



stanmorecoal

ANNUAL REPORT

2015

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Note 1 Marketable Reserves Note:

The Range: The Marketable Coal Reserves of 94Mt is derived from a JORC compliant run of mine (ROM) Probable Coal Reserve of 117.5Mt based on a 14.8% ash product and predicted yield of 80%. The 94Mt Marketable Reserve is included in the 287Mt total JORC Resource (18Mt Measured + 187Mt Indicated + 82Mt Inferred Resource)

Isaac Plains: The Marketable Coal Reserves of 3.7Mt is derived from a JORC compliant run of mine (ROM) Reserve of 5.0Mt based on a predicted yield of 73%. The 3.7Mt Marketable Reserve is included in the 30.1Mt total JORC Resource (10.0Mt Measured + 9.1Mt Indicated + 11.0Mt Inferred Resource).

Competent Persons Statement: The information in this report relating to exploration results and coal resources is based on information compiled by Mr Troy Turner who is a member of the Australian Institute of Mining and Metallurgy and is a full time employee of Xenith Consulting Pty Ltd. Mr Turner is a qualified geologist and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking, to qualify as Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Turner consents to the inclusion in the report of the matters based on the information, in the form and context in which it appears.

The information in this report relating to coal reserves for Isaac Plains is based on information compiled by Mr Ken Hill who is a full-time employee of Xenith Consulting Pty Ltd. Mr Hill is the Managing Director of Xenith Consulting Pty Ltd, is a qualified civil engineer, a member of the Australian Institute of Mining and Metallurgy (AusIMM) and has the relevant experience (30+ years) in relation to the mineralisation being reported to qualify as a Competent Person as defined in the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code 2012 Edition)". Mr Hill consents to the inclusion in the report of the matters based on the information, in the form and context in which it appears.

The information in this report relating to coal reserves for The Range is based on information compiled by Mr Richard Hoskings who is a member of Minserve Pty Ltd. Mr Hoskings is a mining engineer, a Fellow of the Australian Institute of Mining and Metallurgy (AusIMM) and has the relevant experience (30+ years) in relation to the mineralisation being reported to qualify as a Competent Person as defined in the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code 2004 Edition)". Mr Hoskings consents to the inclusion in the report of the matters based on the information, in the form and context in which it appears.

Corporate Information

DIRECTORS

Neville Sneddon
 Nicholas Jorss
 Stephen Bizzell
 Viv Forbes
 Chris McAuliffe
 Patrick O'Connor

JOINT COMPANY SECRETARIES

Duncan Cornish and Andrew Roach

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Australian Securities Exchange
 ASX Code: SMR

INTERNET ADDRESS

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AUSTRALIAN BUSINESS NUMBER

ABN 27 131 920 968

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Chairman's Letter to Shareholders

Dear Shareholders

The last twelve months have been challenging for the majority of coal companies with soft trading conditions impacting both local and foreign miners. Notwithstanding these challenges, the Company undertook two significant coking coal transactions which will transform Stanmore from an explorer to a producer within the coming financial year.

The continued decline in the market price for exported coal has been driven largely by the significant project supply response to the market highs several years ago. Commodity markets are inherently cyclical in nature and the Board believes that the fundamental demand for most coal products will continue to grow and rebalance the market in the short to medium term. The Company's recent acquisitions and portfolio of quality projects and its large resource base puts it in a strong position to recover as coal markets conditions improve.

Coking coal is a scarce commodity globally, with high quality, low cost assets becoming increasingly difficult to identify and develop. Stanmore Coal's acquisition of the Isaac Plains Coal Mine provides the Company with near term production of this key input for making steel which will continue to be in demand from Asia and beyond. In addition, Stanmore's project pipeline includes the Belview Coking Coal Project which continues to attract genuine investment interest from investors and off-takers. As coal markets improve, this will provide development opportunities for the Company to commercialise this high quality coking coal asset.

During the year the Company continued its strong relationship with the Japanese Government agency JOGMEC, as funding partner for the Clifford Project as it delivered a maiden JORC Resource. This northern Surat Basin project is complimentary to The Range which is one of the most advanced thermal coal projects in the basin. Whilst the market currently attributes nominal value for the Company's strategic position in the basin, the Board remains of the view that these assets position the Company for significant growth in the future as the development potential is highly leveraged to a recovery in the coal market.

The Company will continue to operate with a small, highly skilled group of employees who are focussed on delivering shareholder value through its pipeline of projects. The Isaac Plains acquisition is a key one for the Company as it will transform Stanmore into a coking coal producer. We will enter the market under a low risk model with an initial small scale, low cost operation as we restart Isaac Plains. The Board thanks the management team and staff for their loyalty and hard work over the last twelve months in delivering this significant opportunity for the Company.

Importantly all exploration and development activities were completed within a safe working environment for the Company's employees and other stakeholders. I am pleased to report the Company's reported no lost time injuries.

The Board would like to thank the shareholders of Stanmore Coal for their ongoing support. We believe our transition to becoming a coal producer will provide all supporters with an opportunity to benefit from our goal to become a significant independent producer of high quality coal.

Neville Sneddon
Chairman

Directors' Report

Your Directors present their report for the year ended 30 June 2015.

The following persons were Directors of Stanmore Coal Limited during the financial year and up to the date of this report, unless otherwise stated:

Neville Sneddon

B. Eng (Mining) (Hons), M. Eng, MAusIMM, Grad AICD
Non-Executive Chairman

A mining engineer with over 40 years' experience in most facets of the Queensland and NSW resource sectors, Neville Sneddon brings substantial Board and industry knowledge to Stanmore Coal. He has developed and operated both underground and open cut mines working for Coal & Allied in the Hunter Valley and from 1997 worked in a senior role in the NSW Mines Inspectorate, covering operations in all forms of mining in the state.

Moving to Queensland in 1999, Neville accepted the position of Chief Operating Officer with Shell Coal which was acquired by Anglo American's Australian coal operations the following year. Leaving as CEO in 2007, he held several Board positions with mining and infrastructure companies including Chairman of the operating company at Dalrymple Bay Coal Terminal near Mackay and Director of Port Waratah Coal Services, a major coal export facility at Newcastle.

Neville has also been a member of the Boards of the Queensland, NSW and National Mining Councils. His expertise has been sought by several government committees such as the NSW Mine Subsidence Board, the NSW Mines Rescue Board, Queensland Ministerial Coal Mine Safety Advisory Committee and the joint federal/state advisory committee which is developing nationally consistent mining safety legislation. Neville is a Non-Executive Director of Envirogen and the Chairman of CSM Energy Limited. Neville is also a director of Solid Energy New Zealand Limited (Administrators appointed)

Neville is Chairman of the Remuneration Committee.

During the past three years Neville has not served as a Director of any other ASX listed companies.

Nicholas Jorss

BE (Hons) Civil, MBA, GDip App Fin (Sec Inst)
Managing Director

Nick Jorss is a founding Director and shareholder of Stanmore Coal and has over 20 years' experience in investment banking, civil engineering, corporate finance and project management. In his roles in investment banking he has been involved in leading advisory mandates with corporate, government and private equity clients across industry sectors ranging from resources to infrastructure. Nick was previously a Director of Pacific Road Corporate Finance and was an engineer with Baulderstone Hornibrook prior to that where he delivered infrastructure and resource projects over a period of approximately 8 years.

Nick is a founding shareholder and Director of St. Lucia Resources International, Kurilpa Uranium and Wingate Capital. He was previously a Director of Vantage Private Equity Growth, Vantage Asset Management and WICET Holdings Pty Ltd. During the past three years Nick has not served as a Director of any other ASX listed companies.

Nick holds a Bachelor with Honours in Civil Engineering, a Masters of Business Administration and a Graduate Diploma of Applied Finance and Investment.

Stephen Bizzell
BCom, MAICD
Non-Executive Director

Stephen is the Chairman of boutique corporate advisory and funds management group Bizzell Capital Partners Pty Ltd. Stephen was an Executive Director of Arrow Energy Ltd from 1999 until its acquisition in 2010 by Shell and PetroChina for \$3.5 billion. He was instrumental in Arrow's corporate and commercial success and its growth from a junior explorer to a large integrated energy company. He was also a co-founder and director of Bow Energy Ltd until its \$550 million takeover.

Stephen qualified as a Chartered Accountant and early in his career was employed in the Corporate Finance division of Ernst & Young and the Corporate Tax division of Coopers & Lybrand. He has had considerable experience and success in the fields of corporate restructuring, debt and equity financing, and mergers and acquisitions. He has over 20 years' corporate finance and public company management experience in the resources and energy sectors in Australia and Canada with various public companies.

Stephen is the Chairman of the Audit and Risk Management Committee and a member of the Remuneration Committee.

During the past three years Stephen has also served as a Director of the following ASX listed companies:

- Armour Energy Limited*
- Bow Energy Ltd (until takeover in 2012)
- Dart Energy Ltd (until 26 November 2013)
- Diversa Ltd*
- Hot Rock Ltd (until 1 August 2014)
- Renascor Resources Limited *(formerly Renaissance Uranium Limited)
- Laneway Resources Limited * (formerly Renison Consolidated Mines NL)
- Titan Energy Services Limited*
- UIL Energy Ltd *

* denotes current ASX listed directorship.

Viv Forbes
BScApp (Geol), FAusIMM, FSIA
Non-Executive Director

Viv Forbes is a Bowen Basin pioneer with more than 40 years coal-industry experience including government service, field exploration, mine valuation and acquisition, financing, development, operations and successful asset sales. Viv has been involved in various capacities at Burton Coal, Dalrymple Bay Coal Terminal, South Blackwater Coal Mine, Tahmoor Coal Mine, Newlands/Collinsville Coal Mines, MIM, Utah Goonyella/Saraji and Gold Fields. He has a degree in Applied Science Geology and is a Fellow of the Australasian Institute of Mining and Metallurgy.

During the past 3 years Viv has not served as a Director of any other ASX listed companies.

Patrick O'Connor
BCom, FAICD
Non-Executive Director

Mr O'Connor has experience in a wide range of industries including mining, oil & gas exploration, forestry, biotechnology and government utilities across several international jurisdictions (Australia, Africa, New Zealand, United Kingdom and USA).

He is the non-executive chairman of Optiscan Imaging Limited (ASX: OIL). He was previously the non-executive chairman of TFS Corporation Limited (ASX:TFC) and a non-executive director of Buccaneer Energy Limited. Mr O'Connor retired as non-executive Deputy Chairman of Perilya Limited in December 2013 upon its take-over by Shenzhen Zhongjin Lingnan Nonfermet Co. Ltd (China's third largest zinc producer) and retired as non-executive Chairman of Xceed Resources Limited in February 2014 upon its take-over by Keaton Energy Limited (JSE listed). Mr O'Connor also spent 9 years as a director of the Water Corporation in Western Australia, four years as its Chairman and was prior to that the Managing Director of Macraes Mining Company Limited, during which time he oversaw the development of the Macraes Gold Project and the acquisition of the Reefton Gold Project in New Zealand. Mr O'Connor was also the Chief Executive Officer for Oceanagold Corporation Limited at the time of its listing on the ASX and remained for a period as a non-executive director.

During the past three years Patrick has also served as a Director of the following ASX listed companies:

- Optiscan Imaging Limited*
- TFS Corporation Limited
- Buccaneer Energy Limited

* denotes current ASX listed directorship.

Patrick is a member of the Remuneration Committee and the Audit & Risk Committee.

Chris McAuliffe
LLB (Hons), MBA
Non-Executive Director

Chris McAuliffe is co-founder and Managing Director of Sprint Capital, the Hong Kong based private equity investment management group. Chris has more than 20 years' experience in private equity and investment banking with significant relationships across Asia. Prior to co-founding Sprint Capital in 2008, Chris was a Managing Director and co-head of Asia Pacific Industrials Group at Citigroup in Hong Kong, prior to which he was a Managing Director and head of Asia Industrials and Services Group at Credit Suisse in Singapore.

During the past three years Chris has also served as a Director of the following listed companies:

- Asian Bamboo AG * (Germany)
- Xplorer PLC * (London)
- Chaswood Resources Holdings Limited * (SGX)

* denotes current directorship.

Chris is a member of the Remuneration Committee and the Audit & Risk Committee.

Andrew Martin**B.Ec (Hons)****Director (resigned 10 March 2014)****Alternator Director (for Viv Forbes, appointed resigned 10 March 2014)**

An investment banker with Deutsche Bank, Andrew Martin offers more than 15 years financial, advisory and corporate experience within the infrastructure, utilities and natural resources industries. In recent years, Andrew has advised on transactions within the power generation, utilities, gas, water, road, rail and ports sectors.

Holding a Bachelor of Economics (Honours) from the University of Sydney, Andrew is a founding Director and shareholder in St Lucia Resources International, Stanmore Coal and Kurilpa Uranium, which was acquired by Renaissance Uranium Ltd before its listing.

Andrew was appointed as an Alternate Director for Mr Viv Forbes.

Andrew also serves as a Director of Renascor Resources Limited.

Andrew Roach**B.Com, B Econ, CA, GDip App Fin****CFO (Appointed 4 August 2014), Joint Company Secretary (Appointed 6 May 2014)**

Andrew Roach was appointed as joint company secretary of Stanmore Coal Limited on 6 May 2014. Andrew has held the position of Financial Controller for 2 years and was appointed as Chief Financial Officer on 4 August 2014.

Andrew has 10 years of experience in accounting, finance and mergers & acquisitions. Prior to joining Stanmore Coal in 2012, Andrew worked for PricewaterhouseCoopers within the corporate finance and financial assurance divisions. Andrew holds a Bachelor Degree in Economics and Commerce, a Graduate Diploma in Applied Finance and is a Member of the Institute of Chartered Accountants.

Duncan Cornish**B.Bus (Acc), CA****Joint Company Secretary (Appointed 4 August 2014)**

Duncan Cornish held the position of joint company secretary up to 31 December 2013. He was reappointed as joint company secretary of Stanmore Coal Limited on 8 August 2014. Duncan was previously the Chief Financial Officer and Company Secretary for a number of years after the initial public offering of the Company.

Duncan is an accomplished and highly efficient corporate administrator and manager. Duncan has more than 20 years' experience in the accountancy profession both in England and Australia, mainly with the accountancy firms Ernst & Young and PricewaterhouseCoopers. He has extensive experience in all aspects of company financial reporting, corporate regulatory and governance areas, business acquisition and disposal due diligence, capital raising and company listings and company secretarial responsibilities, and serves as corporate secretary and chief financial officer of several Australian and Canadian public companies. Duncan holds a Bachelor of Business (Accounting) and is a member of the Australian Institute of Chartered Accountants.

Doug McAlpine**B.Comm, CA****CFO, Joint Company Secretary (resigned 4 August 2014)**

Doug McAlpine joined the Company as Chief Financial Officer on 19 September 2011. On 19 December 2011 Mr McAlpine was appointed joint company secretary. On 4 August 2014 Mr McAlpine resigned from his position as Chief Financial Officer and Company Secretary.

DIRECTORS' MEETINGS

The number of meetings of Directors (including meetings of committees of Directors) held during the year and the number of meetings attended by each Director was as follows:

	Board		Audit & Risk Management Committee		Remuneration Committee	
	Number of meetings held while in office	Meetings attended	Number of meetings held while in office	Meetings attended	Number of meetings held while in office	Meetings attended
Neville Sneddon	13	13	n/a	n/a	1	1
Nicholas Jorss	13	13	n/a	n/a	n/a	n/a
Stephen Bizzell	13	13	3	3	1	1
Viv Forbes	13	13	n/a	n/a	1	1
Chris McAuliffe	13	13	3	3	1	1
Patrick O'Connor	9	9	2	2	1	1

INTERESTS IN SHARES AND OPTIONS

As at the date of this report, the interests of the Directors in the shares and options of Stanmore Coal Limited are shown in the table below:

	Ordinary Shares	Unlisted Options
Neville Sneddon	300,000	-
Nicholas Jorss	32,263,375*	-
Stephen Bizzell	7,372,514	-
Viv Forbes	2,613,270	-
Patrick O'Connor	500,000	-
Chris McAuliffe	-	-

* 31,700,270 shares are held by St Lucia Resources International Pty Ltd of which Nicholas Jorss has an interest which owns > 20% and is a Director.

PRINCIPAL ACTIVITIES

During the financial year ended 30 June 2015, Stanmore Coal Limited and its subsidiaries ("the Company", "the Group" or "the Consolidated Entity") continued to deliver its strategy of exploring and developing export quality thermal and metallurgical coal deposits within the prime coal bearing regions of Eastern Australia.

OPERATING AND FINANCIAL REVIEW

The Board of Directors and management of Stanmore Coal have worked consistently during the year toward the goal of building a substantial coal company. Highlights for the year include:

- improving the Belview Project's resource to 50 Mt of JORC Indicated and 280 Mt of JORC Inferred;
- defining a maiden JORC Resource of 370 Mt, including 100 Mt of JORC Indicated and 270 Mt of JORC Inferred Resource;
- continued strong relationships with strategic Japanese counterparties through follow-on exploration funding at both the Belview and Clifford Projects; and
- shortly after year end the acquisition of the Isaac Plains Coal Mine and Wotonga.

The company spent about 9 months of the year assessing and negotiating a favourable transaction in relation to Isaac Plains and surrounding tenements. Outside of this the Company focused its activities during the year on investment in exploration and development activities which will improve the intrinsic value of the Belview and Clifford projects. No material expenditure was recorded for any other assets within the portfolio, including the Company's main thermal coal asset, The Range. Both Belview and Clifford exploration activities received significant funding support during the year which allowed the projects to progress with a reduced outlay from the Company. The Company continued its strong relationship with the Japan Oil, Gas and Metals National Corporation ("JOGMEC") by completing a further farmin period at Clifford.

Consistent with recent years the Company maintained a low overhead cost structure and employee head count in response to market conditions. Various cash inflows were generated from a variety of sources during the year which significantly offset the company's overhead cost base.

