



ANNUAL OPERATIONS AND FINANCIAL REPORT

30 JUNE 2015

for

BOUNTY MINING LIMITED AND ITS CONTROLLED ENTITIES

ABN: 19 107 411 067

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1 CORPORATE DIRECTORY

Directors

Gary Cochrane (Chairman)
Julie Garland McLellan
Robert Stewart

Banker

ANZ Banking Group Ltd
115 Pitt Street, Sydney NSW 2000

Company Secretary

Eryl Baron

Securities Exchange

Australian Securities Exchange Ltd
Code: BNT

Auditor

Russell Bedford NSW
L29, Suncorp Place, 259 George Street
Sydney NSW 2000

Share Registry

Computershare Investor Services Pty Ltd
Yarra Falls, 452 Johnston Street,
Abbotsford VIC 3067

Registered Office

Suite 1002, L10, 60 Pitt Street
Sydney NSW 2000
Phone: 02 8965 0200
Fax: 02 8965 0214

Solicitors

McCullough Robertson
L11, 66 Eagle Street
Brisbane, QLD 4000

2 CHAIRMAN'S REPORT

During the year Bounty continued to develop the Wongai Hard Coking Coal Project. Despite a very difficult commodity market Bounty successfully raised \$1.27 million through the issue of equity and convertible notes to fund the progression of the Wongai project and working capital. Bounty continues to move the project from Concept Study stage to Prefeasibility Study stage and when this is complete will have earned 22.5% equity in the Wongai Project. The Farm-In Agreement allows Bounty to move to 48% equity once the Bankable Feasibility Stage is complete and then to acquire a further 3% to move to 51% ownership of the Project.

The Wongai Hard Coking Coal Project has significant advantages when compared to other coal projects currently proposed in Australia:

- Confirmed high quality hard coking coal;
- Very shallow, large resource base;
- Very close to the coast;
- The proposed covered transshipment methodology designed to avoid disruption to sea grass habitats, wetlands, tidal flats and have no adverse affect on the reef;
- No seabed dredging or sea dumping are proposed as part of the Project;
- Bounty's specialist underground mining methodology will lead to a minimal environmental footprint for the mine;
- Forecast low capital and low operating costs
- A strong economic return for the Project;
- Signed ILUA with traditional owners and also full support from the Cape York Council and Balkanu Business Development Group;
- "Life of mine Management Agreement" places Bounty in a controlling position for the Project. This is important as it allows Bounty to utilise its operational and development skills to maximise productivity, lower cost and promote a strong safety ethic.

Wongai Coal Project is an effective asset for Bounty to establish a long term presence without the risks of contract termination that have occurred in previous downturns where clients have temporarily closed mines or terminated contracts to satisfy their short term needs.

During the year Bounty has continued to achieve key milestones and to further de-risk the project by ongoing development work and regular meetings with traditional owners, State and Federal Governments, investors and project service providers.

Work completed during the year includes:

- Successful completion of large diameter cored drilling program with 100% core recovery in the 200mm diameter hole;
- Successful completion of detailed coke oven tests in Brisbane and Germany;
- Completion of indicative detailed coal quality specification confirming high quality hard coking coal;
- Completion of prefeasibility stage work for overland conveyors, transshipping options, coal preparation plant options that eliminate the need for tailings dams and support ongoing application of low environmental impact operations for land and ocean based activities;
- Ongoing meetings with Federal and Queensland State Government and Great Barrier Reef Marine Park representatives to keep them fully informed on progress on various engineering and mining studies, transshipping options and low environmental impact alternatives.
- Local people, including the traditional owners, have been involved in the on-site works and Government meetings and will continue to be involved throughout the life of the project.

Contract mining (traditional revenue source)

The coal market remains depressed and there were no contract opportunities during the year despite some early indications of improvement in October 2014.

Following expiry of the mining contract at Aquila in July 2013 Bounty's equipment remains on care and maintenance pending a recovery of economic conditions and finding new revenue opportunities. Bounty has selectively sold some equipment to assist in funding the Wongai development and to support cash flow commitments.

There is not expected to be any immediate improvement in contract mining opportunities until at the end of financial year 2016. Bounty will continue to monitor whether it is advantageous to sell more equipment during this extended down turn in contracting activity.

Financial restructuring

Unfortunately Bounty was unable to raise the minimum funds under an approved Prospectus which was lodged with the ASX on 18th August 2014. This was subsequently withdrawn on 10th October 2014. Since then Bounty has progressed with a number of smaller raisings to fund development of Wongai and to meeting working capital requirements. In total Bounty raised \$1.27 million through equity and convertible notes during FY 15.

Bounty is in ongoing discussion with a number of potential strategic investors such as Asian steel mills about funding for future Wongai activities and to continue to move the project to Prefeasibility status and beyond over the next 18 months.

The Board of Bounty will continue to keep investors updated of all developments as they occur.

Thank you for your continued support.

A handwritten signature in black ink, appearing to read 'Gary Cochrane', with a stylized, cursive script.

Gary Cochrane

Chairman and Chief Executive Officer

Dated this 29th day of September 2015

3 DIRECTORS' REPORT

The Directors of Bounty Mining Limited ("Bounty" or the "Parent Entity") and its controlled entities (the "Bounty Group"), present their report together with the financial statements for the year ended 30 June 2015.

Information about the Directors & Company Secretary

The names, experience, independence and qualifications of the directors of Bounty during the financial year and up to the date of this report are as set out below.

Gary Cochrane GAICD Chairman and Chief Executive Officer

Bachelor of Engineering (Civil), Grad Dip Mining (Ballarat), MBA (Deakin)

Gary has more than 27 years experience in the mining, engineering and construction industry in Australia, China, Indonesia and Papua New Guinea. He has had senior management and technical roles at operating mines in Australia and Papua New Guinea.

Gary has spent the last 19 years as an international mining and management consultant to the coal and hard rock mining industries. Gary is a regular commentator on coal industry strategic supply and demand positions and coal investment opportunities and is a regular speaker at international coal conferences in Australia, China, and Indonesia.

Gary was a founding investor and former director of Millennium Coal which is now an operating coal mine in Queensland producing 3 million tonnes per annum. He is also on the board of several junior coal development companies with projects in Indonesia, Canada and the USA. Gary has completed an Executive MBA in Global Energy.

Gary joined the board on 27 November 2007 and became Chairman on 28 February 2008.

Julie Garland McLellan FAICD Non-executive director

Julie is a professional company director with a background in the resources and energy sectors. Julie has a degree in Civil Engineering, an MBA and a Graduate Diploma in Applied Finance as well as a Diploma and an Advanced Diploma in Company Directorship. She has served on the boards of listed and unlisted companies. She is a former Chairman of Oldfields Holdings Limited and non-executive director of Kimbriki Environmental Enterprises Limited. As an executive she has been: Managing Director for Gamesa Energy Australia (a multinational energy company), General Manager Energy and Natural Resources for KPMG and Corporate Planner for BHP. Julie was a NSW Australian Institute of Company Directors councillor from 2004 until 2010 and writes, facilitates and presents governance training for the Institute and other clients.

Julie joined the board of Bounty on 4th April 2008.

Robert Stewart GAICD Non-Executive director

Rob has a Bachelor of Engineering (Civil), Master of Engineering Science (Mining), FIEAust, and has spent 39 years working in the mining and construction industries. He came to Bounty following executive level experience with mine and infrastructure owners and with mining and construction contractors. Previous appointments have included: General Manager with Leighton Holdings Ltd subsidiary Thiess Pty Ltd responsible for the company's contract mining and construction business in NSW; Chief Executive and Managing Director of Whitehaven Coal Limited, an ASX listed coal mining company; and Executive Director of CRSM LLC, a Mongolian based company identifying, evaluating and managing investments in Mongolia's resource industry.

Rob is currently a director of JukesTodd, a strategic business advisor offering professional services to the resources, infrastructure and energy sectors.

Rob joined the board on 17 September 2009.

Eryl Baron Chief Financial Officer & Company Secretary

BA Politics & Econ (London), ACIS

Eryl Baron commenced her accounting career as a Chartered Accountant with BDO Binder Hamlyn in London. In 1990 Eryl moved to Sydney and worked in accounting and business in financial control positions. She has served as chief financial officer and company secretary of listed and unlisted companies. In March 2009, Eryl received a Graduate Diploma in Applied Corporate Governance from the Governance Institute of Australia. Eryl has completed the first two modules of the Advanced Certificate in Risk Management run by the Governance Institute of Australia.

Details of Board and Committee meetings held during the Financial Year are as follows:

Meetings during FY2015	Board		Audit & Risk Committee		Remuneration & Nomination Committee	
	Held	Attended	Held	Attended	Held	Attended
Director						
Gary Cochrane	16	16	n/a	n/a	n/a	n/a
Julie Garland McLellan	16	16	3	2	2	2
Rob Stewart	16	16	3	3	2	2

Principal Activities

In September 2013 Bounty announced that it had finalised agreements for a Farm-in, a Joint Venture and a Life-of-Mine Management Contract for the Wongai Coal Project. Bounty has focused on developing the Wongai Coal Project to the point where a Life of Mine contract begins, while looking for new contract mining opportunities.

