ANNUAL OPERATIONS AND FINANCIAL REPORT

30 JUNE 2016

for

BOUNTY MINING LIMITED AND ITS CONTROLLED ENTITIES

ABN: 19 107 411 067

TABLE OF CONTENTS

1 CORPORATE DIRECTORY

Directors

Gary Cochrane (Chairman)
Robert Stewart
Brian McMaster
Matthew Wood
Daniel Crennan
Kevin Jiao

Banker

ANZ Banking Group Ltd
115 Pitt Street, Sydney NSW 2000

Company Secretary

Eryl Baron

Auditor

Nexia Sydney Audit Pty Limited
L16 1 Market Street
Sydney NSW 2000

Share Registry

Computershare Investor Services Pty Ltd
Yarra Falls, 452 Johnston Street,
Abbotsford VIC 3067

Registered Office

Suite 307, L3, 66 Hunter Street
Sydney NSW 2000

Solicitors

Steinepreis Paganin
Level 4, The Read Buildings, 16 Milligan Street,
Perth WA 6000

2 CHAIRMAN'S REPORT

The Financial Year 2016 was a difficult year for Bounty, as there was little investor appetite for the coal industry. Bounty entered Voluntary Administration in November 2015, and emerged from a Deed of Company Arrangement in March 2016 following an investment of $300,000 by Garrison Capital.

From 15 June 2016 to the date of this report Bounty has been able to raise an additional $650,000 funds from both existing investors and a subsidiary of a Chinese steel mill. The $650,000 raised will allow Bounty to complete the Wongai Coal Project Pre-Feasibility Study within the next few months, which in turn will increase Bounty's investment in the Project from 5% to 22.5%.

The Wongai Coal Project is a Joint Venture between Bounty subsidiary Bounty Mining Investments P/L, Aust-pac Capital P/L and the local traditional owners, the Kalpowar.

The Joint Venture parties have now undertaken more than 4 years of exploration and development activity on EPC 2334 including:

- Field Surveys;
- Drilling, both slim core and large diameter (200mm) cored programs;
- Wireline logging;
- Coal quality analysis / geotechnical testing, including detailed coke oven tests in Brisbane and Germany;
- Resource evaluation and have now defined a substantial resource to JORC 2012 standards including 77 mt of indicated and inferred resources plus an additional 27 mt exploration target;
- Ground based environmental and cultural studies.

A Concept Study was completed in 2014 which demonstrated that a 4 unit bord and pillar underground mining operation could be established with a coal process plant and 14 km overland conveyor underwritten by a premium quality hard coking coal resource. Technically the project appears to be low cost, simple bord and pillar mining with simple portals and minimal drifts, simple coal processing and removal of tailings using belt press filters and underground disposal, straight forward overland conveyors and a high tech transhipping operation.

Exploration work has demonstrated that the deposit has:

- An average seam thickness of 1.8 metres ranging from 1.2 metres to 3.0 metres;
- More than 120 holes drilled between 1973-2014, with a well-defined resource;

- An indicative premium quality hard coking coal product with raw coal CSN of 7 – 9, volatiles of 18.5%, Vitrinite Reflectance of 1.45 – 1.65 and expected washed ash of less than 8.5%.

The Exploration Permit has an expiry date of 13 December 2016, and Bounty has formally applied to the Department of Natural Resources and Mining to renew the permit. A renewal, which is expected to be granted in the ordinary course, will allow us to begin the next stage of works including completion of a Bankable Feasibility Study and Environmental Impact Statement.

The Board of Bounty believes that from the work completed to date and based on:

- the premium coking coal quality of the coal;
- the continuing demand for high grade coal for steel making purposes;
- the low cost of production;
- the technical expertise of the Joint Venture partners; and
- the improving climate for investors in this product

we will be successful in sourcing funding for these works.

Bounty is also finalising a Rights Issue to raise between $75,000 and $405,000.

The Board of Bounty will continue to keep investors updated of all developments as they occur.

Thank you for your continued support.

Gary Cochrane
Chairman and Chief Executive Officer
Dated this 23rd day of September 2016

3 DIRECTORS' REPORT

The Directors of Bounty Mining Limited ("Bounty" or the "Parent Entity") and its controlled entities (the "Bounty Group"), present their report together with the financial statements for the year ended 30 June 2016.

Information about the Directors & Company Secretary

The names of the directors of Bounty during the financial year and up to the date of this report are as set out below.

Name:	Appointed to the Board
Gary Cochrane (Chair)	27 November 2007
Robert Stewart	17 September 2009
Brian McMaster	29 March 2016
Matthew Wood	29 March 2016
Daniel Crennan	18 August 2016
Kevin Jiao	18 August 2016

Julie Garland McLellan was a director from 04 April 2008 until her resignation from the board on 2 August 2016.

The experience, independence and qualifications of the directors are as set out below:

Gary Cochrane GAICD Chairman and Chief Executive Officer

Bachelor of Engineering (Civil), Grad Dip Mining (Ballarat), MBA (Deakin)

Gary has more than 28 years experience in the mining, engineering and construction industry in Australia, China, Indonesia and Papua New Guinea. He has held senior management and technical roles at operating mines in Australia and Papua New Guinea.

Gary has spent the last 20 years as an international mining and management consultant to the coal and hard rock mining industries. Gary is a regular commentator on coal industry strategic supply and demand positions and coal investment opportunities and is a regular speaker at international coal conferences in Australia, China, and Indonesia.

Gary was a founding investor and former director of Millennium Coal which is now an operating coal mine in Queensland producing 3 million tonnes per annum. He is also on the board of a junior resource company with a specalisation in process technology. Gary has completed an Executive MBA in Global Energy.

Gary joined the board on 27 November 2007 and became Chairman on 28 February 2008.

Robert Stewart GAICD Non-Executive director

Rob has a Bachelor of Engineering (Civil), Master of Engineering Science (Mining), FIEAust, and has spent 39 years working in the mining and construction industries. He came to Bounty following executive level experience with mine and infrastructure owners and with mining and construction contractors. Previous appointments have included: General Manager with Leighton Holdings Ltd subsidiary Thiess Pty Ltd responsible for the company's contract mining and construction business in NSW; Chief Executive and Managing Director of Whitehaven Coal Limited, an ASX listed coal mining company; and Executive Director of CRSM LLC, a Mongolian based company identifying, evaluating and managing investments in Mongolia's resource industry.

Rob is currently a director of JukesTodd, a strategic business advisor offering professional services to the resources, infrastructure and energy sectors.

Rob joined the board on 17 September 2009.

Brian McMaster

Mr. McMaster is a Chartered Accountant, and has over 20 years' experience in the area of corporate reconstruction and turnaround and performance improvement. Formerly Mr McMaster was a partner of the restructuring firm Korda Mentha and prior to that was a partner at Ernst & Young. His experience includes significant working periods in the United States, South America, Asia and India.

Mr McMaster is currently a director of Haranga Resources Limited (1 April 2014). Mr McMaster was a director of The Waterberg Coal Company (appointed 12 April 2012, resigned 17 March 2014), Firestone Energy Limited (appointed 14 June 2013, resigned 18 March 2014), Lindian Resources Limited (appointed 20 June 2011, resigned 16 September 2014), Castillo Copper Limited (appointed 31 August 2013, resigned 12 August 2015), Antares Mining Limited (appointed 2 December 2011, resigned 12 August 2015), IDOM Limited (appointed 14 September 2012, resigned 2 October 2015), The Carajas Copper Company Limited (appointed 27 August 2014, resigned 17 March 2016), Black Star Petroleum Limited (appointed 9 August 2012, resigned 11 May 2016) and Wolf Petroleum Limited (appointed 24 April 2012, resigned 17 August 2016). He has not held any other listed directorships in the past three years.

Brian joined the board on 29 March 2016.