Stanmore Coal remains positive about the long term supply/demand fundamentals of both the metallurgical and thermal coal markets. The current market weakness provides opportunities to acquire valuable projects for significantly less than they would otherwise trade in a stronger market. This dynamic creates several opportunities for the Company which will continue to be evaluated judiciously by management.

Fundamental long term value in Stanmore Coal is underpinned by:

- its diversified portfolio of high quality metallurgical and export thermal coal projects which provide significant leverage in a rising coal price environment;
- a large and valuable JORC Resource and Reserve base; and
- the near term production capability delivered through the acquisition of the Isaac Plains Coal Mine.

Safety

The Group undertook approximately 10,600 hours of drilling and exploration activity directly and through its contractors during the twelve month period and reported no lost time injuries.

Safety remains of critical importance in the planning, organisation and execution of Stanmore Coal's exploration and operational activities. Stanmore Coal is committed to providing and maintaining a working environment in which its employees are not exposed to hazards that will jeopardise an employee's health, safety or the health and safety of others associated with our business.

Resources and Reserves

At the date of this report the Company has the following Reserves and Resources:

		JORC Recoverable Coal Reserve ^{1,2}	JORC Measured Resource ²	JORC Indicated Resource ¹	JORC Inferred Resource ¹	Total JORC Resource ¹
Project						
Isaac Plains*	Coking	5.0	10.0	9.1	11.0	30.1
Belview	Coking	-	-	50.0	280.0	330.0
Clifford	Thermal	-	-	80.0	290.0	370.0
The Range	Thermal	117.5	18.0	187.0	82.0	287.0
Mackenzie	Coking	-	-	25.7	117.5	143.2
Tennyson	Thermal	-	-	-	161.0	161.0
Totals		122.5	28.0	351.8	941.5	1,321.3

* Subject to completion of the transaction

Financial Performance and Financial Position

The Company reports an operating loss after the recognition of income tax incentives received and the provision for future income tax liabilities of \$12.1 million (2014: loss of \$11.1million). The magnitude of the loss is driven by an \$8.6 million impairment provision against Exploration and Evaluation Assets during the year. The loss also includes employee and other overhead costs, which are necessary to support the ongoing development of the company's projects and satisfy the Company's regulatory and other compliance obligations. The prior year loss included a one-off accounting adjustment to the carrying value of the company's investment in the Wiggins Island Coal Export Terminal ("WICET") Expansion Project ("WEXP1") which is unlikely to proceed in the short term. The Company had recorded an impairment provision against the value of its \$7.5 million investment in WEXP1 and its rights to future recoveries had been disclosed as contingent asset. As at 30 June 2015, there were no recoveries made on this contingent asset.

	2015	Restated 2014
	\$ mill	\$ mill
Revenue and other income	0.9	0.7
Employee benefits expenses	(1.9)	(2.7)
Finance costs	-	(0.5)
Legal expenses	(0.3)	(0.1)
Administration and consulting expenses	(1.1)	(0.7)
Other expenses	(1.1)	(1.3)
Impairment provision	(8.6)	(7.3)

1 Refer Competent Person Statement page 1

2 Refer Reserves Note page 1

Profit/(loss) before income tax benefit/(expense)	(12.1)	(11.9)
Income tax benefit/(expense)	-	-
Profit/(loss) after income tax expense	(12.1)	(11.9)

When compared against the prior year, the group's cost structure has been reduced reflecting down-sizing to the management team and generally lower activity levels. After adjusting for non-cash items and movements in net working capital, the Company delivered a net cash outflow of \$3.5 million.

	2015	Restated 2014
	\$ mill	\$ mill
Accounting profit/(loss) after income tax expense	(12.1)	(11.9)
Amortisation of share based payments	0.2	0.6
Asset impairment adjustments	8.6	7.3
Net working capital adjustments	(0.2)	0.8
Operating cash-flow	(3.5)	(3.2)

In the year to 30 June 2015, a total net cash outflow of \$2.6 million was recorded. This outflow was largely attributed to corporate overheads and significant diligence costs relating to the acquisition of Isaac Plains Coal Mine and Wotonga tenements.

	2015	Restated 2014
	\$ mill	\$ mill
Net cash at beginning of year	17.8	24.4
Net cash from operating activities	(3.5)	(3.2)
Net cash from investing activities	0.9	(0.2)
Net cash from financing activities	-	(3.2)
Net increase/(decrease) in cash held	(2.6)	(6.6)
Net cash at end of year	15.2	17.8

The Group ended the year in a strong financial position with gross assets of \$59.3 million including \$15.2 million of available cash. The Group has a strong current ratio and total net assets of \$58.8 million at 30 June 2015. Other than operating trade payables, at 30 June 2015 the Group has no other liabilities. Convertible notes held by the company's major shareholder Greatgroup Limited were converted into ordinary equity during the financial year.

Operational Highlights

Belview Underground Coking Coal Project

The Company increased the Belview Project's JORC Resource estimate to 330 Mt during the year. This year's exploration program was assisted by Japanese funding of \$1.5 million via partners Taiheiyo and JOGMEC and provided improved confidence in the deposit, with a maiden JORC Indicated Resource estimate of 50Mt.

Coal quality analysis conducted on samples from this year's drilling program confirmed that the deposit can produce two high value metallurgical products at a high total washing yield. The coking coal (primary product) is classified as a high rank coking coal of low ash with a high CSN value (typically 7 - 8.5). The secondary product will be a readily saleable low volatile PCI coal as the product displays high carbon content, calorific value and coke replacement ratio and would be attractive to most blast furnace operators. Together these products will be produced at a high overall washed yield (average laboratory yield of 73-83%) and will be comparable to those produced in neighbouring mines and sold into established markets including Japan, South Korea, Taiwan, China, India, and Europe.

A Pre-Feasibility Study is underway with results anticipated in the second half of calendar 2015.

Clifford Thermal Coal Project

During the year, Stanmore announced a maiden JORC Resource for the Liberty and Grange deposits within the Clifford project in the Surat Basin. A total JORC Resource of 370Mt was estimated with 100Mt of Inferred at Liberty and 270Mt (80Mt Indicated, 190Mt Inferred) at Grange. Coal intersections continue to be promising for a potential open cut deposit with early in-situ strip ratios of less than 7:1.

Coal quality results from the most recent program confirmed the prospective results from earlier exploration carried out by Stanmore. Consistent with typical Surat Basin coals, Clifford coal features high energy content and a low anticipated emissions profile. Clifford showed particularly high energy relative to other seaborne traded coals and typical Surat Basin coals with calorific values approaching the Newcastle benchmark.

Through a joint exploration initiative with Stanmore Coal, Japanese Government agency JOGMEC has an enhanced role in the development of a new, long term source of high quality thermal coal highly suitable for Japanese electricity generators. JOGMEC is providing up to \$4.5 million of funding covering all of the planned exploration expenditure over three years within the Clifford Project area.

Rail and Port Infrastructure

The early works expenditure program for WEXP1 was decelerated and the target date for achieving financial close for that expansion stage was not satisfied with the WEXP1 process terminated on 31 August 2014. The Company retains rights to recover its existing investment in WEXP1 under the scenario that financial close for an expansion is reached prior to 2020.

The Range Project is one of the most advanced projects in the northern Surat Basin. The Company continues to work with infrastructure providers to support the delivery of the Surat Basin Rail Line necessary to support commercialisation of The Range Project.

Project Snapshots

Belview Coking Coal Project

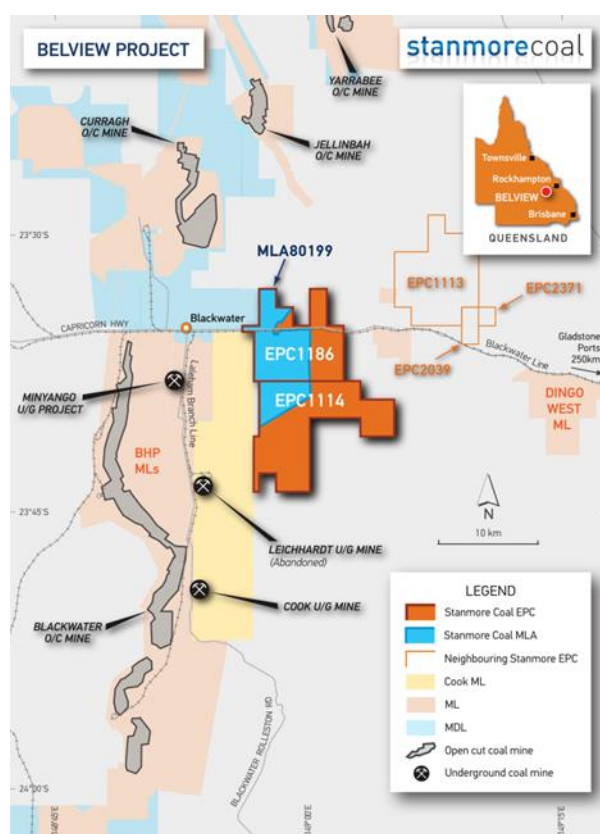
MLA80199, EPC 1114 & 1186

Stanmore Coal 100% ownership

Location: 10km south-east of Blackwater

Area: 170km²

JORC Resource³: 330Mt



The Belview Project is a large scale, metallurgical coal project located in the heart of Queensland's Bowen Basin. Belview currently hosts a 330 Mt JORC Inferred Resource⁵ and further studies are underway with a focus on reducing capital costs and evaluating initial mining options. The Company has submitted a Mining Lease Application for the project.

During the year the Company undertook an exploration program funded by a \$1.5million grant from Japanese partners Taiheiyo and the Japanese Government agency, JOGMEC.

The exploration program improved confidence in the deposit, a provided a maiden JORC Indicated Resource estimate of 50Mt⁵.

As is the case for several other Rangal coal deposits, maintaining a minimum vitrinite content is important to ensure that the product displays adequate coking properties. This is achieved by separation at a low density and thus is accompanied by a low ash level (typically 6 - 7.5 % (ad)). A washed coking coal is likely to exhibit low sulphur (0.4-0.55% ad) and moderate phosphorus

(0.07-0.1% ad) with limited plastic properties. Given the correlation with current Rangal coking coals in the market place this coking coal product is well understood and would be readily accepted by steel mill end users.

The PCI coal has low-volatile matter, standard ash, low sulphur and moderate phosphorus content. At a typical ash level of 10 - 11 % (ad) the calorific value is regarded as high (~7,500 kcal/kg gad). This calorific value level, along with the high carbon content, indicates a high coke replacement ratio. The variable iron and calcium content in the ash impact the ash fusion temperature. The HGI is high (~80 - 87).

Together these products can be produced at a high overall washed yield, with an achieved laboratory yield for the Pollux seam of 79%. Under certain circumstances a thermal coal product may be produced to replace the PCI product, deriving a moderate ash (20% ad) coal with reasonably high energy content around 6,500 kcal/kg (gad) and attractive HGI of 75-80.

³ Refer Competent Person Statement, page 1

Estimated Coal Quality - Belview

Parameter ¹		Primary HCC Product	Secondary PCI Product
Product Split	% Mass	61	39
Inherent Moisture	%	1.5	1.7
Ash	% (ad)	6.5	9.5
Volatile Matter	% (ad)	18.8	17.6
Fixed Carbon	% (ad)	73.2	71.2
Total Sulphur	% (ad)	0.41	0.37
Phosphorus	% (ad)	0.06	0.06
Calorific Value	kcal/kg	7,900	7,620
Crucible Swell Number (CSN)		6 – 7	1
Vitrinite Reflectance (RoMax)	%	1.50	1.48

1. Air dried basis unless otherwise noted

Lilyvale Underground Coking Coal Project

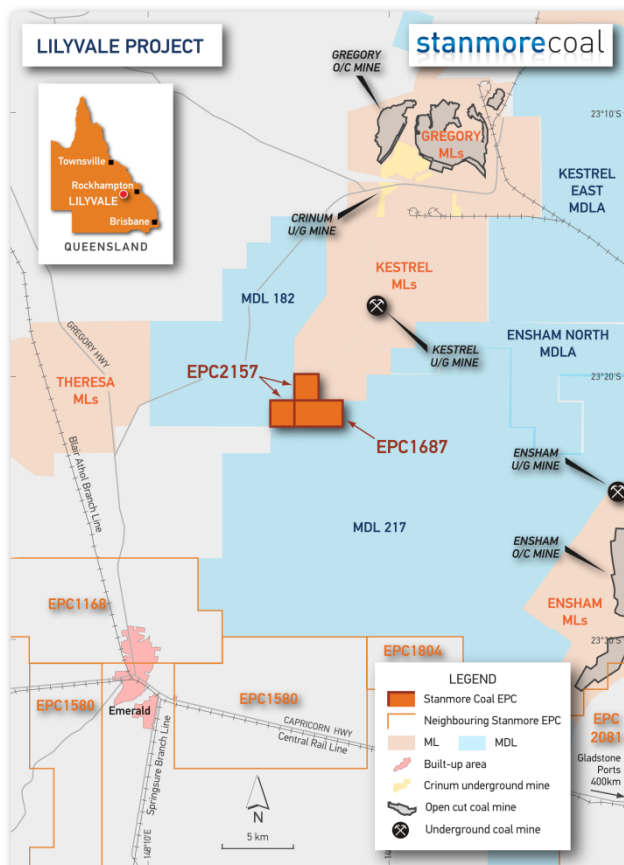
EPCs 1687 and 2157

Stanmore Coal 85% ownership/Cape Coal 15% ownership

Location: 25km north east of Emerald

Area: 13km²

JORC Resource: N/A



The Lilyvale project is located 25km north east of Emerald and is in close proximity to the operating Kestrel South and Gregory - Crinum coking coal mines.

Based on analysis of historical geophysical logs and bore holes in the surrounding region (including two cored holes with quality data within the project area) the Company estimates that the Lilyvale project hosts the German Creek seam from 336m in depth with a typical thickness across the project area of 2.2-2.5m. The geology of the project and surrounding areas is well understood and not expected to be geologically complex. Adjacent underground mines at Kestrel (Rio Tinto) and Gregory - Crinum (BHP Mitsubishi Alliance) produce a low ash, high quality coking coal from the German Creek seam.

The Range Project

EPC 1112, 2030 / MLA 55001, 55009, 55010

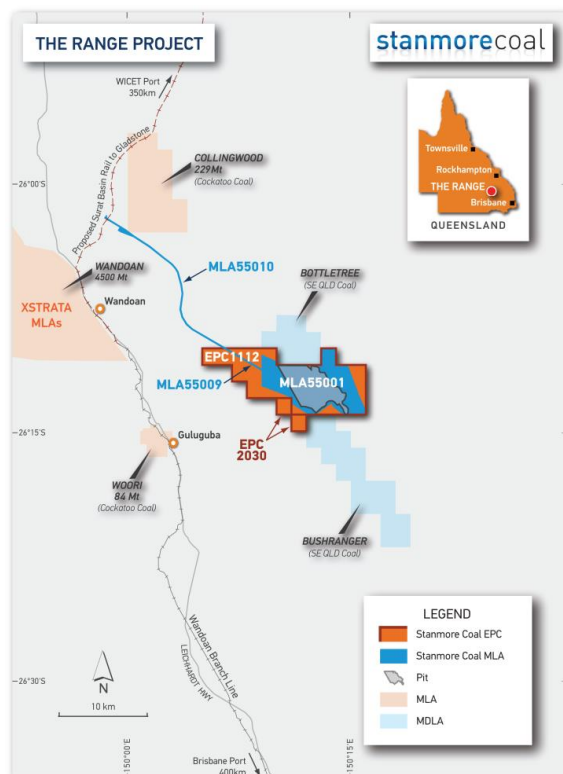
Stanmore Coal 100% ownership

Location: Surat Basin – 24km south-east of Wandoan

Area: 92km²

JORC Resource⁴: Total of 287 Mt high quality open pit thermal coal (18Mt Measured + 187Mt Indicated + 82 Inferred Resource)

JORC Marketable Reserve⁵: 94 Mt (included in the 287Mt, Measured, Indicated and Inferred Resource noted above)



A definitive feasibility study has previously been completed for The Range covering geology, mining and cost structures which confirmed that it is an attractive 5Mtpa high quality, export grade, thermal coal project ready for execution upon the delivery of the Surat Basin Rail linking the basin to the existing Moura network via a 190km rail link.

An Environmental Impact Statement ("EIS") and supplementary EIS have previously been completed and assessed by the Department of Environment and Heritage Protection ("DEHP").

The focus of the Company in relation to The Range project is on supporting the delivery of rail and port infrastructure and as such it is not expected that further material expenditure will be required prior to the infrastructure solution being finalised. When the timetable to a final investment is understood, the Company will undertake a further project review with a focus on optimising project capital costs in light of current market conditions.

The Company has reduced ongoing costs at The Range to a minimum until there is certainty as to the timing of

the rail solution. The Company will continue with ongoing environmental monitoring and other minor on-site activities to maintain compliance with approvals. The project is well positioned to progress once a clear path to production can be realised and the Company continues to work with infrastructure providers to support the delivery of essential rail infrastructure necessary to support commercialisation of the Surat Basin.

