

CELSIUS COAL LIMITED

ANNUAL REPORT

2014

CORPORATE DIRECTORY

DIRECTORS

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

COMPANY SECRETARY

Ranko Matic

REGISTERED OFFICE & CONTACTS

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Stock Exchange Listing - ASX Code: CLA

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Your directors present their report, together with the financial statements on the consolidated entity, consisting of Celsius Coal Limited and the entities it controlled at the end of, or during, the year ended 30 June 2014.

DIRECTORS

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

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

COMPANY SECRETARY

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

OPERATING RESULTS

The loss of the consolidated entity amounted to $7,068,041 (2013: 6,794,262) after providing for income tax and eliminating non-controlling equity interests.

DIVIDENDS

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

PRINCIPAL ACTIVITIES

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

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

REVIEW OF OPERATIONS

Kyrgyz Republic Coal Projects

Mining Tenement Information:

Celsius holds 4 tenements in two areas of Kyrgyzstan a summary of which is tabled below:

Project Area	Holding Company	Celsius Coal %	License No	Type	Area	Date Granted	Date Expired	JORC Resource Statement
UZGEN BASIN								
Mintekex	Panj-Sher	80%	2397-CE	exploitation	187Ha	16/02/10	28/09/16	No
Kokkia	Panj-Sher	80%	2593-CE	exploration	1576Ha	TBA		Yes
Kargasha	Baidamar	80%	1963-CP	exploration	8000Ha	06/01/14	31/12/15	Yes
ALAI RANGE								
Sary Mogul	Asia Pacific	100%	2989-CE	exploitation	15.61Ha	28/07/11	28/07/16	No
Bel Alma	Asia Pacific	100%	2986-CP	LAPSED	278Ha	26/07/11	26/07/13	No

Uzgen Basin Mineral Resource Statement:

During the year, the Company completed its second drill programme at its Uzgen Basin Coking Coal Project located in central-southern Kyrgyzstan. The Company completed 11 drill holes of follow up drilling with 6 in Kargasha for 2,304 metres and undertook its maiden drill programme of 5 drill holes at Kokkia for 1,747meters. All holes successfully intersected coal seams and these intercepts have been confirmed by laboratory analysis. Based on results from the programme, as well as extensive compilation and validation of historical Soviet drilling, the company announced an updated Inferred JORC (2012) resource of 295Mt.

Table 1: Inferred JORC (2012) Code Resources at Uzgen Basin Coking Coal Project

Project Area	Inferred Resource Mt	Ash % (ad)	Inherent Moisture %	Volatile Matter % (ad)	Total Sulphur % (db)
Kargasha	235	14.2	1.2	31.4	0.64
Kokkia**	60	18.8	0.9	30.5	0.83
Total	295	15.1	1.2	31.2	0.68

** Note: For Kokkia 25Mt of the estimated Resource is derived from areas outside the last point of observation but has been included in the Resource Statement because of the strong evidence of geological continuity based on adits, trenching and comprehensive geological mapping.

The Inferred Resource of 235 million tonnes at Kargasha is contained in 11 seams across the tenement and is based on the 13 fully cored drill holes completed by Celsius in 2012 and 2013, 54 Soviet era drill holes (approximately 29,000m) SV001-060 completed 1945-1954 and circa 164 adits developed between 1945-1954.

The Resource estimate at Kokkia is contained in 17 seams and is based on its first drilling programme of 5 holes and extrapolation of the Kargasha Resource model and circa 16 adits / trenches developed between 1942-1954.

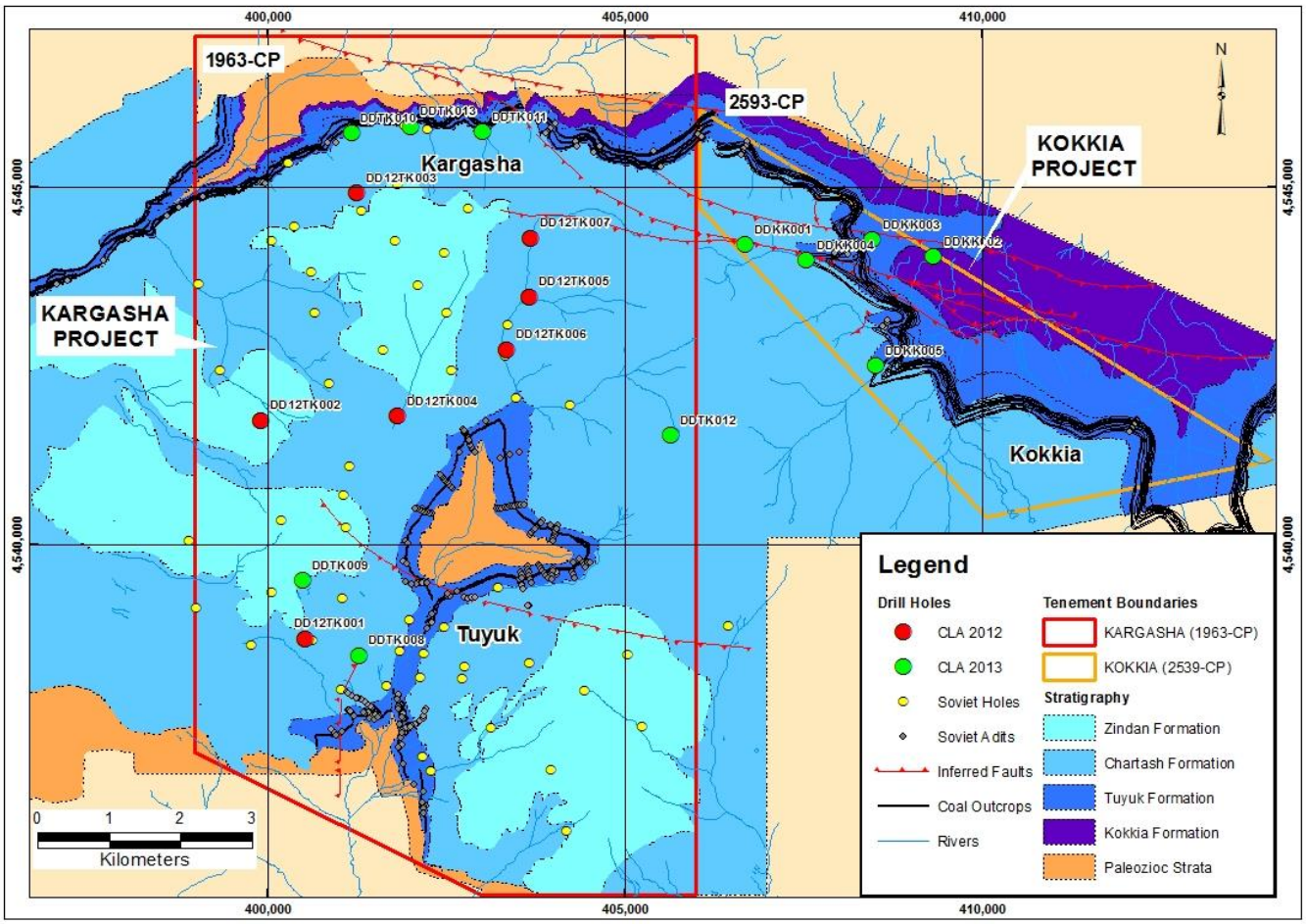
For further details on the Company's JORC resource please refer to the ASX announcement made on 24th March, 2014.

This updated statement compares as follows with that from 2013:

Project Area	2014 Inferred Resource Mt	2013 Inferred Resource Mt	Difference Mt
Kargasha	235	230	+5
Kokkia**	60	25	+35
Total	295	255	+40

The Company commenced its 2013 drilling programme in July 2013. This program was more extensive than Celsius' maiden drill program in 2012 and focused more on work to support a mining license application and subsequent production. 2 larger diameter PQ core holes were drilled to procure samples that were used to more accurately determine certain coking coal specifications, particularly coke strength after reaction (CSR). Additionally, environmental base line and geotechnical data will be collected for mining studies.

As part of the drill programme two drill holes, one each at Kargasha and Kokkia were drilled at PQ diameter to provide bulk samples for coke strength testing (CSR). Preliminary testing has been completed and subject to availability of funding further testing will be undertaken in 2014-15. The results of 3 tests ranged between 4-22 below the Chinese steel producers desired minimum strength of 55-60.


400,000
405,000
410,000
4,545,000
4,540,000
1963-CP
2593-CP
KOKKIA PROJECT
KARGASHA PROJECT
Kargasha
Tuyuk
Kokkia
N
DDTK010
DDTK013
DDTK011
DD12TK003
DD12TK007
DD12TK005
DD12TK006
DD12TK002
DD12TK004
DDTK012
DDTK009
DD12TK001
DDTK008
DDKK001
DDKK004
DDKK003
DDKK002
DDKK005
0 1 2 3
Kilometers
Legend
Drill Holes
CLA 2012
CLA 2013
Soviet Holes
Soviet Adits
Inferred Faults
Coal Outcrops
Rivers
Tenement Boundaries
KARGASHA (1963-CP)
KOKKIA (2539-CP)
Stratigraphy
Zindan Formation
Chartash Formation
Tuyuk Formation
Kokkia Formation
Paleozioc Strata

Competent Person's Statement

The information that relates to resource estimates is based on information compiled by Dr Gavin Springbett, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Dr Springbett is acting as a consultant to Celsius Coal Limited and is an employee of G&S Resources. Dr Springbett has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Springbett consents to the inclusion in this document of the matters based on his information in the form and context in which it appears.

Looking to 2014-15

For 2014-15 Celsius has planned:

- Further review of coking properties, blending opportunities and other options for the Uzgen Basin Coking Coal Project
- Assessment of nickel assets and search for complementary assets

Due to under-subscription of the Share Purchase Plan, the Company is currently under funded for this work.

Alai Ranges:

The Company has continued its suspension of mining operations its Sary Mogul mine.

In June of 2013, the Company applied to renew the license held for the Bel Alma coal deposit. The Kyrgyz government did not approve the extension of the license, and as of July 27th 2013 the current license for this deposit has expired.

