CELSIUS COAL LIMITED

A.B.N. 95 009 162 949

HALF-YEAR FINANCIAL REPORT

31 DECEMBER 2015

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CELSIUS COAL LIMITED
CORPORATE DIRECTORY

DIRECTORS

William Oliver – Non-Executive Chairman
Ranko Matic – Non-Executive Director
Alistair Muir – Non-Executive Director

COMPANY SECRETARY

Ranko Matic

AUDITORS

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Australian Securities Exchange Limited
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ASX Code: CLA

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Your Directors present their report together with the half-year financial report on the consolidated entity, consisting of Celsius Coal Limited and the entities it controlled at the end of, or during the half-year ended 31 December 2015.

Directors

The Directors in office at the date of this report and at any time during the half-year are as follows.

William Oliver	Non-Executive Director and Chairman
Alistair Muir	Non-Executive Director
Ranko Matic	Non-Executive Director

Review of Operations

Corporate:

The consolidated net loss of the Company after income tax for the six months ended 31 December 2015 amounted to $297,902 (31 December 2014: $19,580,539).

On 8 September 2015, the Company issued 12,077,300 fully paid ordinary shares at an issue price of $0.0009 to a creditor in lieu of payment of funds owed by the Company.

On 1 December 2015, the Company issued 196,369,444 fully paid ordinary shares at $0.0009 to the Directors in lieu of director fees, salaries and professional fees owed as per approval received at the Company's Annual General Meeting held on 30 November 2015.

Favourit Acquisition:

The Company announced on 26 October 2015 that it had entered into a binding heads of agreement with the shareholders of Favourit Global Pty Ltd (**Favourit**), a socially designed sports betting platform, to acquire 100% of the equity in Favourit (**Acquisition**). The material terms of the Acquisition are detailed in the ASX Release of 26 October 2015. The Acquisition was approved by shareholders at a meeting on 28 January 2016 and both parties are now working to satisfy the Conditions Precedent prior to settlement of the Acquisition.

Favourit is a leading Australian technology company operating in the global wagering & gaming industry since 2013. Favourit has developed a global socially designed sports betting platform offering punters unique insights, betting trends and the ability to follow and copy top punters. Favourit's platform has demonstrated potential for strong growth and operates in a global online marketplace valued at over AUD$52Bn (Source: Statista - http://www.statista.com/statistics/253416/global-gambling-market-gross-win/). Favourit's platform is available on web, mobile and tablet in multiple languages and currencies.

Favourit currently operates a real money sports book under UK and Malta licensing experiencing high growth in key KPIs, with plans to aggressively expand to other regulated jurisdictions to leverage its unique global platform.

Favourit currently operates a real money sports book under UK and Malta licensing experiencing high growth in key KPIs, with plans to aggressively expand to other regulated jurisdictions to leverage its unique global platform.

As detailed in the announcement of 26 October 2015 the Acquisition will be a significant change to the nature and scale of Celsius' business activities which will require re-compliance with the ASX's admission requirements in Chapter 1 and Chapter 2 of the ASX Listing Rules.

On 28 January 2016 the Company held a General Meeting, seeking shareholder approval for 22 resolutions associated with the acquisition of Favourit, including a consolidation of capital at 2000 to 1. Details of the resolutions are contained in the Notice of Meeting lodged with the ASX on 23rd December 2015. All resolutions were carried at the meeting, which resulted in the following consolidation of quoted fully paid shares on issue from 3,218,976,874 to 1,609,488.

As a result of the shareholder approvals received at the General Meeting, the Company's shares became suspended from trading whilst the Company works to re-comply with Chapter 1 and 2, as required.

Exploration:

West Australian Nickel Assets

Celsius owns two nickel assets in Western Australia. Celsius (through its wholly owned subsidiary View Nickel Pty Ltd) owns a 30% joint venture interest in the Carnilya Hill Joint Venture (JV) in Western Australia with Mincor Resources NL. Mincor Resources NL (**Mincor**, ASX: MCR) is the operator of the Carnilya Hill JV. The tenements covered by the Carnilya Hill JV include Mining Licences M26/47, M26/48, M26/49 and M26/453. Additionally the Company has a 100% interest in the Abengo Hill Nickel Project to the south and west of Minara Resources' Murrin nickel mine. The tenements are located near to Minara Resources' Murrin mine and the NiWest operation currently under development by GME Resources Ltd and are believed to have potential for both nickel laterite and nickel sulphide mineralisation.

Mincor has not advised the Company of any material results from exploration at the Carnilya Hill Project during the half year period. While mining operations at Carnilya Hill ceased in the first quarter of 2012 access to the decline and other mine infrastructure was maintained so that the opportunity to recommence mining remains intact.

Celsius initiated a reassessment of the Abengo Hill Nickel Project in 2014. While prospective for both gold and nickel mineralisation the targets identified are early stage and conceptual in nature and therefore the Board has determined that intensive exploration is not warranted at this stage. Activities on the Project will focus on refining and advancing the targets identified through low cost exploration.