Operating Review

In December 2014 a large diameter core drilling program was completed at the Wongai project with a 2.86 metre coal intersection and 100% core recovery. This provided a large sample of coal which has allowed for full washability and coke oven testing. The tests were completed by two independent laboratories in March 2015. The results confirmed a high quality hard coking coal which the board is confident would receive acceptance in all of Australia's key exports markets including Japan, China, India, South Korea and Brazil.

In addition to this work Bounty has progressed a number of prefeasibility activities including a review of overland haulage options from the mine to the coast and a further investigation of environmentally low impact barging and transshipping options which require no dredging, no sea dumping and have no dust.

In April 2015 the Company reached agreement with its Wongai project Joint-Venture partner Aust-pac Capital Pty Limited to vary certain terms of their Farm-in Agreement. Under the original Farm-in agreement, Bounty had the option to earn up to a 40% equity position in the project by expenditure on resource delineation, pre-feasibility and feasibility studies and finalisation of an Environmental Impact Statement ("the Phase 1, 2 and 3 Works"). Bounty also had the right to acquire a further 11% equity in the project through a capital investment to reach a 51% position. Following the variation to the agreement, Bounty now has the option to earn up to a 48% equity position by completing the Phase 1, 2 and 3 Works, and the right to acquire a further 3% equity through capital investment to reach the same 51% position.

The Wongai Project had Co-ordinated Project Status which expired on 31 July 2015 when the Environmental Impact Statement was not submitted by the due date. Bounty can reapply for Coordinated Project Status at a later date. The loss of coordinated project status removes the coordinated support from the Coordinator General's office. Each individual Government Department will continue to provide the support and review required under the various applicable regulations, legislations and guidelines. Bounty Mining will still continue to meet with all relevant Government Departments.

The Wongai Project consists of two Exploration Licences: EPC 2334 and EPC 2687. All values and resources ascribed to the Wongai Project relate to EPC 2334. No value or resources has been ascribed to EPC2687, and no physical work has been undertaken at the site of EPC 2687. Due to the current difficult market for fund raising, in September 2015 the Joint Venture surrendered EPC2687.

Future Developments – Wongai Project

Following the completion of the large diameter cored drilling program, the Company will now focus on the completion of the Phase 2 Design and the Pre-feasibility Study, which are milestones of the Phase 2 Works. On completion of the Phase 2 Works the Company will earn a further 17.5% equity in the Project, giving a total 22.5% interest. Simultaneously the Company will progress with its Environmental Impact Study.

The Company will then embark on the Phase 3 Works i.e. the Phase 3 Drilling program, completion of the Environmental Impact Study and preparation of a Bankable Feasibility Study. On completion of the Phase 3 Works the Company will earn a further 25.5% equity in the Project, giving a total 48% interest. Bounty then has the right to acquire a further 3% equity through capital investment to reach a 51% equity position.

The Company will continue to look for contract mining or equipment hire opportunities while it progresses the Wongai Project.

Financial Review

In July 2015 the Company's Continuous Miner and its spare parts were sold to a private purchaser for \$0.25m and \$0.05m respectively, which the board considers to be a fair value in the current market. This represented a significant variance to the Written Down Value as shown below.

Item	Written down value ("WDV") at 30 June 2015 before impairment	Sale value	% variance between WDV and sale value
Continuous Miner	\$1.1m	\$0.25m	(78%)
Related spare parts / inventory	\$0.26m	\$0.05m	(81%)

A decision was therefore taken that the Fair Market Value of assets at 30 June 2015 would be best estimated by applying a discount of 78% to the written down value of all items of mining equipment and 81% to the written down value of all spare parts / inventory. This has resulted in an Impairment Provision of \$3,147,738 against the mining equipment and \$380,455 against related spares and inventories.

The loss for the financial year FY2015 was \$5.0m including the impairment provision of \$3.5m. \$0.5m was invested in the Wongai Coal Exploration and Evaluation asset.

Contract Mining

The group earned no revenue from contracting mining during the period.

Significant Changes

There have been no significant changes in the operations of Bounty during the financial year.

Investment in Equipment

During the year, the group did not invest in refurbishing and renewing its fleet of equipment (2014: \$0.1m).

Shareholder Returns

Earnings per share were a loss of 0.71 cents (2014: loss of 0.43 cents).

Review of Financial Condition

Liquidity & Funding

During financial year 2015, the Bounty Group was reliant on issues of securities and loans to support the operations.

Events Subsequent to Reporting Date

The sale of the Company's Continuous Miner in July 2015 and the surrender of EPC 2687 have been described in "Operational Review" and "Financial Review" above.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which have significantly affected or could significantly affect the operations of the consolidated group, the results of the operations or the state of affairs of the consolidated group in future financial years.

Directors' Interests: Equity Holdings and Transactions

There was no movement in directors' interests in equity during the financial year or subsequently.

Directors' holdings in ordinary securities at 30 June 2015 are as follows:

		Directors' holdings in Bounty securities			
		Gary Cochrane	Rob Stewart	Julie Garland McLellan	Total
Shares	1/07/2014	247,455,658	3,469,117	-	250,924,775
Ordinary Shares	Movements	-	-	-	-
	30/06/2015	247,455,658	3,469,117	-	250,924,775
As a % of the total securities on issue		33.6%	0.5%	0.0%	34.1%

Loans and other transactions

On 15 August 2014 Bounty issued unquoted Convertible Notes at a conversion price of 2.6c per security, an interest rate of 15% and a maturity date of 14 November 2015 to raise \$0.10m. The funds were used to contribute to working capital, the commencement of the Phase 2 Works of the Wongai Project and the costs of issuing a prospectus.

In August 2014 Bounty also reached agreement with its main lender VETL Pty Ltd ("VETL") (a company associated with Chairman and CEO Gary Cochrane) to defer the loan repayment date to 31 December 2016.

In March 2015 Bounty reached an arrangement with VETL whereby no interest will be charged or accrued on the loan for six months commencing 1 January 2015. This effectively capped the loan at its December 2014 level of \$2.9m. This arrangement was extended by agreement until 31 October 2015 at which time the arrangement will be reviewed again.

During the financial year VETL made a further loan of \$17,200 to the Company to cover short-term working capital. This loan is separate from the main loan, being interest free and having no charge attached. The loan was partially repaid in August 2015.

D & O Insurance: Indemnification of Officers or Auditor

Bounty has agreed to indemnify and keep indemnified the Directors and Company Secretary against all liabilities incurred as directors and officers of the Bounty Group and all legal expenses incurred as directors and officers of the Bounty Group.

The indemnity only applies to the extent and in the amount that the directors and officers are not indemnified under any other indemnity, including an indemnity contained in any insurance policy taken out by the Bounty Group, under the general law or otherwise. The indemnity does not extend to any liability:

- To Bounty or a related body corporate of Bounty; or
- Arising out of conduct of the directors and officers involving a lack of good faith.

No indemnities have been given or insurance premiums paid, during the year, for any person who is or has been an auditor of the Company.

Insurance of Officers

Since the end of the previous financial year Bounty has paid insurance premiums of \$24,900 in respect of directors and officers' liability insurance and corporate reimbursement, for directors and officers of Bounty. The insurance premiums relate to:

- Any loss for which the directors and officers may not be legally indemnified by Bounty arising out of any claim, by reason of any wrongful act committed by them in their capacity as a director or officer, first made against them jointly or severally during the period of insurance; and
- Indemnifying Bounty against any payment which it has made and was legally permitted to make arising out of any claim, by reason of any wrongful act, committed by any director or officer in their capacity as a director or officer, first made against the director or officer during the period of insurance.

The insurance policy outlined above does not allocate the premium paid to each individual officer of Bounty.

Environmental Regulations

The Group's operations are subject to general environmental regulations under Commonwealth and State legislation. The Board is not aware of any breach of such requirements and the relevant officers of the Group are aware of the responsibility of the Group in relation to these requirements.

Remuneration Report (Audited)Remuneration and Nomination Committee

The Company has a Remuneration and Nomination Committee. The Committee comprises independent, non-executive directors.

Employment Contracts

Bounty retains one member of staff on a part time basis.

Staff receive a base remuneration which is based on factors such as experience, skills and responsibility and market rates, as well as superannuation at the superannuation guarantee rate. There are no performance pay plans in place at this date.

Non-executive directors

The Board's policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Committee determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties

and accountability. Independent external advice may be sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting, and is currently \$300,000 per annum in total excluding superannuation. Non-executive directors received a superannuation contribution at the SGL rate during the financial year and do not receive any other retirement benefits.

In September 2014 the directors agreed that no directors' fees will be paid or accrued from October 2014 until they deem the financial condition of the Company is adequate.

Non-executive directors are entitled to be reimbursed for certain expenses incurred and may be paid additional amounts as fees as the Board may determine where a non-executive director performs extra services or makes any special exertions, which in the opinion of the Board are outside the scope of the ordinary duties of a non-executive director.

Mr Gary Cochrane is Chairman and Chief Executive Officer ("CEO") of Bounty. His remuneration for FY2015 includes \$120,000 in relation to his role as CEO. This amount is not included in the \$300,000 aggregate maximum fee for non-executive directors.