The Company has initiated legal action against the Kyrgyz government regarding extension of the license for Bel Alma, this action is expected to take some time before it is resolved. We will provide an update on progress as information becomes available.

MOU:

In March 2014, the Company announced that it has signed a non-binding memorandum of understanding ("MOU") with Xinjiang Bayi Iron and Steel Group ("Bayi Steel") and China Minmetals Group ("China Minmetals"). Both of these tier-one Chinese companies have operations in the Chinese province of Xinjiang neighbouring the Kyrgyz Republic.

Infrastructure:

The Kyrgyz Government announced in December 2013 that Chinese funding of US$400 million was available for the construction of the first phase of new north-south road transport route between the capital Bishkek and Jalal-abad near Osh in the south of the country. The road will ultimately form part of a link between the Kyrgyz Republic, China, Kazakhstan and Russia.

The signed funding agreement for construction of the road from Jalal-abad to Bishkek passes through Kazarman, which was Celsius' operational base for the 2012 exploration season, and will allow easier access to the Company's Kokkia and Kargasha deposits in the Uzgen Basin.

This transport corridor will provide other options for the transport of Uzgen Basin coal.

West Australian Nickel Assets

Celsius owns two nickel assets in Western Australia. Celsius (through View Nickel Pty Ltd) owns a 30% joint venture interest in the Carnilya Hill Joint Venture in Western Australia with Mincor Resources NL (**Joint Venture**). Mincor Resources NL (**Mincor**, ASX:MCR) is the operator of the Carnilya Hill JV. The tenements covered by the Camilya Hill Joint Venture (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 Murrin nickel mine. The tenements are located near to Minara Resources' Murrin Murrin mine and the NiWest operation currently under development by GME Resources Ltd and are believed to have potential for both nickel laterite and nickel sulphide mineralisation.

Celsius has initiated a reassessment of its nickel assets in light of the substantial increase in nickel price since the start of 2014. The Company notes its JV partner Mincor Resources NL is currently undertaking an extensive regional exploration campaign (please refer to Mincor's March 2014 Quarterly Report for further details) and any relevant results from the Carnilya Hill Project will be released as they are received. 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 is also finalizing a data compilation and target generation exercise on its Abengo Hill Project for both laterite and sulphide nickel. Once this is completed the Company will consider options for resuming exploration activity or seeking to monetize its nickel assets.



FINANCIAL POSITION

The net assets of the consolidated entity have decreased to $13,048,732 as at 30 June 2014, a decrease of $7,165,072 from net assets of $20,213,804 at 30 June 2013.

The consolidated entity's net working capital, being current assets less current liabilities is a deficit of $1,613,801 (2013: surplus $2,466,484).

EVENTS AFTER THE REPORTING PERIOD

On 2 July 2014, the company made a further drawing under their Convertible Note Facility with the Blumont Group and received $100,000 (USD) with the funds to be utilised for exploration expenses and working capital of the consolidated entity.

On 17 July 2014, the company issued 227,062,500 ordinary shares under the Share Purchase Plan (SPP). The issue price was $0.0008 per share representing a 20% discount to the 5-day volume weighted average price (VWAP), providing the company with $181,650.00 in funds.

On 29 August 2014, the company issued 18,750,000 ordinary shares under the Share Purchase Plan (SPP). The issue price was $0.0008 per share representing a 20% discount to the 5-day volume weighted average price (VWAP), providing the company with $15,000 in funds.

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

LIKELY DEVELOPMENTS

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

ENVIRONMENTAL REGULATION

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

INFORMATION ON DIRECTORS

Mr Alexander Molyneux	Non-Executive Chairman
Qualifications	Bachelor degree in Economics, Monash University in Australia Member of the Canadian Institute of Corporate Directors
Experience	Mr. Molyneux serves as Chairman of Azarga Resources Limited, which acquired the largest known uranium deposit in Kyrgyz Republic. He also serves as a Non-Executive Director of Ivanhoe Energy Inc. since mid-2010. From 2009 to 2012, Mr. Molyneux was President, Chief Executive Officer and a Director of SouthGobi Resources Limited (TSX: SGQ, HKEX: 1878). Under his leadership, this company became the largest foreign operator in Mongolia's coal sector. The company also completed a sovereign wealth fund financing and main board listings on the Toronto Stock Exchange and then subsequently Hong Kong Stock Exchange. Mr. Molyneux departed his position at SouthGobi pursuant to the acquisition of control by Rio Tinto. Prior to joining SouthGobi Mr. Molyneux was Managing Director, Head of Metals & Mining Investment Banking, Asia Pacific, with Citigroup. In his position as a specialist resources investment banker he spent approximately 10 years providing advice and investment banking services to mining and industrial corporations. Mr. Molyneux has advised on public offerings, mergers and acquisitions, bond and debt offerings totalling several billion dollars. He joined Citigroup from UBS in early-2007 where he had held a similar position.
Interest in Shares and Options	29,244,000 fully paid ordinary shares 25,000,000 Performance Rights – Class B 20,000,000 Class C Unlisted Options, exercisable at $0.02 and expiring 21/02/2015
Directorships held in other listed entities	Non Executive Director of Ivanhoe Energy Inc. (TSX) Non Executive Director of Goldrock Mines Corp..(TSX-V)
Mr Alistair Muir	Managing Director
Qualifications	Bachelor of Applied Science in Geology, University of South Australia Graduate Diploma in Management, University of South Australia, Member of AusIMM
Experience	Mr Muir has over 20 years experience in senior geological roles and leading major exploration and development projects. These have primarily been in the bulk commodity areas of steaming/coking coal and iron ore but with some significant experience in the sedimentary hosted uranium environment. Mr Muir's coal experience extends over some 15 years initially working with major steaming coal development projects at the feasibility and operation level and later in a consulting capacity looking at a number of eastern seaboard steaming and coking coal projects both open pit and underground. His experience extends to all aspects of mine evaluation including optimisation of mining method, environmental, geotechnical, hydrogeological and financial evaluation. Mr. Muir is well versed in managing the regulatory environment including occupational health and safety. He has a strong track record in effective community engagement with a major focus on environmental sustainability. Mr Muir has considerable experience in the building and management of a multi-discipline team in overseas environments. With recent MBA studies he has some of the latest thinking on organisational culture and team development. He has experience in both Kyrgyzstan and Eastern Africa. He is a member of AusIMM and is appropriately experience and credentialed to be recognized as being a competent person for JORC purposes.
Interest in Shares and Options	635,000 Ordinary Shares 2,000,000 Unlisted employee options exercisable at $0.02 and expiring on 21/02/2016 10,000,000 Unlisted options exercisable at $0.02 and expiring on 12/12/2016

Directorships held in other listed entities	Nil
Mr William Oliver	Director (Non-executive)
Qualifications	BSc (Hons), GDipAppFin (FINSA), MAIG, MAusIMM.
Experience	Mr Oliver was appointed to the position of director on 23 December 2011. Mr Oliver has 12 years' experience in the international resources industry working for both major and junior companies. He holds an honours degree in Geology from the University of Western Australia as well as a post-graduate diploma in finance and investment from FINSIA. Mr Oliver has led large scale resource definition projects for Rio Tinto and previously worked in near mine exploration/resource definition roles for New Hampton Goldfields and Harmony Gold. He managed exploration in Portugal for Iberian Resources Limited including target generation and grassroots exploration across a range of commodities. More recent roles include Exploration Manager for Bellamel Mining and BC Iron and he is currently Technical Director of Orion Gold NL (ASX:ORN) and Non-Executive Director of Minbos Resources Ltd(ASX:MNB). He has wide-ranging exploration experience including expertise in near-mine exploration/resource extension and resource definition as well as significant experience in the technical and economic evaluation of resources projects.
Interest in Shares and Options	4,000,000 ordinary shares 5,000,000 Unlisted Class A options exercisable at $0.02 and expiring on 31/10/2014
Directorships held in other listed entities	Technical Director of Orion Gold NL (since 7 April 2014) Non-Executive Director of Minbos Resources Ltd (since 2 September 2013) Non-Executive Director of Signature Metals Ltd (resigned 2 October 2012)
Mr Ranko Matic	Non-Executive Director and Company Secretary
Qualifications	B.Bus, CA
Experience	Over 20 years experience in the areas of financial and executive management, accounting, audit, business and corporate advisory. Ranko has considerable experience in a range of industries with particular exposure to public listed companies and large private enterprises. He is a Director of a Chartered Accounting firm and a Corporate Advisory company based in Perth, Western Australia and has specialist expertise and exposure in the areas of audit, corporate services, due diligence, mergers and acquisitions, and valuations. Through these positions Mr Matic has been involved in an advisory capacity in over 40 initial public offerings on the ASX in the last 10 years, as well as several recapitalisations of public listed companies.
Interest in Shares and Options	3,000,000 ordinary shares 2,500,000 unlisted options exercisable at $0.02 and expiring on 12/12/2016
Directorships held in other listed entities	Non-Executive Director of East Energy Resources Ltd (since 13 July 2007) Non-Executive Director of Valmec Limited (since 6 Feb 2012) Non-Executive Director of Argosy Minerals Limited (since 17 July 2014) Non-Executive Director of Antilles Oil and Gas NL (from 11 April to 15 August 2014)

MEETING OF DIRECTORS

Name	Number of meetings	Number eligible to attend	Number attended
Alexander Molyneux	11	11	11
Alistair Muir	11	11	11
Bill Oliver	11	11	11
Ranko Matic	11	11	11

There were 11 directors meetings held during the financial year, however many board matters were dealt with via circular resolutions. The Company does not have a formally constituted audit committee or remuneration committee as the board considers that the Company's size and type of operation do not warrant such committees.

INSURANCE OF OFFICERS

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

PROCEEDINGS ON BEHALF OF THE COMPANY

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

SHARES UNDER OPTION

At the date of this report there are 282,000,000 unissued ordinary shares in respect of which options are outstanding.