Matthew Wood

Mr Wood is an outstanding mineral resource explorer and developer with over 20 years global industry experience in mining and commodities investment. He has managed successful deals in coal, energy, ferrous metals, base and precious metals and other commodities. His venture capital group Garrison Capital based out of Perth, Western Australia has founded and manages a number of listed and unlisted resource companies and has offices in Australia, Mongolia, Brazil, Chile, Spain and the USA. His unique skills in technical and economic evaluation of resource opportunities has been proven by an impressive record of nurturing resource deals from early stage, to successful market listings and exit strategies for his clients and his own company. Mr Wood has an Honours Degree in Geology from the University of New South Wales and a Graduate Certificate in Mineral Economics from the Western Australian School of Mines. He is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM).

Mr Wood is currently the Chairman of ASX listed Wolf Petroleum Limited, Haranga Resources, Lindian Resources, Black Star Petroleum and Voyager Resources. He is also a non executive director of ASX listed Avanco Resources Limited, Caravel Resources Limited and Triumph Tin Limited. Mr Wood is also a founding director of pre IPO Brazilian Diamond Company, Five Star Diamonds Limited. He continues to provide corporate advice to a number of additional listed and unlisted companies.

Matthew joined the board on 29 March 2016.

Daniel Crennan BA LLB (Hons) MAICD

Daniel Crennan is a practising barrister based in Melbourne. He appears in Melbourne, Sydney and Perth primarily in commercial, corporate and intellectual property matters. He studied law in Australia and the Netherlands and has worked in Australia, London and the Hague. He has been a director of publically listed companies and private companies such as Hunnu Coal Ltd, Wolf Petroleum Ltd, Haranga Resources Ltd and Barristers Chambers Ltd. He also currently sits on a charitable board and is a member of the Victorian Bar Council.

Daniel joined the board on 18 August 2016.

Mr (Kevin) Jian Jiao BA / MBA

Mr Jiao graduated with a BA degree majored in Economics from China Nankai University in 1992. And in 1999 he obtained an MBA degree from Melbourne Business School in Australia. In 2010, he completed an executive course at the post graduate level from China University of Geosciences.

From 1992 to 1997 Mr Jiao has worked in Beijing as the divisional manager at China Minmetals Group, the largest multinational conglomerate in the Chinese metals and minerals industry. From 1998 to 2003 Mr Jiao has worked as the deputy Managing Director at Minmetals Australia Pty Ltd, based in Melbourne Australia. From 2004 to present, Mr Jiao has been the Chairman and Executive

Director of Vingo Resources Group, a commodity trading and investment firm with offices in China and Australia.

Mr Jiao has more than twenty years of experiences in the resources industry, having worked in the area of sales and marketing, project development, project finance mergers and acquisitions, cross border investments, commodity trading and general management.

Kevin joined the board of Bounty on 18 August 2016.

Julie Garland McLellan FAICD Non-executive director until 8 August 2016

Julie is a professional company director with a background in the resources and energy sectors. Julie has a degree in Civil Engineering, an MBA and a Graduate Diploma in Applied Finance as well as a Diploma and an Advanced Diploma in Company Directorship. She has served on the boards of listed and unlisted companies. Julie was a NSW Australian Institute of Company Directors councillor from 2004 until 2010 and writes, facilitates and presents governance training for the Institute and other clients. Julie joined the board of Bounty on 4th April 2008 and resigned from the Board on 2 August 2016.

Eryl Baron Chief Financial Officer & Company Secretary

BA Politics & Econ (London), AGIA

Eryl Baron commenced her accounting career as a Chartered Accountant with BDO Binder Hamlyn in London. In 1990 Eryl moved to Sydney and worked in accounting and business in financial control positions. She has served as chief financial officer and company secretary of listed and unlisted companies. In March 2009, Eryl received a Graduate Diploma in Applied Corporate Governance from the Governance Institute of Australia. Eryl has completed the first two modules of the Advanced Certificate in Risk Management run by the Governance Institute of Australia.

Details of Board and Committee meetings held during the Financial Year are as follows:

	Board		Audit & Risk Committee		Remuneration & Nomination Committee	
Director	Held	Attended	Held	Attended	Held	Attended
Gary Cochrane	12	12	n/a	n/a	n/a	n/a
Julie Garland McLellan	12	12	4	4	-	-
Brian McMaster	n/a	n/a	n/a	n/a	n/a	n/a
Rob Stewart	12	10	4	4	-	-
Matthew Wood	n/a	n/a	n/a	n/a	n/a	n/a

Principal Activities

Bounty is developing the Wongai Coal Project in Queensland as a member of the Wongai Joint Venture ("WJV"). Bounty's Joint Venture partners are Aust-pac Capital Pty Ltd and the Kalpowar Traditional Owners of the land. The WJV is proposing to develop an underground coking coal mine in the Laura Basin of north Queensland. The Project proposes production of up to 2.0 million tonnes per annum (Mtpa) of saleable coal. Coal mining will be underground, using bord and pillar methods.

Following completion of a Concept Study in 2014 Bounty earned 5% of the Joint Venture (the Phase One interest). Bounty has now raised sufficient funds to complete a Pre-Feasibility Study by the end of October 2016, after which Bounty will have earned a further 17.5% (the Phase Two interest) giving a total 22.5% interest.

Operating Review

The difficulty in raising capital during the period constrained the work on the Wongai Coal Project to desk studies. As investor sentiment in the coal market improved Bounty was able to raise sufficient capital to fund the Pre-Feasibility Study ("PFS"). Work undertaken since April 2016 includes:

- Meetings with government agencies and Traditional Owners;
- Review and amendment of the Initial Advice Statement to meet current government requirements;
- Geological re-modelling;
- Trackwork at site to provide access;
- Groundwater monitoring;
- Commissioning of PFS studies into Mining, the Washplant, Haulage, Jetty options and Transshipping.

Future Developments – Wongai Project

Bounty is working to complete the Pre-Feasibility Study by the end of October 2016.

The Exploration Permit has an expiry date of December 2016, and Bounty has formally applied to the Department of Natural Resources and Mining to renew the permit. A renewal will allow commencement of the next stage of works which include completion of a Bankable Feasibility Study and Environmental Impact Statement. Work to be undertaken includes:

- Further detailed resource in-fill drilling for structural drilling and also more detailed coal quality and coal washability analysis;
- Install a remote weather station;
- Undertake geotechnical drilling to assess roof and floor and other structural data;

- Complete a pump test and groundwater model;
- Undertake further engineering studies for overland conveyor alignments and coal process plant and other engineering structures including portals;
- Complete more detailed coal quality and coal market specifications;
- Continue to undertake detailed environmental and cultural land based and marine surveys;
- Review applicability of best practice in engineering and materials handling systems including:
    - solar generation and battery storage to minimize remote diesel power systems,
    - underground mining and bolting systems to minimize subsidence,
    - coal processing and fines handling to negate the need for a surface tailings dam and to utilize belt press filters and underground fines disposal,
    - Covered conveyor systems including silos and storage bins to minimize dust and dirty water generation;
    - High tech covered transshipping to avoid the need for dredging and sea dumping and dust generation;
    - Low energy camp and environmentally friendly sewage and dirty water systems;
    - Investigate a range of silt reduction and sediment dams to target zero runoff from disturbed areas.

The project is located in an environmentally and culturally sensitive area and we will ensure that best practice engineering and technology is utilised to minimise any impact to:

- Sensitive marine environments:
- Adjacent National Parks;
- Culturally and environmentally sensitive Nature Refuge.

Company Structure

On 4 January 2016 the Company's securities were removed from the official list of the ASX pursuant to Listing Rule 17.3 as its securities had been in suspension for more than three years at 1 January 2016. The Company remains a public unlisted entity and a disclosing entity.

Voluntary Administration

Bounty was unable to raise capital during the first half of the financial year. Its only funds were derived from the sale of equipment and inventory.

