

JATENERGY LIMITED

ABN 31 122 826 242

ASX APPENDIX 4E RESULTS FOR ANNOUNCEMENT TO THE MARKET PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2016

1. Reporting Period

| | |
|--------------------------|--------------|
| Current Reporting Period | 30 June 2016 |
| Prior Reporting Period | 30 June 2015 |

2. Results for announcement to the market

| | | |
|--|-------------|-----------|
| - Revenue from ordinary activities for the year | \$967,052 | up 2,844% |
| - Loss from ordinary activities after tax for the year attributable to members | \$2,103,501 | down 87% |
| - Net loss after tax for the year attributable to members | \$2,100,101 | down 118% |

| EPS | As at 30/06/2016 | As at 30/06/2015 |
|------------------------|------------------|------------------|
| Basic Loss per share | (1.4) cents | (0.9) cents |
| Diluted Loss per Share | (1.4) cents | (0.9) cents |

3. Financial Result

The consolidated loss of the Group for the year after providing for income tax amounted to \$2,103,501 (2015: \$1,127,373).

The 2016 loss is attributable to the following:

| | 2016 | 2015 |
|------------------------------------|-------------|-------------|
| Trading income | \$936,815 | - |
| Cost of sales – Trading goods | (\$905,577) | - |
| Employment benefits | (\$3,903) | (\$96,801) |
| Consultancy expenses | (\$140,925) | (\$252,900) |
| Professional costs | (\$163,184) | (\$46,787) |
| Derecognition of subsidiaries | (150,338) | - |
| Impairment of intangible of assets | (1,225,800) | (\$428,956) |
| Net tangible assets per security | \$0.00 | \$0.01 |

4. Commentary on Results

Company focus:

This result includes a \$1,225,800 impairment of the coal assets previously held for resale and \$150,338 for cost of derecognition of subsidiaries with the Group for the year, in particular Blackrock Resources Pty Ltd. This amount includes the write-off of loans outstanding. The Group continues to trade include selling FMCG such as milk powder, baby formulae and health care products to China. These trades provided a gross profit of \$31,238 for the year. The Group now only operates in one segment being trading activities and in one geographic region, being Australia.

Jatenergy maintains its interest in Energy projects especially in Coal and coal related technologies. Management continues its review of potential coal mines and for sites for coal conversion using its coal plus technology. It recognises that the current market for thermal coal is flat and has been for the past 24 months. The 2016 reporting season for many of the larger resource companies such as BHP and Rio have been disappointing but only reflect the larger resource market. Smaller companies that are similar to JAT such as Cokal have had limited success in commercialising their assets due to a sharp drop in buyer demand. To maintain the company's profitability, the Board has been creating cash flow through trading activities from Australia and China. The main goal of the company is to develop coal mines into the future.

All overseas offices and operations relating to coal production and mining have been temporally ceased and closed. Asset values given to these sites have been written down to zero value as there is no short to medium term demand to either purchase or operate the assets.

Market for Coal

The global market for coal as shown below is trending flat and for the past 5 years has indicated little growth or upswing. Our opportunity still lies in operating overseas and small mines to remain competitive and medium term sustainable.



LED acquisition

The company announced on the 15th July 2016 that it would not be proceeding with the acquisition of the Nanyang Electrics. It was a mutual decision between JAT and Nanyang and accepted by management and the Board.

Business Cash Flow

The Company has proceeded with trading of product into China including milk powder, natural supplements, cosmetics, skin creams and other similar product ranges. The operation has been stable and provides necessary cash flow to the Company to maintain its operations whilst seeking coal assets and related coal conversion technology projects. Costs of the Company have been dramatically reduced to reflect the true operations of the Company and sustain the future of the business.

5. Dividends

The Company has not paid dividends and is not proposing to pay dividends.

6. Statement of profit or loss and other comprehensive income

Refer to attached Statement of profit or loss and other comprehensive income

7. Statement of financial position

Refer to attached statement of financial position

8. Statement of changes in equity

Refer to attached statement of changes in equity

9. Statement of cash flows

Refer to attached statement of cash flows

10. Details of entities over which control has been gained or lost

The Company has decided to commence deregistration of Blackrock Resources Pty Ltd. All outstanding intercompany loans with the company have been written off as they are considered irrecoverable by the directors. The company registered AusJat Pty Ltd in December 2015 but will commence deregistration of the company in this coming year as its purpose for formation no longer exists. Apart from these changes there have been no other amendments to the Group in the current year. On 8th December 2015, the deregistration of Blackrock Energy Pte Ltd commenced and was deregistered on 8th March 2016.

11. Details of associates and joint venture entities

The Company has no associates or joint ventures.