Expiry date	Grant Date	Exercise price	Number of options
31 October 2014	31 October 2012	$0.02	5,000,000
21 February 2015	23 January 2013	$0.02	20,000,000
21 February 2016	17 February 2013	$0.02	2,000,000
10 April 2016	17 May 2013	$0.025	25,000,000
20 May 2016*	20 May 2013	$0.02	15,000,000
20 May 2016*	20 May 2013	$0.035	15,000,000
20 May 2016*	20 May 2013	$0.05	15,000,000
12 December 2016	12 December 2013	$0.02	12,500,000
Total number of options outstanding at the date of this report			**109,500,000**

* These options are yet to achieve vesting conditions.

No person entitled to exercise any option referred to above has or had, by virtue of the option, a right to participate in any share issue of any other body corporate. There were 15,000,000 shares issued on the exercise of options (grant date 23 February 2011 and expiry date 31 March 2014 with exercise price of $0.01) during the year, raising $150,000.

REMUNERATION REPORT (Audited)

This report details the nature and amount of the remuneration for each key management person of Celsius Coal Limited and for the executives receiving the highest remuneration for 30 June 2014.

The remuneration report is set out under the following headings:

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

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

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

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

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

Market Comparisons

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

Board Remuneration

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

Performance-based Remuneration

The Company has established a Performance Rights Plan (PRP) to provide ongoing incentives to Directors, Executives and Employees of the company.

The objective of the PRP is to provide the Company with a remuneration mechanism, through the issue of securities in the capital of the Company, to motivate and reward the performance of the Directors and employees in achieving specified performance milestones within a specified performance period. The Board will ensure that the performance milestones attached to the securities issued pursuant to the PRP are aligned with the successful growth of the Company's business activities.

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

(a) reward Directors and employees for their past performance;

(b) provide long term incentives for participation in the Company's future growth;

(c) motivate Directors and generate loyalty from senior employees; and

(d) assist to retain the services of valuable Directors and employees.

Group Performance, Shareholder Wealth and Directors and Executives Remuneration

The remuneration policy has been tailored to increase the direct positive relationship between shareholders investment objectives and director's and executive's performance. Currently, directors and executives are encouraged to hold shares in the Company to ensure the alignment of personal and shareholder interests. The Group provides performance based remuneration via their Performance Rights Plan. Currently 25,000,000 Class A Performance Rights under this plan have been issued to Alexander Molyneux in February 2013, which were converted to 16,494,850 ordinary shares in December 2013. A further 25,000,000 Class B Performance Shares under this plan have been issued to Alexander Molyneux in December 2013.

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

	2010	2011	2012	2013	2014
Revenue ($)	362,329	149,904	560,844	256,016	4,523
Net profit/(loss) after income tax ($)	6,865,934	38,347,749	642,397	(6,794,262)	(7,068,040)
Share price at year end (cents/share)	Suspended	0.014	0.024	0.015	0.001
Dividends paid (cents/share)	-	-	-	-	-

B. Details of remuneration

Amounts of remuneration

The remuneration for each director and each executive officer of the Company receiving the highest remuneration during the year was as follows:

2014

Key Management Person	Short-term Benefits				Post-employment Benefits	Other Long Term Benefits	Share based Payments				
	Cash, salary & Commissions	Cash profit Share	Non-Cash Benefit	Other	Super-annuation	Other	Equity (Shares & Performance Rights)	Options	Total	Performance Related	Remuneration Consisting of Options
	$	$	$	$	$	$	$	$	$	%	%
Mr A Molyneux	327,083	-	-	-	-	-	133,131	-	460,214	28.93%	-
Mr A Muir	290,207	-	-	-	13,697	-	-	97,000	400,904	-	24.20%
Mr W Oliver	60,000	-	-	-	-	-	-		60,000	-	-
Mr R Matic (1)	42,000	-	-	-	-	-	-	24,250	66,250	-	36.60%
Mr M O'Kane (2)	274,722	-	-	-	-	-	-	-	274,722	-	-
	994,012	**-**	**-**	**-**	**13,697**	**-**	**133,131**	**121,250**	**1,262,090**		

[1] The above are solely Director Fees. Cash from other activities are also paid to Bentleys (WA) Pty Ltd and Capital and Corporate Advisors Pty Ltd, companies with which Mr Matic is a shareholder and director. The payments are for the provision of tax advisory services, corporate secretarial and accounting services and disclosed in Note 15 (d) of these financial statements.
[2] Mr O'Kane resigned as the Group Chief Financial Officer on 18 August 2014

2013

Key Management Person	Short-term Benefits				Post-employment Benefits	Other Long Term Benefits	Share based Payments				
	Cash, salary & Commissions	Cash profit Share	Non-Cash Benefit	Other	Super-annuation	Other	Equity (Shares & Performance Rights)	Options	Total	Performance Related	Remuneration Consisting of Options
	$	$	$	$	$	$	$	$	$	%	%
Mr G Thomas (1)	354,070	-	-	-	28,875	-	-	235,833	618,778	-	38.11%
Mr P O'Malley (2)	25,000	-	-	-	-	-	-	-	25,000	-	-
Mr A Molyneux	204,167	-	-	-	-	-	337,850	201,000	743,017	45.47%	27.05%
Mr A Muir	199,135	-	-	-	17,827	-	-	21,251	238,213	-	8.92%
Mr W Oliver	60,000	-	-	-	-	-	-	47,167	107,167	-	44.01%
Mr R Matic (3)	24,500	-	-	-	-	-	-	-	24,500	-	-
Mr M O'Kane (4)	43,996	-	-	-	-	-	-	-	43,996	-	-
	910,868	**-**	**-**	**-**	**46,702**	**-**	**337,850**	**505,251**	**1,800,671**		

[1] Mr Thomas resigned 30 April 2013, thus although KMP during the year, he was not KMP at year end. Includes $44,166 of termination benefits.
[2] The above are solely Director Fees. Cash from other activities paid to Mr O'Malley are paid to Kenosis Capital Partners, a company with which Mr O'Malley is a founding partner. The payments are for advisory services on the global natural resource sector. Note: Mr O'Malley resigned 5 November 2012, thus although KMP during the year he was not KMP at year end. Payments to Kenosis Capital Partners are disclosed in Note 15 (d) of these financial statements.
[3] The above are solely Director Fees. Cash from other activities are also paid to Bentleys (WA) Pty Ltd and Capital and Corporate Advisors Pty Ltd, companies with which Mr Matic is a shareholder and director. The payments are for the provision of tax advisory services, corporate secretarial and accounting services and disclosed in Note 15 (d) of these financial statements. Mr Matic was reappointed on 5 November 2012.
[4] Mr O'Kane was appointed as the Chief Financial Officer on 1 May 2013

C Service agreements

There were no key management personnel that have or had service agreements for the year ended 30 June 2014, other than as disclosed below.

Employment Contracts Of Directors and Executives

Each member of the Company's executive management team are employed on open ended employment contracts between the individual employee and the Company.

Non Executive Directors Mr Matic and Mr Oliver are not employed on a formal contract.

The below is as at the date of the financial report and effective 1 June 2014:

Key Management Person	Appointment	Term of Agreement	Base Salary (excludes GST) $ p.a.	Termination Benefit
Alex Molyneux	Non-Executive Chairman	No fixed term	75,000	Nil
Alistair Muir	Managing Director	No fixed term	300,440	6 months
Willam Oliver	Non-Executive Director	No fixed term	60,000	Nil
Ranko Matic	Non-Executive Director	No fixed term	42,000	Nil

D Share-based compensation

Options

The following options were granted and share based compensation provided during the financial year affecting remuneration in this or future reporting periods.

Date	Item	KMP	Amount	Expiry	Terms
12/12/2013	Options	Alistair Muir	10,000,000	12/12/16	Exercisable at $0.02
12/12/2013	Options	Ranko Matic	2,500,000	12/12/16	Exercisable at $0.02
12/12/2013	Performance Rights Class B	Alex Molyneux	25,000,000	12/12/16	As detailed in Notice of Meeting dated 21/12/12

Shareholdings

There are no shares issued to the directors as part of compensation during the year ended 30 June 2014.

E Option Holdings

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

30 June 2014	Balance at beginning of the year	Granted as remuneration during the year	Exercise of options	Other changes during the year	Balance at end of year
Mr A Molyneux	20,000,000	-	-	-	20,000,000
Mr A Muir	2,000,000	10,000,000	-	-	12,000,000
Mr M O'Kane*	-	-	-	-	-
Mr W Oliver	5,000,000	-	-	-	5,000,000
Mr R Matic	-	2,500,000	-	-	2,500,000
	27,000,000	12,500,000	-	-	39,500,000

* Mr O'Kane resigned on 18 August 2014.

F Shareholdings

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

30 June 2014	Balance at beginning of the year	Granted as remuneration during the year	Issued on exercise of options	Other changes during the year	Balance at end of year
Mr A Molyneux	12,750,000	-	-	16,494,850#	29,244,850
Mr A Muir	635,000	-	-	-	635,000
Mr M O'Kane*	-	-	-	-	-
Mr W Oliver	4,000,000	-	-	-	4,000,000
Mr R Matic	3,000,000	-	-	-	3,000,000
	20,385,000	-	-	16,494,850#	36,879,850

* Mr O'Kane resigned on 18 August 2014.

Performance rights were converted to 16,494,850 ordinary shares during the year.

G Performance Rights Holdings

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

30 June 2014	Balance at beginning of the year	Granted as remuneration during the year	Exercised during the period	Other changes during the year	Balance at end of year
Mr A Molyneux	25,000,000	25,000,000	-	(25,000,000)#	25,000,000
Mr A Muir	-	-	-	-	-
Mr M O'Kane*	-	-	-	-	-
Mr W Oliver	-	-	-	-	-
Mr R Matic	-	-	-	-	-
	25,000,000	25,000,000	-	(25,000,000)#	25,000,000

* Mr O'Kane resigned on 18 August 2014.

Performance rights were converted to 16,494,850 ordinary shares during the year and 8,505,150 was cancelled as vesting conditions were not met.