Future Perspectives

The Company's remuneration policy is designed to attract the highest calibre of executives and reward them for performance that results in both short and long-term growth in shareholder wealth.

Details of Remuneration for Year Ended 30 June 2015

	Position	Period of service	Short Term Benefits		Post-employment benefits	Total
			Salaries and Fees	Non-cash benefit	Superannuation	
			\$	\$	\$	\$
Directors						
Mr Gary Cochrane	Chairman and Chief Executive Officer	01/07/14 - 30/06/15	129,231	-	877	130,108
Ms Julie Garland McLellan	Non-executive Director	01/07/14 - 30/06/15	4,615	-	438	5,053
Robert Stewart	Non-executive Director	01/07/14 - 30/06/15	4,615	-	438	5,053
Total Directors			138,461	-	1,753	140,214
Specified Executives						
Mrs Eryl Baron	Chief Financial Officer, Company Secretary	01/07/14 - 30/06/15	160,200	-	-	160,200
Total Specified Executives			160,200	-	-	160,200

Details of Remuneration for Year Ended 30 June 2014

	Position	Period of service	Short Term Benefits		Post-employment benefits	Termination benefit	Total
			Salaries and Fees	Non-cash benefit	Superannuation		
			\$	\$	\$	\$	\$
Directors							
Mr Gary Cochrane	Chairman and Chief Executive Officer	01/07/13 - 30/06/14	110,000	-	3,700		113,700
Ms Julie Garland McLellan	Non-executive Director	01/07/13 - 30/06/14	20,000	-	1,423		21,423
Robert Stewart	Non-executive Director	01/07/13 - 30/06/14	20,000		1,850		21,850
Total Directors			150,000	-	6,973	-	156,973
Specified Executives							
Mr Larry Cook	Technical & Bus Dev Manager	01/07/13 - 26/12/13	181,114	47,355	12,836	231,862	473,167
Mrs Eryl Baron	Chief Financial Officer, Company Secretary	01/07/13 - 30/06/14	234,832	-	6,071	133,701	374,604
Mr Andrew Pix	Project Manager	01/07/13 - 30/06/14	190,929		15,798		206,727
Total Specified Executives			606,875	47,355	34,705	365,563	1,054,498

- The directors accepted a reduction in remuneration from 1 July 2013. From September 2014 no non-executive director fees have been paid or accrued. These reduced remuneration levels are reflected in the table.
- There was no change in the Chief Executive Officer's remuneration during the year.
- Bounty retains one part-time employee as a workshop manager in Queensland. All other roles functions are held by part-time consultants.
- No bonus was paid to any individual during the year or in respect of the year.

Proceedings on Behalf of the Company

No person has applied for leave of a Court to bring proceedings on behalf of the Company or to intervene in any proceeding to which the Company is party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

Auditor's Independence Declaration

The lead auditor's independence declaration under Section 307C of the Corporations Act 2001 is set out on page 17 and forms part of the Directors' Report for the year ended 30 June 2015.

Non-audit Services

The Board, in accordance with the advice from the Audit and Risk Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of

independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that services disclosed below did not compromise the external auditor's independence for the following reasons:

- All non-audit services are reviewed and approved by the Committee to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- The nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

During the financial year, Russell Bedford NSW, Bounty's auditor, and its associated entities, performed non-audit services as follows:

	2015
	\$
Tax Compliance Services	8,816
Preparation of independent accountant's report in Prospectus	11,220
Other services	1,400
Total non-audit services	21,436

Signed in accordance with a resolution of the Board.



Gary Cochrane

Chairman

Dated in Sydney this 29th day of September 2015



29 September 2015

The Board of Directors
Bounty Mining Limited
Suite 1002
60 Pitt Street
SYDNEY NSW 2000

Russell Bedford NSW

Chartered Accountants

ABN 74 632 161 298
Level 29, Suncorp Place
259 George Street
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AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead auditor for the audit of the financial statements of Bounty Mining Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there has been no contravention of:

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

This declaration is in respect of Bounty Mining Limited and any entities it controlled during the year.

Yours faithfully

RUSSELL BEDFORD NSW

A handwritten signature in blue ink, appearing to read 'Malcolm Beard'.

MALCOLM BEARD, M.Com., F.C.A.
Partner

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Liability is limited under a Scheme approved under Professional Standards Legislation.

5 FINANCIAL STATEMENTS

Consolidated statement of comprehensive income for the year ended 30 June 2015

		Consolidated Group	
	Note	2015	2014
		\$	\$
Revenue from rendering of services	2	-	1,471,026
Other revenues	2	1,744	10,357
Total revenue		1,744	1,481,383
Cost of services		(20,294)	(138,058)
Employee expenses	4	(428,121)	(1,430,076)
Depreciation and amortisation expenses	3	(395,165)	(442,515)
Impairment of assets	3	(3,528,193)	-
Legal and professional costs		(172,586)	(500,305)
Occupancy expenses		(272,247)	(298,992)
Finance costs	3	(158,126)	(697,949)
Other expenses from ordinary activities		(74,673)	(130,902)
Loss before related income tax expense		(5,047,661)	(2,157,414)
Income tax expense	6	-	-
Loss from continuing operations for the year		(5,047,661)	(2,157,414)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss attributable to members of the parent entity		(5,047,661)	(2,157,414)
		Cents	Cents
Basic and diluted earnings per share	7	(0.71c)	(0.43c)

The consolidated statement of comprehensive income should be read in conjunction with the notes to the financial statements set out on pages 22 to 59.

Consolidated statement of financial position at 30 June 2015

	Note	Consolidated Group	
		2015	2014
		\$	\$
Current assets			
Cash and cash equivalents	9	1,167	87,804
Trade and other receivables	10	1,346	2,398
Inventories	11	88,753	469,208
Other assets	12	162,673	145,471
Total current assets		253,939	704,881
Non-current assets			
Property, plant & equipment	13	887,621	4,431,172
Exploration and evaluation asset	16	1,479,675	995,185
Total non-current assets		2,367,296	5,426,357
Total assets		2,621,235	6,131,238
Current liabilities			
Trade and other payables	14	341,720	89,001
Financial liabilities	15	12,578	13,583
Loan – unsecured	15	17,200	-
Convertible Notes	15	113,584	-
Short-term provisions	17	11,160	26,376
Total current liabilities		496,242	128,960
Non-current liabilities			
Financial liabilities	15	2,930,302	2,790,733
Total non-current liabilities		2,930,302	2,790,733
Total liabilities		3,426,544	2,919,693
Net (liabilities) / assets		(805,309)	3,211,545
Equity			
Issued capital	18	38,500,507	37,469,700
Accumulated losses	19	(42,478,774)	(37,431,113)
Reserves	20	3,172,958	3,172,958
Total equity		(805,309)	3,211,545

The consolidated statement of financial position should be read in conjunction with the notes to the financial statements set out on pages 22 to 59.

Consolidated statement of changes in equity for the year ended 30 June 2015

	Issued Capital	Options Reserve	Accumulated Losses	Total
	\$	\$	\$	\$
Consolidated Group				
Balance at 1 July 2013	31,633,560	3,172,958	(35,273,699)	(467,181)
Capital issued for debt conversion	5,000,000	-	-	5,000,000
Capital issued to raise funds	920,000	-	-	920,000
Cost of issuing capital	(83,860)	-	-	(83,860)
Loss attributable to members of parent entity	-	-	(2,157,414)	(2,157,414)
Balance at 30 June 2014	37,469,700	3,172,958	(37,431,113)	3,211,545
Balance at 1 July 2014	37,469,700	3,172,958	(37,431,113)	3,211,545
Capital issued to raise funds	1,170,000	-	-	1,170,000
Cost of issuing capital	(139,193)	-	-	(139,193)
Loss attributable to members of parent entity	-	-	(5,047,661)	(5,047,661)
Balance at 30 June 2015	38,500,507	3,172,958	(42,478,774)	(805,309)

The consolidated statement of changes in equity should be read in conjunction with the notes to the financial statements set out on pages 22 to 59.

Consolidated statement of cash flows for the year ended 30 June 2015

	Note	Consolidated Group	
		2015	2014
		\$	\$
Cash flows from operating activities			
Receipts from customers		-	3,251,034
Payments to suppliers and employees		(773,131)	(6,263,382)
		(773,131)	(3,012,348)
Interest received		1,393	12,633
Finance costs		(4,984)	(182,961)
Net cash flows used in operating activities	25	(776,722)	(3,182,676)
Cash flows from investing activities			
Payments for plant and equipment		-	(111,413)
Investment in Wongai		(446,513)	(995,186)
Proceeds from sale of equipment		1,000	3,061
Net cash flows used in investing activities		(445,513)	(1,103,538)
Cash flows from financing activities			
Gross proceeds from issue of shares		1,170,000	920,000
Costs related to issue of shares		(151,611)	(70,620)
Proceeds from / (repayment of) borrowings		117,209	(100,000)
Net cash flows provided by financing activities		1,135,598	749,380
Net decrease in cash held		(86,637)	(3,536,834)
Cash at beginning of financial year		87,804	3,624,638
Cash at end of financial year	9	1,167	87,804

The consolidated statement of cash flows should be read in conjunction with the notes to the financial statements set out on pages 22 to 59.