4 Refer Competent Persons Statement, page 1

5 Refer Marketable Reserves Note, page 1

The Clifford Project

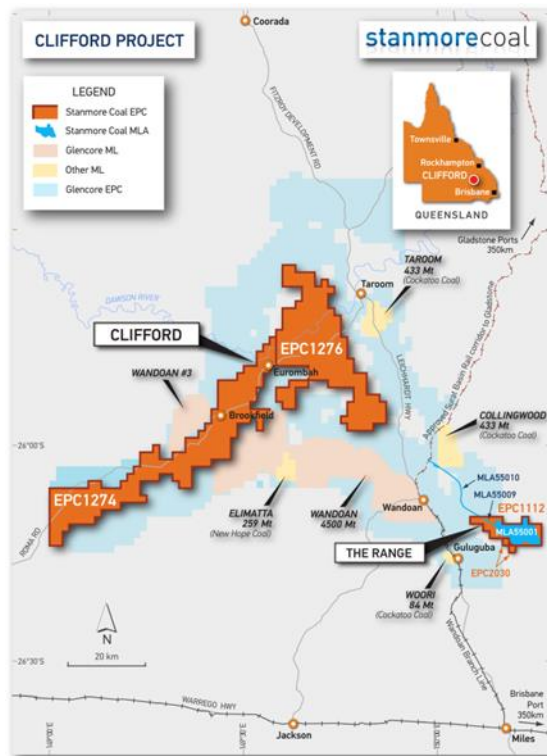
EPC 1274, 1276

Stanmore Coal 100% ownership (JOGMEC can earn up to 40% through provision of exploration funding)

Location: Surat Basin – 24km south-east of Wandoan

JORC Resource⁶: 80 Mt Indicated; 290 Mt Inferred (total 370 Mt Resource)

Area: 1,161km²



The Clifford Project (EPC 1274 and EPC 1276) is an 1161 km² area within Queensland's highly prospective Surat Basin. The Surat Basin is an extensive coal basin featuring high energy, low emission thermal coal which is well suited for clean and efficient electricity generation in Asia. Surat Basin thermal coal features excellent environmental performance with a low emissions profile relative to other traded coals. There is a proven track record of Surat Basin coals being used for efficient power generation in Queensland and also for export to the Japanese market.

The Clifford Project is in close proximity to Stanmore Coal's The Range, a 5Mtpa open cut export grade thermal coal project. The Clifford Project adjoins Glencore's Wandoan Project and is targeting thermal coal deposits at depths amenable to open cut mining.

Through a joint exploration initiative with Stanmore Coal, JOGMEC is providing up to \$4.5 million of funding for all of the planned exploration expenditure over three years including drilling, associated coal quality analysis and feasibility studies within the Clifford Project area.

Under this arrangement, JOGMEC will earn up to a 40% economic interest in the project. As a Japanese Government agency, JOGMEC plays a key role in the identification and development of new, long term sources of high quality thermal coal highly suitable for Japanese electricity generators. Funding provided under this arrangement will also allow Stanmore to build a comprehensive geological model of the area utilising historical data within and immediately surrounding the tenement area.

The Company has completed planning for the 2015 drilling program with site preparation anticipated to commence in August. This program will involve the drilling of over 25 rotary holes and over 10 part-cored holes to provide further geological information on the Grange and Liberty deposits.

⁶ Refer Competent Person Statement page 1

Estimated Coal Quality - Clifford

Parameter	Unit	Basis	Liberty	Grange
Proximate analysis				
Ash	%	air dried	9.9	9.3
Volatile Matter	%	air dried	42.6	42.7
Fixed Carbon	%	air dried	41.4	40.9
Fuel Ratio			0.97	0.96
Sulphur	%	air dried	0.47	0.42
Gross Calorific Value	kcal/kg	net as received	5,933	5,920
Hardgrove grindability index (HGI)		air dried	34	33
Abrasion index		air dried	<10	<10
Ash fusion temperature				
Deformation	C		1,540	1,520
Petrographics				
R max	%		0.51	0.48
Total vitrinite	vol %		66.9	70.8

Outlook

The cyclical lows in the current coal market are driven by oversupply as a result of the strong pricing signals several years ago which incentivised a significant volume of production to enter the market. Overall demand for both coking and thermal coal remains robust although it is likely that it will take some time to rebalance the market. The long term fundamentals of both the coking and thermal coal markets are strong, based on the continued demand for high quality coal in the developing regional economies including India, China, Taiwan and South East Asia as well as the traditional developed markets of Japan and Korea. A recovery in coal prices is expected to follow the market deterioration as there is currently very little pricing incentive for new supply to enter the market as existing mines are depleted.

The very high quality characteristics of Queensland's coal position it favourably against a backdrop of increased environmental focus from various governments placing a greater emphasis on those projects with high quality, low impurity coal.

The acquisition of Isaac Plains and surrounding tenements provides Stanmore with a transformational opportunity to reach production in 2016 and provides a strong platform for further growth.

The Company continues to evaluate opportunities which are consistent with our strategy of selectively pursuing low capital, high value expansion opportunities and deploying capital judiciously to create long term shareholder value. As market conditions continue to remain volatile, the Company will maintain a disciplined approach in order to protect and grow shareholder value through what is a period of considerable opportunity.

Managing Risk

Exploration and evaluation for coal generally involves a degree of risk as it is inherently uncertain as to whether capital invested will generate an acceptable return within a predefined investment horizon. The Company is able to mitigate certain risks using safeguards, appropriate systems, and implementing specific management actions. Some risks may be outside the control of the Company and not capable of mitigation. The Board of Directors apply appropriate governance practices to identify and address key risks to the business, whilst at the same time encouraging management to exercise its entrepreneurial capabilities in delivering the businesses objectives. The value created for investors through the successful advancement of the Company's exploration assets along the value curve can be substantial.

Acknowledging the nature of the Company's activities will change as the Company transitions to becoming a coal producer, the Board has a heightened awareness to the increased risks that will be faced in the future. Accordingly, the Company has undertaken a detailed risk assessment which seeks to comprehensively map the key risks of the business going forward. This risk framework will be continually assessed as the Company progresses and builds its production capabilities.

Safety

The Board views safety as a critical element for the Company to be able to deliver on its strategy. Safety is of the highest importance in the planning, organisation and execution of Stanmore Coal's exploration and development activities. The Board is also aware of the increased safety focus for the organisation as Stanmore Coal transitions to becoming a coal producer.

Stanmore Coal remains committed to providing and maintaining a working environment in which its employees are not exposed to hazards that will jeopardise their health, safety or the health and safety of others associated with our business. Safety is both an individual and shared responsibility of all employees, contractors and other persons involved with the operation of the organisation.

As a result of the acquisition of the Isaac Plains Coal Mine, the Company will conduct a comprehensive review of the broader Safety and Health Management system which is designed to minimise the risk of an uncontrolled safety and health event and to continuously improving safety culture within the organisation. The importance of safety cannot be overstated and the Board undertakes to ensure that contractors and other organisations associated carry a similar approach.

Regulatory risk

The Company has limited influence over the direction and development of government policy. Successive changes to the Australian resources policy, including taxation policy, have impacted Australia's global competitiveness and reduced the attractiveness of Australian coal projects to foreign investors. The Company's view is that whilst there is currently a negative perception of coal, it will continue to play an important role as an export commodity. Coking coal is critical for future steel production and thermal coal will continue to play a major role in the global energy mix as part of sustaining global growth, particularly in developing regions, through efficient electricity generation.

Forecasting coal prices and foreign exchange rates

Stanmore Coal's future revenues streams are likely to be linked to export coal prices which are typically denominated in US\$. As the Company is transitioning to an operational phase, assumptions regarding future commodity prices and foreign exchange rates have a significant influence on the economic viability of proposed mining operations. During the year ended 30 June 2015, contract prices and spot prices of all coal specifications declined as a result of continued growth in global supply. The demand for both metallurgical and thermal coal continued to grow steadily over the same period. Whilst it is inherently difficult to reliably predict future coal prices, Stanmore Coal believes that the medium term supply and demand outlook will balance and coal prices will recover thereafter as is typical for a cyclical commodity. The Company is also of the view that further depreciation of the Australian dollar against the US dollar will have a positive impact on future Australian dollar revenues.

Identifying and estimating Resources and Reserves

The future success of the Company will depend on its ability to develop coal reserves that are economically recoverable. The mining of coal involves a degree of risk, including that the coal mined may be of a different quality, tonnage or strip ratio from that originally estimated. The Company engages external experts to assist with the evaluation of exploration results and relies on third party competent persons to prepare JORC resource statements. Economic feasibility modelling of coal deposits is conducted in conjunction with third party experts, the results of which are usually subject to independent third party peer review. Stanmore Coal undertakes extensive exploration and coal quality testing prior to establishing JORC compliant resource and reserve estimates and to support feasibility studies.

Access to capital

At 30 June 2015, the Company remains well funded with cash reserves expected to be sufficient to meet the businesses operating costs for a number of years. Post year end the Company announced it had contracted to acquire the Isaac Plains Coal Mine which includes several material contracts with material ongoing financial commitments, including take or pay obligations. Stanmore Coal's ability to effectively continue may be dependent upon a number of factors including the success of the mine operations, or the successful exploration and subsequent exploitation of the Company's tenements. Should these avenues be delayed or fail to materialise, the Group expects to have the ability to successfully raise additional funding through debt, equity or farmout / sell-down to allow the Group to continue as a going concern and meet its debts as and when they fall due.

Regulatory and Land Access Risk

The Company's operations and Projects are subject to State and Federal laws and regulation regarding environmental hazards. These laws and regulations set various standards regulating certain aspects of health and environmental quality, provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to remediate current and former facilities and locations where operations are or were conducted. The ability to secure and undertake exploration and operational activities within prospective areas is also reliant upon satisfactory resolution of native title and management of overlapping tenure.

To address these risks, the Company develops strong, long term effective relationships with landholders, with a focus on developing mutually acceptable access arrangements as well as appropriate legal and technical advice to ensure it manages its compliance obligations appropriately. The Company minimises these risks by conducting its activities in an environmentally responsible manner, in accordance with applicable laws and regulations and where possible, by carrying appropriate insurance coverage. In addition the Company engages experienced consultants and other technical advisors to provide expert advice where necessary.

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REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for each Director of Stanmore Coal Limited, and for the Company's key management personnel ("KMP"). KMP are defined as those persons who have the authority and responsibility for planning, directing and controlling the activities of the Company. The Company's KMP during the year were:

Details of Key Management Personnel

(i) <i>Directors</i>		
Neville Sneddon		Non-Executive Chairman
Nicholas Jorss		Managing Director
Stephen Bizzell		Non-Executive Director
Viv Forbes		Non-Executive Director
Chris McAuliffe		Non-Executive Director
Patrick O'Connor		Non-Executive Director
(ii) <i>Senior Management</i>		
Michael McKee		Chief Operating Officer
Andrew Roach		Chief Financial Officer and Joint Company Secretary (appointed 4 August 2014)
Doug McAlpine		Chief Financial Officer and Joint Company Secretary (resigned 4 August 2014)

Remuneration policy overview

Stanmore Coal's business strategy of becoming a coal producer can only be achieved by identifying and retaining high calibre employees with appropriate experience and capability. Developing an appropriate compensation strategy for the Company's employees is a key factor in ensuring employees are engaged and motivated to improve the Company's performance over the long term. The Board's intention is to maximise stakeholder benefit from the retention of a high quality Board and Executive Team without creating an undue cost burden for the Company, but allowing the Company to respond to opportunities quickly and rapidly progress its projects to development at the appropriate point in the cycle.

The Board regularly reviews the appropriateness of employees' fixed compensation in light of the Company's cost structure and the practices of its peers. In FY15 there were no changes to fixed compensation for key management personnel or any other employees of the Company. This represents a continuation of the policy from FY14 with very few employees receiving any change to base remuneration arrangements since FY13.

REMUNERATION REPORT (AUDITED) (continued)

The following describes the Company's remuneration arrangements for Directors and Employees. The Short Term Incentive ("STI") and Long Term Incentive ("LTI") schemes are currently suspended.

Fixed Remuneration

Managing Director and senior management remuneration

The Consolidated Entity aims to reward the Managing Director and senior management with a base level of remuneration which is both appropriate to the position and competitive in the market. Fixed remuneration is reviewed annually by the Remuneration Committee and the Board. The Managing Director reviews all senior management and employee performance and remuneration and then makes recommendations to the Remuneration Committee. The Remuneration Committee reviews the Managing Director's performance and remuneration.

The process consists of a review of Company-wide and individual performance, relevant comparative remuneration in the market and internal, and where appropriate, external advice on policies and practices.

There was no increase to fixed remuneration for the Managing Director or senior management in FY15. There has been no change to base remuneration of key management personnel since the last adjustment in FY12. The Remuneration Committee and the Board deemed this an appropriate outcome given the continued poor market conditions and deterioration of the share price of the Company.

Non-executive Director fixed remuneration

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

The Constitution of Stanmore Coal Limited and the ASX Listing Rules specify that the non-executive Directors are entitled to remuneration as determined by the Consolidated Entity in a general meeting to be apportioned among them in such manner as the Directors agree and, in default of agreement, equally. The maximum aggregate remuneration currently determined by Stanmore Coal Limited is \$350,000 per annum. Additionally, non-executive Directors are also entitled to be reimbursed for indirect expenses associated with execution of their responsibilities (for example travel costs). Total non-executive Director remuneration for FY15 was \$205,000 (FY14: \$203,000).

If a non-executive Director performs extra services, which in the opinion of the Directors are outside the scope of the ordinary duties of the Director, the Consolidated Entity may remunerate that Director by payment of a fixed sum determined by the Directors in addition to or instead of the remuneration referred to above. However, no payment can be made if the effect would be to exceed the maximum aggregate amount payable to non-executive Directors. No such payments were made this year. A non-executive Director is entitled to be paid travel and other expenses properly incurred by them in attending Directors' or general meetings of Stanmore Coal Limited or otherwise in connection with the business of the Consolidated Entity.

The fixed remuneration of non-executive Directors for the year ending 30 June 2015 is detailed in this Remuneration Report.

REMUNERATION REPORT (AUDITED) (continued)

Short term and long term incentive plan structures

The Board considers that the use of STI and LTI are a reasonable means of remunerating employees, on the basis that they:

- encourage share ownership and align, in part, remuneration with the future growth and prospects of the Company;
- encourage employees to drive toward the realisation of shareholder value;
- provide flexibility to the Company to actively manage the way in which it remunerates and incentivises employees;
- preserve the Company's cash resources; and
- contribute toward the attraction and retention of skilled talent in a competitive employment market.

From September 2013, the Board elected to not issue any further incentives under the STI or LTI schemes until further notice. This decision was made in consideration of current market conditions and continued deterioration of the share price.

Incentive Outcomes for FY14 and FY15

The below table illustrates the remuneration outcomes for both the STI and LTI schemes.

Incentive	Award Outcome	Discussion								
FY 2015 - LTI	Nil	N/A								
FY 2014 – LTI	<p>2,766,000 options were issued to 7 employees with an exercise price of \$0.22, vesting 4 September 2015 and expiring 4 September 2017. The options were issued in September 2013.</p> <table><tr><th>Tier</th><th>Average % award of maximum</th></tr><tr><td>Senior management</td><td>89%</td></tr><tr><td>Managers</td><td>89%</td></tr><tr><td>Staff</td><td>89%</td></tr></table>	Tier	Average % award of maximum	Senior management	89%	Managers	89%	Staff	89%	<ul style="list-style-type: none">No LTIs were issued to Directors or the Managing Director for the FY2014 period
Tier	Average % award of maximum									
Senior management	89%									
Managers	89%									
Staff	89%									

REMUNERATION REPORT (AUDITED) (continued)

No incentives have been issued in relation to the STI since issuance made for the 2012 calendar year.

The Company does not intend to issue more than an aggregate of 5% of its share capital, from time to time, under the plans.

No amounts were paid to remuneration consultants in the year ended 30 June 2015 (2014: nil).

Relationship between remuneration and Consolidated Entity performance

During the financial year, the Consolidated Entity has generated accounting losses as its principal activity was the exploration and development of prospective coal assets within Queensland's Bowen and Surat Basins.

On 9 December 2009, official quotation of the Stanmore Coal Limited's shares on the ASX commenced at a price of \$0.20. The share price at the end of the financial year ended 30 June 2015 was \$0.06 (2014: \$0.105). Given the continued poor performance of the share price there was no award made under the LTI scheme with respect to total shareholder returns for the year ended 30 June 2015.

There were no dividends paid during the year ended 30 June 2015.

As the Consolidated Entity is still in the exploration and early development stage, there is not necessarily a direct relationship between the Consolidated Entity's financial performance, improvement to shareholder wealth and changes to the Company's remuneration arrangement. Share prices are subject to the influence of coal prices and market sentiment toward the sector, and as such increases or decreases may occur quite independent of executive performance or remuneration. The remuneration framework will be reviewed in light of the transition of the Consolidated Entity to production in the next financial year.

Employment contracts and consultancy agreements

It is the Board's policy that employment contracts or consultancy agreements are entered into with all Executive Directors, executives and employees.

Contracts do not provide for pre-determining compensation values or method of payment. Rather the amount of compensation is determined by the Remuneration Committee and the Board in accordance with the Company's remuneration policies.

The current consultancy agreement with the Joint Company Secretary has a three month notice period. All other employment contracts or consultancy agreements have three month (or lower) notice periods. No current employment contracts contain early termination clauses. All Non-Executive Directors have received letters outlining the key terms of their appointment. The contracts have no specified duration.

Key management personnel are entitled to their statutory entitlements of accrued annual leave and long service leave together with any superannuation on termination. Other termination payments may be negotiated on a case by case basis.

Managing Director

Stanmore Coal Limited has an Employment Contract with Mr Nick Jorss for the position of Managing Director which commenced on 1 January 2012. Mr Jorss' base remuneration is \$380,000 per annum. Mr Jorss is eligible to participate in the STI/LTI scheme which commenced in 2012 during the year pursuant to shareholder approval. Detail of instruments issued under the schemes is provided on page 27 of this report. These include the following unlisted securities which were held at the date of this report:

- On 26 October 2012 500,000 (expiry 30 June 2020) performance rights were granted following shareholder approval at the EGM 10 October 2012. 50% of these rights vest upon the grant of the Mining Lease for The Range Project and the balance of 50% vest upon achieving an annualised production rate of 5Mtpa of product coal at The Range Project. At the date of this report none of these rights have vested.

REMUNERATION REPORT (AUDITED) (continued)

Senior Management

Chief Financial Officer

Andrew Roach (Appointed 4 August 2014)

Stanmore Coal Limited has an Employment Contract with Mr Andrew Roach for the position of Chief Financial Officer which commenced on 4 August 2014. Prior to this role, Mr Roach performed the role of Financial Controller since July 2012. Mr Roach receives a salary of \$250,000 per annum effective from 1 August 2015. The employment contract may be terminated by either party by providing 3 month's written notice, or immediately in the case of gross negligence or serious misconduct.