H Related Party Disclosures

a) Transactions with related parties

During the year, there were payments made to Bentleys (WA) Pty Ltd and Capital and Corporate Advisors Pty Ltd, company with which Mr Matic is a shareholder and director. The payments are for the provision of tax advisory services, corporate secretarial and accounting services and amounted to $136,585 (2013: $190,131).

During the year, there were payments made to Kanyalat Pty Ltd, a company with which the Managing Director Alistair Muir is a shareholder and director. The payments were for the services provided as a director of the Company and amounted to $107,464 (2013: $nil).

During the year, there were no payments made to Kenosis Capital Partners, a company with which the previous Chairman Mr O'Malley is a founding partner. There were payments in the prior financial year for advisory services on the global natural resource sector and amounted to $29,868.

During the year, $58,333 (2013: $Nil) was paid to Pacific Power Limited, company in which the previous director, Grant Thomas, is a shareholder and a director. The payment was for part of this termination benefit not paid in FY 2013.

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

b) Payables owing to related parties

	2014 $	2013 $
Billandbry Consulting Pty Ltd+	22,000	5,500
Bentleys (WA) Pty Ltd	4,163	-
Capital and Corporate Advisors Pty Ltd	64,932	19,013
Kanyalat Pty Ltd	61,531	-
Alexander Molyneux	64,583	-
Matthew O'Kane (resigned on 18 August 2014)	56,913	-
	274,122	24,513

+ Mr William Oliver's director fees were paid to Billandbry Consulting Pty Ltd, a company in which Mr William Oliver is a shareholder and director.

It is proposed that a portion of the above balances will be settled by issuing ordinary shares of the Company however this is subject to shareholder approval and establishment of an appropriate share plan.

This concludes the remuneration report, which has been audited.

NON AUDIT SERVICES

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

AUDITOR

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

AUDITORS' INDEPENDENCE DECLARATION

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

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



Alexander Molyneux
Non-Executive Chairman

Dated this 30th day of September 2014

CORPORATE GOVERNANCE STATEMENT

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

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

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

	RECOMMENDATION	COMMENT
1.	***Lay solid foundations for management and oversight***	
1.1	Formalise and disclose the functions reserved to the board and those delegated to management.	Adopted. The Company's Corporate Governance Policy includes a Board Charter, which discloses the specific responsibilities of the board.
1.2	Companies should disclose the process for evaluating the performance of senior executives.	Adopted. The board will monitor the performance of senior management, including measuring actual performance of senior management against planned performance. The board has adopted a policy to assist in evaluating Board performance under section 9 of its Corporate Governance Policies (Performance Evaluation Practices).
1.3	Companies should provide the information indicated in the *Guide to reporting on Principle 1*.	Adopted. Board Charter available at the Company's website
2.	***Structure the board to add value***	
2.1	A majority of the board should be independent directors.	Adopted. The Company has 3 independent Directors from a total of four Directors.
2.2	The chairperson should be an independent director.	Adopted. The Chairman is Mr Alexander Molyneux who is a non-executive chairman.
2.3	The roles of chairperson and chief executive officer should not be exercised by the same individual.	Adopted. The Company has appointed Mr Alex Molyneux as the Non-Executive Chairman and Mr Alistair Muir as the Managing Director.
2.4	The board should establish a nomination committee.	Not Adopted. The Board has not established a nomination committee. Given the present size of the Company, the Board has decided that a nomination committee is not appropriate. The functions of the nomination committee are carried out by the full Board.
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors	Adopted. The chairman will review the composition of the Board and the performance of each Director to ensure that it continues to have a mix of skills and experience necessary for the conduct of the company's activities. Any new directors will receive an induction appropriate for his/her experience.
2.6	Provide the information indicated in *Guide to Reporting on Principle 2.*	Adopted. The following material is in the Company's Corporate Governance Policies which is available on the Company's website: • A description of the procedure for the selection and appointment of new directors and the re-election of incumbent directors; • The charter of the nomination committee; and • The board's policy for the nomination of directors.

3.	***Promote ethical and responsible decision-making***	
3.1	Establish a code of conduct and disclose the code or a summary as to the code as to: (a) the practices necessary to maintain confidence in the company's integrity; (b) the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and (c) The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Adopted. The Board has adopted a written code of conduct which is included in the Corporate Governance Policies and is posted on the company's website. This will provide a framework for decisions and actions in relation to ethical conduct in employment.
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them	Not Adopted. Currently, due to its size and operations the Board has yet to establish a diversity policy. This is an area which will continue to be reviewed, with a policy to be established, as soon as appropriate.
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	Not Adopted. Due to the size of the company, there have been no measurable objectives set.
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	Adopted. There is currently 1 permanent employee at Celsius Coal, including one executive director. There are also three non executive directors. None of these positions are held by women.
3.5	Provide the information indicated in *Guide to Reporting on Principle 3.*	Adopted. The information is provided as above with the Company's Code of Conduct publicly available in the Corporate Governance Policies posted on the company's website. When the Company adopts a diversity policy, it will be publicly available in the Corporate Governance Policies posted on the company's website.
4.	***Safeguard integrity in financial reporting***	
4.1	The board should establish an audit committee.	Not adopted. The Board has not established a separate audit committee. Given the present size of the Company, the Board has decided that an audit committee is not appropriate. The functions of the audit committee are carried out by the full Board.
4.2	Structure the audit committee so that it consists of: (a) only non-executive directors; (b) a majority of independent directors; (c) an independent chairperson, who is not chairperson of the board; and (d) at least three members.	Not adopted. The Board has not established a separate audit committee. Given the present size of the Company, the Board has decided that an audit committee is not appropriate. The functions of the audit committee are carried out by the full Board.
4.3	The audit committee should have a formal charter.	Adopted. The Audit Committee Charter is publicly available in the Corporate Governance Policies that are posted on the company's website. Although the company does not have a separate audit committee with the Board fulfilling that role, the charter is utilised by the Board as appropriate.

4.4	Provide the information indicated in *Guide to Reporting on Principle 4.*	Adopted. The required information has been provided above. The following material is publicly available in the Corporate Governance Policies posted on the company's website: • the Audit Committee Charter, which includes information on procedures for the selection and appointment of the external auditor, and for the rotation of external audit engagement partners.
5.	***Make timely and balanced disclosure***	
5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.	Adopted. The Company has adopted a Continuous Disclosure Policy applicable to all Directors of the Company and senior management.
5.2	Provide the information indicated in *Guide to Reporting on Principle 5.*	Adopted. The Company's Continuous Disclosure Policy is publicly available in the Corporate Governance Policies posted on the company's website.
6.	***Respect the rights of shareholders***	
6.1	Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.	Adopted. The Company places a high priority on communication with Shareholders and is aware of the obligations it has under the Corporations Act and the Listing Rules to keep the market fully informed of information which is not generally available and which may have a material effect on the price or value of the Company's securities. The Company has adopted a Shareholders Communication Policy which is publicly available in the Corporate Governance Policies posted on the company's website, which states that information is communicated to shareholders through: • continuous disclosure to ASX of all material information; • periodic disclosure through the annual report (or concise annual report), half year financial report and quarterly reporting of exploration, production and corporate activities (if required); • notices of meetings and explanatory material; • the annual general meeting; and • the Company's website.
6.2	Provide the information indicated in *Guide to Reporting on Principle 6.*	Adopted. The Company's Shareholders Communication Policy is publicly available in the Corporate Governance Policies posted on the company's website.
7.	***Recognise and manage risk***	
7.1	The board or appropriate board committee should establish policies on risk oversight and management.	Adopted. The Company has adopted a Risk Management and Internal Compliance and Control Policy.
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its business risks.	Adopted. The Board has and will continue to design and implement risk management and internal control systems and provide reports at the relevant time.

7.3	The chief executive officer (or equivalent) and the chief financial officer (or equivalent) should state to the board in writing that: (a) the statement given in accordance with Recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board; and (b) the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.	Adopted. The Board has received a Section 295A declaration
7.4	Provide the information indicated in *Guide to Reporting on Principle 7.*	Adopted. The Company's risk Management and Internal Compliance and Control Policy is publicly available in the Corporate Governance Policies posted on the company's website.
8.	***Remunerate fairly and responsibly***	
8.1	The board should establish a remuneration committee.	Not adopted. The Board has not established a separate remuneration committee. Given the present size of the Company, the Board has decided that a remuneration committee is not appropriate. The functions of the remuneration committee are carried out by the full Board.
8.2	Structure the remuneration committee so that it consists of: (a) a majority of independent directors; (b) an independent chairperson; and (c) at least three members.	Not adopted. The Board has not established a separate remuneration committee. Given the present size of the Company, the Board has decided that a remuneration committee is not appropriate. The functions of the remuneration committee are carried out by the full Board.
8.3	Clearly distinguish the structure of non-executive directors' remuneration from that of executives.	Adopted.
8.4	Provide the information indicated in *Guide to Reporting on Principle 9.*	Adopted. The information required has been reported as per above. The Company's Remuneration Committee Charter and the Company's Security's Trading Policy are publicly available in the Corporate Governance Policies posted on the company's website.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2014

	Notes	Consolidated 2014 $	Consolidated 2013 $
Revenue	2	4,523	129,654
Share of net profits of associate	9	-	126,362
Impairment of exploration expenditure and other assets		(2,428,544)	(2,732,859)
Depreciation expense		(94,358)	(92,874)
Directors' and employee benefits expense		(2,291,521)	(1,542,574)
Share based payment		(46,642)	(843,101)
Legal and other professional fees		(398,339)	(458,413)
Finance costs		(275,106)	-
Travel and accommodation		(361,346)	(408,096)
Corporate advisory		(151,001)	(174,685)
Other expenses		(1,594,668)	(897,654)
Loss before income tax		(7,637,002)	(6,894,240)
Income tax expense	3	-	-
Loss for the year		**(7,637,002)**	**(6,894,240)**
Other comprehensive income			
Items that may be reclassified subsequently to operating result			
Exchange differences on translating foreign controlled entities		285,153	411,920
Other comprehensive income for the year		285,153	411,920
Total comprehensive loss for the year		**(7,351,849)**	**(6,482,320)**
Net loss attributable to:			
Members of parent entity		(7,068,041)	(6,794,262)
Non-controlling interest		(568,961)	(99,978)
		(7,637,002)	**(6,894,240)**
Total comprehensive loss attributable to:			
Members of the parent entity		(6,817,906)	(6,382,342)
Non-controlling interest		(533,943)	(99,978)
		(7,351,849)	**(6,482,320)**
Earnings per share			
		Cents	**Cents**
Basic earnings per share	21	(0.35)	(0.42)
Diluted earnings per share	21	(0.35)	(0.42)

