GREENEARTH ENERGY LTD
ACN: 120 710 625
AND CONTROLLED ENTITIES

FINANCIAL REPORT
FOR THE YEAR ENDED
30 JUNE 2015

GREENEARTH ENERGY LTD AND CONTROLLED ENTITIES
FINANCIAL REPORT FOR THE YEAR ENDED
30 JUNE 2015

TABLE OF CONTENTS

The Directors present their report, together with the financial report of the consolidated entity consisting of Greenearth Energy Ltd and the entities it controlled, for the financial year ended 30 June 2015 and auditor's report thereon. This financial report has been prepared in accordance with Australian Accounting Standards.

Directors

The names, qualifications, experience and special responsibilities of each person who has been a director of Greenearth Energy Ltd at any time during or since the end of the financial year are provided below, together with details of the company secretary as at the year end. The directors have been in office since the start of the year to the date of this report unless otherwise stated.

Robert J. Annells CPA, F.Fin. *(Chairman)*

Mr Annells was appointed Chairman on 1 July 2010. He has held a seat on the board as a non executive director since the company's inception on 13 July 2006. He is a former member of the Australian Stock Exchange with over forty years' experience in the securities industry, and is also a qualified accountant. His experience includes provision of corporate and investment advice to the business and resources industries.

Mr Annells is currently the Chairman of Greenearth Energy Limited (ASX:GER) and Lakes Oil N.L.(ASX:LKO) (where he has served on the board since 1984). He was a non-executive director of Rum Jungle Resources Limited (ASX:RUM) from 2006 to 2015, serving as Chairman from 2012 to June 2014. He was also Chairman of Central Australian Phosphate Limited (ASX:CEN) from July 2013 until its delisting in January 2014 following compulsory acquisition by RUM. During the past three years Mr. Annells has not held any other listed company directorships.

Mr Annells is also a member of the Audit Committee.

John T. Kopcheff B.Sc (Hons) (Geology and Geophysics), SPE, AIMM *(Non Executive Director)*

Mr Kopcheff was appointed to the Board on the 13 July 2006. He is a geologist and geophysicist, and holds a Bachelor of Science (Honours) from the University of Adelaide (1970). He has extensive petroleum experience in Australia, South East Asia, USA, South America and the North Sea, both in field operations and management.

Mr Kopcheff held the position of Managing Director of Victoria Petroleum Ltd from August 1984 until late July 2010 and continued on their board as Executive Director until resigning on 22 September 2010. He was also a non executive director of Great Panther Silver Limited from August 2001 through to 30 June 2012 when he resigned from the position. Mr Kopcheff is the Chairman of the Audit Committee and the Chairman of the Remuneration Committee.

Directors (continued)

Samuel R. Marks CA, B.Bus. *(Managing Director)*

Mr Marks was appointed as Managing Director on 1 July 2012. Mr Marks has over 17 years global commercial experience across accounting, consulting, corporate finance and corporate roles. He commenced his career with Coopers & Lybrand (PwC) in the Middle Market team, followed by Arthur Anderson (now KordaMentha) in their advisory/insolvency team.

Prior to founding the Toroso Group (subsequently Main Street Capital) in 2009, Mr Marks completed 7 years within General Electric based in Australia and the United States and was responsible for leading and executing projects across the US, UK, Europe, Australia, China and Hong Kong.

Mr Marks is a Chartered Accountant with a Bachelor of Business and is Six Sigma qualified through General Electric. He is also a director of The Melbourne Foundation, a not-for-profit organisation which provides education opportunities for financially disadvantage youths. Mr Marks has not held any other directorships of listed companies during the three year period prior to 30 June 2015.

Philip Zajac B.Comm, F.Fin *(Non Executive Director)*

Mr Zajac was appointed to the Board on 4 September 2014, and has over 30 years of commercial experience in the finance industry. He is currently the CFO and an executive director of the Erdi Group of companies, a director of Erdi Fuels Pty Ltd, and a non-executive director of NewCO2Fuels Ltd (Israel).

Mr Zajac is involved in the development, ownership and management of eight hotels in Victoria, Sydney and Brisbane, along with the design and construction of affordable student housing and apartments. He also runs an extensive philanthropy programme across Australia and overseas. No other directorships of listed companies were held at any time during the three years prior to 30 June 2015.

Mr Zajac is also a member of the Remuneration Committee.

Company Secretary

Robert Smith, B.Bus(Acc), CA *(Company Secretary)*

Mr. Smith is also the Chief Financial Officer of Greenearth Energy Ltd, and has previously held senior financial roles both within industry and within public practice.

Principal activities

The principal activities of the consolidated entity during the financial year were investment in energy efficiency technologies along with other renewable energy research and development projects, and geothermal exploration. There has been no significant change in the nature of these activities during the financial year.

Operating and financial review

A review of the operations of the consolidated entity during the financial year and the results of those operations are as follows:

Results

The consolidated loss after income tax attributable to the members of Greenearth Energy Ltd was $5,986,012 (2014: $226,112 loss), which included a provision for impairment of $2,152,288 (2014: nil) in relation to the company's geothermal exploration and evaluation assets.

The 2014 net loss also included a $2,161,151 gain recognised on changes to the group's investment in NewCO2Fuels Ltd, for which there was no equivalent gain in the 2015 financial year.

The group's financial performance for the 2015 financial year, as detailed in the accompanying financial report, was influenced by the following drivers:

- Total revenue and other income decreased by 63% to $1,174,016 (2014: $3,142,812), due primarily to a gain on investment of $2,161,151 that was realised in the previous financial year.
- Within total revenue, revenue from completed sales to Vivid Industrial's energy efficiency customers decreased by 4% to $637,176 (2014: $661,297). Orders received during the financial year also included work in hand at 30 June 2015 (for delivery subsequent to balance date), which is not included in sales revenue above but will be recognised as sales revenue in the 2015/2016 financial year.
- Employee benefits expense increased by 76% to $2,076,479 (2014: $1,182,809), due primarily to the addition of experienced sales and operations personnel at Vivid Industrial, establishing a team for significant growth across those capabilities. Employee numbers increased by 83% during the year.
- The carrying amount of the company's geothermal exploration and evaluation assets was reduced to nil in order to provide for the impairment of its Otway and Gippsland areas of interest. This resulted in a non-cash impairment expense of $2,152,288 during the financial year (2013: nil). The company has assessed that, on balance, the current regulatory and political environment is unlikely to enable progression of its Victorian geothermal interests in the near future.
- Share of net losses of associates increased by 92% to $804,066 (2014: $419,850). This non-cash expense represents the group's proportional share of the financial results of its associates for the year. The increase was driven by an increase in the loss reported by NCF, as that business entered the commercialisation phase for its successfully developed and tested CO2-to-fuel conversion technology.

The company issued a total of 49,395,000 shares and 6,200,000 unlisted options during the period ended 30 June 2015.

Review of operations

The 2014/2015 financial year was a year focused on proof-of-concept sites and development of a platform for growth for Vivid Industrial (the group's industrial energy efficiency business), along with the beginning of commercialisation of NewCO2Fuels (the group's CO_2-to-fuels technology investment). Further detail regarding each of these businesses is provided in the following pages.

Review of operations (continued)

The company's previous geothermal focus is no longer its primary business. All geothermal activities have been put on hold, and the group is now focussed on growing Vivid Industrial and managing its investment in NewCO2Fuels ("NCF").

Strategy execution

Greenearth Energy Limited is a diversified Australian-based industrial group providing technology solutions to the global industrial efficiency and CO_2-to-fuel conversion markets.

The group contains the following business units, as reflected in its reported operating segments:

A review of each of these business units for the financial year is set out in turn below, followed by a descriptive overview of each business unit.

BUSINESS UNIT UPDATES

Vivid Industrial (Industrial Energy Efficiency)

During the financial year, our Industrial Energy Efficiency business (formerly Greenearth Energy Efficiency) rebranded to Vivid Industrial to better reflect the company's key competency and pedigree as a trusted leader in customised industrial lighting solutions which deliver quantifiable cost efficiencies, energy savings and reduced CO2 emissions. In conjunction with the rebranding, management also invested in hiring sales and project delivery staff in order to drive business growth.

During the year, Vivid Industrial completed both new build and lighting retrofits including the replacement of existing port tower lighting at the Port of Marlborough (New Zealand), Station Pier (Melbourne) and F Appleton Dock (Port of Melbourne), as well as a paid trial in Port Nelson (New Zealand). These opportunities follow on from the successful implementation for Sydney Ports, providing energy savings of over 65%, whilst also delivering twice as much light.

Review of operations (continued)

On the new build implementations, sites included a 3G wireless system with off-site monitoring for a large scale warehouse in Perth, WA. Our team looks forward to developing this sector further with our unique product range for indoor, outdoor and street lighting systems which are exceeding expectations.

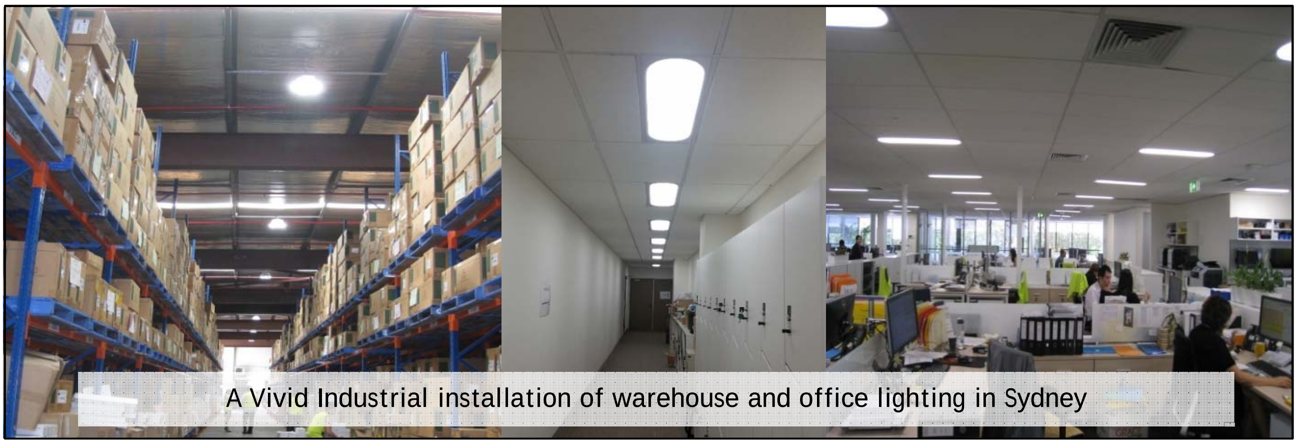

A Vivid Industrial lighting installation at the rapidly expanding Perth Freight Terminal, WA

As identified in the above case studies, our focus in the financial year was to target large scale users of energy, on the basis that following successes in initial proof-of-concept site upgrades, repeat business across the wider property portfolio of these target customer groups would provide an efficient method of increasing market share in industrial lighting. The results have begun to show that the strategy is being well received by this customer base and we look forward to seeing more results in future periods.

Furthermore, the business concentrated on strengthening its sales opportunity pipeline and growing interest from local and overseas industrial corporations and government organisations, as well as investing more heavily in product development and commercialisation.

Vivid industrial now has a broader range of lighting product and solution offerings, ensuring diversification of its operational reliance across product families. During the year the business also finalised the introduction of its own proprietary industrial lighting product range, and put in place the supply chain capacity to deliver on strong customer demand for the new range next financial year.

Importantly for future scaling up in the next financial year, technology distribution rights held by Vivid Industrial for key lighting technologies were also extended into South East Asia, Africa and North America. Coupled with Vivid Industrial's proprietary technology, this rights expansion is part of the ongoing strategy to develop and establish an end-to-end industrial lighting, internet based technology platform which will be sold and marketed on a global scale. Vivid Industrial is well advanced in evaluating the selection of specific partners to assist with implementing this global strategy. Further detailed operational information can be found in the quarterly reports lodged during the financial year.


A Vivid Industrial installation of warehouse and office lighting in Sydney

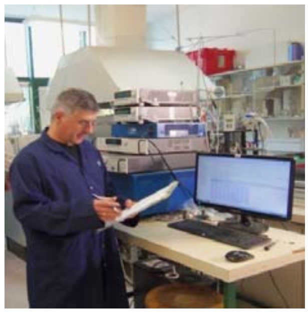
Review of operations (continued)

NewCO2Fuels (Technology Investment)

In developing ground breaking technologies, there is a well-trodden path of commercialisation. In FY2014, NewCO2Fuels (NCF) proved its world-leading CO2-to-fuels technology at scale. Proving the science was valid not only in a laboratory, but as a viable proto-type. This financial year was focused on establishing external validation of the technology and building global partners to assist in providing a strong base for commercialisation. Part of this process was working with global engineering firms and global conglomerates who are potential partners and/or users of the NCF technology in the coming years. These conglomerates see not only the environmental and technological benefits for their businesses, but also the opportunity for significant financial impact on the bottom line. Based on the external validation achieved during the year, the team is well down the path to successfully commercialising this technology.

Assembling the NCF reactor in the Weizmann Institute

NCF Solar Field - Weizmann Institute Israel



Oversight of Excess Heat Reactor Results - Weizmann Institute

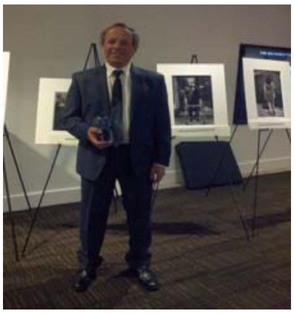
There were many highlights through-out the year, however in the long list mentioned below, special mention should be given to winning the World Technology Network Award for energy, which was presented at a ceremony in New York in November. NCF joined a prestigious list of past winners including 3M, Amazon, Apple, Dow Chemical Company, Facebook, Google, Honda, IBM, Qualcomm, Skype, Tesla Motors, Toyota, The Weizmann Institute of Science and YouTube.

Highlights for the year included:

- Winning the 2014 World Technology Network award for Energy;
- Pre-selected as a candidate for the World Economic Forum Technology Pioneers Programme;
- Enhancing pilot-scale reactor designs for global opportunities;
- Signing a Memorandum of Understanding with one of the world's largest steel manufacturers to explore the opportunity to utilise excess heat from the steel industry to produce fuel and set up a pilot within 24 months at the manufacturer's site;
- Establishment of a collaboration agreement with Alstom Power, a global conglomerate, to partner on product development - subsequently receiving funding from the United States Department of Energy for a project with Alstom, NCF & the Illinois Clean Coal Institute;
- Inclusion in Australian Liquid Fuels Technology Assessment by the Australian Federal Government;
- Winning the B.I.R.D foundation grant in partnership with the US based Acumentrics; and
- Positive independent technology review assessment by Technip.