12. Status of audit and description of likely disputes or qualifications

This preliminary final report is in the process of being audited. No matters have arisen which would result in a dispute or qualification.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2016

| Consolidated Entity | | 2016 | 2015 |
|--|------|--------------------|--------------------|
| | Note | | \$ |
| Revenue | 2 | 936,815 | - |
| Cost of goods Sold | | (905,577) | -- |
| Gross Profit | | 31,238 | - |
| Other Revenue | | 30,237 | 32,851 |
| Consultancy expenses | | (140,925) | (252,900) |
| Insurance expense | | (30,279) | (34,480) |
| Depreciation and amortisation expense | 3 | (2,633) | (991) |
| Professional fees | | (163,184) | (46,787) |
| Directors' fees | | (291,150) | (54,925) |
| Employee benefits expense | | (3,903) | (96,801) |
| Travel expenses | | (15,320) | (15,778) |
| Occupancy expenses | | (48,573) | (79,306) |
| Finance costs | 3 | (2,263) | (3,782) |
| Other expenses | | (74,110) | (91,248) |
| Coal production costs | | (16,498) | (54,270) |
| Derecognition of subsidiaries | | (150,338) | - |
| Impairment of assets | 3 | (1,225,800) | (428,956) |
| Loss before income tax | | (2,103,501) | (1,127,373) |
| Income tax expense | | - | - |
| Loss for the year | | (2,103,501) | (1,127,373) |
| Other Comprehensive Income | | | |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Exchange differences on translating foreign operations | | - | 86,381 |
| Total comprehensive loss for the year | | (2,103,501) | (1,040,992) |
| Loss attributable to: | | | |
| - Members of parent entity | | (2,100,101) | (1,051,284) |
| - Non-controlling interest | | (3,400) | (76,089) |
| | | (2,103,501) | (1,127,373) |
| Total comprehensive loss attributable to: | | | |
| - Members of parent entity | | (2,100,101) | (964,903) |
| - Non-controlling interest | | (3,400) | (76,089) |
| | | (2,103,501) | (1,040,992) |
| Loss per share for loss attributable to the ordinary equity holders of the company: | | | |
| | | | Cents |
| Basic loss per share | 11 | (1.4) | (0.9) |
| Diluted loss per share | 11 | (1.4) | (0.9) |

The above 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 2016

| Consolidated Entity | | | |
|-------------------------------|-------|----------------|------------------|
| | | 2016 | 2015 |
| | Note | \$ | \$ |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 4 | 235,040 | 429,687 |
| Trade and other receivables | 5 | 357,000 | 36,484 |
| Assets held for sale | 6 | - | 1,225,800 |
| Total current assets | | 592,040 | 1,691,971 |
| Non-current assets | | | |
| Property, plant and equipment | 7 | 5,464 | 6,025 |
| Total non-current assets | | 5,464 | 6,025 |
| Total assets | | 597,504 | 1,697,996 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 8 | 578,679 | 261,283 |
| Total current liabilities | | 578,679 | 261,283 |
| Total liabilities | | 578,679 | 261,283 |
| Net assets | | 18,825 | 1,436,713 |
| Equity | | | |
| Contributed equity | 9 | 27,981,593 | 27,420,664 |
| Non-controlling interest | | 880,741 | 884,141 |
| Reserves | 10(a) | - | (124,684) |
| Accumulated losses | | (28,843,509) | (26,743,408) |
| Total equity | | 18,825 | 1,436,713 |

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2016

| | Contributed Equity | Non- Controlling Interest | Reserves | Accumulated Losses | Total |
|---|-----------------------|---------------------------------|------------------|-----------------------|--------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2014 | 26,526,160 | 954,328 | (252,270) | (25,322,711) | 1,905,507 |
| Loss for the year | - | (76,089) | - | (1,051,284) | (1,127,373) |
| Foreign Currency translation | - | - | 86,381 | - | 86,381 |
| Total comprehensive income | - | (76,089) | 86,381 | (1,051,284) | (1,040,992) |
| Issue of Capital | 894,504 | - | - | - | 894,504 |
| Transaction Costs | - | - | - | - | - |
| Transaction with owners | 894,504 | - | - | - | 894,504 |
| Derecognition of controlled entities | - | 5,902 | 41,205 | (369,413) | (322,306) |
| Balance at 30 June 2015 | 27,420,664 | 884,141 | (124,684) | (26,743,408) | 1,436,713 |
| Balance at 1 July 2015 | 27,420,664 | 884,141 | (124,684) | (26,743,408) | 1,436,713 |
| Loss for the year | - | (3,400) | - | (2,100,101) | (2,103,501) |
| Reserves transferred to retained earnings | - | - | 124,684 | - | 124,684 |
| Total comprehensive income | - | (3,400) | (124,684) | (2,100,101) | (1,978,817) |
| Issue of Capital | 571,188 | - | - | - | 571,188 |
| Transaction Costs | (10,259) | - | - | - | (10,259) |
| Transaction with owners | 560,929 | - | - | - | 560,929 |
| Balance at 30 June 2016 | 27,981,593 | 880,741 | - | (28,843,509) | 18,825 |

