

Greenearth Energy Ltd. ANNUAL REPORT





GREENEARTH ENERGY LTD AND CONTROLLED ENTITIES Annual Report for the Year Ended 30 June 2016

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CHAIRMAN'S LETTER

It has been my privilege to be your Chairman since May 2016 having joined the board last December, and it gives me great pleasure to introduce the Greenearth Energy annual report for 2016.

The past year has been a period of successful transition from a 'mining exploration entity' to an ordinary industrial listing. As such, the foundations have been laid to better enable the Company to grow our smart lighting systems business and unlock the value embedded in our investment in NewCO2Fuels ("NCF").

A share placement in October 2015 and a subsequent oversubscribed placement in August 2016 have broadened the institutional participation on the Company's register. We acknowledge the continuing support from long-standing investors, and welcome new investors who have committed to be part of our exciting future.



Our industrial energy efficiency business has made further progress in raising awareness and commercial take-up of the Company's world leading technology embedded in its proprietary Matrixx® brand. The successful acquisition during the year of Ilum-a-Lite has expanded our access to commercial applications for our energy efficient lighting systems and strengthened our management capability.

A focus of your Board has been to maximise the potential opportunity of the Company's investment in NCF. This involved making financial contributions to our investment in order to retain our maximum one-third ownership of this exciting technology company. This capital subscription is now complete.

The Board was strengthened by the appointment of our first female Director, Ms. Leslie Butterfield, who brings strong project management expertise to add to the Board's existing skill set. We plan to further strengthen the Board's capability in the coming year.

Mr. Rob Annells, who has been a Director since the Company's inception in July 2006, and Chairman from July 2010 until May 2016, will be retiring at this year's AGM. His contribution to the Company cannot be underestimated; not only for the establishment of the group, but for identifying and securing the initial energy efficient lighting product range that has since grown into Vivid Industrial. Moreover, Rob was instrumental in identifying and securing a stake in the $\rm CO_2$ -to-fuel technology currently being commercialised by NCF. Rob was also responsible for the appointment of Mr. Sam Marks as Managing Director in 2012. I have found Rob's knowledge, wisdom and counsel invaluable in my time on the Board and especially since assuming the role of Chairman.

I thank our Managing Director, Sam Marks, who has reaffirmed his tenure and commitment to building a successful and valuable Company. Under his leadership, strategic vision and, with the strong management team he has developed the Company to be well placed to exploit the domestic and global opportunities for our smart lighting business and realise value from the investment in NCF.

I acknowledge and thank my Board colleagues for their diligence and application during this period of transition to create the foundations for future growth.

Charles Macek

Charles March

Chairman

MANAGING DIRECTOR'S LETTER

I am pleased to present to you the past twelve months' key achievements and successes across the Greenearth Energy group. Myself and the executive team would like to personally thank our shareholders for their ongoing support, which has enabled us to assemble a very experienced and proven group who are building world leading businesses across both Vivid Industrial and NewCO2Fuels ("NCF").

I would also like to reiterate the Chairman's sentiments and personally thank Mr Rob Annells, not only for his vision in establishing Greenearth Energy and the geothermal industry at the time, but also for the foresight to identify the energy efficiency technology opportunities that led to the establishment of NewCO2Fuels and Vivid Industrial. Mr Annells is a true entrepreneur with an extraordinary history across the Australian Stock Exchange, and has personally imparted an enormous amount of knowledge and experience to myself and the team. I am extremely grateful for his mentorship over the years.



I would also like to welcome Mr Charles Macek as our new Chair, and Ms Leslie Butterfield as a non-executive director. Both individuals are extremely well accomplished and have already begun to add enormous value to the company as we grow and evolve locally and internationally.

VIVID INDUSTRIAL

Significant revenue growth commenced during the financial year across this business, with sales up 251% on the previous year. This growth was solidified by the acquisition of Ilum-a-Lite in the second half, which added a commercial focus to the industrial smart lighting business as well as a footprint in New South Wales. The Ilum-a-Lite team has a deep history in the lighting sector both locally and globally, is a great cultural fit, and has integrated well across the business.

A special mention should be made of the development and roll-out of Vivid Industrial's proprietary Matrixx® lighting range, which saw immediate uptake across blue-chip customers with repeat sites during the year. These installations have established a strong base for growth into 2016/17, with fantastic customer feedback along the way. To achieve measured and verified energy savings of over 85% at industrial sites in Australia, along with recognition in leading international publications including the Wall Street Journal, provides a strong position to build a global technology platform ready for export in the near future.

One of the highlights of the year was the establishment of "Save and Share", a new initiative to provide a transition to a greater proportion of recurring revenue for our company, whilst also reducing the barriers for our customers to buy.

I want to take this time to thank the management and staff for their efforts in continuing to grow and develop this business, it is not an easy task, however they have the skills and determination to execute on a grand scale, and we are seeing this translate in revenue growth.

NEWCO2FUELS

During the same period, NewCO2Fuels made good progress on its path to commercialisation, with several notable accolades globally for its technology, in particular for its ground breaking levels of operating efficiency.

This technology has attracted significant commercial interest from several global participants in related industries, including Sinopec who in 2015 was the world's second largest corporation and has since visited NCF and entered into a Letter of Intent to commence a feasibility study on the technology for an identified pilot site in central Asia. Meanwhile, NCF also progressed designs for pilot plants in Israel and Europe.

Greenearth Energy's investment was restructured during the year through NCF Global, a new entity which has our interest in NCF well positioned in the commercialisation phase.

LOOKING FORWARD

In the year ahead, we will continue to focus on rolling out Vivid Industrial's intelligent energy efficient lighting systems and growing the revenue base in Australia, including growing the proven Ilum-a-Lite technology and business model in the commercial lighting market. Traction in revenue growth has now commenced, with a step-change experienced in the June quarter. Our focus continues to be on sales conversion and scale accompanied by a disciplined approach to acquiring market share. We look forward to being able to outline the path to profitability in the near future.

Thank you for your ongoing support. Greenearth Energy is an exciting place to work as we roll out our disruptive technologies, making a real difference to the environment on a global scale whilst delivering profitable solutions.

Samuel Marks
Managing Director



The Board of Directors of Greenearth Energy Limited ("GER" or "the Company") are responsible for ensuring an effective governance environment to safeguard the interests of the Company, its shareholders and other stakeholders. The Board is committed to achieving and maintaining the highest standards of accountability and transparency in the management and conduct of its business. The Board guides and monitors the business on behalf of the shareholders to whom they are accountable.

ASX Listing Rule 4.10.3 requires the Company to disclose the extent to which it has followed the recommendations of the ASX Corporate Governance Council ('Council') during the financial year. The Company's corporate governance principles and policies are structured with reference to the Corporate Governance Council's best practice recommendations as outlined in the ASX Corporate Governance Principles and Recommendations (third edition), issued in 2014. There are 8 principles reported on below. Each principle includes one or more recommendations as well as a guide to reporting.

The Board considers that it generally complies with these principles and recommendations, and notes that where the Company does not comply, this is due to the current relative size of the Company, scale and nature of its current operations.

PRINCIPLE 1 LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

RECOMMENDATION 1.1 A listed entity should disclose:

- (a) the respective roles and responsibilities of its Board and management; and
- (b) those matters expressly reserved to the Board and those delegated to management.

The Board retains responsibility for the following items:

- Setting and monitoring objectives, goals and strategic direction for management with a view to maximising shareholder wealth
- Approving an annual budget and the monitoring of financial performance
- Ensuring adequate internal controls exist and are appropriately monitored for compliance
- Ensuring significant business risks are identified and appropriately managed
- Approving acquisitions
- Ensuring compliance with statutory requirements
- Selecting and appointing new Directors
- Maintaining sound business standards and promoting an ethical business culture.

The Board has delegated authority within the following areas to the Executive team:

- Monitoring performance of the business
- Ensuring that the business processes in relation to risk management and assurance are met
- Approving capital expenditure (except acquisitions) within delegated authority levels.

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.

Prior to appointing a new Director, appropriate checks are conducted to ensure the candidate brings a diverse range of experience, expertise, skills and independence relevant to the Company and its business.

Re-election of Directors is managed in accordance with the Listing Rules and the company's Constitution. Upon election or reelection of Directors, relevant information is provided to security holders in order to inform their decision.

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

Written agreements are entered into with all new Directors, setting out roles and responsibilities along with other relevant matters.

Written agreements are entered into with all new executives, and all arrangements with current executives are formalised with written service agreements.

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 Secretary is accountable to the Board, through the Chairman, for the Company's compliance in respect of all corporate governance matters, communications and lodgements with regulators and the administration of the Board and all Committees meetings.

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;
- (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 strives to provide the best possible opportunities for current and prospective employees of all backgrounds, and is in the process of formalising a Diversity Policy. This will enable ongoing reporting of performance and progress against measurable objectives.

At 30 June 2016 there was one female on the Board out of a total of six directors. Ms Leslie Butterfield joined the Company on 1 May 2016. There is no representation in senior executive positions, and women represented approximately 24% of employees across the whole organisation, up from 17% last reporting date. (For this purpose, "senior executive position" is considered to be equivalent to the definition of "Key Management Personnel" for the purposes of the company's annual remuneration report within its financial report). Further details of all the Company's Directors is contained within the Director's Report of the Company's 2016 Financial report.

RECOMMENDATION 1.6 A listed entity should:

- (a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual Directors; and
- (b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.

The Board currently does not have a process for evaluating the performance of the Board, its committees and individual Directors. The Board intends to move to a regular performance evaluation commencing in the current financial year.

RECOMMENDATION 1.7 A listed entity should:

- (a) have and disclose a process for periodically evaluating the performance of its 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.

The process for evaluating performance of key executives is via annual performance reviews with reference to appropriate Key Performance Indicators (KPIs), along with interim discussions throughout the year as required.

Performance related discussions were held with senior executives during the year, and from the current period annual evaluations against KPIs will be documented for each senior executive.

PRINCIPLE 2 STRUCTURE THE BOARD TO ADD VALUE

RECOMMENDATION 2.1 The Board of a listed entity should:

- (a) have a nomination 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 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.

This role is retained by the full Board. New Directors are recruited according to the company's needs, based on the required mix of skills, knowledge, experience, independence and diversity.

Re-election of Directors is managed in accordance with the Listing Rules and the Company's Constitution.

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.

The skills, experience and expertise relevant to the position each Director held is detailed in the Directors Report within the Annual Report.

RECOMMENDATION 2.3 A listed entity should disclose:

- (a) the names of the Directors considered by the Board to be independent Directors;
- (b) if a Director has an interest, position, association or relationship of the type described in Box 2.3 but the Board is of the opinion that it does not compromise the independence of the Director, the nature of the interest, position, association or relationship in question and an explanation of why the Board is of that opinion; and
- (c) the length of service of each Director.

The Board of Directors of the Company comprises:

Name	Considered to be an independent Director*	Length of Service
Charles Macek	Yes	Since 3 December 2015
Robert Annells	Yes (since 20 May 2016) ^	Since 13 July 2006
Leslie Butterfield	Yes	Since 1 May 2016
John Kopcheff	Yes	Since 13 July 2006
Samuel Marks	No	Since 1 July 2012
Philip Zajac	No	Since 4 September 2014

^{*} Free from any business or any other relationship that could materially interfere with, or reasonably be perceived to interfere with the independent exercise of the Director's judgement and each is able to fulfil the role of an independent Director.

The Board confirms that in its view, the independent Directors identified above in each case met the criterion during the relevant portion of the financial year of being independent of management and free from outside influences which could materially interfere with the independence and objective judgement of the Director.

The qualifications and experience of Board members are provided in the Directors Report.

RECOMMENDATION 2.4 A majority of the Board of a listed entity should be independent Directors.

As at the date of this report, a majority of the Company's Directors are considered independent. Up until the 1st of May 2016 there was not a majority of independent Directors on the Board. Details on the Company's Directors is provided above in recommendation 2.3.

[^] Robert Annells ceased to be a Director of Lakes Oil NL on 20 May 2016.

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.

Mr Charles Macek is the current Chairman of the Board and is considered to be an independent Director, and Mr Samuel Marks carried out the role of Managing Director or Chief Executive Officer (CEO) during the financial year. Up until the 1st of May 2016 Mr. Robert Annells was the Chairman of the Board and was not considered an independent Director.

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.

The entity has a formal program for inducting new Directors. Reviews of Board skills and professional development requirements are undertaken as required. Briefings are provided from time to time on ongoing developments in matters relevant to the role of the Board.

PRINCIPLE 3 ACT ETHICALLY AND RESPONSIBLY

RECOMMENDATION 3.1 A listed entity should:

- (a) have a code of conduct for its Directors, senior executives and employees; and
- (b) disclose that code or a summary of it.

Directors, senior executives and employees are expected to act ethically and responsibly and in accordance with the company's Code of Conduct, a copy of which can be viewed at the company's website.

Whenever necessary, individual members of the Board may seek independent professional advice at the expense of the Company in relation to fulfilling their duties as Directors.

PRINCIPLE 4 SAFEGUARD INTEGRITY IN CORPORATE REPORTING

RECOMMENDATION 4.1 The Board of a listed entity should:

- (a) have an audit committee which:
 - has at least three members, all of whom are non-executive 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.

The Audit Committee was established in September 2007. The company listed in February 2008. The primary objective of the Audit Committee is to assist the Board in fulfilling the Board's responsibilities relating to accounting and reporting practices of the Company and its controlled entities.

The main functions of the Audit Committee are:

- To act as a committee of the Board of Directors in discharging the Board's responsibilities as they relate to accounting and financial reporting policies, practices and internal controls
- To provide through meetings a forum for communication between the Board, senior financial management and external auditors

The responsibilities of the Audit Committee include monitoring compliance with requirements of the Corporations Act 2001, Stock Exchange Listing Rules, Australian Securities Commission, taxation legislation and other laws as they apply to the subject matter of the Audit Committee's functions.

The Audit Committee during the financial year comprised Mr John Kopcheff (Chairman) and Mr Robert Annells. As at the date of this report both Directors are considered independent under the Council's definition.

The Company Secretary acts as the Committee secretary assisting members. The Company's external auditors are invited to attend the Committee's meetings. In addition, the Committee is able to seek and obtain input from external consultants as required.

The Audit Committee Charter was adopted in September 2007. A copy of the Charter is publicly available on request.

The number of meetings held by the Audit Committee is disclosed in the Directors' Report within the Annual Report, along with the relevant qualifications of each member of the 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 position and 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.

This recommendation was compiled with for this financial year.

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

The auditor attends the company's AGM each year and is available to answer questions from security holders relevant to the preparation and content of the auditor's report, the conduct of the audit, or the accounting policies adopted by the company.

PRINCIPLE 5 MAKE TIMELY AND BALANCED DISCLOSURE

RECOMMENDATION 5.1 A listed entity should:

- (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and
- (b) disclose that policy or a summary of it.

The Company has a policy to immediately disclose to the market any information that a reasonable person would expect to have a material effect on the price or value of the Company's securities. Directors and senior management acknowledge that they each have an obligation to adhere to this requirement.

The Chairman and Managing Director are authorised to make statements and representations on the Company's behalf. The Company Secretary is responsible for overseeing and coordinating the disclosure of information to the ASX, analysts, stockbrokers, shareholders, the media and the public.

The Directors and senior management personnel must ensure that the Company Secretary is aware of all information to be presented at briefings with analysts, stockbrokers, the media and the public.

Prior to such briefings or presentations, any material or price-sensitive information within that has not previously been disclosed to the market is lodged with the ASX. Company announcements are also placed on the company's website.

If information that would otherwise be disclosed comprises matters of supposition or is insufficiently definite to warrant disclosure, or if the effect of a disclosure on the value or price of the Company's securities is unknown, the Company may request that the ASX grant a trading halt or suspend its securities from quotation. Management may consult the Company's external professional advisers and the ASX in relation to whether a trading halt or suspension is required.

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's internet website (www.greenearthenergy.com.au) is regularly updated and provides details of information on Directors and senior executives, corporate governance information, annual reports, announcements by the Company to the ASX, and general information on the company and its business.

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

Communications to shareholders are on a timely basis both printed and electronic as required.

Investors and other stakeholders are also able to contact the company to express their views on matters of concern or interest to them.

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.

The Board encourages participation by shareholders at the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategy and goals. The company invites its external auditors to attend the meeting for the purpose of answering shareholders' questions.

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 registry electronically.

The annual report is printed and distributed to shareholders free of charge to all shareholders. An electronic company is also placed on the company's website. The company's arrangements with its share registry include the option to receive some communications electronically.

Shareholders and other interested parties are also encouraged to subscribe to the company's email update service, to receive company announcements and updates electronically.

Communications are formatted to be easily readable on a computer screen or other electronic device, or printed and retained if the reader so chooses.

PRINCIPLE 7 RECOGNISE AND MANAGE RISK

RECOMMENDATION 7.1 The Board of a listed entity should:

- (a) have a committee or committees to oversee risk, each of 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
- 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.