Mr Roach was previously granted 693,000 unlisted options, expiring 4 September 2017, exercisable as follows:

- 693,000 at \$0.22 (vesting 4 September 2015)

Mr Roach is eligible to participate in the STI/LTI scheme which commenced in 2012 pursuant to shareholder approval. Detail of instruments issued under the schemes is provided on page 28 of this report. These include the following unlisted securities which were held at the date of this report:

- 450,000 performance rights (expiry 30 June 2020). 50% of these rights vest upon the grant of the Mining Lease for The Range Project and the balance of 50% vest upon achieving an annualised production rate of 5Mtpa of product coal at The Range Project. At the date of this report none of these rights have vested (2014: Nil).

Douglas McAlpine (Resigned 4 August 2014)

Mr McAlpine resigned as Chief Financial Officer and Joint Company Secretary after balance date, effective 4 August 2014, forfeiting his entitlement to unexercised securities. Mr McAlpine received a salary of \$336,000 per annum up to the date of his resignation. Mr McAlpine did not receive a termination payment upon cessation of employment with the Company.

Chief Operations Officer

Stanmore Coal Limited has an Employment Contract with Mr Michael McKee for the position of Chief Operations Officer (formerly the General Manager – Operations) which commenced on 1 February 2011. Mr McKee receives a salary of \$353,200 per annum. The employment contract may be terminated by either party by providing 2 month's written notice, or immediately in the case of gross negligence or serious misconduct.

Under the terms of the contract, on 16 March 2011, Mr McKee was issued 20,000 ordinary shares and on 27 April 2011 granted 2,000,000 unlisted options, expiring 31 December 2015, exercisable as follows:

- 500,000 at \$1.75 (vesting 27 April 2012)
- 500,000 at \$2.00 (vesting 27 April 2013)
- 500,000 at \$2.25 (vesting 27 April 2014)
- 500,000 at \$2.50 (vesting 27 April 2015)

On 12 October 2012 Mr McKee was issued 250,000 ordinary shares upon being promoted to the role of General Manager – Operations.

Mr McKee held the following unlisted securities at the date of this report:

- 500,000 performance rights (expiry 30 June 2020). 50% of these rights vest upon the grant of the Mining Lease for The Range Project and the balance of 50% vest upon achieving an annualised production rate of 5Mtpa of product coal at The Range Project. At the date of this report none of these rights have vested (2014: Nil).

REMUNERATION REPORT (AUDITED) (continued)

Remuneration details

The following table details the components of remuneration for each key management person of the Company, in respect of the financial years ending 30 June 2014 and 30 June 2015.

2015	Short-term benefits			Post-Employment	Termination Benefits	Share-based payments		Total	% Remuneration as share-based payments	% Performance-related remuneration
	Salary & Fees	Cash Bonus	Other short-term benefits			Equity-settled (options)	Equity-settled (shares)			
	\$	\$	\$	\$	\$	\$	\$	\$		
Directors										
Neville Sneddon	55,000	-	-	-	-	-	-	55,000	0%	0%
Nicholas Jorss	367,577	-	-	18,783	-	-	14,363	400,723	4%	0%
Patrick O'Connor*	30,000	-	-	-	-	-	-	30,000	0%	0%
Stephen Bizzell	40,000	-	-	-	-	-	-	40,000	0%	0%
Viv Forbes	40,000	-	-	-	-	-	-	40,000	0%	0%
Chris McAuliffe	40,000	-	-	-	-	-	-	40,000	0%	0%
Total	572,577	-	-	18,783	-	-	14,363	605,723		
Senior Management										
Doug McAlpine**	83,582	-	-	4,696	-	-	-	88,278	0%	0%
Michael McKee	334,408	-	-	18,783	-	63,517	14,363	431,071	18%	0%
Andrew Roach***	192,000	-	-	18,240	-	20,790	14,363	245,393	14%	0%
Total	609,990	-	-	41,719	-	84,307	28,726	764,742		

* Patrick O'Connor was appointed on 1 October 2014

** Doug McAlpine resigned on 4 August 2014 (Chief Financial Officer)

*** Andrew Roach was appointed on 4 August 2014 (Chief Financial Officer)

2014	Short-term benefits			Post-Employment	Termination Benefits	Share-based payments		Total	% Remuneration as share-based payments	% Performance-related remuneration
	Salary & Fees	Cash Bonus	Other short-term benefits			Equity-settled (options)	Equity-settled (shares)			
	\$	\$	\$	\$	\$	\$	\$	\$		
Directors										
Neville Sneddon	55,000	-	-	-	-	-	-	55,000	0%	0%
Nicholas Jorss	363,923	-	-	17,788	-	-	58,093	439,804	13%	0%
Andrew Martin*	27,692	-	-	-	-	-	-	27,692	0%	0%
Stephen Bizzell	40,000	-	-	-	-	-	-	40,000	0%	0%
Viv Forbes	40,000	-	-	-	-	-	-	40,000	0%	0%
Chris McAuliffe	40,000	-	-	-	-	-	-	40,000	0%	0%
Total	566,615	-	-	17,788	-	-	58,093	642,496		
Senior Management										
Doug McAlpine	303,692	-	-	17,788	-	70,900	49,347	441,727	27%	0%
Michael McKee	394,717	-	-	23,788	-	133,609	58,093	610,207	31%	0%
Total	698,409	-	-	41,576	-	204,509	107,440	1,051,934		

* Andrew Martin resigned on 10 March 2014

REMUNERATION REPORT (AUDITED) (continued)

Remuneration details (continued)

Cash bonuses, performance-related bonuses and share-based payments

Under the Director and Employee Share Plan and Director and Employee Incentive Plan approved by shareholders at the 12 October 2012 Extraordinary General Meeting, employees and Executive Directors of the Company may be eligible to receive a combination of cash, shares and long term options or performance rights to more closely align rewards for performance with the achievement of Company objectives. Pursuant to shareholder approval, the Share Plan and Incentive plan were first applied in the financial year ending 30 June 2013.

There were no cash or share-based payments made to key management personnel and other executives during the year ended 30 June 2015.

Equity instruments

Shareholdings

Details of ordinary shares held directly, indirectly or beneficially by key management personnel and their related parties are as follows:

	Balance 1 July 2014	Granted as Remuneration	On Exercise of Options or Rights	Net Change Other	Balance 30 June 2015
Directors					
Neville Sneddon	300,000	-	-	-	300,000
Nicholas Jorss *	32,163,375	-	-	100,000	32,263,375
Andrew Martin *	31,700,270	-	-	-	31,700,270
Patrick O'Connor	-	-	-	500,000	500,000
Stephen Bizzell	7,372,514	-	-	-	7,372,514
Viv Forbes	2,613,270	-	-	-	2,613,270
Chris McAuliffe	-	-	-	-	-
Senior Management					
Doug McAlpine**	144,892	-	-	(144,892)	-
Michael McKee	694,466	-	-	(271,926)	422,540
Andrew Roach***	-	-	-	101,464	101,464

* Shares are held by St Lucia Resources International Pty Ltd of which Nicholas Jorss, Andrew Martin and Vaughan Wishart are Directors, and each have interest in trusts which own >20%.

** Doug McAlpine ceased to be a member of key management personnel on 4 August 2014 following his resignation as Chief Financial Officer. The Net Change amount reflects this change.

***Andrew Roach is considered to be key management personnel effective from the date of his appointment as Chief Financial Officer on 4 August 2014

There were no shares held nominally at 30 June 2015.

REMUNERATION REPORT (AUDITED) (continued)*Options holdings*

	Balance 1 July 2014	Granted as Remuneration	Exercise of Options	Net Change Other	Balance 30 June 2015	Total vested at 30 June 2015	Total vested and exercisable at 30 June 2015	Total vested and not exercisable at 30 June 2015
Directors								
Neville Sneddon	-	-	-	-	-	-	-	-
Nicholas Jorss	-	-	-	-	-	-	-	-
Andrew Martin	-	-	-	-	-	-	-	-
Stephen Bizzell	-	-	-	-	-	-	-	-
Patrick O'Connor	-	-	-	-	-	-	-	-
Viv Forbes	-	-	-	-	-	-	-	-
Chris McAuliffe	-	-	-	-	-	-	-	-
Senior Management								
Doug McAlpine*	2,493,000	-	-	(2,493,000)	-	-	-	-
Michael McKee	2,720,000	-	-	-	2,720,000	2,000,000	2,000,000	-
Andrew Roach**	-	-	-	693,000	693,000	-	-	-

* Doug McAlpine resigned on 4 August 2014. In accordance with terms of the options, Mr McAlpine's options were forfeited resulting in a nil closing balance.

** Andrew Roach was appointed to the position of Chief Financial Officer on 4 August 2014. The Net Change Other amount reflects the options held by Mr Roach on the date of his appointment.

Performance Rights

	Balance 1 July 2014	Granted as Remuneration	Exercise of Rights	Net Change Other	Balance 30 June 2015	Total vested at 30 June 2015	Total vested and exercisable at 30 June 2015	Total vested and not exercisable at 30 June 2015
Directors								
Neville Sneddon	-	-	-	-	-	-	-	-
Nicholas Jorss	500,000	-	-	-	500,000	-	-	-
Andrew Martin	-	-	-	-	-	-	-	-
Patrick O'Connor	-	-	-	-	-	-	-	-
Stephen Bizzell	-	-	-	-	-	-	-	-
Viv Forbes	-	-	-	-	-	-	-	-
Chris McAuliffe	-	-	-	-	-	-	-	-
Senior Management								
Doug McAlpine*	450,000	-	-	(450,000)	-	-	-	-
Michael McKee	500,000	-	-	-	500,000	-	-	-
Andrew Roach**	-	-	-	450,000	450,000	-	-	-

* Doug McAlpine resigned on 4 August 2014. In accordance with terms of the performance rights, Mr McAlpine's rights were forfeited resulting in a nil closing balance

** Andrew Roach was appointed to the position of Chief Financial Officer on 4 August 2014. The Net Change Other amount reflects the performance rights held by Mr Roach on the date of his appointment

Transactions with Directors and Director-related entities

There were no transactions with Directors or Director-related entities during the year ending 30 June 2015 (2014: None).

Loans to Key Management Personnel

There were no loans to Key Management Personnel during the year (2014: none).

End of Remuneration Report

INDEMNIFICATION AND INSURANCE OF DIRECTORS, OFFICERS AND AUDITOR

Each of the Directors and the Secretaries of Stanmore Coal Limited have entered into a Deed with Stanmore Coal Limited whereby Stanmore Coal Limited has provided certain contractual rights of access to books and records of Stanmore Coal Limited to those Directors and Secretary.

Stanmore Coal Limited has insured all of the Directors of the Consolidated Entity. The contract of insurance prohibits the disclosure of the nature of the liabilities covered and amount of the premium paid. The Corporations Act does not require disclosure of the information in these circumstances.

Stanmore Coal Limited has not indemnified or insured its auditor.

OPTIONS & PERFORMANCE RIGHTS

At the date of this report there were 4,766,000 unissued ordinary shares under options, 2,150,000 unissued ordinary shares under performance rights as follows:

- 500,000 unlisted options exercisable at \$1.75, on or before 31 December 2015
- 500,000 unlisted options exercisable at \$2.00, on or before 31 December 2015
- 500,000 unlisted options exercisable at \$2.25, on or before 31 December 2015
- 500,000 unlisted options exercisable at \$2.50, on or before 31 December 2015
- 2,766,000 unlisted options exercisable at \$0.22 on or before 4 September 2017
- 2,150,000 unlisted performance rights which vest upon achieving development and production milestones at The Range Project. There is no consideration payable upon vesting.

No option holder and performance right holder has any right under the options to participate in any other share issue of Stanmore Coal Limited or any other entity.

During the year ended 30 June 2015 there were 13,373,377 fully paid ordinary shares in Stanmore Coal Limited issued as a result of the conversion of convertible notes and nil fully paid ordinary shares issued as a result of vesting performance rights.

CHANGES TO CAPITAL STRUCTURE

On 4 May 2015, 13,373,377 convertible notes held by Greatgroup were converted into equity on a ratio of 1:1.

At the date of this report, the Consolidated Entity had 222,497,435 ordinary shares, 4,766,000 unlisted options, and 2,150,000 performance rights on issue.

AFTER BALANCE DATE EVENTS

On 1 July 2015 Stanmore contracted to acquire the Wotonga coking deposit contained within Mineral Development Licence MDL 135 and a portion of MDL 137 from Millennium Coal Pty Ltd (a Peabody Energy Australia subsidiary) The total consideration amounting to \$7 million; payable in \$2 million up-front cash and additional deferred consideration of \$2 million upon grant of a Mining Lease (ML) and \$3 million payable as a \$1 royalty per tonne sold. The transaction completed on 4 September 2015.

Subsequent to the year end, Stanmore contracted to acquire the Isaac Plains Coal Mine from Sumitomo Corporation and Vale S.A. for consideration of \$1 each. The acquisition includes several contracts associated with the mine with Stanmore planning to recommence mining operations.

The main conditions precedent which once satisfied will allow completion of the transaction, include:

- Foreign Investment Review Board (FIRB);
- Novation or assignment of the specific material contracts; and
- Customary Ministerial and State Government approvals.

The transaction is anticipated to complete by the end of October 2015.

There have been no other events since 30 June 2015 that impact upon the financial report as at 30 June 2015.

DIVIDENDS PAID OR RECOMMENDED

There were no dividends paid or recommended during the financial year.

ENVIRONMENTAL ISSUES

The Consolidated Entity is subject to environmental regulation in relation to its exploration activities. There are no material matters that have arisen in relation to environmental issues up to the date of this report.

PROCEEDINGS ON BEHALF OF THE CONSOLIDATED ENTITY

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

The Consolidated Entity was not a party to any such proceedings during the year.

NON-AUDIT SERVICES

The following non-audit services were provided by the entity's auditor BDO Audit Pty Ltd. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

BDO Audit Pty Ltd received the following amounts for the provision of non-audit services:

Tax services	\$12,920
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AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration forms part of the Directors' Report and can be found on page 32.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Stanmore Coal Limited support and have adhered to the principles of corporate governance. Stanmore Coal Limited's Corporate Governance Statement can be found on page 37.

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



Nicholas Jorss
Managing Director

Brisbane
Date: 4 September 2015



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www.bdo.com.au

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DECLARATION OF INDEPENDENCE BY T J KENDALL TO THE DIRECTORS OF STANMORE COAL LIMITED

As lead auditor of Stanmore Coal Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Stanmore Coal Limited and the entities it controlled during the year.

A handwritten signature in black ink, appearing to read 'T J Kendall', is written over a light grey horizontal line.

T J Kendall
Director

BDO Audit Pty Ltd

Brisbane, 4 September 2015

Shareholder Information

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 31 August 2015

(a) Distribution of equity securities

The number of holders, by size of holding, in each class of security is:

	Ordinary shares		Unlisted options (\$1.75 @ 31/12/15)		Unlisted options (\$2.00 @ 31/12/15)		Unlisted options (\$2.25 @ 31/12/15)	
	Number of holders	Number of shares	Number of holders	Number of options	Number of holders	Number of options	Number of holders	Number of options
1 – 1,000	145	47,952	-	-	-	-	-	-
1,001 – 5,000	274	836,026	-	-	-	-	-	-
5,001 – 10,000	174	1,364,968	-	-	-	-	-	-
10,001 – 100,000	633	23,239,777	-	-	-	-	-	-
100,001 and over	156	197,008,712	1	500,000	1	500,000	1	500,000
Total	1,382	222,497,435	1	500,000	1	500,000	1	500,000

	Unlisted options (\$2.50 @ 31/12/15)		Unlisted Performance Rights	
	Number of holders	Number of options	Number of holders	Number of options
1 – 1,000	-	-	-	-
1,001 – 5,000	-	-	-	-
5,001 – 10,000	-	-	-	-
10,001 – 100,000	-	-	-	-
100,001 and over	1	500,000	5	2,150,000
Total	1	500,000	5	2,150,000

The number of shareholders holding less than a marketable parcel (4,762 ordinary shares) is 371 (646,742 ordinary shares).

(b) Twenty largest holders

The names of the twenty largest holders as at 31 August 2015, in each class of quoted security are:

Ordinary shares:

		Number of shares	% of total shares
1	GREATGROUP INVESTMENTS LTD	53,393,407	24.00
2	ST LUCIA RESOURCES	31,700,270	14.25
3	3RD WAVE INVESTORS LTD	17,961,014	8.07
4	MCNEIL NOMINEES PTY LIMITED	8,915,000	4.01
5	ROOKHARP INVESTMENTS PTY LIMITED	6,929,796	3.11
6	3RD WAVE INVESTORS LTD	6,021,939	2.71
7	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	5,317,667	2.39
8	JH NOMINEES AUSTRALIA PTY LTD	4,200,000	1.89
9	COMMON SENSE PTY LTD	2,613,270	1.17
10	MR SLOBODAN KOVIJANIC & MRS NADEZDA KOVIJANIC	2,518,099	1.13
11	BIZZELL NOMINEES PTY LTD	2,003,950	0.90
12	UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	1,917,888	0.86
13	KABILA INVESTMENTS PTY LTD	1,793,502	0.81
14	GREATGROUP INVESTMENTS LIMITED	1,545,388	0.69
15	PERRYVILLE INVESTMENTS PTY LTD	1,500,000	0.67
16	MRS ELIZABETH ANNE FOGARTY & MISS CAITLYN ELIZABETH FOGARTY	1,450,000	0.65
17	CAYTHORPE PTY LTD	1,300,000	0.58
18	NEFCO NOMINEES PTY LTD	1,238,446	0.56
19	CHENGDU DI'AO INTERNATIONAL INVESTMENT PTY LTD	1,233,000	0.55
20	MR RICHARD WILLMOT CHADWICK & MRS GWENDA ANN CHADWICK	1,205,000	0.54
Total of twenty largest holders		154,757,636	69.55
Total ordinary shares		222,497,435	100.00

Substantial shareholders

Substantial shareholders as shown in substantial shareholder notices received by Stanmore Coal Limited at 31 August 2015 are:

Name of Shareholder:	Ordinary Shares:
Greatgroup Investments Limited	53,393,407
St Lucia Resources International Pty Ltd	31,700,270
VW & AC Pty Ltd*	31,700,270
Olross Investments Pty Ltd*	31,700,270
Raplon Pty Ltd*	31,700,270
3 rd Wave Investors Limited	30,720,582

* Relevant interest under s.608(3)(a) Corporations Act 2001 (Cth) by having voting power of above 20% in St Lucia Resources International Pty Ltd, which holds 31,700,270 shares in Stanmore Coal Limited.