Events Subsequent to Reporting Date

On 28 January 2016 the Company held a General Meeting, seeking shareholder approval for 22 resolutions associated with the acquisition of Favourit, as detailed above in the Review of Operations.

Other than the above, no other matters or circumstances have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years.

Auditor's Independence Declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* is included within this half-year financial report.

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

William Oliver
Non-Executive Chairman
Dated this 10th day of February 2016

CELSIUS COAL LIMITED
STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Consolidated	
	31 December 2015 $	**31 December 2014 $**
Other income	2,033	1,773
Employee benefits expense	-	(49,704)
Director fees	(42,000)	(190,385)
Legal and other professional fees	(125,686)	(61,658)
Travel and accommodation	-	(16,370)
Share based payments	-	133,131
Impairment of exploration assets	-	(18,503,744)
Impairment of other assets	-	(101,850)
Interest expense	(92,295)	(242,504)
Other expenses	(39,954)	(549,228)
Loss before income tax	(297,902)	(19,580,539)
Income tax expense	-	-
Loss for the period	**(297,902)**	**(19,580,539)**
Other comprehensive income		
Items that may be reclassified subsequently to operating results		
Foreign currency translation	-	412,137
Total comprehensive loss for the period	**(297,902)**	**(19,168,402)**
Net loss attributable to:		
Members of the parent entity	(297,902)	(19,579,048)
Non-controlling interest	-	(1,491)
	(297,902)	(19,580,539)
Total comprehensive loss attributable to:		
Members of the parent entity	(297,902)	(19,166,911)
Non-controlling interest	-	(1,491)
	(297,902)	(19,168,402)
Loss per share:	Cents	Cents
Basic loss per share	(0.01)	(0.71)
Diluted loss per share	(0.01)	(0.71)

The accompanying notes form part of this interim financial report.

CELSIUS COAL LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	Consolidated 31 December 2015 $	30 June 2015 $
ASSETS			
Current Assets			
Cash and cash equivalents		153,470	406,880
Trade and other receivables		15,328	10,640
Total Current Assets		**168,798**	**417,520**
Non-Current Assets			
Exploration and evaluation expenditure		158,235	137,264
Total Non-Current Assets		**158,235**	**137,264**
Total Assets		**327,033**	**554,784**
LIABILITIES			
Current Liabilities			
Trade and other payables		75,355	279,806
Borrowings	2	821,978	729,696
Total Current Liabilities		**897,333**	**1,009,502**
Total Liabilities		**897,333**	**1,009,502**
Net Liabilities		**(570,300)**	**(454,718)**
EQUITY			
Issued capital	3	28,936,212	28,753,892
Reserves		754,245	754,245
Accumulated losses		(30,260,757)	(29,962,855)
Total Equity		**(570,300)**	**(454,718)**

The accompanying notes form part of this interim financial report.

CELSIUS COAL LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2015

Consolidated	Issued Capital $	Accumulated Losses $	Foreign Currency Translation Reserve $	Equity Based Payments Reserve $	Non-Controlling Interest $	Total $
Balance at 1 July 2014	23,625,016	(11,551,111)	661,428	887,376	(573,977)	13,048,732
Loss for the period	-	(19,579,048)	-	-	(1,491)	(19,580,539)
Other comprehensive income	-	-	412,137	-	-	412,137
Total comprehensive loss for the period	-	(19,579,048)	412,137	-	(1,491)	(19,168,402)
Issue of share capital	521,333	-	-	-	-	521,333
Capital raising costs	(35,843)	-	-	-	-	(35,843)
Share based payments	-	-	-	(133,131)	-	(133,131)
Balance at 31 December 2014	**24,110,506**	**(31,130,159)**	**1,073,565**	**754,245**	**(575,468)**	**(5,767,311)**
Balance at 1 July 2015	28,753,892	(29,962,855)	-	754,245	-	(454,718)
Loss for the period	-	(297,902)	-	-	-	(297,902)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss for the period	-	(297,902)	-	-	-	(297,902)
Issue of share capital	187,602	-	-	-	-	187,602
Capital raising costs	(5,282)	-	-	-	-	(5,282)
Share based payments	-	-	-	-	-	-
Balance at 31 December 2015	**28,936,212**	**(30,260,757)**	**-**	**754,245**	**-**	**(570,300)**

The accompanying notes form part of this interim financial report.

CELSIUS COAL LIMITED
STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2015

	Consolidated	
	31 December 2015 $	**31 December 2014 $**
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(228,650)	(266,951)
Payments for exploration and evaluation	(21,511)	(99,194)
Interest received	2,033	1,773
Receipts from customers	-	-
Net cash outflow from operating activities	(248,128)	(364,372)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	-	-
Net cash outflow from investing activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	-	105,285
Proceeds from share issue	-	196,650
Payment for capital raising	(5,282)	(35,843)
Net cash (outflow)/inflow from financing activities	(5,282)	266,092
Net decrease in cash held	(253,410)	(98,280)
Cash at the beginning of the financial period	406,880	117,231
Cash at the end of the financial period	**153,470**	**18,951**

The accompanying notes form part of this interim financial report.