The Board has responsibility for managing risk and internal control and acknowledges that risk management is a core principle of sound Corporate Governance.

The company's risk management approach encompasses Operational Risk, Financial Risk, Insurance and Internal Control. The Company has not appointed a Risk Management Committee. Due to the importance the Board places on risk management, this responsibility is retained by the full Board.

OPERATIONAL RISK

New initiatives are approved only after extensive review by a highly qualified technical staff and consultants and by submissions to the Board through the Managing Director. Environmental considerations are factors in the consideration of new initiatives and are fully evaluated and reported before approval by the Board.

FINANCIAL RISK

The Board receives regular financial reports from the Chief Financial Officer, which measure performance and trends against internal forecasts. The reports are discussed at Board Meetings. Any variations from internal forecasts are highlighted, explained and evaluated. In addition to monthly financial reporting, the Company has in place procedures to manage credit, foreign exchange and other business risks.

INSURANCE

The Board recognises the value of insurance as a risk mitigation strategy and ensures that appropriate insurance cover is in place at all times.

INTERNAL CONTROL

Appropriate internal controls are in place to address key risks. Regular monitoring of the effectiveness of the design and operation of internal controls is not carried out by an internal audit function, due to the size and nature of the business. However, the Directors believe the system of internal control is appropriate to the size of the company and its current activities.

RECOMMENDATION 7.2 The Board or a committee of the Board should:

- (a) review the entity'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.

The Company is in the process of updating and formalising its risk management framework. The Board did not review the framework during the reporting period, but expects to do so annually commencing in the current financial year.

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 an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

The Company does not currently have a separate internal audit function, due to the size and nature of the business. However, the Directors believe the system of internal control is appropriate to the size of the company and its current activities, which includes oversight and monitoring of key risks by the full Board.

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.

The company holds interests in geothermal exploration permits and licenses in Victoria. All of these permits and licenses impose regulations regarding environmental issues. Similarly, a number of our renewable technology projects are subject to planning regulations and approvals which incorporate appropriate environmental regulations. Economic, environmental and social sustainability risks are identified and managed as part of the company's overall risk management process, as overseen by the Board.

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.

The primary objective of the Remuneration Committee is to assist the Board in fulfilling the Board's responsibilities relating to the compensation, bonuses, incentives and remuneration issues of Key Management Personnel. The Remuneration Committee makes recommendations to the Board in respect of remuneration arrangements.

The main functions of the Remuneration Committee are:

- To act as a committee of the Board of Directors in discharging the Board's responsibilities as they relate to remuneration issues of the Key Management Personnel
- To ensure that the company's remuneration and incentive policies, practices and performance indicators are aligned to the Board's vision, values and overall business objectives and are appropriately designed to:
 - motivate the Managing Director and employees to pursue the long term growth and success of the company and
 - demonstrate a clear relationship between the achievement of the company objectives and performance and remuneration

The Remuneration Committee during the financial year comprised Mr John Kopcheff (Chairman) and Mr Philip Zajac. Mr Kopcheff is considered to be independent under the Council's definition. The Remuneration Committee comprises only two members, not both of whom are considered to be independent; therefore the Committee does not currently have a majority of independent directors.

The Company Secretary acts as the Committee secretary assisting members. The Committee is able to seek and obtain input from external consultants as required.

The Remuneration Committee Charter is publicly available on request.

The number of meetings held by the Remuneration Committee is disclosed in the Directors' Report within the Annual Report, along with the relevant qualifications of each member of the Committee.

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.

Non-executive Directors are remunerated for their services from the maximum aggregate amount approved by shareholders for that purpose. Their compensation is reviewed by the Remuneration Committee. There are no termination benefits for non-executive Directors appointed since listing.

Contracts with executives detail their remuneration arrangements. They may be entitled to termination benefits as stipulated in their employment contracts and in accordance with relevant state laws governing long service leave and superannuation. Generally, executives have an element of their remuneration at risk. Performance against Key Performance Indicators (KPIs), which are set annually, determines access to the at-risk portion of remuneration.

Further information about the company's remuneration policies can be found in the Remuneration Report which forms part of the annual report.

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.

For scheme participants who are key management personnel, hedging of any unvested portions of at-risk remuneration is prohibited by law.



The Directors present their report, together with the financial report of the consolidated entity consisting of Greenearth Energy Ltd and the entities it controlled, for the financial year ended 30 June 2016 and auditor's report thereon. This financial report has been prepared in accordance with Australian Accounting Standards.

DIRECTORS

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

CHARLES MACEK B.EC., M.ADMIN, FAICD, FCA, FCPA, SF.FIN (NON-EXECUTIVE CHAIR)

Mr Macek joined the Board on 3 December 2015 and was appointed Chair on 1 May 2016. He has a B.Ec. and M.Admin, both from Monash University; and, is a Fellow of the AICD, CPA, ICAA and a Senior Fellow of the Financial Services Institute of Australasia.

He is currently the Chairman of Earthwatch Institute (Australia); a Director of Vicinity Ltd. since 2011, where he also chairs the Remuneration Committee; a Director of Sinefa Pty. Ltd.; a member of the Investment Committee at Unisuper Ltd.; and, a member of the ASIC Director Advisory Panel. He had a long executive career in financial services encompassing Australia, New Zealand, UK and Japan. In his non-executive career he has been a Director of Telstra (2001-09) and Wesfarmers (2001-14;) and, is a former Chairman of IOOF and of the Financial Reporting Council; and was Vice-Chairman of the IFRS Advisory Council (2009-14), and was a member of the inaugural ASIC External Advisory Panel.

ROBERT J. ANNELLS CPA, F.FIN. (NON EXECUTIVE DIRECTOR)

Mr Annells has held a seat on the board as a non executive Director since the company's inception on 13 July 2006, and served as Chairman from 1 July 2010 to 1 May 2016. He is a former member of the Australian Stock Exchange with over forty years' experience in the securities industry, and is also a qualified accountant. His experience includes provision of corporate and investment advice to the business and resources industries.

Mr Annells was Chairman of Lakes Oil N.L.(ASX:LKO) until 20 May 2016 (where he had served on the board since 1984). He was also a non-executive director of Rum Jungle Resources Limited (ASX:RUM) from 2006 to 2015, serving as Chairman from 2012 to June 2014, and Chairman of Central Australian Phosphate Limited (ASX:CEN) from July 2013 until its delisting in January 2014 following compulsory acquisition by RUM. During the past three years Mr. Annells has not held any other listed company directorships.

Mr Annells is also a member of the Audit Committee.

LESLIE BUTTERFIELD BSC CIVIL ENG., AICD, AIPM, AIM (NON EXECUTIVE DIRECTOR)

Ms. Butterfield joined the Board on 1 May 2016. She holds a Bachelor of Science Civil Engineering from Rensselaer Polytechnic Institute, NY. She is currently a Non Executive Director of UniQuest, RKF Engineering, and the Australian Literacy and Numeracy Foundation. Leslie's international and local experience spans project management, business development, corporate advisory, corporate finance, strategic planning and operational management in the construction, technology and telecommunications sectors. She served on the Board of Australia's largest public R&D fund, and was one of a panel of three industry representatives appointed by the nine government ministers to review the progress, strategies and future direction of the National Building Codes Board.

JOHN T. KOPCHEFF B.SC (HONS) (GEOLOGY AND GEOPHYSICS), SPE, AIMM (NON EXECUTIVE DIRECTOR)

Mr Kopcheff was appointed to the Board on 13 July 2006. He is a geologist and geophysicist, and holds a Bachelor of Science (Honours) from the University of Adelaide (1970). He has extensive experience in Australia, South East Asia, USA, South America and the North Sea, in field operations and management, including sales for a division of a major service company to the oil industry, Baker-Hughes.

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

SAMUEL R. MARKS CA, B.BUS. (MANAGING DIRECTOR)

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

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

Mr Marks is a Chartered Accountant with a Bachelor of Business and is Six Sigma qualified through General Electric. He is also a director of The Melbourne Foundation, a not-for-profit organisation which provides education opportunities for financially disadvantage youths. Mr Marks has not held any other directorships of listed companies during the three year period prior to 30 June 2016.

PHILIP ZAJAC B.COMM, F.FIN (NON EXECUTIVE DIRECTOR)

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

Mr Zajac is involved in the development, ownership and management of eight hotels in Victoria, Sydney and Brisbane, along with the design and construction of affordable student housing and apartments. He also runs an extensive philanthropy programme across Australia and overseas. No other directorships of listed companies were held at any time during the three years prior to 30 June 2016.

Mr Zajac is also a member of the Remuneration Committee.

COMPANY SECRETARY

ROBERT SMITH, B.BUS(ACC), CA (COMPANY SECRETARY)

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

PRINCIPAL ACTIVITIES

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

OPERATING AND FINANCIAL REVIEW

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

Results

The consolidated loss after income tax attributable to the members of Greenearth Energy Ltd was \$4,817,457 (2015: \$5,986,012 loss). The result reflects the group's investment in growth during the period, operational highlights of which included:

- The acquisition of Ilum-a-Lite, an energy efficient lighting solutions provider to the commercial sector, with effect from 31 March 2016;
- Development and roll-out of Vivid Industrial's proprietary Matrixx industrial lighting system range across multiple full scale sites;
- Finalisation and restructure of the group's investment in NewCO2Fuels, as it increased focus on commercialisation of its award winning CO₂ reduction technology.

An increase in total revenue from \$1,174,016 to \$3,300,258 was driven primarily by a 251% increase in sales revenue (from \$637,176 to \$2,239,222), due in turn to a combination of organic sales growth and a part-year contribution from Ilum-a-Lite Pty Ltd.

Employee benefits expense increased by 48% to \$3,077,468 (2015: \$2,076,479), as experienced sales and operations personnel were added to the team, with a 73% increase in employee numbers during the year.

The company issued a total of 52,580,625 shares and 18,450,000 unlisted options during the period ended 30 June 2016.

Review of operations

The 2015/2016 financial year saw Vivid Industrial begin the scale up and roll-out of full scale sites across a range of its energy efficient lighting systems, along with the acquisition of Ilum-a-Lite as part of the strategy to grow into the commercial lighting sector.

The group's investment in NewCO2Fuels (its CO₂-to-fuels technology investment) increased focus on sourcing commercialisation partners and furthering technology development for commercialisation.

Further detail regarding each of these businesses is provided in the following pages.

In accordance with its strategy to take Greenearth to the next stages of growth and development, Greenearth appointed Mr Charles Macek as Non-Executive Chair of the Company following the decision of Mr Robert Annells to step down from that role. Concurrently, the Company also appointed Ms Leslie Butterfield as Non-Executive Director. Both of these appointments took effect as of 1 May 2016.

Mr Macek was initially appointed to the Board of Greenearth Energy as a Non-Executive Director in December 2015, and has a wealth of global experience in the financial services sector. He has held senior board positions (past and present) with a number of high profile public companies, most notably Telstra and Wesfarmers.

Ms Butterfield, a qualified Civil Engineer, has broad and diverse local and international experience in engineering, business development, strategic planning and management. She has also served on the boards of numerous private company, Government and not-for-profit Boards and Advisory Boards.

The Board of Greenearth Energy once again takes this opportunity to acknowledge Mr Annells, a founding director of the Company in 2006, for his outstanding service, stewardship and contribution over the last decade.

The group is focussed on growing its Vivid Industrial business unit, and managing its investment in NewCO2Fuels ("NCF") via its 50% owned holding company, NCF Global Pty Ltd, which was established during the year. Geothermal exploration is no longer the group's primary focus, and its geothermal assets were impaired in full during the previous financial year. These assets are retained with no material expenditure on a year to year basis.

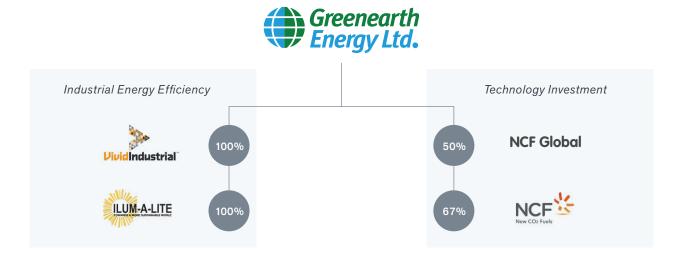
Strategy execution

Greenearth Energy's technology interests are managed via two main investment vehicles, Vivid Industrial and NewCO2Fuels.

Vivid Industrial provides energy efficient lighting systems to industrial, commercial and infrastructure businesses. As a world leading technology company achieving energy savings of >80%, the company is seeing its technology being deployed by key blue chip customers in Australia & overseas. Coupled with the recent acquisition of Ilum-a-Lite which focuses on Energy Performance Contracts, the combined business is enabling development of high margin recurring revenue streams.

NewCO2Fuels has an independently validated and globally awarded technology that converts CO_2 into fuel using solar or waste heat as the energy source. The technology is now into commercialisation phase and is an externally managed (passive) investment. Greenearth Energy Ltd has a 33.33% economic stake in NewCO2Fuels, represented by a 50% interest in NCF Global Pty Ltd, a company which owns 66.67% of NewCO2Fuels Ltd.

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



Both business units are reviewed for the financial year in the following pages, set out in turn below, followed by a descriptive overview of each business unit.

The Paris Agreement reached in December 2015 by 195 nations at COP21 (the United Nations Framework Convention on Climate Change) has been described as an historic milestone for the global energy industry. It is expected to drive an increase in focus and investment in energy efficiency and renewable energy technologies, which is particularly encouraging for both Vivid Industrial and NewCO2Fuels. Both of these businesses have experienced a significant increase in inbound enquiries since COP21 in December, which is consistent with the increased global interest in addressing the challenges of limiting and then reducing CO_2 emissions.

BUSINESS UNIT UPDATES

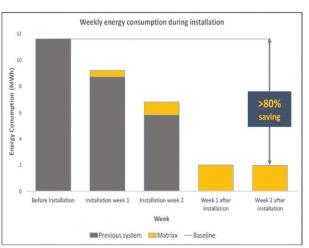
Industrial Energy Efficiency

The Industrial Energy Efficiency business focused heavily on growing the large scale sites across the industrial sector to include customer sites including a Linfox-Arnott's warehouse and a Woolworths major distribution centre hub (both in Queensland). These and other deployments continue to deliver savings north of 80% of lighting energy costs to the customers. Ongoing technology development continued with Vivid Industrials' proprietary Matrixx product range, seeing developments around improving efficiencies of technology implementation, as well as within the manufacturing process.

Arnott's case study:



Site after installation of Vivid Industrial's intelligent
Matrixx® lighting system



This chart shows the immediate reduction in energy consumption as a result of the upgrade to Vivid Industrial's Matrixx® system

During the year Vivid Industrial acquired Ilum-a-Lite, an energy efficiency business which was founded over 20 years ago and is at the forefront of the lighting energy efficiency sector. During its history, Ilum-a-Lite has pioneered a number of new energy efficiency products in the lighting sector and successfully taken them to world markets. The company's skills in project management and logistics makes it highly efficient at delivering large scale industrial projects anywhere in the country. Ilum-a-Lite brings vast experience in commercial lighting and LED lighting upgrades that deliver outstanding returns for customers.

The integration of the two business units, Vivid Industrial and Ilum-a-Lite has already seen the combined client base offer great opportunities to expand and deliver first rate solutions to our customers across a wider portfolio.

During the financial year Vivid Industrial began to explore opportunities overseas into South East Asia and Latin America. With the ever increasing cost of energy across the globe, and Australia's relatively cheap cost in comparison, once Vivid Industrial had proven the systems efficiencies with short Return on Investment periods seen for our customer base, the company began to investigate approaches from overseas distributors to partner and sell into attractive foreign markets. These interactions included the signing of a new Distributor in Malaysia, along with the signing of an MOU for a Joint Venture agreement with a Mexican lighting company, which is part of Mexico's largest group of construction materials companies. The global lighting market, within which Vivid Industrial focuses, is estimated to be worth greater than \$110 billion per annum. Vivid Industrial continues discussions with multiple countries and partners to grow the Vivid Industrial family and opportunities.

Technology Investment

The 2016 financial year saw progress across a range of areas for NewCO2Fuels ("NCF"), from pilot partners, to collaboration agreements and further independent recognition via awards and selection for global competitions. NCF received much global press coverage with the continued focus on commercialising and socialising the NCF technology to the world.

During the year, the group's investment in NCF was finalised and restructured, such that the group's 33.33% effective economic interest in NCF is now represented by its 50% ownership of NCF Global, a company that owns 66.67% of NCF. The other 50% of NCF Global is owned by the Erdi Group, which is also a shareholder in Greenearth.