On 11 November Martin Green and Robyn Karam of BRI Ferrier (NSW) Chartered Accountants were appointed Joint and Several Administrators of Bounty Mining Limited and its subsidiaries ("the Companies") pursuant to Section 436A of the Corporations Act 2001 by resolutions passed at meetings of the directors of the Companies.

On 8 March 2016 Bounty entered into a Deed of Company Arrangement ('the Deed") with its creditors and the Company was returned to the control of the directors. In satisfaction of the Deed, a dividend was paid to creditors and on 4 May 2016 the Company issued:

- 67,063,144 securities at 0.35c per share to Nominated Unsecured Creditors in lieu of receiving a distribution from the Pool Fund.
- 141,637,763 securities at 0.212c per share to entities associated with Brian McMaster and Matthew Wood of Garrison Capital Pty Ltd in respect of their payments of $215,000 into the Pool Fund and $85,000 to Bounty for working capital.

On 29 March 2016 Brian McMaster and Matthew Wood were appointed directors of the Company.

On 1 June the directors were notified that the Deed had been wholly effectuated on 31 May 2016.

Other Issues of Securities

On 15 June 2016 Bounty issued 25million securities at 0.4c per share to raise capital of $100,000. The funds have been applied to progressing the Wongai project and to fund working capital.

Subsequent to the end of the financial year Bounty issued securities as follows:

- On 15 July 2016 125 million securities at 0.4c per share to raise capital of $500,000;
- On 10 August 2016 12.5 million securities at 0.4c per share to raise capital of $50,000;
- On 10 August 2016 6.25 million securities at 0.4c per share as a capital raising fee in relation to the July issue of securities.

Financial Review

As the Wongai Project is in the exploration and evaluation stage, no revenues were derived during the period. Bounty continues to invest in the Wongai Coal Project and relevant direct costs are capitalised into the Exploration and Evaluation asset on the balance sheet.

The loss after tax for the period was $1.2m compared with a loss of $5.0m for the year ended 30 June 2015 (which included a $3.5m impairment provision against equipment and inventory).

In July 2015 the Company's Continuous Miner and its spare parts were sold to a private purchaser for $0.25m and $0.05m respectively, which was the written down value of the assets at 30 June 2015.

During the period of Voluntary Administration commencing November 2015 the balance of the equipment and spare parts was sold at a further loss, resulting in a loss on disposal of $0.6m in Financial Year FY16.

Significant Changes

Other than as described above, there have been no significant changes in the operations of Bounty during the financial year.

Shareholder Returns

Earnings per share were a loss of 0.15 cents (2015: loss of 0.71 cents).

Review of Financial Condition

During financial year 2016, the Bounty Group was reliant on issues of securities to support the operations.

Events Subsequent to Reporting Date

- On 15 July 2016 the Company issued 125 million securities at 0.4cents per share to an investor to raise capital of $500,000.
- On 2 August 2016 Julie Garland McLellan resigned from the Board after a handover to the new directors.
- On 10 August 2016 the Company issued 6.25 million securities at 0.4 cents per share as a capital raising fee to an entity associated with Kevin Jiao in relation to the $500,000 raising.
- On 10 August 2016 the Company issued 12.5 million securities at 0.4 cents per share to investors, including an entity associated with Chairman Gary Cochrane, to raise a further $50,000.
- On 18 August 2016 Daniel Crennan and Kevin Jiao were appointed to the Board.
- In September 2016 Bounty applied to renew Exploration Permit 2234.

Directors' Interests: Equity Holdings and Transactions

The movement in directors' interests in equity during the financial year to 30 June 2016 are as follows:

		Directors' holdings in Bounty securities					
Shares held by entities associated with the directors		Gary Cochrane	Rob Stewart	Julie Garland McLellan	Brian McMaster *	Matthew Wood *	Total
Shares	1/07/2015	247,455,658	3,469,117	-	-	-	250,924,775
Ordinary Shares	Movements	-	-	-	70,818,882	70,818,881	141,637,763
	30/06/2016	**247,455,658**	**3,469,117**	**0**	**70,818,882**	**70,818,881**	**392,562,538**
As a % of the total securities on issue		**25.5%**	**0.4%**	**0.0%**	**7.3%**	**7.3%**	**40.5%**

*Brian McMaster and Matthew Wood were appointed directors on 29 March 2016

Movements in directors' equity holdings subsequent to year end:

- On 10 August 2016 the Company issued 6.25 million securities at 0.4c per share as a capital raising fee to an entity associated with Kevin Jiao in relation to the $500,000 raising. Kevin Jiao has previously invested in Bounty.
- On 10 August 2016 the Company issued 6.25 million securities at 0.4cents per share to an entity associated with Chairman Gary Cochrane, as part of a larger raising.

Directors' equity holdings in Bounty shares at the date of this document are as follows:

Shares held by entities associated with the directors		Gary Cochrane	Rob Stewart	Brian McMaster	Matthew Wood	Daniel Crennan **	Kevin Jiao **	Total
Ordinary Shares	1/07/2016	247,455,658	3,469,117	70,818,882	70,818,881	-	7,500,000	400,062,538
	Issues	6,250,000	-	-	-	-	6,250,000	12,500,000
	Current Date	**253,705,658**	**3,469,117**	**70,818,882**	**70,818,881**	**-**	**13,750,000**	**412,562,538**
As a % of the total securities on issue		**22.8%**	**0.3%**	**6.4%**	**6.4%**	**0.0%**	**1.2%**	**37.1%**

**Daniel Crennan and Kevin Jiao were appointed directors on 18 August 2016.

Directors' Interests: Changes to the loan facility with VETL Pty Limited ("VETL")

Under the loan agreement no interest has been charged on the loan since 1 January 2015 and no loan repayments are required. In March 2016 Bounty and VETL agreed to further vary the terms of the agreement as follows:

- The moratorium on interest charges on the loan is further extended to 31 July 2017; and
- The repayment date of the loan is deferred to 31 December 2017, unless extinguished by other means before that date.

D & O Insurance: Indemnification of Officers or Auditor

Bounty has agreed to indemnify and keep indemnified the Directors and Company Secretary against all liabilities incurred as directors and officers of the Bounty Group and all legal expenses incurred as directors and officers of the Bounty Group.

The indemnity only applies to the extent and in the amount that the directors and officers are not indemnified under any other indemnity, including an indemnity contained in any insurance policy taken out by the Bounty Group, under the general law or otherwise. The indemnity does not extend to any liability:

- To Bounty or a related body corporate of Bounty; or
- Arising out of conduct of the directors and officers involving a lack of good faith.

No indemnities have been given or insurance premiums paid, during the year, for any person who is or has been an auditor of the Company.

Insurance of Officers

The previous policy expired in December 2015. A new policy was taken out in March 2016. During this financial year Bounty has paid insurance premiums of $9,000 in respect of directors and officers' liability insurance and corporate reimbursement, for directors and officers of Bounty. The insurance premiums relate to:

- Any loss for which the directors and officers may not be legally indemnified by Bounty arising out of any claim, by reason of any wrongful act committed by them in their capacity as a director or officer, first made against them jointly or severally during the period of insurance; and
- Indemnifying Bounty against any payment which it has made and was legally permitted to make arising out of any claim, by reason of any wrongful act, committed by any director or officer in their capacity as a director or officer, first made against the director or officer during the period of insurance.

The insurance policy outlined above does not allocate the premium paid to each individual officer of Bounty.

Environmental Regulations

The Group's operations are subject to general environmental regulations under Commonwealth and State legislation. The Board is not aware of any breach of such requirements and the relevant officers of the Group are aware of the responsibility of the Group in relation to these requirements.

Proceedings on Behalf of the Company

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

Auditor's Independence Declaration

The lead auditor's independence declaration under Section 307C of the Corporations Act 2001 is set out on page xx and forms part of the Directors' Report for the year ended 30 June 2016.