(c) Voting rights

All ordinary shares carry one vote per share without restriction.

Options and performance rights do not carry voting rights.

(d) Restricted securities

There are no restricted securities on issue at 31 August 2015.

Interests in Tenements

Stanmore Coal Limited held the following interests in tenements as at 31 August 2015. All tenements are located in the State of Queensland, Australia.

Tenement	% Interest	Grant Date	Expiry Date
EPC 1112	100	23/03/2007	22/03/2017
EPC 1113	100	23/03/2007	22/03/2017
EPC 1114	100	28/02/2008	27/02/2018
EPC 1168	100	24/10/2007	23/10/2015
EPC 1186	100	12/03/2013	11/03/2018
EPC 1274	100	10/09/2008	09/09/2018
EPC 1276	100	10/09/2008	09/09/2018
EPC 1545	100	20/05/2009	19/05/2019
EPC 1552	100	20/05/2009	19/05/2017
EPC 1567	100	27/06/2011	26/06/2016
EPC 1627	100	12/08/2011	11/08/2016
EPC 1687	85	28/07/2011	27/07/2016
EPC 1769	100	31/05/2011	30/05/2016
EPC 1804	100	27/06/2011	26/06/2016
EPC 2030	100	12/10/2010	11/10/2015
EPC 2039	100	12/10/2010	11/10/2015
EPC 2081	95	15/10/2010	14/10/2015
EPC 2157	85	21/05/2013	20/05/2018
EPC 2176	100	22/11/2011	21/11/2016
EPC 2371	100	28/07/2011	27/07/2016
MLA 55001	Application	-	-
MLA 55009	Application	-	-
MLA 55010	Application	-	-
MLA 80199	Application	-	-
MDL 135*	100	-	-
MDL137* (part)	100	-	-
ML 70342**	100		
EPC 755**	100		

* Acquired as part of Wotonga Acquisition - subject to regulatory approval

** Acquired as part of Isaac Plains acquisition- subject to regulatory approval

Corporate Governance Statement

The Board of Directors of Stanmore Coal Limited is responsible for the corporate governance of the Consolidated Entity. The Board guides and monitors the business and affairs of Stanmore Coal Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

Stanmore Coal Limited's Corporate Governance Statement is structured with reference to the Australian Securities Exchange (ASX) Corporate Governance Council's (the Council) "Corporate Governance Principles and Recommendations, 3rd Edition". A copy of the Company's Corporate Governance Charter can be downloaded from the Company's website www.stanmorecoal.com.au.

Structure of the Board and Director Independence

The skills, experience and expertise relevant to the position of Director held by each Director in office at the date of the Annual Report is included in the Director's Report. The Corporate Governance Council defines an independent Director as a non-executive Director who is not a member of management and who is free of any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the independent exercise of their judgement.

In the context of Director independence, "materiality" is considered from both the Company and the individual Director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal or less than 5% of the appropriate base amount. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 5% of the appropriate base amount. Qualitative factors considered included whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it and other factors which point to the actual ability of the Director in question to shape the direction of the Company's loyalty. Factors that may impact on a Director's independence are considered each time the Board meets.

Stanmore Coal Limited considers industry experience and specific expertise, as well as general corporate experience, to be important attributes of its Board members. The Directors noted above have been appointed to the Board of Stanmore Coal Limited due to their considerable industry and corporate experience. The Company conducts comprehensive background checks prior to the appointment of any new Director. Formal letters of appointment are in place for all Directors.

There are procedures in place, agreed by the Board, to enable Directors, in furtherance of their duties, to seek independent professional advice at the Consolidated Entity's expense. Based on the size and complexity of the Company, the Company Secretary has close working relationships with the Board of Directors and the Senior Management Group. In respect of matters relating to the proper functioning of the Board and Corporate Governance, the Company Secretary has direct access to the Chairman.

Mr Nicholas Jorss is the Managing Director. The Consolidated Entity does not consider Mr Jorss to be an independent Director as defined in the ASX Guidelines on the basis that he is a Director of St Lucia Resources International Pty Ltd, a substantial shareholder (greater than 5%) in the Consolidated Entity.

Mr Chris McAuliffe is a non-executive Director. The Consolidated Entity does not consider Mr McAuliffe to be an independent Director as defined in the ASX Guidelines on the basis that he is the Managing Director of Sprint Capital, the investment management group responsible for Greatgroup Investments Limited, who is a substantial shareholder (greater than 5%) in the Consolidated Entity.

Based on the above, for the purposes of the ASX Corporate Governance Principles and Recommendations, Messrs Jorss and McAuliffe are not considered independent Directors.

The term in office held by each Director in office at the date of this report is as follows:

Name	Term in office
Neville Sneddon	5 year 11 months
Nicholas Jorss	7 years 3 months
Stephen Bizzell	5 year 11 months
Viv Forbes	5 year 11 months
Chris McAuliffe	3 year 2 months
Patrick O'Connor	9 months

ASX Principles and Recommendations

The Board is of the view that with the exception of the departures from the ASX Corporate Governance Council Principles and Recommendations (3rd edition) as set out in the table below, it otherwise complies with all of the ASX Guidelines.

ASX Principles and recommendations	"Why not" explanation
Principle 1 – Lay solid foundations for management and oversight	
Recommendation 1.5-The Company should have a diversity policy	At 30 June 2015 the Company has 17% female employees. There are currently no females in the Executive Management Team. No member of the six person Board of Directors is female. Based on the current scale and complexity of the Company's operations there is no set objective to achieve a certain percentage of female employees in the workforce, as the Board does not currently believe that such an initiative would significantly improve the functions currently performed by the Board and Executive Management Team, nor enhance the ability of the Company to deliver on its stated objectives.
Principle 2 – Structure the Board to add value	
Recommendation 2.1 – The Board should establish a nomination committee	The Board's view is that the Consolidated Entity is not currently of the size to justify the formation of a separate nomination committee. The Board currently performs the functions of a nomination committee and where necessary will seek advice of external advisors in relation to this role. The Board shall, upon the Consolidated Entity reaching the requisite corporate and commercial maturity, approve the constitution of a nomination committee to assist the Board in relation to the appointment of Directors and senior management.
Principle 7 –Recognise and Manage Risk	
Recommendation 7.3 – A listed entity should disclose if it has an internal audit function, how the function is structured and what role it performs]	The Company has not established an internal audit function as it does not believe it is of the size or complexity to justify this function. The Company is audited annually and reviewed each half year by its auditors who provide an independent report to the Board on the systems and processes in place. This external audit process provides the Board with sufficient comfort that the Company has appropriate internal procedures in place.

Principle 1

The Board has not established formal evaluation criteria for the review of itself or its committees and has not undertaken a specific performance evaluation. The Board uses a personal evaluation review to review the performance of Directors. Individual Directors are asked to communicate to the Chairman on a confidential basis to comment on their own performance, and the performance of the board and its committee. Key executives are reviewed periodically against the business objectives and their own contractual obligations, including their personal KPIs.

Appropriate background checks are conducted on proposed new directors and material information about a director being re-elected is provided to security holders.

Principle 2

The Company is developing an appropriate board skills matrix in light of the transition towards operations next financial period. Comprehensive details about each director's experience and skills are set out in the Directors' Report.

Principle 3

The Company has a published corporate code of conduct to guide executives, management and employees in carrying out their duties and responsibilities. The code of conduct covers such matters as:

- act in the best interests of the Company;
- act honestly and with high standards of personal integrity;
- comply with the laws and regulations that apply to the Company and its operations;
- not knowingly participate in any illegal or unethical activity;
- not enter into any arrangement or participate in any activity that would conflict with the Company's best interests or that would be likely to negatively affect the Company's reputation;
- not take advantage of the property or information of the entity or its customers for personal gain or to cause detriment to the entity or its customers; and
- not take advantage of their position or the opportunities arising from their position with the Company for personal gain.

Principle 4

The Company has established an Audit and Risk Management Committee as follows:

- Stephen Bizzell (Chairman)
- Chris McAuliffe
- Patrick O'Connor

The activities and policies of the Committee is stated in Section B of the Charter:
(www.stanmorecoal.com.au/corporate)

For additional details of Directors' attendance at Audit and Risk Management Committee meetings and to review the qualifications of the members of the Audit and Risk Management Committee, please refer to the Directors' Report.

The Board has received written assurances from the Managing Director and Chief Financial Officer that to the best of their knowledge and belief, the declaration provided by them in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

The Audit and Risk Management Charter has been made publicly available on the Company's website.

Principle 5

Detailed compliance procedures for ASX Listing Rule disclosure requirements have been adopted by the Consolidated Entity. Stanmore Coal Limited's Obligation of Disclosure Policy can be found within Stanmore Coal Limited's Corporate Governance Charter on the Stanmore Coal Limited website (www.stanmorecoal.com.au/corporate).

Principle 6

The Company promotes effective communication with shareholders and encourage effective participation at general meetings by providing information to shareholders:

- Through the release of information to the market via the ASX;
- Through the distribution of the Annual Report and notices of annual general meeting;
- Through shareholder meetings and investor relation presentations;
- By offering security holders the option to receive ASX announcements and other notices from the Company electronically; and
- By posting relevant information on Stanmore's website: www.stanmorecoal.com.au

The Company's website has a dedicated investor relations section for the purpose of publishing all important company information and relevant announcements made to the market.

Principle 7

The Company's Risk Management Policy is detailed in Section B of the Corporate Governance Charter located at (www.stanmorecoal.com.au/corporate). Management has evaluated the various risk and disclosed in the Directors Report.

In respect of the Company's financial statements and systems of accounting control, the Company's external auditor attends the Company's Annual General Meeting to address questions from shareholders. The Audit & Risk Committee (see Principal 4) evaluates and addresses risks within the business as outlined in the Corporate Governance Charter (www.stanmorecoal.com.au/corporate). A review of the risk management framework was undertaken by the Committee during the year.

Principle 8

The Company has established a Remuneration Committee as follows:

- Neville Sneddon (Chairman)
- Stephen Bizzell
- Chris McAuliffe
- Patrick O'Connor

The Remuneration Committee's objectives and compliance is detailed in Section C of the Corporate Governance Charter. Refer to (www.stanmorecoal.com.au/corporate).

All matters of remuneration and executive appointments were also considered by the full board. At this stage it is reasonable that the board be accountable for setting their own remuneration and that of senior executives.

The remuneration of the board's non-executive and executive directors is set out in the relevant section of the Annual Report. Details of the nature and amount of each element of the remuneration of each director of the company and the key management personnel of the company are disclosed in the relevant section of the Annual Report. There is no retirement benefit scheme for directors other than payment of statutory superannuation.

The Company has adopted a Trading Policy that includes a prohibition on hedging, aimed at ensuring participants do not enter in to arrangements which would have the effect of limited their exposure to risk relating to an element of their remuneration.

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Financial statements

for the year ended 30 June 2015 - Stanmore Coal Limited and its controlled entities

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Key numbers		Capital		Risk		Group structure		Unrecognised items		Other	
1.	Revenue	12.	Accumulated losses	18	Financial risk management	19	Subsidiaries	20	Commitments	23	Key management personnel
2.	Profit/(Loss)	13	Dividends and franking credits					21	Contingent assets and contingent liabilities	24	Auditors' remuneration
3.	Tax expense	14	Earnings per share					22	Events after balance date	25	Parent entity information
4	Cash and cash equivalents	15	Issued capital							26	Operating segment
5	Restricted cash	16	Reserves							27	Share based payments
6	Cash flow information	17	Convertible note reserve							28	Related party transactions
7	Trade and other receivables									29	Change in Accounting Policy
8	Property, plant and equipment									30	Other accounting policies
9(a)	Exploration and evaluation expenditure										
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11	Trade and other payables										

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Consolidated Statement of Profit or Loss and other Comprehensive Income

For the year ended 30 June 2015

	Note	2015 \$'000	Restated 2014 \$ '000
Revenue and other income	1	859	749
Employee benefits expenses		(1,890)	(2,683)
Depreciation and amortisation expenses		(32)	(81)
Finance costs		(8)	(524)
Legal expenses		(259)	(75)
Impairment expense	9(a), 10	(8,630)	(7,273)
Administration and consulting expenses		(1,100)	(730)
Other expenses		(1,088)	(1,247)
Profit/(loss) before income tax expense	2	(12,148)	(11,864)
Income tax benefit	3	-	-
Net profit/(loss) for the year		(12,148)	(11,864)
Other comprehensive income			
<i>Items that will not be subsequently reclassified to profit or loss</i>		-	-
<i>Items that may be reclassified to profit or loss</i>		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		(12,148)	(11,864)
Profit/(Loss) for the year is attributable to:			
Owners of Stanmore Coal Ltd		(12,148)	(11,864)
Total comprehensive income for the year is attributable to:			
Owners of Stanmore Coal Ltd		(12,148)	(11,864)
Earnings/(loss) per share attributable to the owners of Stanmore Coal Ltd:			Cents
Basic earnings/(loss) per share (cents per share)	14	(5.8)	(5.7)
Diluted earnings/(loss) per share (cents per share)	14	(5.8)	(5.7)

The above Consolidated Statement of Profit or Loss and other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2015

	Note	2015 \$ '000	Restated 2014 \$ '000
Current Assets			
Cash and cash equivalents	4	15,199	17,830
Restricted Cash	5	83	333
Trade and other receivables	7	186	1,066
Other current assets	10	11	16
Total Current Assets		15,479	19,245
Non-Current Assets			
Property, plant and equipment	8	1,995	2,010
Exploration and evaluation assets	9a	21,565	29,713
Capitalised development costs	9b	20,108	20,022
Other non-current assets	10	156	284
Total Non-Current Assets		43,824	52,029
TOTAL ASSETS		59,303	71,274
Current Liabilities			
Trade and other payables	11	545	556
Total Current Liabilities		545	556
TOTAL LIABILITIES		545	556
NET ASSETS		58,758	70,718
Equity			
Issued capital	15	97,368	88,359
Convertible Note Reserve	17	-	9,027
Option Reserve	16	4,304	4,098
Accumulated Losses	12	(42,914)	(30,766)
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF STANMORE COAL LIMITED		58,758	70,718

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2015

	Issued Capital \$ '000	Convertible Note Reserve \$ '000	Accumulated Losses \$ '000	Option Reserve \$ '000	Total \$ '000
At 1 July 2013	88,253	-	(16,710)	3,543	75,086
Impact for change in accounting policy	-	-	(2,192)	-	(2,192)
Restated balance as at 1 July 2013	88,253		(18,902)	3,543	72,894
Total comprehensive income for the financial year					
Profit/(loss) for the year	-	-	(11,864)	-	(11,864)
Other comprehensive income	-	-	-	-	-
	-	-	(11,864)	-	(11,864)
Transactions with owners in their capacity as owners					
Issue of share capital	106	-	-	-	106
Costs associated with issue of share capital	-	-	-	-	-
Reclassification of convertible notes previously disclosed as liabilities	-	9,027	-	-	9,027
Share based payments	-	-	-	555	555
At 30 June 2014	88,359	9,027	(30,766)	4,098	70,718
Total comprehensive income for the financial year					
Profit/(loss) for the year	-	-	(12,148)	-	(12,148)
Other comprehensive income	-	-	-	-	-
	-	-	(12,148)	-	(12,148)
Transactions with owners in their capacity as owners					
Conversion of convertible notes into share capital	9,027	(9,027)	-	-	-
Costs associated conversion of convertible notes	(18)	-	-	-	(18)
Share based payments	-	-	-	206	206
At 30 June 2015	97,368	-	(42,914)	4,304	58,758

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the year ended 30 June 2015

	Note	2015 \$ '000	2014 \$ '000
Cash Flows from Operating Activities			
Receipts from customers (inclusive of GST)		705	789
Payments to suppliers and employees (inclusive of GST)		(4,899)	(4,700)
Interest received		738	672
Interest and other finance costs paid		(1)	(3)
Net cash (outflow)/inflow from operating activities	6	(3,457)	(3,242)
Cash Flows from Investing Activities			
Payments for property, plant and equipment		(17)	(2)
Net payments / (receipts) for exploration, evaluation and development assets		483	(2,669)
Loans for finance port infrastructure		-	1,322
Security deposit (payments) / refunds		378	1,209
Net cash (outflow)/inflow from investing activities		844	(140)
Cash Flows from Financing Activities			
Proceeds from issue of shares		-	78
Conversion of convertible notes expenses		(18)	-
Net proceeds from/(repayment of) borrowings		-	(3,226)
Net cash (outflow)/inflow from financing activities		(18)	(3,148)
Net increase/(decrease) in cash held		(2,631)	(6,530)
Net cash at beginning of year		17,830	24,360
Net cash at end of year	4	15,199	17,830

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes

Notes to the Financial Statements for the year ended 30 June 2015:

About this report

The financial statements of Stanmore Coal Limited for the year ended 30 June 2015 covers the Consolidated Entity consisting of Stanmore Coal Limited and its subsidiaries ("the Group") as required by the *Corporations Act 2001*.

The financial statements are presented in the Australian currency.