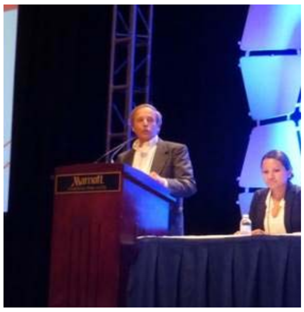
Review of operations (continued)

The next stage of commercialisation, which is well underway, involves taking NCF from a proven science to a commercialised saleable product on a global scale. When combined with the collaboration with Alstom (one of the world's largest companies) to develop a pilot plant, plus the pilot plant already underway with the world's largest steel manufacturer, the signs of developing a commercialised and proven technology are very promising.



NCF CEO David Banitt after accepting the 2014 World Technology Award for Energy in New York in November

Entertaining a delegation at the solar technology demonstration unit in Israel



NCF CEO David Banitt speaking at the 2014 Gasification Technologies Conference in Washington in October

Further detailed operational information can be found in the quarterly reports lodged during the financial year.

Geothermal Energy

The Victorian government currently has a moratorium on hydraulic fracturing and well activity.

This moratorium was due for review in mid 2015, but is now likely be in place until mid-2016. Lifting the moratorium would assist the geothermal industry to continue its exploration and investment in this sector in Victoria. Due to industry uncertainty Greenearth is not investing additional capital into its geothermal business. The company has assessed that, on balance, the current regulatory and political environment is unlikely to enable progression of its Victorian geothermal interests in the near future. Consequently, the carrying amount of exploration and evaluation assets has been reduced by $2,152,288 to nil in order to provide for the impairment of the company's Otway and Gippsland areas of interest.

During the financial year, Greenearth received notification from Melbourne University that the grant application to ARENA (Australian Renewable Energy Agency) for our Latrobe Valley permits had been unsuccessful. The application was to request funding to assist in de-risking the geothermal drilling in an insulated hot sedimentary basin, such as the Latrobe Valley. Unfortunately, ARENA did not believe this was worthy of supporting Melbourne University, Monash University or Greenearth Energy, due to the concern the information was too specific to the Latrobe Valley and not beneficial to the industry as a whole.

Review of operations (continued)

ABOUT EACH BUSINESS UNIT

Vivid Industrial is a lighting solutions business which is wholly owned by Greenearth Energy Ltd. This business provides customised, intelligent and energy efficient luminaire and lighting control solutions. We work with industrial and infrastructure businesses to craft a complete lighting solution that reduces costs and energy usage, now and longer term. We are a forerunner in the region for the development of the "Internet of Lights" model, closely aligned to the ever growing "Internet of Things".

The Vivid Industrial team has a wealth of experience across technology design, engineering and project management. We partner with businesses to first understand their needs and operations. Then, we provide the right solutions.

The business delivers industrial lighting and technology solutions that, put simply, make sense and meet an organisation's true needs.

Review of operations (continued)

NewCO2Fuels (NCF) is an Israeli company which was formed in 2011 by a group of scientists and entrepreneurs with the support of Greenearth Energy Ltd and the Erdi Group. NCF is developing and commercialising an innovative system to profitably produce fuels from CO2 and water, using renewable high temperature heat from solar or waste heat from industry. The system is based on a technology developed at the Weizmann Institute of Science and exclusively licensed to NCF.

The CO_2 to fuel conversion technology concept, successfully developed and proven in laboratory trials in Israel by Professor Jacob Karni and his group at the Weizmann Institute of Science, involves a new method of using concentrated solar energy for the dissociation of Carbon dioxide (CO_2) to Carbon monoxide (CO) and Oxygen (O). The same system can also dissociate water (H_2O) to Hydrogen (H_2) and Oxygen (O), at the same time it dissociates the CO_2. CO, or the mixture of CO and H_2 (called Syngas) can then be used as a gaseous fuel (e.g. in power plants), or converted to liquid fuel (e.g. methanol or other transportation fuels) which has the potential to be stored, transported and used in motor vehicles. Oxygen produced can be used in the combustion of the clean fuel or elsewhere.

In June 2014, Greenearth Energy Ltd (Greenearth) advised that the Group had further negotiated details of its investment in NewCO2Fuels Israel (NCF) to acquire up to 33.33 percent. Under this agreement, Greenearth commenced payments to NCF, with the first instalment in June 2014 and the remainder of the USD$3m investment now due by 15 October 2015. The investment is subject to partial claw-back by NCF should less than USD$3m be ultimately invested by Greenearth, the maximum possible claw-back would result in the Group retaining an interest of 24% instead of 33.33%.

On completion of the investment, Erdi Fuels Pty Ltd (Erdi Fuels) and Greenearth will be equal shareholders in NCF at 33.33 percent each and the remaining percentage of NCF Shares will continue to be held by founders, current staff and Yeda Research & Development Co. Ltd. (Yeda), based at the Weizmann Institute in Israel.

Review of operations (continued)

In 2014, Greenearth Energy received Victorian Government relief from the work permit requirements for the group's three Australian Geothermal leases (identified below). The relief initially extended until May 2015, and Greenearth has since been in discussions with the Victorian Government in relation to extension of the relief and future permit requirements in the context of the current moratorium.

The prolonged discussions with the Victorian Government led to Greenearth submitting three requests for suspension and extension for all our current exploration permits as follows:

- **Geothermal Exploration Permit 10** (located in the greater Geelong / Anglesea region)
- **Geothermal Exploration Permit 12** (located in the greater Latrobe Valley region)
- **Geothermal Exploration Permit 13** (located in the greater Latrobe Valley region)

Greenearth's decision to apply for suspension and extension of its permit conditions was influenced by the lack of geothermal funding by Government (following withdrawal of funding for Greenearth's flagship geothermal project by the Victorian Government in 2013), and by current government policy relating to a moratorium on "fraccing" (hydraulic stimulation) and well activity. With the moratorium now likely to be in place until mid-2016, the company has assessed that, on balance, the current regulatory and political environment is unlikely to enable progression of its Victorian geothermal interests in the near future.

GEOTHERMAL RESERVES AND RESOURCES

Greenearth Energy Ltd has Inferred Geothermal Resources for two distinct areas, Geelong/Anglesea Region and the onshore Gippsland inclusive of the Latrobe Valley and Wombat Geothermal play situated near Seaspray. Additional work has also been undertaken targeting a specific area of the Geelong/Anglesea Area, which has been defined as the Geelong Geothermal Power Project ('GGPP').

The Inferred Geothermal Resources were announced in the 2009 Financial Year. Although work had since been ongoing to continually revise and advance the category of our reserves and resources, they have not materially changed during the 2014/15 Financial Year.

The following table provides a summary of the Company's Inferred Resources:

	Geelong/ Anglesea Area (GEP 10) GER 100%	Geelong/ Anglesea Area (GEP 10) GER 100%	Geelong Geothermal Power Project (GEP 10) GER 100%	Wombat Geothermal Play (GEP13) GER 100%
Geothermal Resource Estimation Category Achieved	Inferred	Inferred	Inferred	Inferred
Geothermal Resource Type	Hot Sedimentary Aquifer (HSA)	Enhanced Geothermal System (EGS)	Hot Sedimentary Aquifer (HSA)	Hot Sedimentary Aquifer (HSA)
Estimated Thermal Energy	40,000 PJ	220,000 PJ	17,000 PJ	3,600 PJ
Heat Flow	$90 mW/m^2$	$90 mW/m^2$		
Estimated Volume of Target Reservoir	$107\ km^3$	$549\ km^3$	$55\ km^3$	$14.8\ km^3$
Average Temperature	150^0C - $225\ ^0C$ with uncertainty of $\pm 15^0C$	Unknown	$188\ ^0C$	$157\ ^0C$

Competent Persons

Anglesea (Geelong) and Wombat regions

The information in this report that related to Geothermal Resources in the Geelong Anglesea (GEP 10) and the Wombat Geothermal Play near Seaspray, Gippsland (GEP 13) has been compiled by Dr Graeme Beardsmore, an employee of Hot Dry Rocks Pty Ltd (HDRPL). The resource estimate for the Geelong Geothermal Power Project, just north of Anglesea draws upon a series of reports for Greenearth Energy by HDRPL.

Dr Beardsmore has over 15 years experience in the determination of crustal temperatures relevant to the style of geothermal play under consideration, is a member of the Australian Society of Exploration Geophysicists and abides by the Code of Ethics of that organization.

Dr Beardsmore qualifies as a Competent Person, as defined in the Australian Code for Reporting of Exploration Results, Geothermal Resources and Geothermal Reserves (2008 Edition). Dr Beardsmore consents to the public release of this report in the form and context in which it appears.

Geelong Geothermal Power Project

The information in this report that relates to Geothermal Resource estimation for the Geelong Geothermal Power Project (GGPP) is based upon a report compiled by James Vincent Lawless, an employee and Principal of Sinclair Knight Merz Limited (SKM). He is a Fellow of the Australasian Institute of Mining and Metallurgy and holds Chartered Geologist status with that body. SKM has been engaged as Consultant by Greenearth Energy but holds no financial interest in the project or in Greenearth Energy.

Mr Lawless is a Competent Person as defined by the Australian Code for Reporting of Exploration Results, Geothermal Resources and Geothermal Reserves (2008 Edition), and consents to the public release of this report in the form and context in which it appears.

Significant changes in the state of affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the group that occurred during the year other than those listed in the review of operations above.

After balance date events

Subsequent to the end of the period, the company issued a total of 4,400,000 unlisted incentive options in August 2015 pursuant to the company's Employee Option Plan, as follows:

No. of options	Exercise price	Issue date	Expiry date
4,350,000	12.5 cents	10 August 2015	7 August 2018
50,000	12.5 cents	11 August 2015	7 August 2018
4,400,000			

Likely developments

The group's focus in the 2015/2016 financial year will be on its Industrial Energy Efficiency and Technology Investment business units.

Objectives for Vivid Industrial include a strong focus on sales growth and execution of opportunities within the sales pipeline, which are both expected to be assisted by the introduction of internally developed lighting products and expansion into further regions outside Australia and New Zealand.

Objectives for NewCO2Fuels include commercialisation of its CO_2-to-fuels technology. As announced previously, the group also intends to combine its 33.33% investment in NewCO2Fuels with the 33.33% held by Erdi Fuels, by creating a joint investment entity which will hold 66.67% of the equity in NewCO2Fuels. This new structure will provide a better platform for future NCF growth and increase opportunities for both Greenearth and Erdi Fuels to realise value from NCF.

Environmental regulation

The company holds interests in geothermal exploration permits and licenses in Victoria. All of these permits and licences impose regulations regarding environmental issues. Similarly, a number of our renewable technology projects are subject to planning regulations and approvals which incorporate appropriate environmental regulations. The consolidated entity is not aware of any significant breaches of environmental regulations during the financial year.

Dividend paid, recommended or declared

No dividends were paid, declared or recommended since the start of the financial year.

Share options

Details of options over unissued ordinary shares granted by Greenearth Energy Ltd during or since the financial year end to directors and Key Management Personnel are provided in the Remuneration Report which forms part of this Directors' Report.

Details of options outstanding over unissued ordinary shares of Greenearth Energy Ltd are provided in note 26 to the financial report.

No ordinary shares of Greenearth Energy Ltd were issued during or since the end of the financial year as a result of the exercise of an option.

There are no amounts unpaid on shares issued on exercise of options.

Directors' meetings

The number of meetings of the board of directors and of each board committee held during the financial year and the numbers of meetings attended by each director were:

	Board of Directors		**Audit Committee**		**Remuneration Committee**	
	Eligible to attend	*Attended*	*Eligible to attend*	*Attended*	*Eligible to attend*	*Attended*
R Annells	15	15	1	1	-	-
J Kopcheff	15	15	1	1	4	4
S Marks	15	15	-	-	-	-
P Zajac	12	11	-	-	4	4

Directors' interests in shares or options

Directors' relevant interests in shares of Greenearth Energy Ltd or options over shares in the company (or a related body corporate) are detailed below.

Directors' relevant interests in:		*Ordinary shares of Greenearth Energy Ltd*		*Options over shares in Greenearth Energy Ltd*	
		2015	**2014**	**2015**	**2014**
R Annells	Direct	-	-	-	-
	Indirect	6,312,883	6,312,883	-	-
J Kopcheff	Direct	2,524,810	2,524,810	-	-
	Indirect	2,928,572	2,928,572	-	-
S Marks	Direct	-	-	5,000,000	5,000,000
	Indirect	1,126,375	1,126,375	10,000,000	5,000,000
P Zajac	Direct	200,000	200,000	-	-
	Indirect	733,333	733,333	-	-

Indemnification and insurance of directors, officers and auditors

The company has, during and since the end of the financial year, in respect of any person who has, is or has been an officer of the company or a related body corporate, paid a premium in respect of Directors and Officer liability insurance which indemnifies Directors, Officers and the Company of any claims made against the Directors, Officers of the Company and the Company, subject to conditions contained in the insurance policy. Further disclosure required under section 300(9) of the *Corporations Act 2001* is prohibited under the terms of the contract.

Proceedings on behalf of the consolidated entity

No person has applied for leave of Court to bring proceedings on behalf of the consolidated entity.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* in relation to the audit for the financial year is provided with this report.

Non-audit services

Non-audit services are approved by resolution of the audit committee and approval is provided in writing to the board of directors. Non-audit services were provided by the auditors of entities in the consolidated group during the year, namely Pitcher Partners (Melbourne), network firms of Pitcher Partners, and other non-related audit firms, as detailed below. The directors are satisfied that the provision of the non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* .

	2015 $	2014 $
Amounts paid and payable to Pitcher Partners (Melbourne) for non-audit services:		
Taxation services	26,000	71,002
Total auditors' remuneration for non-audit services	26,000	71,002

The directors present the consolidated entity's 2015 remuneration report which details the remuneration information for Greenearth Energy Ltd's executive directors, non-executive directors and other key management personnel.