Notes to Financial Statements

1 Statement of Significant Accounting Policies

This financial report covers the consolidated group of Bounty Mining Limited and controlled entities incorporated and domiciled in Australia (“Bounty” or “The Group”).

The separate financial statements of the parent entity, Bounty Mining Limited, have not been presented within this financial report as permitted by the Corporations Act 2001.

Basis of preparation

This financial report is a general purpose financial report, prepared in accordance with the Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial reports containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

Except for cashflow information, the financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial report is presented in Australian dollars.

The financial report was authorised for issue on 29 September 2015 by the Board of Directors.

(a) Going concern

As at 30 June 2015, the Group’s current liabilities exceeded current assets by \$0.2m, and total liabilities exceeded total assets by \$0.8m. The consolidated entity had net financial liabilities of \$3.4m at 30 June 2015 (FY2014: \$2.8m), incurred a loss from continuing operations for the year of \$5m

including a non-cash impairment provision of \$3.5m (FY2014: loss of \$2.2m), and had a deficiency in net cash flows from operating activities of \$0.8m (FY2014: deficiency of \$3.2m). The Parent entity incurred a loss for the year of \$4.5m and the Parent entity's total liabilities exceed total assets by \$0.3m.

While the Company remains in active discussion with a number of interested parties regarding other financing options, through the issue of equity or the sale of equipment not currently in use, no funding commitments have been received at the time of release of this document. The directors cannot be certain therefore that sufficient capital will be raised to fund the Company's existing commitments or any future activities.

Bounty also has the continued support of its secured lender, VETL Pty Ltd ("VETL"), a company associated with Chairman Gary Cochrane, through the willingness of VETL to vary the loan agreement when required to allow Bounty to sell items of equipment over which it has a charge. The balance of the loan is due for repayment on 31 December 2016 if not extinguished by other means prior to that date.

Should the Directors not achieve the matters set out above, there is material uncertainty whether the consolidated entity will be able to continue as a going concern.

If part or the whole of the consolidated entity is not able to continue as a going concern, it may be required to realise assets and extinguish liabilities other than in the normal course of business and at amounts different to those stated in the financial report.

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

(b) Principles of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Bounty Mining Limited) and all of its subsidiaries, where subsidiaries are entities controlled by the parent. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of subsidiaries is provided in Note 24.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases.

All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, are fully eliminated on consolidation. Accounting policies of subsidiaries are consistent with those policies applied by the parent entity. All subsidiaries have a June financial year-end.

(c) Revenue recognition

Revenue from rendering of services

Revenue from contracts is recognised when the service is rendered to the customer.

Interest income

Interest income is recognised as it accrues, taking into account the effective yield on the financial assets.

All revenue is stated net of the amount of goods and services tax ("GST").

(d) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables are shown inclusive of GST. The amounts of GST recoverable from, or payable to, the ATO are included as a current asset or liability in the statement of financial position.

Cash flows are included in the statements of cash flows on a gross basis. The GST components of cashflows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cashflows included in receipts from customers or payments to suppliers.

(e) Foreign currency transactions

Foreign currency transactions are related to purchases of equipment and spare parts from overseas suppliers. These transactions are translated into Australian currency at the rates of exchange

prevailing at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are translated at the rates of exchange ruling on that date.

(f) Borrowing costs

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings and lease finance charges. Borrowing costs are expensed as incurred.

(g) Income tax

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

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

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

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

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

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

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

Tax Consolidation

Bounty Mining Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. Each entity in the Group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. The Group notified the Australian Tax Office that it had formed an income tax consolidated group to apply from March 2005. The tax consolidated group has entered a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. Contributions to fund the current tax liabilities are satisfied via a credit or debit to the member's intercompany account with the head entity.

(h) Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the net profit attributable to members of the parent entity for the reporting period, after excluding any costs of servicing equity (other than ordinary shares and converting preference shares classified as ordinary shares for EPS calculation purposes), by the weighted average number of ordinary shares of the Company, adjusted for any bonus issue.

(i) Fair Value

The Group subsequently measures some of its assets at fair value on a non-recurring basis. Fair value is the price the Group would receive to sell an asset in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset. The fair values of assets that are not traded in an active market

are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs). For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

(j) Inventories

Tools and critical spare parts used within the business are carried at the lower of cost and net realisable value. See Note 1 (x) Key estimates for information on the impairment of the value of inventory as at 30 June 2015.

(k) Plant and equipment

Each class of plant and equipment is carried at cost or fair value as indicated, less, where applicable, any accumulated depreciation and impairment losses.

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

The cost of fixed assets constructed and refurbished within the economic entity includes the cost of materials, direct labour and an appropriate proportion of fixed and variable overheads.

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

Depreciation and amortisation

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use:

- The mechanical component of the asset is depreciated on the basis of usage; and
- The electrical component is depreciated on the basis of time as its value deteriorates with age regardless of usage.

As plant and equipment has been in storage under care and maintenance since August 2013, only the electrical component has continued to be depreciated since that time. The electrical component is fully written off at 30 June 2015.

The expected useful lives for each class of assets are as follows:

Plant and equipment	4 - 6 years
Office furniture	3.33 – 8.88 years
Motor vehicles	3.33 years
Computer equipment	2.66 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Depreciation and amortisation rates and methods are reviewed annually for appropriateness.

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

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

(l) Evaluation and Exploration asset

Exploration and evaluation expenditures incurred are capitalised in respect of each identifiable area of interest. They are only capitalised to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area.

(m) Leased assets

Operating leases

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

(n) Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances, term deposits and deposits at call.

(o) Impairment of Assets

At each reporting date, the group reviews the carrying values of its assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, in normal operational circumstances the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and its 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 statement of comprehensive income. However as the plant and equipment and capital works in progress have been placed in care and maintenance since August 2013, the Board has determined that value in use is not an appropriate basis for measuring the recoverable amount in those circumstances. Accordingly the Board considers the lower of carrying value and fair value less costs to sell shall be used to measure all plant and equipment and capital works in progress.

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

(p) Issued capital

Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit.

(q) Trade and other receivables

Trade and other receivables include amounts due from customers for services performed in the ordinary course of business. Trade and other receivables are stated at cost less impairment losses. Refer to Note 1 (o).

(r) Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. Trade and other payables are stated at cost. Trade payables are non-interest bearing and are normally settled on 15 – 30 day terms.

(s) Financial Instruments

Initial recognition and measurement of financial assets and financial liabilities occurs when the Group becomes a party to the contractual provisions to the instrument.

Financial liabilities

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of comprehensive income over the period of the borrowings on an effective interest basis.

Bank loans are recognised at their principal amount, subject to set-off arrangements. Interest expense is accrued at the contracted rate and included in note 15 *Financial Liabilities*.

(t) Expenses

Operating lease payments

Payments made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives are recognised in the statement of comprehensive income as an integral part of the total lease expense and spread over the lease term.

(u) Provisions

A provision is recognised when a legal or constructive obligation exists as a result of a past event, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amount required to settle the obligation at the end of the reporting period.

(v) Employee entitlements

Wages, salaries, annual leave and sick leave

The provisions for employee entitlements to wages, salaries, annual leave, sick leave and long service leave represent present obligations resulting from employees' services provided up to the balance date. Employee benefits are expected to be settled within one year, and have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Superannuation plans

The Company contributes to defined contribution superannuation plans. Contributions are charged against income as they are made. The Company and its controlled entities have no legal or constructive obligation to fund any deficit.

(w) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

(x) Critical accounting estimates

The Directors evaluate estimates incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group. Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Key estimates**Impairment**

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using fair value less cost to sell calculations which incorporate various key assumptions.

In previous years the company's policy was to commission an external valuation of the equipment and spares parts / inventory for the purposes of completing the annual accounts.

In July 2015 the Company's Continuous Miner and its spare parts were sold to a private purchaser for \$0.25m and \$0.05m respectively, which the board considers to be a fair value in the current market. This represented a significant discount to the Written Down Value as shown below.

Item	Written down value ("WDV") at 30 June 2015 before impairment	Sale value	% discount between WDV and sale value
Continuous Miner	\$1.1m	\$0.25m	(78%)
Related spare parts / inventory	\$0.26m	\$0.05m	(81%)

A decision was therefore taken that the Fair Market Value of assets at 30 June 2015 would be best estimated by applying a discount of 78% (\$3,147,738) to the written down value of all items of mining equipment and 81% (\$380,455) to the written down value of all spare parts / inventory.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as electrical coding information, and lease terms (for leased assets). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Bounty's mining contract expired on 30 July 2013. The expiry of the contract did not impact on the useful life of the equipment.

Deferred Tax Assets

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised. Based on the uncertainty of the timing of future profits management have not recognised any deferred tax assets.

Key Judgements

Exploration and Evaluation Asset

In respect of the Wongai Project expenditure recognised as an Exploration and Evaluation asset under AASB 6 "Exploration for and Evaluation of Mineral Resources", the Group has assessed that the exploration activities are not yet sufficiently advanced to make an assessment about the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to the area of interest are continuing.