The accompanying notes form part of this financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Notes	Consolidated 2014 $	Consolidated 2013 $
ASSETS			
Current assets			
Cash and cash equivalents	4	117,231	2,339,971
Trade and other receivables	5	44,082	297,477
Other assets	6	30,119	619,565
Total current assets		191,432	3,257,013
Non-current assets			
Deferred exploration expenditure	7	18,562,486	17,151,936
Plant and equipment	8	87,490	595,384
Investment accounted for using the equity method	9	-	-
Total non-current assets		18,649,976	17,747,320
Total assets		18,841,408	21,004,333
LIABILITIES			
Current liabilities			
Trade and other payables	10	1,805,233	790,529
Total current liabilities		1,805,233	790,529
Non-current liabilities			
Borrowings	11	3,987,443	-
Total non-current liabilities		3,987,443	-
Total liabilities		5,792,676	790,529
Net assets		13,048,732	20,213,804
EQUITY			
Issued capital	12	23,625,016	23,303,437
Reserves		1,548,804	1,433,471
Accumulated losses		(11,551,111)	(4,483,070)
Equity attributable to the owners of Celsius Coal Limited		13,622,709	20,253,838
Non-Controlling Interest		(573,977)	(40,034)
Total equity		13,048,732	20,213,804

The accompanying notes form part of this financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014

	Issued Capital	Retained Earnings/ (Accumulated Losses)	Foreign Currency Translation Reserve	Other Reserves	Non Controlling Interest	Total
Balance at 1 July 2012	5,336,645	2,311,192	(13,255)	40,076	-	7,674,658
Loss for the year	-	(6,794,262)		-	(99,978)	(6,894,240)
Other Comprehensive Income:						
Foreign Currency translation of Subsidiaries	-	-	424,548	-	(12,628)	411,920
Total comprehensive (loss) / income for the year	-	(6,794,262)	424,548	-	(112,606)	(6,482,320)
Transactions with owners, directly in equity						
Issue of share capital	19,415,000	-	-	-	-	19,415,000
Capital Raising Costs	(1,448,208)	-	-	-	-	(1,448,208)
Share based payments/Option fees	-	-	-	982,102	-	982,102
Recognition of Non-Controlling Interest on acquisition of subsidiaries	-	-	-	-	72,572	72,572
Balance at 30 June 2013	23,303,437	(4,483,070)	411,293	1,022,178	(40,034)	20,213,804
Balance at 1 July 2013	23,303,437	(4,483,070)	411,293	1,022,178	(40,034)	20,213,804
Loss for the year	-	(7,068,041)		-	(568,961)	(7,637,002)
Other Comprehensive Income:						
Foreign Currency translation of Subsidiaries	-	-	250,135	-	35,018	285,153
Total comprehensive (loss) / income for the year	-	(7,068,041)	250,135	-	(533,943)	(7,351,849)
Transactions with owners, directly in equity						
Issue of share capital	331,443	-	-	-	-	331,443
Capital Raising Costs	(9,864)	-	-	-	-	(9,864)
Share based payments/Option fees	-	-	-	(134,802)	-	(134,802)
Balance at 30 June 2014	23,625,016	(11,551,111)	661,428	887,376	(573,977)	13,048,732

The accompanying notes form part of this financial report.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014

	Notes	Consolidated 2014 $	Consolidated 2013 $
Cash flows from operating activities			
Other receipts		-	26,581
Expenditure on mining interests		(3,471,504)	(4,780,853)
Payments to suppliers and employees		(2,739,377)	(3,093,585)
Interest received		4,523	61,665
Net cash outflow from operating activities	21	(6,206,358)	(7,786,192)
Cash flows from investing activities			
Purchase of property, plant and equipment		(81,862)	(793,788)
Proceeds from sale of property, plant and equipment		213,007	-
Net proceeds from associates		-	319,580
Net cash (outflow) / inflow from investing activities		131,145	(474,208)
Cash flows from financing activities			
Proceeds from issue of shares		150,000	9,000,000
Payment of capital raising costs		(9,864)	(894,209)
Proceeds from borrowings		3,712,337	-
Net cash inflow from financing activities		3,852,473	8,105,791
Net decrease in cash held		(2,222,740)	(154,609)
Cash at the beginning of the financial year		2,339,971	2,494,580
Cash at the end of the financial year	4	117,231	2,339,971

The accompanying notes form part of this financial report.

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

The financial statements were authorised for issue on 30th September 2014 by the directors of the company.

1. Summary of significant accounting policies

Basis of Preparation

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

Going Concern

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

As disclosed in the financial statements, the company and consolidated entity incurred net losses of $3,944,192 and $7,637,002 respectively and had net cash outflows from operating activities of $6,206,358 for the year ended 30 June 2014. As at that date, the company and the consolidated entity had net current liabilities of $729,511 and $1,613,801 respectively.

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

- In accordance with the *Corporations Act 2001*, as occurred subsequent to 30 June 2014 when the Company raised $196,650 under a share purchase plan, the Company has plans to raise further working capital through the issue of equity during the financial year 2015;
- Subsequent to year end, the Company made a drawing under its Convertible Note Facility with Blumont Group and received US$100,000 and subject to on-going negotiations with the financier, there remains an unutilised amount of AUD$1.18 million available for future use; and
- The consolidated entity plans to scale down its operations, including corporate overheads, in order to reduce costs for the financial year 2015.

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

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

- obtaining additional working capital through the issue of equity as and when required; and
- further draw down(s) of the remaining convertible note facility with the Blumont Group.

Should the directors not achieve the matters set out above, there is significant uncertainty whether the company and consolidated entity will continue as going concerns and therefore whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the company and consolidated entity are not be able to continue as going concerns.

a) Comparatives

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

1. Summary of significant accounting policies (continued)

b) Principles of consolidation

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

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

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

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

c) Business Combinations

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

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

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

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

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

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

1. Summary of significant accounting policies (continued)

d) Income tax

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

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

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

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

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

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

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

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

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

Tax consolidation

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

1. Summary of significant accounting policies (continued)

e) Foreign Currency Transactions and Balances

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

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

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

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

Group companies
The financial results and position of foreign operations whose functional currency is different from the presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the statement of financial position. These differences are recognised in profit or loss in the period in which the operation is disposed.

f) Trade receivables

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

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

g) Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits and financial assets that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

h) Plant and equipment

Plant and equipment are measured on the cost basis.

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

1. Summary of significant accounting policies (continued)

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.

The depreciable amount of all plant and equipment 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 expected useful lives are as follows:

- Plant and equipment 3-5 years

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

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

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

i) Impairment of assets

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

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

j) Investments in Associates

Associate companies are companies in which the consolidated entity has significant influence through holding, directly or indirectly, 20% or more of the voting power of the company. Investments in associates are accounted for in the financial statements by applying the equity method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the consolidated entity's share of net assets of the associate company. In addition the consolidated entity's share of the profit or loss of the associate company is included in the consolidated entity's profit or loss.

The carrying amount of the investment includes goodwill relating to the associate. Any excess of the consolidated entity's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the investor's share of the associate's profit or loss in the period in which the investment is acquired.

Profits and losses resulting from transactions between the consolidated entity and the associate are eliminated to the extent of the relation to the consolidated entity's investment in the associate.

1. Summary of significant accounting policies (continued)

When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate, the consolidated entity discontinues recognising its share of further losses unless it has incurred legal or constructive obligations or made payments on behalf of the associate. When the associate subsequently makes profits, the consolidated entity will resume the recognition of its share of those profits once its share of the profits equals the share of the losses not recognised.

k) Trade and other payables

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

l) Borrowings

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

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

m) Exploration and evaluation expenditure

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

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

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

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

n) Cash and cash equivalents

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

1. Summary of significant accounting policies (continued)

o) Revenue and Other Income

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

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

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

p) Employee benefits

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

Equity-settled compensation

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

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

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

q) 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 in the statement of financial position are shown inclusive of GST.

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

r) Earnings per share

(i) Basic earnings per share

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

1. Summary of significant accounting policies (continued)

(ii) Diluted earnings per share

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

s) Segment reporting

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

t) Provisions

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

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

u) Financial instruments

Initial recognition and measurement

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

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

Classification and subsequent measurement

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

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

Amortised cost is calculated as:

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

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

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

1. Summary of significant accounting policies (continued)

i. *Loans and receivables*

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

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

ii. *Financial liabilities*

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

Impairment

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

Financial guarantees

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

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

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

— the likelihood of the guaranteed party defaulting in a year period;

— the proportion of the exposure that is not expected to be recovered due to the guaranteed party defaulting; and

— the maximum loss exposed if the guaranteed party were to default.