Non-audit Services

During the financial year, Nexia Sydney Audit Pty Ltd, Bounty’s auditor, and its associated entities, performed no non-audit services.

Signed in accordance with a resolution of the Board.

Gary Cochrane
Chairman
Dated in Sydney this 23rd day of September 2016

nexia australia

the next solution

To the Board of Directors of Bounty Mining Limited

Auditor's Independence Declaration under section 307C of the *Corporations Act 2001*

As lead auditor for the audit of the financial statements of Bounty Mining Limited for the financial year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Nexia Sydney Audit Pty Limited
Chartered Accountants

Gregory Ralph M.Com FCA
Director

23 September 2016

Nexia Sydney Audit Pty Ltd
Level 16, 1 Market Street, Sydney NSW 2000
PO Box H195, Australia Square NSW 1215
p +61 2 9251 4600, f +61 2 9251 7138
info@nexiasydney.com.au, www.nexia.com.au

5 FINANCIAL STATEMENTS

Consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2016

	Note	Consolidated Group 2016 $	2015 $
Revenue	2	197,063	1,744
Total revenue		197,063	1,744
Cost of services		(4,025)	(20,294)
Employee expenses	4	(201,919)	(428,121)
Depreciation and amortisation expenses	3	-	(395,165)
Impairment of assets	3	-	(3,528,193)
Legal and professional costs		(291,783)	(172,586)
Occupancy expenses		(222,635)	(272,247)
Finance costs	3	(7,170)	(158,126)
Loss on sale of asset		(625,144)	-
Other expenses from ordinary activities		(29,870)	(74,673)
Loss before related income tax expense		**(1,185,484)**	**(5,047,661)**
Income tax expense	6	-	-
Loss from continuing operations for the year		**(1,185,484)**	**(5,047,661)**
Other comprehensive income for the year, net of tax		**-**	**-**
Total comprehensive loss attributable to members of the parent entity		**(1,185,484)**	**(5,047,661)**

	Cents	Cents
Basic and diluted earnings per share	(0.15c)	(0.71c)

The consolidated statement of comprehensive income should be read in conjunction with the notes to the financial statements set out on pages 22 to 56.

Consolidated statement of financial position at 30 June 2016

	Note	Consolidated Group 2016 $	Consolidated Group 2015 $
Current assets			
Cash and cash equivalents	8	95,139	1,167
Trade and other receivables	9	9,546	1,346
Inventories	10	-	88,753
Other assets	11	7,500	162,673
Total current assets		**112,185**	**253,939**
Non-current assets			
Property, plant & equipment	12	-	887,621
Exploration and evaluation asset	15	1,523,782	1,479,675
Total non-current assets		**1,523,782**	**2,367,296**
Total assets		**1,635,967**	**2,621,235**
Current liabilities			
Trade and other payables	13	61,737	341,720
Financial liabilities	14	-	12,578
Loan – unsecured	14	-	17,200
Convertible Notes	14	-	113,584
Short-term provisions	16	-	11,160
Total current liabilities		**61,737**	**496,242**
Non-current liabilities			
Financial liabilities	14	2,930,302	2,930,302
Total non-current liabilities		**2,930,302**	**2,930,302**
Total liabilities		**2,992,039**	**3,426,544**
Net liabilities		**(1,356,072)**	**(805,309)**
Equity			
Issued capital	17	39,135,228	38,500,507
Accumulated losses	18	(43,664,258)	(42,478,774)
Reserves	19	3,172,958	3,172,958
Total deficiency		**(1,356,072)**	**(805,309)**

The consolidated statement of financial position should be read in conjunction with the notes to the financial statements set out on pages 22 to 56.

Consolidated statement of changes in equity for the year ended 30 June 2016

	Issued Capital $	Options Reserve $	Accumulated Losses $	Total $
Balance at 1 July 2014	37,469,700	3,172,958	(37,431,113)	3,211,545
Capital issued to raise funds	1,170,000	-	-	1,170,000
Cost of issuing capital	(139,193)	-	-	(139,193)
Loss attributable to members of parent entity	-	-	(5,047,661)	(5,047,661)
Balance at 30 June 2015	38,500,507	3,172,958	(42,478,774)	(805,309)
Balance at 1 July 2015	38,500,507	3,172,958	(42,478,774)	(805,309)
Capital issued to raise funds	400,000	-	-	400,000
Capital issued to creditors	234,721	-	-	234,721
Loss attributable to members of parent entity	-	-	(1,185,484)	(1,185,484)
Balance at 30 June 2016	39,135,228	3,172,958	(43,664,258)	(1,356,072)

The consolidated statement of changes in equity should be read in conjunction with the notes to the financial statements set out on pages 22 to 56.

Consolidated statement of cash flows for the year ended 30 June 2016

	Note	Consolidated Group 2016 $	Consolidated Group 2015 $
Cash flows from operating activities			
Payments to suppliers and employees		(550,442)	(773,131)
Interest received		555	1,393
Finance costs		(7,170)	(4,984)
Net cash flows used in operating activities	24	**(557,057)**	**(776,722)**
Cash flows from investing activities			
Exploration and evaluation expenditure		(44,107)	(446,513)
Proceeds from sale of equipment		300,636	1,000
Net cash flows provided by (used in) investing activities		**256,529**	**(445,513)**
Cash flows from financing activities			
Gross proceeds from issue of shares		400,000	1,170,000
Costs related to issue of shares		-	(151,611)
(Repayment of) / proceeds borrowings		(5,500)	117,209
Net cash flows provided by financing activities		**394,500**	**1,135,598**
Net increase / (decrease) in cash held		93,972	(86,637)
Cash at beginning of financial year		1,167	87,804
Cash at end of financial year	8	**95,139**	**1,167**

The consolidated statement of cash flows should be read in conjunction with the notes to the financial statements set out on pages 22 to 56.

Notes to Financial Statements

1 Statement of Significant Accounting Policies

This financial report covers the consolidated group of Bounty Mining Limited and controlled entities incorporated and domiciled in Australia (“Bounty” or “The Group”).

The separate financial statements of the parent entity, Bounty Mining Limited, have not been presented within this financial report as permitted by the Corporations Act 2001.

Basis of preparation

This financial report is a general purpose financial report, prepared in accordance with the Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial reports containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

Except for cashflow information, the financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial report is presented in Australian dollars.

The financial report was authorised for issue on 22 September 2016 by the Board of Directors.

(a) Going concern

As at 30 June 2016, the Group’s current assets exceeded current liabilities by $0.05m, however total liabilities exceeded total assets by $1.4m. The consolidated entity had financial liabilities of $2.9m at

30 June 2016, incurred a loss from continuing operations for the year of $1.2m and had a deficiency in net cash flows from operating activities of $0.6m.

Subsequent to 30 June 2016 the Company has raised $550,000 of capital, sufficient to fund the Company's existing commitments and the current phase of Wongai Project development. The Company is also planning a Rights Issue to raise between $75,000 and $405,000 to fund further works.

Bounty also has the continued support of its secured lender, VETL Pty Ltd ("VETL"), a company associated with Chairman Gary Cochrane. The $2.9m VETL loan is due for repayment on 31 December 2017 if not extinguished by other means prior to that date. No interest is chargeable on the loan between January 2015 and July 2017.

Accordingly, the Directors believe it appropriate that the financial statements be prepared on a going concern basis. However, if part or the whole of the consolidated entity is not able to continue as a going concern, it may be required to realise assets and extinguish liabilities other than in the normal course of business and at amounts different to those stated in the financial report.

The financial report does not include any adjustments relating to the recoverability or classification of recorded assets amounts, or to the amounts or classification of liabilities, which might be necessary should the consolidated entity not be able to continue as a going concern.

(b) Principles of consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent (Bounty Mining Limited) and all of its subsidiaries, where subsidiaries are entities controlled by the parent. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of subsidiaries is provided in Note 23.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases.