Going Concern: Refer to details in Note 1(a).

Change in Accounting Policy

There have been no changes in accounting policy during the financial year.

		Consolidated Group	
		2015	2014
		\$	\$
2	Revenue		
	Revenue from ordinary activities		
	Rendering of services	-	1,471,026
	Other revenues		
	- Interest income	1,393	8,381
	- Gain on disposal of property, plant and equipment	351	1,975
	Sub-total other revenues	1,744	10,357
	Total Revenue	1,744	1,481,383

3 Loss for the year

Loss from ordinary activities before income tax expense has been arrived at after charging the following items:

Expenses

Depreciation and amortisation of:

- Plant & equipment	392,829	432,610
- Office furniture	1,223	3,161
- Motor vehicles	1,113	6,744
	395,165	442,515
Impairment of assets	3,528,193	-
Rental expense on operating leases	285,401	347,487
Finance costs	158,126	697,949

		Consolidated Group	
		2015	2014
		\$	\$
4	Employee expenses		
	Wages and Salaries	110,738	2,798,255
	Other associated personnel expenses	4,583	305,523
	Contributions to defined contribution superannuation funds	10,416	108,558
	Decrease in liability for leave	(15,216)	(1,982,517)
	Contractors Expenses	317,600	200,257
		428,121	1,430,076
5	Remuneration of auditors		
	Audit or review of financial reports	42,520	41,805
	Taxation and other services	21,436	10,319
	Total audit and other services	63,956	52,124
6	Income Tax		
	The components of tax expense comprise:		
	Current tax	-	-
	Deferred tax	-	-
		-	-

6 Income Tax (continued)

The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:

	Consolidated Group	
	2015	2014
	\$	\$
Prima facie tax on loss from ordinary activities before income tax at 30% (2014:30%)	(1,514,298)	(647,225)
Add: tax effect of:		
- Non-allowable items	126,226	166,934
- Unrealised impairment of assets	1,058,458	-
- Tax assets not brought to account	586,523	1,466,678
Deduct: tax effect of:		
- Movement in provisions	(4,565)	(594,755)
- Exploration expenditure	(53,060)	(152,889)
- Other allowable items	(199,284)	(238,743)
Income tax charge attributable to entity	-	-

Tax consolidation

Bounty Mining Limited and its 100% owned Australian resident subsidiaries formed a tax consolidated group with effect from 31 March 2005 and reset the tax values of the assets of its subsidiaries on entering the tax consolidation regime.

Deferred tax assets not brought to account

The Directors estimate that at 30 June 2015 the amount of deferred tax assets not brought to account are:

- Operating losses – \$10,218,696 (2014: \$9,633,453)
- Capital losses – \$341,885 (2014: \$341,885)
- Temporary differences not recognised \$1,602,568 (2014: \$641,091)

These amounts have no expiry date.

6 Income Tax (continued)

The benefit of deferred tax assets and tax losses will only be obtained if:

- i. The consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- ii. The consolidated entity continues to comply with the conditions for deductibility imposed by the tax legislation; and
- iii. No changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deductions for the losses.

7 Earnings per Share

Consolidated Group	
2015	2014
\$	\$

The following reflects the income and share data used in the calculation of basic earnings per share (eps):

Net loss	(5,047,661)	(2,157,414)
Earnings used in calculating basic eps	(5,047,661)	(2,157,414)
Parent Company		
	2015	2014
	No.	No.
Weighted average number of ordinary shares used in calculating basic eps	715,571,923	504,171,532

8 Segment Reporting

Inter-segment pricing is determined on an arm's length basis. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate expenses.

Business segments

During FY2015 the operations of the consolidated entity comprised the development of the Wongai Coal Project. No segment report has therefore been prepared for FY2015.

8 Segment Reporting (continued)

During FY2014 the consolidated entity comprised the following main business segments

- Contract Mining (with production mining during July 2013)
- Development of Wongai Coal Project (from August 2013).

(i) Segment performance

Year to 30 June 2014	Contract Mining \$	Development of Wongai Coal Project \$	Corporate Office \$	Total \$
Revenue				
External sales	1,376,894	-	94,132	1,471,026
Intersegment sales	160,372	-	-	160,372
Total segment revenue	1,537,266	-	94,132	1,631,398

Reconciliation of segment revenue to group revenue:

Other revenue	10,357
Intersegment elimination	(160,372)
Total group revenue	1,481,383

Segment net profit / (loss) from continuing operations before tax

165,901	-	(1,182,851)	(1,016,950)
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Reconciliation of segment result to group net loss before tax:

Depreciation and amortisation expense	(441,327)	-	(1,188)	(442,515)
Finance costs				(697,949)
Net loss before tax from continuing operations				(2,157,414)

(ii) Segment assets

30 June 2014	Contract Mining \$	Development of Wongai Coal Project \$	Corporate Office \$	Total \$
Segment assets	4,961,932	995,185	3,247,182	9,204,299
Segment assets include:				
Additions to non-current assets	111,412			111,412
Exploration and evaluation asset		995,185		995,185

Reconciliation of segment assets to group assets:

Intersegment eliminations	(3,073,062)
Total group assets	6,131,238

8 Segment Reporting (continued)**(iii) Segment liabilities**

	Contract Mining	Development of Wongai Coal Project	Corporate Office	Total
	\$	\$	\$	\$
Segment liabilities	2,086,168	995,185	120,668	3,202,021
Reconciliation of segment liabilities to group liabilities:				
Intersegment eliminations				(3,073,062)
Related party liability				2,790,734
Total group liabilities				2,919,693

Consolidated Group**2015****\$****2014****\$****9 Cash and cash equivalents**

Cash at bank and on hand	1,167	87,804
	1,167	87,804

10 Trade and other receivables**Current**

Trade debtors (a)	49,519	49,519
Less: impairment	(49,519)	(49,519)
Goods and Services tax receivable	1,346	2,398
	1,346	2,398

(a) Trade debtors are non-interest bearing and generally on 14 day terms.

11 Inventories

Spares and tools inventory at carrying amount: (refer to Note1 (j))	88,753	469,208
	88,753	69,208

12 Other current assets

Prepayments	69,139	51,938
Deposits	93,534	93,533
	162,673	145,471

13 Property, plant and equipment

	Consolidated Group	
	2015	2014
	\$	\$
Plant and equipment not in use (at cost)	5,037,056	5,037,055
Less: accumulated depreciation	(3,078,777)	(2,818,415)
Less: impairment	(1,596,511)	(313,163)
	361,768	1,905,477
Capital works in progress (at cost)	6,694,150	6,694,150
Less: accumulated depreciation	(1,870,627)	(1,738,160)
Less: impairment	(4,297,670)	(2,433,280)
	525,853	2,522,710
Office furniture and fittings (at cost)	139,461	143,481
Less: accumulated depreciation	(139,461)	(141,609)
	-	1,872
Motor Vehicles (at cost)	20,438	20,438
Less: accumulated depreciation	(20,438)	(19,325)
	-	1,113
Total	887,621	4,431,172

(a) VETL Pty Ltd, a company associated with Chairman Gary Cochrane, is owed \$2.9m by wholly owned subsidiary Bounty Equipment Leasing Pty Ltd as at 30 June 2015 (see Note 15). The loan is secured by a fixed and floating charge over the assets and undertaking of the Consolidated Bounty Group. The interest rate on the loan is 9.72% p.a. By agreement between VETL and Bounty no interest has been charged for the period 1 January 2015 and 30 June 2015. This arrangement has been extended until 31 October 2015 at which time this will be reviewed further. Subsequent to the end of the financial year VETL has agreed to release its charge over an item of equipment allowing the Company to sell that item to raise funds. A guarantee and indemnity has been given by Bounty Mining Limited and Bounty Operations Pty Ltd.

13 Property, plant and equipment (continued)

Movement in carrying amount	Consolidated Group
	2015
	\$
Plant and equipment not in use	
Carrying amount at 1 July 2014	1,905,477
Depreciation expense (note 3)	(260,361)
Provision for impairment	(1,283,348)
Carrying amount at 30 June 2015	361,768
Capital works	
Carrying amount at 1 July 2014	2,522,710
Depreciation expense (note 3)	(132,467)
Provision for impairment	(1,864,390)
Carrying amount at 30 June 2015	525,853
Office furniture & fittings	
Carrying amount at 1 July 2014	1,872
Depreciation expense (note 3)	(1,223)
Disposals	(649)
Carrying amount at 30 June 2015	-
Motor vehicles (owned)	
Carrying amount at 1 July 2014	1,113
Depreciation expense (note 3)	(1,113)
Carrying amount at 30 June 2015	-
Total	887,621

Depreciation charges during FY2015 reflect the life cycles of the mechanical and electrical components of the equipment. Refer to Note 1(k).

13 Property, plant and equipment (continued)

The Group initially recognises and measures its Plant and Equipment and Capital Works in Progress at cost. The Group subsequently measures some items of its plant and equipment and capital works in progress at fair value on a non-recurring basis in accordance with AASB136: Impairment of Assets. Refer to Note 1 (o).