Having developed its unique technology, NCF's current focus is commercialisation (via deployment of modular systems to several pilot plants). One of the key steps towards the commercialisation stage is the design, building and testing of its first pilot plant. The NCF engineering team made significant progress with the design and development of NCF's first large scale pilot plant, composing two commercial reaction units able to convert \sim 160 tons per year of carbon dioxide (CO₂) into fuel and oxygen (O₂). This pilot plant, containing multiple disassociating membranes, will have a CO₂ processing capacity equivalent to the CO₂ absorption capacity of around 6,000 mature trees.



NCF pilot facility



Measuring 1.5m x 1m
NCF Reactor (one module) external design view

Of note in the potential partners was the cooperation agreement entered into by NCF and Sinopec Ningbo Engineering Co., Ltd (SNEC) during the year. Subsequent to balance date, NCF also signed a Letter of Intent (LOI) with Sinopec Engineering (Group) Co. Ltd (SEG) and Hong Kong ECO/Blooming (Beijing) Technology Co Ltd (BBT), to further progress NCF's technology to commercialisation. The entry into the LOI follows a site visit to NCF's facility in Israel by representatives of SEG, which was pursuant to the cooperation agreement. The LOI contains the goals, objectives and timelines of SEG, BBT and NCF over the coming period including a feasibility study for a pre-identified NCF pilot site. Upon successful analysis and proof of economics, NCF envisages entering into a commercialisation agreement for SEG and NCF to jointly engineer and commercialise the NCF technology, funded by BBT, with the three parties sharing profits on a commercial basis to be agreed in the current financial year. Whilst this was of independent note, further discussions also progressed with other global corporations and power companies who are considering NCF for the development of pilot plants and rights to develop and deploy its technology.

NCF received further significant recognition during the year, adding to the previous acknowledgement and recognition of its award-winning technology. Highlights included:

- NCF winning the "Innovation Potential" category at the 2015 International Quality Innovation of the Year awards
 ceremony in Tallinn, Estonia for its CO₂ Emission Reduction and Utilization system, with the award presented by the
 President of the Republic of Finland.
- NCF being chosen as one of eight companies to present its technology to the general assembly at the first World Science Conference in Israel in August 2015, where fifteen Nobel Laureates and 400 scientists from 71 countries were assembled.
- NCF being selected as one of only three innovative companies representing Israel in the finals of the Innovation Competition of International Talents, which took place in Shenzen, China in April 2016 (http://www.itcsz.cn/).
- NCF making the Red Herring Top 100 Europe shortlist. This is a globally recognised award, operating since 1996 and determined by an expert panel of technology industry executives, investors, and strategists as an instrument for discovering and advocating the most promising private ventures from around the world.
 The Red Herring Top 100 awards highlight the most exciting start-ups from Asia, Europe and the Americas (http://www.redherring.com/events/top-100/).

ABOUT EACH BUSINESS UNIT

INDUSTRIAL ENERGY EFFICIENCY



Vivid Industrial is a subsidiary of Greenearth Energy Ltd, providing customised, intelligent and energy efficient cloud based solutions for our growing industrial and infrastructure client base. The "internet of lights" and "cloud based monitoring" delivers quantifiable efficiencies and significant cost savings with environmentally sustainable benefits for our customers.

The business' core technologies are designed for application in warehouses, distribution centres, cold storage facilities, ports, stadiums, car parks, roads and tunnels. Vivid Industrial is a trusted partner to our customer base of blue chip, industrial companies.



Vivid Industrial recently acquired Ilum-a-Lite, a business specialising in creating highly effective, energy-saving lighting solutions predominantly for commercial and government clients that generate significant cost savings and reduce environmental impact.

www.vividindustrial.com

TECHNOLOGY INVESTMENT



NewCO2Fuels (NCF) is an Israeli start-up company which was formed in 2011 by a group of scientists and entrepreneurs with the support of Greenearth Energy Ltd and the Erdi Group. NCF was formed to develop and commercialise an innovative system to profitably produce fuels from CO_2 and water, using renewable high temperature heat from solar or excess heat from industry. The system is based on a technology previously developed at the Weizmann Institute of Science and exclusively licensed to NCF.

NCF won the World Technology Network award for Energy in November 2014, and has received numerous grants and accolades from governments around the world. Its technology has also been independently validated by several major international engineering and technology consultancy firms.

Having developed its unique technology, NCF's current focus is commercialisation (via deployment of modular systems to several pilot plants). Review video at the attached link for further information:

http://www.youtube.com/watch?v=vH-YZdqB SE

























Greenearth's 33.33% effective economic interest in NCF is represented by its 50% ownership of NCF Global, a company that owns 66.67% of NCF. The other 50% of NCF Global is owned by the Erdi Group, which is also a shareholder in Greenearth.

www.newco2fuels.co.il

OTHER INVESTMENTS

No material activity took place within Greenearth's geothermal business during the financial year.

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

This moratorium was due for review in mid 2015 and again in mid 2016, but is now likely be in place until further notice. Lifting the moratorium would assist the geothermal industry to continue its exploration and investment in this sector in Victoria. Due to industry uncertainty Greenearth is not investing additional capital into its geothermal business. The company has assessed that, on balance, the current regulatory and political environment is unlikely to enable progression of its Victorian geothermal interests in the near future. Consequently, the carrying amount of the company's exploration and evaluation assets was reduced to nil in the previous financial year.

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

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

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

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

AFTER BALANCE DATE EVENTS

Subsequent to the end of the period, the company issued a total of 1,500,000 unlisted incentive options in July 2016 pursuant to the company's Employee Option Plan, as follows:

No. of options	Exercise price	Issue date	Expiry date
1,500,000	12.5 cents	13 July 2016	1 July 2019

Subsequent to the end of the financial year, the company issued 50,870,937 fully paid ordinary shares for 7.5 cents per share in August 2016 pursuant to a share placement, proceeds from which totalled \$3,609,555 after costs.

Subsequent to the end of the financial year, the Victorian State Government announced a ban on hydraulic fracturing (a key operation for efficient renewable geothermal production) and an extension of the current onshore drilling moratorium until 2020. The company is currently assessing the extent of any impact of the ban and moratorium extension on its previous investment in geothermal activities. Prior to the beginning of the 2015/2016 financial year, the company provided in full for the impairment of its geothermal exploration and evaluation assets. The company has ceased its geothermal activities and now focuses on technology investment in the industrial energy efficiency and CO₂-to-fuels conversion markets.

LIKELY DEVELOPMENTS

The group's focus in the 2016/2017 financial year will be on its Industrial Energy Efficiency and Technology Investment business units. Objectives for Vivid Industrial include a strong focus on sales growth and execution of opportunities within the sales pipeline, which are both expected to be assisted by the introduction of internally developed lighting products and expansion into further regions outside Australia and New Zealand. Objectives for NewCO2Fuels include commercialisation of its CO_2 -to-fuels technology.

ENVIRONMENTAL REGULATION

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

SHARE OPTIONS

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

Details of options outstanding over unissued ordinary shares of Greenearth Energy Ltd are provided in notes 22(d)(ii) and 29 to the financial report.

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

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

DIVIDEND PAID, RECOMMENDED OR DECLARED

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

DIRECTORS' MEETINGS

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

	Board of	Directors	Audit Co	mmittee	Remuneratio	n Committee
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
R Annells	21	17	2 2 -		-	
L Butterfield	3	3	-	-	-	-
J Kopcheff	21	16	2	2	1	1
C Macek	11	9	-	-	-	-
S Marks	21	19	-	-	-	-
P Zajac	21	16	-	-	1	1

DIRECTORS' INTERESTS IN SHARES OR OPTIONS

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

Directors' re	elevant interests in:	•	shares of Energy Ltd	Options ove Greenearth	
		2016	2015	2016	2015
R Annells	Direct	-	-	-	-
	Indirect	6,312,883	6,312,883	2,000,000	-
L Butterfield	Direct	-	-	-	-
	Indirect	666,667	-	-	-
J Kopcheff	Direct	2,524,810	2,524,810	-	-
	Indirect	2,928,572	2,928,572	1,000,000	-
C Macek	Direct	-	-	-	
	Indirect	2,000,000	-	-	-
S Marks	Direct	-	-	5,000,000	5,000,000
	Indirect	1,126,375	1,126,375	15,000,000	10,000,000
P Zajac	Direct	200,000	200,000	-	-
	Indirect	733,333	733,333	1,000,000	-

INDEMNIFICATION AND INSURANCE OF DIRECTORS, OFFICERS AND AUDITORS

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

PROCEEDINGS ON BEHALF OF THE CONSOLIDATED ENTITY

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

AUDITOR'S INDEPENDENCE DECLARATION

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

NON-AUDIT SERVICES

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

	2016	2015
	\$	\$
Amounts paid and payable to Pitcher Partners (Melbourne) for non-audit services:		
Other assurance services	9,000	-
Taxation services	30,100	26,000
	39,100	26,000
Amounts paid and payable to non-related auditors of group entities for non-audit services:		
Other assurance services	27,000	-
Taxation services	4,500	-
	31,500	-
Total auditors' remuneration for non-audit services	70,600	26,000

The directors present the consolidated entity's 2016 remuneration report which details the remuneration information for Greenearth Energy Ltd's executive directors, non-executive directors and other key management personnel.

A. DETAILS OF KEY MANAGEMENT PERSONNEL

(i) Directors	Position
Charles Macek	Chair - non executive (from 1 May 2016) Director - non executive (from 3 December 2015 to 1 May 2016)
Robert Annells	Director - non executive (from 1 May 2016) Chair - non executive (to 1 May 2016)
Leslie Butterfield	Director - non executive (from 1 May 2016)
John Kopcheff	Director - non executive
Samuel Marks	Managing Director
Philip Zajac	Director - non executive (from 4 September 2014)

(ii) Executives	Position
Urbain du Plessis	Chief Operating Officer - Energy Efficiency
Mark Rutherford	Managing Director - Ilum-a-Lite (from 31 March 2016)*
Robert Smith	Chief Financial Officer and Company Secretary

^{*} Mark Rutherford has been Managing Director of Ilum-a-Lite since prior to its acquisition by the group, and became a key executive of the group on 31 March 2016 when Ilum-a-Lite first formed part of the consolidated group.

B. REMUNERATION POLICIES

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

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

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

SERVICE AGREEMENTS

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

SERVICE AGREEMENTS - EXECUTIVE DIRECTORS

Samuel Marks

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

During the year, this arrangement was formalised by entering into an Executive Service Agreement, specifying terms of employment including a remuneration package comprising base salary plus superannuation and salary packaged benefits commensurate with the role. The agreement, which specifies a minimum period of employment ending on 31 December 2018, can be terminated by the company with six month's notice or by the executive with three months' notice. Termination payments comprise the base salary payment for the duration of the applicable notice period, plus any statutory entitlements owing, such as outstanding annual leave entitlements and superannuation contributions. The remuneration package is subject to annual review by the Board during the term of the agreement, and the base salary is set at a level consistent with the previous informal arrangement after allowing for reasonable annual remuneration reviews since the commencement date (including a total of \$30,711 in relation to the period prior to the commencement of the financial year). In the event of a change of control of the company, the executive is entitled to a termination payment in lieu of any remaining term of the agreement, subject to shareholder approval for any amounts exceeding one years' base salary. Any bonuses are at the discretion of the Board and subject to Board approval, and any equity-based incentives (including options) are at the discretion of the Board yet subject also to Shareholder approval.

SERVICE AGREEMENTS - SENIOR EXECUTIVES

Service agreements are in place for Senior Executives.

These agreements, which do not specify fixed periods of employment, can be terminated by either party with notice periods ranging between four and five weeks' notice (or, in the case of the Managing Director of Ilum-a-Lite, twelve months'). Termination payments comprise the base salary payment for the duration of the applicable notice period, plus any statutory entitlements owing, such as outstanding annual leave entitlements and superannuation contributions.

These agreements also contain KPIs, that are set and assessed by the company in relation to objectives suitable to each executive's role and chosen for alignment of interests, under which performance bonuses may be achieved. Where appropriate, these bonuses include components that are related to the company's performance. KPIs for operational and sales executives focus on business planning, risk and compliance, revenue targets, and profitability. KPIs for the Managing Director of Ilum-a-Lite relate to the profitability of Ilum-a-Lite in each relevant financial year. KPIs for finance and governance executives focus on governance, compliance, reporting and financial management.

C. DETAILS OF KEY MANAGEMENT PERSONNEL REMUNERATION

(a) Directors' remuneration

		Short-Term		Post employ- ment [#]	Share-Base	d Payments	Total	Total perform- ance	Options as % of total
	Salary & Fees [#]	Cash Bonus	Non Monetary	Super- annuation	Equity Options*	Shares issued [#]		related	
	\$	\$	\$	\$	\$	\$	\$	%	%
R Annells									
2016	79,167	-	-	7,521	45,200	-	131,888	-	34.27%
2015	85,000	-	-	8,075	-	-	93,075	-	-
L Butterfi	eld²								
2016	8,333	-	-	792	-	-	9,125	-	-
2015	-	-	-	-	-	-	-	-	-
J Kopchef	f								
2016	50,000	-	-	4,750	22,600	-	77,350	-	29.22%
2015	50,000	-	-	4,750	-	-	54,750	-	-
C Macek ³									
2016	34,597	-	-	3,287	-	-	37,884	-	-
2015	-	-	-	-	-	-	-	-	-
S Marks									
2016	300,000	-	19,331	28,500	113,000	-	460,831	-	24.52%
2015	246,665	-	3,335	23,336	125,700	-	399,036	-	31.50%
P Zajac									
2016	50,000	-	-	4,750	22,600	-	77,350	-	29.22%
2015	41,111	-	-	3,906	-	-	45,017	-	-
Total Dire	ectors' remun	eration							
2016	522,097	-	19,331	49,600	203,400	-	794,428		
2015	422,776	-	3,335	40,067	125,700	-	591,878		

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

NOTES:

- 1. R Annells was a Non-executive Director for the entire financial year, and served as Chair from the commencement of the financial year until 1 May 2016.
- 2. L Butterfield commenced as a Non-executive Director on 1 May 2016.
- 3. C Macek commenced as a Non-executive Director on 3 December 2015 and has served as Chair since 1 May 2016.

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

^{*} The values shown in the column headed 'equity options' represents the accounting value of the options as detailed in note 29(a).

C. DETAILS OF KEY MANAGEMENT PERSONNEL REMUNERATION (CONTINUED)

(b) Executives' remuneration

		Short-Term		Post employ- ment [#]	Share- Paym		Total	Total perform- ance	Options as % of total
	Salary & Fees [#]	Cash Bonus	Non Monetary	Super- annuation	Equity Options*	Shares issued [#]		related	
	\$	\$	\$	\$	\$	\$	\$	%	%
U du Ples	sis								
2016	166,965	-	15,684	17,351	30,330	-	230,330	-	13.17%
2015	166,965	-	15,684	17,351	-	-	200,000	-	-
M Ruther	ford¹								
2016	48,750	62,088	-	4,275	-	-	115,113	53.94%	-
2015	-	-	-	-	-	-	-	-	-
R Smith									
2016	180,000	-	-	17,100	30,330	-	227,430	-	13.34%
2015	180,000	24,300	-	17,520	-	-	221,820	10.95%	-
Total Exe	cutives' remu	ıneration							
2016	395,715	62,088	15,684	38,726	60,660	-	572,873		
2015	346,965	24,300	15,684	34,871	-	-	421,820		

^{*} The values shown in the column headed 'equity options' represents the accounting value of the options as detailed in note 29(a).

NOTES

1. M Rutherford became a key executive of the group on 31 March 2016 when Ilum-a-Lite first formed part of the consolidated group. The amounts shown here relate to the period from 31 March 2016 to the end of the financial year.