All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, are fully eliminated on consolidation. Accounting policies of subsidiaries are consistent with those policies applied by the parent entity. All subsidiaries have a June financial year-end.

(c) Revenue recognition

Revenue from rendering of services

Revenue from contracts is recognised when the service is rendered to the customer.

Interest income

Interest income is recognised as it accrues, taking into account the effective yield on the financial assets.

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

(d) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). 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 are shown inclusive of GST. The amounts of GST recoverable from, or payable to, the ATO are included as a current asset or liability in the statement of financial position.

Cash flows are included in the statements of cash flows on a gross basis. The GST components of cashflows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cashflows included in receipts from customers or payments to suppliers.

(e) Foreign currency transactions

Foreign currency transactions are related to services provided by overseas suppliers. These transactions are translated into Australian currency at the rates of exchange prevailing at the dates of the transactions. Amounts receivable and payable in foreign currencies at balance date are translated at the rates of exchange ruling on that date.

(f) Borrowing costs

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings and lease finance charges. Borrowing costs are expensed as incurred.

(g) Income tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Tax Consolidation

Bounty Mining Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. Each entity in the Group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the ‘stand-alone taxpayer’ approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. The Group notified the Australian Tax Office that it had formed an income tax consolidated group to apply from March 2005. The tax consolidated group has entered a tax funding arrangement which sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. Contributions to fund the current tax liabilities are satisfied via a credit or debit to the member's intercompany account with the head entity.

(h) Earnings per share

Basic earnings per share ("EPS") is calculated by dividing the net profit attributable to members of the parent entity for the reporting period, after excluding any costs of servicing equity (other than ordinary shares and converting preference shares classified as ordinary shares for EPS calculation purposes), by the weighted average number of ordinary shares of the Company, adjusted for any bonus issue.

(i) Fair Value

The Group subsequently measures some of its assets at fair value on a non-recurring basis. Fair value is the price the Group would receive to sell an asset in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset after taking into account transaction costs and transport costs). For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

(j) Inventories

Tools and critical spare parts used within the business are carried at the lower of cost and net realisable value. See Note 1 (x) Key estimates for information on the impairment of the value of inventory as at 30 June 2015.

(k) Plant and equipment

Each class of plant and equipment is carried at cost or fair value as indicated, less, where applicable, any accumulated depreciation and impairment losses.

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

The cost of fixed assets constructed and refurbished within the economic entity includes the cost of materials, direct labour and an appropriate proportion of fixed and variable overheads.

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

Depreciation and amortisation

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use:

- The mechanical component of the asset is depreciated on the basis of usage; and
- The electrical component is depreciated on the basis of time as its value deteriorates with age regardless of usage.

Plant and equipment was fully depreciated at 30 June 2015. No depreciation was charged in Financial Year 2016.

The expected useful lives for each class of assets are as follows:

Plant and equipment	4 - 6 years
Office furniture	3.33 – 8.88 years
Motor vehicles	3.33 years
Computer equipment	2.66 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Depreciation and amortisation rates and methods are reviewed annually for appropriateness.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.
Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income.

(l) Evaluation and Exploration asset

Exploration and evaluation expenditures incurred are capitalised in respect of each identifiable area of interest. They are only capitalised to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area.

(m) Leased assets

Operating leases
Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(n) Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances, term deposits and deposits at call.

(o) Impairment of Assets

At each reporting date, the group reviews the carrying values of its assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, in normal operational circumstances the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and its value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income. However as the plant and equipment and capital works in progress have been placed in care and maintenance since August 2013, the Board has determined that value in use is not an appropriate basis for measuring the recoverable amount in those circumstances. Accordingly the Board considers the lower of carrying value and fair value less costs to sell shall be used to measure all plant and equipment and capital works in progress.

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

(p) Issued capital

Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit.

(q) Trade and other receivables

Trade and other receivables include amounts due from customers for services performed in the ordinary course of business. Trade and other receivables are stated at cost less impairment losses. Refer to Note 1 (o).

(r) Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. Trade and other payables are stated at cost. Trade payables are non-interest bearing and are normally settled on 15 – 30 day terms.

(s) Financial Instruments

Initial recognition and measurement of financial assets and financial liabilities occurs when the Group becomes a party to the contractual provisions to the instrument.

Financial liabilities

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of comprehensive income over the period of the borrowings on an effective interest basis.

Bank loans are recognised at their principal amount, subject to set-off arrangements. Interest expense is accrued at the contracted rate and included in note 14 *Financial Liabilities.*

(t) Expenses

Operating lease payments

Payments made under operating leases are recognised in the statement of comprehensive income on a straight-line basis over the term of the lease. Lease incentives are recognised in the statement of comprehensive income as an integral part of the total lease expense and spread over the lease term.

(u) Provisions

A provision is recognised when a legal or constructive obligation exists as a result of a past event, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amount required to settle the obligation at the end of the reporting period.

(v) Employee entitlements

Wages, salaries, annual leave and sick leave

The provisions for employee entitlements to wages, salaries, annual leave, sick leave and long service leave represent present obligations resulting from employees' services provided up to the balance date. Employee benefits are expected to be settled within one year, and have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Superannuation plans

The Company contributes to defined contribution superannuation plans. Contributions are charged against income as they are made. The Company and its controlled entities have no legal or constructive obligation to fund any deficit.

(w) Comparatives

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

(x) Critical accounting estimates

The Directors evaluate estimates incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Key estimates

Impairment

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using fair value less cost to sell calculations which incorporate various key assumptions.

In previous years the company's policy was to commission an external valuation of the equipment and spares parts / inventory for the purposes of completing the annual accounts.

In July 2015 the Company's Continuous Miner and its spare parts were sold to a private purchaser for $0.25m and $0.05m respectively, which the board considered to be fair value in the then current market. This represented a significant discount to the Written Down Value as shown below.

Item	Written down value ("WDV") at 30 June 2015 before impairment	Sale value	% discount between WDV and sale value
Continuous Miner	$1.1m	$0.25m	(78%)
Related spare parts / inventory	$0.26m	$0.05m	(81%)

A decision was therefore taken that the Fair Market Value of assets at 30 June 2015 would be best estimated by applying a discount of 78% ($3,147,738) to the written down value of all items of mining equipment and 81% ($380,455) to the written down value of all spare parts / inventory.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as electrical coding information, and lease terms (for leased assets). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Deferred Tax Assets

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised. Based on the uncertainty of the timing of future profits management have not recognised any deferred tax assets.

Key Judgements

Exploration and Evaluation Asset

In respect of the Wongai Project expenditure recognised as an Exploration and Evaluation asset under AASB 6 “Exploration for and Evaluation of Mineral Resources”, the Group has assessed that the exploration activities are not yet sufficiently advanced to make an assessment about the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to the area of interest are continuing.

Going Concern: Refer to details in Note 1(a).

Change in Accounting Policy

There have been no changes in accounting policy during the financial year.