Fair Value Measurement

AASB 13 Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that is an input that is significant to the measurement can be categorised into as follows:

- Level 1: Measurements based on quoted prices in active markets for identical assets that the entity can access at the measurement date.
- Level 2: Measurements based on inputs other than the quoted prices included in Level 1, but that are observable for the asset, either directly or indirectly.
- Level 3: Measurements based on unobservable inputs for the asset or liability.

Bounty's management considers that the inputs used for the fair value measurement are Level 2 inputs.

Valuation techniques

AASB 13 requires the valuation technique used to be consistent with one of the following valuation approaches:

- Market approach: techniques that use prices and other information generated by market transactions for identical or similar assets.
- Income approach: techniques that convert future cashflows or income and expenses into a single discounted present value;
- Cost approach: techniques that reflect the current replacement cost of an asset at its current service capacity.

Bounty's management considers that the market approach is the appropriate valuation technique in relation to its plant and equipment and capital works in progress, as it is currently not in use.

Bounty considers that the sales value obtained in July 2015 represents a Level 2 category of measurement (see "key estimates – Impairment" on page 31 above).

13 Property, plant and equipment (continued)

In FY2014 Bounty commissioned an external independent valuer to conduct a valuation of its plant and equipment and capital works in progress at 30 June 2014 using a market approach technique. The technique used recent observable market data for similar equipment both in Australia and in other markets.

Non-Recurring fair value measurements:

	Level 2	
	2015	2014
Plant and equipment not in use	361,768	1,829,833
Capital works	525,853	1,620,694
	<u>887,621</u>	<u>3,450,527</u>

The highest and best use of the assets is the value in use, using the income approach technique. The Board has determined that value in use is not an appropriate basis for measuring the recoverable amount in the current economic conditions.

14 Trade and other payables

Current

		Consolidated Group	
		2015	2014
		\$	\$
Trade creditors	(a)	303,826	42,986
Other creditors and accruals		37,894	46,015
		<u>341,720</u>	<u>89,001</u>

(a) Standard terms of trade accounts payable are settlement within 15 - 30 days.

		Consolidated Group	
		2015	2014
		\$	\$
15 Financial liabilities			
Current			
Unsecured Loans		12,578	13,583
Unsecured Convertible Notes	(a)	113,584	-
Unsecured Related party liability	(b)	17,200	-
		143,362	13,583
Non current			
Related party secured loan	(c)	2,930,302	2,790,733
		2,930,302	2,790,733
Total		3,073,664	2,804,316

- (a) On 15 August 2014 Bounty issued unquoted Convertible Notes at a conversion price of 2.6c per security and a maturity date of 14 November 2015 to raise \$0.1m. The funds were used to contribute to working capital, the commencement of the Phase 2 Works of the Wongai Project and the costs of issuing a prospectus.
- (b) During the financial year VETL made a further loan of \$17,200 to the Company to cover short-term working capital. This loan is separate from the main loan, being interest free and having no charge attached. The loan was partially repaid in August 2015.
- (c) In September 2009, VETL Pty Ltd ("VETL"), a company associated with Chairman Gary Cochrane, was assigned a loan from Westpac Banking Corporation, on the same commercial terms. Bounty continued to draw down funds under this facility between September 2009 and October 2011. Loan repayments of \$1m were made during FY2013 and FY2014. On 6 June 2014, with shareholders approval, 166,666,667 shares were issued to VETL at 3cps to convert \$5m of the loan to equity. The loan is secured by a fixed and floating charge over the assets and undertakings of the Consolidated Bounty Group. Interest is charged at 9.72% p.a. A guarantee and indemnity has been given by Bounty Mining Limited and Bounty Operations Pty Ltd. The maturity date of the loan has been extended to 31 December 2016. On 31 March 2015, Bounty and VETL agreed that no interest would be charged on the loan for six months commencing 1 January 2015. This arrangement has been extend by agreement until 31 October 2015 at which time it will be reviewed again.

16 Exploration and evaluation asset

	Consolidated Group	
	2015	2014
	\$	\$
Opening balance	995,185	-
Expenditure capitalised during the year	484,490	995,185
Closing balance	1,479,675	995,185

- i. Recoverability of the carrying amount of exploration asset is dependent on the successful development of the Wongai Coal Project.
- ii. The Wongai Coal Project is carried on through a joint operation. Bounty considers that it has joint control of the Wongai Coal Project, because decisions about the key activities that significantly affect the returns from the Project require the unanimous consent of the joint operators sharing control. As the parties have rights to the assets and obligations for the liabilities relating to the Project, it is a joint operation.

The main elements of the joint operation are set out below:

- i. The joint operation is titled the Wongai Coal Joint Venture ("WCJV"). The operation commenced on 15 February 2014 and consists of several agreements.
- ii. The participants are Aust-pac Capital P/L ("Austpac") (in its own capacity and in its capacity as trustee of the Wongai Unit Trust) and Bounty Mining Investments P/L ("BMI"). The purpose of the WCJV is to determine the extent of economically recoverable reserves of coking coal in the Wongai tenements through exploration, and then to proceed to mining once those reserves are proven.
- iii. Both participants are incorporated in Australia and the project is based in Queensland.
- iv. The management committee will include equal representation from both participants.
- v. BMI is sole funder of the operation until the Phase 3 works are completed.
- vi. Bounty continues to move the project from Concept Study stage to Prefeasibility Study stage and when this is complete will have earned 22.5% equity in the Wongai Project. The Farm-In Agreement allows Bounty to move to 48% equity once the Bankable Feasibility Stage is complete and then to acquire a further 3% to move to 51% ownership of the Project.

16 Exploration and evaluation asset (continued)

- vii. The participants are deemed to have participating interest of 52% for Austpac and 48% for BMI until the Phase 3 works are completed or BMI withdraws from the Farm-In agreement. Notwithstanding the deemed participating interests, decisions about key activities require unanimous consent of the participants as explained above.

Consolidated Group	
2015	2014
\$	\$

17 Short-term provisions

Employee benefits (note 26)

Opening balance	26,376	2,008,893
Additional provisions	7,789	119,733
Amount used	(23,005)	(2,102,250)
Closing balance	11,160	26,376

18 Issued capital

(a) Movements in ordinary share capital of the company during the year were as follows:

	Number of Shares	Share price	Total amount
Shares on issue at 1 July 2014	681,896,998		\$ 37,469,700
Issued for cash	53,653,851	various	\$1,170,000
Cost of capital raising			(\$139,193)
Shares on issue at 30 June 2015	735,550,849		\$ 38,500,507

18 Issued capital (continued)

Movements during FY2014 were as follows:

	Number of Shares	Share price	Total amount
Shares on issue at 1 July 2013	478,691,869		\$ 31,633,560
Issued for cash	36,538,432	various	\$920,000
Issued in partial conversion of loan	166,666,667	\$.03	5,000,000
Cost of capital raising			(\$83,860)
Shares on issue at 30 June 2015	681,896,998		\$ 37,469,700

Terms and Conditions of Ordinary Shares:

Ordinary shares have the right to receive dividends as declared and, in the event of a winding up of the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

(b) Capital Management

Management aims to control the capital of the Group in order to maintain a satisfactory debt to equity ratio, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern. The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets. There are no externally imposed capital requirements.

Consolidated Group	
2015	2014
\$	\$

19 Accumulated Losses

Accumulated losses at the beginning of the financial year	(37,431,113)	(35,273,699)
Net loss attributable to members of Bounty Mining Limited	(5,047,661)	(2,157,414)
Accumulated losses at the end of the financial year	(42,478,774)	(37,431,113)

20 Options Reserve

	Consolidated Group	
	2015	2014
	\$	\$
Opening Balance	3,172,958	3,172,958
Expense during the year	-	-
Closing Balance	3,172,958	3,172,958

The option reserve records items recognised as expenses on valuation of share options. The options reserve is used to record the share options issued to directors and executives of the Company. There are no listed or unlisted options on issue at 30 June 2015.

21 Commitments

	Consolidated Group	
	2015	2014
	\$	\$

(a) Capital expenditure commitments

There are no capital expenditure commitments at 30 June 2015 (2014: \$0)

(b) Non-cancellable operating lease expense commitments

Future operating lease commitments not provided for in the financial statements and payable:

Within one year	269,944	288,132
Later than one year but not later than five years	117,071	382,951
	387,015	671,083

22 Contingent Liabilities

There are no contingent liabilities at the date of this report.

23 Financial Risk Management

The group's financial instruments consist mainly of trade accounts receivable and payable and borrowings.

23 Financial Risk Management (continued)

The totals for each category of financial instruments, measured in accordance with AASB139 as detailed in the accounting policies to these financial statements, are as follows:

		Consolidated Group	
	Note	2015	2014
		\$	\$
Financial Assets			
Cash and cash equivalents	9	1,167	87,804
Trade and other receivables	10	1,346	2,398
		<u>2,513</u>	<u>90,202</u>
Financial Liabilities			
Financial liabilities at amortised cost			
Trade and other payables	14	341,720	89,001
Borrowings	15	3,073,664	2,804,316
		<u>3,415,384</u>	<u>2,893,317</u>
Net Financial Liabilities		<u>(3,412,871)</u>	<u>(2,803,115)</u>

Specific Financial Risk Exposures and Management

(a) Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at reporting date whereby a future change in interest rate will affect future cash flows or the fair value of fixed rate financial instruments. The group is also exposed to earnings volatility on floating rates.

