Firestone Energy

ABN 71 058 436 794

Annual Report

30 June 2015

Corporate Directory

Directors

Dr Mathews Phosa (Chairman)

Mr Stephen Miller (Managing Director)

Mr Lee Boyd (Non-Executive Director)

Company Secretary

Mr Lee Boyd

Registered Office

Level 2, 1 Walker Avenue
West Perth WA 6005

Telephone: + 61 8 9485 0888
Facsimile: + 61 8 9485 0077
Website: www.firestoneenergy.com.au

Share Registry

Australia

Automic Registry Services
Level 1, 7 Ventnor Avenue
West Perth WA Australia 6005

Telephone: + 61 8 9324 2099

South Africa

Trifecta Capital Services
Nr 31 Beacon Road
Florida-North 1709
South Africa

Auditors

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

Stock Exchange Listing

The Firestone Energy Limited (the “Company”) has its shares listed on the Australian Securities Exchange (“ASX”) and the Johannesburg Stock Exchange (“JSE”).

ASX and JSE code: FSE

Management Disclosure Report

1. Review of Operations

1.1 The Waterberg Coal Project

The Company is a participant in the Waterberg Coal Project ("WCP") joint venture, situated in the Limpopo Province, South Africa. WCP currently has identified coal resources of 3.4 billion tonnes[1] of coal contained within the granted mining and prospecting rights.

During the 2014 financial year SRK Consulting (Australasia) Pty Ltd delivered to the Company the preliminary results of the definitive feasibility study ("DFS") for the proposed development of a coal project to deliver up to 10 million tonnes of coal product to Eskom Holdings SOC Ltd ("Eskom") on a take or pay basis, pursuant to a memorandum of understanding dated on or about 23 March 2012 (the "Eskom Project").

During the 2015 financial year a DFS, for a proposed development of an export project mine, was completed. This proposed development would see total production of up to 4 million tonnes per annum of high quality export thermal coal product over a 3 to 4 year period (the "Export Project"). This study was completed subsequent to the preparation of a DFS for the proposed Eskom Project.

Since that date the project team have been engaged in value engineering and optimisation studies for the Eskom Project with a view to enhancing the bankability of the project and reducing the cost of delivery of product to Eskom. Since the completion of the study a 300,000 tonne bulk burn test has also been undertaken (by Eskom) to confirm the suitability of the coal for burning at the designated Eskom power stations. As at the date of this report the Company is in discussions with Eskom for producing coal on a long term basis.

With respect to the Export Project DFS, an optimisation study is current in progress. A significant focus of this optimisation study is the review of the projects capital requirements with a view to enhancing the viability of the project. The optimisation includes consultation with world-class plant designers and competitive contract vendors for the mining and processing facilities and services. The Company is confident that the optimisation process will derive positive outcomes resulting in considerable reductions in capital funding requirements for the project.

A key focus of the optimisation study by the Company and its consultants is to revise the original washing process plans to enable production of a higher quality of coal suitable for the export market and to provide flexibility for production of a higher quality power station feed product for a proposed independent power producer ("IPP") to be located within the confines of the WCP. This power station product is planned to be stockpiled during the export grade coal mining phase until the potential IPP platform is completed. Utilisation of this product as IPP feed will result in optimal resource utilisation.

1.2 Coal Processing Plant

Arising from the optimisation study, the Company commenced negotiations with experienced processing and services providers for a build-own-operate ("BOO") dual module plant, each with a 550 tonnes per hour capacity.

The proposed plant design configures a two-stage wash process providing greater flexibility in product quality output. The advantage of such a design is clearly an ability to optimise a given product output mix to meet a range of commercial coal requirements including export quality, IPP platform feed stock and Eskom specification product from the one plant.

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[1] Based on minimum thickness cut-off of 0.5m

The Company is confident that adopting a BOO strategy in conjunction with well experienced operators will significantly reduce up front capital requirements and provide for a swift progression to mining and production.

1.3 Mining Operations

Accruing from the optimisation study process, negotiations with a number of parties for the award of the mining contract have now been significantly advanced to a point where the indicative pricing on a cost per tonne is within the parameters of the DFS firm coal modelling.

1.4 Project Water Supply

During the financial year the Company advised that the Waterberg Coal Project Partners ("WCPP") had entered into a memorandum of understanding with the Lephalale Municipality ("LM") with respect to the Paarl Waste Water Treatment Plant (the "Plant") whereby WCPP will take over the management and operation of the Plant for the purpose of supplying water to the WCP.

Since the end of the financial year WCPP completed the long form agreement with LM to take over the management and operation of the Facility. This is a key development for the project.

The Plant has a treatment capacity of 10 million litres per day, or 3.64 million cubic metres per annum which will provide the WCP with sufficient water not only for its proposed Export Project development, but also Stage 1 of its proposed IPP development which is currently under technical and economic assessment.

1.5 Project Funding – The Export Project

Accruing from the preliminary results of the DFS and the optimisation studies for the Export Project, the Company is in discussions with certain banks with respect to funding arrangements for the proposed development. Pursuant to the financing discussions, Snowden Mining Industry Consultants Pty Ltd ("Snowden") has been commissioned as independent technical experts to produce a due diligence report for the purposes of project funding.

1.6 Export Product Off-take Arrangements

Accruing from the optimisation success and the banking discussions, negotiations are ongoing with a number of international parties who have expressed considerable interest in entering into a long term off-take arrangements for the export product that is expected to be produced from the Export Project development.

1.7 IPP Strategy

During the 2015 financial year the government of South Africa announced it would be turning to the private sector to help solve its energy crisis. The government announced a "5 point plan" to urgently bring about extra generation capability for an energy starved economy. The major plank of the 5 point plan was the launching of a coal fired independent power producer programme for an initial 2,500 megawatt of generation capacity. Additionally, the government announced it would be looking for co-generation options. The Company has positioned itself to capitalise on both sets of opportunities.

In preparation for the long awaited announcement of the IPP programme; the Company, through its associate (The Waterberg Power Company Pty Ltd) submitted a registration of its intent to participate and has lodged its registration with the Department of Environmental Affairs of its intent to build a power generation plant to be situated within the confines of its existing granted mining and prospecting rights; which collectively form the WCP area.

During the financial year the Company has been preparing preliminary technical and economic models to determine the most appropriate, capital efficient and economical fashion in which to facilitate the development of an IPP Project from feed stock generated from its proposed coal mining projects.

At the date of this report the Company is currently engaging with a number of parties, including mining and civil engineering contractors on the mining project(s); and potential technology partners, IPP developers and financial groups to partner with it in creating a new independent integrated energy company to be located within the confines of the WCP area.

1.8 Updated Resource Statement[1] [2]

An Independent Competent Persons Resource Statement was released in October 2013 to reflect the increased borehole database following the completion of the 2013 drilling programme on the four farms covered by the Mining Right (Smitspan, Massenberg, Hooikraal and Minnasvlakte), and the two farms held under Prospecting Rights (Vetleegte and Swanepoelpan) and associated sample analysis on the WCP properties.

The resource statement for the WCP is for a coal resource of 3.4 billion tonnes, which represents a substantial increase in the coal resource of the WCP properties. Previously SRK Consulting (Pty) Limited (December 2012) declared a Coal Resource of 1.183 billion tonnes on the two farms Smitspan and Massenberg.

The resource statement was prepared on behalf of the Company by Gemecs (Pty) Limited in their capacity as Independent Competent Persons.

Coal Resource on all six Waterberg Coal Project Properties under both Prospecting Permit and Mining Right

Resource Classification	Coal Resource* (Mt)	Ash % (ad)	IM % (ad)	Vol % (ad)	CV (Mj/kg) (ad)	TS % (ad)
Measured	1314.51	57.6	2.2	17.9	10.7	1.00
Indicated	1247.2	57.4	2.3	17.8	10.7	1.13
Inferred	838	58.5	2.2	17.6	10.4	1.19
Total Resources	3400	57.7	2.2	17.8	10.6	1.09

**Coal Resource based on minimum thickness cut-off of 0.5m*

[1] Please note that this information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2013 on the basis that the information has not materially changed since it was last reported.

[2] Competent Person Statement - Gemecs (Pty) Limited was commissioned by the Company to undertake an Updated Independent Persons Geological Report for the Waterberg Coal Project. The Coal Resources were estimated in accordance with the South African code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (“SAMREC Code”), Australasian Code for Reporting of Exploration Results. Mineral Resources and Ore Reserves (“the JORC Code”) and South African National Standard (SANS 10320:2004) guidelines. The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Coenraad D van Niekerk, Pr.Sci.Nat (Reg. No 400066/98), M.Sc Hons (Geology), MDP, an employee of Gemecs (Pty) Limited, who is a Fellow of the Geological Society of South Africa. Mr Niekerk is a mining geologist with 38 years’ experience in the mining industry, sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Joint Ore Reserves Committee (JORC) “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr Niekerk consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. Any discrepancy is due to rounding.

1.9 Refinancing the SBSA Facility

The Company entered into a voluntary suspension of its shares on 19 March 2015 whilst the Company's major shareholders and provider of financing, The Waterberg Coal Company Limited ("WCC") progressed negotiations with Standard Bank of South Africa Limited ("SBSA") (and other participants) with respect to "refinancing" the SBSA convertible note facility (the "Facility"). Given that the international financial commodities markets continue to be somewhat challenging; interested parties (in the refinancing) have been undertaking very comprehensive due diligence programmes. This has resulted in the process being drawn out much longer than originally anticipated.

On 15 September 2015 the Company and WCC (collectively the Waterberg Coal Group ("WCG")) entered into a term sheet with Sibanye Gold Limited ("Sibanye") whereby, inter alia, Sibanye, have agreed terms with SBSA (as Facility agent) to acquire the Facility held by SBSA.

It is proposed, subject to completion of due diligence and formal transaction documentation, the Facility acquired by Sibanye will, upon the completion of a corporate restructure; and subject to the various regulatory requirements; be converted to equity in the enlarged company.

The proposed restructuring will see the Company and WCC merge through a proposed scheme of arrangement in accordance with the provisions of the Corporations Act (Cth) 2001.

In addition to the acquisition of the Facility and the conversion of same into equity in the enlarged group, Sibanye will provide financing of AU$8.5 million as additional working capital to WCG, initially as an interest free loan with Sibanye to subsequently subscribe for shares following the corporate consolidated

Sibanye will also enter into a coal off-take agreement with WCG. This agreement will specify the term, quantity, quality, target price and delivery of coal which will be produced and sold to Sibanye (or a nominated representative) for the purpose of Sibanye's power requirements as part of the IPP Platform.

The proposed suite of transactions (with Sibanye) will be subject to due diligence and the completion of the formal transaction documentation.

2. Stakeholder engagement

Throughout the year, regular and productive engagement by the Project technical team with project and strategic stakeholders was ongoing. These discussions included, inter-alia, Eskom, the Department of Water Affairs, and Transnet Freight Rail for the timely delivery of services to the project.

3. Corporate Activities

On 16 July 2014 The Waterberg Coal Company Limited ("WCC") resolved to extend the term of the Company's existing $3 million finance facility and extended the facility by up to a further $3 million.

On 17 September 2014 the Company's major shareholder and financier, WCC provided the market with an update on its coal projects and further advised that its Facility with a maturity date of 9 October 2014 was becoming due and that the company had entered into discussions with the lenders with respect to the restructuring of the Facility, including an extension to the Facility's maturity date.

Dr Mathews Phosa was appointed non-executive Chairman on 27 October 2014, Mr Stephen Miller was appointed Managing Director on 29 October 2014.

On 31 October 2014 the Company's major shareholder and financier, WCC, advised the market that it had held discussions with the lenders of the Facility and that the Facility that was due on 9 October 2014 had been extended on an on demand basis.

On 10 November 2014 the Company announced to the market that FSE had entered into a financing to raise up to US$5 million through the issue of convertible notes.