A. Details of key management personnel

(i) Directors	*Position*
Robert Annells	Chairman - non executive
John Kopcheff	Director - non executive
Samuel Marks	Managing Director
Philip Zajac	Director - non executive (from 4 September 2014)

(ii) Executives	*Position*
Urbain du Plessis	Chief Operating Officer - Energy Efficiency
Robert Smith	Chief Financial Officer and Company Secretary

B. Remuneration policies

The board of directors of Greenearth Energy Ltd is responsible for determining and reviewing compensation arrangements for the directors and the executive team. The board assesses the appropriateness of the nature and amount of remuneration of such officers on a periodic basis by reference to relevant employment market conditions with overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team. Such officers are given the opportunity to receive their base remuneration in a variety of forms including cash and fringe benefits such as expenses payment plans.

For executives, the company provides a remuneration package that incorporates both cash–based remuneration and share–based remuneration. Bonuses are issued when Key Performance Indicators (KPI's), which are stipulated within services agreements, are met in part or full, as assessed appropriate by the Board.

The company determines the maximum amount for remuneration, including thresholds for remuneration for directors, by resolution. Further details regarding components of directors' and executive remuneration are provided in the notes to the financial statements.

During the year, the board established a Remuneration Committee to assist it in carrying out these responsibilities.

B. Remuneration policies (continued)

Service agreements

Details of service agreements entered into by the company with key management personnel are:

Service agreements - Executive Directors

Samuel Marks
Mr Samuel Marks, who commenced as Managing Director on 1 July 2012, entered into an initial arrangement at the start of his employment with the Company with a remuneration package that includes a base salary plus superannuation. He was also issued incentive options in December 2013 and in December 2014 (as outlined in part E(b) of this Remuneration Report).

Service agreements - Senior Executives

Service agreements are in place for Senior Executives.

These agreements, which do not specify fixed periods of employment, can be terminated by either party with notice periods ranging between four and five weeks' notice. Termination payments comprise the base salary payment for the duration of the applicable notice period, plus any statutory entitlements owing, such as outstanding annual leave entitlements and superannuation contributions.

These agreements also contain KPIs, that are set in relation to objectives suitable to each executive's role, under which performance bonuses may be achieved. Where appropriate, these bonuses include components that are related to the company's performance. KPIs for operational and sales executives focus on business planning, risk and compliance, revenue targets, and profitability. KPIs for finance and governance executives focus on governance, compliance, reporting and financial management.

C. Details of key management personnel remuneration

(a) Directors' remuneration

		Short-Term			**Post employment#**	**Share-Based Payments**		**Total**	**Total performance related**	**Options as % of total**
		Salary & Fees#	Cash Bonus	Non Monetary	Superannuation	Equity Options*	Shares issued#			
		$	$	$	$	$	$	$	%	%
R Annells										
	2015	**85,000**	**-**	**-**	**8,075**	**-**	**-**	**93,075**	**-**	**-**
	2014	42,500	-	-	3,931	-	-	46,431	-	-
J Kopcheff										
	2015	**50,000**	**-**	**-**	**4,750**	**-**	**-**	**54,750**	**-**	**-**
	2014	25,000	-	-	2,313	-	-	27,313	-	-
S Marks										
	2015	**246,665**	**-**	**3,335**	**23,336**	**125,700**	**-**	**399,036**	**-**	**31.50%**
	2014	250,000	-	-	23,125	74,900	-	348,025	-	21.52%
P Zajac										
	2015	**41,111**	**-**	**-**	**3,906**	**-**	**-**	**45,017**	**-**	**-**
	2014	-	-	-	-	-	-	-	-	-
Total Directors' remuneration										
	2015	**422,776**	**-**	**3,335**	**40,067**	**125,700**	**-**	**591,878**		
	2014	317,500	-	-	29,369	74,900	-	421,769		

Refer to part E(b) of this Remuneration Report for further information regarding directors' fees and share based payments.

* The values shown in the column headed 'equity options' represents the non-cash notional value of the options.

Refer to part E(b) of this Remuneration Report for further information regarding share based payments.

C. Details of key management personnel remuneration (continued)

(b) Executives' remuneration

		Short-Term			Post employment	Share-Based Payments		Total	Total performance related	Options as % of total
		Salary & Fees	Cash Bonus	Non Monetary	Superannuation	Equity Options*	Shares issued			
		$	$	$	$	$	$	$	%	%
U du Plessis										
	2015	**166,965**	**-**	**15,684**	**17,351**	**-**	**-**	**200,000**	**-**	-
	2014	133,694	-	3,921	12,729	17,800	-	168,144	-	10.59%
R Smith										
	2015	**180,000**	**24,300**	**-**	**17,520**	**-**	**-**	**221,820**	**10.95%**	-
	2014	165,138	12,500	-	16,463	74,400	-	268,501	-	27.71%
Total Executives' remuneration										
	2015	**346,965**	**24,300**	**15,684**	**34,871**	**-**	**-**	**421,820**		
	2014	298,832	12,500	3,921	29,192	92,200	-	436,645		

* The values shown in the column headed 'equity options' represents the non-cash notional value of the options.

Refer to part E(b) of this Remuneration Report for further information regarding share based payments.

D. Relationship between remuneration and company performance

The non-executive directors' remuneration policy is not directly related to company performance. The board considers a remuneration policy based on short-term returns may not be beneficial to the long-term creation of wealth by the company for shareholders.

Consequences of company performance on shareholder wealth:

	2015	2014	2013	2012	2011
Revenue ($'000)	1,174	3,143	763	480	1,020
Loss before tax ($'000)	5,986	226	1,613	2,836	2,576
Change in share price (%)	+17%	+132%	-40%	-58%	+33%
Dividends paid to shareholders ($)	-	-	-	-	-
Return of capital ($)	-	-	-	-	-

E. Key management personnel's bonuses and share-based compensation

(a) Details of compensation Options

	Grant Date	Granted Number $	Value per option at grant date $	Vest Number During the Year	Year in which option may be vested	Vest %	Value Exercised During the Year $	Forfeited %	Terms and conditions for each grant: Exercise Price $	Expiry Date	First Exercise Date	Last Exercise Date
Directors												
R Annells												
2015		**-**	**-**	**-**		**-**	**-**	**-**	**-**			
2014		-	-	-		-	-	-	-			
J Kopcheff												
2015		**-**	**-**	**-**		**-**	**-**	**-**	**-**			
2014		-	-	-		-	-	-	-			
S Marks												
2015	**18/12/2014**	**2,000,000**	**0.029**	**-**	**2015/16**	**-**	**-**	**-**	**0.15**	**30/09/2017**	**18/12/2015**	**30/09/2017**
	18/12/2014	**3,000,000**	**0.023**	**-**	**2015/16**	**-**	**-**	**-**	**0.20**	**30/09/2017**	**18/12/2015**	**30/09/2017**
2014	18/12/2013	2,000,000	0.017	-	2014/15	-	-	-	0.075	30/09/2018	1/07/2014	30/09/2018
	18/12/2013	3,000,000	0.014	-	2014/15	-	-	-	0.10	30/09/2018	1/07/2014	30/09/2018
P Zajac												
2015		**-**	**-**	**-**		**-**	**-**	**-**	**-**			
2014		-	-	-		-	-	-	-			

(a) Details of compensation Options (continued)

	Grant Date	Granted Number	Value per option at grant date	Vest Number During the Year	Year in which option may be vested	Vest	Value Exercised During the Year	Forfeited	Terms and conditions for each grant Exercise Price	Expiry Date	First Exercise Date	Last Exercise Date
		$	$			%	$	%	$			
Executives												
U du Plessis												
2015		**-**	**-**	**-**		**-**	**-**	**-**	**-**			
2014	4/02/2014	500,000	0.036	-	2014/15	-	-	-	0.15	2/02/2017	2/02/2015	2/02/2017
R Smith												
2015		**-**	**-**	**-**		**-**	**-**	**-**	**-**			
2014	4/02/2014	1,000,000	0.041	1,000,000	2013/14	100%	-	-	0.15	30/09/2017	4/02/2014	30/09/2017
	4/02/2014	1,000,000	0.034	1,000,000	2013/14	100%	-	-	0.20	30/09/2017	4/02/2014	30/09/2017
Total Directors and Executives												
2015		**5,000,000**		**-**		**-**	**-**	**-**				
2014		7,500,000		2,000,000		27%	-	-				

The service and performance criteria in relation to the grant of options, together with other details are described in (b).

E. Key management personnel's bonuses and share-based compensation

(b) Details concerning bonuses and share-based compensation of directors and executives (consolidated)

(i) Directors' fees

The directors decided to defer payment of directors' fees and associated superannuation totalling $147,150 in respect of the year ended 30 June 2013, to conserve the company's cash reserves, and intended to seek approval from shareholders at the company's Annual General Meeting (AGM) in November 2013 to have those outstanding directors' fees paid via the issue of Greenearth Energy ordinary shares.

Subsequently, in October 2013, the directors concluded that fees for all individual non-executive directors would be reduced by 50%. The company also reverted to its previous practice of paying directors' fees in cash. Consequently, the anticipated directors' fees for the previous financial year(as disclosed in the Remuneration Report within the 2013 financial report) were reduced by 50% as well as reclassified from Share-based Payments to the relevant Short-Term and Post employment categories within the 2014 and 2015 Remuneration Reports. No portion of this remuneration is related to company performance.

In 2015, annual Directors' fees were restored to the amounts that applied prior to the 50% reduction, with effect from 1 July 2014.

(ii) Grant of options to Managing Director

Following approval from shareholders at the company's Annual General Meeting (AGM) in November 2014, 5,000,000 unlisted options were issued to Mr Samuel Marks, in relation to his employment as Managing Director. The options are options to subscribe for shares in the capital of Greenearth Energy Ltd (comprising 2,000,000 at an exercise prices of 15 cents (and 3,000,000 options at an exercise price of 20 cents), expire on 30 September 2017, and will vest on 18 December 2015 subject to Mr Marks' continuing employment with the company up until that date. No portion of this remuneration is related to company performance.

Following approval from shareholders at the company's Annual General Meeting (AGM) in November 2013, 5,000,000 unlisted options were issued to Mr Samuel Marks, in relation to his employment as Managing Director. The options are options to subscribe for shares in the capital of Greenearth Energy Ltd (comprising 2,000,000 at an exercise price of 7.5 cents and 3,000,000 options at an exercise price of 10 cents), expire on 30 September 2018, and vested on 1 July 2014 due to Mr Marks' continuing employment with the company up until that date. No portion of this remuneration is related to company performance.

E. Key management personnel's bonuses and share-based compensation (continued)

(b) Details concerning bonuses and share-based compensation of directors and executives (consolidated) (continued)

(iv) Grant of options to senior executives

2,500,000 unlisted options were issued to Key Management Personnel in the prior year in relation to employment with the company. The options are options to subscribe for shares in the capital of Greenearth Energy Ltd (comprising 1,500,000 at an exercise price of 15 cents and 1,000,000 options at an exercise price of 20 cents). 500,000 options expire on 2 February 2017, and vested on 2 February 2015 due to continuing employment with the company up until that date. 2,000,000 options expire on 30 September 2017, and vested at grant date. No portion of this remuneration is related to company performance.

(c) Shares issued on exercise of compensation options

No compensation options were exercised during the year.

F. Key management personnel's equity holdings

(a) Number of options held by key management personnel

2015	Balance 1/7/2014	Granted as remu-neration	Options exercised	Net change other (purchases /expired)	Balance 30/6/2015	Total vested 30/6/2015	Total exercisable 30/6/2015	Total un-exercisable 30/6/2015
Directors								
R Annells	-	-	-	-	-	-	-	-
J Kopcheff	-	-	-	-	-	-	-	-
S Marks	10,000,000	5,000,000	-	-	15,000,000	10,000,000	10,000,000	5,000,000
P Zajac #	-	-	-	-	-	-	-	-
Executives								
U du Plessis	3,500,000	-	-	-	3,500,000	3,500,000	3,500,000	-
R Smith	2,000,000	-	-	-	2,000,000	2,000,000	2,000,000	-
	15,500,000	5,000,000	-	-	20,500,000	15,500,000	15,500,000	5,000,000

\# Mr. Zajac became a Director on 4 September 2014. The opening balance of holdings shown is as of that date.

2014	Balance 1/7/2013	Granted as remu-neration	Options exercised	Net change other (purchases /expired)	Balance 30/6/2014	Total vested 30/6/2014	Total exercisable 30/6/2014	Total un-exercisable 30/6/2014
Directors								
R Annells	-	-	-	-	-	-	-	-
J Kopcheff	-	-	-	-	-	-	-	-
S Marks	5,000,000	5,000,000	-	-	10,000,000	5,000,000	5,000,000	5,000,000
Executives								
U du Plessis	3,000,000	500,000	-	-	3,500,000	3,000,000	3,000,000	500,000
R Smith	-	2,000,000	-	-	2,000,000	2,000,000	2,000,000	-
	8,000,000	7,500,000	-	-	15,500,000	10,000,000	10,000,000	5,500,000

F. Key management personnel's equity holdings (continued)

(b) Number of shares held by key management personnel

2015	Balance 1/7/2014	Issued as remu-neration	On exercise of options	Net change other (purchases /disposals)	Balance 30/6/2015
Directors					
R Annells	6,312,883	-	-	-	6,312,883
J Kopcheff	5,453,382	-	-	-	5,453,382
S Marks	1,126,375	-	-	-	1,126,375
P Zajac #	933,333	-	-	-	933,333
Executives					
U du Plessis	-	-	-	-	-
R Smith	-	-	-	-	-
	13,825,973	-	-	-	13,825,973

\# Mr. Zajac became a Director on 4 September 2014. The opening balance of holdings shown is as of that date.

2014	Balance 1/7/2013	Issued as remu-neration	On exercise of options	Net change other (purchases /disposals)	Balance 30/6/2014
Directors					
R Annells	6,312,883	-	-	-	6,312,883
J Kopcheff	5,453,382	-	-	-	5,453,382
S Marks	-	-	-	1,126,375	1,126,375
Executives					
U du Plessis	-	-	-	-	-
R Smith	-	-	-	-	-
	11,766,265	-	-	1,126,375	12,892,640

G. Loans to key management personnel

There are no loans made by Greenearth Energy Ltd to key management personnel.

H. Other transactions with key management personnel

An amount of $31,346 excluding GST (2014:$28,596) was paid by the group to Virtual and Illumination Engineering Services; a business associated with Mr U. du Plessis, a member of the key management personnel of the company in respect of research and development services provided by it to the group. The Directors believe these transactions to be on an arms-length basis.