Stanmore Coal Limited is a company limited by shares, incorporated and domiciled in Australia, whose shares are publicly traded on the Australian Securities Exchange.

The consolidated general purpose financial report of the Group for the year ended 30 June 2015 was authorised for issue in accordance with a resolution of the directors on 4 September 2015. The Directors have the power to amend and reissue the financial report.

The financial report is a general purpose financial report which:

- has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board;
- is presented in Australian dollars with all values rounded to the nearest thousand dollars (\$'000) unless otherwise stated, in accordance with ASIC Class Order 98/100;
- presents reclassified comparative information where required for consistency with the current year's presentation;
- adopts all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of the Group and effective for reporting periods beginning on or after 1 July 2014. Refer to note 30(i) for further details;
- does not early adopt any Accounting Standards and Interpretations that have been issued or amended but are not yet effective. Refer to note 30(h) for further details; and

The financial statements have been prepared on a historical cost basis, except for derivatives, available-for-sale financial assets and held-for-trading investments that have been measured at fair value. The entity is a for-profit entity for the purposes of Australian Accounting Standards.

Key judgements and estimates

In the process of applying the Group's accounting policies, management has made a number of judgements and applied estimates of future events. Judgements and estimates which are material to the financial report are found in the following notes:

Note 8	Plant and equipment	Page	55
Note 9(a)	Exploration and evaluation expenditure	Page	57
Note 9(b)	Capitalised development costs	Page	58
Note 27	Share-based payments	Page	74

Going concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business. The ability of the Company to continue to adopt the going concern assumption will depend upon a number of factors including the success of the mine operations, or the successful exploration and subsequent exploitation of the Company's tenements. Should these avenues be delayed or fail to materialise, the Group expects to have the ability to successfully raise additional funding through debt, equity or farmout / selldown to allow the Group to continue as a going concern and meet its debts as and when they fall due.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of Stanmore Coal Limited and its subsidiaries at 30 June each year (the Company or the Group). Subsidiaries are all those entities (including special purpose entities) over which the Group has control. The Consolidated Entity controls an entity when the Consolidated Entity is exposed, or has the rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

All intercompany balances and transactions, including unrealised profits arising from intragroup transactions have been eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. The financial statements of subsidiaries are prepared for the same reporting period as the parent, using consistent accounting policies.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of

Notes to the Financial Statements for the year ended 30 June 2015:

About this report

comprehensive income and statement of financial position respectively. Total comprehensive income is attributable to owners of Stanmore Coal Limited and non-controlling interests even if this results in the non-controlling interests having a debit balance.

Other accounting policies

Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

The notes to the financial statements

The notes include information which is required to understand the financial statements and is material and relevant to the operations, financial position and performance of the Group. Information is considered relevant and material if for example:

- the amount in question is significant because of its size or nature;
- it is important for understanding the results of the Group;
- it helps to explain the impact of significant changes in the Group's business- for example, acquisitions and impairment write-downs; or
- it is related to an aspect of the Group's operations that is important to its future performance.

The notes are organised into the following sections:

- *Key numbers*: provides a breakdown of individual line items in the financial statements that the directors consider most relevant and summarises the accounting policies, judgments and estimates relevant to understanding these line items;
- *Capital*: provides information about the capital management practices of the Group and shareholder returns for the year;
- *Risk*: discusses the Group's exposure to various financial risks, explains how these affect the Group's financial position and performance and what the Group does to manage these risks;
- *Group structure*: explains aspects of the group structure and how changes (if any) have affected the financial position and performance of the Group;
- *Unrecognised items*: provides information about items that are not recognised in the financial statements but could potentially have a significant impact on the Group's financial position and performance; and
- *Other*: provides information on items which require disclosure to comply with Australian Accounting Standards and other regulatory pronouncements however, are not considered critical in understanding the financial performance or position of the Group.

Notes to the Financial Statements for the year ended 30 June 2015: Key numbers

	Note	2015 \$ '000	2014 \$ '000
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NOTE 1 REVENUE AND OTHER INCOME

Revenue from continuing operations

Interest received

- other persons		561	721
Other income		298	28
Total revenue and other income		859	749

Recognition and measurement

Revenue is measured at the fair value of consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. The following specific recognition criteria must also be met before revenue is recognised:

Interest

Revenue is recognised as interest accrues using the effective interest method.

Grants Received

Government grant monies received directly or indirectly are brought to account when there is reasonable assurance that the grant monies will be received and that any attached conditions will be complied with. Grants received that relate to the creation of assets are recognised as a reduction to the carrying amount of the relevant asset. Such grants will be recognised as income through reduced depreciation or amortisation charges in respect of the relevant assets.

	Note	2015 \$ '000	2014 \$ '000
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NOTE 2 PROFIT/(LOSS)

Profit(loss) before income tax includes the following specific expenses:

Depreciation

Plant & equipment		32	81
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Finance costs

Interest paid			
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- external parties		1	17
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Borrowing costs		-	507
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Provision against exploration and evaluation assets	9(a)	8,630	-
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Provision against carrying value of loan investments in port infrastructure	10	-	7,273
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Share-based payments (shares)	27	11	53
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Share-based payments (options)	27	195	513
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Superannuation expense		126	128
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Minimum lease payments made under operating leases		172	184
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Recognition and measurement

Wages and Salaries, Annual Leave and Sick Leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the end of the reporting period are recognised in respect of employees' services rendered up to the end of the reporting period and are measured at amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when leave is taken and measured at the actual rates paid or payable. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements.

Operating leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leases assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability

Lease assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the consolidated entity will obtain ownership at the end of the lease term.

Operating leases payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

	2015	Restated 2014
	\$ '000	\$ '000

NOTE 3 INCOME TAX EXPENSE

Reconciliation

Current income tax expense	-	(1,262)
Deferred income tax expense	-	1,262
Deferred income tax through equity	-	-
Income tax expense/(benefit)	-	-

The prima facie income tax on the loss is reconciled to the income tax expense as follows:

Prima facie tax benefit (30%) on loss before income tax	(3,646)	(3,559)
Add tax effect of:		
- Permanent differences	(835)	157
- Deferred tax asset not recognised	4,482	3,402
Income tax expense/(benefit)	-	-

Recognised deferred tax assets and liabilities

Deferred tax assets

Unused tax losses	11,722	15,337
Deductible temporary differences	3,373	486
	15,095	15,823

Deferred tax liabilities

Assessable temporary differences	(15,095)	(15,823)
Deferred tax	-	-

Unrecognised deferred tax assets

Gross unused tax losses	35,583	20,720
Deferred tax assets not taken up at 30% (2014: 30%)	10,675	6,217

In order to recoup carried forward losses in future periods, either the Continuity of Ownership Test (COT) or Same Business Test (SBT) must be passed. There are approximately \$6.3 million SBT losses and \$68.4 million in COT losses carried forward at 30 June 2015.

Deferred tax assets which have not been recognised as an asset, will only be obtained if:

- (i) the Consolidated Entity derives future assessable income of a nature and of an amount sufficient to enable the losses to be realised;
- (ii) the Consolidated Entity continues to comply with the conditions for deductibility imposed by the law; and
- (iii) no changes in tax legislation adversely affect the Consolidated Entity in realising the losses.

Recognition and measurement

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

Notes to the Financial Statements for the year ended 30 June 2015: Capital (continued)

Income Tax (continued)

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit.

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

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries, associates and interests in joint ventures where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances relating to amounts recognised directly in other comprehensive income and equity are also recognised directly in other comprehensive income and equity, respectively.

Amounts received under the Research & Development Tax Incentive Scheme are treated as an income tax benefit as it is effectively the monetisation of future tax benefits. These amounts are recognised in the period in which they are received as there is no reliable method to measure or quantify the potential incentive at the end of the financial period to which the claim relates.

Tax consolidation

Stanmore Coal Limited and its wholly-owned subsidiaries have implemented the tax consolidation legislation for the whole of the financial year. Stanmore Coal Limited is the head entity in the tax consolidated group. These entities are taxed as a single entity. The stand-alone taxpayer/separate taxpayer within a group approach has been used to allocate current income tax expense and deferred tax expense to wholly-owned subsidiaries that form part of the tax consolidated group. Stanmore Coal Limited has assumed all the current tax liabilities and the deferred tax assets arising from unused tax losses for the tax consolidated group via intercompany receivables and payables because a tax funding arrangement has been in place for the whole financial year. The amounts receivable/payable under tax funding arrangements are due upon notification by the head entity, which is issued soon after the end of each financial year. Interim funding notices may also be issued by the head entity to its wholly-owned subsidiaries in order for the head entity to be able to pay tax instalments. These amounts are recognised as current intercompany receivables or payables.

	2015	2014
	\$ '000	\$ '000

NOTE 4 CASH & CASH EQUIVALENTS

Cash at bank and in hand	15,199	17,830
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Cash at bank bear floating and fixed interest rates between 1% and 3.75% (2014: 1% and 3.75%).

Reconciliation of Cash

The above figures are reconciled to the cash at the end of the financial year as shown in the statement of cash flows as follows:

Balances as above	15,199	17,830
Balances per statement of cash flows	15,199	17,830

Cash and cash equivalents of \$15.2 million held at 30 June 2015, includes term deposits of \$13.4 million (2014: 17.83 million). These term deposits are at-call and readily available to be converted to cash without restriction.

Notes to the Financial Statements for the year ended 30 June 2015: Capital (continued)

Recognition and measurement

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

	2015 \$ '000	2014 \$ '000
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NOTE 5 RESTRICTED CASH

Restricted cash	83	333
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Restricted cash of \$83k held at 30 June 2015 is an amount held on term deposit to cash-back a bank guarantee.

Recognition and measurement

Restricted cash includes term deposits which securitise a bank guarantee or other facility provided by an external third party lender. These amounts are not able to be converted to readily accessible cash without the consent of an external third party.

	2015 \$ '000	2014 \$ '000
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NOTE 6 CASH FLOW INFORMATION

(a) Reconciliation of profit/(loss) after income tax to net cash flow from operating activities

Loss for the year	(12,148)	(11,864)
Depreciation	32	81
Impairment of exploration and evaluation expenditure	8,630	-
Impairment of loans to secure infrastructure capacity	-	7,273
Share-based payments expense	206	566
Change in operating assets and liabilities:		
- (Increase)/Decrease in trade and other receivables	77	237
- (Increase)/Decrease in other assets	5	526
- Increase/(Decrease) in trade and other payables	(259)	(61)
Net cash flow from operating activities	(3,457)	(3,242)

(b) Non-cash investing activities

There were no non-cash investing activities during the current year. (2014: 100,000 ordinary shares (value \$16,000) were issued as an option payment to a landholder at The Range).

	2015	2014
	\$ '000	\$ '000

NOTE 7 TRADE & OTHER RECEIVABLES

Current

GST receivable	152	52
Sundry receivables	34	211
R&D tax receivable	-	803
	186	1,066

No receivables balances are past due or impaired at the end of the reporting period. Sundry receivables reflect interest receivable in relation to \$13 million of term deposits held as at 30 June 2015 with various financial institutions. R&D tax receivable reflects the self-assessment refund amount lodged with respect to eligible R&D activities from FY14. The refund was received shortly after year end.

Recognition and measurement

Trade receivables are recognised at original invoice amounts less an allowance for uncollectible amounts and have repayment terms between 30 and 90 days. Collectability of trade receivables is assessed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance is made for doubtful debts where there is objective evidence that the Group will not be able to collect all amounts due according to the original terms. Objective evidence of impairment includes financial difficulties of the debtor, default payments or debts more than 180 days overdue. On confirmation that the trade receivable will not be collectible the gross carrying value of the asset is written off against the associated provision.

From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and are not, in the view of the Directors, sufficient to require the derecognition of the original instrument.

GST

Revenues, expenses and assets are recognised net of GST except where GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Notes to the Financial Statements for the year ended 30 June 2015: Capital (continued)

	2015	2014
	\$ '000	\$ '000

NOTE 8 PROPERTY, PLANT & EQUIPMENT

Land		
At cost	1,946	1,946
Plant and equipment		
At cost	17	14
Accumulated depreciation	(12)	(6)
	5	8
Computer equipment		
At cost	105	91
Accumulated depreciation	(92)	(82)
	13	9
Furniture and office equipment		
At cost	139	139
Accumulated depreciation	(108)	(92)
	31	47
Total plant and equipment	1,995	2,010

Movements in carrying amounts

2015	Land Deposit \$ '000	Plant and equipment \$ '000	Computer equipment \$ '000	Furniture and office equipment \$ '000	Total \$ '000
Balance at the beginning of the year	1,946	8	9	47	2,010
Additions	-	3	14	-	17
Depreciation expense	-	(6)	(10)	(16)	(32)
Carrying amount at the end of the year	1,946	5	13	31	1,995

2014	Land Deposit \$ '000	Plant and equipment \$ '000	Computer equipment \$ '000	Furniture and office equipment \$ '000	Total \$ '000
Balance at the beginning of the year	1,930	10	29	104	2,073
Additions	16	-	-	2	18
Depreciation expense	-	(2)	(20)	(59)	(81)
Carrying amount at the end of the year	1,946	8	9	47	2,010

Recognition and measurement

Plant and equipment is measured on the cost basis less depreciation and impairment losses.

The cost of fixed assets constructed within the Consolidated Entity includes the cost of materials, direct labour, borrowing costs and an appropriate portion of fixed and variable costs.

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 Consolidated Entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated over their useful life to the Consolidated Entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of assets are:

Class of Fixed Asset	Depreciation Rate
Plant and Equipment	10 – 25% Straight Line
Computer Equipment	33.3% Straight Line
Furniture and Office Equipment	5 - 10% Straight Line

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

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. The gains and losses are included in profit or loss.

	2015	Restated
	\$ '000	2014
		\$ '000

NOTE 9 (a) EXPLORATION AND EVALUATION EXPENDITURE

Non-Current

Exploration and evaluation expenditure capitalised

- exploration and evaluation phases	21,565	29,713
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Recoverability of the carrying amount of exploration and evaluation assets is dependent on the successful development and commercial exploitation of coal, or alternatively, sale of the respective areas of interest.

Movements in carrying amounts

Balance at the beginning of the year	29,713	30,517
Additions	482	1,239
Written-off	-	(2,043)
Provision for impairment	(8,630)	-
Carrying amount at the end of the year	21,565	29,713

Movements in provision for impairment amounts

Balance at the beginning of the year	-	-
Provisions raised	(8,630)	-
Provision for impairment at the end of the year	(8,630)	-

Commitments for exploration and evaluation expenditure are disclosed in Note 20.

Recognition and measurement

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. Such expenditures comprise net direct costs and an appropriate portion of related overhead expenditure but do not include overheads or administration expenditure not having a specific nexus with a particular area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves and active or significant operations in relation to the area are continuing.

A regular review has been undertaken on each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made. Where an uncertainty exists for further exploration of the area, a provision is raised for the costs of exploration.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structure, waste removal, and rehabilitation of the site in accordance with clauses of mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that restoration will be completed within one year of abandoning the site.

Key judgements – exploration & evaluation assets

The Consolidated Entity performs regular reviews on each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. While there are certain areas of interest from which no reserves have been extracted, the Directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at the end of the reporting period at \$21,565k (2014: \$29,713k). A provision for impairment totalling \$8,630k has been raised in the current period to reflect the uncertain commercialisation potential of a number of the Company's tenement holdings.

	2015 \$ '000	Restated 2014 \$ '000
NOTE 9 (b) CAPITALISED DEVELOPMENT COSTS		
Non-Current		
Capitalised development costs	20,108	20,022
Recoverability of the carrying amount of development assets is dependent on the successful completion of development activities, or alternatively, sale of the respective areas of interest.		
Movements in carrying amounts		
Balance at the beginning of the year	20,022	20,831
Other additions	86	143
Provision for impairment	-	(952)
Carrying amount at the end of the year	20,108	20,022

Recognition and measurement

Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- its intention to complete and its ability to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset; and
- the ability to measure reliably the expenditure during development.

Following initial recognition of the development expenditures an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. During the period of development, the asset is tested for impairment annually.

Key judgements – fair value of development costs

Development costs are capitalised in accordance with the accounting policy above. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a PFS has been completed. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generating potential of the Project, discount rates to be applied and the expected period of which cashflows are expected to be received. As at 30 June 2015, the carrying amount of capitalised developments costs was \$20,108k (2014: \$20,974k). This amount relates wholly to The Range Project located in the Surat Basin.

	2015 \$ '000	2014 \$ '000
NOTE 10 OTHER ASSETS		
Current		
Prepaid Insurance	11	16
	11	16
Non-Current		
Security deposits	156	284
	156	284
Movements in carrying amount – Loan Receivable ^		
Opening balance	-	8,595
Loan payments made / (repayments received)	-	(1,322)
Impairment of loan	-	(7,273)
Closing Balance	-	-

^ Loans Receivable reflects amounts due from third parties in respect of funding provided for port infrastructure development. During the year the Company impaired the net loan amount based on uncertainty around timing of this potential expansion. The Company has adopted a conservative position and fully impaired the net loan balance (\$7,273k) until there is further clarity around delivery of the future expansion. The Company continues to hold certain rights in relation to potential expansions – refer to Note 21 Contingent Assets.

Impairment of Assets

At the end of each reporting period the Consolidated Entity assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in profit or loss where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

Key estimates – impairment

The Consolidated Entity assesses impairment at each reporting date by evaluating conditions specific to the Consolidated Entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates. At the end of the reporting period the Consolidated Entity held several loan receivable amounts with the port developer Wiggins Island Coal Export Terminal. Given the uncertainty around the proposed development of the port and associated participation rights of the Consolidated Entity, the full balance of the loan was assessed as impaired at balance date. The Consolidated Entity holds certain rights which may see a portion of these loans repaid. Further information in relation to these loans is disclosed within Note 21 Contingent Assets.

Recognition and measurement

Loans receivable are non-derivative financial assets with fixed or determinable repayment dates that are not traded in an active market. After initial recognition, such assets are subsequently recognised at amortised cost less impairment.