Mr George Magashula resigned as a non-executive director on 19 November 2014.

On 1 December 2014 the Company announced that, pursuant to the holding of its annual general meeting on 28 November 2014 that all resolutions presented to the annual general meeting were passed.

On 12 January 2015 the Company issued US$2.7 million of secured convertible notes to Four Oaks Credit Fund Limited.

On 19 March 2015 the Company requested that its shares be voluntarily suspended from trading until its parent entity WCC finalises funding negotiations. The shares remain suspended at the date of this report.

On 17 March 2015 the Company advised the market that it's major shareholders and financier WCC had received advise from its lenders sought repayment of the rolled over convertible note facility by 9 April 2015. WCC further advised that it was in discussions with various parties to raise funding to retire the Group's indebtedness and whilst it sought to restructure the Group's indebtedness it sought a trading halt for its securities.

On 20 March 2015 the Company provided an update to the market with respect to the background to the suspension in trading of its securities.

On 9 April 2015 the Company's major shareholders and financier, WCC, it was in discussions with the lenders to the secured convertible note facility with respect to introducing a third party to refinance the facility, that whilst these negotiations were in progress the lenders intended to maintain the facility on a on demand basis and rolling on a daily basis to give these discussions time to progress.

Directors' Report

The directors of the Company present their report for the year ended 30 June 2015. In order to comply with the provisions of the *Corporations Act (Cth) 2001*, the Directors' Report as follows:

1. Directors

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

1.1 Dr Mathews Phosa – Non Executive Chairman (appointed 27 October 2014)

Dr Phosa is a Lawyer by profession and was elected as the first Premier of Mpumalanga Province in 1994 and went on to serve as the Treasurer General within the Executive Committee of the ANC from 2007 to 2012. He was a member of the National Executive Committee of the ANC for many years until 2012. Dr Phosa has served as a business consultant for various local and international businesses since 1999.

Dr Phosa currently holds chairman, vice-chairman or board member positions on a number of prominent South African institutions and companies.

Commercially, Dr Phosa is Chairman of Firestone Energy Limited and also sits on the boards of South African listed companies Value Group, Jubilee Platinum and Bauba Resources as well as a number of unlisted entities. He is also a trustee to the Afrikaans Handels Instituut (AHI).

During the past three years, Dr Phosa has been a director of the following listed entities:

- The Waterberg Coal Company Limited (ASX and JSE, appointed 28 October 2013);
- Value Group Limited (JSE, appointed 29 October 2002);
- Jubilee Platinum Plc (JSE, appointed 11 January 2010); and
- Bauba Platinum Limited (JSE, appointed 22 April 2010).

1.2 Mr Stephen Miller – Managing Director

Stephen Miller is a Chartered Accountant by profession with over 25 years' experience in corporate finance, mergers and acquisitions in the resources sector. He has been a director, founder and chief executive officer of a number of successful resource companies. He has also been responsible for numerous corporate reorganizations and restructurings, as well as substantial debt and equity capital raisings for project start-ups, developments, and corporate takeovers.

Mr Miller is a Member of the Australian Institute of Chartered Accountants in Australia, a Fellow of the Australian Institute of Company Directors and has served as a Director on the Australian gold industries peak body, The Australian Gold Council.

Mr Miller was appointed as a director of the Company on 14 June 2013 and Managing Director on 29 October 2014.

During the past three years, Mr Miller has been a director of the following listed entity:

- The Waterberg Coal Company Limited (appointed 5 April 2013).

1.3 Mr Edwin Leith Boyd – Non Executive Director and Company Secretary

Mr Boyd has extensive and broad-ranging directorial, corporate consulting, financial and senior executive experience in a range of industries including manufacturing, industrial engineering and since 1993; the resources sector.

He was appointed a director and company secretary of the Company on 17 March 2014.

He is a CPA and a Fellow of the Australian Institute of Company Directors.

During the past three years, Mr Boyd has been a director of the following listed entities:

- Anatolia Energy Limited (appointed 29 November 2012); and
- The Waterberg Coal Company Limited (appointed 20 May 2014).

2. Principal Activities and significant changes in the state of affairs

The principal activities of the Company are coal and mineral exploration in South Africa.

Other than for the matters referred to in the Management Disclosure Report, there have been no significant changes in the state of affairs within the consolidated entity.

3. Directors' meetings

The number of Directors' meetings each Director was eligible to attend and the number actually attended during the year to 30 June 2015 are as follows:

	Number of Directors meetings eligible to attend	Number of Directors meetings attended
Mathews Phosa	7	7
Stephen Miller	7	7
Edwin Leith Boyd	7	7

* *plus circular resolutions of the board.*

4. Operating and Financial Review

An operating review of the consolidated entity for the financial year ended 30 June 2015 is set out in the Management Disclosure Report. A brief summary of the results and shareholder returns for the year is below.

Shareholder returns	2015	2014
Net loss for the year	(5,843,767)	(4,802,197)
Basic EPS (loss) – cents	(0.16)	(0.14)
Share price as at 30 June – cents	0.5	0.5

The increase in the net loss for 2015 compared to 2014 was largely due to higher finance costs due to higher borrowings.

The Group's net assets decreased by $1.9 million as a result of higher borrowings; partially offset by the positive effect of foreign currency movements on the translation of Group's South African assets.

At 30 June 2015, the Company had no unissued shares under option on issue.

5. Dividends

There have been no dividends declared or paid during the period.

6. Remuneration Report (Audited)

This report outlines the remuneration arrangements in place for Directors and executives of the Company. The information provided in this remuneration report has been audited as required by section 308(3C) of the Corporations Act 2001. For the purposes of this report, Key Management Personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group, including any Director of the parent company.

6.1 Key Management Personnel

6.1.1. Non-Executive Directors

Dr Matthew Phosa	Non-Executive Chairman	appointed 29 October 2014
Mr Edwin Boyd	Non-Executive Director	appointed 18 March 2014
Mr George Magashula	Non-Executive Director	appointed 1 November 2013, resigned 19 November 2014

6.1.2. Executive Directors

Mr Stephen Miller	Managing Director	appointed 27 October 2014 (Executive Director since 14 June 2013)

6.1.3. Other Executives

Ms Amanda Matthee	Chief Financial Officer

There were no other changes to Key Management Personnel after the reporting date and before the date the financial report was authorised for issue.

6.2 Policy for determining remuneration

The objective of the Company's broad remuneration policy is to ensure that the remuneration package provided to Directors and executives of the Group properly reflects the relevant person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

The Board is responsible for determining the remuneration policy for all Directors and Key Management Personnel based upon the Company's nature, scale and scope of operating requirements and any other factors which the Board determines to be appropriate in determining the Group's remuneration policy.

Non-Executive Directors' fees are determined within an aggregate directors' fee pool limit.

The Group does not currently have formal policies around Key Management Personnel remuneration, which are set at market rates.

6.3 Short Term Cash Incentive

No short term cash incentives were provided to Directors, Key Management Personnel or other executives during the year. The Board may at its discretion determine a bonus is payable to executives based on specific performance objectives.

6.4 Other *Payments*

No other payments are due to Directors or Key Management Personnel.

6.5 Long Term Benefits

Entitlements for long term leave payments for the Directors or Key Management Personnel are only in accordance with the service agreements entered into with the Company.

6.6 Share-*based Remuneration*

Under current Accounting Standards any share-based remuneration must be valued in accordance with an appropriate option pricing model. Share options carry no voting rights and each option is convertible into one ordinary share in the company. No share-based remuneration (such as options to acquire The Company shares) was granted to Directors in the current year or previous financial year.

No Key Management Personnel received share-based remuneration in the current year or previous financial year.

No options were exercised during the year as a result of share-based payments.

6.7 Service Agreements

On appointment to the Board all directors enter into a service agreement with the Company, in the form of a letter of appointment. The letter summaries the Board's policies and terms which mirror those set out within the Corporations Act (Cth) 2001, including compensation, relevant to the office of Director. Non-Executive Directors' fees are determined within an aggregate directors' fee pool limit.

Where appropriate consulting agreements have been entered into with a director for the provision of services; the details of these are set out elsewhere in this report.

Mr Stephen Miller serves as Managing Director and CEO. He receives $60,000 per annum in director fees, paid monthly, effective 1 March 2015. Mr Stephen Miller also has a consulting agreement with the Company dated 12 February 2015 and commenced on 1 March 2015. In terms of this service agreement, he receives $150,000 per annum and 12 months termination notice is required on the part of the Company.

Mr Lee Boyd serves as Director and Company Secretary. He receives $60,000 per annum in director fees, paid monthly, effective 1 March 2015. He also has a consulting agreement with the Company dated 12 February 2015 and commenced on 1 March 2015. In terms of this service agreement, he receives $90,000 per annum and 12 months termination notice is required on the part of the Company.

Dr Mathews Phosa serves as Director and Chairman of the Board of Directors. He receives $60,000 per annum in director fees, paid monthly, effective 1 March 2015. Dr Mathews Phosa also has a consulting agreement with the Company dated 12 February 2015 and commenced on 1 March 2015. In terms of this service agreement, he receives $90,000 per annum and 12 months termination notice is required on the part of the Company.

Ms Amanda Matthee, the Chief Financial Officer, is engaged through an Executive Services Agreement with the Company subsidiary Checkered Flag Investments 2 (Pty) Limited ("Checkered Flag"). The agreement is for an initial period of two years with an option to extend for a further three years. Termination by Checkered Flag without cause is by four months' notice or payment in lieu thereof. Termination by Ms Matthee is with one month's notice. Ms Matthee receives remuneration of R2,392,250[1] per annum, reviewable annually, and is eligible for performance-based bonuses and the grant of options upon completion of a bankable feasibility study and upon commencement of production.

Benefits of annual leave and any other employment benefit are only in accordance with the services agreement entered into with the Directors or Key Management Personnel.

6.8 Performance-*related Benefits*

The Company occasionally provides incentive and performance based payments/benefits, typically in the way of equity options. There were no performance-related benefits during the year.

[1] Exchange rate is at AUD1 = ZAR9.54.

6.9 Financial Performance of the Group

There is no relationship between The Company's current remuneration policy for Key Management Personnel and the company's performance or shareholder wealth. However, the Board takes note of the following indices in respect of the current and previous four financial years.

	2015	2014	2013	2012	2011
Net loss after tax	(5,843,767)	(4,802,197)	(5,848,203)	(4,530,596)	(4,762,294)
Working capital	(19,678,986)	(14,606,468)	(10,452,105)	(22,203,524)	(2,808,322)
Closing share price (cents)	0.5 *	0.5	0.5	0.7	1.6
% change in closing share price	-	-	(28.6%)	(56.3%)	23.1%

**The Company's shares were in voluntary suspension at 30 June 2015.*

6.10 Directors' and Key Management Personnel Remuneration

Details of the nature and amount of each element of remuneration of the Key Management Personnel of the Company are set out in the following tables. Each person was in office for the full year unless otherwise specified.

All Directors and Key Management Personnel are engaged pursuant to service agreements (refer 6.7). Any entitlements to annual leave and superannuation are defined in that service agreement.

Directors		Short term employee benefits Salary/Fees	Post-employment benefits Super	Share based payments	Termination payments	Total
Executive Directors						
S. Miller	2015	70,000	-	-	-	70,000
	2014	-	-	-	-	-
Non-Executive Directors						
M. Phosa[1]	2015	50,000	-	-	-	50,000
	2014	-	-	-	-	-
L. Boyd	2015	82,000	-	-	-	82,000
	2014	8,850	-	-	-	8,850
G. Magashula[2]	2015	-	-	-	-	-
	2014	-	-	-	-	-
T. Tebeila[3]	2015	-	-	-	-	-
	2014	20,000	-	-	-	20,000

[1] Appointed 27 October 2014
[2] Appointed 1 November 2013 and resigned 19 November 2014
[3] Resigned 1 November 2013.