		Consolidated Group	
		2016	**2015**
		$	**$**
2	**Revenue**		
	Revenue from ordinary activities		
	Other revenues		
	- Interest income	555	1,393
	- Gain on derecognition of administrator pooled fund	196,508	-
	- Gain on disposal of property, plant and equipment	-	351
	Total Revenue	**197,063**	**1,744**

	Consolidated Group 2016 $	2015 $

3 Loss for the year

Loss from ordinary activities before income tax expense has been arrived at after charging the following items:

Expenses

Depreciation and amortisation of:

	2016 $	2015 $
- Plant & equipment	-	392,829
- Office furniture	-	1,223
- Motor vehicles	-	1,113
	-	395,165
Impairment of assets	-	3,528,193
Rental expense on operating leases	114,090	285,401
Finance costs	7,170	158,126

4 Employee expenses

	2016 $	2015 $
Wages and Salaries	38,813	110,738
Other associated personnel expenses	3,177	4,583
Contributions to defined contribution superannuation funds	3,687	10,416
Decrease in liability for leave	-	(15,216)
Contractors Expenses	156,242	317,600
	201,919	**428,121**

	Consolidated Group	
	2016	2015
	$	$

5 Remuneration of auditors

	2016 $	2015 $
Audit or review of financial reports	26,000	42,520
Taxation and other services	-	21,436
Total audit and other services	**26,000**	**63,956**

6 Income Tax

The components of tax expense comprise:

	2016 $	2015 $
Current tax	-	-
Deferred tax	-	-
	-	-

The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:

	2016 $	2015 $
Prima facie tax on loss from ordinary activities before income tax at 30% (2015:30%)	(355,645)	(1,514,298)
Add: tax effect of:		
- Non-allowable items	199,544	126,226
- Unrealised impairment of assets	-	1,058,458
- Tax assets not brought to account	2,228,769	586,523
Deduct: tax effect of:		
- Movement in provisions	(18,203)	(4,565)
- Exploration expenditure	(4,500)	(53,060)
- Realised impairment of assets	(1,882,391)	-
- Other allowable items	(167,574)	(199,284)
Income tax charge attributable to entity	**-**	**-**

6 Income Tax (continued)

Tax consolidation

Bounty Mining Limited and its 100% owned Australian resident subsidiaries formed a tax consolidated group with effect from 31 March 2005 and reset the tax values of the assets of its subsidiaries on entering the tax consolidation regime.

Deferred tax assets not brought to account

The Directors estimate that at 30 June 2016 the amount of deferred tax assets not brought to account are:

- Revenue losses – $12,066,039 (2015: $10,218,696)
- Capital losses – $341,855 (2015: $341,885)
- Temporary differences not recognised $nil (2015: $1,602,568)

These amounts have no expiry date.

Deferred tax liabilities of $249,548 arising from exploration expenditure have been applied against deferred tax assets arising from revenue losses.

The benefit of deferred tax assets and tax losses will only be obtained if:

i. The consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;

ii. The consolidated entity continues to comply with the conditions for deductibility imposed by the tax legislation; and

iii. No changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deductions for the losses.

7 4per Share

	Consolidated Group	
	2016	**2015**
	$	**$**
The following reflects the income and share data used in the calculation of basic earnings per share (eps):		
Earnings used in calculating basic eps	(1,185,484)	(5,047,661)
	Parent Company	
	2016	2015
	No.	No.
Weighted average number of ordinary shares used in calculating basic eps	769,078,039	715,571,923

	Consolidated Group	
	2016 $	2015 $

8 Cash and cash equivalents

	2016 $	2015 $
Cash at bank and on hand	95,139	1,167
	95,139	**1,167**

9 Trade and other receivables

	2016 $	2015 $
Current		
Trade debtors	-	49,519
Less: impairment	-	(49,519)
Goods and Services tax receivable	9,546	1,346
	9,546	**1,346**

(a) Trade debtors are non-interest bearing and generally on 14 day terms.

10 Inventories

	2016 $	2015 $
Spares and tools inventory at carrying amount: refer to Note1 (j)	-	88,753
	-	**88,753**

Inventory with a Written Down Value of $50,000 was sold in July 2015. All other Inventory was disposed of during the Voluntary Administration.

11 Other current assets

	2016 $	2015 $
Prepayments	7,500	69,139
Deposits	-	93,534
	7,500	**192,673**

Deposits at 30 June 2015 were dealt with during the Voluntary Administration.

12 Property, plant and equipment

	Consolidated Group 2016 $	Consolidated Group 2015 $
Plant and equipment not in use (at cost)	-	5,037,056
Less: accumulated depreciation	-	(3,078,777)
Less: impairment	-	(1,596,511)
	-	361,768
Capital works in progress (at cost)	-	6,694,150
Less: accumulated depreciation	-	(1,870,627)
Less: impairment	-	(4,297,670)
	-	525,853
Office furniture and fittings (at cost)	-	139,461
Less: accumulated depreciation	-	(139,461)
	-	-
Motor Vehicles (at cost)	-	20,438
Less: accumulated depreciation	-	(20,438)
	-	-
Total	**-**	**887,621**

Equipment with a Written Down Value of $250,000 was sold in July 2015. All other plant and equipment was disposed of during the Voluntary Administration. A net loss of $625,144 was recorded for the year on the sale of assets including plant and equipment and inventory.

12 Property, plant and equipment (continued)

Movement in carrying amount	Consolidated Group 2016 $	Consolidated Group 2015 $
Plant and equipment not in use		
Carrying amount brought forward	361,768	1,905,477
Depreciation expense (note 3)	-	(260,361)
Disposal	(361,768)	-
Provision for impairment	-	(1,283,348)
Carrying amount at year end	**-**	**361,768**
Capital works		
Carrying amount brought forward	525,853	2,522,710
Depreciation expense (note 3)	-	(132,467)
Disposal	(525,853)	-
Provision for impairment	-	(1,864,390)
Carrying amount at year end	**525,853**	**525,853**
Office furniture & fittings		
Carrying amount brought forward	-	1,872
Depreciation expense (note 3)	-	(1,223)
Disposals	-	(649)
Carrying amount at year end	**-**	**-**
Motor vehicles		
Carrying amount brought forward	-	1,113
Depreciation expense (note 3)	-	(1,113)
Carrying amount at year end	**-**	**-**
Total	**-**	**887,621**

All plant and equipment had been fully written down at 30 June 2015. There was no depreciation expense during the Financial Year 2016. Equipment with a Written Down Value of $250,000 was sold in July 2015. All other equipment was disposed of during the Voluntary Administration.

The Group initially recognises and measures its Plant and Equipment and Capital Works in Progress at cost. The Group subsequently measures some items of its plant and equipment and capital works in progress at fair value on a non-recurring basis in accordance with AASB136: Impairment of Assets. Refer to Note 1 (o).

12 Property, plant and equipment (continued)

Fair Value Measurement

AASB 13 Fair Value Measurement requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that is an input that is significant to the measurement can be categorised into as follows:

- Level 1: Measurements based on quoted prices in active markets for identical assets that the entity can access at the measurement date.
- Level 2: Measurements based on inputs other than the quoted prices included in Level 1, but that are observable for the asset, either directly or indirectly.
- Level 3: Measurements based on unobservable inputs for the asset or liability.

Bounty's management considers that the inputs used for the fair value measurement are Level 2 inputs.

Valuation techniques

AASB 13 requires the valuation technique used to be consistent with one of the following valuation approaches:

- Market approach: techniques that use prices and other information generated by market transactions for identical or similar assets.
- Income approach: techniques that convert future cashflows or income and expenses into a single discounted present value;
- Cost approach: techniques that reflect the current replacement cost of an asset at its current service capacity.

Bounty's management considers that the market approach is the appropriate valuation technique in relation to its plant and equipment and capital works in progress, as it is currently not in use.
Bounty considers that the sales value obtained in July 2015 represented a Level 2 category of measurement (see "key estimates – Impairment" on page 31).

In FY2014 Bounty commissioned an external independent valuer to conduct a valuation of its plant and equipment and capital works in progress at 30 June 2014 using a market approach technique. The technique used recent observable market data for similar equipment both in Australia and in other markets.

12 Property, plant and equipment (continued)

Non-Recurring fair value measurements:

	Level 2	
	2016	2015
Plant and equipment not in use	-	361,768
Capital works	-	525,853
		887,621

The highest and best use of the assets at 30 June 2015 was the value in use, using the income approach technique. The Board determined that value in use was not an appropriate basis for measuring the recoverable amount in the current economic conditions.