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2016

Consolidated Entity

| | 2016 | 2015 | |
|--|-------------|-----------|---------|
| Note | \$ | \$ | |
| Cash flows from operating activities | | | |
| Receipts from customers | 665,413 | 25,339 | |
| Payments to suppliers and employees | (1,423,109) | (655,342) | |
| Interest received | 4,192 | 6,919 | |
| Interest paid | - | (3,308) | |
| Net cash outflow from operating activities | (753,504) | (626,392) | |
| Cash flows from investing activities | | | |
| Payments for property, plant & equipment | (2,072) | - | |
| Net cash inflow/(outflow) from investing activities | (2,072) | - | |
| Cash flows from financing activities | | | |
| Proceeds from convertible note | - | 200,000 | |
| Proceeds from issues of shares | 571,188 | 594,504 | |
| Transactions costs | (10,259) | - | |
| Net cash inflow from financing activities | 560,929 | 794,504 | |
| Net (decrease)/increase in cash and cash equivalents | | | |
| | (194,647) | 168,112 | |
| Cash and cash equivalents at the beginning of the financial year | 429,687 | 258,344 | |
| Effect of exchange on cash holdings in foreign currencies | - | 3,231 | |
| Cash and cash equivalents at end of year | 4 | 235,040 | 429,687 |

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2016

1 Summary of significant accounting policies

Nature of operations

Jatenergy and subsidiaries' (the Group) principal activities is now generation of income from its cash flow activities as it decided to exit its conventional and renewable energy projects in Indonesia. The Indonesian coal assets have been impaired because potential buyers did not complete due diligence. The coal assets are still for sale but a buyer was not found before the underlying coal licenses expired. The focus of management is the expansion of the trading activities with the intention for these activities to cover underlying administration costs. Management are actively managing the Group's cash flows, controlling costs and will seek to raise equity as and when required.

General information and statement of compliance

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Jatenergy Limited is the Group's ultimate parent company. Jatenergy Limited is a public company incorporated and domiciled in Australia. The address of its registered office and its principal place of business is Floor 6, Suite 8, 55 Miller Street, Pyrmont, New South Wales 2009, Australia.

(a) Revenue and other income

Interest income is recognised on a time proportion basis using the effective interest method.

Sale of Goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed from the buyer to the seller.

2 Revenue

| | Consolidated Entity | |
|----------------------|---------------------|---------------|
| | 2016 | 2015 |
| | \$ | \$ |
| Revenue | | |
| Interest | 4,192 | 6,919 |
| Trading Sales | 936,815 | - |
| Consulting Fee | - | 5,909 |
| Miscellaneous income | 26,045 | 20,023 |
| Total | 967,052 | 32,851 |

3 Expenses

| | Consolidated Entity | |
|---|---------------------|---------|
| | 2016 | 2015 |
| | \$ | \$ |
| Loss before income tax includes the following specific expenses: | | |
| Depreciation of plant and equipment | 2,633 | 991 |
| Finance costs | 2,263 | 3,782 |
| Foreign exchange (gains)/losses | - | (89) |
| Impairment - intangible assets | 1,225,800 | 428,956 |
| Derecognition of subsidiaries | 150,338 | - |
| Rental expense relating to operating lease | 48,573 | 44,556 |

4 Current assets - cash and cash equivalents

| | Consolidated Entity | |
|--------------------------|---------------------|----------------|
| | 2016 | 2015 |
| | \$ | \$ |
| Cash at bank and in hand | 196,722 | 83,992 |
| Term deposit | 38,318 | 345,695 |
| Total | 235,040 | 429,687 |

5 Current assets - trade and other receivables

| | Consolidated Entity | |
|-------------------|---------------------|---------------|
| | 2016 | 2015 |
| | \$ | \$ |
| Trade Debtors | 303,472 | - |
| Other receivables | 53,528 | 36,484 |
| Total | 357,000 | 36,484 |

6 Current assets – assets available for sale

| | Consolidated Entity | |
|--------------|---------------------|------------------|
| | 2016 | 2015 |
| | \$ | \$ |
| Tenements | - | 1,225,800 |
| Total | - | 1,225,800 |