Directors		Short term employee benefits Salary/Fees	Post-employment benefits Super	Share based payments	Termination payments	Total
P. Kasolo[1]	2015	-	-	-	-	-
	2014	20,833	-	-	-	20,833
B. Mphahlele[2]	2015	-	-	-	-	-
	2014	20,833	-	-	-	20,833
Executives						
A. Matthee	2015	250,799	-	-	-	250,799
	2014	262,215	-	-	-	262,215
Total Key Management Personnel						
	2015	452,799	-	-	-	452,799
	2014	332,731	-	-	-	332,731

6.11 Option holdings – Unlisted

No key management personnel held options in the Company's shares during the year ended 30 June 2015.

6.12 Share holdings

The numbers of shares in the Company held during the financial year by each Director and executive of the Company, including their personally related parties, are set out below:

	Balance at the start of the period	Granted as remuneration	Issued on exercise of options	Net change other	Balance at the end of the period
Directors					
M Phosa[3]	-	-	-	-	-
S Miller	-	-	-	-	-
L Boyd	-	-	-	-	-
G Magashula[4]	-	-	-	-	-
Executives					
A Matthee	747,000	-	-	-	747,000
	747,000	-	-	-	747,000

[1] Removed 29 November 2013
[2] Removed 29 November 2013
[3] Appointed 27 October 2014
[4] Appointed 1 November 2013 and resigned 19 November 2014

6.13 Loans and Other Transactions with Key Management Personnel

An entity related to Managing Director Stephen Miller loaned the Company $22,000 as bridging finance. The loan is unsecured, non-interest-bearing and repayable upon demand.

Entities related to Managing Director Stephen Miller charged the Company $42,371 for the rent of office premises and $30,000 for the provision of office services and $12,502 for travel expenses. These amounts were in trade creditors at 30 June 2015.

Dr Mathews Phosa charged the Company $11,000 for the provision of office support staff. This amount was in trade creditors at 30 June 2015.

This concludes the audited Remuneration Report.

7. Likely Developments

The Board of the Company are currently considering the options for the development of a stand along export project which is expected to be able to be brought into production and cash flow sooner than the Eskom project. To this end, discussions are in progress with various parties with a view to structuring a finance package to advance this.

8. Environmental regulation

The consolidated entity has done everything to the best of its knowledge to comply with all applicable legislation and has no reason to believe that they did not comply with any of the legislative requirements during the year ended 30 June 2015 and subsequent to year end.

9. Directors' Interests

No relevant interests in shares and options of The Company were held directly or indirectly by Directors as at the date of this report.

10. Significant Events after Reporting Date

On 15 September 2015 the Company and WCC (collectively the Waterberg Coal Group ("WCG")) entered into a term sheet with Sibanye Gold Limited ("Sibanye") whereby, *inter alia*, Sibanye, have agreed terms with SBSA (as Facility agent) to acquire the Facility held by SBSA.

It is proposed, subject to completion of due diligence and formal transaction documentation, the Facility acquired by Sibanye will, upon the completion of a corporate restructure; and subject to the various regulatory requirements; be converted to equity in the enlarged company.

The proposed restructuring will see the Company and FSE merge through a proposed scheme of arrangement in accordance with the provisions of the *Corporations Act (Cth) 2001*.

In addition to the acquisition of the Facility and the conversion of same into equity in the enlarged group, Sibanye will provide financing of AU$8.5 million as additional working capital to WCG, initially as an interest free loan with Sibanye to subsequently subscribe for shares following the corporate consolidated

Sibanye will also enter into a coal off-take agreement with WCG. This agreement will specify the term, quantity, quality, target price and delivery of coal which will be produced and sold to Sibanye (or a nominated representative) for the purpose of Sibanye's power requirements as part of the IPP Platform.

With respect to the proposed export project, WCG are finessing the optimisation studies which accrue from the DFS competed during the course of 2014 and 2015. WCG are now working on funding arrangements for the proposed development.

The proposed suite of transactions (with Sibanye) will be subject to due diligence and the completion of the formal transaction documentation. It is anticipated that both of which will be completed on or by mid November 2015.

There were no other known significant events from the end of the financial year to the date of this report.

11. Indemnification and Insurance of Officers and Auditors

11.1 Indemnification

The Company has agreed to indemnify the directors and officers of the Company against all liabilities to another person (other than the Company or related body corporate) that may arise from their position as directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

During the financial year the Company paid a premium in respect of a contract insuring the directors and officers of the company and its controlled entities against any liability incurred in the course of their duties to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

12. Non-audit services

During the year the consolidated group paid $14,246 (2014: $15,300) to a related entity of the auditor for non-audit services provided as outlined in Note 18 to the financial statements. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services do not compromise the auditor's independence as all non-audit services have been reviewed to ensure that they do not impact the integrity and objectivity of the auditor and none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board.

13. Proceedings on behalf of the Company

No person has made an application to the court under Section 237 of the Corporations Act 2001 for leave to bring court proceedings on behalf of the Company, or to intervene in any court proceedings to which The Company is a party, for the purpose of taking responsibility on behalf of The Company for all or part of those proceedings.

14. Auditor's independence declaration

The auditor's independence declaration, under section 307C of the Corporations Act 2001, is included on the next page and forms part of this directors' report.

Stephen W Miller
Managing Director
30 September 2015

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Subiaco, WA 6008
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Australia

DECLARATION OF INDEPENDENCE BY IAN SKELTON TO THE DIRECTORS OF FIRESTONE ENERGY LIMITED

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

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

This declaration is in respect of Firestone Energy Limited and the entities it controlled during the period.

Ian Skelton

Director

BDO Audit (WA) Pty Ltd

Perth, 30 September 2015

Corporate Governance Statement

This Corporate Governance statement of the Company has been prepared in accordance with the 3rd Edition of the ASX Corporate Governance Principles and Recommendations of the ASX Corporate Governance Council ('ASX Principles and Recommendations').

The Recommendations are guidelines and not prescriptions. The Council recognises that the range in size and diversity of companies is significant and that smaller companies from the outset may face particular issues in following all the Recommendations. If a company considers that a Recommendation is not appropriate to its particular circumstances, it has the flexibility not to adopt it.

The Board has adopted the best practice Recommendations as outlined by the Council to the extent that is deemed appropriate considering the current size and operations of the Company.

This statement has been approved by the Company's Board of Directors ('Board') and is current as at 8 September 2015.

The ASX Principles and Recommendations and the Company's response as to how and whether it follows those recommendations are set out below.

1. Principle 1 – Lay solid foundations for management and oversight

Recommendation 1.1: A listed entity should disclose: (a) the respective roles and responsibilities of the board and management; and (b) those matters expressly reserved to the board and those delegated to management.

As the Board acts on behalf of and is accountable to the shareholders, the Board seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations and strives to meet those expectations. In addition, the Board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks.

The role of the Board is to oversee and guide the management of the Company with the aim of protecting and enhancing the interests of its shareholders and taking into account the interests of other stakeholders including employees and the wider community.

The Board has established the relationship between the Board and management and describes their functions and responsibilities.

The Board is responsible for setting the strategic direction of the Company, establishing goals for management and monitoring the achievement of those goals. The Board has delegated certain management powers to the Executive Director for the day-to-day management of the Company and its operations.

Recommendation 1.2: A listed entity should: (a) undertake appropriate checks before appointing a person or putting forward to security holders a candidate for election, as a director; and (b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

The company undertakes comprehensive reference checks prior to appointing a director or putting that person forward as a candidate to ensure that person is competent, experienced, and would not be impaired in any way from undertaking the duties of director. An election of directors is held each year. A director that has been appointed during the year must stand for election at the next Annual General Meeting ('AGM'). Directors are appointed for a maximum term of three years.

Retiring directors are not automatically re-appointed. The company provides to shareholders in the Notice of AGM relevant information for their consideration about the attributes of candidates together with whether the Board supports the appointment or re-election

Recommendation 1.3: A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

The terms of the appointment of a non-executive director are set out in writing and cover matters such as the term of appointment, time commitment envisaged, required committee work and other special duties, requirements to disclose their relevant interests which may affect independence, corporate policies and procedures, indemnities, and remuneration entitlements.

Executive directors and senior executives are issued with service contracts which detail the above matters as well as the person or body to whom they report, the circumstances in which their service may be terminated (with or without notice), and any entitlements upon termination.

Recommendation 1.4: The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

The company following this recommendation.

Recommendation 1.5: A listed entity should (a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or a relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either: (1) the respective proportions of men and women on the Board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or (2) if the entity is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators", as defined in and published under that Act.

The Company and all its related bodies corporate have established a Diversity Policy.

The Company recognises the benefits arising from employee and board diversity, including a broader pool of high quality employees, improving employee retention, accessing different perspectives and ideas and benefiting from all available talent.

Diversity includes, but is not limited to, gender, age, ethnicity, cultural background and the persons skill set.

The Diversity Policy does not form part of an employee's contract of employment with the Company, nor gives rise to contractual obligations. However, to the extent that the Diversity Policy requires an employee to do or refrain from doing something and at all times subject to legal obligations, the Diversity Policy forms a direction of the Company with which an employee is expected to comply.

Objectives

The Diversity Policy provides a framework for the Company to achieve:

a. a diverse and skilled workforce, leading to continuous improvement in service delivery and achievement of corporate goals;

b. a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff;

c. improved employment and career development opportunities for women;

d. a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives through improved awareness of the benefits of workforce diversity and successful management of diversity; and

e. awareness in all staff of their rights and responsibilities with regards to fairness, equity and respect for all aspects of diversity.

The Diversity Policy does not impose on the Company, its directors, officers, agents or employee any obligation to engage in, or justification for engaging in, any conduct which is illegal or contrary to any anti-discrimination or equal employment opportunity legislation or laws in any State or Territory of Australia or of any foreign jurisdiction.

Responsibilities

a. The Board's commitment

The Board is committed to workplace diversity, with a particular focus on supporting the representation of women at the senior level of the Company and on the Board.

The Board is responsible for developing measurable objectives and strategies to meet the Objectives of the Diversity Policy ("Measurable Objectives") and monitoring the progress of the Measurable Objectives through the monitoring, evaluation and reporting mechanisms listed below.

The Board may also set Measurable Objectives for achieving gender diversity and monitor their achievement.

The Board will conduct all Board appointment processes in a manner that promotes gender diversity, including establishing a structured approach for identifying a pool of candidates, using external experts where necessary.

b. Strategies

The Company's diversity strategies include:

i. recruiting from a diverse pool of candidates for all positions, including senior management and the Board;

ii. reviewing succession plans to ensure an appropriate focus on diversity;

iii. identifying specific factors to take account of in recruitment and selection processes to encourage diversity;

iv. developing programs to develop a broader pool of skilled and experienced senior management and Board candidates, including, workplace development programs, mentoring programs and targeted training and development;

v. developing a culture which takes account of domestic responsibilities of employees; and

vi. any other strategies the Board develops from time to time.

Monitoring and Evaluation

The Chairman will monitor the scope and currency of this policy.

The Company is responsible for implementing, monitoring and reporting on the Measurable Objectives once they are set.

Measurable Objectives if set by the board will be included in the annual key performance indicators for the Chief Executive Officer / Managing Director and senior executives.

In addition, the board will review progress against the Objectives (if set) as a key performance indicator in its annual performance assessment.

Reporting

The board may include in the Annual Report each year:

a the Measurable Objectives, if any, set by the Board;

b progress against the Objectives; and

c the proportion of women employees in the whole organisation, at senior management level and at Board level.