De-recognition

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

1. Summary of significant accounting policies (continued)

v) New accounting standards and interpretations

At the date of this financial report the following accounting standards, which may impact the consolidated entity in the period of initial application, have been issued but are not yet effective:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2017	30 June 2018
AASB 1031 'Materiality' (2013)	1 January 2014	30 June 2015
AASB 2012-3 "Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'	1 January 2014	30 June 2015
AASB 2013-3 "Amendments to AASB 135 – Recoverable Amount Disclosures for Non Financial Assets'	1 January 2014	30 June 2015
AASB 2013-5 "Amendments to Australian Accounting Standards – Investment Entities'	1 January 2014	30 June 2015
AASB 2013-9 "Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments'	1 January 2014	30 June 2015

The entity has decided against early adoption of these standards and interpretations. Furthermore, these changes in standards and interpretations are not expected to have a material impact on the consolidated entity in the current or future reporting periods and on foreseeable future transactions.

w) Critical accounting judgments, estimates and assumptions

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

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

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

1. Summary of significant accounting policies (continued)

Exploration and evaluation expenditure

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

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

Environmental Issues

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

Taxation

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

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

Share based payment transactions

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

Impairment

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

1 Summary of significant accounting policies (continued)

Segment Information

The consolidated entity operates within two geographical segments within mineral exploration and extraction being Australia and Kyrgyzstan. The segment information provided to the chief operating decision maker is as follows:

2014	Exploration activities AUSTRALIA $	Exploration Activities KYRGYZSTAN $	Total $	Consolidated $
Other revenue	4,523	-	4,523	4,523
Total segment revenue	4,523	-	4,523	4,523
Segment result before income tax	(2,713,748)	(4,354,293)	(7,068,041)	(7,068,041)
Profit before income tax				(7,068,041)
Segment assets	11,722,510	7,118,898	18,841,408	18,841,408
Total assets				18,841,408
Segment liabilities	4,731,528	1,061,148	5,792,676	5,792,676
Total Liabilities				5,792,676
Share of net profit of associate	-	-	-	-

2013	Exploration activities AUSTRALIA $	Exploration activities KYRGYZSTAN $	Total $	Consolidated $
Other revenue	169,991	86,025	256,016	256,016
Total segment revenue	169,991	86,025	256,016	256,016
Segment result before income tax	(3,085,970)	(3,708,292)	(6,794,262)	(6,794,262)
Profit before income tax				(6,794,262)
Segment assets	13,301,714	7,702,619	21,004,333	21,004,333
Total assets				21,004,333
Segment liabilities	261,646	528,883	790,529	790,529
Total Liabilities				790,529
Share of net profit of associate	-	-	126,362	126,362

	Consolidated	
	2014	2013
2. Other income	**$**	**$**
Interest	4,523	43,629
Other Income	-	86,025
	4,523	129,654

	Consolidated 2014 $	Consolidated 2013 $
3. Income tax expense		
Loss before income tax expense	(7,637,002)	(6,894,240)
Tax at the Australian tax rate of 30% (2013: 30%)	(2,291,101)	(2,068,272)
Tax effect amounts which are not deductible in calculating taxable income:	647,845	1,321,349
Deferred tax assets not brought to account	1,643,256	746,923
Income tax expense	-	-
Tax benefit at 30% not recognised	28,354,472	26,711,215

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

	Consolidated 2014 $	Consolidated 2013 $
4. Cash and cash equivalents		
Cash at bank and in hand	117,231	2,339,971
5. Trade and other receivables		
CURRENT		
Trade receivables^	32,015	84,008
Other receivables#	12,067	213,469
	44,082	297,477

^2014 net of impairment charge of $438,867 (2013: Nil)
#2014 net of impairment charge of $354,945 (2013: Nil)

6. Other assets		
CURRENT		
Prepayments	21,781	378,455
Inventories (+)	6,152	180,511
Other	2,186	60,599
	30,119	619,565

(+) 2014 net of impairment charge of $150,682 (2013: $40,125)

7. Deferred exploration expenditure		
Expenditure brought forward	17,151,936	2,435,632
Tenements acquired from acquisition of subsidiary	-	12,519,907
Expenditure incurred during the year	2,943,236	4,786,537
Impairment of exploration expenditure	(1,532,686)	(2,590,140)
Expenditure carried forward	18,562,486	17,151,936

Recoverability of the carrying amount of exploration assets is dependent on the successful exploration and sale of the mineral resource.

8. Plant and equipment

	Consolidated	
	2014	2013
	$	$
Plant and equipment	230,090	748,167
Less: accumulated depreciation	(142,600)	(152,783)
Total plant and equipment	87,490	595,384

Reconciliations

Reconciliations of the carrying amounts of each class of plant and equipment at the beginning and end of the current financial year are set out below.

Consolidated	Motor Vehicles $	Office Equipment $	Plant & Equipment $	Total $
Carrying amount at 30 June 2012	48,352	26,015	1,367	75,734
Additions through acquisition of subsidiaries	40,946	14,337	195,066	250,349
Additions	444,856	57,911	44,497	547,264
Depreciation expense	(46,678)	(16,826)	(29,370)	(92,874)
Depreciation expense capitalised	(47,295)	-	-	(47,295)
Impairment	(102,594)	-	-	(102,594)
Disposal	(31,375)	-	-	(31,375)
Translation difference	(1,135)	243	(2,933)	(3,825)
Carrying amount at 30 June 2013	305,077	81,680	208,627	595,384
Additions	43,666	1,127	37,069	81,862
Depreciation expense	(39,567)	(25,733)	(29,058)	(94,358)
Reversal/(Impairment)	91,775	(11,680)	(30,252)	49,843
Disposal	(382,703)	(7,888)	(128,919)	(519,510)
Translation difference	(11,211)	(552)	(13,968)	(25,731)
Carrying amount at 30 June 2014	7,037	36,954	43,499	87,490

9. Investments accounted for using the equity method

	Consolidated	
	2014	2013
	$	$
Investment in Carnilya Joint Venture	-	-
	-	-

(a) Movements in carrying amount

Carrying amount at the beginning of the year	-	193,218
Net cash receipts from investment during the year	-	(319,580)
Reversal of Impairment	-	-
Share of profit from associate	-	126,362
	-	-

The 30% interest in Carnilya ceased production in 2012 and the site was placed in care and maintenance in 2013. The interest in the joint venture is controlled by Mincor Resources NL.

	Consolidated	
	2014	2013
	$	$
10. Trade and other payables		
Trade creditors	1,183,174	172,296
Accrued expenses	283,146	48,370
Other creditors	338,913	569,863
	1,805,233	790,529
11. Borrowings		
Convertible notes	3,712,337	-
Accrued interest on convertible notes	275,106	-
	3,987,443	-

This is comprised of Convertible Notes issued to the Blumont Group. The Convertible Notes bears interest at 12.5% per annum. The Convertible Notes will be convertible into ordinary shares of the Company, based on the 20-day volume weighted average share price prior to conversion and subject to a floor price of $0.025 per share and a cap of $0.030 per share. Blumont Group will have the right to call conversion any time after issuance and the Company will have the right to call conversion anytime from 12 months after issuance, with any conversion subject to the condition that it does not result in a voting interest exceeding 19.90% of the Company.

	2014	2013
	$	$
12. Issued Capital		
2,011,471,247 (2013: 1,979,976,397) Ordinary shares – Fully paid	25,346,443	25,015,000
Capital raising costs	(1,721,427)	(1,711,563)
	23,625,016	23,303,437

a) Ordinary Shares	**No. of shares**	**No. of shares**
At the beginning of the reporting period:	1,979,976,397	1,031,953,670
Shares issued during the year		
– 13 September 2012		95,000,000
– 19 October 2012		105,000,000
– 25 October 2012		500,000,000
– 31 December 2012		15,000,000
– 21 February 2013		5,750,000
– 11 March 2013		227,272,727
– 6 August 2013	5,000,000	-
– 11 September 2013	5,000,000	-
– 24 October 2013	5,000,000	-
– 12 December 2013	16,000,000	
– 31 December 2013	494,850	-
At the end of the reporting period	2,011,471,247	1,979,976,397

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

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

b) Options

i. For details of options issued, exercised and lapsed during the financial year and the options outstanding at year-end, refer to Note 23: Share-based payments.
ii. For information relating to share options issued to key management personnel during the financial year, refer to Note 23.

12 . Issued Capital (continued)

c) Capital Management

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

Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required. The working capital position of the Company at 30 June 2014 and 2013 is as follows:

	2014 $	2013 $
Cash and cash equivalents	117,231	2,339,971
Trade and other receivables	44,082	297,477
Trade and other payables	(1,805,233)	(790,529)
Working capital position	(1,643,920)	1,846,919

13. Acquisition of Kokkia Coal Ltd, Pandj Sher ANK and Baidamar Mining Company

On 25 October 2012, the Group acquired 80% of the shares of Kokkia Coal Limited, a holding company for Pandj Sher ANK and Baidamar Mining Company, wholly owned companies incorporated in Kyrgyzstan. Pandj Sher ANK holds a 100% interest in Kokkia and Min-Teke projects located in the Uzgen Coal Basin in Kyrgyzstan. Baidamar Mining Company holds a 100% interest in the Tuyuk-Kargasha project located in Uzgen Basin in Kyrgyzstan.

The acquisition of Kokkia Coal Ltd, Pandj Sher ANK and Baidamar Mining Company is not a business combination, but rather an acquisition of mining tenements.

The purchase consideration was as follows:

	$
500,000,000 fully paid ordinary shares at $0.02	10,000,000
Assumption of Kokkia's liability to pay for the acquisition of Baidamar	2,519,907
Total purchase consideration	12,519,907

In addition, 900,000,000 Performance Shares were issued by the Company to the vendors and these Performance Shares are conditional on certain milestones being achieved. Refer to Note 23 (iii) for details.

14. Interests of Key Management Personnel (KMP)

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2014.

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

	2014 $	2013 $
Short-term employee benefits	994,012	910,868
Post-employment benefits	13,697	46,702
Share based payments	254,381	843,101
	1,262,090	1,800,671

15. Related parties

a) Parent Entity

The parent entity is Celsius Coal Limited.

b) Subsidiaries

Interests in subsidiaries are set out in note 19.

c) Key management personnel

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

d) Transactions with related parties

During the year, there were payments made to Bentleys (WA) Pty Ltd and Capital and Corporate Advisors Pty Ltd, companies with which Mr Matic is a shareholder and director. The payments are for the provision of tax advisory services, corporate secretarial and accounting services and amounted to $136,585 (2013: $190,131).

During the year, there were payments made to Kanyalat Pty Ltd, a company with which the Managing Director Alistair Muir is a shareholder and director. The payments were for the services provided as a director of the Company and amounted to $107,464 (2013: $nil).