I. Use of remuneration consultants

During the year, the company engaged HR Ascent to provide remuneration benchmarking and advisory services in relation to remuneration of Key Management Personnel. Fees paid to HR Ascent for these services totalled $11,250.

To ensure that "remuneration recommendations" (being advice relating to the elements of remuneration for key management personnel, as defined under the *Corporations Act 2001*) were made free from undue influence by key management personnel to whom they may relate, HR Ascent reported direcly to the Remuneration Committee. Declarations were given by HR Ascent to the effect that its remuneration recommendations were made free from undue influence by key management personnel to whom they related. The board has received assurance from the Remuneration Committee and is therefore satisfied that the remuneration recommendations received from HR Ascent were made free from undue influence.

J. Voting and comments made at the company's 2014 Annual General Meeting (AGM)

At the company's most recent AGM, resolution to adopt the prior year remuneration report was put to the vote and carried as an ordinary resolution on a show of hands. No comments were made on the remuneration report that was considered at the AGM.

End of Remuneration Report.

Signed in accordance with a resolution of the directors.

Samuel R Marks
Managing Director
Greenearth Energy Ltd
Dated this 29th day of September 2015
Melbourne

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of Greenearth Energy Ltd

In relation to the independent audit for the year ended 30 June 2015, to the best of my knowledge and belief there have been:

(i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

(ii) No contraventions of any applicable code of professional conduct.

This declaration is in respect of Greenearth Energy Ltd and the entities it controlled during the year.

M J HARRISON
Partner

29 September 2015

Pitcher Partners

PITCHER PARTNERS
Melbourne

GREENEARTH ENERGY LTD AND CONTROLLED ENTITIES

ACN: 120 710 625

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015	2014
		$	$
Revenue and other income			
Sales revenue	5	637,176	661,297
Other income	5	536,840	2,481,515
		1,174,016	3,142,812
Less: Expenses			
Employee benefits expense	6	(2,076,479)	(1,182,809)
Inventories sold or used		(550,367)	(580,286)
Depreciation and amortisation	6	(16,065)	(13,621)
Accounting and audit expenses		(78,738)	(161,175)
Marketing and promotion expenses		(150,013)	(44,315)
Rent and occupancy expenses		(128,398)	(159,587)
Consulting expenses		(293,992)	(68,196)
Unrealised loss on fair value of investments		(8,636)	-
Impairment expense	6	(2,152,288)	-
Administrative expenses	6	(654,032)	(628,136)
Other expenses	6	(246,954)	(110,949)
Total Expenses		**(6,355,962)**	**(2,949,074)**
Share of net losses of associates accounted for using the equity method	14	(804,066)	(419,850)
Loss before income tax expense		**(5,986,012)**	**(226,112)**
Income tax expense	7	-	-
Net loss from continuing operations	6	**(5,986,012)**	**(226,112)**
Loss for the year		**(5,986,012)**	**(226,112)**
Other comprehensive income for the year		-	-
Total comprehensive income for the year		**(5,986,012)**	**(226,112)**
Loss is attributable to:			
Members of the parent		(5,986,012)	(226,112)
Non-controlling interest		-	-
		(5,986,012)	(226,112)
Earnings per share for loss attributable to the equity holders of the parent entity:			
Basic loss per share (cents per share)	25	(2.87)	(0.16)
Diluted loss per share (cents per share)	25	(2.87)	(0.16)

The above statement should be read in conjunction with the accompanying notes

GREENEARTH ENERGY LTD AND CONTROLLED ENTITIES
ACN: 120 710 625
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

	Notes	2015 $	2014 $
Current assets			
Cash and cash equivalents	9	2,572,164	3,187,415
Receivables	10	837,281	353,925
Inventories	11	650,623	497,511
Other financial assets	12	61,190	69,826
Other current assets	13	125,022	8,716
Total current assets		4,246,280	4,117,393
Non-current assets			
Equity accounted investments	14	698,826	1,190,577
Property, plant and equipment	15	149,877	28,544
Exploration and evaluation assets	16	-	2,146,783
Total non-current assets		848,703	3,365,904
Total assets		5,094,983	7,483,297
Current liabilities			
Payables	17	891,538	891,620
Other financial liabilities	18	-	530,786
Provisions	19	87,413	64,424
Total current liabilities		978,951	1,486,830
Non-current liabilities			
Provisions	19	35,542	25,372
Total non-current liabilities		35,542	25,372
Total liabilities		1,014,493	1,512,202
Net assets		4,080,490	5,971,095
Equity			
Share capital	20	23,708,815	19,716,215
Reserves	21	65,286	(37,521)
Accumulated losses	21	(19,653,274)	(13,667,262)
Equity attributable to the owners of Greenearth Energy Ltd		4,120,827	6,011,432
Non-controlling interests		(40,337)	(40,337)
Total equity		4,080,490	5,971,095

The above statement should be read in conjunction with the accompanying notes

GREENEARTH ENERGY LTD AND CONTROLLED ENTITIES
ACN: 120 710 625
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015

Consolidated entity	Share capital $	Reserves $	Accumulated losses $	Non-controlling interest $	Total Equity $
Year ended 30 June 2015					
Balance as at 1 July 2014	**19,716,215**	**(37,521)**	**(13,667,262)**	**(40,337)**	**5,971,095**
Loss for the year	-	-	(5,986,012)	-	(5,986,012)
Total comprehensive income for the year	**-**	**-**	**(5,986,012)**	**-**	**(5,986,012)**
Transactions with owners in their capacity as owners:					
Contributions	4,198,575	-	-	-	4,198,575
Costs of raising capital	(205,975)	-	-	-	(205,975)
Equity based payments	-	102,807	-	-	102,807
	3,992,600	**102,807**	**-**	**-**	**4,095,407**
Balance as at 30 June 2015	**23,708,815**	**65,286**	**(19,653,274)**	**(40,337)**	**4,080,490**
Year ended 30 June 2014					
Balance as at 1 July 2013	**15,242,580**	**(248,534)**	**(13,441,150)**	**(40,337)**	**1,512,559**
Loss for the year	-	-	(226,112)	-	(226,112)
Total comprehensive income for the year	**-**	**-**	**(226,112)**	**-**	**(226,112)**
Transactions with owners in their capacity as owners:					
Contributions	4,521,385	-	-	-	4,521,385
Costs of raising capital	(47,750)	-	-	-	(47,750)
Equity based payments	-	211,013	-	-	211,013
	4,473,635	**211,013**	**-**	**-**	**4,684,648**
Balance as at 30 June 2014	**19,716,215**	**(37,521)**	**(13,667,262)**	**(40,337)**	**5,971,095**

The above statement should be read in conjunction with the accompanying notes

GREENEARTH ENERGY LTD AND CONTROLLED ENTITIES
ACN: 120 710 625
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 $	2014 $
Cash flow from operating activities			
Receipts		690,276	766,082
Payments to suppliers and employees		(4,344,945)	(2,674,268)
Research and develoment rebates received		684,732	281,291
Interest received		7,968	11,681
Net cash used in operating activities	22(a)	(2,961,969)	(1,615,214)
Cash flow from investing activities			
Purchase of property, plant and equipment		(174,273)	(7,229)
Purchase of unlisted securities		(1,482,128)	(586,482)
Payments for bonds and deposits		(54,124)	(54,124)
Proceeds from matured bonds and deposits		54,124	54,124
Net cash used in investing activities		(1,656,401)	(593,711)
Cash flow from financing activities			
Proceeds from issues of ordinary shares		4,187,116	4,521,385
Advance from issue of option		-	600,100
Capital raising costs		(205,975)	(47,750)
Net cash provided by financing activities		3,981,141	5,073,735
Net increase/(decrease) in cash and cash equivalents		(637,229)	2,864,810
Foreign exchange differences on cash holdings		21,978	(11,003)
Cash and cash equivalents at beginning of year		3,187,415	333,608
Cash and cash equivalents at end of the year	22(b)	2,572,164	3,187,415

The above statement should be read in conjunction with the accompanying notes

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies adopted by the consolidated entity in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation of the financial report

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Interpretations and other applicable authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001.*

The financial report covers Greenearth Energy Ltd and controlled entities as a consolidated entity. Greenearth Energy Ltd is a company limited by shares, incorporated and domiciled in Australia. Greenearth Energy Ltd is a for-profit entity for the purpose of preparing the financial statements.

The financial report was authorised for issue by the Directors as at the date of the Directors' report.

Compliance with IFRS

The consolidated financial statements of Greenearth Energy Ltd also comply with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets as described in the accounting policies.

Significant accounting estimates

The preparation of the financial report requires the use of certain estimates and judgements in applying the entity's accounting policies. Those estimates and judgements significant to the financial report are disclosed in Note 2.

(b) Going Concern

The Directors have prepared the financial report on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The consolidated entity incurred a net loss for the year of $5,986,012 (2014: $226,112) and at the reporting date total assets exceeded total liabilities by $4,080,490 (30 June 2014: $5,971,095), including exploration and evaluation assets of $0 (30 June 2014: $2,146,783).

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Going Concern (continued)

The Directors have determined that there may be a net cash requirement of $3m over the forthcoming 12 months to maintain operations, after allowing for existing cash reserves and contracted upcoming cash receipts. The Directors anticipate that this potential net cash requirement of $3m is to be funded by a combination of the net operating cash flow of Vivid Industrial (a company within the consolidated group), raising additional capital, and other funding avenues such as continued development of other industrial technologies and expanding revenue streams.

The anticipated revenue growth (and consequent cash flow contribution) of Vivid Industrial over the next 12 months is based on certain assumptions in relation to the short-term development of the business. These assumptions relate to the expected future revenue and profitability of Vivid Industrial during that time and are based on currently available information including management assessments of probable future orders and other information.

The financial report does not include any adjustment relating to the recoverability or classification of recorded asset amounts nor to the amounts or classification of liabilities that might be necessary should the consolidated entity be unable to trade as forecast or to raise sufficient funding to continue as a going concern.

If the going concern basis of accounting is found to no longer be appropriate, the recoverable amount of the assets shown in the Consolidated Statement of Financial Position are likely to be significantly less than the amounts disclosed and the extent of liabilities may differ significantly from those reflected.

(c) Principles of consolidation

The consolidated financial statements are those of the consolidated entity, comprising the financial statements of the parent entity and of all entities which the parent entity controls. The group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies, which may exist.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. Subsidiaries are consolidated from the date on which control is established and are de-recognised from the date that control ceases.

Non-controlling interests in the results of subsidiaries are shown separately in the consolidated statement of comprehensive income and consolidated statement of financial position respectively.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Revenue

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered to have passed to the buyer at the time of delivery of the goods to the customer.

Revenue from rendering of services to customers is recognised upon delivery of the service to the customer.

In respect of sales of investments and creation of options the proceeds arising from sale are recognised when control of the asset is passed to the acquirer.

Government grants are recognised at fair value when there is reasonable certainty that the grant will be received and all grant conditions met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating.

Interest revenue is recognised when it becomes receivable on a proportional basis taking into account the interest rates applicable to the financial assets.

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

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, short-term deposits with an original maturity of three months or less held at call with financial institutions.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value.

(g) Property, plant and equipment

Cost and valuation

All classes of property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation

The depreciable amounts of all property, plant and equipment are calculated using either the prime cost or diminishing balance method over their estimated useful lives commencing from the time the asset is held ready for use.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Property, plant and equipment (continued)

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The useful lives for each class of assets are:

	2015	2014
Plant and equipment	5 years	not applicable
Computer equipment	3 years	3 years
Office equipment	6 years	6 years
Leasehold improvements	the lease term	the lease term

(h) Exploration and evaluation costs

Costs arising from exploration activities are carried forward provided such costs are expected to be recouped through successful development or sale, or exploration activities have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. AASB 6 "Exploration for and Evaluation of Mineral Resources" requires that the company perform impairment tests on those assets when facts and circumstances suggest that the carrying amount may be impaired. The impairment testing has been aligned with the factors that must currently be satisfied for capitalisation of exploration and evaluation costs.

Exploration expenses are recognised on a net basis, after offsetting grant income and exploration expenditure written off. Costs carried forward in respect of an area of interest that is abandoned are written off in the year in which the decision to abandon is made.

Amortisation

The entity does not currently have any production areas.

Restoration costs

Restoration costs that are expected to be incurred are provided for as part of the cost of the exploration, evaluation, development, construction or production phases that give rise to the need for restoration. Accordingly, these costs are recognised gradually over the life of the facility as these phases occur. The costs include obligations relating to reclamation, waste site closure, platform removal and other costs associated with the restoration of the site. These estimates of the restoration obligations are based on anticipated technology and legal requirements and future costs that have been discounted to their present value. Any changes in the estimates are adjusted on a retrospective basis. In determining the restoration obligations, the entity has assumed no significant changes will occur in the relevant Federal and State legislation in relation to restoration of such wells in the future.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases

Lease payments for operating leases are recognised as an expense on a straight-line basis over the term of the lease.

The group currently has no finance leases.

(j) Intangibles

Research and development

Expenditure on research activities is recognised as an expense when incurred.

Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the entity is able to use or sell the asset; the entity has sufficient resources; and intent to complete the development and its costs can be measured reliably. Capitalised development expenditure is stated at cost less accumulated amortisation. Amortisation commences when the intangible asset is available for use. Other development expenditure is recognised as an expense when incurred.

(k) Impairment of non-financial assets

Goodwill, intangible assets not yet ready for use and intangible assets that have an indefinite useful life are not subject to amortisation and are therefore tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired.

Exploration and evaluation assets are tested for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount in accordance with AASB 6.

An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and value in use.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Income tax

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax balances

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting taxable profit or loss.

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

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation

Greenearth Energy Limited and its wholly-owned Australian resident entities formed a tax-consolidated group with effect from 1 July 2012. Greenearth Energy Limited is the head entity of the tax-consolidated group. The members of the tax-consolidated group are identified in note 27.

The members of the tax-consolidated group have entered into a tax funding agreement, stipulating that amounts are recognised as payable to or receivable by the company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the agreement. Under the terms of the tax funding agreement, Greenearth Energy Limited and each of the entities in the tax-consolidated group will agree to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity.