Explanation for departure from Recommendations

While the Company has adopted a diversity policy as mentioned above, the Board do not consider it appropriate to set measurable objectives at this stage of the Company's development. The Board will continue to review the development of the Company and will adopt measurable objectives at a more appropriate time

Recommendation 1.6 & 1.7: A listed entity should (a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors and senior executives; and (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

Notification of departure from Recommendation

The Board has not adopted any formal procedures for the review of the performance of the Board and senior executives; however the Board has adopted an on-going self-evaluation process to measure its own performance and the performance of senior executives, which is currently considered to meet the Board's obligations sufficiently.

Explanation for departure from Recommendation

Due to the size of the Company's board and the stage of the company's development, the Board does not consider it is necessary to have formal performance reviews for each director or senior executive.

2. Principle 2 – Structure of the Board to add value

Recommendation 2.1, 2.3 & 2.4: The board of a listed entity should (a) have a nomination committee which: (1) at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and should disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address Board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

Notification of departure from Recommendations

The Company Board does not currently have a majority of independent directors and the Chairman is not considered independent.

Explanation for departure from Recommendations

The Board's composition changed during the year. Consistent with the size of the Company and its activities, the Board currently comprises three (3) Directors.

The Board's policy is that the majority of Directors shall be independent, Non-Executive Directors. Due to the size of the Company and the stage of the Company's development, the Board does not consider it can justify the appointment of more independent Non-Executive Directors, and therefore, the composition of the Board does not currently conform to the best practice recommendations of the ASX Corporate Governance Council.

Recommendation 2.2: A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

Notification of departure from Recommendation

The Company does not have a board skills matrix setting out the mix of skills and diversity that the board has or looks for, due to the size of the board.

Explanation for departure from Recommendation

Due to the size of the Company's board and the stage of the company's development, the board does not consider it is necessary to have a formal skills matrix but does endeavour to follow these recommendations in practice.

Recommendation 2.5: The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.

Notification of departure from Recommendation

The Company Board does not currently have a Chairman who is considered independent.

Explanation for departure from Recommendation

The Board's policy is that the Chairman shall be independent. Due to the size of the Company's board and the stage of the company's development, the board does not consider it is necessary to have an independent Chairman at this time.

Recommendation 2.6: A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.

Notification of departure from Recommendations

The company does not have a formal induction process.

Explanation for departure from Recommendation

Due to the size of the Company's board and the stage of the company's development, the board does not consider it is necessary to have a formal induction process but endeavours to ensure that directors are fully supported and provided with opportunities for further learning.

Board access to independent professional advice

To assist Directors with independent judgement, it is the Board's policy that if a Director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a Director then, provided the Director first obtains approval for incurring such expense from the Chair, the Company will pay the reasonable expenses associated with obtaining such advice.

3. Principle 3 – Promote ethical and responsible decision making

Recommendation 3.1: A listed entity should: (a) establish a code of conduct for its directors, senior executives and employees; and (b) disclose the code or a summary of it.

Notification of departure from Recommendation

The Company has not established a formal code of conduct.

Explanation for departure from Recommendation

The Board considers that its business practices, as determined by the Board and key executives, are the equivalent of a code of conduct.

4. Principle 4 – Safeguard integrity in corporate reporting

Recommendation 4.1: The board of a listed entity should: (a) establish an audit committee which: (1) has at least three members, all of whom are nonexecutive directors and a majority of whom are independent directors; and (2) is chaired by an independent director, who is not the chair of the board, and disclose: (3) the charter of the committee; (4) the relevant qualifications and experience of the members of the committee; and (5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

Notification of departure from Recommendation

The Company has not established an audit committee.

Explanation for departure from Recommendation

The Board considers that the Company is not currently of a size, or its affairs of such complexity, that the formation of separate or special committees is justified at this time. The board as a whole is able to address the governance aspects of the full scope of the Company's activities and ensure that it adheres to appropriate ethical standards.

The board as a whole considers those matters that would usually be the responsibility of an audit committee and a nomination committee. The Board considers that, at this stage, no efficiencies or other benefits would be gained by establishing a separate audit committee or a separate nomination committee.

Recommendation 4.2: The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

The company complies with this recommendation.

Recommendation 4.3: A listed entity that has an AGM should ensure that the external auditor attends the AGM and is available to answer questions from security holders relevant to the audit.

The company complies with this recommendation.

5. Principle 5 – Make timely and balanced disclosure

Recommendation 5.1: A listed entity should (a) have a written policy for comply with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary it.

Notification of departure from Recommendations

The Company has not established written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and accountability for compliance.

Explanation for departure from Recommendations

The Directors have a long history of involvement with public listed companies and through the support of professional staff, are kept familiar with the disclosure requirements of the ASX listing rules.

The Company has in place informal procedures that it believes are sufficient for ensuring compliance with ASX Listing Rule disclosure requirements and accountability for compliance. The Board has nominated the Chief Executive Officer and the Company Secretary as being responsible for all matters relating to disclosure.

6. Principle 6 – Respect the rights of security holders

Recommendation 6.1: A listed entity should provide information about itself and its governance to investors via its website.

The company has a website (www.waterbergcoal.com.au) which is maintained via an external service provider with an automatic update in terms of its latest announcement to the regulator.

Recommendation 6.2 A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.

Notification of departure from Recommendations

The Company has not established a formal investor relations program.

Explanation for departure from Recommendations

While the Company has not established a formal investor relations strategy, it actively communicates with investors in order to identify their expectations and actively promotes investor involvement in the Company. Investors with internet access are encouraged to provide their email addresses in order to receive electronic copies of information distributed by the Company. Alternatively, hard copies of information distributed by the Company are available on request.

Recommendation 6.3 A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.

Notification of departure from Recommendations

The Company has not established a formal policy to encourage participation at meetings of security holders.

Explanation for departure from Recommendations

The board will consider additional strategies to ensure that security holder participation is encouraged.

Recommendation 6.4 A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security register electronically.

The company complies with this recommendation.

7. Principle 7 – Recognise and manage risk

Recommendation 7.1: The board of the listed entity should: (a) have a committee or committees to oversee risk, each which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.

Recommendation 7.2: The board or committee of the board should: (a) review the entiy's risk management framework at least annually to satisfy itself that it continues to be sound; and (b) disclose, in relation to each reporting period, whether such a review has taken place.

Recommendation 7.3: A listed entity should disclose: (a) if it has an internal audit function, how the function is structured and what role it performs; or (b) if it does not have any internal audit function, that fact and the process it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

Recommendation 7.4: A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.

Notification of departure from Recommendations 7.1, 7.2, 7.3 and 7.4

The Company has an informal risk oversight and management policy and internal compliance and control system.

Explanation for departure from Recommendations 7.1, 7.2, 7.3 and 7.4

The Board does not currently have formal procedures in place but is aware of the various risks that affect the Company and its particular business. As the Company develops, the Board will develop appropriate procedures to deal with risk oversight and management and internal compliance, taking into account the size of the Company and the stage of development of its projects.

8. Principle 8 – Remunerate fairly and responsibly

Recommendation 8.1: The board of a listed entity should: (a) have a remuneration committee which: (1) has at least three members, a majority of whom are independent directors; and (2) is chaired by an independent director, and disclose: (3) the charter of the committee; (4) the members of the committee; and (5) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or (b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

Recommendation 8.2: A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

Recommendation 8.3: A listed entity which has an equity-based remuneration scheme should: (a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and (b) disclose that policy or a summary of it.

Notification of departure from Recommendations 8.1, 8.2 and 8.3

The Company does not have a formal remuneration committee nor remuneration policy.

Explanation for departure from Recommendations 8.1, 8.2 and 8.3

The current remuneration of the Directors is disclosed in the Directors' Report. Non-executive Directors receive a fixed fee for their services.

Subject to shareholder approval, the issue of options or shares to non-executive Directors may be an appropriate method of providing sufficient incentive and reward while maintaining cash reserves.

Due to the Company's early stage of development and small size, it does not consider that a separate remuneration committee would add any efficiency to the process of determining the levels of remuneration for the Directors and key executives. The Board believes it is more appropriate to set aside time at specified Board meetings each year to specifically address matters that would ordinarily fall to a remuneration committee. In addition, all matters of remuneration will continue to be in accordance with regulatory requirements, especially in respect of related party transactions, and none of the Directors will participate in any deliberations regarding their own remuneration or related issues.

9. Securities trading policy

The Company adopted a Share Trading policy in December 2010. The policy summarises the law relating to insider trading and sets out the Company's policy on Directors, officers, employees and consultants of the Group dealing in securities of the Company.

The policy is provided to all Directors and employees of the Group and compliance with it is reviewed on an ongoing basis in accordance with the Company’s risk management systems.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For year ended 30 June 2015

	Note	Consolidated 2015 $	Consolidated 2014 $
Revenue	2.1	476	981
Other income	2.2	16,221	248,774
Administration expenses		(256,233)	(107,897)
Compliance and regulatory expenses		(65,763)	(106,641)
Directors' fees		(209,380)	(191,904)
Employee and consultant expenses		(253,301)	(259,567)
Finance expenses	2.3	(4,917,641)	(4,109,952)
Legal and professional fees		(104,242)	(260,289)
Rent expenses		(42,371)	(668)
Travel and accommodation		(11,533)	(15,034)
Loss before income tax expense from continuing operations		(5,843,767)	(4,802,197)
Income tax benefit	3	-	-
Loss after income tax for the year		(5,843,767)	(4,802,197)
Other comprehensive income for the year			
Items that may be reclassified subsequently to profit or loss			
Movement in foreign currency translation reserve		3,872,339	(6,475,226)
Total comprehensive loss for the year, net of tax		(1,971,428)	(11,277,423)
Loss per share for the year attributable to the ordinary equity holders of the Company			
Basic and diluted loss per share (cents)	4	(0.16)	(0.14)

For JSE requirements, the Headline Earnings per Share ("HEPS") has been calculated to be the equivalent of the basic and diluted loss per share as displayed above.

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Consolidated Statement of Financial Position

As at 30 June 2015

	Note	Consolidated 2015 $	Consolidated 2014 $
Current Assets			
Cash and cash equivalents	6	6,092	28,286
Trade and other receivables	7	2,707,994	582,250
Total Current Assets		2,714,086	610,536
NON-CURRENT ASSETS			
Receivables	7	1,505,956	1,420,502
Exploration and evaluation	8	75,482,137	71,544,785
Property, plant and equipment	9	4,278,252	4,041,808
Total Non-Current Assets		81,266,345	77,007,095
Total Assets		83,980,431	77,617,631
Current liabilities			
Trade and other payables	10	6,790,811	4,401,376
Borrowings	11	15,602,261	10,815,628
Total Current Liabilities		22,393,072	15,217,004
Non-Current Liabilities			
Borrowings	11	25,304,636	24,146,476
Total Non-Current Liabilities		25,304,636	24,146,476
Total Liabilities		47,697,708	39,363,480
Net Assets		36,282,723	38,254,151
Equity			
Issued capital	12	79,553,721	79,553,721
Reserves		(12,731,569)	(16,603,908)
Accumulated losses		(30,539,429)	(24,695,662)
Total Equity		36,282,723	38,254,151

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Consolidated Statement of Cash Flows

For year ended 30 June 2015

	Note	Consolidated 2015 $	Consolidated 2014 $
Cash Flows from Operating Activities			
Payments to suppliers and employees		(574,591)	(925,179)
Interest received		476	981
Interest paid		(46,369)	(11,539)
Net cash used in operating activities	6	(620,484)	(935,737)
Cash Flows from Investing Activities			
Payments for capitalised exploration and evaluation		(9,119)	(346,925)
Payments to acquire surface rights		-	(180,594)
Proceeds from sale of plant and equipment		-	2,344
Net cash used in investing activities		(9,119)	(525,175)
Cash Flows from Financing Activities			
Proceeds from borrowings		4,024,147	4,167,166
Repayment of borrowings		(534,152)	(2,280,697)
Loans to other entities		(2,500,959)	(554,897)
Loans repaid by other entities		437,239	32,705
Payment of transaction costs		(819,242)	(272,727)
Net cash provided by financing activities		607,033	1,091,550
Net decrease in cash held		(22,570)	(369,362)
Cash at the beginning of the financial year		28,286	397,940
Effect of exchange rate changes on cash held in foreign currencies		376	(292)
Cash at the end of the financial year	6	6,092	28,286