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

D. RELATIONSHIP BETWEEN REMUNERATION AND COMPANY PERFORMANCE

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

Consequences of company performance on shareholder wealth:

	2016	2015	2014	2013	2012
Revenue (\$'000)	3,300	1,174	3,143	763	480
Loss before tax (\$'000)	4,817	5,986	226	1,613	2,836
Change in share price (%)	-12%	+17%	+132%	-40%	-58%
Dividends paid to shareholders (\$)	-	-	-	-	-
Return of capital (\$)	-	-	-	-	-

(A) DETAILS OF COMPENSATION OPTIONS

									Те	rms and conditi	Terms and conditions for each grant	nt
	Grant Date	Granted Number	Value per option at grant date	Vest Number During the Year	Year in which option may be vested	Vest	Value Exer- cised During the Year	Forfeited	Exercise Price	Expiry Date	First Exercise Date	Last Exercise Date
		₩	₩			%	₩	%	₩			
Directors												
R Annells												
2016	23/12/15	2,000,000	0.023	2,000,000	2015/16	100%	٠	٠	0.125	23/12/18	23/12/15	23/12/18
2015		ı	1	ī		1	1	1	1			
L Butterfield												
2016		1	1	1			•					
J Kopcheff												
2016	23/12/15	1,000,000	0.023	1,000,000	2015/16	100%	1	•	0.125	23/12/18	23/12/15	23/12/18
2015		I	1	1		1	1	1	1			
C Macek												
2016		I	1	ı		1	1	1	٠			
S Marks												
2016	23/12/15	5,000,000	0.023	•	2016/17		•		0.125	23/12/18	23/12/16	23/12/18
2015	18/12/14	2,000,000	0.029	1	2015/16	1	1	1	0.150	30/09/17	18/12/15	30/09/17
	18/12/14	3,000,000	0.023	1	2015/16	1	1	1	0.20	30/09/17	18/12/15	30/09/17
P Zajac												
2016	23/12/15	1,000,000	0.023	1,000,000	2015/16	100%	•	•	0.125	23/12/18	23/12/15	23/12/18
2015		1	1	1		1	1	1	1			
Executives												
U du Plessis												
2016		1,000,000	0.034	1	2016/17	1	•	1	0.125	7/08/18	7/08/16	7/08/18
2015		1	1	1		1	1	1	1			
M Rutherford												
2016		1	•	1		1	1	٠	٠			
2015		1	1	ı		1	1	1	1			
R Smith												
2016		1,000,000	0.034	I	2016/17	1	1	•	0.125	7/08/18	7/08/16	7/08/18
2015		1	1	ı		1	1	1	1			
Total Directors	Total Directors and Executives	s										
2016		11,000,000		4,000,000		36%	•	•				
2015		2,000,000		1		1	1	1				

E. KEY MANAGEMENT PERSONNEL'S BONUSES AND SHARE-BASED COMPENSATION

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

(B) DETAILS CONCERNING BONUSES AND SHARE-BASED COMPENSATION OF DIRECTORS AND EXECUTIVES (CONSOLIDATED)

(i) Grant of options to Non-executive Directors

Following approval from shareholders at the company's Annual General Meeting (AGM) in November 2015, 4,000,000 unlisted options were issued to Non-executive Directors, in relation to their remuneration as Directors of the company. The options are options to subscribe for shares in the capital of Greenearth Energy Ltd (comprising 4,000,000 at an exercise prices of 12.5 cents), expire on 23 December 2018, and vested at grant date. Each recipient has also entered into a voluntary non-exercise agreement, undertaking not to exercise those options prior to 25 November 2016. No portion of this remuneration is related to company performance.

(ii) Grant of options to Managing Director

Following approval from shareholders at the company's Annual General Meeting (AGM) in November 2015, 5,000,000 unlisted options were issued to Mr Samuel Marks, in relation to his employment as Managing Director. The options are options to subscribe for shares in the capital of Greenearth Energy Ltd (comprising 5,000,000 at an exercise prices of 12.5 cents), expire on 23 December 2018, and will vest on 23 December 2016 subject to Mr Marks' continuing employment with the company up until that date. No portion of this remuneration is related to company performance.

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

(iii) Grant of options to senior executives

2,000,000 unlisted options were issued to Key Management Personnel during the financial year in relation to employment with the company. The options are options to subscribe for shares in the capital of Greenearth Energy Ltd (comprising 2,000,000 at an exercise price of 12.5 cents) expire on 7 August 2018, and vested on 7 August 2016 (subsequent to balance date) due to continued employment with the company up until that date. No portion of this remuneration is related to company performance.

(C) SHARES ISSUED ON EXERCISE OF COMPENSATION OPTIONS

No compensation options were exercised during the year.

F. KEY MANAGEMENT PERSONNEL'S EQUITY HOLDINGS

(a) Number of options held by key management personnel

2016	Balance 1/7/2015	Granted as remunera- tion	Options exercised	Net change other (purchases /expired)	Balance 30/6/2016	Total vested 30/6/2016	Total exercisable 30/6/2016	Total unex- ercisable 30/6/2016
Directors								
RAnnells	-	2,000,000	-	-	2,000,000	2,000,000	2,000,000	-
L Butterfield #	-	-	-	-	-	-	-	-
J Kopcheff	-	1,000,000	-	-	1,000,000	1,000,000	1,000,000	-
C Macek ##	-	-	-	-	-	-	-	-
S Marks	15,000,000	5,000,000	-	-	20,000,000	15,000,000	15,000,000	5,000,000
P Zajac	-	1,000,000	-	-	1,000,000	1,000,000	1,000,000	-
Executives								
U du Plessis	3,500,000	1,000,000	-	-	4,500,000	3,500,000	3,500,000	1,000,000
M Rutherford ###	-	-	-	-	-	-	-	-
R Smith	2,000,000	1,000,000	-	-	3,000,000	2,000,000	2,000,000	1,000,000
	20,500,000	11,000,000	-	-	31,500,000	24,500,000	24,500,000	7,000,000

[#] L Butterfield became a Director on 1 May 2016. The opening balance of holdings shown is as of that date.

^{***} M Rutherford became a member of Key Management Personnel on 31 March 2016. The opening balance of holdings shown is as of that date.

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

^{*} P Zajac became a Director on 4 September 2014. The opening balance of holdings shown is as of that date.

^{**} C Macek became a Director on 3 December 2015. The opening balance of holdings shown is as of that date.

(b) Number of shares held by key management personnel

2016	Balance 1/7/2015	Issued as remuneration	On exercise of options	Net change other (purchases/ disposals)	Balance 30/6/2016
Directors					
R Annells	6,312,883	-	-	-	6,312,883
L Butterfield #	666,667	-	-	-	666,667
J Kopcheff	5,453,382	-	-	-	5,453,382
C Macek ##	650,000	-	-	1,350,000	2,000,000
S Marks	1,126,375	-	-	-	1,126,375
P Zajac	933,333	-	-	-	933,333
Executives					
U du Plessis	-	-	-	-	-
M Rutherford ###	-	-	-	3,281,348	3,281,348
R Smith	-	-	-	-	-
	15,142,640	-	-	4,631,348	19,773,988

^{*} L Butterfield became a Director on 1 May 2016. The opening balance of holdings shown is as of that date.

^{***} M Rutherford became a member of Key Management Personnel on 31 March 2016. The opening balance of holdings shown is as of that date. The net change of 3,281,348 shares represents shares issued by the group in connection with the acquisition of Ilum-a-Lite Pty Ltd, in his capacity as a vendor of Ilum-a-Lite Pty Ltd.

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

 $^{^{\}sharp}$ P Zajac became a Director on 4 September 2014. The opening balance of holdings shown is as of that date.

^{**} C Macek became a Director on 3 December 2015. The opening balance of holdings shown is as of that date.

G. LOANS TO KEY MANAGEMENT PERSONNEL

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

H. OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

An amount of \$31,596 excluding GST (2015:\$31,346) was paid by the group to Virtual and Illumination Engineering Services; a business associated with Mr U. du Plessis, a member of the key management personnel of the company in respect of research and development services provided by it to the group. The Directors believe these transactions to be on an arms-length basis.

End of Remuneration Report.

Signed in accordance with a resolution of the directors.

Charles Macek

Chairman

Samuel R Marks
Managing Director

Greenearth Energy Ltd

Charles March

Dated this 19th day of September 2016 Melbourne



AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF GREENEARTH ENERGY LTD

In relation to the independent audit for the year ended 30 June 2016, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the Corporations Act 2001; and
- (ii) No contraventions of any applicable code of professional conduct.

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

B POWERS

Partner

19 September 2016

PITCHER PARTNERS

Pitcher Partners

Melbourne



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016	2015
		\$	\$
Revenue and other income		•	
Sales revenue	5	2,239,222	637,176
Other income	5	1,061,036	536,840
		3,300,258	1,174,016
Less: Expenses			
Employee benefits expense	6	(3,077,468)	(2,076,479)
Costs incurred in the sale of inventories		(1,640,732)	(550,367)
Depreciation and amortisation	6	(50,051)	(16,065)
Finance costs	6	(1,475)	-
Accounting and audit expenses		(132,134)	(78,738)
Marketing and promotion expenses		(61,786)	(150,013)
Rent and occupancy expenses		(205,074)	(128,398)
Consulting expenses		(344,492)	(293,992)
Unrealised loss on fair value of investments		(3,140)	(8,636)
Impairment expense	6	(116,334)	(2,152,288)
Administrative expenses	6	(1,017,646)	(654,032)
Other expenses	6	(265,116)	(246,954)
Total Expenses		(6,915,448)	(6,355,962)
Share of net losses of associates accounted for using the equity method	14	(1,202,267)	(804,066)
Loss before income tax expense		(4,817,457)	(5,986,012)
Income tax expense	8	(4,017,437)	(5,960,012)
Net loss from continuing operations	6	(4,817,457)	(5,986,012)
		(4.047.457)	(5.000.040)
Loss for the year		(4,817,457)	(5,986,012)
Other comprehensive income for the year		-	-
Total comprehensive income for the year		(4,817,457)	(5,986,012)
Loss is attributable to:			
Members of the parent		(4,817,457)	(5,986,012)
Non-controlling interest		-	-
		(4,817,457)	(5,986,012)
Earnings per share for loss attributable to the equity holders of the parent entity:			
Basic loss per share (cents per share)	28	(1.75)	(2.87)
Diluted loss per share (cents per share)	28	(1.75)	(2.87)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

	Notes	2016	2015
		\$	\$
Current assets			
Cash and cash equivalents	9	1,326,296	2,572,164
Receivables	10	1,117,340	837,281
Inventories	11	1,709,184	650,623
Other financial assets	12	58,050	61,190
Other current assets	13	628,908	125,022
Total current assets		4,839,778	4,246,280
Non-current assets			
Receivables	10	129,393	-
Equity accounted investments	14	1,925,874	698,826
Property, plant and equipment	15	186,928	149,877
Intangible assets	16	2,023,066	-
Exploration and evaluation assets	17	-	-
Total non-current assets		4,265,261	848,703
Total assets		9,105,039	5,094,983
Borrowings Other financial liabilities Income in advance Provisions	19 20 21	457,323 1,927,164 12,617 739,212	- - 87,413
Total current liabilities	21	5,318,905	978,951
Non-current liabilities		3,010,300	370,331
Provisions	21	95,914	35,542
Total non-current liabilities		95,914	35,542
Total liabilities		5,414,819	1,014,493
Net assets		3,690,220	4,080,490
Equity			
Share capital	22	27,747,113	23,708,815
Reserves	23	454,175	65,286
Accumulated losses	23	(24,470,731)	(19,653,274)
Equity attributable to the owners of Greenearth Energy Ltd		3,730,557	4,120,827
Non-controlling interests		(40,337)	(40,337)
Total equity		3,690,220	4,080,490

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2016

CONSOLIDATED ENTITY	Share capital	Reserves	Accumulated losses	Non- controlling interest	Total Equity
	\$	\$	\$	\$	\$
V 1 100 1 0040					
Year ended 30 June 2016	00.700.015	25.000	(10.050.074)	(40.007)	4.000.400
Balance as at 1 July 2015	23,708,815	65,286	(19,653,274)	(40,337)	4,080,490
Loss for the year	-	-	(4,817,457)	-	(4,817,457)
Total comprehensive income for the year	-	-	(4,817,457)	-	(4,817,457)
Transactions with owners in their capacity as owners:					
Contributions	2,963,700	-	-	-	2,963,700
Costs of raising capital	(168,152)	-	-	-	(168,152)
Shares issued in connection with the acquisition of Ilum-a-Lite Pty Ltd	1,242,750	-	-	-	1,242,750
Equity based payments	-	388,889	-	-	388,889
	4,038,298	388,889	-	-	4,427,187
Balance as at 30 June 2016	27,747,113	454,175	(24,470,731)	(40,337)	3,690,220
Year ended 30 June 2015					
Balance as at 1 July 2014	19,716,215	(37,521)	(13,667,262)	(40,337)	5,971,095
Loss for the year	-	-	(5,986,012)	-	(5,986,012)
Total comprehensive income for the year	-	-	(5,986,012)	-	(5,986,012)
Transactions with owners in their capacity as owners:					
Contributions	4,198,575	-	-	-	4,198,575
Costs of raising capital	(205,975)	-	-	-	(205,975)
Equity based payments	-	102,807	-	-	102,807
	3,992,600	102,807	-	-	4,095,407
Balance as at 30 June 2015	23,708,815	65,286	(19,653,274)	(40,337)	4,080,490

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016	2015
		\$	\$
Cash flow from operating activities			
Receipts		3,849,159	690,276
Payments to suppliers and employees		(6,656,035)	(4,344,945)
Research and development rebates received		575,209	684,732
Interest received		6,226	7,968
Borrowing costs paid		(3,288)	-
Net cash used in operating activities	24(a)	(2,228,729)	(2,961,969)
Cash flow from investing activities			
Purchase of property, plant and equipment		(50,351)	(174,273)
Purchase of unlisted securities		(1,848,333)	(1,482,128)
Payment for acquisition, net of cash acquired		(358,014)	-
Loans to related entities		(6,185)	-
Payments for bonds and deposits		(54,124)	(54,124)
Proceeds from matured bonds and deposits		54,124	54,124
Net cash used in investing activities		(2,262,883)	(1,656,401)
Cash flow from financing activities			
Proceeds from issues of ordinary shares		2,963,700	4,187,116
Capital raising costs		(160,116)	(205,975)
Proceeds from borrowings		450,000	-
Net cash provided by financing activities		3,253,584	3,981,141
Net increase/(decrease) in cash and cash equivalents		(1,238,028)	(637,229)
Foreign exchange differences on cash holdings		(7,840)	21,978
Cash and cash equivalents at beginning of year		2,572,164	3,187,415
Cash and cash equivalents at end of the year	24(b)	1,326,296	2,572,164

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

(A) BASIS OF PREPARATION OF THE FINANCIAL REPORT

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

The financial report covers Greenearth Energy Ltd and controlled entities as a consolidated entity. Greenearth Energy Ltd is a company limited by shares, incorporated and domiciled in Australia. The address of Greenearth Energy Ltd's registered office and principal place of business is Level 14, 500 Collins Street, Melbourne, Victoria, 3000. Greenearth Energy Ltd is a for-profit entity for the purpose of preparing the financial statements.

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

Compliance with IFRS

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

Historical cost convention

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

Significant accounting estimates

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

(B) GOING CONCERN

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

The consolidated entity incurred a net loss for the year of \$4,817,457 (2015: \$5,986,012), and at balance date current liabilities exceeded current assets by \$479,127.

The Directors have concluded that the going concern basis is appropriate, based on analysis of the company's internal cash flow forecasts which include expected future cash flows over the next 12 months. These forecasts contain certain assumptions in relation to the short term development of the business, including the expected future revenue and profitability of Vivid Industrial (a company within the consolidated group), and are based on currently available information including management assessments of probable future orders and other information.

In the event that the company is unable to trade as forecast or the actual outcomes differ significantly from the assumptions used, the company may need to take measures to conserve and secure cash flow, which may include adjusting its operating capital requirements, raising additional capital, and other funding avenues such as continued development of other industrial technologies and expanding revenue streams.

Subsequent to the end of the financial year, the company issued 50,870,937 fully paid ordinary shares for 7.5 cents per share in August 2016 pursuant to a share placement, proceeds from which totalled \$3,609,555 after costs.

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

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(C) PRINCIPLES OF CONSOLIDATION

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

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

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

Non-controlling interests in the results of subsidiaries are shown separately in the consolidated Statement of Profit or Loss and Other Comprehensive Income and consolidated Statement of Financial Position respectively.

(D) REVENUE

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

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

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

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

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

(E) CASH AND CASH

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

(F) INVENTORIES

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

(G) PROPERTY, PLANT AND EQUIPMENT

Cost and valuation

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

Depreciation

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

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The useful lives for each class of assets are:

	2016	2015
Plant and equipment	5 years	5 years
Computer equipment	3 years	3 years
Office equipment	6 years	6 years
Leasehold improvements	the lease term	the lease term

(H) EXPLORATION AND EVALUATION COSTS

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

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

Amortisation

The entity does not currently have any production areas.

Restoration costs

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

(I) LEASES

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

Operating leases

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

Finance leases

Leases of fixed assets, where substantially all of the risks and benefits incidental to ownership of the asset, but not the legal ownership, are transferred to the consolidated entity are classified as finance leases. Finance leases are capitalised, recording an asset and liability equal to the fair value or, if lower, the present value of the minimum lease payments, including any guaranteed residual values. The interest expense is calculated using the interest rate implicit in the lease and is included in finance costs in the statement of profit or loss. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely the consolidated entity will obtain ownership of the asset, or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(J) INTANGIBLES

Goodwill

Goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identifiable or separately recognised. Refer to Note 1(w) for a description of how goodwill arising from a business combination is initially measured. Goodwill is not amortised but is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is carried at cost less any accumulated impairment losses.

Software licenses

Software licences that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over the estimated useful life of the asset. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Research and development

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

Development costs are capitalised when the entity can demonstrate all of the following: the technical feasibility of completing the asset so that it will be available for use or sale; the intention to complete the asset and use or sell it; the ability to use or sell the asset; how the asset will generate probable future economic benefits; the availability of adequate technical, financial and other resources to complete the development and to use or sell the asset; and the ability to measure reliably the expenditure attributable to the asset during its development. Capitalised development expenditure is carried at cost less any accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using a straight-line method to allocate the cost of the intangible asset over its estimated useful life, which range from 2 to 3 years. Amortisation commences when the intangible asset is available for use.