The tax-consolidated group also has a tax sharing agreement in place to limit the liability of subsidiaries in the tax-consolidated group arising under the joint and several liability requirements of the tax consolidation system, in the event of default by the parent entity to meet its payment obligations.

(m) Provisions

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Employee benefits

(i) Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave, accumulated sick leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at the amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Long-term employee benefit obligations

The provision for employee benefits in respect of long service leave and annual leave which are not expected to be settled within twelve months of the reporting date, are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

Employee benefit obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(iii) Retirement benefit obligations

The consolidated entity makes contributions to defined contribution superannuation plans in respect of employee services rendered during the year. These superannuation contributions are recognised as an expense in the same period when the employee services are received.

(iv) Bonus plan

The consolidated entity recognises a provision when a bonus is payable in accordance with the employee's contract of employment, and the amount can be reliably measured.

(v) Share-based payments

The consolidated entity operates a share-based payment employee share option plan. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is measured at the market price at grant date. In respect of share-based payments that are dependent on the satisfaction of performance conditions, the number of shares and options expected to vest is reviewed and adjusted at each reporting date. The amount recognised for services received as consideration for these equity instruments granted is adjusted to reflect the best estimate of the number of equity instruments that eventually vest.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Third party share-based payments

From time to time share options are granted to third parties for services rendered. The fair value of the equity to which third parties become entitled is determined by reference to the value of services provided, and recognised as an expense over the period(s) when the services were provided.

(p) Financial instruments

Classification

The consolidated entity classifies its financial instruments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Non-derivative financial instruments

Non-derivative financial instruments consist of investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are initially recognised at fair value, plus directly attributable transaction costs (if any), except for instruments recorded at fair value through profit or loss. After initial recognition, non-derivative financial instruments are measured as described below.

Financial assets at fair value through profit or loss

Investments in listed securities are carried at fair value through profit or loss. They are measured at their fair value at each reporting date and any increment or decrement in fair value from the prior period is recognised in the profit or loss of the current period. Fair value of listed investments are based on closing prices at the reporting date.

Held-to-maturity investments

Fixed term investments intended to be held to maturity are classified as held-to-maturity investments. They are measured at amortised cost using the effective interest rate method.

Loans and receivables

Loans and receivables are measured at fair value plus directly attributable transaction costs at inception and subsequently at amortised cost using the effective interest rate method.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Financial instruments (continued)

Available-for-sale

Available-for-sale financial assets include any financial assets not included in the above categories and are measured at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity. The cumulative gain or loss is held in equity until the financial asset is de-recognised, at which time the cumulative gain or loss held in equity is recognised in profit or loss.

Non-listed investments for which fair value cannot be reliably measured, are carried at cost and tested for impairment.

Financial liabilities

Financial liabilities include trade payables, other creditors, loans from third parties and loans or other amounts due to director-related entities.

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Financial liabilities are classified as current liabilities unless the consolidated entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Compound financial instruments

Compound financial instruments issued by the consolidated entity comprise convertible notes that are able to be converted to share capital at the option of the noteholder, and the number of shares to be issued will not vary with changes in their fair value.

The liability component of a compound financial instrument is initially recognised at the fair value of a comparable liability that does not have an equity conversion option. The equity component is initially recognised at the difference between fair value of the compound financial instrument as a whole and the fair value of the liability component. All directly attributable transaction costs are allocated to the liability and equity component on a proportional basis.

After initial recognition, the liability component of the compound financial instrument will be measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured after initial recognition.

Interest, dividends, losses and gains relating to the financial liability are recognised in profit or loss. Distributions to the equity holders are recognised against equity, net of any tax benefit.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Financial instruments (continued)

Impairment of financial assets

Financial assets are tested for impairment at each financial year end to establish whether there is any objective evidence for impairment.

For loans and receivables or held-to-maturity investments carried at amortised cost, impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The amount of the loss reduces the carrying amount of the asset and is recognised in profit or loss. The impairment loss is reversed through profit or loss if the amount of the impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognised.

For available-for-sale financial assets carried at cost, impairment loss is measured as the difference between the carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversed.

For available-for-sale financial assets carried at fair value through other comprehensive income, the impairment loss is measured as the difference between the acquisition cost and current fair value, less any impairment loss previously recognised in profit or loss. If the asset is impaired, the cumulative loss is reclassified from equity to the profit or loss. For equity investments, the impairment loss is not reversed through profit or loss. For debt investments, the impairment loss is reversed through profit or loss if the fair value increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment losses was recognised in profit or loss.

(q) Investments in associates

An associated entity is an entity over which the consolidated entity is able to exercise significant influence.

The consolidated entity's interests in associates are brought to account using the equity method after initially being recognised at cost. Under the equity method, the profits or losses of the associate is recognised in profit or loss and the share of other comprehensive income items is recognised in other comprehensive income. Details relating to associates are set out in Note 14(a).

Unrealised gains and losses on transactions between the consolidated entity and an associate are eliminated to the extent of the entity's share in an associate.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Share capital

Issued and paid up capital is recognised at the fair value of the consideration received by the company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(s) Foreign currency

Functional and presentation currency

The financial statements of each entity within the consolidated entity are measured using the currency of the primary economic environment in which that entity operates (the functional currency). The consolidated financial statements are presented in Australian dollars which is the consolidated entity's functional and presentation currency.

Transactions and balances

Transactions in foreign currencies of entities within the consolidated group are translated into functional currency at the rate of exchange ruling at the date of the transaction.

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of the financial year.

All resulting exchange differences arising on settlement or re statement are recognised as revenues and expenses for the financial year.

Foreign subsidiaries

Entities that have a functional currency different to the presentation currency are translated as follows:

- Assets and liabilities are translated at the closing rate on reporting date;
- Income and expenses are translated at actual exchange rates or average exchange rates for the period, where appropriate; and
- All resulting exchange differences are recognised in other comprehensive income.

(t) Comparatives

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Goods and services tax (GST)

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

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

(v) Accounting standards and interpretations Issued but not Operative at 30 June 2015

The following standards and interpretations have been issued at the reporting date but are not yet effective. The directors' assessment of the impact of these standards and interpretations is set out below.

AASB 15: Revenue from contracts with customers

AASB 15 introduces a five step process for revenue recognition with the core principle being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services. The five step approach is as follows:

- Step 1: Identify the contracts with the customer;
- Step 2: Identify the separate performance obligations;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price; and
- Step 5: Recognise revenue when a performance obligation is satisfied.

AASB 15 will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

The effective date is annual reporting periods beginning on or after 1 January 2017.

The changes in revenue recognition requirements in AASB 15 may cause changes to the timing and amount of revenue recorded in the financial statements as well as additional disclosures. The impact of AASB 15 has not yet been quantified.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Accounting standards and interpretations Issued but not Operative at 30 June 2015 (continued)

AASB 9: Financial Instruments

This new standard contains significant revisions to the classification and measurement of financial assets, reducing the number of categories and simplifying the measurement choices, including the removal of impairment testing of assets measured at fair value. The amortised cost model is available for debt assets meeting both business model and cash flow characteristics tests. All investments in equity instruments using AASB 9 are to be measured at fair value.

When adopted, the standard could change the classification and measurement of financial assets. AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income for equity investments that are not held for trading. In the current reporting period, the group did not recognise any amounts in other comprehensive income in relation to the movements in the fair value of available for sale financial assets, which are not held for trading.

The new standard amends measurement rules for financial liabilities that the entity elects to measure at fair value through profit and loss. Changes in fair value attributable to changes in the entity's own credit risk are presented in other comprehensive income.

The consolidated entity does not have any financial liabilities that are designated at fair value through profit or loss. The new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss. Therefore, there will be no impact on the consolidated entity's accounting for financial liabilities.

Chapter 6 Hedge Accounting supersedes the general hedge accounting requirements in AASB 139 Financial Instruments: Recognition and Measurement, which many consider to be too rules-based and arbitrary. Chapter 6 requirements include a new approach to hedge accounting that is intended to more closely align hedge accounting with risk management activities undertaken by entities when hedging financial and non-financial risks. Some of the key changes from AASB 139 are as follows:

- to allow hedge accounting of risk components of non-financial items that are identifiable and measurable (many of which were prohibited from being designated as hedged items under AASB 139);
- changes in the accounting for the time value of options, the forward element of a forward contract and foreign-currency basis spreads designated as hedging instruments; and
- modification of the requirements for effectiveness testing (including removal of the 'brightline' effectiveness test that offset for hedging must be in the range 80-125%).

Revised disclosures about an entity's hedge accounting have also been added to AASB 7 Financial Instruments: Disclosures.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Accounting standards and interpretations Issued but not Operative at 30 June 2015 (continued)

Impairment of assets is now based on expected losses in AASB 9 which requires entities to measure:

- the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument.

The effective date is annual reporting periods beginning on or after 1 January 2018.

The impact of changes in hedge accounting requirements on the reported financial position and performance is dependent on the volume and value of future derivatives. Other impacts on the reported financial position and performance have not yet been determined.

The consolidated entity has decided not to early adopt AASB 9 at 30 June 2015. Other standards and interpretations have been issued at the reporting date but are not yet effective. When adopted, these standards and interpretations are likely to impact on the financial information presented. However, the assessment of impact has not yet been completed.

NOTE 2: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Certain accounting estimates include assumptions concerning the future, which, by definition, will seldom represent actual results. Estimates and assumptions based on future events have a significant inherent risk, and where future events are not as anticipated there could be a material impact on the carrying amounts of the assets and liabilities discussed below:

(a) Impairment of non-financial assets other than goodwill

All assets are assessed for impairment at each reporting date by evaluating whether indicators of impairment exist in relation to the continued use of the asset by the consolidated entity. Impairment triggers include declining product or manufacturing performance, technology changes, adverse changes in the economic or political environment or future product expectations. If an indicator of impairment exists the recoverable amount of the asset is determined. Recoverable amounts represented by value in use calculations are based on projected cash flows determined based on management expectations of future business performance.

(b) Impairment of financial assets

Financial assets (other than financial assets carried at fair value) are assessed for impairment at each reporting date in accordance with note 1(p). Where such an assessment requires determination of the present value of future cash flows, consideration is given to anticipated methods of realisatiion of future cash flows, estimates of the amounts of future cash flows, and appropriate discount rates.

NOTE 2: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(c) Income tax

Deferred tax assets and liabilities are based on the assumption that no adverse change will occur in the income tax legislation and the anticipation that the group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law. Deferred tax assets arising from tax losses are not recognised at balance date as realisation of the benefit is not probable.

(d) Fair value measurements

Certain financial assets and liabilities are measured at fair value, or assessed for impairment based on recoverable amounts represented by estimated fair value. Fair values have been determined in accordance with fair value measurement hierarchy. Refer to Note 4 for the details of the fair value measurement key assumptions and inputs.

(e) Employee benefits

Calculation of long term employment benefits requires estimation of the retention of staff, future remuneration levels and timing of the settlement of the benefits. The estimates are based on historical trends.

(f) Share based payments

Calculation of share based payments requires estimation of the timing of the exercise of the underlying equity instrument. The estimates are based on historical trends and are calculated using the Black Scholes method.

(g) Deferred exploration expenditure

Exploration expenditure is carried forward when management expect that the expenditure can be recouped through successful development and exploration of the area of interest. In this event management will consider impairment of deferred exploration expenditure in accordance with note 1(h) and 1(j). Where sufficient data does not exist to indicate successful development and there is an ongoing commitment to significant exploration in the area of interest, the exploration expenditure is carried forward.

(h) Provision for restoration costs

Restoration costs that are expected to be incurred are provided for as part of the cost of the deferred exploration expenditure. The costs include obligations relating to reclamation, waste site closure, platform removal and other costs associated with the restoration of the site. These costs are estimated and are based on the anticipated technology and legal requirements and future costs. These costs are also dependent on there being no significant changes to relevant federal and state legislation.

NOTE 3: FINANCIAL RISK MANAGEMENT

The consolidated entity is exposed to a variety of financial risks comprising:

- Market price risk
- Currency risk
- Interest rate risk
- Credit risk
- Liquidity risk

The board of Directors has overall responsibility for identifying and managing operational and financial risks.

The consolidated entity holds the following financial instruments:

	Note	2015 $	2014 $
Financial assets			
Cash and cash equivalents	9	2,572,164	3,187,415
Receivables	10	837,281	353,925
Financial assets at fair value through profit and loss classified as held for trading	12	7,066	15,702
Security deposits for exploration permits	12	54,124	54,124
		3,470,635	3,611,166
Financial liabilities			
Payables	17	891,538	891,620
Other financial liabilities	18	-	530,786
		891,538	1,422,406

(a) Market price risk

Market or price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

Investments in listed securities at fair value through profit and loss are measured at fair value at reporting date based on quoted market prices.

Investments in non-listed securities are made after an assessment has been made in terms of how the investment achieves or enhances the company's abilities of achieving its corporate objectives. To determine the fair value of these investments and monitor their performance, assessments of similar listed securities are undertaken and comparisons are made. When assessments are carried out a number of other factors are also taken into account such as the investment's abilities to achieve its initial stated objectives, the level of progress made towards achieving objectives and similar external transactions which may assist in establishing a base for determining fair value.

NOTE 3: FINANCIAL RISK MANAGEMENT (continued)

(a) Market price risk (continued)

Sensitivity
If security prices were to increase/decrease by 15% from fair values as at the reporting date, assuming all other variables that might impact on fair value remain constant, then the impact on profit for the year and equity is below. This risk is managed by monitoring security prices on a regular basis.

	2015	2014
	$	$
+/- 15% price variation		
Impact on profit or loss after tax	1,060	2,355
Impact on equity	1,060	2,355

(b) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. At 30 June 2015 the consolidated entity held $589,891 (2014: $501,274) in foreign bank accounts.

The group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed to the extent considered appropriate based on the level of activity.

The carrying amounts of the group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

	Liabilities		Assets	
	2015	2014	2015	2014
Unites States Dollar (USD)	210,084	732,388	589,891	501,274

Sensitivity
If foreign exchange rates were to increase/decrease by 15% from rates used to determine fair values of all financial instruments as at the reporting date, assuming all other variables that might impact on fair value remain constant, then the impact on profit for the year and equity is as follows. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 15% change in foreign exchange rates.