13 Trade and other payables

		Consolidated Group	
		2016	2015
		$	$
Current			
Trade creditors	(a)	45,737	303,826
Other creditors and accruals		16,000	37,894
		61,737	**341,720**

(a) Standard terms of trade accounts payable are settlement within 15 - 30 days.

14 Financial liabilities

		Consolidated Group 2016 $	Consolidated Group 2015 $
Current			
Unsecured Loans		-	12,578
Unsecured Convertible Notes	(a)	-	113,584
Unsecured Related party liability	(b)	-	17,200
		-	**143,362**
Non current			
Related party secured loan	(b)	2,930,302	2,930,302
		2,930,302	**2,930,302**
Total		**2,930,302**	**3,073,664**

(a) The Convertible Notes crystallised into unsecured creditors at the time of the Voluntary Administration.

(b) In September 2009, VETL Pty Ltd ("VETL"), a company associated with Chairman Gary Cochrane, was assigned a loan from Westpac Banking Corporation, on the same commercial terms. Since that time Bounty has drawn down and repaid amounts under the loan. The loan is secured by a fixed and floating charge over the assets and undertakings of the Consolidated Bounty Group. A guarantee and indemnity has been given by Bounty Mining Limited and Bounty Operations Pty Ltd. By agreement between the parties the maturity date of the loan has been extended to 31 December 2017. The Interest rate has historically been 9.72% p.a.. By agreement between the parties no interest has been charged on the loan since 1 January 2015. This arrangement has been extended by agreement until 31 July 2017 at which time it will be reviewed again.

During FY15 VETL had advanced a further $17,200 in short-term interest-free unsecured debt to cover working capital. During FY16 Bounty repaid $5,500 of this loan. The balance of this loan formed part of the Deed of Company Arrangement.

15 Exploration and evaluation asset

	Consolidated Group	
	2016 $	2015 $
Opening balance	1,479,675	995,185
Expenditure capitalised during the year	44,107	484,490
Closing balance	1,523,782	1,479,675

i. Recoverability of the carrying amount of exploration asset is dependent on the successful development of the Wongai Coal Project.

ii. The Wongai Coal Project is carried on through a joint operation. Bounty considers that it has joint control of the Wongai Coal Project, because decisions about the key activities that significantly affect the returns from the Project require the unanimous consent of the joint operators sharing control. As the parties have rights to the assets and obligations for the liabilities relating to the Project, it is a joint operation.

   The main elements of the joint operation are set out below:

   i. The joint operation is titled the Wongai Coal Joint Venture ("WCJV"). The operation commenced on 15 February 2014 and consists of several agreements.
   ii. The participants are Aust-pac Capital P/L ("Austpac") (in its own capacity and in its capacity as trustee of the Wongai Unit Trust) and Bounty Mining Investments P/L ("BMI"). The purpose of the WCJV is to determine the extent of economically recoverable reserves of coking coal in the Wongai tenements through exploration, and then to proceed to mining once those reserves are proven.
   iii. Both participants are incorporated in Australia and the project is based in Queensland.
   iv. The management committee will include equal representation from both participants.
   v. BMI is sole funder of the operation until the Phase 3 works are completed.
   vi. Bounty is working to complete the Prefeasibility Study stage and when this is complete will have earned 22.5% equity in the Wongai Project. The Farm-In Agreement allows Bounty to move to 48% equity once the Bankable Feasibility Stage is complete and then to acquire a further 3% to move to 51% ownership of the Project at a 25% discount to an external valuation.

15 Exploration and evaluation asset (continued)

vii. The participants are deemed to have participating interest of 52% for Austpac and 48% for BMI until the Phase 3 works are completed or BMI withdraws from the Farm-In agreement. Notwithstanding the deemed participating interests, decisions about key activities require unanimous consent of the participants as explained above.

	Consolidated Group	
	2016 $	2015 $
16 Short-term provisions		
Employee benefits (note 25)		
Opening balance	11,160	26,376
Additional provisions	2,374	7,789
Amount paid	(13,534)	-
Amount used	-	(23,005)
Closing balance	-	11,160

17 Issued capital

(a) Movements in ordinary share capital of the company during the year were as follows:

	Number of Shares	Share price	Total amount
Shares on issue at 1 July 2015	735,550,849		$ 38,500,507
Shares issued to investors	166,637,763	various	$400,000
Shares issued to nominated unsecured creditors under DOCA	67,063,164	$0.0035	$234,721
Shares on issue at 30 June 2016	969,251,776		$ 39,135,228

17 Issued capital (continued)

Movements in share capital during financial year FY15 were as follows:

	Number of Shares	Share price	Total amount
Shares on issue at 1 July 2014	681,896,998		$ 37,469,700
Issued for cash	53,653,851	various	$1,170,000
Cost of capital raising			($139,193)
Shares on issue at 30 June 2015	735,550,849		$ 38,500,507

Terms and Conditions of Ordinary Shares:

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

(b) Capital Management

Management aims to control the capital of the Group in order to maintain a satisfactory debt to equity ratio, provide the shareholders with adequate returns and ensure that the Group can fund its operations and continue as a going concern. The Group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets. There are no externally imposed capital requirements.

	Consolidated Group	
	2016	2015
	$	$
18 Accumulated Losses		
Accumulated losses at the beginning of the financial year	(42,478,774)	(37,431,113)
Net loss attributable to members of Bounty Mining Limited	(1,185,484)	(5,047,661)
Accumulated losses at the end of the financial year	**(43,664,258)**	**(42,478,774)**

	Consolidated Group	
	2016	2015
	$	$

19 Options Reserve

Opening Balance	3,172,958	3,172,958
Expense during the year	-	-
Closing Balance	**3,172,958**	**3,172,958**

The option reserve records items recognised as expenses on valuation of share options. The options reserve is used to record the share options issued to directors and executives of the Company. There are no listed or unlisted options on issue at 30 June 2016.

20 Commitments

(a) Non-cancellable operating lease expense commitments

Future operating lease commitments not provided for in the financial statements and payable:

Within one year	-	269,944
Later than one year but not later than five years	-	117,071
	-	**387,015**

21 Contingent Liabilities

There are no contingent liabilities at the date of this report.

22 Financial Risk Management

The group's financial instruments consist mainly of trade accounts receivable and payable and borrowings.

22 Financial Risk Management (continued)

The totals for each category of financial instruments, measured in accordance with AASB139 as detailed in the accounting policies to these financial statements, are as follows:

	Note	Consolidated Group 2016 $	2015 $
Financial Assets			
Cash and cash equivalents	8	95,139	1,167
Trade and other receivables	9	9,546	1,346
		104,685	2,513
Financial Liabilities			
Financial liabilities at amortised cost			
Trade and other payables	13	61,737	341,720
Borrowings	14	2,930,302	3,073,664
		2,992,039	3,415,384
Net Financial Liabilities		**(2,887,354)**	**(3,412,871)**

Specific Financial Risk Exposures and Management

(a) Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at reporting date whereby a future change in interest rate will affect future cash flows or the fair value of fixed rate financial instruments. The group is also exposed to earnings volatility on floating rates.

Interest rate risk is managed with a mixture of fixed and floating rate debt. At 30 June 2016 100% of group debt is provided by a fixed rate loan. Group policy is to keep between 65% and 100% of debt on fixed interest rates.

(b) Credit risk

The entity's maximum exposure for credit risks at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the statement of financial position.

(c) Price risk

The group's exposure to price risk is limited as its contracts with customers are at a fixed price.

22 Financial Risk Management (continued)

(d) Liquidity risk

Liquidity risk arises from the possibility that the group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The group seeks to manage this risk through the following mechanisms:

- Preparing forward looking cash flow analysis in relation to its operational, investing and financing activities;
- Monitoring undrawn credit facilities;
- Maintaining the support of a related party lender;
- Preparing for a capital raising to repay the main debt;
- Maintaining a reputable credit profile;
- Managing credit risk related to financial assets; and
- Comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The following table details the Bounty Group contractual maturity for non-derivative financial liabilities and is based on undiscounted cash flows of financial liabilities on the earliest date on which repayment can be required.