Other development expenditure is recognised as an expense when incurred.

(K) IMPAIRMENT OF NON-FINANCIAL ASSETS

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

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

For impairment assessment purposes, assets are generally grouped at the lowest levels for which there are largely independent cash flows ('cash generating units'). Accordingly, most assets are tested for impairment at the cash-generating unit level. Because it does not generate cash flows independently of other assets or groups of assets, goodwill is allocated to the cash generating unit or units that are expected to benefit from the synergies arising from the business combination that gave rise to the goodwill.

Assets other than goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are assessed for impairment whenever events or circumstances arise that indicate the asset may be impaired.

An impairment loss is recognised when the carrying amount of an asset or cash generating unit exceeds the asset's or cash generating unit's recoverable amount. The recoverable amount of an asset or cash generating unit is defined as the higher of its fair value less costs to sell and value in use. Refer to Note 2 for a description of how management determines value in use.

Impairment losses in respect of individual assets are recognised immediately in profit or loss unless the asset is carried at a revalued amount such as property, plant and equipment, in which case the impairment loss is treated as a revaluation decrease in accordance with the applicable Standard. Impairment losses in respect of cash generating units are allocated first against the carrying amount of any goodwill attributed to the cash generating unit with any remaining impairment loss allocated on a pro rata basis to the other assets comprising the relevant cash generating unit.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(L) INCOME TAX

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

Deferred tax balances

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

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

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

Tax consolidation

Greenearth Energy Limited and its wholly-owned Australian resident entities formed a tax-consolidated group with effect from 1 July 2012. Greenearth Energy Limited is the head entity of the tax-consolidated group. The members of the tax-consolidated group are identified in note 30.

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

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

(M) PROVISIONS

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

(N) EMPLOYEE BENEFITS

(i) Short-term employee benefit obligations

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(N) EMPLOYEE BENEFITS (CONTINUED)

(ii) Long-term employee benefit obligations

The provision for other long-term employee benefits, including obligations for long service leave and annual leave, which are not expected to be settled wholly before twelve months after the end of the reporting period, are measured at the present value of the estimated future cash outflow to be made in respect of the services provided by employees up to the reporting date. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee turnover, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the change occurs.

Other long-term employee benefit obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur. All other long-term employee benefit obligations are presented as non-current liabilities in the statement of financial position.

(iii) Retirement benefit obligations

The consolidated entity makes superannuation contributions (currently 9.50% of the employee's average ordinary salary) to the employee's defined contribution superannuation plan of choice in respect of employee services rendered during the year. These superannuation contributions are recognised as an expense in the same period when the related employee services are received. The group's obligation with respect to employee's defined contributions entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the statement of financial position.

(iv) Bonus plan

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

(v) Share-based payments

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

(O) BORROWING COSTS

Borrowing costs can include interest expense calculated using the effective interest method, finance charges in respect of finance leases.

Borrowing costs are expensed as incurred.

(P) THIRD PARTY SHARE-BASED PAYMENTS

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(Q) FINANCIAL INSTRUMENTS

Classification

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

Initial recognition and measurement

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

Financial instruments are initially measured at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in profit or loss.

Fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short-term profit taking, are derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation by key management personnel. Investments in listed securities are carried at fair value through profit or loss. They are measured at their fair value at each reporting date and any increment or decrement in fair value from the prior period is recognised in profit or loss of the current period. Fair value of listed investments are based on closing bid prices at the reporting date.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and the group intends to hold the investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

Loans and receivables

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

Available-for-sale

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

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

Financial liabilities

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

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

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(Q) FINANCIAL INSTRUMENTS (CONTINUED)

Impairment of financial assets

Financial assets are tested for impairment at each financial year end to establish whether there is any objective evidence for impairment as a result of one or more events ('loss events') having occurred and which have an impact on the estimated future cash flows of the financial assets.

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

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

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

(R) INVESTMENTS IN ASSOCIATES

An associate is an entity over which the consolidated entity is able to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

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

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

(S) SHARE CAPITAL

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

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

(T) FOREIGN CURRENCY

Functional and presentation currency

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

Transactions and balances

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(T) FOREIGN CURRENCY (CONTINUED)

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

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

Foreign subsidiaries

Subsidiaries that have a functional currency different to the presentation currency of the consolidated are translated as follows:

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

(U) COMPARATIVES

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

(V) GOODS AND SERVICES TAX (GST)

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

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

(W) BUSINESS COMBINATIONS

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses and results in the consolidation of the assets and liabilities acquired. Business combinations are accounted for by applying the acquisition method.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree. Deferred consideration payable is measured at its acquisition-date fair value. Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. At each reporting date subsequent to the acquisition, contingent consideration payable is measured at its fair value with any changes in the fair value recognised in profit or loss unless the contingent consideration is classified as equity, in which case the contingent consideration is carried at its acquisition-date fair value.

Goodwill is recognised initially at the excess of: (a) the aggregate of the consideration transferred, the fair value of the non-controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest (in case of step acquisition); over (b) the net fair value of the identifiable assets acquired and liabilities assumed. If the net fair value of the acquirer's interest in the identifiable assets acquired and liabilities assumed is greater than the aggregate of the consideration transferred, the fair value of the non-controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest, the difference is immediately recognised as a gain in profit or loss. Acquisition related costs are expensed as incurred.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(X) ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT OPERATIVE AT 30 JUNE 2016

At the date of authorisation of the financial statements, the relevant Standards and Interpretations that were issued but not yet effective are listed below.

AASB 15: Revenue from contracts with customers

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

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

The effective date is for annual reporting periods beginning on or after 1 January 2018. The consolidated entity has decided not to early adopt AASB 15 at 30 June 2016.

The changes in revenue recognition requirements in AASB 15 may cause changes to the timing and amount of revenue recorded in the financial statements as well as additional disclosures. Any impacts of AASB 15 will be dependent on the substance of future contracts with customers and as such has not yet been quantified.

AASB 9: Financial Instruments

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

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

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

The new standard is not expected to have a material impact on the consolidated entity's accounting for financial liabilities.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(X) ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT OPERATIVE AT 30 JUNE 2016 (CONTINUED)

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

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

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

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

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

The effective date is annual reporting periods beginning on or after 1 January 2018. The consolidated entity has decided not to early adopt AASB 9 at 30 June 2016.

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

AASB 16: Leases

AASB 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The accounting model for lessees will require lessees to recognise all leases on balance sheet, except for short-term leases and leases of low value assets. AASB 16 applies to annual periods beginning on or after 1 January 2019. The application of AASB 16 in the future may have a material impact on the consolidated financial statements, however it is not practicable to provide a reasonable estimate of the effect of AASB 16 until the a detailed review has been performed.

NOTE 2: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

(A) IMPAIRMENT OF GOODWILL

Goodwill is allocated to cash generating units (CGU's) according to management's expectations regarding which assets will be expected to benefit from the synergies arising from the business combination that gave rise to the goodwill. The recoverable amount of a CGU is based on value in use calculations. These calculations are based on projected cash flows approved by management covering a period of 1 year (maximum of five years). Management's determination of cash flow projections and gross margins are based on past performance and its expectation for the future. The present value of future cash flows has been calculated using an average growth rate of 5% for cash flows in years two to five which is below the historical average, a terminal value growth rate of 5% and a post-tax discount rate of 15.4% to determine value-in-use.

(B) IMPAIRMENT OF NON-FINANCIAL ASSETS OTHER THAN GOODWILL

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

(C) IMPAIRMENT OF FINANCIAL ASSETS

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

(D) INCOME TAX

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

(E) FAIR VALUE MEASUREMENTS

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

(F) EMPLOYEE BENEFITS

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

(G) SHARE BASED PAYMENTS

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

(H) DEFERRED EXPLORATION EXPENDITURE

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

NOTE 2: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(I) PROVISION FOR RESTORATION COSTS

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

NOTE 3: FINANCIAL RISK MANAGEMENT

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

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

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

The consolidated entity holds the following financial instruments:

	Notes	2016	2015
		\$	\$
Financial assets			
Cash and cash equivalents	9	1,326,296	2,572,164
Receivables	10	1,117,340	837,281
Financial assets at fair value through profit and loss classified as held for trading	12	3,926	7,066
Security deposits for exploration permits	12	54,124	54,124
		2,501,686	3,470,635
Financial liabilities			
Payables	18	2,182,589	891,538
Borrowings	19	457,323	-
Other financial liabilities	20	1,927,164	-
		4,567,076	891,538

NOTE 3: FINANCIAL RISK MANAGEMENT (CONTINUED)

(A) MARKET PRICE RISK

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

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

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

Sensitivity

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

Note	es	2016	2015	
		\$	\$	
+/- 15% price variation				
Impact on profit or loss after tax		589	1,060	
Impact on equity		589	1,060	

(B) CURRENCY RISK

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. At 30 June 2016 the consolidated entity held \$14,513 (2015: \$589,891) in foreign bank accounts.

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

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

	Liab	ilities	Assets		
	2016	2015	2016	2015	
Unites States Dollar (USD)	291,664	210,084	14,513	589,891	

NOTE 3: FINANCIAL RISK MANAGEMENT (CONTINUED)

Sensitivity

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

	Notes	2016	2015
		\$	\$
15% appreciation of AUD against USD			
Impact on profit or loss after tax		55,983	(74,181)
Impact on equity		55,983	(74,181)
15% depreciation of AUD against USD			
Impact on profit or loss after tax		(55,983)	74,181
Impact on equity		(55,983)	74,181

(C) INTEREST RATE RISK

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

The company does not currently have any floating rate interest bearing debt. Cash deposits attract interest at the prevailing floating interest rates, which for interest bearing deposits is currently 2.0%.

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

(D) CREDIT RISK

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

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

At balance date, the consolidated entity's only material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the entity was in relation to trade receivables from Honeywell Limited of \$732,086 which is included within trade receivables in Note 10.

i) Cash deposits

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

NOTE 3: FINANCIAL RISK MANAGEMENT (CONTINUED)

ii) Trade receivables

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

iii) Other receivables

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

(E) LIQUIDITY RISK

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

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

Maturity analysis

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

	< 6 Months	6-12 months	12-18 months	Total contractual cash flows
	\$	\$	\$	\$
Cash and cash equivalents	1,326,296	-	-	1,326,296
Receivables	868,287	276,430	129,393	1,274,110
Other financial assets	58,050	-	-	58,050
Other current assets	456,887	-	-	456,887
Payables	(2,182,589)	-	-	(2,182,589)
Borrowings	(457,323)	-	-	(457,323)
Consideration payable	(963,582)	-	-	(963,582)
Net maturities	(893,974)	276,430	129,393	(488,151)

For all items shown above, the carrying amounts are equal to the total contractual cash flows, except:

(i) Receivables (details of adjustments to carrying amounts of receivables are detailed in note 10).

(ii) Consideration payable (details of the cash and non-cash components are detailed in note 25(a)). Only the cash component is included above, for which the carrying amount is equal to the total contractual cash flows.

(F) FAIR VALUES COMPARED TO CARRYING AMOUNTS

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

NOTE 4: FAIR VALUE MEASUREMENTS

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

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

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

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

All financial assets at fair value through profit or loss totalling \$3,926 (2015: \$7,066) as disclosed in Note 12 are classified as Level 1 items in the fair value hierarchy. There were no transfers between level 1 and level 2 during the year.

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

NOTE 5: REVENUE AND OTHER INCOME

	Notes	2016	2015
	110103	\$	
Revenue and other income from continuing operations		Ψ	y
Sales revenue			
Sales of goods and rendering of associated services		2,239,222	637,176
Other income Interest		6,226	9,712
Interest		6,226	9,712
Net foreign exchange gain		30,593	-
Rentalincome		12,000	12,000
Research and development tax concession rebate		575,209	467,330
Doubtful debts recovered		-	45,284
Other income		437,008	2,514
		1,061,036	536,840

Notes	2016	2015
	\$	\$

NOTE 6: LOSS FROM CONTINUING OPERATIONS

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

Fmn	l٥١	/ee	her	nefits	exn	ense

		3,077,468	2,076,479
Other employee benefits		2,521,222	1,797,561
Directors' fees	(b)	222,097	176,111
Share-based payments expense	(a)	334,149	102,807

- (a) Share-based payments expenses represents the non-cash notional value of equity options refer to note 1(n).
- (b) For further information on Directors' fees, refer to part (E)(b) of the Remuneration Report within the Directors' Report.

Depreciation and amortisation of non-current assets

Software licences		2,522 50,051	16,065
Leasehold improvements	15(a)	4,777	7,013
Computer equipment	15(a)	11,329	6,893
Office equipment	15(a)	420	135
Plant and equipment	15(a)	31,003	2,024

Impairment Expense

Impairment of trade receivables		12,036	-
Impairment of equity accounted investments		104,298	
Impairment of exploration and evaluation assets	17	-	2,152,288
		116,334	2,152,288

Finance costs expensed

Interest on loans and finance leases	1,475	-
--------------------------------------	-------	---

Administrative expenses

	1,017,646	654,032
General and office expenses	454,102	301,266
Insurance premiums	91,469	60,049
Legal fees	146,111	63,159
Share registry costs	76,746	60,563
Travel and accommodation	249,218	168,995

Notes	2016	2015
	\$	\$

NOTE 6: LOSS FROM CONTINUING OPERATIONS (CONTNUED)

Other expenses

Writedowns of inventory to net realisable value	_	22,037
Willedowns of inventory to net realisable value		22,031
Net foreign exchange loss	-	17,220
Loss on disposal of plant and equipment	1,212	-
Product research	263,432	204,401
Warranty expenses	472	3,296
	265,116	246,954

NOTE 7: DIVIDENDS

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

NOTE 8: INCOME TAX

(A) COMPONENTS OF TAX EXPENSE

Currenttax	-	-
Deferred tax	-	-
Under/(over) provision in prior years	-	-
	-	-

(B) PRIMA FACIE TAX PAYABLE

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

Profit/(loss) before tax from continuing operations		(4,817,457)	(5,986,012)
Total profit/(loss) before income tax		(4,817,457)	(5,986,012)
$\label{prima} \mbox{Prima facie income tax benefit on loss before income tax at}$	30% (2015: 30%):		
		(1,445,237)	(1,795,804)
Add/(less) tax effect of:			
Movement in deferred tax assets not brought to account	8(c)	1,578,478	1,924,419
Non deductible and non assessable items		(133,241)	(128,615)

(C) DEFERRED TAX ASSETS NOT BROUGHT TO ACCOUNT

Tax losses and temporary differences	5,869,635	4,291,157

Notes	2016	2015
	\$	\$

NOTE 9: CASH AND CASH EQUIVALENTS

	1,326,296	2,572,164
Cash on hand	611	611
Cash at bank	1,325,685	2,571,553

NOTE 10: RECEIVABLES

Current

Trade receivables		982,741	57,531
Less: provision for impairment	(a)	(27,377)	(15,341)
		955,364	42,190
Loan receivable from associate		6,185	-
Convertible loan receivable from associate		-	651,042
Receivables from other related parties		53,042	
Other receivables		102,749	144,049
		1,117,340	837,281

Non	current	

Trade receivables	129,393	-
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(A) PROVISION FOR IMPAIRMENT

(i) Trade receivables

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

(ii) Loan receivable from associate

The loan receivable from NCF Global Pty Ltd (an associate of the group), is an usecured non interest bearing loan with no contracted repayment date. An impairment loss is recognised when there is objective evidence that the loan receivable is impaired. No impairment loss was recorded during the year.

(iii) Convertible loan receivable from associate

The convertible loan receivable from NewCO2Fuels Ltd ("NCF", an associate of the group at 30 June 2015), was a secured non interest bearing loan with a face value of USD \$500,000. During the year ended 30 June 2016, the group elected to convert it to ordinary shares in NCF with such conversion counting towards the group's investment in NCF. During the year, the group subsequently transferred that investment to a new associated entity, NCF Global Pty Ltd (refer note 14(b)).