	2015	2014
	$	$
15% appreciation of AUD against USD		
Impact on profit or loss after tax	(74,181)	36,802
Impact on equity	(74,181)	36,802
15% depreciation of AUD against USD		
Impact on profit or loss after tax	74,181	(36,802)
Impact on equity	74,181	(36,802)

NOTE 3: FINANCIAL RISK MANAGEMENT (continued)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates.

The company does not currently have any interest bearing debt. Cash deposits attract interest at the prevailing floating interest rates, which for interest bearing deposits is currently 2.6%.

No other financial assets or financial liabilities are expected to be exposed to interest rate risk.

(d) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

The consolidated entity's only material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the entity is in relation to a convertible loan receivable from NewCO2Fuels Ltd (an associated entity) of $651,042 (2014: $nil), details of which are disclosed in Note 10.

i) Cash deposits
Credit risk for cash deposits is managed by holding all cash deposits with major Australian banks.

ii) Trade receivables
Credit risk for trade receivables is managed by setting credit limits and completing credit checks for new customers. Outstanding receivables are regularly monitored for payment in accordance with credit terms.

iii) Other receivables
Credit risk for other receivables is managed by ensuring the group only trades with parties that are able to trade on the group's credit terms.

(e) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The group manages liquidity risk by forecasting and monitoring cash flows on a continuing basis.

NOTE 3: FINANCIAL RISK MANAGEMENT (continued)

(e) Liquidity risk (continued)

Maturity analysis

For financial instruments held by the Group at balance date, the table below represents the undiscounted contractual settlement terms for financial instruments and management's expectation for settlement of undiscounted maturities.

	< 6 Months $	6-12 months $	1-5 years $	Total contractual cash flows $
Cash and cash equivalents	2,572,164	-	-	2,572,164
Receivables	852,622	-	-	852,622
Other financial assets	61,190	-	-	61,190
Payables	(869,499)	(22,039)	-	(891,538)
Other financial liabilities	-	-	-	-
Net maturities	2,616,477	(22,039)	-	2,594,438

For all items shown above, the carrying amounts are equal to the total contractual cash flows, except receivables. Details of adjustments to the carrying amount of receivables are detailed in note 10.

(f) Fair values compared to carrying amounts

The net fair value of financial assets and financial liabilities approximate their carrying amounts as disclosed in the consolidated statement of financial position and notes to the consolidated financial statements.

NOTE 4: FAIR VALUE MEASUREMENTS

Assets and liabilities measured and recognised at fair value have been determined by the following fair value measurement hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Input other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Inputs for the asset or liability that are not based on observable market data

All financial assets at fair value through profit or loss totalling $7,066 (2014: $15,702) as disclosed in Note 12 are classified as Level 1 items in the fair value hierarchy. There were no transfers between level 1 and level 2 during the year.

Investments in equity accounted associated entities and convertible loans receivable from associates have been assessed for impairment by reference to fair value. Fair value has been determined through application of the market approach, by using the comparable company valuation technique. This technique involves the use of level 3 inputs, specifically valuation inputs (such as multiples) by reference to the same valuation inputs applied to comparable entities. Adjustments are made as required to ensure comparability, for factors such as liquidity and size.

	Notes	2015 $	2014 $
NOTE 5: REVENUE AND OTHER INCOME			
Revenue and other income from continuing operations			
Sales revenue			
Sales of goods		637,176	661,297
Other income			
Gain recognised on change in ownership of associate	14(b)	-	2,161,151
Interest		9,712	11,123
Net foreign exchange gain		-	16,308
Rental income		12,000	12,000
Research and development tax concession rebate		467,330	203,091
Unrealised gain on fair value of investments		-	7,066
Doubtful debts recovered		45,284	-
Other income		2,514	70,776
		536,840	2,481,515

NOTE 6: LOSS FROM CONTINUING OPERATIONS

Loss from continuing operations before income tax has been determined after the following specific expenses:

	Notes	2015 $	2014 $
Employee benefits expense			
Share-based payments expense	(a)	102,807	211,013
Directors' fees	(b)	176,111	-
Other employee benefits		1,797,561	971,796
		2,076,479	1,182,809

(a) Share-based payments expenses represents the non-cash notional value of equity options - refer to note 1(n).

(b) For further information on Directors' fees, refer to part (E)(b) of the Remuneration Report within the Directors' Report.

	Notes	2015 $	2014 $
Depreciation and amortisation of non-current assets			
Plant and equipment	15(a)	2,024	-
Office equipment	15(a)	135	190
Computer equipment	15(a)	6,893	2,917
Leasehold improvements	15(a)	7,013	10,514
		16,065	13,621

NOTE 6: LOSS FROM CONTINUING OPERATIONS (continued)

	Notes	2015 $	2014 $
Impairment expense			
Impairment of exploration and evaluation assets	16	2,152,288	-
		2,152,288	-
Administrative expenses			
Travel and accommodation		168,995	84,669
Share registry costs		60,563	134,391
Legal fees		63,159	72,622
Insurance premiums		60,049	80,757
General and office expenses		301,266	255,697
		654,032	628,136
Other expenses			
Writedowns of inventory to net realisable value		22,037	7,124
Net foreign exchange loss		17,220	-
Product research		204,401	101,871
Warranty expenses		3,296	1,954
		246,954	110,949

NOTE 7: INCOME TAX

(a) Components of tax expense

	2015 $	2014 $
Current tax	-	-
Deferred tax	-	-
Under/(over) provision in prior years	-	-
	-	-

	Notes	2015 $	2014 $

NOTE 7: INCOME TAX (continued)

(b) Prima facie tax payable

The prima facie tax payable on profit/(loss) before income tax is reconciled to the income tax expense as follows:

	Notes	2015 $	2014 $
Profit/(loss) before tax from continuing operations		(5,986,012)	(226,112)
Total profit/(loss) before income tax		(5,986,012)	(226,112)
Prima facie income tax benefit on loss before income tax at 30% (2014: 30%):		(1,795,804)	(67,834)
Add/(less) tax effect of:			
Movement in deferred tax assets not brought to account	7(c)	1,924,419	116,299
Non deductible and non assessable items		(128,615)	(48,465)
Income tax expense attributable to loss		-	-

(c) Deferred tax assets not brought to account

		2015 $	2014 $
Tax losses and temporary differences		4,291,157	2,366,738

NOTE 8: DIVIDENDS

No dividends have been paid or provided for in respect of the financial year.

NOTE 9: CASH AND CASH EQUIVALENTS

		2015 $	2014 $
Cash at bank		2,571,553	3,186,866
Cash on hand		611	549
		2,572,164	3,187,415

NOTE 10: RECEIVABLES

	Notes	2015 $	2014 $
Current			
Trade receivables		57,531	64,627
Less: provision for impairment	(a)	(15,341)	(60,625)
		42,190	4,002
Convertible loan receivable from associate		651,042	-
Other receivables		144,049	349,923
		837,281	353,925

NOTE 10: RECEIVABLES (continued)

(a) Provision for impairment

(i) Trade receivables

Trade receivables are non-interest bearing and usually have 30 day terms. An impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. The impairment losses have been included within Impairment Expense in the consolidated statement of comprehensive income.

(ii) Convertible loan receivable from associate

The convertible loan receivable from NewCO2Fuels Ltd ("NCF", an associate of the group), is a secured non interest bearing loan with a face value of USD $500,000. It is redeemable on 30 September 2015 unless the group elects to convert it to ordinary shares in NCF. If converted, the group may elect for the conversion to count towards the group's investment of up to USD $3m in NCF (refer note 14(b)(ii)).

(iii) Other receivables

Other receivables includes amounts receivable from the Australian Taxation Office.

	Notes	2015 $	2014 $
Movements in the provision for impairment were:			
Opening balance at 1 July		60,625	60,625
Charge for the year		-	-
Recovery of amounts previously provided		(45,284)	-
Amounts written off		-	-
Closing balance at 30 June		15,341	60,625

Trade and other receivables ageing analysis at 30 June is:

	Gross $	Impairment $
Balances as at 30 June 2015:		
Not past due	803,229	-
Past due 31-60 days	10,454	-
Past due 61-90 days	319	-
Past due more than 91 days	38,620	15,341
	852,622	15,341

NOTE 10: RECEIVABLES (continued)

	Notes	Gross $	Impairment $
Balances as at 30 June 2014:			
Not past due		313,890	-
Past due 31-60 days		21,296	-
Past due 61-90 days		-	-
Past due more than 91 days		79,364	60,625
		414,550	60,625

NOTE 11: INVENTORIES

	2015 $	2014 $
Inventories at cost:		
- on hand	603,355	189,260
- on consignment	44,703	108,520
- in transit	2,565	199,731
	650,623	497,511
Write downs of inventories to net realisable value recognised as an expense during the year	22,037	7,124

NOTE 12: OTHER FINANCIAL ASSETS

	2015 $	2014 $
Current		
Financial assets at fair value through profit or loss classified as held for trading:		
Shares in listed entities	7,066	15,702
Total financial assets at fair value through profit or loss	7,066	15,702
Security deposits for exploration permits	54,124	54,124
	61,190	69,826

Security deposits for exploration permits are interest bearing. The deposits are refundable upon the exploration permits being relinquished.

NOTE 13: OTHER ASSETS

	2015 $	2014 $
Prepayments	125,022	8,716

	Notes	2015 $	2014 $
NOTE 14: EQUITY ACCOUNTED INVESTMENTS			
Equity accounted associated entities	(a)	698,826	1,190,577

(a) Associated entities

Investments in associated entities are accounted for using the equity method. Interests are held in the following associated entities:

Associates	Equity instrument	Ownership interest		Carrying amounts	
		2015 %	2014 %	2015 $	2014 $
NewCO2Fuels Limited	Ordinary shares	33.33%	33.33%	638,040	1,157,412
PT Geopower Indonesia	Ordinary shares	40%	40%	60,786	33,165
				698,826	1,190,577

The principal activity of PT Geopower Indonesia is clean technology distribution. PT Geopower Indonesia is incorporated in Indonesia.

The principal activity of NewCO2Fuels Limited is the development and commercialisation of technology which focuses on the conversion of CO_2 to fuel. NewCO2Fuels Ltd is incorporated in Israel.
The group's investment in NewCO2Fuels Limited is represented in these financial statements by:

	Notes	2015 $	2014 $
Convertible loan receivable from associate	10	651,042	-
Equity accounted investment in associate	14(a)	638,040	1,157,412
		1,289,082	1,157,412

(b) Summarised financial information for associates

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with AASBs adjusted by the Group for equity accounting purposes.

(i) NewCO2Fuels Ltd		
Current assets	390,767	911,793
Non-current assets	5,950,485	5,999,645
Current liabilities	1,161,008	291,675
Non-current liabilities	7,493,918	6,109,691
Revenue	-	-
Net profit/(loss) from continuing operations	(2,331,424)	(690,586)
Other comprehensive income	-	-
Total comprehensive income	(2,331,424)	(690,586)

	Notes	2015	2014
		$	$

NOTE 14: EQUITY ACCOUNTED INVESTMENTS (continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in NewCO2Fuels Ltd recognised in the consolidated financial statements:

	2015	2014
Net assets of the associate	(2,313,674)	510,072
Proportion of the Group's ownership interest in NewCO2Fuels Ltd	33.33%	33%
Group's share of net assets	(771,148)	170,007
Goodwill and other adjustments including unrealised currency translation impacts	1,409,188	987,405
Carrying amount of the Group's interest in NewCO2Fuels Ltd	638,040	1,157,412

(ii) PT Geopower Indonesia

	2015	2014
Net loss from continuing operations	(76,331)	(72,629)
Other comprehensive income	-	-
Total comprehensive income	(76,331)	(72,629)

(b) Change in the Group's ownership interest in an associate

(i) Investment disposed during the year - NewCO2Fuels Ltd

For part of the prior year, the Group held a 50% interest in NewCO2Fuels Ltd and accounted for the investment as an associate. In June 2014, the Group disposed of its original 50% interest in NewCO2Fuels Ltd to a third party, having previously issued an option over that investment. Proceeds on disposal totalling $3.6 million were received progressively over a three year period ending in June 2014. These proceeds included the Purchase Option and Advance on Purchase Option amounts shown in the statement of financial position prior to 30 June 2014 as deferred revenue. This transaction resulted in the recognition in the previous financial year of a gain in profit or loss, calculated as follows:

	2015	2014
Proceeds of disposal	-	3,611,021
Less: carrying amount of investment at disposal	-	(1,449,870)
Gain recognised	-	2,161,151

	Notes	2015 $	2014 $

NOTE 14: EQUITY ACCOUNTED INVESTMENTS (continued)

(b) Change in the Group's ownership interest in an associate (continued)

(ii) Investment acquired during the year - NewCO2Fuels Ltd

In June 2014, the Group entered into an agreement to acquire a 33.33% interest in NewCO2Fuels Ltd (concurrent with the disposal of its previous 50% interest, as described above). The new investment allowed the Group to invest up to USD $3m by January 2015 (since amended to October 2015), with a minimum investment of USD $1m. The Group's 33.33% interest is subject to partial claw-back should less than USD $3m ultimately be invested by the Group. The maximum possible claw-back would result in the Group retaining an interest of 24% instead of 33.33%.

The minimum new investment amount was recognised at 30 June 2014 as an investment in associate, with the unpaid portion of the minimum investment recognised as a liability (refer note 18). The difference between the total investment amount and the cumulative investment amount (2014: minimum investment amount) represents a contingent asset and a contingent liability as follows:

	2015	2014
Contingent asset relating to interest in associate	1,692,708	2,123,142
Contingent liability relating to interest in associate	1,692,708	2,123,142

NOTE 15: PROPERTY PLANT AND EQUIPMENT

	2015	2014
Plant and equipment		
At cost	117,755	-
Accumulated depreciation	(2,024)	-
	115,731	-
Office equipment		
At cost	3,409	3,409
Accumulated depreciation	(3,069)	(2,934)
	340	475
Computer equipment		
At cost	43,833	24,190
Accumulated depreciation	(24,074)	(17,181)
	19,759	7,009
Leasehold equipment		
At cost	222,155	222,155
Accumulated amortisation	(208,108)	(201,095)
	14,047	21,060
Total plant and equipment	149,877	28,544

NOTE 15: PROPERTY PLANT AND EQUIPMENT (continued)

(a) Reconciliations

Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year

	Notes	2015 $	2014 $
Plant and equipment			
Carrying amount at beginning of year		-	-
Additions		117,755	-
Depreciation		(2,024)	-
Carrying amount at end of year		115,731	-
Office equipment			
Carrying amount at beginning of year		475	665
Depreciation		(135)	(190)
Carrying amount at end of year		340	475
Computer equipment			
Carrying amount at beginning of year		7,009	2,697
Additions		19,643	7,229
Depreciation		(6,893)	(2,917)
Carrying amount at end of year		19,759	7,009
Leasehold improvements			
Carrying amount at beginning of year		21,060	31,574
Depreciation		(7,013)	(10,514)
Carrying amount at end of year		14,047	21,060

	Notes	2015	2014
		$	$

NOTE 16: EXPLORATION AND EVALUATION ASSETS

At cost		2,152,288	2,146,783
less provision for impairment		(2,152,288)	-
	(a)	-	2,146,783

(a) Reconciliation

Opening balance	2,146,783	2,134,401
Net expenditure incurred during the year	10,592	21,651
Offsets from rebates and grants	(5,087)	(9,269)
Impairment charge	(2,152,288)	-
Closing balance	-	2,146,783

The carrying amount of exploration and evaluation assets has been reduced to nil in order to provide for the impairment of the company's Otway and Gippsland areas of interest. The company has assessed that, on balance, the current regulatory and political environment is unlikely to enable progression of its Victorian geothermal interests in the near future.