Interest rate risk is managed with a mixture of fixed and floating rate debt. At 30 June 2015 100% of group debt is provided by a fixed rate loan. Group policy is to keep between 65% and 100% of debt on fixed interest rates.

(b) Credit risk

The entity's maximum exposure for credit risks at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the statement of financial position.

(c) Price risk

The group's exposure to price risk is limited as its contracts with customers are at a fixed price.

23 Financial Risk Management (continued)

(d) Liquidity risk

Liquidity risk arises from the possibility that the group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The group seeks to manage this risk through the following mechanisms:

- Preparing forward looking cash flow analysis in relation to its operational, investing and financing activities;
- Monitoring undrawn credit facilities;
- Maintaining the support of a related party lender;
- Preparing for a capital raising to repay the main debt;
- Maintaining a reputable credit profile;
- Managing credit risk related to financial assets; and
- Comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The following table details the Bounty Group contractual maturity for non-derivative financial liabilities and is based on undiscounted cash flows of financial liabilities on the earliest date on which repayment can be required.

	Note	weighted average interest rate	Fixed interest maturing in:			Non-interest bearing	Total
			floating interest rate	1 year or less	1 year to 5 years		
			\$	\$	\$	\$	\$
2015							
Financial Assets							
Cash and cash equivalents	9	0.10%	1,067	-	-	100	1,167
Trade Receivables	10	n/a	-	-	-	1,346	1,346
Total financial assets			1,067	-	-	1,446	2,513
Financial Liabilities							
Trade and other creditors	14	n/a	-	-	-	303,826	303,826
Other creditors and accruals	14	n/a	-	-	-	37,894	37,894
Financial liabilities	15	6.71%	-	12,578	-	-	12,578
Convertible Loans		15.00%	-	113,584	-	-	113,584
Loans from Related party	15	9.72%	-	-	2,930,302	17,200	2,947,502
Total financial liabilities			-	126,162	2,930,302	358,920	3,415,384
Net Financial Liabilities							(3,412,871)

23 Financial Risk Management (continued)

			Fixed interest maturing in:				
	Note	weighted average interest rate	floating interest rate	1 year or less	1 year to 5 years	Non-interest bearing	Total
			\$	\$	\$	\$	\$
2014							
Financial Assets							
Cash and cash equivalents	9	0.10%	18,771	-	-	69,032	87,804
Trade Receivables	10	n/a	-	-	-	2,398	2,398
Total financial assets			18,771	-	-	71,430	90,202
Financial Liabilities							
Trade and other creditors	14	n/a	-	-	-	42,986	42,986
Other creditors and accruals	14	n/a	-	-	-	46,015	46,015
Other Loans	15	6.71%	-	13,583	-	-	13,583
Loans from Related party	15	9.72%	-	-	2,790,733	-	2,790,733
Total financial liabilities			-	13,583	2,790,733	89,002	2,893,317
Net Financial Liabilities							(2,803,115)

Consolidated Group	
2015	2014
\$	\$

Trade and sundry payables are expected to be paid as follow:

Less than 3 months	341,720	89,001
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Net Fair Value

The net fair value of financial assets and liabilities at balance date approximates their carrying amount.

Interest Rate Sensitivity Analysis

At 30 June 2015, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

23 Financial Risk Management (continued)

	Consolidated Group	
	2015	2014
	\$	\$
Change in profit and equity:		
Increase in interest rate by 2%	21	375
Decrease interest rate by 2%	(1)	(19)

24 Controlled Entities

	2015	2014
Particulars in relation to controlled entities		
Parent entity		
Bounty Mining Limited		
Controlled entities		
Bounty Mining Limited controls the following entities:		
Bounty Equipment Leasing Pty Limited	100%	100%
Bounty Operations Pty Limited	100%	100%
Bounty Personnel Pty Limited	100%	100%
Bounty Mining Investments Pty Limited	100%	100%

25 Cash Flow Information

Reconciliation of Cash Flows from Operations with Loss after Income Tax

	Consolidated Group	
	2015	2014
	\$	\$
Loss after income tax	(5,047,661)	(2,157,414)
Add non-cash items:		
Depreciation & amortisation of fixed assets	395,165	442,515
Impairment of equipment and inventories (Note 1(x))	3,528,193	-
Gain on disposal of fixed assets	(351)	(1,976)
Net cash used in operating activities before change in assets and liabilities	(1,124,655)	(1,716,874)
Change in assets and liabilities:		
Decrease in receivables	1,052	1,555,077
Decrease in inventories	-	7,811
(Increase) / decrease in other assets	(17,202)	112,924
Increase / (decrease) in payables	226,154	(1,673,617)
Decrease in employee entitlements	(15,216)	(1,982,517)
Increase in accrued interest	153,144	514,521
Net cash flow used by operating activities	(776,722)	(3,182,676)

26 Employee Benefits

	Consolidated Group	
	2015	2014
	\$	\$
Current	11,160	26,376
Number of employees at year end *	1	2

* This excludes non-executive directors.

Superannuation Plan: The Company contributes to a number of defined contribution superannuation plans. The Company and its controlled entities have no legal or constructive obligation to fund any plan deficit. Company payments to superannuation plans are up to date.

27 Related Party Transactions

The Group's main related party is VETL Pty Ltd ("VETL"), a company associated with Chairman Gary Cochrane. For details of disclosures relating to the VETL loan, refer to Note 15(c): Financial Liabilities.

		Consolidated Group	
		2015	2014
		\$	\$
Beginning of the year		2,790,733	7,376,212
Loan converted to equity		-	(5,000,000)
Loan repaid		-	(100,000)
Interest charged	(a)	139,568	692,788
Interest paid		-	(178,267)
End of the year		2,930,302	2,790,733

(a) The loan was assigned to VETL from the Company's external financiers in September 2009 under the same terms and conditions. The loan is therefore considered to be at an arm's length basis. Interest is charged at 9.72% p.a. The loan is due for payment on 31 December 2016. By agreement with the lender, no interest has been charged on the loan after 31 December 2014. This arrangement remains in place until 31 October 2015 at which time the arrangement will be reviewed.

During the year VETL advanced a further \$17,200 in short-term debt to cover working capital. This is an interest free unsecured loan to be repaid as funds become available. The loan does not form part of the main loan described above. Subsequent to the balance date, Bounty repaid \$5,500 of this loan.

During the financial year, Chairman Gary Cochrane earned \$120,000 (2014: \$70,000) (exc. GST) as a consultancy fee in relation to his role as Chief Executive Officer. Please see Remuneration Report for further details.

28 Parent entity disclosures

Financial position	2015	2014
	\$	\$
Assets		
Current assets	96,954	3,246,442
Non-current assets	-	741
Total assets	96,954	3,247,183
Liabilities		
Current liabilities	422,136	120,669
Total liabilities	422,136	120,669
Net assets	(325,182)	3,126,514
Equity		
Issued capital	38,500,507	37,469,700
Accumulated losses	(41,998,647)	(37,516,144)
Reserves	3,172,958	3,172,958
Total equity	(325,182)	3,126,514

Financial performance

	2015	2014
	\$	\$
Loss for the year	(4,482,503)	(1,189,198)
Other comprehensive income	-	-
Total comprehensive loss	(4,482,503)	(1,189,198)

The loss for the year includes a provision for impairment of \$3.8m against a loan made by the parent company to a subsidiary where, based on the assets of those subsidiaries, there is a reduced capacity to repay the loans.

Also refer to Note 1 (a) Going Concern.

29 Share Based Payments

No securities were issued to employees under any plan in FY2015 (FY2014: nil).

30 Economic Dependency

Bounty conducts capital raisings to fund working capital and investment in the Wongai Coal project.

31 Subsequent Events

The Wongai Project had Coordinated Project Status which expired on 31 July 2015 when the Environmental Impact Statement was not submitted by the due date. Bounty can reapply for Coordinated Project Status at a later date. The loss of coordinated project status removes the coordinated support from the Coordinator General's office. Each individual Government Department will continue to provide the support and review required under the various applicable regulations, legislations and guidelines. Bounty Mining will still continue to meet with all relevant Government Departments.

The Wongai Project consists of two Exploration Licences: EPC 2334 and EPC 2687. All values and resources ascribed to the Wongai Project relate to EPC 2334. No value or resources has been ascribed to EPC2687, and no physical work has been undertaken at the site of EPC 2687. Due to the current difficult market for fund raising, in July 2015 the Company applied to surrender EPC 2687 and is awaiting a response from the Department of Natural Resources and Mining.

In July 2015 Bounty's board identified an opportunity to sell some items of mining equipment which are not currently in use and which could be replaced by rental equipment if a mining contract is forthcoming. One piece of equipment, our Continuous Miner, was sold to a private purchaser for \$0.3m which the Board considers to be a fair value in the current market as it was the highest of three bids received.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which have significantly affected or could significantly affect the operations of the consolidated group, the results of the operations or the state of affairs of the consolidated group in future financial years.