(iv) Other receivables

Other receivables includes amounts receivable from the Australian Taxation Office.

expense during the year

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2016

	Notes	2016	2015
		\$	\$
NOTE 10: RECEIVABLES (CONTINUED)			
,			
Movements in the provision for impairment were:			
Opening balance at 1 July		15,341	60,625
Charge for the year		12,036	
Recovery of amounts previously provided		-	(45,284
Amounts written off		-	
Closing balance at 30 June		27,377	15,341
Trade and other receivables ageing analysis at 30 June is:			
		Gross	Impairment
		\$	\$
Balances as at 30 June 2016:			
Not past due		1,044,320	
Past due 1-30 days		162,006	
Past due 31-60 days		6,580	
Past due 61-90 days		5,146	
Past due more than 91 days		56,058	27,377
		1,274,110	27,377
Balances as at 30 June 2015:			
Not past due		803,229	-
Past due 31-60 days		10,454	
Past due 61-90 days		319	
Past due more than 91 days		38,620	15,341
·		852,622	15,341
		2016	2015
		\$	\$
NOTE 11: INVENTORIES			
Inventories at cost:			
- on hand		1,428,281	603,355
- on consignment		177,079	44,703
- in transit		103,824	2,565
		1,709,184	650,623
Write daying of inventories to not use Pastella value and a			00.003
Write downs of inventories to net realisable value recognised as an		-	22,037

Notes	2016	2015
	\$	\$

NOTE 12: OTHER FINANCIAL ASSETS

Current

Financial assets at fair value through profit or loss classified as held for trading:

Shares in listed entities	3,926	7,066
Total financial assets at fair value through profit or loss	3,926	7,066
Security deposits for exploration permits	54,124	54,124
	58,050	61,190

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

NOTE 13: OTHER ASSETS

	628,908	125,022
Accrued income	456,887	-
Prepayments	172,021	125,022

NOTE 14: EQUITY ACCOUNTED INVESTMENTS

Equity accounted associated entities	(a)	1,925,874	698,826

(A) ASSOCIATED ENTITIES

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

Associates	Equity instrument	Ownership interest		Carrying	amounts
		2016	2015	2016	2015
		%	%	\$	\$
NCF Global Pty Ltd	Ordinary shares	50.00%	0%	1,925,874	-
NewCO2Fuels Limited	Ordinary shares	0%	33.33%	-	638,040
PT Geopower Indonesia	Ordinary shares	40%	40%	-	60,786
				1,925,874	698,826

The principal activity of NCF Global Pty Ltd is technology investment. NCF Global Pty Ltd is incorporated in Australia. During the year, NCF Global Pty Ltd acquired 66.67% of NewCO2Fuels Limited (including the 33.33% previously held by the group) (refer note 14(b)). The principal activity of NewCO2Fuels Limited is the development and commercialisation of technology which focuses on the conversion of CO_2 to fuel. NewCO2Fuels Ltd is incorporated in Israel. Although the group's direct ownership interest in NewCO2Fuels Limited is nil at 30 June 2016, its previous 33.33% economic interest is maintained via the group's 50% ownership interest in NCF Global Pty Ltd.

Notes	2016	2015
	\$	\$

NOTE 14: EQUITY ACCOUNTED INVESTMENTS (CONTINUED)

The group's direct investment in NewCO2Fuels Limited at 30 June 2015 was represented in these financial statements by:

		-	1,289,082
Equity accounted investment in associate	14(a)	-	638,040
Convertible loan receivable from associate	10	-	651,042

The principal activity of PT Geopower Indonesia is clean technology distribution. PT Geopower Indonesia is incorporated in Indonesia. The carrying amount of the company's equity accounted investment in PT Geopower Indonesia has been reduced to nil in order to provide for the impairment of the company's investment. As Geothermal exploration is no longer the group's primary focus, it is currently reevaluating its strategic objectives in relation to the investment in PT Geopower Indonesia.

The group's investment in PT Geopower Indonesia comprises:

Equity accounted investment in associate	104,298	60,786
Provision for impairment	(104,298)	-
	-	60,786

In each case, the country of incorporation is also the principal place of business.

(B) CHANGE IN THE GROUP'S OWNERSHIP INTEREST IN AN ASSOCIATE

(i) Investment acquired during the year - NCF Global Pty Ltd

During the year, the group transferred its 33.33% interest in NewCO2Fuels Ltd ("NCF") to a new company, NCF Global Pty Ltd ("NCF Global"), in exchange for 50% of the share capital of NCF Global. NCF Global also acquired a further 33.33% interest in NCF from Erdi Fuels Pty Ltd (a related entity of the group) in a similar transaction. Following these transactions:

- The group and Erdi Fuels Pty Ltd each own 50% of NCF Global.
- The group and Erdi Fuels Pty Ltd no longer each own 33.33% of NewCO2Fuels Ltd.
- NCF Global owns 66.67% of NewCO2Fuels Ltd.

The group's disposal of its previous 33.33% interest in NCF was in return for 50% of the share capital of NCF Global. The value of the group's 50% interest in NCF Global for accounting purposes at the time of transfer was based on the carrying value of its previous 33.33% interest in NCF at the time of transfer. The carrying amount of the group's investment in NCF Global has also been adjusted for the group's share of NCF Global's result during the remainder of the period, in accordance with equity accounting requirements.

NCF Global is classified as an associate of the group, as the group has assessed that it has significant influence over the operating and financial decisionmaking of NCF Global, but not control. This assessment is based on the rights and obligations of each NCF Global shareholder in relation to decisionmaking and the power to influence variable returns.

NCF Global is classified as a related party of the group, as some of the directors of NCF Global are also directors of Greenearth Energy Ltd.

Notes	2016	2015
	\$	\$

NOTE 14: EQUITY ACCOUNTED INVESTMENTS (CONTINUED)

(ii) Investment disposed during the year - NewCO2Fuels Ltd

As outlined above, the group's previous investment in NewCO2Fuels Ltd ("NCF") was transferred to NCF Global Pty Ltd ("NCF Global") during the year, in exchange for 50% of the share capital of NCF Global. Based on the carrying value of the group's investment in NCF at the time of transfer, the transfer resulted in no net gain or loss on the disposal of the group's investment in NCF, as follows:

Proceeds of disposal	2,577,326	-
Less: carrying amount of investment at disposal	(2,577,326)	-
Gain recognised	-	-

(C) SUMMARISED FINANCIAL INFORMATION FOR ASSOCIATES

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

(ii) NCF Global Pty Ltd and NewCO2Fuels Ltd

Total comprehensive income	(3,530,243)	(2,331,424)
Other comprehensive income	-	-
Net profit/(loss) from continuing operations	(3,530,243)	(2,331,424)
Revenue	-	-
Non-current liabilities	8,842,302	7,493,918
Current liabilities	775,688	1,161,008
Non-current assets	5,843,951	5,950,485
Current assets	257,283	390,767

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

Net assets of the associate	(3,516,756)	(2,313,674)
Proportion of the Group's ownership interest	33.33%	33.33%
Group's share of net assets	(1,172,135)	(771,148)
Goodwill and other adjustments including unrealised currency translation impacts	3,098,009	1,409,188
Carrying amount of the Group's interest in NCF Global Pty Ltd	1,925,874	638,040

Notes	2016	2015
	\$	\$

NOTE 14: EQUITY ACCOUNTED INVESTMENTS (CONTINUED)

The amounts shown above pertain to the group's effective economic interest in NewCO2Fuels Ltd of 33.33%, which equity accounted as an investment in associate. The investment is represented at balance date by a 50% interest in NCF Global, which in turn holds 66.67% of NewCO2Fuels Ltd. At 30 June 2015, the group's 33.33% interest in NewCO2Fuels Ltd was represented by a direct shareholding of 33.33% of NewCO2Fuels Ltd.

(iii) PT Geopower Indonesia

Total comprehensive income	(63,706)	(76,331)
Other comprehensive income	-	-
Net loss from continuing operations	(63,706)	(76,331)

NOTE 15: PROPERTY PLANT AND EQUIPMENT

Plant and equipment		
At cost	177,804	117,755
Accumulated depreciation	(38,148)	(2,024)
	139,656	115,731
Office equipment		
At cost	20,290	3,409
Accumulated depreciation	(10,987)	(3,069)
	9,303	340
Computer equipment		
At cost	88,747	43,833
Accumulated depreciation	(62,753)	(24,074)
	25,994	19,759
Leasehold improvements		
At cost	224,860	222,155
Accumulated amortisation	(212,885)	(208,108)
	11,975	14,047
Total plant and equipment	186,928	149,877

2015

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2016

Notes

2016

NOTE 15: PROPERTY PLANT AND EQUIPMENT (CO	NTINUED)	
(A) RECONCILIATIONS	,	
Reconciliations of the carrying amounts of property, plant and eq	uipment at the beginning and end of the curr	ent financial vear
tooonismations of the sairlying amounts of property, plant and eq	aipment at the beginning and one of the earth	one in arrolar your
Plant and equipment		
Carrying amount at beginning of year	115,731	-
Additions	45,455	117,755
Additions through acquisition of entity	9,473	-
Depreciation	(31,003)	(2,024)
Carrying amount at end of year	139,656	115,731
Office equipment		
Carrying amount at beginning of year	340	475
Additions	997	-
Additions through acquisition of entity	8,386	-
Depreciation	(420)	(135)
Carrying amount at end of year	9,303	340
Computer equipment		
Carrying amount at beginning of year	19,759	7,009
Additions	8,141	19,643
Additions through acquisition of entity	10,635	-
Disposals	(1,212)	
Depreciation	(11,329)	(6,893)
Carrying amount at end of year	25,994	19,759
Leasehold improvements		
Carrying amount at beginning of year	14,047	21,060
Additions	2,705	21,000
Additions through acquisition of entity	2,100	-
Amortisation	(4777)	(7.012)
	(4,777)	(7,013)
Carrying amount at end of year	11,975	14,047

Notes	2016	2015
	\$	\$

NOTE 16: INTANGIBLE ASSETS

Goodwill at cost	25(b)	2,012,138	-
Accumulated impairment loss		-	-
		2,012,138	-
Software licences at cost		30,261	-
Accumulated amortisation		(19,333)	-
		10,928	-
		2,023,066	-

Goodwill arose due to the to the group's acquisition of Ilum-a-Lite Pty Ltd during the year (refer note 25(b)) and relates to the Industrial Energy Efficiency segment and cash generating unit ("CGU").

The recoverable amount of a CGU is based on value in use calculations. These calculations are based on projected cash flows approved by management covering a period of 1 year (maximum of five years). Management's determination of cash flow projections and gross margins are based on past performance and its expectation for the future. The present value of future cash flows has been calculated using an average growth rate of 5% for cash flows in years two to five which is below the historical average, a terminal value growth rate of 5% and a post-tax discount rate of 15.4% to determine value-in-use.

No reasonable change in the key assumptions of the value in use calculations would result in impairment.

NOTE 17: EXPLORATION AND EVALUATION ASSETS

less provision for impairment	(2,152,288)	(2,152,288)
(a)	-	-

(A) RECONCILIATION

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

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

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

Notes	2016	2015
	\$	\$

NOTE 18: PAYABLES

Trade payables		1,184,826	343,705
Amounts payable to related parties	31(b)	69,788	62,970
Accrued inventory purchases		135,092	130,625
Other payables		792,883	354,238
		2,182,589	891,538

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

NOTE 19: BORROWINGS

Secured			
Loan payable	(i)	451,239	-
Unsecured			
Lease liability		6,084	-
		457,323	-

(i) Loan payable

Amounts totalling \$450,000 were borrowed from a third party during the year at an interest rate of 5% per annum, secured by a security interest granted over certain assets of the company. The liability at balance date represents the principal loan amount together with accrued interest. Subsequent to balance date, the loan was repaid in full and the security discharged.

NOTE 20: OTHER FINANCIAL LIABILITIES

Consideration payable	1,927,164	-

Consideration payable represents the fair value at balance date of the amount payable subsequent to reporting date in connection with the acquisition of Ilum-a-Lite Pty Ltd, and comprises cash consideration and non-cash consideration (in the form of new Greenearth Energy Ltd shares) (refer note 25(a)).

The ultimate amount and value of consideration payable has been determined and agreed, but the value of the non-cash consideration portion for accounting purposes will ultimately depend on the fair value of Greenearth Energy Ltd shares at the date of issue. The carrying value of consideration payable (shown above) is based on the fair value at balance date (refer note 25(a)(iii)).

Any differences upon settlement of the non-cash consideration portion between the ultimate value for accounting purposes and the carrying amount at balance date will be included in profit or loss.

	Notes	2016	2015
		\$	\$
NOTE 21: PROVISIONS			
Current			
Employee benefits		664,236	87,413
Warranty	(a)	74,976	-
		739,212	87,413
Non-current Employee benefits Restoration costs		80,914 15,000	20,542
Restoration costs		95,914	15,000 35,542
Aggregate employee benefits liability		745,150	107,955
(A) MOVEMENTS IN PROVISION FOR WARF	RANTY		
Carrying amount at the beginning of the year		-	-
Additions through acquisition of entity		74,976	-
Carrying amount at the end of the year		74,976	-

The warranty provision relates to potential obligations for goods and services sold prior to balance date, based on management estimates of potential in-service defect rates and rectification costs. The extent and timing of any resulting outflows of economic benefits will depend on actual defect rates and rectification costs.

NOTE 22: SHARE CAPITAL

(A) ISSUED AND PAID UP CAPITAL

299,555,628 (2015: 246,975,003) ordinary shares fully paid	27,747,113	23,708,815
--	------------	------------

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

(168, 152)

27,747,113

(205,975)

23,708,815

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2016

NOTE 22: SHARE CAPITAL (CONTINUED)

(B) MOVEMENTS IN SHARES ON ISSUE

	Number	Number of shares		<u> </u>
	2016	2015	2016	2015
Beginning of the financial year	246,975,003	197,580,003	23,708,815	19,716,215
Channel is a seal design of the season				
Shares issued during the year:				
- Placement (i)	37,046,250	-	2,963,700	-
- Issued in connection with the acquisition of Ilum-a-Lite (ii)	15,534,375	-	1,242,750	-
- Placement (iii)	_	49.395.000	_	4.198.575

(ii) 15,534,375 fully paid ordinary shares were issued during the year for 8 cents per share in connection with the acquisition of Ilum-a-Lite Pty Ltd, in satisfaction of \$1,242,750 of non-cash consideration. Refer to note 25 for details of the acquisition.

299,555,628

246,975,003

(iii) 49,395,000 fully paid ordinary shares were issued during the prior year for 8.5 cents per share persuant to a share placement.

(C) TERMS AND CONDITIONS OF SHARE CAPITAL

Ordinary shares

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

(D) SHARE OPTIONS

Options over ordinary shares:

Transaction costs of equity issued

End of the financial year

(i) Options issued to directors and employees

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

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

Details of options issued to directors and employees are provided in note 29(a).

(ii) Options issued to Consultants and Contractors

Each option entitles the holder to acquire one fully paid ordinary share in the company at a price of 12.5 cents per share at any time up to and including 23 December 2018 subject to standard terms and conditions attached to Greenearth Energy Ltd. options. 4,600,000 options were issued during the year, and remained exercisable at balance date. No options were exercised or expired during the year.

(E) CAPITAL MANAGEMENT

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

⁽i) 37,046,250 fully paid ordinary shares were issued during the year for 8 cents per share persuant to a share placement.

Notes	2016	2015
	\$	\$

NOTE 23: RESERVES AND ACCUMULATED LOSSES

Accumulated losses	(d)	24,470,731	19,653,274
		, ,	
Total reserves		454,175	65,286
Transactions with non-controlling interests reserve	(c)	(302,521)	(302,521)
Employee equity benefits reserve	(b)	701,956	367,807
Third party options reserve	(a)	54,740	-

(A) THIRD PARTY OPTIONS RESERVE

(i) Nature and purpose of reserve

This reserve represents the fair value of options granted to third parties as detailed in Note 22(d)(ii).

(ii) Movements in reserve

Balance at end of year	54,740	-
Issue of options to third parties	54,740	-
Balance at beginning of year	-	-

(B) EMPLOYEE EQUITY BENEFITS RESERVE

(i) Nature and purpose of reserve

This reserve represents the fair value of options granted to staff and directors as detailed in Notes 22(d)(i) and 29(a).

(ii) Movements in reserve

Balance at beginning of year	367,807	265,000
Issue of options to directors and employees	334,149	102,807
Balance at end of year	701,956	367,807

(C) TRANSACTIONS WITH NON-CONTROLLING INTERESTS RESERVE

(i) Nature and purpose of reserve

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

(D) ACCUMULATED LOSSES

Balance at end of year	24,470,731	19,653,274
Net loss attributable to members of the parent	4,817,457	5,986,012
Balance at beginning of year	19,653,274	13,667,262

	Notes	2016	2015
		\$	\$
NOTE 24: CASH FLOW INFORMATION (A) RECONCILIATION OF CASH FLOW FROM OPERATION	ONS TO	LOSS AFTER INCOM	Е ТАХ

Loss from ordinary activities after income tax	(4,817,457)	(5,986,012)
Non-cash items		
Depreciation of property, plant and equipment	50,051	16,065
Unrealised loss/(gain) on fair value of investments held	3,140	8,636
Share of associates' loss	1,202,267	804,066
Impairment of trade receivables /(doubtful debts recovered)	12,036	(45,284)
Impairment of equity accounted investments	104,298	-
Impairment of exploration and evaluation assets	-	2,152,288
Share based payments expense	388,889	102,807
Exchange difference on translation of foreign currency	7,840	(21,978)
Writedowns of inventory to net realisable value	-	22,037
Interest expense not paid in cash	1,239	-
Changes in assets and liabilities		
Increase in exploration and evaluation assets	-	(5,506)

462,832	(5,506) 218,412
462,832	218,412
(229,482)	(116,306)
(688,796)	(153,112)
959,014	8,759
12,617	-
302,783	33,159
	(688,796) 959,014 12,617

	Net cash flows used in operating activities	(2,228,729)	(2,961,969)
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(B) RECONCILIATION OF CASH

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

Cash at bank	1,325,685	2,571,553
Cash on hand	611	611
	1,326,296	2,572,164

NOTE 25: BUSINESS COMBINATIONS

Effective 31 March 2016, the consolidated entity acquired 100% of the share capital of Ilum-a-Lite Pty Ltd. Ilum-a-Lite Pty Ltd specialises in creating highly effective, energy-saving lighting solutions for commercial, industrial and government clients that generate significant cost savings and reduce environmental impact. The business derives the majority of its income by delivering large scale and multi-site lighting upgrades on a supply and install basis as part of Energy Performance Contract upgrades in partnership with leading global energy efficiency technology leaders, and an innovative lighting sales division.