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

Consolidated	Issued capital	Accumulated losses $	Share based payment reserve $	Convertible note reserve $	Foreign currency translation reserve $	Total $
Balance at 1 July 2013	79,553,721	(19,893,465)	4,615,245	2,073,819	(16,817,746)	49,531,574
Comprehensive income for the year						
Loss for the year	-	(4,802,197)	-	-	-	(4,802,197)
Other comprehensive income						
Foreign currency translation	-	-	-	-	(6,475,226)	(6,475,226)
Total comprehensive loss for the year	-	(4,802,197)	-	-	(6,475,226)	(11,277,423)
Transactions with owners in their capacity as owners:						
Balance at 30 June 2014	79,553,721	(24,695,662)	4,615,245	2,073,819	(23,292,972)	38,254,151
Comprehensive income for the year						
Loss for the year	-	(5,843,767)	-	-	-	(5,843,767)
Other comprehensive income						
Foreign currency translation	-	-	-	-	3,872,339	3,872,339
Total comprehensive loss for the year	-	(5,843,767)	-	-	3,872,339	(1,971,428)
Transactions with owners in their capacity as owners:						
Balance at 30 June 2015	79,553,721	(30,539,429)	4,615,245	2,073,819	(19,420,633)	36,282,723

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Notes to the consolidated financial statements

1. Statement Of Significant Accounting Policies

1.1 Statement of Compliance

The financial statements of the Company for the year ended 30 June 2015 were authorised for issue in accordance with a resolution of the Directors on 30 September 2015 and covers the consolidated entity consisting of the Company and the Group as required by the Corporations Act (Cth) 2001.

The financial statements are presented in the Company's functional currency, Australian dollars. The Company is limited by ASX and the JSE.

1.2 Basis of Preparation

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (including Australian Interpretations) issued by the Australian Accounting Standards Board and the Corporations Act 2001.

The financial statements also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. The financial statements have also been prepared on a historical cost basis.

The accounting policies have been consistently applied, unless otherwise stated.

The Company is a for-profit entity for the purpose of preparing the financial statements.

1.2.1. New and amended standards adopted by the Group

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 July 2014:

- AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities
- AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets
- AASB 2013-4 Amendments to AASB 136 – Novation of Derivatives and Continuation of Hedge Accounting [AASB 139]
- AASB 1031 Materiality
- AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments
- AASB 2014-1 Amendments to Australian Accounting Standards – Part A: Annual Improvements to IFRS 2010-2012 and 2011-2013 Cycles, Part B: Defined Benefit Plans: Employee Contributions (Amendments to AASB 119), Part C: Materiality, Part E: Financial Instruments
- AASB 2014-2 Amendments to AASB 1053 – Transition to and between Tiers, and related Tier 2 Disclosure Requirements
- Interpretation 21 Levies

The adoption of these standards did not have any impact on the current period or any prior period and is not likely to affect future periods.

1.2.2. New accounting standards and interpretations issued but not yet effective

New accounting standards and interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the reporting period ending 30 June 2015 are outlined in the following table.

Reference	Title	Summary	Impact on financial report	Application date
AASB 9 (issued December 2014)	Financial Instruments	Classification and measurement AASB 9 amendments the classification and measurement of financial assets: • Financial assets will either be measured at amortised cost, fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL). • Financial assets are measured at amortised cost or FVTOCI if certain restrictive conditions are met. All other financial assets are measured at FVTPL. • All investments in equity instruments will be measured at fair value. For those investments in equity instruments that are not held for trading, there is an irrevocable election to present gains and losses in OCI. Dividends will be recognised in profit or loss.	Adoption of AASB 9 is only mandatory for the year ending 30 June 2019. The entity has not yet made an assessment of the impact of these amendments.	1 July 2018
AASB 9 (issued December 2014)	Financial Instruments	The following requirements have generally been carried forward unchanged from AASB 139 *Financial Instruments: Recognition and Measurement* into AASB 9: • Classification and measurement of financial liabilities, and	The entity has financial liabilities measured at fair value through profit or loss. The amendments require that any changes in fair value attributable to the liability's credit risk be recognised in other comprehensive income instead of profit or loss. The change is applied retrospectively, however	1 July 2018

Reference	Title	Summary	Impact on financial report	Application date
		• Derecognition requirements for financial assets and liabilities. However, AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.	comparatives need not be retrospectively restated. Instead, the cumulative effect of applying the change for the first time is recognised as an adjustment to the opening balance of retained earnings on 1 July 2018.	
AASB 15 (issued December 2014)	Revenue from Contracts with Customers	An entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under IAS 18 *Revenue*.	Due to the recent release of this standard, the entity has not yet made a detailed assessment of the impact of this standard.	1 July 2018

1.2.3. Going Concern

The report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

For the year ended 30 June 2015, the Firestone Group experienced net cash outflows from operating activities of $620,484 (2014: $935,737). There is a working capital deficiency at 30 June 2015 of $19,678,986 of which $3,962,058 is payable to the Waterberg Coal Company Limited ("Waterberg"), the parent entity of the Firestone group. As at 30 June 2015 the Firestone Group has $6,092 in cash at bank, and has $2.0 million available to draw down under the loan from Waterberg. Waterberg in-turn has a working capital deficiency of $140,182,486. Waterberg's ability to continue as a going concern as disclosed in its financial report is dependent upon its ability to refinance its borrowings and secure funding primarily from the successful completion of the Sibanye transaction discussed below.

On 17 March 2015 Waterberg advised the market that it had received advice from Standard Bank of South Africa ("SBSA") that its convertible debt facility that had been rolled over was due for repayment on 9 April 2015. Waterberg advised SBSA that it was in discussions with certain parties to raise funding to retire the facility. Whilst the parent entity sought to restructure the enlarged Group's (being the Firestone Group and Waterberg Group collectively) indebtedness, it placed the both Waterberg and Firestone securities in a trading halt.

On 9 April 2015 Waterberg had further discussions with SBSA with respect to the secured convertible note facility and introduced to the lenders a third party who confirmed their interest in acquiring the facility; subject to due diligence and commercial negotiations. Whilst these negotiations were in progress SBSA advised that they would maintain the facility on a on demand basis and rolling on a daily basis to give these discussions time to progress. The carrying amount of this facility as at 30 June 2015 in the financial report of Waterberg is $91,875,000 which is carried at fair value. If the facility was to be settled in cash by Waterberg, as at 30 June 2015, the amount payable in principle and interest would be $45,324,375

On 15 September 2015 the enlarged Group entered into a term sheet with Sibanye Gold Limited ("Sibanye") whereby, inter alia, Sibanye, have agreed terms with SBSA (as Facility agent) to acquire the Facility held by SBSA.

It is proposed, subject to completion of due diligence and formal transaction documentation, the Facility acquired by Sibanye will, upon the completion of a corporate restructure; and subject to the various regulatory requirements; be converted to equity in the enlarged Group.

The proposed corporate restructuring will see Waterberg and Firestone merge through a proposed scheme of arrangement in accordance with the provisions of the Corporations Act (Cth) 2001.

In addition to the acquisition of the Facility and the conversion of same into equity in the enlarged group, Sibanye will provide financing of AU$8.5 million as additional working capital to the enlarged Group, initially as an interest free loan with Sibanye to subsequently subscribe for shares following the corporate consolidation.

The Firestone Group has various borrowings and trade and other payables (including accrued interest) due in the next 12 months totalling $22,393,072. These amounts will also be required to be paid or refinanced and maturity dates extended.

In addition, the Firestone Group is currently in negotiations with other parties for short-term interim funding to ensure that it has sufficient working capital until such time as the Sibanye funding becomes available.

The Directors believe, dependent on the Sibanye transaction proceeding, that it is reasonably foreseeable that the Firestone Group will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

a. The ability to issue additional shares under the *Corporations Act (Cth) 2001* to raise further working capital; and/or

b. The ability to raise additional short term debt financing; and/or

c. The support of existing financiers and creditors; and/or

d. Negotiations with third parties to provide funding direct into the coal projects and IPP strategy that the Group is proposing to develop; and/or

e. Funding directly into the IPP platform by way of a sale of equity in that entity would result in the Group accessing additional working capital; and/or

f. Additionally the group is in advanced discussions with certain parties with the respect to the entering into a mining contract. Upon this event proceeding, the counter party to the mining contract is to subscribe for equity in the Group; and/or

g. The ability and willingness of Waterberg to continue to provide financial support to the Firestone Group.

Should the Firestone Group not achieve any or all of the above, this indicates the existence of a material uncertainty that may cast significant doubt about the Firestone Group's ability to continue as a going concern.

Should the Firestone Group be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the Firestone Group be unable to continue as a going concern and meet its debts as and when they fall due.

1.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries ("the Group") as at 30 June each year.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Investments in subsidiaries are accounted for at cost in the individual financial statements of the Company.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

1.4 Critical accounting judgements and significant estimates

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

1.4.1. Classification of joint arrangements

The joint venture agreements in relation to the Waterberg joint venture require unanimous consent from all parties for all relevant activities. The joint venture is unincorporated. The two partners own the assets of the partnership as tenants in common and are jointly and severally liable for the liabilities incurred by the partnership. This entity is therefore classified as a joint operation and the Group recognises its direct right to the jointly held assets, liabilities, revenues and expenses as described in note 1.7.

1.4.2. Recoverability of interest in joint operation

The Group considers its interest in the joint operation asset (being capitalised exploration and evaluation expenditure) is recoverable based on future coal sales from a developed coal mine, and has not been impaired on the basis that the underlying asset will be successfully commercialised and tenure is current and in good standing. This is dependent on the Group continuing as a going concern as noted above in Note 1.2.3. Further details on this balance can be found in Note 8.

1.4.3. Recoverability of surface rights

Surface rights refer to ownership of the land that the Group intends to mine, and is separate from a licence to tenure over the land. The greater area of Lephalale consists of many farms with many of these properties having coal reserves. The market rate per hectare for these properties is above the current cost at which the surface rights are carried at in the Group's statement of financial position. As the market values are above the current carrying values of the Group's owned surface rights, and the ownership of these rights ensures access to the Group's coal reserves, no impairment has been required.

1.4.4. Share-based payments

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires making assumptions about the most appropriate inputs to the valuation model, including the expected life of the share option, volatility and dividend yield.

1.4.5. Income Taxes

Judgement is required in assessing whether deferred tax assets are recognised in the consolidated statement of financial position. Deferred tax assets are recognised only when it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. Judgements are also required about the application of income tax legislation.

1.5 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position

1.6 Income tax

The charge for current income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the reporting date.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of profit or loss and other comprehensive income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions or deductibility imposed by the law.

1.7 Jointly controlled operations and assets

Under AASB 11 Joint Arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

1.8 Mineral exploration and evaluation and development expenditure

The Group has adopted the policy of capitalising the costs of purchasing its mining tenements and all exploration and evaluation expenditure in relation to its mineral tenements as incurred.

The capitalised exploration and evaluation expenditure relating to a particular area of interest will be transferred to development expenditure when a decision to develop that area of interest is made.

All projects are subject to detailed review on an annual basis and accumulated costs written off to the extent that they will not be recoverable in the future.

1.9 Property, plant and equipment

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

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

The cost of fixed assets constructed within the Group will include the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

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

Surface rights refer to ownership of the land that the entity intends to mine, and is separate from a license to tenure over the land. These assets will be classified as property and carried at cost. The property will be amortised over a life of mine basis, with amortisation commencing upon production of saleable coal.