1. BASIS OF PREPARATION

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

The half-year financial report does not include full disclosures of the type normally included in an annual financial report. It is recommended that this half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2015 and any public announcements made by Celsius Coal Limited during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The half-year financial report has also been prepared on an accruals basis and is based on historical costs, modified, where applicable by the measurement at fair value for certain classes of assets and liabilities. The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted in the annual financial report for the year ended 30 June 2015, except as set out below:

New and Revised Accounting Standards and Interpretations

The consolidated entity has adopted all of the new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these new and revised Accounting Standards and Interpretations has not resulted in a significant or material change to the consolidated entity's accounting policies. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted by the consolidated entity.

Going Concern

The half-year financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the half-year financial report, the consolidated entity incurred a loss of $297,902 and had net cash operating outflows of $248,128 for the half-year ended 31 December 2015. As at that date, the consolidated entity had net current liabilities of $728,535 and net liabilities of $570,300.

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

- As announced to the market on 26 October 2015, the Company entered into a binding Heads of Agreement with Favourit Global Pty Ltd (Favourit) and the shareholders of Favourit which was approved by shareholders on Company's 28 January 2016. As part of this transaction, a prospectus to raise funds is being prepared;
- The Company has engaged an independent stockbroker to undertake a planned capital raising of up to $6,000,000 to fund the acquisition costs, development and marketing of Favourit and to provide working capital to the Company; and
- As disclosed in Note 2, the Convertible Notes and accrued interest amounting to $821,978 (representing 92% of all the Company's liabilities) are planned to be converted to fully paid ordinary shares as part of the Favourit transaction.

1. BASIS OF PREPARATION (Continued)

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

If the consolidated entity is not successful in raising additional capital, there is significant uncertainty whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the half-year financial report.

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

2. BORROWINGS

This is comprised of Convertible Notes issued and interest accrued on these notes.

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

- *Interest:* 15% of Gross Proceeds payable at the Maturity Date or on conversion. Interest to be paid in cash or shares at the election of the noteholder;
- *Maturity Date:* Notes to convert on completion of a successful corporate transaction or earlier at the election of the noteholder;
- *Conversion Price:* Equal to pricing of the subsequent equity capital raising to be completed within Celsius;
- *Options:* Shares on conversion of Convertible Note will have a 1:2 free attaching call option with an exercise price equal to the price of the subsequent equity raising and expiry of 30 December 2018; and
- *Security*: The note holders will take full form security over Celsius. Celsius has entered into a general security agreement with the note holders. The full form security will be extinguished when the notes convert or are repaid in full.

The convertible notes and interest accrued on these notes are expected to be converted as part of the Favourit transaction.

3. ISSUED CAPITAL

	Number of Shares	$
At the beginning of the reporting period	3,010,530,130	28,753,892
Shares issued during the period:		
- Adjustment due to error		
- Shares issued under Share Purchase Plan (8/9/15)	12,077,300	10,870
- Shares issued under Share Purchase Plan (1/12/15)	196,369,444	176,732
Capital raising costs	-	(5,282)
At reporting date	**3,218,976,874**	**28,936,212**

4. CONTINGENT LIABILITIES

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

6. SEGMENT REPORTING

The Directors have considered the requirements of AASB 8 – "Operating Segments" and the internal reports that are reviewed by the chief operating decision maker (the Board) in allocating resources and have concluded that at this time there are no separately identifiable segments. Throughout the half-year, the consolidated entity remained focused on mineral exploration over a number of areas of interest in Western Australia.

7. DIVIDENDS

No dividends have been paid or provided for during the half-year (2014: nil).

8. EVENTS SUBSEQUENT TO REPORTING DATE

On 28 January 2016 the Company held a General Meeting, seeking shareholder approval for 22 resolutions associated with the acquisition of Favourit, as detailed in the Review of Operations contained in the Director's Report.

Other than the above, no other matters or circumstances have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in subsequent financial years.

The directors of the Company declare that:

1. The financial statements and notes, as set out in this half-year financial report are in accordance with *Corporations Act 2001* including:

    a. complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

    b. giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date.

2. In the director's 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.

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

William Oliver
Non-Executive Chairman
Dated this 10th day of February 2016

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

We have reviewed the accompanying half-year financial report of Celsius Coal Limited which comprises the statement of financial position as at 31 December 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Celsius Coal Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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RSM Australia Partners ABN 36 965 185 036

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Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Celsius Coal Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of Matter

Without qualifying our conclusion, we draw attention to Note 1 to the financial statements, which indicates that the consolidated entity incurred a net loss of $297,902 and had net cash outflows from operating activities of $248,128 for the half-year ended 31 December 2015. As at that date, the consolidated entity had net current liabilities of $728,535 and net liabilities of $570,300. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

RSM

RSM AUSTRALIA PARTNERS

Perth, WA
Dated: 10 February 2016

TUTU PHONG
Partner

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Celsius Coal Limited for the half -year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

RSM AUSTRALIA PARTNERS

Perth, WA
Dated: 10 February 2016

TUTU PHONG
Partner

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