	2015 \$ '000	2014 \$ '000
NOTE 11 TRADE & OTHER PAYABLES		
Current		
Trade and other payables	341	311
Sundry payables and accrued expenses	117	163
Employee benefits	87	82
	545	556

Recognition and measurement

Trade and other payables represent liabilities for goods and services provided to the Group prior to the year end and which are unpaid. These amounts are unsecured and have 7 – 60 day payment terms. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Notes to the Financial Statements for the year ended 30 June 2015: Capital (continued)

	2015	Restated 2014
	\$ '000	\$ '000

NOTE 12 ACCUMULATED LOSSES

Accumulated losses attributable to members of Stanmore Coal Limited at beginning of the financial year	(30,766)	(16,710)
Impact of change in accounting policy	-	(2,192)
Restated balance at the beginning of the year	(30,766)	(18,902)
Losses after income tax	(12,148)	(11,864)
Accumulated losses attributable to members of Stanmore Coal Limited at the end of the financial year	(42,914)	(30,766)

NOTE 13 DIVIDENDS & FRANKING CREDITS

There were no dividends paid or recommended during the financial year.

There are no franking credits available to the shareholders of Stanmore Coal Limited.

	2015	Restated 2014
	\$ '000	\$ '000

NOTE 14 EARNINGS PER SHARE

Earnings

Loss attributable to owners of Stanmore Coal Limited used to calculate basic and diluted earnings per share	(12,148)	(11,864)
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	2015 Number '000	2014 Number '000
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	210,640	208,191
Adjustments for calculation of diluted earnings per share:		
- Options *	-	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	210,640	208,191

* options are considered anti-dilutive as the Consolidated Entity is loss making. Options could potentially dilute earnings per share in the future. Refer to the Directors' Report for details of options granted as at 30 June 2015.

Recognition and measurement

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of Stanmore Coal Limited by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Earnings used to calculate diluted earnings per share are calculated by adjusting the amount used in determining basic earnings per share by the after-tax effect of dividends and interest associated with dilutive potential ordinary shares. The weighted average number of shares used is adjusted for the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Notes to the Financial Statements for the year ended 30 June 2015: Capital (continued)

	2015 \$ '000	2014 \$ '000
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NOTE 15 ISSUED CAPITAL

222,497,435 fully paid ordinary shares (2014: 209,124,058)	101,246	92,219
Share issue costs	(3,878)	(3,860)
	97,368	88,359

	2015 Number	2014 Number	2015 \$ '000	2014 \$ '000
(a) Ordinary shares				
At the beginning of the year	209,124,058	208,419,252	88,359	88,253
- 15 August 2013 (1)		50,000		9
- 20 November 2013 (2)		100,000		16
- 16 January 2014 (3)		525,000		79
- 18 June 2014 (4)		29,806		2
- 4 May 2015 (5)	13,373,377		9,027	
Share issue costs	-	-	(18)	-
At reporting date	222,497,435	209,124,058	97,368	88,359

NOTE 15 ISSUED CAPITAL (continued)

(a) Ordinary shares (continued)

(1) On 15 August 2013, 50,000 ordinary shares (value \$9,000) were issued to an employee of the Company as part of terms of their employment contract.

(2) On 20 November 2013, 100,000 ordinary shares (value \$16,000) were issued to a landholder as an option payment to extend a land contract entered with the Company in 2011.

(3) On 16 January 2014, 525,000 ordinary shares (value \$79,000) were issued to a Director of the Company as a result of the Director exercising 525,000 options. The options had been provided to the Director during the IPO of the Company in 2009.

(4) On 18 June 2014, 29,806 ordinary shares (value \$2,000) were issued to a consultant pursuant to terms of a consulting contract

(5) On 4 May 2015, 13,373,377 Convertible Notes held by Greatgroup Investments Limited was converted into ordinary shares of the Company at a ratio of 1:1

Ordinary shares participate in dividends and the proceeds on winding up of the Consolidated Entity in proportion to the number of shares held. At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Ordinary shares have no par value and Stanmore Coal Limited does not have a limited amount of authorised capital.

NOTE 15 ISSUED CAPITAL (continued)

(b) Options ,Performance Rights and Convertible notes

For information relating to the Stanmore Coal Limited employee option plan, including details of options issued, exercised and lapsed during the financial year and the options outstanding at year-end refer to the Remuneration Report which is contained within the Directors' Report.

For information relating to the Stanmore Coal Limited performance rights, including details of rights issued, exercised and lapsed during the financial year and the performance rights outstanding at year-end refer to the Remuneration Report which is contained within the Directors' Report.

During the year ended 30 June 2015, 11,670k options held by Credit Suisse expired due to expiration of the options in accordance with the terms. Convertible notes held by Greatgroup Investments Limited were converted into ordinary shares in accordance with the Convertible Note Deed. Convertible notes were converted into shares at a ratio of 1:1 (13,373,377 shares: \$9,027K)

All options on issue at 30 June 2015 were as follows:

Number of options	Exercise price	Expiry date
500,000	\$1.75	31 December 2015
500,000	\$2.00	31 December 2015
500,000	\$2.25	31 December 2015
500,000	\$2.50	31 December 2015
2,766,000	\$0.22	4 September 2017
4,766,000		

(c) Capital Management

The capital of the Consolidated Entity is managed in order to provide capital growth to shareholders and ensure the Consolidated Entity can fund its operations and continue as a going concern.

The Consolidated Entity's capital comprises equity as shown in the Statement of Financial Position. There are no externally imposed capital requirements.

Management manages the Consolidated Entity's capital by assessing the Consolidated Entity's financial risks and adjusting its capital structure in response to changes in these risks and the market. These responses include the management of share issues and debt.

There have been no changes in the strategy adopted by management to control the capital of the Consolidated Entity since the prior year other than the need to limit dilution arising from our issuances of capital at low share prices.

(d) Recognition and measurement

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit.

Notes to the Financial Statements for the year ended 30 June 2015: Capital (continued)

	2015 \$ '000	2014 \$ '000
NOTE 16 RESERVES		
Option Reserve – capital raising	286	286
Option Reserve – Director, executive and employee options	3,582	3,376
Option Reserve – other options	436	436
	4,304	4,098

The option reserve records the value of options issued as part of capital raisings, as well as expenses relating to Director, executive and employee share options.

NOTE 17 CONVERTIBLE NOTE RESERVE

Convertible Note		
Greatgroup Investments	-	9,027

On 4 May 2015, 13,373,377 (value \$9,027k) Convertible Notes held by Greatgroup Investments Limited was converted into ordinary shares of the Company at a ratio of 1:1.

Notes to the Financial Statements for the year ended 30 June 2015: Risk

NOTE 18 FINANCIAL RISK MANAGEMENT

(a) General objectives, policies and processes

In common with all other businesses, the Consolidated Entity is exposed to risks that arise from its use of financial instruments. This note describes the Consolidated Entity's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Consolidated Entity's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Consolidated Entity's financial instruments consist mainly of deposits with banks, trade and other receivables, security deposits and trade and other payables.

The Board has overall responsibility for the determination of the Consolidated Entity's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Consolidated Entity's finance function. The Consolidated Entity's risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the results of the Consolidated Entity where such impacts may be material.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Consolidated Entity's competitiveness and flexibility. Further details regarding these policies are set out below:

(b) Credit Risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Consolidated Entity incurring a financial loss. This usually occurs when debtors fail to settle their obligations owing to the Consolidated Entity. The Consolidated Entity's objective is to minimise the risk of loss from credit risk exposure.

The Consolidated Entity's maximum exposure to credit risk at the end of the reporting period, without taking into account the value of any collateral or other security, in the event other parties fail to perform their obligations under financial instruments in relation to each class of recognised financial asset at reporting date, is as follows:

Note	2015 \$ '000	2014 \$ '000
Cash and cash equivalents	15,199	17,830
Restricted cash	83	333
Receivables	186	1,066
Security deposits and debt service reserve	156	284
	15,624	19,513

Credit risk is reviewed regularly by the Board and the audit committee.

The Consolidated Entity does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Consolidated Entity. No receivables balances were past due or impaired at year end. The credit quality of receivables that are neither past due nor impaired is good. Bank deposits are held with National Australia Bank Limited and Westpac Banking Corporation.

(c) Liquidity Risk

Liquidity risk is the risk that the Consolidated Entity may encounter difficulties raising funds to meet financial obligations as they fall due. The object of managing liquidity risk is to ensure, as far as possible, that the Consolidated Entity will always have sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions. Liquidity risk is reviewed regularly by the Board and the audit committee.

Notes to the Financial Statements for the year ended 30 June 2015: Risk (continued)

NOTE 18 FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity Risk (continued)

The Consolidated Entity manages liquidity risk by monitoring forecast cash flows and liquidity ratios such as working capital. The Consolidated Entity's working capital, being current assets less current liabilities has decreased from \$18.689 million in 2014 to \$14.934 million in 2015. As outlined Note 1, the ability for the Company to deliver on its strategic objectives is dependent upon the ability to secure necessary funding through debt, equity or farm-out, or the successful exploration and subsequent exploitation of the Consolidated Entity's tenements. Should these avenues be delayed or fail to materialize, the Group has the ability to scale back its activities to allow the Group to continue as a going concern and meet its debts as and when they fall due.

	Carrying Amount \$ '000	Contractual Cash flows \$ '000	<6 months \$ '000	6 – 12 months \$ '000	1 – 3 years \$ '000	>3 years \$ '000
MATURITY ANALYSIS – CONSOLIDATED – 2015						
Financial Liabilities						
- Trade payables	341	341	341	-	-	-
- Other payables	117	117	117	-	-	-
	458	458	458	-	-	-

	Carrying Amount \$ '000	Contractual Cash flows \$ '000	<6 months \$ '000	6 – 12 months \$ '000	1 – 3 years \$ '000	>3 years \$ '000
MATURITY ANALYSIS – CONSOLIDATED – 2014						
Financial Liabilities						
- Trade payables	311	311	311	-	-	-
- Other payables	163	163	163	-	-	-
	474	474	474	-	-	-

Further information regarding commitments is included in Note 20.

(d) Market Risk

Market risk arises from the use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk). The entity does not have any material exposure to market risk other than as set out below.

Interest rate risk

Interest rate risk arises principally from cash and cash equivalents. The objective of interest rate risk management is to manage and control interest rate risk exposures within acceptable parameters while optimising the return.

Notes to the Financial Statements for the year ended 30 June 2015: Risk (continued)

NOTE 18 FINANCIAL RISK MANAGEMENT (continued)

(d) Market Risk (continued)

Interest rate risk is managed with a mixture of fixed and floating rate investments. For further details on interest rate risk refer to the tables below:

	Floating interest rate	Fixed interest rate	Non-interest bearing	Total carrying amount as per the statements of financial position	Weighted average effective interest rate
	2015 \$ '000	2015 \$ '000	2015 \$ '000	2015 \$ '000	2015 %
<i>Financial assets</i>					
Cash and cash equivalents	1,849	13,350	-	15,199	2.86
Restricted cash	-	83	-	83	3.11
Receivables	-	-	186	186	-
Security deposits, debt service reserve and prepayment	-	-	156	156	-
Total financial assets	1,849	13,433	342	15,624	
<i>Financial liabilities</i>					
Trade payables	-	-	341	341	-
Other payables	-	-	117	117	-
Total financial liabilities	-	-	458	458	

	Floating interest rate	Fixed interest rate	Non-interest bearing	Total carrying amount as per the statements of financial position	Weighted average effective interest rate
	2014 \$ '000	2014 \$ '000	2014 \$ '000	2014 \$ '000	2014 %
<i>Financial assets</i>					
Cash and cash equivalents	3,663	14,167	-	17,830	3.98
Restricted cash	-	333	-	333	3.93
Receivables	-	-	1,066	1,066	-
Security deposits, debt service reserve and prepayment	-	-	284	284	-
Loan receivables	-	-	-	-	-
Total financial assets	3,663	14,500	1,350	19,513	
<i>Financial liabilities</i>					
Trade payables	-	-	311	311	-
Other payables	-	-	163	163	-
Interest bearing loan	-	-	-	-	-
Total financial liabilities	-	-	474	474	

The Consolidated Entity has performed a sensitivity analysis relating to its exposure to interest rate risk. This sensitivity demonstrates the effect on the current year results and equity which could result from a change in these risks.

Notes to the Financial Statements for the year ended 30 June 2015: Risk (continued)

NOTE 18 FINANCIAL RISK MANAGEMENT (continued)

(d) Market Risk (continued)

Interest rate risk (continued)

At 30 June 2015 the effect on profit and equity as a result of changes in the interest rate would be as follows:

	Carrying Amount	Increase in interest rate by 1%		Decrease in interest rate by 1%	
		Profit	Other comprehensive income	Profit	Other comprehensive income
	\$ '000	\$ '000	\$ '000	\$ '000	\$
2015					
Cash and cash equivalents	15,199	152	-	(152)	-
Restricted cash	83	1	-	(1)	-
Security deposits	156	2	-	(2)	-
Loans receivable	-	-	-	-	-
Interest bearing loan	-	-	-	-	-
Tax charge of 30%		-	-	-	-
After tax increase/ (decrease)		155	-	(155)	-

The above analysis assumes all other variables remain constant.

2014

Cash and cash equivalents	17,830	178	-	(178)	-
Restricted cash	333	3	-	(3)	-
Security deposits	284	3	-	(3)	-
Loans receivable	-	-	-	-	-
Interest bearing loan	-	-	-	-	-
Tax charge of 30%		-	-	-	-
After tax increase/ (decrease)		184	-	(184)	-

The above analysis assumes all other variables remain constant.

Fair Values

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

Stanmore Coal Limited has adopted the amendment to AASB 7 Financial Instruments: Disclosures which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

Fair value (continued)

There were no assets or liabilities measured and recognised at fair value at 30 June 2015 and 2014.

Notes to the Financial Statements for the year ended 30 June 2015: Group Structure

NOTE 19 SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described below.

Name of entity	Principle Activities	Country of Incorporation	Class of Shares	Percentage Owned (%) [*]	
				2015	2014
Mackenzie Coal Pty Ltd	Coal exploration	Australia	Ordinary	100%	100%
Comet Coal & Coke Pty Ltd	Coal exploration	Australia	Ordinary	100%	100%
Belview Coal Pty Ltd	Coal exploration	Australia	Ordinary	100%	100%
Belview Expansion Pty Ltd	Coal exploration	Australia	Ordinary	100%	100%
Brown River Project Pty Ltd	Coal exploration	Australia	Ordinary	100%	100%
Emerald Coal Pty Ltd	Coal exploration	Australia	Ordinary	100%	100%
New Cambria Pty Ltd	Coal exploration	Australia	Ordinary	100%	100%
Kerlong Coking Coal Pty Ltd	Coal exploration	Australia	Ordinary	100%	100%
Stanmore Surat Coal Pty Ltd	Coal exploration	Australia	Ordinary	100%	100%
Theresa Creek Coal Pty Ltd	Coal exploration	Australia	Ordinary	100%	100%
Stanmore Wotonga Pty Ltd**	Coal exploration & mining	Australia	Ordinary	100%	-
Stanmore IP Pty Ltd**	Coal mining	Australia	Ordinary	100%	-
Stanmore Bowen Coal Pty Ltd**	Coal exploration & mining	Australia	Ordinary	100%	-

* the proportion of ownership interest is equal to the proportion of voting power held.

**these entities were incorporated in 2015.

Notes to the Financial Statements for the year ended 30 June 2015:

Unrecognised items

	2015	2014
	\$ '000	\$ '000

NOTE 20 COMMITMENTS

(a) Future Exploration

The Consolidated Entity has certain obligations to expend minimum amounts on exploration in tenement areas. These obligations may be varied from time to time and are expected to be fulfilled in the normal course of operations of the Consolidated Entity.

The commitments to be undertaken are as follows:

Payable

- not later than 12 months	5,186	5,250
- between 12 months and 5 years	2,607	5,587
- greater than 5 years	-	-
	7,793	10,837

To keep tenements in good standing, work programs should meet certain minimum expenditure requirements. If the minimum expenditure requirements are not met, the Consolidated Entity has the option to negotiate new terms or relinquish the tenements. The Consolidated Entity also has the ability to meet expenditure requirements by joint venture or farm-in agreements.

(b) Operating leases

The commitments to be undertaken are as follows:

Payable

- not later than 12 months	143	143
- between 12 months and 5 years	228	371
- greater than 5 years	-	-
	371	514

The Consolidated Entity has an operating lease commitment in relation to the lease of commercial office premises. The lease commenced on 1 December 2013 for a term of 4 years. The economic entity has provided a bank guarantee of \$68,153 as a security bond on the premises.

(c) Capital commitments

The commitments to be undertaken are as follows:

Payable

- not later than 12 months	-	3,100
- between 12 months and 5 years	3,100	-
- greater than 5 years	-	-
	3,100	3,100

Land Acquisitions

On 7 April 2011 the Consolidated Entity announced that it had completed an agreement for the right to purchase a key property at The Range thermal coal Project in the Surat Basin. This agreement gives the Company access to undertake evaluation and development work as the Project moves to coal production. The terms of the acquisition are confidential but are within normal market expectations and involve a series of staged payments over a number of years.

A completion payment of \$3,100,000 in cash is due the earlier of 30 days after the Mining Lease is granted by the Department of Mines and Energy or November 2016. An extension to the payment date from November 2014 to November 2016 was granted through an agreement with the landholder.