32 New and amended Accounting Policies adopted by the Group

The Group adopted the following Australian Accounting Standards and Interpretation from the mandatory application date of 1 January 2014:

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

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

AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities

AASB Interpretation 21 Levies

The adoption of these new accounting standards and interpretation has not had a significant impact on the Group's financial statements.

The Group adopted the following Australian Accounting Standards from the mandatory application date of 1 July 2014:

AASB 2014-1: Amendments to Australian Accounting Standards (Parts A, B and C)

Part A of this Standard is applicable to annual reporting periods beginning on or after 1 July 2014 and makes the following significant amendments:

- revises/adds the definitions of the terms "market condition", "performance condition" and "service condition" in AASB 2: *Share-based Payment*;
- clarifies that contingent considerations arising in a business combination should be accounted for as items of equity or liability and not as provisions in accordance with AASB 137: *Provisions, Contingent Liabilities and Contingent Assets*;
- requires additional disclosures when an entity aggregates its operating segments into one reportable segment in accordance with AASB 8: *Operating Segments*; and
- includes an entity that provides key management personnel services (a "management entity") to a reporting entity (or a parent of the reporting entity) within the definition of a "related party" in AASB 124: *Related Party Disclosures*.

This part also makes other editorial corrections to various Australian Accounting Standards; however, it is not expected to have a significant impact on the Group's financial statements.

Part B of this Standard is applicable to annual reporting periods beginning on or after 1 July 2014 and permits an entity to recognise the amount of contributions from employees or third parties in a defined benefit plan as a reduction in service cost for the period in which the related service is rendered, if the

32 New and amended Accounting Policies adopted by the Group (continued)

amount of contributions is independent of the number of years of service. This part is not expected to have a significant impact on the Group's financial statements.

Part C of this Standard is applicable to annual reporting periods beginning on or after 1 July 2014 and deletes the reference to AASB 1031: *Materiality* in particular Australian Accounting Standards. This part is not expected to have a significant impact on the Group's financial statements.

33 New Accounting Standards for Application in Future Periods

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

– AASB 2014-1: *Amendments to Australian Accounting Standards (Parts D and E)*

Part D of this Standard is applicable to annual reporting periods beginning on or after 1 January 2016 and makes amendments to AASB 1: *First-time Adoption of Australian Accounting Standards*, which arise from the issuance of AASB 14: *Regulatory Deferral Accounts* in June 2014. AASB 14 permits first-time adopters to continue to account for amounts related to rate regulation in accordance with their previous GAAP when they adopt Australian Accounting Standards. In line with management's assessment of AASB 14, this part is not expected to have a significant impact on the Group's financial statements.

Part E of this Standard is applicable to annual reporting periods beginning on or after 1 January 2015 and defers the application date of AASB 9 (December 2010) to annual reporting periods beginning on or after 1 January 2018. This part also makes consequential amendments to hedge accounting disclosures set out in AASB 7: *Financial Instruments: Disclosures*, and to AASB 132: *Financial Instruments: Presentation* to permit irrevocable designation of "own use contracts" as measured at fair value through profit or loss if the designation eliminates or significantly reduces an accounting mismatch. Management believes that there will not be any significant impact on the Group's financial statements on adoption of this part of the Standard.

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

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

33 New Accounting Standards for Application in Future Periods (continued)

The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective. Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

– **AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods commencing on or after 1 January 2017).**

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

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

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

This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

33 New Accounting Standards for Application in Future Periods (continued)

– AASB 2014-3: Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations

This Standard is applicable to annual reporting periods beginning on or after 1 January 2016. It amends AASB 11: *Joint Arrangements* to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: *Business Combinations*, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations. Since adoption of this Standard would impact only acquisition of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the Group's financial statements.

7 DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Bounty Mining Limited, the directors of the Company declare:

- 1 that the financial statements and notes set out in pages 18 to 59 are in accordance with the Corporations Act 2001, and:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2015 and of the performance for the year ended on that date of the Company and Consolidated Entity; and
 - (c) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1 (a).
- 2 that the Chief Executive Officer and Chief Financial Officer have each declared that:
 - (a) the financial records of the Consolidated Entity for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001; and
 - (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - (c) the financial statements and notes for the financial year give a true and fair view;
- 3 In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated this 29th day of September 2015.

Signed in accordance with a resolution of the Directors:



Gary Cochrane
Chairman



Russell Bedford NSW

Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOUNTY MINING LIMITED

Report on the financial report

We have audited the accompanying financial report of Bounty Mining Limited which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes to the financial statements 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 controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. 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. Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

Matters Relating to Electronic Publication of the Audited Financial Report

This audit report relates to the financial report of Bounty Mining Limited for the year ended 30 June 2015 included on the website of Bounty Mining Limited. The directors of the company are responsible for the integrity of the website and we have not been engaged to report on this integrity. This audit report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial report. If users of the financial report are concerned with the inherent risk arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

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Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report. In addition to our audit of the financial report we were engaged to undertake services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditor's opinion

In our opinion:

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

Emphasis of Matter

Without qualification to the opinion expressed above, we draw attention to Note 1(a) - Going Concern in the financial statements which indicates that as at 30 June 2015, the Group's current liabilities exceeded current assets by \$0.2m and total liabilities exceeded total assets by \$0.8m. The consolidated entity had net financial liabilities of \$3.4m at 30 June 2015, incurred a loss from continuing operations of \$5.0m, and had net cash outflows from operating activities of \$0.8m. Further, Note 28 – Parent Entity Disclosures indicate a loss for the year of \$4.5m and the Parent entity's total liabilities exceed total assets by \$0.3m. These conditions, along with other matters as set forth in Note 1(a), indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 15 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion on The Remuneration Report

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

RUSSELL BEDFORD NSW
Chartered Accountants



MALCOLM BEARD, M.Com, FCA
Partner

Sydney, 29th September 2015

8 ASX ADDITIONAL INFORMATION

The shareholder information set out below was applicable as at **29 September 2015.**

A. Distribution of equity securities

Analysis of equity security holders by size of holding

	Number of shareholders	Ordinary Shares Held
1 - 1000	12	4,665
1,001 - 5,000	107	324,457
5,001 - 10,000	112	947,792
10,001 - 100,000	431	18,001,506
More than 100,000	301	716,277,429
Total	963	735,550,849

There were 447 holders of less than a marketable parcel of ordinary shares @ 1.5cents.

B. Equity security holders

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

	Ordinary Shares Number held	Percentage of issued shares
VETL Pty Ltd <Cochrane Treasury Trust>	166,666,667	22.7%
VETL Pty Ltd <Moongunya Investment A/C>	80,788,991	11.0%
Redland Plains Pty Ltd <Majestic Investment Fund>	76,537,183	10.4%
Premier Logistics Services Pty Ltd	40,786,667	5.5%
HSBC Custody Nominees (Australia) Pty Ltd	35,236,499	4.8%
UBS Wealth Management Australia	33,769,231	4.6%
Martin Place Securities Nominees Pty Ltd	24,400,000	3.3%
Alcardo Investments Limited	19,906,198	2.7%
Martin Place Securities Staff Super Fund a/c	13,655,049	1.9%
Mrs Connie Cook	12,689,455	1.7%
Mrs Sharon Mahon	10,022,788	1.4%
National Nominees Limited	7,924,744	1.1%
KNT International Company Limited	7,500,000	1.0%
M Resources Trading Pty Ltd	7,500,000	1.0%
The Deputy Commissioner of Taxation	6,220,340	0.8%
Minequip Pty Ltd	6,169,360	0.8%
WHI Pty Ltd	5,787,259	0.8%
Mr Colin Knox <Korihi a/c>	5,066,509	0.7%
Sun Pacific Resources Pty Ltd	5,000,000	0.7%
Locope Pty Ltd	4,500,000	0.6%
	570,126,940	77.5%

There are no other categories of securities on issue.

8 ASX ADDITIONAL INFORMATION (continued)

C. Substantial holders

Substantial holders in the company are set out below:

Shareholder Name	Number Held	Percentage
VETL Pty Ltd <Cochrane Treasury Trust> (a)	166,666,667	22.7%
VETL Pty Ltd <Moongunya Investment A/C> (a)	80,788,991	11.0%
Redland Plains Pty Ltd <Majestic Investment Fund> (b)	76,537,183	10.4%
Premier Logistics Services Pty Ltd (b)	40,786,667	5.5%

(a) Both of these investing entities have a common director.

(b) Both of these investing entities have a common director.

D. Voting rights

The voting rights attaching to ordinary shares are set out below:

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.

Annual General Meeting

Bounty's Annual General Meeting will be held at 11am on Thursday 26 November 2015 at Bounty's Sydney office. If you would prefer to receive Notice of Meeting Documents electronically instead of via mail please contact the Company Secretary on:

Eryl.baron@bounty.com.au

02 8965 0200

Corporate Governance

The Company's Corporate Governance Statement and the Appendix 4G have been lodged on the ASX platform and on the Company's web-site at <http://www.bounty.com.au/investor-centre/corporate-governance>.