The acquisition complements organic opportunities as part of Vivid Industrial's growth strategy. The combined group now has a unique range of product and service offerings for commercial and industrial clients.

(A) DETAILS OF PURCHASE CONSIDERATION

	Notes	2016	2015
		\$	\$
Cash consideration	(i)	1,377,832	-
Non-cash consideration	(ii)	2,206,332	-
Total purchase consideration		3,584,164	-
Total purchase consideration comprises:			
Consideration paid during the year		1,657,000	-
Consideration payable subsequent to balance date	(iii)	1,927,164	-
		3,584,164	-

⁽i) \$414,250 cash consideration was paid during the year. A further \$963,582 cash consideration is payable subsequent to balance date.

⁽ii) 15,534,375 fully paid ordinary shares were issued during the year for 8 cents per share in satisfaction of \$1,242,750 of non-cash consideration. A further 12,044,775 fully paid ordinary shares are to be issued subsequent to reporting date for 8 cents per share in satisfaction of \$963,582 of non-cash consideration.

⁽iii) The total consideration payable subsequent to balance date is recorded as a liability at 30 June 2016 of \$1,927,164 (refer note 20), of which \$963,582 is payable in cash and \$963,582 in non-cash consideration as detailed above.

NOTE 25: BUSINESS COMBINATIONS (CONTINUED)

(B) ASSETS AND LIABILITIES ACQUIRED

Assets and liabilities acquired as a result of the business combination were:

	\$
Assets and liabilities acquired	
- Cash	76,628
- Trade and other receivables	1,636,928
- Inventory	369,766
- Accrued income	243,894
- Other assets	30,510
- Property, plant and equipment	28,494
- Other intangible assets	13,449
- Trade and other payables	(418,320)
- Provisions	(409,323)
Net identifiable assets acquired	1,572,026
Add: goodwill	2,012,138
Total purchase consideration	3,584,164

Factors contributing to recognition of goodwill on acquisition include expected synergies from combining the acquirer and acquiree and intangibles that did not qualify for separate recognition.

Goodwill is not deductible for tax purposes.

Contribution since acquisition

Since the acquisition date, Ilum-a-Lite Pty Ltd has contributed revenue of \$1,303,295 and profit after tax of \$326,100 which is included within the consolidated loss. For the full financial year (including prior to acquisition), Ilum-a-Lite Pty Ltd recorded revenue of \$5,731,436 and profit after tax of \$1,128,616. Had the combination occurred from the beginning of the reporting period, revenue for the consolidated entity would have been \$7,728,399 and the consolidated loss after tax would have been \$4,014,942.

Transaction costs

Transaction costs of \$157,159 were incurred in relation to the acquisition, comprising \$35,000 which is included within consulting expenses within profit or loss, \$9,000 which is included within accounting and audit expenses within profit or loss, and \$113,159 which is included within administrative expenses within profit or loss.

Contingent liability

No contingent liabilities of the acquiree were recognised as part of the acquisition.

Transactions recognised separately from the business combination

"There were no other transactions with the vendors of Ilum-a-Lite (in their capacity as vendors) that were recognised separately from the acquisition of assets and assumption of liabilities in the business combination. There were no other transactions representing effective settlement of a pre-existing relationship. Since the acquisition, the group has also recognised employee expenses in relation to the remuneration of the Managing Director of Ilum-a-Lite in his capacity as an employee of the group, as detailed in the Remuneration Report.

Notes	2016	2015
	\$	\$

NOTE 26: COMMITMENTS

LEASE EXPENDITURE COMMITMENTS

Operating leases (non-cancellable)

	494,930	565,075
Late that one year and not later than five years	264,439	399,906
Not later than one year	230,491	165,169
Minimum lease payments:		

Operating lease commitments relate to lease of office and warehouse premises.

CAPITAL EXPENDITURE COMMITMENTS

Technology

Estimated aggregate amount payable:

Not later than one year	8,484	289,101
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Capital expenditure commitments for technology relate to commitments for purchases of inventory and plant and equipment.

The company also retains interests in geothermal exploration tenements via direct ownership. To continue these interests work programs are maintained, which have minimum expenditure requirements and carry no formal commitments or legal obligations but are an indication of the tasks required to be completed to retain each permit. At the company's request, the Victorian Government granted suspensions for the work program requirements associated with the company's geothermal exploration permits due to the lack of geothermal funding by Government and government policy relating to a moratorium on "fraccing" (hydraulic stimulation) and well activity. The relief initially extended until May 2015, and Greenearth has since been in discussions with the Victorian Government in relation to extension of the relief in the context of the current moratorium. The company is not committed to this expenditure while its work program is suspended.

BANK GUARANTEES

Exploration

Maximum amount bank may call	45,000	45,000
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NOTE 27: CONTINGENCIES

As at balance date, the company had no contingent assets or liabilities.

Notes	2016	2015
	\$	\$

NOTE 28: LOSS PER SHARE

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

Reconciliation of loss used in calculating loss per share:

Net loss attributable to equity holders of the parent entity	(4,817,457)	(5,986,012)
Net loss used in calculating basic and diluted loss per share	(4,817,457)	(5,986,012)
Weighted average number of ordinary shares used in calculating basic earnings per share	275,479,424	208,541,633

Effect of dilutive securities:

Share options	-	-
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share		
	275,479,424	208,541,633

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

NOTE 29: SHARE BASED PAYMENTS

(A) EMPLOYEE OPTION PLAN

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

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

NOTE 29: SHARE BASED PAYMENTS (CONTINUED)

Details of the options granted are provided below:

Grant date	Vesting date	Expiry date	Exercise price	Balance at beginning of year	Granted during the year	Fair value (\$)*	Exercised during the year	Expired during the year	Balance at the end of the year	Exercisable at the end of the year
1/10/12	1/10/13	30/09/17	10c	1,000,000	-		-	-	1,000,000	1,000,000
1/10/12	1/10/13	30/09/17	15c	2,000,000	-		-	-	2,000,000	2,000,000
20/12/12	20/12/13	30/09/17	10c	2,000,000	-		-	-	2,000,000	2,000,000
20/12/12	20/12/13	30/09/17	15c	3,000,000	-		-	-	3,000,000	3,000,000
20/12/12	20/12/12	30/09/17	15c	5,000,000	-		-	-	5,000,000	5,000,000
18/12/13	1/07/14	30/09/18	7.5c	2,000,000	-		-	-	2,000,000	2,000,000
18/12/13	1/07/14	30/09/18	10c	3,000,000	-		-	-	3,000,000	3,000,000
4/02/14	2/02/15	2/02/17	15c	1,125,000	-		-	-	1,125,000	1,125,000
4/02/14	2/02/15	2/02/17	20c	625,000	-		-	-	625,000	625,000
4/02/14	4/02/14	30/09/17	15c	1,000,000	-		-	-	1,000,000	1,000,000
4/02/14	4/02/14	30/09/17	20c	1,000,000	-		-	-	1,000,000	1,000,000
22/08/14	14/07/15	30/06/19	15c	500,000	-		-	-	500,000	500,000
22/08/14	14/07/15	30/06/19	20c	500,000	-		-	-	500,000	500,000
1/09/14	1/09/15	30/09/17	15c	50,000	-		-	50,000	-	-
1/09/14	1/09/15	30/09/17	20c	50,000	-		-	50,000	-	-
18/12/14	18/12/15	30/09/17	15c	2,000,000	-		-	-	2,000,000	2,000,000
18/12/14	18/12/15	30/09/17	20c	3,000,000	-		-	-	3,000,000	3,000,000
10/08/15	7/08/16	7/08/18	12.5c	-	4,350,000	0.034	-	-	4,350,000	-
11/08/15	7/08/16	7/08/18	12.5c	-	50,000	0.021	-	50,000	-	-
23/12/15	23/12/15	23/12/18	12.5c	-	4,000,000	0.023	-	-	4,000,000	4,000,000
23/12/15	23/12/16	23/12/18	12.5c	-	5,000,000	0.023	-	-	5,000,000	-
15/04/16	17/08/16	30/09/18	12.5c	-	100,000	0.011	-	-	100,000	-
15/04/16	8/02/17	31/03/19	12.5c	-	250,000	0.013	-	-	2,500,000	-
15/04/16	18/01/17	31/03/19	12.5c	-	100,000	0.013	-	-	100,000	-

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

Weighted average fair value of options granted during the year (at grant date):	2.6 cents
Weighted average exercise price	12.5 cents
Volume weighted average share price during the year	7.1 cents
Weighted average expected share volatility (based on historical volatility)	77%
Weighted average risk free interest rate	2.08%
Expected dividends	Nil
Average option life	3 years

NOTE 29: SHARE BASED PAYMENTS (CONTINUED)

2015

Grant date	Vesting date	Expiry date	Exercise price	Balance at beginning of year	Granted during the year	Fair value (\$)*	Exercised during the year	Expired during the year	Balance at the end of the year.	Exercisable at the end of the year
1/10/12	1/10/13	30/09/17	10c	1,000,000	-		-	-	1,000,000	1,000,000
1/10/12	1/10/13	30/09/17	15c	2,000,000	-		-	-	2,000,000	2,000,000
20/12/12	20/12/13	30/09/17	10c	2,000,000	-		-	-	2,000,000	2,000,000
20/12/12	20/12/13	30/09/17	15c	3,000,000	-		-	-	3,000,000	3,000,000
20/12/12	20/12/12	30/09/17	15c	5,000,000	-		-	-	5,000,000	5,000,000
18/12/13	1/07/14	30/09/18	7.5c	2,000,000	-		-	-	2,000,000	2,000,000
18/12/13	1/07/14	30/09/18	10c	3,000,000	-		-	-	3,000,000	3,000,000
4/02/14	2/02/15	2/02/17	15c	1,625,000	-		-	500,000	1,125,000	1,125,000
4/02/14	2/02/15	2/02/17	20c	1,125,000	-		-	500,000	625,000	625,000
4/02/14	4/02/14	30/09/17	15c	1,000,000	-		-	-	1,000,000	1,000,000
4/02/14	4/02/14	30/09/17	20c	1,000,000	-		-	-	1,000,000	1,000,000
22/08/14	14/07/15	30/06/19	15c	-	500,000	0.016	-	-	500,000	-
22/08/14	14/07/15	30/06/19	20c	-	500,000	0.013	-	-	500,000	-
1/09/14	1/09/15	30/09/17	15c	-	100,000	0.024	-	50,000	50,000	-
1/09/14	1/09/15	30/09/17	20c	-	100,000	0.021	-	50,000	50,000	-
18/12/14	18/12/15	30/09/17	15c	-	2,000,000	0.029	-	-	2,000,000	-
18/12/14	18/12/15	30/09/17	20c	-	3,000,000	0.023	-	-	3,000,000	-

(B) EMPLOYEE SHARE SCHEME

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

(C) EXPENSES RECOGNISED FROM SHARE-BASED PAYMENT TRANSACTIONS

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

Notes	2016	2015
	\$	\$
Options issued under employee option plan	334,149	102,807

NOTE 30: INTERESTS IN SUBSIDIARIES

(A) SUBSIDIARIES

	Country of Incorporation	Percentage of	owned
		2016	2015
Parent entity			
Greenearth Energy Ltd (i) (ii)	Australia		
Subsidiaries of Greenearth Energy Ltd:			
Greenearth Biomass Energy Pty Ltd (i)	Australia	100%	100%
Greenearth Energy Limited (NZ)	New Zealand	100%	100%
Greenearth Geothermal Energy Pty Ltd (i)	Australia	100%	100%
Greenearth Heat Energy Pty Ltd (i)	Australia	100%	100%
Greenearth Power Pty Ltd (i)	Australia	100%	100%
Greenearth Solar Energy Pty Ltd	Australia	85%	85%
GT LED Lighting Pty Ltd (i)	Australia	100%	100%
LED Distribution Network Pty Ltd (i)	Australia	100%	100%
NewCO2Fuels Pty Ltd (i)	Australia	100%	100%
Vivid Industrial Pty Ltd (i)	Australia	100%	100%
Subsidiaries of Vivid Industrial Pty Ltd:			
GEE Advanced Technologies Pty Ltd (i)	Australia	100%	100%
llum-a-Lite Pty Ltd (i) (iii)	Australia	100%	0% (iii)

⁽i) Member of the Australian tax consolidated group

(B) RECONCILIATION OF THE NON-CONTROLLING INTEREST (NCI)

Notes	2016	2015	
	\$	\$	
Accumulated NCI at the beginning of the year	(40,337)	(40,337)	
Profit or loss allocated to NCI during the year	-	-	
Accumulated NCI at the end of the year	(40,337)	(40,337)	

⁽ii) Head Entity of the Australian tax consolidated group

⁽iii) Acquired during the year (refer note 25)

Notes	2016	2015
	\$	\$

NOTE 31: RELATED PARTY DISCLOSURES

(A) TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL OF THE ENTITY OR ITS PARENT AND THEIR PERSONALLY-RELATED ENTITIES

(i) Key management personnel compensation

Key management personnel compensation comprised the following:

Short-term employee benefits	1,014,915	813,060
Post-employment benefits	88,326	74,938
Share-based payments*	264,060	125,700
	1,367,301	1,013,698

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

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

(ii) Key management personnel equity holdings

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

(iii) Loans to key management personnel

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

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

An amount of \$31,596 excluding GST (2015:\$31,346) was paid by the group to Virtual and Illumination Engineering Services; a business associated with Mr U. du Plessis, a member of the key management personnel of the company in respect of research and development services provided by it to the group. The Directors believe these transactions to be on an arms-length basis.

(B) OTHER RELATED PARTY TRANSACTIONS

During this financial period, the company sub-leased office space for \$162,745 (2015: \$95,240) from Lakes Oil N.L., which also settled accounts with suppliers on behalf of Greenearth Energy Ltd totalling \$103,255 (2015: \$124,583). At balance date an amount of \$69,788 (2015: \$62,970) was payable to Lakes Oil N.L. by Greenearth Energy Ltd. The Directors believe these transactions to be on an arms-length basis.

During this financial period, the company received management fees totalling \$145,199 (2015: nil) from Erdi Fuels Pty Ltd in relation to its investment in NCF Global Pty Ltd. The Directors believe these transactions to be on an arms-length basis.

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

Notes	2016	2015
	\$	\$

NOTE 32: PARENT ENTITY INFORMATION

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

(A) SUMMARISED STATEMENT OF FINANCIAL POSITION

Assets		
Current assets	545,226	2,777,507
Non-current assets	11,928,962	6,031,015
Total assets	12,474,188	8,808,522
Liabilities		
Current liabilities	3,557,167	1,514,647
Non-current liabilities	74,682	32,567
Total liabilities	3,631,849	1,547,214
Net assets	8,842,339	7,261,308
Equity		
Share capital	27,747,120	23,708,822
Reserves	756,696	367,807
Accumulated losses	(19,661,477)	(16,815,321)
Total equity	8,842,339	7,261,308
Total equity (B) SUMMARISED STATEMENT OF COMPREHENSIVE INCOME Loss for the year after tax	8,842,339	
Other comprehensive income	-	
Total comprehensive income/(loss)	(2,846,156)	(4,268,782

NOTE 33: SEGMENT INFORMATION

(A) DESCRIPTION OF SEGMENTS

The group has three (2015: five) reportable segments. A brief description of each identified segment is detailed below. Corporate head office and administration costs are not allocated to segments. Segments include investments, business units or projects that the group holds, or is interested in, which operate in different geographical settings. These settings can be clearly identified by the country they are situated in.