1.9.1. Depreciation

The depreciation amount of all fixed assets including building and capitalised lease assets is depreciated on a straight line basis over their useful lives to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

1.10 Property, plant and equipment (continued)

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Motor vehicles	5 years
Office furniture & equipment	4 years
Software	3 years
Leasehold improvements	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

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

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

1.11 Impairment of assets

At each reporting date, the Group reviews the carrying values of tangible assets and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the profit or loss.

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

1.12 Financial instruments

The Group does not currently undertake any hedging.

1.12.1. Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

1.12.2. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method. They are included in current assets, except for those maturities greater than 12 months after the reporting date which are classified as non-current assets. Loans and receivables are included in trade and other receivables (Note 7). They are measured initially at fair value and subsequently at amortised cost.

1.12.3. Financial liabilities

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

1.12.4. Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. If there is evidence of impairment for any of the Group's financial assets carried at amortised cost, the loss is measured as the difference between the assets carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the asset's original effective interest rate. Any impairment losses are taken to the statement of profit or loss and other comprehensive income.

1.12.5. Compound financial instruments - Borrowings

Compound financial instruments issued by the Group comprise convertible notes that can be converted to share capital at the option of the holder.

The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and equity components in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not re-measured subsequent to 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.

1.12.6. Derivatives

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to the statement of profit or loss and other comprehensive income, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income.

1.13 Revenue recognition

Revenue from the sale of goods and disposal of other assets is recognised when the Group has passed control of the goods or other assets to the buyer. Interest revenue is recognised when it is due, on the accruals basis.

1.14 Borrowing costs

Borrowing costs are recognised as an expense when incurred except those that relate to the acquisition, construction or production of qualifying assets where the borrowing cost is added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Assets capitalised within AASB 6 have not been considered to be qualifying assets.

Transaction costs relating to compound financial instruments are offset against the debt/equity on the statement of financial position, and amortised over the life of the convertible notes.

1.15 Earnings per share

1.15.1. Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any loss of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

1.15.2. Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

1.16 Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight line basis over the lease term.

1.17 Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised.

1.18 Share-based payment transactions

1.18.1. Equity-settled transactions

The Group may provide benefits to employees (including senior executives) or consultants of the Group in the form of share-based payments, whereby employees or consultants render services in exchange for shares or rights over shares in the Company (equity-settled transactions).

The cost of these equity-settled transactions with employees or consultants is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using an appropriate option pricing model for options or market price for ordinary shares or the fair value of the services received.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company (market conditions) if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share. No shares were under option at 30 June 2015.

1.19 Employee leave benefits

1.19.1. Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Employee benefits not expected to be settled wholly within 12 months have been measured at the present value of the estimated future cash outflows to be made for those benefits. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of government bonds with terms and currencies that match, as closely as possible, the expected future cash outflows.

The obligations are presented as current liabilities in the statement of financial position, regardless of when settlement is expected to occur, unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting date.

1.20 Provisions

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

1.21 Foreign currency translation

Both the functional and presentation currency of the Company is Australian dollars. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

1.21.1. Transactions

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

All exchange differences in the consolidated financial report are taken to profit or loss with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

1.21.2. Foreign subsidiaries translation

The functional currency of the foreign operations, Checkered Flag Investments 2 (Pty) Ltd, Lexshell 126 General Trading (Pty) Ltd and Utafutaji Trading 75 (Pty) Ltd, is South African Rand (ZAR). As at the reporting date the assets and liabilities of these subsidiaries are translated into the presentation currency of the Company at the rate of exchange ruling at the reporting date and their statements of profit or loss are translated at the weighted average exchange rate for the year.

Equity accounts are translated at their historical exchange rates. The exchange differences arising on the translation are taken directly to a separate component of equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in statement of profit or loss and other comprehensive income.

1.22 Issued capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

1.23 Comparative figures

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

1.24 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

1.25 Goods and Services Tax (GST) and Value Added Tax (VAT)

Revenues, expenses and assets are recognised net of the amount of associated GST/VAT, unless the GST/VAT incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

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

Cash flows are presented on a gross basis. The GST/VAT components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

1.26 Segment reporting

Management has determined that the consolidated group has one reportable segment, being coal exploration in South Africa. As the company is focused on mineral exploration, the Board monitors the consolidated group based on actual versus budgeted exploration expenditure incurred by area of interest.

This internal reporting framework is the most relevant to assist the Board (who are the chief operating decision makers) with making decisions regarding the Group and its ongoing exploration activities, while also taking into consideration the results of exploration work that has been performed to date.

2. Revenue and Expenses

	Consolidated 2015 $	Consolidated 2014 $
2.1 Revenue		
Interest received	476	981
	476	981
2.2 Other income		
Rent income	16,221	22,546
Refund of transfer duty	-	225,568
Gain on sale of assets	-	660
	16,221	248,774

	Consolidated 2015 $	Consolidated 2014 $
2.3 Finance expenses		
Interest expense	3,365,714	2,951,792
Non-cash interest on convertible note	776,861	776,861
Amortisation of convertible note transaction costs	430,415	381,299
Fair value loss on convertible note	268,200	-
Foreign exchange loss	48,451	-
Facility fee	28,000	-
	4,917,641	4,109,952

Included within the statement of profit and loss and other comprehensive income are the following expenses:

Depreciation	6,593	31,681
Superannuation	-	731

3. Income tax

	Consolidated 2015 $	Consolidated 2014 $
3.1 Income tax recognised in profit or loss		
Current income tax	-	-
Deferred income tax	-	-
Income tax benefit as per the statement of profit or loss and other comprehensive income	-	-
3.2 Income tax recognised directly in equity		
Net deferred tax debited directly to equity	-	-

3.3 Numerical reconciliation between income tax expense recognised in profit or loss and the accounting loss before income tax multiplied by the parent entity's statutory income tax

Accounting loss before tax	(5,843,767)	(4,802,197)
Income tax benefit at 30% (2014: 30%)	1,753,130	1,440,659
Foreign tax rate adjustment	(19,196)	(9,823)
Non-deductible amounts:		
Non-deductible interest and transaction costs on convertible notes	(1,179,728)	(1,151,645)
Other non-deductible expenses	(28,305)	(131,738)
Unrecognised tax losses	(525,901)	(147,453)
Income tax benefit attributable to loss from ordinary activities before tax	-	-

		Consolidated 2015 $	Consolidated 2014 $
3.4	Recognised deferred tax balances		
	Deferred Tax Assets		
	Accruals and recognised revenue tax losses	370,339	603,398
	Deferred Tax Liabilities		
	Convertible note	(370,339)	(603,398)
	Net deferred tax balances	-	-
3.5	Unrecognised deferred tax balances		
	Unrecognised revenue tax losses attributable to members of the Company	19,958,006	17,355,835
	Potential tax benefit at applicable tax rates	5,876,042	5,130,701
	Net unrecognised deferred tax asset at applicable tax rates	5,876,042	5,130,701

Unrecognised deferred tax balances will only be available following full review in the relevant jurisdictions

4. Losses per share

	Consolidated 2015 $	Consolidated 2014 $
Basic loss per share (cents per share)	(0.16)	(0.14)

The loss and weighted average number of ordinary shares used in the calculation of basic loss per share is as follows:

Loss for the year	(5,843,767)	(4,802,197)
	Number	Number
Weighted average number of shares outstanding during the year used in calculations of basic loss per share	3,549,698,723	3,549,698,723

Diluted loss per share

There is no dilution of shares due to options as the potential ordinary shares are not dilutive and are therefore not included in the calculation of diluted loss per share.

5. Segment Information

	Consolidated 2015 $	Consolidated 2014 $
Revenue from external sources	-	-
Segment loss	(1,766,577)	(972,467)
Segment assets	79,759,805	75,579,723
Segment capital expenditure	9,119	1,263,166

	Consolidated 2015 $	Consolidated 2014 $

Reported segment assets are equivalent to the capitalised exploration and evaluation expenditure (Note 8) plus surface right properties included in Note 9

A reconciliation of reportable segment loss to operating loss before income tax is provided as follows:		
Segment loss	(1,766,577)	(972,467)
Interest revenue and other income	220	969
Administration expenses	(229,814)	(275,869)
Finance costs	(3,414,307)	(2,968,659)
Compliance and regulatory expenses	(65,763)	(106,641)
Directors' fees	(209,380)	(191,904)
Employee and consultant expenses	-	(22,483)
Legal and professional fees	(104,242)	(260,041)
Rent expenses	(42,371)	(668)
Travel and accommodation	(11,533)	(4,434)
Loss before income tax	(5,843,767)	(4,802,197)

As the Group is in the exploration phase it has no major customers

6. Cash and Cash Equivalents

	Consolidated 2015 $	Consolidated 2014 $
Cash at bank	6,092	28,286

Cash at bank earns interest at floating rates based on daily bank deposit rates. The Group's exposure to interest rate risk is discussed in Note 15. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of cash and cash equivalents noted above.

For the purposes of the cash flow statement, cash and cash equivalents comprise the following at 30 June:

Cash and cash equivalents	6,092	28,286

Reconciliation of loss after income tax to net cash flows from operating activities:

Loss after income tax	(5,843,767)	(4,802,197)
Adjustments:		
Depreciation	6,593	31,681
Gain on sale of assets	-	(660)
Amortisation of borrowing costs	430,415	381,299
Non-cash interest on convertible note	776,861	776,861
Fair value loss on convertible note	268,200	-

	Consolidated 2015 $	Consolidated 2014 $
Interest capitalised to Sekoko loan (financing activity)	668,543	652,401
Foreign exchange	48,075	290
	(3,645,080)	(2,960,325)
Changes in operating assets and liabilities:		
Increase / (decrease) in receivables	(714)	165,174
Increase in trade and other payables	3,025,310	1,859,414
Net cash outflows from operating activities	(620,484)	(935,737)

7. Trade and Other Receivables

	Consolidated 2015 $	Consolidated 2014 $
Current		
GST / VAT recoverable	83,953	83,258
Receivables – Sekoko Coal	2,540,163	498,656
Receivables – WCC subsidiary	83,522	-
Prepayments	356	336
	2,707,994	582,250
Non-Current		
Environmental rehabilitation bond	1,505,956	1,420,502

Information about the Group's exposure to foreign exchange risk and interest rate risk is provided in Note 15.

Due to their short-term nature, the fair value of receivables approximates their carrying value.

8. Exploration and evaluation expenditure

	Consolidated 2015 $	Consolidated 2014 $
Interest in capitalised exploration and evaluation expenditure		75,482,137
Opening balance	71,544,785	77,109,220
Additional capitalised expenditure	9,119	1,082,573
Foreign currency movements	3,928,233	(6,647,008)
Closing balance	75,482,137	71,544,785

The Company is a participant with Sekoko Coal (Pty) Ltd in a coal project in the Waterberg locality in South Africa. The Company holds a 60% earn-in interest and Sekoko Coal (Pty) Ltd a 40% interest, and the project is funded in the same ratio. The joint venture is carried out through the Company's 100%-owned subsidiaries, Lexshell 126 General Trading (Pty) Ltd and Checkered Flag Investments 2 (Pty) Ltd.

The joint venture agreements in relation to the Waterberg joint venture require unanimous consent from all parties for all relevant activities. The joint venture is unincorporated and currently has no legal form. This entity is therefore classified as a joint operation and the Group recognises its direct right to the jointly held assets, liabilities, revenues and expenses as described in Note 1.7.

The principal place of business of the joint operation is in South Africa.