During the year, there were no payments made to Kenosis Capital Partners, a company with which the previous Chairman Mr O'Malley is a founding partner. There were payments in the prior financial year for advisory services on the global natural resource sector and amounted to $29,868.

During the year, $58,333 (2013: $Nil) was paid to Pacific Power Limited, company in which the previous director, Grant Thomas, is a shareholder and a director. The payment was for part of this termination benefit not paid in FY 2013.

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

e) Payables owing to related parties

	2014	2013
	$	$
Billandbry Consulting Pty Ltd+	22,000	5,500
Bentleys (WA) Pty Ltd	4,163	-
Capital and Corporate Advisors Pty Ltd	64,932	19,013
Kanyalat Pty Ltd	61,531	-
Alexander Molyneux	64,583	-
Matthew O'Kane (resigned on 18 August 2014)	56,913	-
	274,122	24,513

+ Mr William Oliver's director fees were paid to Billandbry Consulting Pty Ltd, a company in which Mr William Oliver is a shareholder and director.

It is proposed that a portion of the above balances will be settled by issuing ordinary shares of the Company however this is subject to shareholder approval and establishment of an appropriate share plan.

16. Remuneration of auditors

	Consolidated	
	2014	2013
	$	$
RSM Bird Cameron Partners		
Audit and review fees	33,000	35,000
Other auditors for subsidiaries		
Audit and review fees	31,800	32,800
	64,800	67,800

17. Contingent liabilities

During the year ended 30 June 2014, there exists a dispute with terminated employees in a subsidiary in Kyrgyzstan with respect to the payment of termination benefits of approximately $164,000.

Other than the above, there were no other material contingent liabilities, not provided for in the financial statements of the Company as at 30 June 2014 (2013: nil).

18. Commitments for expenditure

(a) Tenement Expenditure Commitments:

The Company is required to maintain current rights of tenure to tenements, which require outlays of expenditure in 2013/2014. Under certain circumstances these commitments are subject to the possibility of adjustment to the amount and/or timing of such obligations, however, they are expected to be fulfilled in the normal course of operations.

	2014	2013
	$	$
The Company has tenement rental and expenditure commitments of:		
Payable:		
– not later than 12 months	569,386	170,092
– between 12 months and 5 years	375,883	358,823
– greater than 5 years	-	-
	945,269	528,915

(b) Capital commitments

There are no capital commitments contracted for at balance date.

19. Controlled entities

			Percentage Owned (%)	
Name of Entity	Country of Incorporation	Class of Shares	2014	2013
View Nickel Pty Ltd	Australia	Ordinary	100%	100%
Asia Pacific Resources Ltd	Kyrgyz Republic	Ordinary	100%	100%
Oshpur Ltd	Hong Kong	Ordinary	100%	100%
Celsius Coal (Hong Kong) Limited	Hong Kong	Ordinary	100%	100%
Kokkia Coal Ltd	Hong Kong	Ordinary	80%	80%
Pandj Sher ANK	Kyrgyz Republic	Ordinary	80%	80%
Baidamar Mining Company	Kyrgyz Republic	Ordinary	80%	80%

20. Events after the reporting period

On 2 July 2014, the company made a further drawing under their Convertible Note Facility with the Blumont Group and received $100,000 (USD) with the funds to be utilised for exploration expenses and working capital of the consolidated entity.

On 17 July 2014, the company issued 227,062,500 ordinary shares under the Share Purchase Plan (SPP). The issue price was $0.0008 per share representing a 20% discount to the 5-day volume weighted average price (VWAP), providing the company with $181,650.00 in funds.

On 29 August 2014, the company issued 18,750,000 ordinary shares under the Share Purchase Plan (SPP). The issue price was $0.0008 per share representing a 20% discount to the 5-day volume weighted average price (VWAP), providing the company with $15,000 in funds.

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

21. Earnings per share

		Consolidated	
		2014	2013
		$	$
a)	Reconciliation of earnings to profit or loss:		
	Loss	(7,068,041)	(6,794,262)
	Loss used to calculate basic and diluted EPS	(7,068,041)	(6,794,262)
b)	Reconciliation of earnings to profit or loss:		
	Loss	(7,068,041)	(6,794,262)
	Loss used to calculated basic and diluted EPS	(7,068,041)	(6,794,262)
		Number	Number
c)	Weighted average number of ordinary shares used as the denominator in calculating basic EPS	2,000,918,781	1,601,411,329
	Weighted average number of dilutive options outstanding	-	-
	Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	2,000,918,781	1,601,411,329
d)	Anti-dilutive options on issue not used in dilutive EPS calculation	109,500,000	292,000,000

* There is no impact from 109,500,000 options outstanding at 30 June 2014 on the earnings per share calculation because they are anti-dilutive. These options could potentially dilute basic EPS in the future. There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

22. Cash flow information

a) Reconciliation of loss from ordinary activities after income tax to net cash outflow from operating activities	Consolidated 2014 $	Consolidated 2013 $
Loss from ordinary activities after income tax	(7,637,002)	(6,894,240)
Depreciation	94,357	92,874
Impairment charges	2,428,544	2,732,859
Share-based payment	46,642	843,101
Loss on disposal of assets	281,164	-
Share of profit in associate	-	(126,362)
Change in operating assets and liabilities and net of effects from purchase of controlled entity:		
Trade debtors and receivables	668,482	(787,352)
Other assets	(3,103,249)	(4,263,498)
Trade and other creditors	1,014,704	616,426
Net cash outflow from operating activities	(6,206,358)	(7,786,192)

23. Share-based payments

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

	Number	Weighted average exercise price
Options outstanding as at 30 June 2012	170,000,000	$0.01
Granted	122,000,000	$0.0266
Options outstanding as at 30 June 2013	292,000,000	0.0169
Granted	12,500,000	$0.02
Excercised	(15,000,000)	$0.01
Cancelled	(25,000,000)	$0.02
Expired	(155,000,000)	$0.01
Options outstanding as at 30 June 2014	109,500,000	$0.0273
Options exercisable as at 30 June 2013:	292,000,000	$0.0169
Options exercisable as at 30 June 2014:	109,500,000	$0.0273

15,000,000 options were exercised during the financial year (2013: nil).

The weighted average remaining contractual life of options outstanding at year end was 1.65 years. The exercise price of outstanding shares at the end of the reporting period is $0.0273.

The fair value of the options granted to employees is deemed to represent the value of the employee services received over the vesting period. The fair value of the options for the year ended 30 June 2014 was $190,750 (2013: $505,251) and was recognised in the statement of profit or loss and other comprehensive income. The weighted average fair value of options granted during the year was $0.011 (2013: $0.018). During the year ended 30 June 2014, 25,000,000 employee options were cancelled before vesting date and the corresponding fair value of $235,833 previously recognised was reversed in the statement of profit or loss and other comprehensive income.

23. Share based payments (continued)

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

	Number	
Performance rights outstanding as at 30 June 2012	-	
Granted	25,000,000	Class A
Performance rights outstanding as at 30 June 2013	25,000,000	
Converted to ordinary shares	(16,494,850)	Class A
Cancelled	(8,505,150)	Class A
Granted	25,000,000	Class B
Performance rights outstanding as at 30 June 2014	25,000,000	

Performance rights exercisable as at 30 June 2014: NIL

The fair value of the Performance Rights granted during the financial year was $133,132 (2013: $222,850) and was recognised in the statement of comprehensive income. Performance Rights granted during the year were valued using a binomial option pricing model. The expected life used in the model has been based on management's best estimate for the effects of the vesting conditions and the probability of meeting the vesting conditions. The fair value has been discounted by 50% to reflect the probability of not meeting the vesting conditions.

The weighted average fair value of performance rights granted during the year was $0.013 (2013: 0.013). These values were calculated using a binomial option pricing model applying the following inputs:

Weighted average exercise price:	$Nil
Expected vesting period for the performance rights to vest:	Up to 1 year
Expected share price volatility:	100%
Risk-free interest rate:	2.67%
Dividend yield:	0%

Under the equity package of Mr Alex Molyneux, the maximum number of performance rights to be issued is up to 75 million over 36 months. The Performance Rights will be split into 3 equal tranches of 25 million Performance Rights, with 25 million Performance Rights being issued immediately following approval by the Company's shareholders in a general meeting on 23 January 2013 and thereafter 25 million Performance Rights being issued on the next two anniversaries of Mr Molyneux's employment. Upon achievement of the vesting criteria, the Performance Rights will automatically convert into fully paid ordinary shares in the Company.

The Performance Rights will be issued for nil consideration and no consideration will be payable upon the vesting of the Performance Rights on achievement of the performance milestones. Accordingly, no loans will be made in relation to, and no funds will be raised from, the issue or vesting of the Performance Rights. The vesting conditions entail different criteria for various lots of Performance Rights within the 25 million issued, including achieving share price targets, share price performance relative to other comparable companies, raising capital above certain share price targets, business and safety targets.

During the financial year, the first tranche of Performance Rights (Class A) have been issued and 16,494,850 were converted to ordinary shares and the remaining 8,505,150 were cancelled. For the 8,505,150 Class A Performance Rights that were cancelled, as the vesting conditions were not met, the fair value previously recognised of $41,407 was reversed in the statement of profit or loss and other comprehensive income. At the same time, the second tranche (Class B) were issued, which will be subject to performance assessment during the 2014/2015 financial year at Mr Molyneux's second anniversary.

23. Share based payments (continued)

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

	Number
Performance shares outstanding as at 30 June 2012	-
Granted	927,000,000
Performance shares outstanding as at 30 June 2013	927,000,000
Granted	-
Performance shares outstanding as at 30 June 2014	927,000,000
Performance shares exercisable as at 30 June 2014:	NIL

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

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

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

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

The performance shares would also vest if the vendors of Kokkia Coal exercise a put option requiring the performance shares to vest.

No performance shares vested during the year ended 30 June 2014 and no amounts have been recognised in the statement of comprehensive income for the year ended 30 June 2014 or statement of financial position as at 30 June 2014.