NOTE 33: SEGMENT INFORMATION (CONTINUED)

Segment 1: Industrial Energy Efficiency

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

Segment 2: Technology Investment

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

Segment 3: Other Investments

The segment "other investments" encompasses the previous segments that existed in relation to the company's geothermal interests (being "Geothermal - Otway Basin", "Geothermal - Gippsland Basin" and "Geothermal - Indonesia"). The company's core focus no longer includes geothermal activities, and the former segments related to those areas of interest (including GEP 10 in the Otway Basin, as well as GEP 12 and GEP13 in the Gippsland Basin) have now been combined. Presentation of the comparative figures for the previous financial year has been updated accordingly.

(B) SEGMENT INFORMATION

2016	Industrial Energy Efficiency	Technology Investment	Other Investments	Total
	\$	\$	\$	\$
Segment revenue				
Total segment revenue	3,106,240	145,199	-	3,251,439
Inter-segment revenue	-	-	-	-
Segment revenue from external source	3,106,240	145,199	-	3,251,439
Segment result				
Total segment result	(2,481,555)	(1,337,891)	(129,780)	(3,949,226)
Inter-segment eliminations	-	-	-	-
Segment result from external source	(2,481,555)	(1,337,891)	(129,780)	(3,949,226)
Items included within segment result:				
Share of net profit/(loss) of associates	-	(1,176,785)	(25,482)	(1,202,267)
Total segment assets	5,611,447	1,933,509	-	7,544,956
Total segment assets include:				
Investment in equity accounted associates	-	1,925,874	-	1,925,874
Additions to non-current assets other than financial	51,217	-	-	51,217
instruments and deferred tax assets				
Total segment liabilities	4,138,468	-	15,000	4,153,468

The segment "other investments" encompasses the previous segments that existed in relation to the company's geothermal interests. The company's core focus no longer includes geothermal activities, and the former segments related to those activities have now been combined.

NOTE 33: SEGMENT INFORMATION (CONTINUED)

2015	Industrial Energy Efficiency	Technology Investment	Other Investments	Total
	\$	\$	\$	\$
Segment revenue		·		
Total segment revenue	1,038,159	-	114,141	1,152,300
Inter-segment revenue	-	-	-	-
Segment revenue from external source	1,038,159	-	114,141	1,152,300
Segment result				
Total segment result	(1,922,805)	(1,041,622)	(2,068,679)	(5,033,106)
Inter-segment eliminations	-	-	-	-
Segment result from external source	(1,922,805)	(1,041,622)	(2,068,679)	(5,033,106)
Items included within segment result: Share of net profit/(loss) of associates		(773,534)	(30,532)	(804,066)
Total segment assets	716,726	1,289,082	69,019	2,074,827
Total segment assets	710,720	1,209,002	09,019	2,074,027
Total segment assets include:				
Investment in equity accounted associates	-	638,040	60,786	698,826
Additions to non-current assets other than financial instruments and deferred tax assets	120,382	-	-	120,382

The segment "other investments" encompasses the previous segments that existed in relation to the company's geothermal interests. The company's core focus no longer includes geothermal activities, and the former segments related to those activities have now been combined. Presentation of the comparative figures for the previous financial year has been updated accordingly.

Notes	2016	2015
	\$	\$

NOTE 33: SEGMENT INFORMATION (CONTINUED)

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

Segment revenue from external source	3,251,439	1,152,300
Other revenue	12,000	12,004
Interest revenue	6,226	9,712
Net foreign exchange gain	30,593	-
Total revenue	3,300,258	1,174,016

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

Segment result from external source	(3,949,226)	(5,033,106)
Interest revenue	6,226	9,712
Net foreign exchange gain/(loss)	30,593	(17,220)
Unrealised loss on fair value of investments	(3,140)	(8,636)
Depreciation and amortisation	(50,051)	(16,065)
Interest expense	(1,475)	-
Unallocated other income	12,000	12,004
Unallocated expenses	(862,384)	(932,701)
Total loss from continuing operations before income tax	(4,817,457)	(5,986,012)

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

Segment assets	7,544,956	2,074,827
Cash and cash equivalents	1,326,296	2,572,164
Unallocated assets	233,787	447,992
Total assets	9,105,039	5,094,983

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

Segment liabilities	4,153,468	483,293
Unallocated liabilities	1,261,351	531,200
Total liabilities	5,414,819	1,014,493

Total auditors' remuneration

173,100

93,500

NOTES TO THE FINANCIAL STATEMENTS 30 JUNE 2016

	s 2016	2015
	\$	\$
NOTE 34: AUDITOR'S REMUNERATION		
(A) AMOUNTS PAID AND PAYABLE TO PITCHER PARTNERS (i) Audit and other assurance services	(MELBOURNE) FOR:	
An audit or review of the financial report of the entity and any other entity in the consolidated entity	92,500	67,500
Other assurance services	9,000	-
Total remuneration for audit and other assurance services	101,500	67,500
(ii) Other non-audit services		
Taxation services	30,100	26,000
Total remuneration for non-audit services	30,100	26,000
Total remuneration of Pitcher Partners (Melbourne)	131,600	93,500
(B) AMOUNTS PAID AND PAYABLE TO NON-RELATED AUD (i) Audit and other assurance services	ITORS OF GROUP ENTITI	ES FOR:
	10,000	-
An audit or review of the financial report of other entities in the consolidated entity		
·	27,000	-
consolidated entity	27,000 37,000	-
consolidated entity Other assurance services	, , , , ,	-
consolidated entity Other assurance services Total remuneration for audit and other assurance services	, , , , ,	-
consolidated entity Other assurance services Total remuneration for audit and other assurance services (ii) Other non-audit services	37,000	-

NOTE 35: SUBSEQUENT EVENTS

Subsequent to the end of the financial year, the company issued a total of 1,500,000 unlisted incentive options in July 2016 pursuant to the company's Employee Option Plan, as follows:

No. of options	Exercise price	Issue date	Expiry date
1,500,000	12.5 cents	13 July 2016	1 July 2019

Subsequent to the end of the financial year, the company issued 50,870,937 fully paid ordinary shares for 7.5 cents per share in August 2016 pursuant to a share placement, proceeds from which totalled \$3,609,555 after costs.

Subsequent to the end of the financial year, the Victorian State Government announced a ban on hydraulic fracturing (a key operation for efficient renewable geothermal production) and an extension of the current onshore drilling moratorium until 2020. The company is currently assessing the extent of any impact of the ban and moratorium extension on its previous investment in geothermal activities. Prior to the beginning of the 2015/2016 financial year, the company provided in full for the impairment of its geothermal exploration and evaluation assets. The company has ceased its geothermal activities and now focuses on technology investment in the industrial energy efficiency and CO₂-to-fuels conversion markets

DIRECTORS' DECLARATION

The directors declare that the financial statements and notes set out on pages 42 to 91 in accordance with the *Corporations Act 2001*:

- (a) Comply with Accounting Standards and the Corporations Regulations 2001, and other mandatory professional reporting requirements;
- (b) As stated in Note 1(a) the consolidated financial statements also comply with International Financial Reporting Standards; and
- (c) Give a true and fair view of the financial position of the consolidated entity as at 30 June 2016 and of its performance for the year ended on that date.

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

This declaration has been made after receiving the declarations required to be made by the chief executive officer and chief financial officer to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ending 30 June 2016.

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

Charles Macek

Chairman

Samuel R Marks
Managing Director

Greenearth Energy Ltd

Charles March

Dated this 19th day of September 2016 Melbourne



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GREENEARTH ENERGY LTD AND CONTROLLED ENTITIES

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of Greenearth Energy Ltd and controlled entities, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GREENEARTH ENERGY LTD AND CONTROLLED ENTITIES

Opinion

In our opinion:

- (a) the financial report of Greenearth Energy Ltd and controlled entities is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- (b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Emphasis of Matter in relation to Going Concern

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

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

REPORT ON THE REMUNERATION REPORT

We have audited the Remuneration Report included in pages 15 to 24 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Greenearth Energy Ltd and controlled entities for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

B POWERS

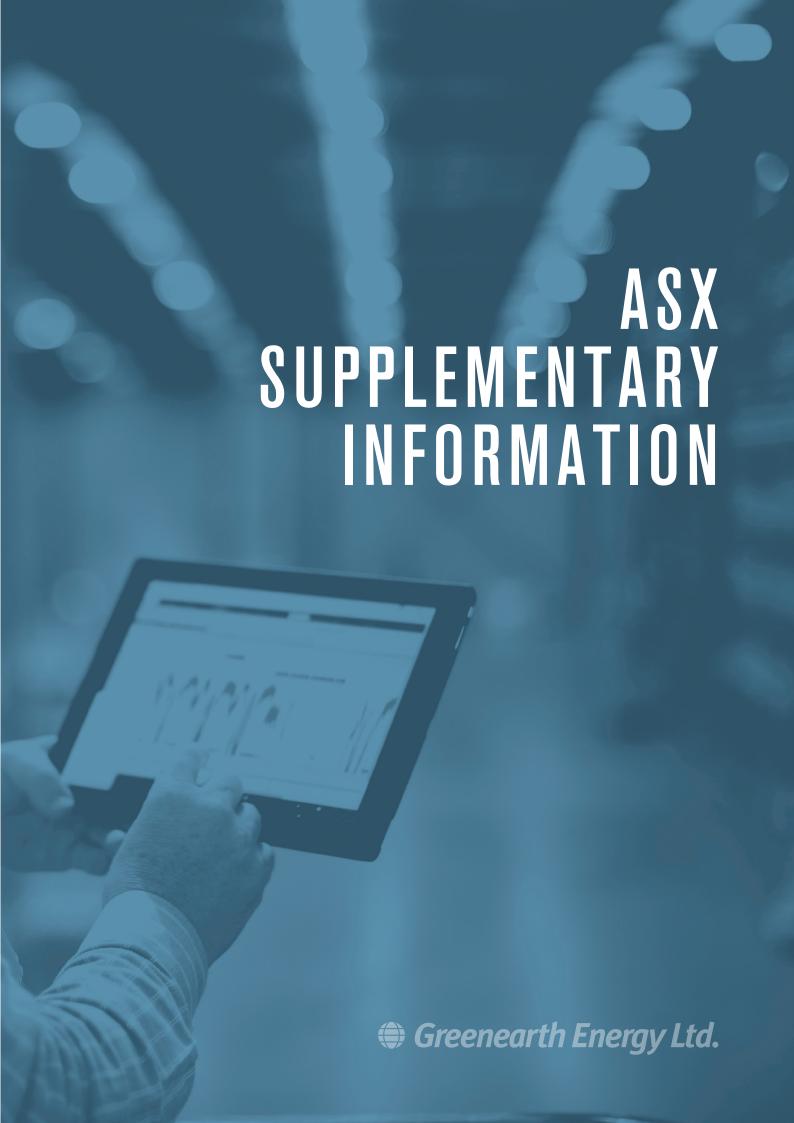
Partner

19 September 2016

PITCHER PARTNERS

Inhertartaes

Melbourne



ASX SUPPLEMENTARY INFORMATION

(COMPILED AS AT 19 OCTOBER 2016)

The following information is provided pursuant to Australian Stock Exchange Limited ("ASX") Listing Rule 4.10.

SUBSTANTIAL SHAREHOLDERS

As disclosed in notices given to the Company.

Name of Substantial Shareholder	Interest in Number of Shares Beneficial and Non-beneficial	Percentage of Shares (%)
Erdi Fuels Pty Ltd	19,300,000	5.32

DISTRIBUTION OF EQUITY SECURITIES

The issued capital of the company comprised:

- (a) 362,471,340 fully paid ordinary shares
- (b) 47,650,000 unlisted options over ordinary shares, with various terms and conditions including the following specifications:

Number of options	Exercise price	Expiry date	Number of option holders
3,000,000	10 cents	30 September 2017	2
13,000,000	15 cents	30 September 2017	5
2,000,000	7.5 cents	30 September 2018	1
3,000,000	10 cents	30 September 2018	1
1,125,000	15 cents	2 February 2017	3
625,000	20 cents	2 February 2017	2
4,000,000	20 cents	30 September 2017	2
500,000	15 cents	30 June 2019	1
500,000	20 cents	30 June 2019	1
4,350,000	12.5 cents	7 August 2018	9
13,600,000	12.5 cents	23 December 2018	8
100,000	12.5 cents	30 September 2018	1
350,000	12.5 cents	31 March 2019	2
1,500,000	12.5 cents	1 July 2019	1

VOTING RIGHTS

Subject to the rights or restrictions attached to any shares, on a show of hands every Member present at a general meeting in person or by proxy or attorney or by his or her duly appointed representative shall have one vote.

QUOTATION OF SECURITIES

The company's fully paid ordinary shares are included on the Official List of the Australian Stock Exchange Limited (code: GER).

ASX SUPPLEMENTARY INFORMATION

(COMPILED AS AT 19 OCTOBER 2016)

RESTRICTED SECURITIES SUBJECT TO VOLUNTARY ESCROW

Fully paid ordinary shares:	Number of shares
Escrow to 4 January 2017	2,710,411
Escrow to 18 April 2018	4,284,375
Escrow to 18 October 2018	9,334,364
Total restricted securities subject to voluntary escrow	16,329,150
Unrestricted fully paid ordinary shares	346,142,190
Total fully paid ordinary shares on issue	362,471,340

TAX STATUS

The company is taxed as a public company.

TWENTY LARGEST SHAREHOLDERS

Rank	Shareholder	Shares held	Percentage of capital (%)
1.	Erdi Fuels Pty Ltd	19,300,000	5.32
2.	UBS Nominees Pty Ltd	18,683,411	5.15
3.	Advance Publicity Pty Ltd <the a="" c="" family="" izmar=""></the>	17,258,978	4.76
4.	Hub & Spokes Pty Ltd < Hub & Spokes A/C>	16,666,667	4.60
5.	Mark Andrew Rutherford	9,167,405	2.53
6.	Bachezdav Super Pty Ltd < D Baer Super fund A/C>	8,112,724	2.24
7.	National Nominees Limited	7,108,342	1.96
8.	Cleantech Australia Fund LP	6,980,205	1.93
9.	Gary Zamel & Associates Pty Ltd < Gary Zamel & Aassoc Super A/C>	6,792,406	1.87
10.	Greenbush Ventures Limited	6,465,072	1.78
11.	Mr Robert John Annells + Mrs Kimberley Jane Hodge < RJ Annells Super Fund A/C>	6,312,883	1.74
12.	Australian Executor Trustees Limited <no 1="" account=""></no>	5,829,822	1.61
13.	Moonwalk Pty Limited	5,000,000	1.38
14.	HSBC Custody Nominees (Australia) Limited	4,750,417	1.31
15.	Gerald Pearce + Lillian Pearce < Lillian Chizik S/Fund A/C>	4,415,686	1.22
16.	$LJ\&KThomsonPtyLtd<\!LJT\&KTSuperFundA/C\!>$	3,999,046	1.10
17.	J P Morgan Nominees Australia Limited	3,992,394	1.10
18.	Vern Milton Chamings	3,841,559	1.06
19.	Manisa Nominees Pty Ltd <the a="" c="" fund="" lasky="" super=""></the>	3,820,967	1.05
20.	CEGT TA Pty Ltd <cegt a="" c=""></cegt>	3,490,103	0.96
		161,988,087	44.69

ASX SUPPLEMENTARY INFORMATION

(COMPILED AS AT 19 OCTOBER 2016)

DISTRIBUTION OF ORDINARY SHARES

Number of shareholders by size of holding and total number of shares on issue:

Category of shareholders	Number of shareholders	Number of shares held	Percentage of total (%)
1 - 1,000	58	6,834	0.00
1,001 - 5,000	88	332,482	0.09
5,001 - 10,000	341	2,833,181	0.78
10,001 - 100,000	669	27,361,433	7.55
100,001 - and over	351	331,937,410	91.58
Total on issue	1,507	362,471,340	100.00

The number of shareholders that held less than a "marketable parcel" of shares (being 8,334 shares) was 328. These shareholders held a total of 1,602,950 fully paid ordinary shares in the company as at that date, representing approximately, 0.44% of the total issued share capital of the company as at that date.

CORPORATE INFORMATION

Directors Charles Macek (Chairman)

Robert J. Annells (Non-executive Director) Leslie Butterfield (Non-executive Director) Samuel R. Marks (Managing Director) John T. Kopcheff (Non-executive Director) Philip Zajac (Non-executive Director)

Company SecretaryRobert SmithRegistered OfficeLevel 14

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Melbourne, Victoria, 3000

Auditors Pitcher Partners

Level 19, 15 William Street Melbourne, Victoria, 3000

Bankers Westpac Banking Corporation

360 Collins Street

Melbourne, Victoria, 3000

Securities Exchange Australian Securities Exchange Limited

Level 45, South Tower, Rialto

525 Collins Street

Melbourne, Victoria, 3000

Share RegistryComputershare Investor Services Pty Ltd

Yarra Falls, 452 Johnston Street Abbotsford, Victoria, 3067

Shareholder Enquiries (Within Australia): 1300 850 505 Shareholder Enquiries (Outside Australia): +61 3 9415 4000

Website www.computershare.com.au/investors

ASX Code GER

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