The Victorian government has recently indicated that the political outlook for the geothermal industry in the state is unlikely to improve until at least mid-2016, pending a thorough parliamentary inquiry into conventional and unconventional drilling.

Should the company be in a position to make a more positive assessment in the future, the provision for impairment may be reversed if the applicable criteria are met. The ultimate recoupment of exploration and evaluation assets is dependent on the successful development and commercial exploitation or sale of the respective areas of interest.

NOTE 17: PAYABLES

Trade payables		343,705	329,507
Amounts payable to related parties	28(b)	62,970	54,136
Accrued inventory purchases		130,625	120,152
Other payables		354,238	387,825
		891,538	891,620

Trade payables are non-interest bearing and usually have 30 day terms.

NOTE 18: OTHER FINANCIAL LIABILITIES

Consideration payable	-	530,786

Consideration payable represents the balance of the minimum investment amount owing at 30 June 2014 to NewCO2Fuels Ltd (an associate of the Group) in accordance with an agreement to potentially ultimately acquire a 33.33% interest in NewCO2Fuels Ltd, as described in note 14(b)(ii).

	Notes	2015 $	2014 $
NOTE 19: PROVISIONS			
Current			
Employee benefits		87,413	64,424
Non-current			
Employee benefits		20,542	10,372
Restoration costs		15,000	15,000
		35,542	25,372
Aggregate employee benefits liability		107,955	74,796

NOTE 20: SHARE CAPITAL

(a) Issued and paid up capital

	2015	2014
246,975,003 (2014: 197,580,003) ordinary shares fully paid	23,708,815	19,716,215

The company does not have a limited amount of authorised capital and issued shares do not have a par value.

(b) Movements in shares on issue

	Number of shares		$	
	2015	2014	2015	2014
Beginning of the financial year	197,580,003	118,801,598	19,716,215	15,242,580
Shares issued during the year:				
- Placement (i)	49,395,000	-	4,198,575	-
- Placement (ii)	-	27,739,910	-	693,498
- Placement (iii)	-	43,233,330	-	3,242,500
- Share Purchase Plan (iv)	-	7,805,165	-	585,387
Transaction costs of equity issued	-	-	(205,975)	(47,750)
End of the financial year	246,975,003	197,580,003	23,708,815	19,716,215

(i) 49,395,000 shares were issued during the year for 8.5 cents per share persuant to a share placement.

(ii) 27,739,910 shares were issued during the prior year for 2.5 cents per share persuant to a share placement.

(ii) 43,233,330 shares were issued during the prior year for 7.5 cents per share persuant to a share placement.

(iv) 7,805,1650 shares were issued during the prior year for 7.5 cents per share persuant to a share purchase plan.

NOTE 20: SHARE CAPITAL (continued)

(c) Terms and conditions of share capital

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

(d) Share options

Options over ordinary shares:

(i) Options issued to directors and employees
The issue of options provides an effective way for the directors to give employees a chance to share in the success of the company and enhance the ability of the company to retain staff of the required calibre, at a lower rate of remuneration that might otherwise be required.

As part of the director annual remuneration review, consideration is given to individual employee's performance, workload and dedication to achieving the company's objectives when deciding whether or not to award options as an incentive.

Details of options issued to directors and employees are provided in note 26(a).

(e) Capital management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as ensuring there are sufficient funds to meet commitments, which is performed via monitoring of historical and forecast performance.

NOTE 21: RESERVES AND ACCUMULATED LOSSES

	Notes	2015 $	2014 $
Employee equity benefits reserve	(a)	367,807	265,000
Transactions with non-controlling interests reserve	(b)	(302,521)	(302,521)
Total reserves		65,286	(37,521)
Accumulated losses	(c)	19,653,274	13,667,262

(a) Employee equity benefits reserve

(i) Nature and purpose of reserve

This reserve represents the fair value of options granted to staff and directors as detailed in Notes 20(d)(i) and 26(a).

(ii) Movements in reserve

	2015	2014
Balance at beginning of year	265,000	53,987
Issue of options to directors and employees	102,807	211,013
Balance at end of year	367,807	265,000

(b) Transactions with non-controlling interests reserve

(i) Nature and purpose of reserve

The transactions with non-controlling interests reserve is used to record differences arising as a result of transactions with non-controlling interests that do not result in a loss of control.

(c) Accumulated losses

	2015	2014
Balance at beginning of year	13,667,262	13,441,150
Net loss attributable to members of the parent	5,986,012	226,112
Balance at end of year	19,653,274	13,667,262

NOTE 22: CASH FLOW INFORMATION

(a) Reconciliation of cash flow from operations to loss after income tax

	Notes	2015 $	2014 $
Loss from ordinary activities after income tax		(5,986,012)	(226,112)
Non-cash items			
Depreciation of property, plant and equipment		16,065	13,621
Unrealised loss/(gain) on fair value of investments held		8,636	(7,066)
Gain recognised on change in ownership of associate		-	(2,161,151)
Share of associates' loss		804,066	419,850
Doubtful debts recovered		(45,284)	-
Share based payments expense		102,807	211,013
Exchange difference on translation of foreign currency		(21,978)	11,003
Impairment loss		2,152,288	-
Writedowns of inventory to net realisable value		22,037	7,124
Changes in assets and liabilities			
Increase in exploration and evaluation assets		(5,506)	(12,382)
Decrease in receivables		218,412	26,374
Increase in other assets		(116,306)	(425)
Decrease/(increase) in inventory		(153,112)	163,756
Increase/(decrease) in payables		8,759	(103,210)
Increase in employee benefits		33,159	42,391
Net cash flows used in operating activities		(2,961,969)	(1,615,214)

(b) Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	2015 $	2014 $
Cash at bank	2,571,553	3,186,866
Cash on hand	611	549
	2,572,164	3,187,415

	Notes	2015 $	2014 $

NOTE 23: COMMITMENTS

Lease expenditure commitments

	2015 $	2014 $
Operating leases (non-cancellable)		
Minimum lease payments:		
Not later than one year	165,169	-
Late that one year and not later than five years	399,906	-
	565,075	-

Operating lease commitments relate to lease of office premises.

Capital expenditure commitments

	2015 $	2014 $
Technology		
Estimated aggregate amount payable:		
Not later than one year	289,101	-

Capital expenditure commitments for technology relate to commitments for purchases of inventory and plant and equipment.

	2015 $	2014 $
Exploration		
Not later than one year	-	-

The company retains interests in geothermal exploration tenements via direct ownership. To continue these interests a work program is maintained in each tenement for periods up to five years. The work programs have minimum expenditure requirements and carry no formal commitments or legal obligations but are an indication of the tasks required to be completed to retain the permit.

At the company's request, the Victorian Government granted suspensions for the the work program requirements associated with the company's geothermal exploration permits (GEP10, GEP12 and GEP13) due to the lack of geothermal funding by Government and current government policy relating to a moratorium on "fraccing" (hydraulic stimulation) and well activity. The relief initially extended until May 2015, and Greenearth has since been in discussions with the Victorian Government in relation to extension of the relief and future permit requirements in the context of the current moratorium.

The company is not committed to this expenditure while its work program is suspended.

Bank guarantees

	2015 $	2014 $
Exploration		
Maximum amount bank may call	45,000	45,000

	Notes	2015 $	2014 $

NOTE 24: CONTINGENCIES

As at balance date, the company had no contingent assets or liabilities other than those relating to its interests in associates (refer note 14).

NOTE 25: LOSS PER SHARE

(i) Loss per share attributable to equity holders of the parent

Reconciliation of loss used in calculating loss per share:

	2015 $	2014 $
Net loss attributable to equity holders of the parent entity	(5,986,012)	(226,112)
Net loss used in calculating basic and diluted loss per share	(5,986,012)	(226,112)
Weighted average number of ordinary shares used in calculating basic earnings per share	208,541,633	142,108,356
Effect of dilutive securities:		
Share options	-	-
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	208,541,633	142,108,356

Due to losses incurred all potential ordinary shares that could potentially dilute basic loss per share in the future were considered to be anti-dilutive and therefore not included in the calculation of diluted loss per share. Accordingly basic and diluted loss per share equate.

NOTE 26: SHARE BASED PAYMENTS

(a) Employee option plan

The Group has an ownership-based compensation scheme for executives and senior employees, for the purposes of recognising the ability and efforts of employees (including officers) who have contributed to its success, provide an incentive for employees to achieve the long term objectives of the Group and improve its performance, and attract and retain persons of experience and ability. In accordance with the terms of the plan, as approved by shareholders at a previous annual general meeting, employees may be granted options to purchase ordinary shares.

Each employee share option converts into one ordinary share of Greenearth Energy Ltd on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

Details of the options granted are provided below:

2015

Grant date	Vesting date	Expiry date	Exercise price	Balance at beginning of year	Granted during the year	Fair value ($)*	Exercised during the year	Expired during the year	Balance at the end of the year	Exercisable at the end of the year
1/10/2012	1/10/2013	30/09/2017	10c	1,000,000	-		-	-	1,000,000	1,000,000
1/10/2012	1/10/2013	30/09/2017	15c	2,000,000	-		-	-	2,000,000	2,000,000
20/12/2012	20/12/2013	30/09/2017	10c	2,000,000	-		-	-	2,000,000	2,000,000
20/12/2012	20/12/2013	30/09/2017	15c	3,000,000	-		-	-	3,000,000	3,000,000
20/12/2012	20/12/2012	30/09/2017	15c	5,000,000	-		-	-	5,000,000	5,000,000
18/12/2013	1/07/2014	30/09/2018	7.5c	2,000,000	-		-	-	2,000,000	2,000,000
18/12/2013	1/07/2014	30/09/2018	10c	3,000,000	-		-	-	3,000,000	3,000,000
4/02/2014	2/02/2015	2/02/2017	15c	1,625,000	-		-	500,000	1,125,000	1,125,000
4/02/2014	2/02/2015	2/02/2017	20c	1,125,000	-		-	500,000	625,000	625,000
4/02/2014	4/02/2014	30/09/2017	15c	1,000,000	-		-	-	1,000,000	1,000,000
4/02/2014	4/02/2014	30/09/2017	20c	1,000,000	-		-	-	1,000,000	1,000,000
22/08/2014	14/07/2015	30/06/2019	15c	-	500,000	0.016	-	-	500,000	-
22/08/2014	14/07/2015	30/06/2019	20c	-	500,000	0.013	-	-	500,000	-
1/09/2014	1/09/2015	30/09/2017	15c	-	100,000	0.024	-	50,000	50,000	-
1/09/2014	1/09/2015	30/09/2017	20c	-	100,000	0.021	-	50,000	50,000	-
18/12/2014	18/12/2015	30/09/2017	15c	-	2,000,000	0.029	-	-	2,000,000	-
18/12/2014	18/12/2015	30/09/2017	20c	-	3,000,000	0.023	-	-	3,000,000	-

* Fair value per option at grant date, for options issued during the year. Options are valued using the Black-Scholes pricing model using the following inputs:

Weighted average fair value of options granted during the year (at grant date):	2.4 cents
Weighted average exercise price	17.9 cents
Volume weighted average share price during the year	9.1 cents
Weighted average expected share volatility	77%
Weighted average risk free interest rate	2.50%
Expected dividends	Nil
Average option life	3.1 years

NOTE 26: SHARE BASED PAYMENTS (continued)

(a) Employee option plan (continued)

2014

Grant date	Vesting date	Expiry date	Exercise price	Balance at beginning of year	Granted during the year	Fair value ($)*	Exercised during the year	Expired during the year	Balance at the end of the year	Exercisable at the end of the year
1/10/2012	1/10/2013	30/09/2017	10c	1,000,000	-		-	-	1,000,000	1,000,000
1/10/2012	1/10/2013	30/09/2017	15c	2,000,000	-		-	-	2,000,000	2,000,000
20/12/2012	20/12/2013	30/09/2017	10c	2,000,000	-		-	-	2,000,000	2,000,000
20/12/2012	20/12/2013	30/09/2017	15c	3,000,000	-		-	-	3,000,000	3,000,000
20/12/2012	20/12/2012	30/09/2017	15c	5,000,000	-		-	-	5,000,000	5,000,000
18/12/2013	1/07/2014	30/09/2018	7.5c	-	2,000,000	0.017	-	-	2,000,000	-
18/12/2013	1/07/2014	30/09/2018	10c	-	3,000,000	0.014	-	-	3,000,000	-
4/02/2014	2/02/2015	2/02/2017	15c	-	1,625,000	0.036	-	-	1,625,000	-
4/02/2014	2/02/2015	2/02/2017	20c	-	1,125,000	0.028	-	-	1,125,000	-
4/02/2014	4/02/2014	30/09/2017	15c	-	1,000,000	0.041	-	-	1,000,000	1,000,000
4/02/2014	4/02/2014	30/09/2017	20c	-	1,000,000	0.034	-	-	1,000,000	1,000,000

(b) Employee share scheme

Details of shares issued to Directors and employees are outlined in the Remuneration Report within the Directors' Report. With the exception of Key Management Personnel identified in the Remuneration Report (including Directors and Senior Executives), no other employees are party to an Employee Share Scheme.