9. Property, Plant and Equipment

	Consolidated 2015 $	Consolidated 2014 $
Office furniture and equipment:		
Cost	152,734	144,597
Accumulated depreciation	(152,150)	(137,726)
	584	6,871
Property – surface rights:		
Cost	4,277,668	4,034,937
Total property, plant and equipment	4,278,252	4,041,808
Movements in the carrying amounts of each class of property, plant & equipment are set out below:		
Office furniture and equipment		
Balance at the beginning of year	6,871	39,952
Depreciation expense	(6,593)	(30,799)
Foreign exchange adjustment	306	(2,282)
Carrying amount at the end of the year	584	6,871
Property – surface rights		
Balance at the beginning of year	4,034,937	4,255,772
Additions	-	180,594
Foreign exchange adjustment	242,731	(401,429)
Carrying amount at the end of the year	4,277,668	4,034,937
Motor vehicles		
Balance at the beginning of year	-	2,655
Depreciation expense	-	(882)
Disposals	-	(1,684)
Foreign exchange adjustment	-	(89)
Carrying amount at the end of the year	-	-

10. Trade and other payables

Current	Consolidated 2015 $	Consolidated 2014 $
Trade payables	677,122	353,156
Accruals	6,113,689	4,048,220
	6,790,811	4,401,376

Trade payables are non-interest bearing and are normally settled on 30 day terms. Due to the short term nature, their fair value approximates their carrying value at reporting date. Information about the Group's exposure to foreign exchange risk is provided in Note 15.

11. Borrowings

	Consolidated 2015 $	Consolidated 2014 $
Current		
Unsecured loans carried at amortised cost[1]		
Loan – Sekoko Resources [2]	7,843,571	6,783,302
Loan – The Waterberg Coal Company [3]	3,962,058	4,032,326
Loan – bridging finance[4 5]	281,000	-
Loan – related party bridging finance	22,000	-
Secured loans carried at fair value		
Convertible note [6]	3,600,000	-
Transaction costs of convertible notes	(155,484)	-
Transaction costs – amortised	49,116	-
	15,602,261	10,815,628
Non-current		
Secured loans carried at amortised cost		
Convertible note [1]	25,910,536	25,133,675

[1] Due to their short term nature, the fair value of current borrowings carried at amortised cost approximates their carrying values

[2] Interest is charged at the South African prime rate of 9.25% (2014: 9.0%). The loan is unsecured.

[3] WCC has agreed to lend the Company up to $6 million, to be used for the Company's project financing obligations in relation to the WPC. WCC agreed to lend the Company $3 million under an agreement dated 30 August 2013 and a further $3 million under an agreement dated 16 July 2014. As at 30 June 2015, the loans had been drawn down by $3,902,058. The loans are interest free, unsecured and are to be repaid within 10 days of the Company making full repayment of the loan from Sekoko.

[4] A facility fee of approximately 10% is payable on repayment of the balance.

[5] This loan is unsecured, non-interest-bearing and repayable upon demand.

[6] The total face value of the notes is US$2.7 million and the maturity date 30 June 2016. They bear cash coupon interest at a fixed rate of 6% per annum, payable quarterly, and deferred interest at a fixed rate of 6% per annum compounded monthly and payable at maturity. The notes can be converted at any time before the maturity date at a conversion price of $0.007. They are secured over surface rights held by Utafutaji Trading 75 (Pty) Ltd. The notes are recognised at fair value.

	Consolidated 2015 $	Consolidated 2014 $
Transaction costs of convertible notes	(1,525,196)	(1,525,196)
Transaction costs – amortised	919,296	537,997
	25,304,636	24,146,476

Details of the Group's exposure to risks arising from current and non-current borrowings are set out in Note 15.

12. Issued Capital

Current	Consolidated 2015 $	Consolidated 2014 $
3,549,698,723 (2014: 3,549,698,723) fully paid ordinary shares	79,553,721	79,553,721

Movement in ordinary share capital:	No of Shares	Value $
Balance at 30 June 2013	3,549,698,723	79,553,721
Balance at 30 June 2014	3,549,698,723	79,553,721
Balance at 30 June 2015	3,549,698,723	79,553,721

12.1 Options

There were no unissued ordinary shares of the Company under option as at 30 June 2015.

13. Reserves

13.1 Nature and purpose of reserves

13.1.1. Share-based payments reserve

This reserve is used to record the value of:

a. equity benefits provided to employees, Directors or consultants as part of their remuneration or services to the entity; and

b. equity benefits provided as part of financing transactions.

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[1] The total face value of the notes is $27.145 million and the maturity date 31 January 2017. They bear interest at a fixed rate of 8% per annum. The notes can be converted at any time before the maturity date at a conversion price of $0.025. They are secured over the assets of the Group The initial fair value of the liability portion of the convertible note was determined using a market interest rate for an equivalent non-convertible bond at the issue date. The liability is subsequently recognised on an amortised cost basis until extinguished on conversion or maturity of the notes. The remainder of the proceeds is allocated to the conversion option and recognised in shareholders' equity, net of income tax, and not subsequently remeasured. The fair value as at 30 June 2015 of the convertible note liability recognised at amortised cost is $25.74 million. Discounted cash flow models are used to determine the fair values of convertible notes at amortised cost. Discount rates used on the calculations are based on market interest rates existing at the end of the reporting period for similar types of notes. The discount rate used at 30 June 2015 is 12% and the instrument is classified as level 3 under the fair value hierarchy.

13.1.2. Convertible note reserve

The convertible note reserve is used to record the equity component of the convertible notes.

13.1.3. Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation balances of foreign subsidiaries.

14. Share-Based Payments

The following table illustrates the number and weighted average exercise prices (WAEP) of share options granted as share-based payments on issue during the year.

	2015 Number	2015 WAEP	2014 Number	2014 WAEP
Outstanding at 1 July	340,000,000	$0.025	340,000,000	$0.025
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	(340,000,000)	$0.025	-	-
Outstanding as at 30 June	-	-	340,000,000	$0.025

No share-based payment share options are outstanding as at 30 June 2015.

As at 30 June 2014, the weighted average remaining contractual life for share-based payment share options outstanding was 0.55 years and the range of exercise prices was $0.025.

15. Financial Risk Management

15.1 Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group's overall strategy remains unchanged from the previous year.

The capital structure of the Group consists of borrowings, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and accumulated losses.

None of the Group's entities are subject to externally imposed capital requirements.

Gearing levels are reviewed by the Board on a regular basis after factoring in the cost of capital and the risks associated with each class of capital. The gearing ratio at 30 June 2015 was 113% (2014: 91%).

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

15.2 Financial risk management objectives

The Group's activities may expose it to a variety of financial risks in the future: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program does focus on the unpredictable nature of the financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out under an approved framework covering a risk management policy and internal compliance and control by management. The Board identifies, evaluates and approves measures to address financial risks.

15.3 Market risk

15.3.1. Cash flow interest rate risk

The Group's main interest rate risk arises from cash deposits held as investments prior to being spent on exploration and evaluation activities, environmental bonds, and the Sekoko loan. Deposits and loans at variable rates expose the Group to cash flow interest rate risk. During 2015 and 2014, the Group's deposits at variable rates were denominated in Australian Dollars and South African Rand. The Sekoko loan is denominated in South African Rand.

15.3.2. Sensitivity Analysis – Interest Rate Risk

The effect of possible interest rate movements used to determine the impact upon profit and loss and equity have been determined based upon management's assessment of current and future market conditions.

At 30 June, the Group had the following exposure to Australian short term interest rates and South African prime rates:

Subject to Interest Rate Risk	Consolidated 2015 $	Consolidated 2014 $
Financial assets		
Cash and cash equivalents	6,092	28,286
Environmental rehabilitation bond	1,505,956	1,420,502
Financial liabilities		
Borrowings	7,843,571	6,783,302

The following sensitivity analysis is based interest rate risk exposures in existence at the reporting date.

At 30 June the effects on post tax loss and equity from a change in interest rates would be as follows:

Future possible changes in interest rates based on management's estimates:	Consolidated 2015 $	Consolidated 2014 $
Interest Rates + 100bp (2014: 100bp)	(63,315)	(53,345)
Interest Rates - 100bp (2014: 100bp)	63,315	53,345

15.3.3. Foreign currency risk

As a result of significant investment operations by the Company's subsidiaries in South Africa, the Group's statement of financial position can be affected significantly by movements in the Australian dollar / South African Rand exchange rate.

Large transactions are denominated in South African Rand. The Group seeks to mitigate some of the effect of its foreign currency exposure by holding South African Rand.

The Group also has transactional currency exposures. Such exposure arises from sales or purchases by an operating entity in currencies other than the functional currency.

The Group does not have a policy to enter into forward contracts and does not negotiate hedge derivatives to exactly match the terms of the hedged item.

15.3.4. Sensitivity Analysis – Foreign Currency Risk

The Group holds financial instruments denominated in South African Rand and US Dollars.

At 30 June the Australian dollar equivalents of assets and liabilities held in South African Rand are as follows:

	Consolidated 2015 $	Consolidated 2014 $
Financial assets		
Cash and cash equivalents	4,452	6,248
Trade and other receivables	4,200,599	1,999,603
	4,205,051	2,005,851
Financial liabilities		
Trade and other payables	33,661	44,409
Borrowings	7,843,571	6,783,302
	7,877,232	6,827,711

The financial assets and liabilities of the subsidiaries are held in the functional currency of the subsidiaries, which is South African Rand. As a result, there is minimal foreign exchange risk in terms of the possible effect on profit or loss.

At 30 June the effects on post tax equity from a change in the Australian Dollar / South African Rand exchange rate would be as follows:

Future possible changes in foreign exchange rates based on management's estimates:	Consolidated 2015 $	Consolidated 2014 $
Exchange Rate + 10% (2014: 10%)	333,835	438,351
Exchange Rate - 10% (2014: 10%)	(408,020)	(535,762)

At 30 June the Australian dollar equivalents of assets and liabilities held in US Dollars are as follows:

	Consolidated 2015 $	Consolidated 2014 $
Financial liabilities		
Borrowings	3,600,000	-
	3,600,000	-

At 30 June the effects on post tax profit or loss and equity from a change in the Australian Dollar / US Dollar exchange rate would be as follows:

Future possible changes in foreign exchange rates based on management's estimates:	Consolidated 2015 $	Consolidated 2014 $
Profit or Loss		
Exchange Rate + 10% (2014: 10%)	327,273	-
Exchange Rate - 10% (2014: 10%)	(400,000)	-
Equity		
Exchange Rate + 10% (2014: 10%)	327,273	-
Exchange Rate - 10% (2014: 10%)	(400,000)	-

15.4 Credit risk

Credit risk arises from cash and cash equivalents, deposits (including environmental bonds) with banks and financial institutions, as well as credit exposures on outstanding receivables and committed transactions.

Cash transactions are limited to high credit quality financial institutions.

Environmental bonds are held with high credit quality financial institutions. The rights to the bonds are held by the Company's joint venture partner Sekoko Coal (Pty) Ltd, who will remit the funds to the Company upon expiry.

In relation to other credit risk areas management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

15.5 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Consolidated entity manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group will aim at maintaining flexibility in funding by accessing appropriate committed credit lines available from different counterparties where appropriate and possible. Surplus funds when available are generally only invested in high credit quality financial institutions in highly liquid markets.

Maturity analysis of financial assets and liabilities based on management's expectations:

	<6 months	6-12 months	1-5 years	>5 years	Contractual cash flows	Carrying Amount
Year ended 30 June 2015						
Financial assets						
Trade & other receivables	2,707,638	-	1,505,956	-	4,213,594	4,213,594
Financial liabilities						

	<6 months	6-12 months	1-5 years	>5 years	Contractual cash flows	Carrying Amount
Trade & other payables	(6,790,811)	-	-	-	(6,790,811)	(6,790,811)
Borrowings[1]	(13,600,893)	(5,093,480)	(28,648,398)	-	(47,342,771)	(40,906,897)
Net maturity	(17,684,066)	(5,093,480)	(27,142,442)	-	(49,919,988)	(43,484,114)
Year ended 30 June 2014						
Financial assets						
Trade & other receivables	581,914	-	1,420,502	-	2,002,416	2,002,416
Financial liabilities						
Trade & other payables	(4,401,376)	-	-	-	(4,401,376)	(4,401,376)
Borrowings [1]	(11,990,029)	(1,174,401)	(30,883,778)	-	(44,048,208)	(34,962,104)
Net maturity	(15,809,491)	(1,174,401)	(29,463,276)	-	(46,447,168)	(37,361,064)

16. Commitments

16.1 Operating Lease Commitments

The company has no operating lease commitments.