Notes to the Financial Statements for the year ended 30 June 2015: Unrecognised items (continued)

NOTE 21 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent Asset – WICET Loan

In the prior financial year the Company impaired the full balance of the loan provided to third party infrastructure providers. The loan related to the WEXP1 project in Gladstone and the Company's participation in the Capacity Commitment Deed (CCD) which provided certain future access rights in return for a funding commitment from the Company. The Company provided \$8 million in loans which were used to fund studies and complete initial dredging activities in respect of a future expansion to the port site. The CCD expired after balance date on 31 August 2014. The Company retains only those rights which relate to recoupment of loaned amounts as a result of a future port expansion, which may or may not occur. Based on a range of factors, a new expansion proponent who achieves financial close prior to 31 December 2020 will be required to reimburse the Company for a portion of the loaned amount which, in the opinion of an expert, provides a benefit to the proponents of that expansion. Until the timing of that future financing event is known, it is difficult to reliably estimate what portion of the Company's \$8 million loan would be repaid.

The Directors are not aware of any other significant contingent liabilities or contingent assets at the date of this report.

NOTE 22 EVENTS AFTER BALANCE DATE

Acquisition of Wotonga Coal Project and Isaac Plains Coal Mine

On 1 July 2015 Stanmore contracted to acquire the Wotonga coking deposit contained within Mineral Development Licence MDL 135 and a portion of MDL 137 from Millennium Coal Pty Ltd (a Peabody Energy Australia subsidiary) The total consideration amounting to \$7 million; payable in \$2 million up-front cash and additional deferred consideration of \$2 million upon grant of a Mining Lease (ML) and \$3 million payable as a \$1 royalty per tonne sold. The transaction completed on 4 September 2015.

Subsequent to the year end, Stanmore contracted to acquire the Isaac Plains Coal Mine from Sumitomo Corporation and Vale S.A. for consideration of \$1. The acquisition includes several contracts associated with the mine with Stanmore planning to recommence mining operations.

The main conditions precedent which once satisfied will allow completion of the transaction, include:

- Foreign Investment Review Board (FIRB);
- Novation or assignment of the specific material contracts; and
- Customary Ministerial and State Government approvals.

The transaction is anticipated to complete by the end of October 2015.

There have been no other events since 30 June 2015 that impact upon the financial report as at 30 June 2015.

NOTE 23 KEY MANAGEMENT PERSONNEL

(a) Total key management personnel compensation

	2015	2014
	\$'000	\$'000
Short-term employee benefits	1,183	1,265
Post-employment benefits	60	59
Termination benefits	-	-
Share-based payments	127	370
	1,370	1,694

Further information regarding the identity of key management personnel and their compensation can be found in the Audited Remuneration Report contained in the Directors' report on pages 22 to 29 of this annual report.

	2015	2014
	\$	\$

NOTE 24 AUDITORS' REMUNERATION

Audit services

Amounts paid/payable to BDO Audit Pty Ltd for audit or review of the financial statements for the entity or any entity in the Consolidated Entity	46,000	49,500
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Taxation services

Amounts paid/payable to related entities of BDO Audit Pty Ltd for non-audit taxation services performed for the entity or any entity in the Consolidated Entity:	12,920	21,263
- Preparation of income tax return		
	58,920	70,763

NOTE 25 PARENT ENTITY INFORMATION

The Corporations Act requirement to prepare parent entity financial statements where consolidated financial statements are prepared has been removed and replaced by the new regulation 2M.3.01 which requires the following limited disclosure in regards to the parent entity (Stanmore Coal Limited). The consolidated financial statements incorporate the assets, liabilities and results of the parent entity in accordance with the Group accounting policy. The financial information for the parent entity, Stanmore Coal Limited, has been prepared on the same basis as the consolidated financial statements, except as follows:

Investments in subsidiaries

Investments in subsidiaries, associates and joint ventures are accounted for at cost.

Parent Entity	2015	Restated 2014
	\$ '000	\$ '000
Current assets	46,372	49,656
Non-current assets	15,981	21,687
Total assets	62,353	71,343
Current liabilities	547	473
Non-current liabilities	-	83
Total liabilities	547	556
Net assets	61,806	70,787
Issued capital	97,352	88,360
Convertible Note Reserve	-	9,027
Reserves	4,304	4,098
Accumulated losses	(39,850)	(30,698)
Total shareholder's equity	61,806	70,787
Profit / (loss) for the year	(12,209)	(11,864)
Total comprehensive income for the year	(12,209)	(11,864)

Guarantees

No guarantees have been entered into by the parent entity in relation to debts of its subsidiaries (2014: \$nil).

Contingent liabilities

The parent entity has no contingent liabilities.

Capital Commitments

The parent entity has no capital commitments.

NOTE 26 OPERATING SEGMENTS

The Consolidated Entity has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources. The Consolidated Entity is managed primarily on a geographic basis, that is, the location of the respective areas of interest (tenements) in Australia. Operating segments are determined on the basis of financial information reported to the Board which is at the Consolidated Entity level. The Consolidated Entity does not have any products or services it derives revenue from.

Accordingly, management currently identifies the Consolidated Entity as having only one reportable segment, being exploration for coal in Australia. There have been no changes in the operating segments during the year. Accordingly, all significant operating decisions are based upon analysis of the Consolidated Entity as one segment. The financial results from this segment are equivalent to the financial statements of the Consolidated Entity as a whole.

Recognition and measurement

The Consolidated Entity applies AASB 8 Operating Segments which requires a management approach under which segment information is presented on the same basis as that used for internal reporting purposes. Operating segments are reported in a manner that is consistent with the internal reporting to the chief operating decision maker (CODM), which has been identified by the Consolidated Entity as the Managing Director and other members of the Board of Directors.

NOTE 27 SHARE-BASED PAYMENTS

The following share based payment arrangements existed at 30 June 2015.

(a) Share-based payments to Directors, executives and employees

During the year ended 30 June 2015, no shares were granted to key management personnel as share-based payments due to the suspension of the STI scheme.

	2015		2014	
	No. of options	Weighted average exercise price \$	No. of options	Weighted average exercise price \$
Outstanding at beginning of year	8,841,000	1.42	8,116,000	1.43
Granted	-	-	2,766,000	0.22
Forfeited	(1,800,000)	2.13	-	-
Exercised	-	-	(525,000)	0.15
Expired	(2,275,000)	1.90	(1,516,000)	0.56
Outstanding at year-end	4,766,000	1.02	8,841,000	1.42
Exercisable at year-end	2,000,000	2.13	3,275,000	1.89

NOTE 27 SHARE-BASED PAYMENTS (continued)

(a) Share-based payments to Directors, executives and employees (continued)

The options exercisable at 30 June 2015 had a weighted average exercise price of \$2.13 (2014: \$1.89) and weighted average remaining contractual life of 0.5 years (2014: 1.55 years). Exercise prices range from \$1.75 to \$2.50 in respect of options outstanding at 30 June 2015 (2014: \$0.24 to \$2.50).

In the year ending 30 June 2015, no options were exercised (2014: 525,000 options exercised at a price of \$0.15)

Pursuant to the Consolidated Entity's Incentive Option Scheme, if an employee ceases to be employed by the Consolidated Entity then options will expire three months from the date employment ceases.

The weighted average fair value of the options granted during the year ended 30 June 2014 was \$0.07. This price was calculated by using a Black-Scholes options pricing model applying the following inputs:

	2015	2014
Weighted average exercise price	-	\$0.22
Weighted average life of the option	-	4.00 years
Weighted average share price	-	\$0.18
Weighted average expected share price volatility	-	58.36%
Weighted average risk free interest rate	-	3.81%

Historical volatility has been the basis for determining expected share price volatility.

The expected life of the options has been taken to be the full period of time from grant date to expiry date. The options pricing model assumes that options will be exercised on or immediately before the expiry date.

The settlement method for the above options is on a 1:1 basis. During the year ended 30 June 2015, no options were exercised (2014: 525,000) resulting in nil issue of additional shares in lieu of options. In the prior year, \$78,750 was paid for the exercise of options into shares.

During the year ended 30 June 2015, no performance rights were granted to key management personnel as share-based payments.

The amount included in the statement of Profit or Loss and Other Comprehensive Income is as follows:

	2015 \$ '000	2014 \$ '000
Employee benefits expense	195	513
Administration and consulting expense	11	53
	206	566

These amounts have been recognised in equity in the Statement of Financial Position as follows:

	2015 \$ '000	2014 \$ '000
Property plant & equipment	-	16
Share capital	-	(27)
Option reserve	(206)	(555)
	(206)	(566)

During the year ended 30 June 2015, 11,670k options held by Credit Suisse expired due to expiration of the options in accordance with the terms.

Recognition and measurement

The Consolidated Entity provides benefits to employees and consultants in the form of share-based payment transactions, whereby they render services in exchange for shares or options over shares (equity-settled transactions).

The fair value of share or options granted to employees and consultants are recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees or consultants become unconditionally entitled to the instruments. For options, fair value is determined by an independent valuer using a Black-Scholes option pricing model. In determining fair value, no account is taken of any performance conditions other than those related to the share price of Stanmore Coal Limited (market conditions). The cumulative expense recognised between grant date and vesting date is adjusted to reflect the Directors' best estimate of the number of instruments that will ultimately vest because of internal conditions of the instruments, such as the employees having to remain with the Consolidated Entity until vesting date, or such that employees are required to meet internal sales targets. No expense is recognised for instruments that do not ultimately vest because internal conditions were not met. An expense is still recognised for instruments that do not ultimately vest because a market condition was not met.

Where the terms of options are modified, the expense continues to be recognised from grant date to vesting date as if the terms had never been changed. In addition, at the date of the modification, a further expense is recognised for any increase in fair value of the transaction as a result of the change.

Where options are cancelled, they are treated as if vesting occurred on cancellation and any unrecognised expenses are taken immediately to profit or loss. However, if new options are substituted for the cancelled options and designated as a replacement on grant date, the combined impact of the cancellation and replacement options are treated as if they were a modification.

Key estimates – share-based payments

The Consolidated Entity uses estimates to determine the fair value of equity instruments issued to Directors, executives and employees.

NOTE 28 RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

(a) Parent entity

The parent entity and ultimate controlling entity is Stanmore Coal Limited, which is incorporated in Australia.

(b) Subsidiaries

Interests in subsidiaries are disclosed in Note 19.

(c) Key management personnel

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

Notes to the Financial Statements for the year ended 30 June 2015: Others (continued)

NOTE 29 CHANGE IN ACCOUNTING POLICY FOR REFUNDABLE R&D INCENTIVES

The group previously accounted for refundable R&D tax incentives as an income tax benefit. The entity has determined that these incentives are more akin to government grants because they are not conditional upon earning taxable income. The group has therefore made a voluntary change in accounting policy during the reporting period. Refundable tax incentives are now accounted for as government grants under ASB 120 Accounting for Government Grants and Disclosure of Government Assistance because the Directors believe this policy to provide more relevant information to meet the economic decision-making needs of users, and to make the financial statements more reliable.

The impact of these changes in the Company's accounting policy on individual line items in the prior year financial statements can be summarized as follows:

Statement of Profit and Loss and Other Comprehensive Income 2014

Note	Previous Policy 2014 \$ '000	Adjustment	Restated 2014 \$'000
Profit/(loss) before income tax expense	(11,864)	-	(11,864)
Income tax benefit	803	(803)	-
Net profit/(loss) for the year	(11,061)	(803)	(11,864)
Total comprehensive income for the year	(11,061)	(803)	(11,864)
Earnings/(loss) per share attributable to the owners of Stanmore Coal Ltd:	Cents		Cents
Basic earnings/(loss) per share (cents per share)	(5.3)	(0.4)	(5.7)
Diluted earnings/(loss) per share (cents per share)	(5.3)	(0.4)	(5.7)

Statement of Financial Position 2014

Non-Current Assets	Previous Policy 2014	Adjustment	Restated 2014
Exploration and evaluation assets	31,756	(2,043)	29,713
Capitalised development costs	20,974	(952)	20,022
Total Non-Current Assets	55,024	(2,995)	52,029
TOTAL ASSETS	74,269	(2,995)	71,274
NET ASSETS	73,713	(2,995)	70,718
Equity			
Accumulated Losses	(27,771)	(2,995)	(30,766)
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF STANMORE COAL LIMITED	73,713	(2,995)	70,718

Statement of Cash Flows 2014

Nil impact

NOTE 30 OTHER ACCOUNTING POLICIES

(a) Business Combinations

The acquisition method of accounting is used to account for all business combinations. Consideration is measured at the fair value of the assets transferred, liabilities incurred and equity interests issued by the Group on acquisition date. Consideration also includes the acquisition date fair values of any contingent consideration arrangements, any pre-existing equity interests in the acquiree and share-based payment awards of the acquiree that are required to be replaced in a business combination. The acquisition date is the date on which the Group obtains control of the acquiree. Where equity instruments are issued as part of the consideration, the value of the equity instruments is their published market price at the acquisition date unless, in rare circumstances it can be demonstrated that the published price at acquisition date is not fair value and that other evidence and valuation methods provide a more reliable measure of fair value.

Identifiable assets acquired and liabilities and contingent liabilities assumed in business combinations are, with limited exceptions, initially measured at their fair values at acquisition date. Goodwill represents the excess of the consideration transferred and the amount of the non-controlling interest in the acquiree over fair value of the identifiable net assets acquired. If the consideration and non-controlling interest of the acquiree is less than the fair value of the net identifiable assets acquired, the difference is recognised in profit or loss as a bargain purchase price, but only after a reassessment of the identification and measurement of the net assets acquired.

For each business combination, the Group measures non-controlling interests at either fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are expensed when incurred. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Where the Group obtains control of a subsidiary that was previously accounted for as an equity accounted investment in associate or jointly controlled entity, the Group remeasures its previously held equity interest in the acquiree at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss. Where the Group obtains control of a subsidiary that was previously accounted for as an available-for-sale investment, any balance on the available-for-sale reserve related to that investment is recognised in profit or loss as if the Group had disposed directly of the previously held interest.

Where settlement of any part of the cash consideration is deferred, the amounts payable in future are discounted to present value at the date of exchange using the entity's incremental borrowing rate as the discount rate.

Contingent consideration is classified as equity or financial liabilities. Amounts classified as financial liabilities are subsequently remeasured to fair value at the end of each reporting period, with changes in fair value recognised in profit or loss.

Assets and liabilities from business combinations involving entities or businesses under common control are accounted for at the carrying amounts recognised in the Group's controlling shareholder's consolidated financial statements.

(b) Non-Current Assets Classified as Held For Sale

Non-current assets classified as held for sale are those assets whose carrying amounts will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. These assets are stated at the lower of their carrying amount and fair value less costs to sell and are not depreciated or amortised. Interest expenses continues to be recognised on liabilities of a disposal group classified as held for sale.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for subsequent increases in fair value less costs to sell of an asset but not exceeding any cumulative impairment losses previously recognised.

(c) Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint venture are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Income earned from joint venture entities reduces the carrying amount of the investment.

(d) Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations of the liabilities, relating to the arrangement. The consolidated entity has recognised its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate classifications.

(e) Investments and Other Financial Assets

Available-for-sale financial assets

Available-for-sale financial assets comprise investments in listed and unlisted entities and any non-derivatives that are not classified as any other category of financial assets, and are classified as non-current assets (unless management intends to dispose of the investment within 12 months of the end of the reporting period). After initial recognition, these investments are measured at fair value with gains or losses recognised in other comprehensive income (available-for-sale investments revaluation reserve). Where there is a significant or prolonged decline in the fair value of an available-for-sale financial asset (which constitutes objective evidence of impairment) the full amount including any amount previously charged to other comprehensive income is recognised in profit or loss. On sale, the amount held in available-for-sale reserves associated with an available-for-sale financial asset is recognised in profit or loss as a reclassification adjustment. Interest on corporate bonds classified as available-for-sale is calculated using the effective interest rate method and is recognised in finance income in profit or loss.

Reversals of impairment losses on equity instruments classified as available-for-sale cannot be reversed through profit or loss. Reversals of impairment losses on debt instruments classified as available-for-sale can be reversed through profit or loss where the reversal relates to an increase in the fair value of the debt instrument occurring after the impairment loss was recognised in profit or loss.

The fair value of quoted investments are determined by reference to Securities Exchange quoted market bid prices at the close of business at the end of the reporting period. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Loans & Borrowings

After initial recognition, loans and borrowings are subsequently recognised at amortised cost.

Fair Values

Fair values may be used for financial asset and liability measurement and well as for sundry disclosures.

Fair values for financial instruments traded in active markets are based on quoted market prices at the end of the reporting period. The quoted market price for financial assets is the current bid price.

The carrying value less impairment provision of current receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of other financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(f) Derivative Financial Liabilities

Obligations to settle fees payable to financiers as either cash or shares are reflected as derivative financial liabilities with changes in fair value recognised directly through profit and loss.

(g) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Consolidated Entity has a present legal or constructive obligation as a result of a past event, it is probable that that an outflow of economic resources will be required to settle the obligation and the amount can be reliably estimated.

(h) New and amended standards and interpretations not yet adopted

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

NOTE 30 OTHER ACCOUNTING POLICIES (continued)

AASB 9 Financial Instruments

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

AASB 15 Revenue from Contracts with Customers

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

NOTE 30 OTHER ACCOUNTING POLICIES (continued)

(i) New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

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

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

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

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

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

Declaration by Directors

The Directors of the Consolidated Entity declare that:

1. The financial statements, comprising the statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, and accompanying notes, are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the Consolidated Entity's financial position as at 30 June 2015 and of its performance for the year ended on that date.
2. The Consolidated Entity has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
3. In the Directors' opinion, there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable.
4. The remuneration disclosures included in pages 22 to 29 of the Directors' report (as part of audited Remuneration Report) for the year ended 30 June 2015, comply with section 300A of the *Corporations Act 2001*.
5. The Directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A of the *Corporations Act 2001*.

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



Nicholas Jorss
Managing Director

Brisbane
Date: 4 September 2015

INDEPENDENT AUDITOR'S REPORT

To the members of Stanmore Coal Limited

Report on the Financial Report

We have audited the accompanying financial report of Stanmore Coal Limited, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, 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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Stanmore 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 Stanmore 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 2015 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.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 22 to 29 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

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

BDO Audit Pty Ltd

BDO



Tim Kendall
Director

Brisbane, 4 September 2015