(c) Expenses recognised from share-based payment transactions

The expense recognised in relation to the share-based payment transactions was recorded within employee benefits expense in the statement of comprehensive income were as follows:

	2015	2014
	$	$
Options issued under employee option plan	102,807	211,013

NOTE 27: INTERESTS IN SUBSIDIARIES

(a) Subsidiaries

	Country of Incorporation	Percentage owned 2015	2014
Parent entity			
Greenearth Energy Ltd (i) (ii)	Australia		
Subsidiaries of Greenearth Energy Ltd:			
Greenearth Biomass Energy Pty Ltd (i)	Australia	100%	100%
Greenearth Energy Limited (NZ)	New Zealand	100%	100%
Greenearth Geothermal Energy Pty Ltd (i)	Australia	100%	100%
Greenearth Heat Energy Pty Ltd (i)	Australia	100%	100%
Greenearth Power Pty Ltd (i)	Australia	100%	100%
Greenearth Solar Energy Pty Ltd	Australia	85%	85%
GT LED Lighting Pty Ltd (i)	Australia	100%	0% (iv)
LED Distribution Network Pty Ltd (i)	Australia	100%	0% (iv)
NewCO2Fuels Pty Ltd (i)	Australia	100%	100%
Vivid Industrial Pty Ltd (formerly Greenearth Energy Efficiency Pty Ltd) (i) (iii)	Australia	100%	100%
Subsidiaries of Vivid Industrial Pty Ltd:			
GEE Advanced Technologies Pty Ltd (i)	Australia	100%	100%

(i) Member of the Australian tax consolidated group
(ii) Head Entity of the Australian tax consolidated group
(iii) Renamed during the year from Greenearth Energy Efficiency Pty Ltd to Vivid Industrial Pty Ltd
(iv) Incorporated during the year ended 30 June 2015

	Notes	2015 $	2014 $
(b) Reconciliation of the non-controlling interest (NCI)			
Accumulated NCI at the beginning of the year		(40,337)	(40,337)
Profit or loss allocated to NCI during the year		-	-
Accumulated NCI at the end of the year		(40,337)	(40,337)

	Notes	2015	2014
		$	$

NOTE 28: RELATED PARTY DISCLOSURES

(a) Transactions with key management personnel of the entity or its parent and their personally-related entities

(i) Key management personnel compensation

Key management personnel compensation comprised the following:

		2015 $	2014 $
Short-term employee benefits		813,060	632,753
Post-employment benefits		74,938	58,561
Share-based payments*		125,700	167,100
		1,013,698	858,414

* Share-based payments represents the non-cash notional value of equity options - refer to note 1(n).

Details of key management personnel compensation are disclosed in the Remuneration Report which forms part of the Directors' Report.

(ii) Key management personnel equity holdings

Details of key management personnel equity holdings are disclosed in the Remuneration Report which forms part of the Directors' Report.

(iii) Loans to key management personnel

There are no loans made by Greenearth Energy Ltd to key management personnel.

(iv) Other transactions with key management personnel of the group

An amount of $31,346 excluding GST (2014:$28,596) was paid by the group to Virtual and Illumination Engineering Services; a business associated with Mr U. du Plessis, a member of the key management personnel of the company in respect of research and development services provided by it to the group. The Directors believe these transactions to be on an arms-length basis.

(b) Other related party transactions

During this financial period, the company sub-leased office space for $95,240 (2014: nil) from Lakes Oil N.L., which also settled accounts with suppliers on behalf of Greenearth Energy Ltd totalling $124,583 (2014: $208,839). At balance date an amount of $62,970 (2014:$54,136) was payable to Lakes Oil N.L. by Greenearth Energy Ltd. The Directors believe these transactions to be on an arms-length basis.

Where applicable, other significant related party transactions are disclosed in the relevant notes to the financial statements.

	Notes	2015 $	2014 $

NOTE 29: PARENT ENTITY INFORMATION

Summarised presentation of the parent entity, Greenearth Energy Ltd, financial statements.

(a) Summarised statement of financial position

	2015 $	2014 $
Assets		
Current assets	2,777,507	3,505,575
Non-current assets	6,031,015	4,779,898
Total assets	8,808,522	8,285,473
Liabilities		
Current liabilities	1,514,647	827,860
Non-current liabilities	32,567	22,930
Total liabilities	1,547,214	850,790
Net assets	7,261,308	7,434,683
Equity		
Share capital	23,708,822	19,716,222
Reserves	367,807	265,000
Accumulated losses	(16,815,321)	(12,546,539)
Total equity	7,261,308	7,434,683

(b) Summarised statement of comprehensive income

	2015 $	2014 $
Loss for the year after tax	(4,268,782)	(875,365)
Other comprehensive income	-	-
Total comprehensive income/(loss)	(4,268,782)	(875,365)

NOTE 30: SEGMENT INFORMATION

(a) Description of segments

The group has five reportable segments. A brief description of each identified segment is detailed below. Corporate head office and administration costs are not allocated to segments. Segments include geothermal exploration areas of interest or projects that the group holds, or is interested in, which operate in different geographical settings. These settings can be clearly identified by the country they are situated in, or if they exist within Australia, the geological basin they are contained in.

Segment 1: Industrial Energy Efficiency

Greenearth Energy Group via its subsidiaries provides intelligent and energy efficient lighting solutions to industrial and infrastructure businesses in Australia and the Pacific Rim. The primary route to market for this segment is via Vivid Industrial, a wholly-owned subsidiary of the group.

Segment 2: Technology Investment

This segment includes technology investments or projects, which Greenearth Energy Ltd has either invested in but have not been fully expanded into a distinct business segment, or technologies or projects that are currently being developed or considered. This segment includes the consolidated entity's investment in NewCO2Fuels Ltd.

Segment 3: Geothermal - Otway Basin

The Otway Basin extends along the Southern Margin across Victoria and South Australia. The Basin covers an area of approximately 150,000km^2 of which 35% is onshore. Greenearth Energy's GEP10 is contained within the Otway Basin.

Segment 4: Geothermal - Gippsland Basin

The Gippsland Basin covers approximately 56,000 km^2 of South Eastern Victoria, of which approximately 16,000km^2 lies onshore. Greenearth Energy's GEP 12 and 13 permits are located within the Basin.

Segment 5: Geothermal - Indonesia

Greenearth Energy Group is exploring the possibility of geothermal development projects within the country of Indonesia. Indonesia is a widely recognised geothermal province.

NOTE 30: SEGMENT INFORMATION (continued)

(b) Segment information

2015	Industrial Energy Efficiency $	Technology Investment $	Geothermal - Otway Basin $	Geothermal - Gippsland Basin $	Geothermal - Indonesia $	Total $
Segment revenue						
Total segment revenue	1,038,159	-	27,132	87,009	-	1,152,300
Inter-segment revenue	-	-	-	-	-	-
Segment revenue from external source	1,038,159	-	27,132	87,009	-	1,152,300
Segment result						
Total segment result	(1,922,805)	(1,041,622)	(592,202)	(1,445,945)	(30,532)	(5,033,106)
Inter-segment eliminations	-	-	-	-	-	-
Segment result from external source	(1,922,805)	(1,041,622)	(592,202)	(1,445,945)	(30,532)	(5,033,106)
Items included within segment result:						
Share of net profit/(loss) of associates	-	(773,534)	-	-	(30,532)	(804,066)
Total segment assets	716,726	1,289,082	-	-	69,019	2,074,827
Total segment assets include:						
Investment in equity accounted associates	-	638,040	-	-	60,786	698,826
Additions to non-current assets other than financial instruments and deferred tax assets	120,382	-	-	-	-	120,382
Total segment liabilities	468,293	-	-	15,000	-	483,293

NOTE 30: SEGMENT INFORMATION (continued)

(b) Segment information (continued)

2014	Industrial Energy Efficiency	Technology Investment	Geothermal - Otway Basin	Geothermal - Gippsland Basin	Geothermal - Indonesia	Total
	$	$	$	$	$	$
Segment revenue						
Total segment revenue	713,330	2,161,151	168,781	-	-	3,043,262
Inter-segment revenue	-	-	-	-	-	-
Segment revenue from external source	713,330	2,161,151	168,781	-	-	3,043,262
Segment result						
Total segment result	(806,616)	1,646,374	168,781	-	(29,052)	979,487
Inter-segment eliminations	-	-	-	-	-	-
Segment result from external source	(806,616)	1,646,374	168,781	-	(29,052)	979,487
Items included within segment result:						
Share of net profit/(loss) of associates	-	(390,798)	-	-	(29,052)	(419,850)
Total segment assets	552,670	1,157,412	617,651	1,529,132	41,398	3,898,263
Total segment assets include:						
Investment in equity accounted associates	-	1,157,412	-	33,165	-	1,190,577
Additions to non-current assets other than financial instruments and deferred tax assets	-	-	28,880	-	-	28,880
Total segment liabilities	306,331	530,786	-	15,000	-	852,117

	Notes	2015 $	2014 $

NOTE 30: SEGMENT INFORMATION (CONTINUED)

(b) Segment information (continued)

(i) Reconciliation of segment revenue to the consolidated statement of comprehensive income

Segment revenue from external source	1,152,300	3,043,262
Other revenue	12,004	65,053
Interest revenue	9,712	11,123
Net foreign exchange gain	-	16,308
Unrealised gain on fair value of investments	-	7,066
Total revenue	1,174,016	3,142,812

(ii) Reconciliation of segment result to the consolidated statement of comprehensive income

Segment result from external source	(5,033,106)	979,487
Interest revenue	9,712	11,123
Net foreign exchange gain/(loss)	(17,220)	16,308
Unrealised gain/(loss) on fair value of investments	(8,636)	7,066
Depreciation and amortisation	(16,065)	(13,621)
Unallocated other income	12,004	65,053
Unallocated expenses	(932,701)	(1,291,528)
Total loss from continuing operations before income tax	(5,986,012)	(226,112)

(iii) Reconciliation of segment assets to the consolidated statement of financial position

Segment assets	2,074,827	3,898,263
Cash and cash equivalents	2,572,164	3,187,415
Unallocated assets	447,992	397,619
Total assets	5,094,983	7,483,297

(iv) Reconciliation of segment liabilities to the consolidated statement of financial position

Segment liabilities	483,293	852,117
Unallocated liabilities	531,200	660,085
Total liabilities	1,014,493	1,512,202

	Notes	2015 $	2014 $
NOTE 31: AUDITOR'S REMUNERATION			
(a) Amounts paid and payable to Pitcher Partners (Melbourne) for:			
(i) Audit and other assurance services			
An audit or review of the financial report of the entity and any other entity in the consolidated entity		67,500	70,875
Total remuneration for audit and other assurance services			
(ii) Other non-audit services			
Taxation services		26,000	71,002
Total remuneration for non-audit services			
Total auditors' remuneration		93,500	141,877

NOTE 32: SUBSEQUENT EVENTS

Subsequent to the end of the period, the company issued a total of 4,400,000 unlisted incentive options in August 2015 persuant to the company's Employee Option Plan, as follows:

No. of options	Exercise	Issue date	Expiry date
4,350,000	12.5	10 August 2015	7 August 2018
50,000	12.5	11 August 2015	7 August 2018
4,400,000			

GREENEARTH ENERGY LTD AND CONTROLLED ENTITIES
ACN: 120 710 625
DIRECTORS' DECLARATION

The directors declare that the financial statements and notes set out on pages 27 to 75 in accordance with the *Corporations Act 2001* :

(a) Comply with Accounting Standards and the Corporations Regulations 2001, and other mandatory professional reporting requirements;

(b) As stated in Note 1(a) the consolidated financial statements also comply with International Financial Reporting Standards; and

(c) Give a true and fair view of the financial position of the consolidated entity as at 30 June 2015 and of its performance for the year ended on that date.

In the directors' opinion there are reasonable grounds to believe that Greenearth Energy Ltd will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made by the chief executive officer and chief financial officer to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ending 30 June 2015.

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

Samuel R Marks
Managing Director
Greenearth Energy Ltd
Dated this 29th day of September 2015
Melbourne

GREENEARTH ENERGY LTD
ABN 60 120 710 625
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
GREENEARTH ENERGY LTD

Report on the Financial Report

We have audited the accompanying financial report of Greenearth Energy Ltd and controlled entities, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of 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*.

GREENEARTH ENERGY LTD
ABN 60 120 710 625
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
GREENEARTH ENERGY LTD

Opinion

In our opinion:

(a) the financial report of Greenearth Energy Ltd and controlled entities 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 consolidated financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Emphasis of Matter in relation to Going Concern

Without modifying our opinion expressed above, attention is drawn to the matters set out in Note 1(b) – Going Concern in the financial report.

The Directors have prepared the financial report on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The consolidated entity incurred a net loss for the year of $5,986,012 (2014: $226,112) and at the reporting date total assets exceeded total liabilities by $4,080,490 (30 June 2014: $5,971,095), including exploration and evaluation assets of $0 (30 June 2014: $2,146,783).

The Directors have determined that there may be a net cash requirement of $3m over the forthcoming 12 months to maintain operations, after allowing for existing cash reserves and contracted upcoming cash receipts. The Directors anticipate that this potential net cash requirement of $3m is to be funded by a combination of the net operating cash flow of Vivid Industrial (a company within the consolidated group), raising additional capital, and other funding avenues such as continued development of other industrial technologies and expanding revenue streams.

The anticipated revenue growth (and consequent cash flow contribution) of Vivid Industrial over the next 12 months is based on certain assumptions in relation to the short-term development of the business.

GREENEARTH ENERGY LTD
ABN 60 120 710 625
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
GREENEARTH ENERGY LTD

These assumptions relate to the expected future revenue and profitability of Vivid Industrial during that time and are based on currently available information including management assessments of probable future orders and other information.

The financial report does not include any adjustment relating to the recoverability or classification of recorded asset amounts nor to the amounts or classification of liabilities that might be necessary should the consolidated entity be unable to trade as forecast or to raise sufficient funding to continue as a going concern.

If the going concern basis of accounting is found to no longer be appropriate, the recoverable amount of the assets shown in the Consolidated Statement of Financial Position are likely to be significantly less than the amounts disclosed and the extent of liabilities may differ significantly from those reflected.

These conditions, as set forth in Note 1 (b), indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 15 to 25 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 Greenearth Energy Ltd and controlled entities for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

M J HARRISON
Partner

29 September 2015

Pitcher Partners

PITCHER PARTNERS
Melbourne