24. Parent entity disclosures

(a) Financial Position	**2014 $**	**2013 $**
Assets		
Current Assets	80,026	2,163,152
Non-Current Assets	20,863,210	18,018,531
Total Assets	20,943,236	20,181,683
Liabilities		
Current Liabilities	809,537	238,776
Non-Current Liabilities	10,709,463	6,761,256
Total Liabilities	11,519,000	7,000,032
Equity		
Issued capital	23,625,016	23,303,437
Reserves	887,376	1,022,178
Accumulated losses	(15,088,156)	(11,143,964)
Total Equity	9,424,236	13,181,651
(b) Financial Performance		
Loss for the year	(3,944,192)	(6,855,249)
Other comprehensive income	-	-
Total Comprehensive Loss	(3,944,192)	(6,855,249)

24. Parent Entity Disclosures (continued)

(c) Contingent Liabilities of the Parent Entity

There are no such contingencies.

(d) Commitments of the Parent Entity

Not longer than 1 year	56,000	56,000
Longer than 1 year and not longer than 5 years	114,820	168,000
Longer than 5 years	-	-
Total	170,820	224,000

25. Financial Risk Management

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

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

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

(a) Market Risk

Interest rate risk

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

2014	Floating Interest Rate	Fixed Interest Rate		Non Interest Bearing	Total	Weight Effective Interest Rate
		1 Year or Less	1 to 5 Years			
	2014 $	2014 $	2014 $	2014 $	2014 $	2014 %
Financial Assets						
Cash	117,231	-	-	-	117,231	1.12%
Trade and other receivables	-	-	-	44,082	44,082	-
Total Financial Assets	117,231	-	-	44,082	161,313	
Financial Liabilities						
Trade and other payables	-	-	-	1,805,233	1,805,233	-
Total Financial Liabilities	-	-	-	1,805,233	1,805,233	

25. Financial Risk Management (continued)

2013	Floating Interest Rate	Fixed Interest Rate		Non Interest Bearing	Total	Weight Effective Interest Rate
		1 Year or Less	1 to 5 Years			
	2013 $	2013 $	2013 $	2013 $	2013 $	2013 %
Financial Assets						
Cash	2,339,971	-	-	-	2,339,971	4.88%
Trade and other receivables	-	-	-	297,477	297,477	-
Total Financial Assets	2,339,971	-	-	297,477	2,637,448	
Financial Liabilities						
Trade and other payables	-	-	-	790,529	790,529	-
Total Financial Liabilities	-	-	-	790,529	790,529	

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

Sensitivity analysis

At 30 June 2014, if interest rates had changed by -/+100 basis points from the weighted average rate for the year with all other variables held constant, post-tax loss for both the consolidated entity and the parent entity would have been $1,172 (2013: $23,399) lower/higher as a result of lower/higher interest income from cash and cash equivalents. Management have deemed a movement of 100 basis points to be an appropriate measure for this sensitivity analysis.

(b) Credit risk

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

All cash balances held in Australia are held at internationally recognised institutions. It is the consolidated entity's policy to maintain the minimum required cash balances in the Kyrgyz Republic to minimise credit risk associated with those banks.

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

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

25. Financial Risk Management (continued)

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

	2014	2013
	$	$
Financial assets - counterparties without external credit rating		
Financial assets with no defaults in the past	44,082	297,477
Cash and cash equivalents		
'AA' S&P rating	93,029	2,131,087
Kyrgyz Republic Balances	24,202	208,884

(c) Liquidity risk

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

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

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

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

Maturity analysis for financial liabilities

Financial liabilities of the consolidated entity comprise trade and other payables. As at 30 June 2014 and 30 June 2013 all financial liabilities are contractually matured within 60 days.

(d) Foreign currency risk

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

The consolidated entity is primarily exposed to the fluctuations in the US dollar and the Kyrgyz Som, as the consolidated entity up holds US dollar bank deposits and much of the consolidated entity's exploration costs and contracts are denominated in US dollars and Kyrgyz Som.

The consolidated entity aims to reduce and manage its foreign exchange risk by holding the majority of its funds in its US dollar account so that the exchange rate is crystallised early and future fluctuations in rates for settlement of USD denominated payables are avoided. As the consolidated entity's operations develop and expand, the consolidated entity will develop and implement a more sophisticated foreign exchange risk strategy, which will include the use of forward exchange contracts and sophisticated treasury products.

25. Financial Risk Management (continued)

(e) Fair value estimation

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

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

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

26. Company Details

The registered office and principal place of business is:
Level 1, 12 Kings Park Road
West Perth WA 6005
Telephone: 08 9226 4500
Facsimile: 08 9226 4300

DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes, as set out in the financial report, are in accordance with the Corporations Act 2001 and:

    a) comply with Australian Accounting Standards, which, as stated in accounting policy note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and

    b) give a true and fair view of the financial position as at 30 June 2014 and of the performance for the year ended on that date of the consolidated entity;

2. 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; and

3. the directors have been given the declarations required by s295A of the Corporations Act 2001.

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



Alex Molyneux
Non-Executive Chairman

Dated this 30th day of September 2014

RSM Bird Cameron Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Celsius Coal Limited for the year ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

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

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS

TUTU PHONG
Partner

Perth, WA
Dated: 30 September 2014

Liability limited by a scheme approved under Professional Standards Legislation

Major Offices in:
Perth, Sydney, Melbourne, Adelaide and Canberra
ABN 36 965 185 036

RSM Bird Cameron Partners is a member of the RSM network. Each member of the RSM network is an independent accounting and advisory firm which practises in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

Certified System Quality ISO 9001

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

Report on the Financial Report

We have audited the accompanying financial report of Celsius Coal Limited, which comprises the statement of financial position as at 30 June 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

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Certified System Quality ISO 9001

RSM Bird Cameron Partners

Independence

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

Opinion

In our opinion:

(a) the financial report of Celsius Coal Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial report, which indicates that the company and consolidated entity incurred net losses of $3,944,192 and $7,637,002 respectively and the consolidated entity had net cash outflows from operating activities of $6,206,358 for the year ended 30 June 2014. As of that date, the company and consolidated entity had net current liabilities of $729,511 and $1,613,801 respectively. 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 company's and consolidated entity's ability to continue as going concerns and therefore, the company and consolidated entity may be unable to realise their assets and discharge their liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001.* Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Celsius Coal Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS

Perth, WA
Dated: 30 September 2014

TUTU PHONG
Partner

ADDITIONAL INFORMATION

Additional information required by Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 25 September 2014.

(a) Distribution of equity securities

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

Range	Total Holders	Units	% of Issued Capital
1 – 1,000	4,322	1,564,202	0.07
1,001 – 5,000	1,833	4,261,569	0.19
5,001 – 10,000	214	1,606,360	0.07
10,001 – 100,000	247	10,229,289	0.45
100,001 – 9,999,999,999	553	2,239,622,327	99.22
Total	**7,169**	2,257,283,747	**100.00**

Unmarketable Parcels

	Minimum Parcel Size	Holders	Units
Minimum $500.00 parcel at $0.001 per unit	20,000	6,759	51,903,803

(b) Twenty largest shareholders

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

Rank	Name	Units	% of Units
1	HOLDEX NOMINEES PTY LTD <NO 431 A/C>	227,272,727	10.07
2	SAKA RESOURCES LIMITED	108,409,091	4.80
3	BRIJOHN NOMINEES PTY LTD <NELSONIO A/C>	75,500,000	3.34
4	DESA CAPITAL LIMITED	70,064,811	3.10
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	60,943,787	2.70
6	Y T PROSPERITY LIMITED	54,545,455	2.42
7	CITICORP NOMINEES PTY LIMITED	48,345,966	2.14
8	JANA LIMITED	47,727,273	2.11
9	TUKOMIKA LIMITED	45,545,455	2.02
10	QUINDANNING (BVI) LTD	43,750,000	1.94
11	MR BRIAN QUICANO	42,934,552	1.90
12	MISS FRANCIA MILENA RAMIREZ	42,000,000	1.86
13	QUINTERO GROUP LIMITED	39,772,727	1.76
14	TT NICHOLLS PTY LTD <SUPER A/C>	39,500,000	1.75
15	MR MICHAEL FOSTER BLACK & MRS LYNETTE ROBIN BLACK <PE SUR SUPP CO STF S/F 2 A/C>	36,000,000	1.59
16	ALEXANDER MOLYNEUX	29,244,850	1.30
17	CELTIC CAPITAL PTY LTD <THE CELTIC CAPITAL A/C>	25,000,000	1.11
18	J P MORGAN NOMINEES AUSTRALIA LIMITED	24,315,366	1.08
19	MR WILLIAM MACKAY & MRS WENDY MACKAY <BERKEFELD INVESTM'TS S/F A/C>	21,500,000	0.95
20	TIM D'EMDEN & ASSOCIATES PTY LTD SUPERANNUATION A/C>	20,000,000	0.89
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (TOTAL)		**1,102,372,060**	**48.84**

(c) Substantial shareholders

Name	Units	%
HOLDEX NOMINEES PTY LTD <NO 431 A/C>	227,272,727	10.07

(d) Voting rights

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

(e) Options

There are no listed options. There are 109,500,000 unlisted options over unissued shares on issue.

(f) Schedule of interest in mining tenements

Location	Tenement	Percentage held / earning
MURRIN MURRIN STH	E39/1641	100%
NICKEL	E39/1684	100%
CARNILYA	L26/0241	30%
CARNILYA	M26/0047	30%
CARNILYA	M26/0048	30%
CARNILYA	M26/0049	30%
CARNILYA	M26/0453	30%
KYRGYZ REPUBLIC	BEL ALMA	100%*
KYRGYZ REPUBLIC	SARY MOGOL	100%
KYRGYZ REPUBLIC	TUYUK-KARGASHA	80%
KYRGYZ REPUBLIC	KOKKIA	80%
KYRGYZ REPUBLIC	MIN-TEKE	80%

* As of July 27th 2013 this permit expired.