7 Non-current assets - Plant & equipment

| | 2016 \$ | 2015 \$ |
|--------------------------------------|-----------------------------------|--------------|
| Office equipment | | |
| Cost | 40,057 | 61,666 |
| Accumulated Depreciation | 34,593 | (51,641) |
| | 5,464 | 6,025 |
| | | |
| | Furniture and Fittings | Total |
| Movements in Carrying Amounts | | |
| Balance at 1 July 2015 | 6,025 | 6,025 |
| Additions | 2,072 | 2,072 |
| Disposals | - | - |
| Depreciation | (2,633) | (2,633) |
| Balance at 30 June 2016 | 5,464 | 5,464 |

8 Current liabilities - trade and other payables

| | Consolidated | |
|----------------|---------------------|----------------|
| | 2016 | 2015 |
| | \$ | \$ |
| Trade payables | 578,679 | 261,283 |
| Total | 578,679 | 261,283 |

9 Contributed equity

| | | Consolidated Entity | |
|---|-------|----------------------------|-------------------|
| | | 2016 | 2015 |
| | Notes | \$ | \$ |
| (a) Share capital | | | |
| Ordinary Shares | | | |
| 172,262,035 (2015: 141,456,840) Fully paid shares | (c) | 27,981,592 | 27,420,664 |
| Total Share Capital | | 27,981,592 | 27,420,664 |

9 Contributed equity (continued)

(b) Movements in ordinary share capital

| | 2016 \$ | 2015 \$ | 2016 Number | 2015 Number |
|--|-------------------|-------------------|--------------------|--------------------|
| At the beginning of the reporting period | 27,420,664 | 26,526,160 | 141,456,840 | 103,565,568 |
| Share issues during the year: | | | | |
| 23 July 2014 | | 100,000 | - | 5,000,000 |
| 17 December 2014 | | 469,004 | - | 20,760,161 |
| 11 March 2015 | | 25,500 | - | 1,020,000 |
| 6 May 2015 | | 300,000 | - | 11,111,111 |
| 7 November 2015 | 2,594 | | 152,686 | - |
| 10 December 2015 | 342,593 | | 20,152,509 | - |
| 29 April 2016 | 209,000 | | 9,500,000 | - |
| 17 May 2016 | (83,491) | | (4,934,793) | - |
| 20 May 2016 | 83,491 | | 4,934,793 | - |
| 27 June 2016 | 17,000 | | 1,000,000 | - |
| Transaction costs | (10,259) | | | |
| Closing balance | 27,981,592 | 27,420,664 | 172,262,035 | 141,456,840 |

(c) Ordinary shares

The Company does not have a limited amount of authorised capital.

10 Reserves and accumulated losses

| | Consolidated Entity | |
|---|---------------------|------------------|
| | 2016 | 2015 |
| | \$ | \$ |
| (a) Reserves | | |
| Foreign currency translation reserve | (124,684) | (124,684) |
| Released to accumulated losses on derecognition of subsidiaries | 124,684 | - |
| | - | (124,684) |

10 Reserves and accumulated losses (continued)

(i) Foreign Currency translation reserve

The foreign currency translation reserves comprises foreign currency translation differences arising on translation of financial statements of the Groups foreign entities.

11 Loss per share

| | Consolidated Entity | |
|---|---------------------|-------------|
| | 2016 | 2015 |
| | cents | Cents |
| (a) Basic and diluted loss per share | | |
| Basic loss attributable to the ordinary equity holders of the Company | (1.4) | (0.9) |
| Diluted loss attributable to the ordinary equity holders of the Company | (1.4) | (0.9) |
| (b) Loss used in calculating basic and diluted loss per share | (2,103,501) | (1,127,373) |
| (c) Weighted average number of shares used as the denominator | | |
| Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share. | 154,397,083 | 121,326,013 |
| Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share. | 154,397,083 | 121,326,013 |

(d) Information concerning the classification of securities

(i) Options

There were no options granted to executives and Directors during the year and there are no options outstanding as at 30 June 2016.

12 Share-based payments

(a) Director and executive options

During the year and as approved at the General Meeting of Members in April 2016 the following payments for services rendered were settled through the issue of ordinary fully paid shares:

6,000,000 ordinary fully paid shares issued to Tony Crimmins to settle \$132,000 in outstanding invoices;
3,500,000 ordinary fully paid shares issued to Wilton Yao to settle \$77,000 in outstanding invoices; and
1,000,000 ordinary fully paid shares issued to Bacz Pty Ltd to settle \$17,000 in outstanding invoices.

Total share based payment expense incurred during the year was \$226,000 (2015: \$nil).