16.2 Other Commitments

a. A production royalty, equivalent to ZAR0.50 (A$0.05) per tonne of coal sold, is payable to Sekoko Coal (Pty) Ltd during the term of the mining operations to a maximum aggregated amount of ZAR45 million (A$4.79 million).

b. The Group's wholly-owned subsidiary Utafutaji Trading 75 (Pty) Ltd was due to make further payments to purchase the mining tenement properties Swanepoelpan and Massenberg as follows:

i.	Swanepoelpan	2,000,000 rand (A$212,795) by 20 June 2014
		3,000,000 rand (A$319,193) by 20 July 2014
		17,679,479 rand (A$1,881,056) by 30 November 2014
ii.	Massenberg	8,500,000 rand (A$904,380) by 22 June 2014
		9,000,000 rand (A$957,579) by 22 July 2014
		17,500,000 rand (A$1,861,960) by 30 November 2014

The above payments are currently being re-negotiated and will be made when project financing is completed. In the interim, a monthly access fee of ZAR100,000 is being accrued per property.

[1] The convertible note holders have the option to convert the face value of the liability to equity at any time until maturity.

17. Related Party Transactions

17.1 Key management personnel remuneration

	Consolidated 2015 $	Consolidated 2014 $
Short-term employee benefits	452,799	332,731
	452,799	332,731

17.2 Investments in Controlled Entities

Subsidiaries of the Company are set out below:

	Place of Incorporation	Equity holding 2015 %	Equity holding 2014 %	Principal Activities
Controlled Entities:				
Checkered Flag Investments 2 (Pty) Ltd	South Africa	100	100	Participant in Waterberg joint operation
Lexshell 126 General Trading (Pty) Ltd	South Africa	100	100	Participant in Waterberg joint operation
Waterberg Power Company Pty Ltd [1]	South Africa	40	-	Pursuing options to establish an Independent Power Producer ('IPP')

Lexshell 126 General Trading (Pty) Ltd holds a 100% interest in Utafutaji Trading 75 (Pty) Ltd ("Utafutaji"). The principal activity of Utafutaji is owning properties that may one day be mined.

An impairment assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates to determine whether there is objective evidence that a related party receivable is impaired. When such objective evidence exists, the Group recognises an allowance for the impairment loss.

17.3 Other transactions and balances with related parties

17.3.1. The Waterberg Coal Company Limited

The Waterberg Coal Company Limited agreed to lend the Company $3 million under an agreement dated 30 August 2013 and a further $3 million under an agreement dated 16 July 2014. The funds are to be used for the Company's project financing obligations in relation to the Waterberg Coal Project. As at 30 June 2015, the loans had been drawn down by $3,962,058. Refer to Note 11.

17.3.2. Transactions with Firestone subsidiary

The Company's subsidiary Lexshell 126 General Trading (Pty) Ltd loaned ZAR 785,000 (A$83,522) to a subsidiary of Firestone. The loan is non-interest-bearing, unsecured and repayable upon demand.

[1] The company was incorporated during the year. It currently has no assets or liabilities.

The Company's subsidiary Checkered Flag Investments 2 (Pty) Ltd has a payable to Firestone of A$148,335.

17.3.3. Loan from director-related entity

An entity related to Managing Director Stephen Miller loaned the Company $22,000 as bridging finance. Refer to Note 11.

17.3.4. Other transactions with director-related entities

Entities related to Managing Director Stephen Miller charged the Company $42,371 for the rent of office premises and $30,000 for the provision of office services and $12,502 for travel expenses. These amounts were in trade creditors at 30 June 2015.

Dr Mathews Phosa charged the Company $11,000 for the provision of office support staff. This amount was in trade creditors at 30 June 2015.

18. Auditor's Remuneration

	Consolidated 2015 $	Consolidated 2014 $
Amounts paid or payable to BDO Audit (WA) Pty Ltd:		
Audit or review of the financial reports of the Group	50,615	56,471
Other services by BDO Corporate Tax (WA) Pty Ltd and BDO Corporate Finance (WA) Pty Ltd	14,246	15,300
Audit and other services provided by BDO South Africa	29,525	26,909
	94,386	98,680

19. Contingent Liabilities

The consolidated entity had no contingent liabilities at 30 June 2015.

20. Parent Entity Information

20.1 Summary financial information

	Consolidated 2015 $	Consolidated 2014 $
Assets		
Current assets	14,635	39,681
Non-current assets	73,989,015	70,746,645
Total assets	74,003,650	70,786,326
Liabilities		
Current liabilities	11,022,209	8,389,295
Non-current liabilities	28,798,267	24,146,476
Total liabilities	39,820,476	32,535,771
Equity		

Issued capital	79,553,721	79,553,721
Reserves	6,689,065	6,689,065
Accumulated losses	(52,059,612)	(47,992,231)
Total equity	34,183,174	38,250,555
Loss for the year	(4,067,381)	(11,277,299)
Total comprehensive loss	(4,067,381)	(11,277,299)

20.2 Contingent liabilities of the parent entity

The Company had no contingent liabilities as at 30 June 2015.

20.3 Commitments of the parent entity

The Company had no commitments as at 30 June 2015.

21. Events After The Reporting Date

On 15 September 2015 the Company and WCC (collectively the Waterberg Coal Group ("WCG")) entered into a term sheet with Sibanye Gold Limited ("Sibanye") whereby, inter alia, Sibanye, have agreed terms with SBSA (as Facility agent) to acquire the Facility held by SBSA.

It is proposed, subject to completion of due diligence and formal transaction documentation, the Facility acquired by Sibanye will, upon the completion of a corporate restructure; and subject to the various regulatory requirements; be converted to equity in the enlarged company.

The proposed restructuring will see the Company and FSE merge through a proposed scheme of arrangement in accordance with the provisions of the Corporations Act (Cth) 2001.

In addition to the acquisition of the Facility and the conversion of same into equity in the enlarged group, Sibanye will provide financing of AU$8.5 million as additional working capital to WCG, initially as an interest free loan with Sibanye to subsequently subscribe for shares following the corporate consolidated

Sibanye will also enter into a coal off-take agreement with WCG. This agreement will specify the term, quantity, quality, target price and delivery of coal which will be produced and sold to Sibanye (or a nominated representative) for the purpose of Sibanye's power requirements as part of the IPP Platform.

With respect to the proposed export project, WCG are finessing the optimisation studies which accrue from the DFS competed during the course of 2014 and 2015. WCG are now working on funding arrangements for the proposed development.

The proposed suite of transactions (with Sibanye) will be subject to due diligence and the completion of the formal transaction documentation. It is anticipated that both of which will be completed on or by mid November 2015.

There were no other known significant events from the end of the financial year to the date of this report.

Directors' Declaration

The Directors of the company declare that:

1. The financial statements and accompanying notes are in accordance with the Corporations Act 2001 and:

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

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

2. The consolidated entity has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.

3. In the Directors' opinion, there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

4. The remuneration disclosures included in the Directors' Report (as part of the audited Remuneration Report), for the year ended 30 June 2015, comply with section 300A of the Corporations Act 2001.

5. The Directors have been given the declarations by the chief executive officer and the chief financial officer required by section 295A.

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

Stephen W Miller
Managing Director
30 September 2015

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INDEPENDENT AUDITOR'S REPORT

To the members of Firestone Energy Limited

Report on the Financial Report

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

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1.2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

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

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

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

Independence

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

Opinion

In our opinion:

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

    (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

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

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.2.

Emphasis of matter

Without modifying our opinion, we draw attention to Note 1.2.3 in the financial report, which describes the principle conditions that raise doubt about the consolidated entity's ability to continue as a going concern. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in 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 Firestone Energy Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO

Ian Skelton
Director

Perth, 30 September 2015

ASX Additional Information

1. Shareholder Information

Additional information as required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below. This information is current as at [DATE] September 2015.

2. Distribution of equity security holders

Ranges	Number of Holders	Number of Shares	% of Issued Capital
1 - 1,000	1,757	745,147	0.02
1,001 – 10,000	1,219	3,727,279	0.11
10,001 - 100,000	881	44,011,242	1.24
100,001 – 1,000,000	616	208,318,739	5.87
1,000,000 - and over	107	3,292,896,316	94
Total	5,525	3,549,698,723	100

There are 3,636 holders of shares holding less than a marketable parcel.

3. Twenty largest holders of quoted shares

Number	Shareholder	Number of Shares Held	% of Issued Capital
1	The Waterberg Coal Company Ltd	651,743,663	18.36
2	BBY Nominees Pty Ltd	588,284,995	16.57
3	AET SFS Pty Ltd	496,889,045	14.00
4	AET SFS Pty Ltd	480,000,000	13.52
5	Linc Energy Limited	283,336,423	7.98
6	Biotrace Trading 316 (Pty) Ltd	60,896,890	1.72
7	Uzalile Investments Pty Ltd	55,000,000	1.55
8	Mr Sipho Velempini	27,099,352	0.76
9	Mr Daryl Ponsford	20,000,000	0.56
10	FMR Investments Pty Limited	18,001,750	0.51
11	Uob Kay Hian Private Limited	17,115,706	0.48
12	Phasha Investment Holdings (Pty) Ltd	14,639,000	0.41
13	Mr Michael Skellern	13,209,085	0.37
14	Australia And New Zealand Banking Group Limited	12,027,916	0.34
15	Mr Emile Alfred Nessim	12,000,000	0.34
16	Citicorp Nominees Pty Limited	11,553,255	0.33
17	Chakawalla Cc	11,000,000	0.30
18	JP Morgan Nominees Australia Limited	10,193,268	0.29
19	Mr Terence Edward Stanton + Ms Grace Muriel Stanton	10,000,000	0.28
20	Elkstone PTY LTD	8,750,000	0.25
	TOTAL	2,801,740,348	78.92

4. Quoted and unquoted equity securities

Equity Security	Quoted	Unquoted
Ordinary Shares	3,549,698,723	-
Options	-	-

5. Substantial shareholders

Substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

Shareholder	Number of shares	
The Waterberg Coal Company Limited	1,628,632,708	
BBY Nominees Pty Limited	588,284,995	
Linc Energy Limited	283,336,423	

Option holdings at 30 June 2015	Number of Holders	Number of Options
Nil		

6. Voting rights

Ordinary shares carry one vote per share. There are no voting rights attached to the options in the Company.

7. Stock Exchange

The Company is dual listed on the Australian Securities Exchange and the Johannesburg Securities Exchange and has been allocated the code “FSE”. The “Home Exchange” is Perth.

8. Other information

The Company is incorporated and domiciled in Australia, and is a publicly listed company limited by shares.

9. On-market buy-back

There is no current on-market buy-back.

10. The Company's interests in mining tenements

Country / Location	Tenement	Interest[1]
South Africa – Waterberg region	Smitspan (306LQ)	60%
South Africa – Waterberg region	Hooikraal (315LQ)	60%
South Africa – Waterberg region	Minnasvlakte (2584LQ)	60%
South Africa – Waterberg region	Vetleegte (304LQ)	60%
South Africa – Waterberg region	Swanepoelpan (262LQ)	60%
South Africa – Waterberg region	Duikerfontein (263LQ)	60%
South Africa – Waterberg region	Olieboomfontein (220LQ)	60%
South Africa – Waterberg region	Massenberg (305LQ)	60%

[1] Firestone Energy has entered into a Joint Venture with Sekoko Coal Pty Ltd through which the Company has acquired the right to a 60% “participation interest” in the project area that forms the Waterberg.