and share data used in the calculations of basic and diluted loss per share.

	2015 **$**	**2014** **$**
Net loss used in calculating basic and diluted earnings per share	(10,896,664)	(1,503,667)
Basic and diluted (loss) per share (cents per share)	(11.57)	(1.60)
Weighted average number of shares used in the calculation of basic and diluted loss per share	94,175,004	94,175,004
Shares on issue at year end	94,175,004	94,175,004
Number of options on issue at year end – each option is exercisable at prices between 4 and 40 cents per share and converts to one ordinary share	6,100,000	10,300,000

Share options are not considered dilutive as their impact would be to decrease the net loss per share. Accordingly, diluted loss per share has not been disclosed.

Audit

This report is based on accounts, which are in the process of being audited.

Description of likely dispute or qualification if the accounts have not yet been audited or subject to review or are in the process of being audited or subjected to review -Nil

Description of dispute or qualification if the accounts have been audited or subjected to review -Nil

Sign here:

.... Date: 27th August 2015

(Secretary)

Print name: T. Flitcroft