				Fixed interest maturing in:			
	Note	weighted average interest rate	floating interest rate	1 year or less	1 year to to 5 years	Non-interest bearing	Total
			$	$	$	$	$
2016							
Financial Assets							
Cash and cash equivalents	8	0.34%	95,136	-	-	-	95,136
Trade Receivables	9	n/a	-	-	-	9,546	9,546
Total financial assets			**95,136**	**-**	**-**	**9,546**	**104,682**
Financial Liabilities							
Trade and other creditors	13	n/a	-	-	-	45,737	45,737
Other creditors and accruals	13	n/a	-	-	-	16,000	16,000
Other Loans	14	0.00%	-	-	-	-	-
Loans from Related party	14	0.00%	-	-		2,930,302	2,930,302
Total financial liabilities			**-**	**-**	**-**	**2,992,039**	**2,992,039**
Net Financial Liabilities							**(2,887,357)**

22 Financial Risk Management (continued)

	Note	weighted average interest rate	floating interest rate	Fixed interest maturing in: 1 year or less	1 year to to 5 years	Non-interest bearing	Total
			$	$	$	$	$
2015							
Financial Assets							
Cash and cash equivalents	8	1.46%	1,167	-	-	-	1,167
Trade Receivables	9	n/a	-	-	-	1,346	1,346
Total financial assets			**1,167**	**-**	**-**	**1,346**	**2,513**
Financial Liabilities							
Trade and other creditors	13	n/a	-	-	-	303,826	303,826
Other creditors and accruals	13	n/a	-	-	-	37,894	37,894
Financial liabilities	14	6.71%	-	12,578	-		12,578
Convertible loans	14	15.00%	-	113,584	-	-	113,584
Loans from Related party	14	9.72%	-	2,930,302	-	17,200	2,947,502
Total financial liabilities			**-**	**3,056,464**	**-**	**358,920**	**3,415,384**
Net Financial Liabilities							**(3,412,871)**

	Consolidated Group 2016 $	2015 $
Trade and sundry payables are expected to be paid as follow:		
Less than 31 days	45,738	341,720

Net Fair Value

The net fair value of financial assets and liabilities at balance date approximates their carrying amount.

Interest Rate Sensitivity Analysis

At 30 June 2016, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

22 Financial Risk Management (continued)

	Consolidated Group	
	2016	2015
	$	$
Change in profit and equity:		
Increase in interest rate by 2%	-	21
Decrease interest rate by 2%	-	(1)

23 Controlled Entities

	2016	2015
Particulars in relation to controlled entities		
Parent entity		
Bounty Mining Limited		
Controlled entities		
Bounty Mining Limited controls the following entities:		
Bounty Equipment Leasing Pty Limited	100%	100%
Bounty Operations Pty Limited	100%	100%
Bounty Personnel Pty Limited	100%	100%
Bounty Mining Investments Pty Limited	100%	100%

24 Cash Flow Information

Reconciliation of Cash Flows from Operations with Loss after Income Tax

	Consolidated Group	
	2016	2015
	$	$
Loss after income tax	**(1,185,484)**	**(5,047,661)**
Add non-cash items:		
Depreciation & amortisation of fixed assets	-	395,165
Impairment of equipment and inventories (Note 1(x))	-	3,528,193
Gain on derecognition of administrators' pooled fund	(196,508)	-
Loss / (gain) on disposal of fixed assets	625,144	(351)
Net cash used in operating activities before change in assets and liabilities	**(756,848)**	**(1,124,654)**
Change in assets and liabilities:		
(Increase) / decrease in receivables	(15,700)	1,052
Decrease in inventories	50,594	380,455
Decrease / (increase) in other assets	162,673	(17,202)
Increase in exploration and evaluation asset	(44,107)	(484,490)
(Decrease) / increase in payables	57,491	330,189
Decrease in employee entitlements	(11,160)	(15,216)
Increase in accrued interest	-	153,144
Net cash flow used by operating activities	**(557,057)**	**(776,722)**

25 Employee Benefits

Current	-	$ 11,160
Number of employees at year end *	-	1

* This excludes non-executive directors.

Superannuation Plan: In the past the Company has contributed to a number of defined contribution superannuation plans. The Company and its controlled entities have no legal or constructive obligation to fund any plan deficit.

26 Related Party Transactions

The Group's main related party is VETL Pty Ltd ("VETL"), a company associated with Chairman Gary Cochrane. For details of disclosures relating to the VETL loan, refer to Note 14(b): Financial Liabilities.

	Consolidated Group	
	2016	2015
	$	$
Beginning of the year	2,930,202	2,790,733
Interest charged	-	139,568
End of the year	**2,930,302**	**2,930,302**

The loan was assigned to VETL from the Company's external financiers in September 2009 under the same terms and conditions. The loan is therefore considered to be at an arm's length basis. Interest was historically charged at 9.72% p.a. The loan is due for payment on 31 December 2017. By agreement with the lender, no interest has been charged on the loan from 1 January 2015. This arrangement remains in place until 31 July 2017 at which time the arrangement will be reviewed.

During FY15 VETL advanced a further $17,200 in short-term interest-free unsecured debt to cover working capital. During FY16 Bounty repaid $5,500 of this loan. The balance of this loan formed part of the Deed of Company Arrangement.

During the financial year, Chairman Gary Cochrane earned $60,000 (2015: $10,000) (exc. GST) as a consultancy fee in relation to his role as Chief Executive Officer.

27 Parent entity disclosures

Financial position	2016 $	2015 $
Assets		
Current assets	112,185	96,954
Total assets	**112,185**	**96,954**
Liabilities		
Current liabilities	61,737	422,136
Total liabilities	**61,737**	**422,136**
Net assets	**50,448**	**(325,182)**
Equity		
Issued capital	39,135,228	38,500,507
Accumulated losses	(42,257,738)	(41,998,647)
Reserves	3,172,958	3,172,958
Total equity	**50,448**	**(325,182)**

Financial performance

	2016 $	2015 $
Loss for the year	(259,091)	(4,482,503)
Other comprehensive income	-	-
Total comprehensive loss	**(259,091)**	**(4,482,503)**

The loss for the year includes a provision for impairment of $0.05m against loans made by the parent company to a subsidiary where, based on the assets of those subsidiaries, there is a reduced capacity to repay the loans.

Also refer to Note 1 (a) Going Concern.

28 Share Based Payments

No securities were issued to employees under any plan in FY2016 (FY2015: nil).

29 Economic Dependency

Bounty conducts capital raisings to fund working capital and investment in the Wongai Coal project.

30 Subsequent Events

During July and August 2016 Bounty issued 137,500,000 shares at $0.004 per share to raise $550,000 to fund completion of the Wongai Coal Project Pre-Feasibility Study and provide working capital. A further 6,250,000 shares were issued at $0.004 per share as a capital raising fee.

During September 2016 Bounty made an application to the Department of Natural Resources and Mining to renew Exploration Permit EPC2334, which has a current expiry date of 13 December 2016.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which have significantly affected or could significantly affect the operations of the consolidated group, the results of the operations or the state of affairs of the consolidated group in future financial years.

31 New and amended Accounting Policies adopted by the Group

The Group adopted the following Australian Accounting Standards and Interpretation from the mandatory application date of 1 January 2014:

AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities
AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets
AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities
AASB Interpretation 21 Levies
The adoption of these new accounting standards and interpretation has not had a significant impact on the Group's financial statements.

The Group adopted the following Australian Accounting Standards from the mandatory application date of 1 July 2014:

31 New and amended Accounting Policies adopted by the Group (continued)

AASB 2014-1: Amendments to Australian Accounting Standards (Parts A, B and C)

Part A of this Standard is applicable to annual reporting periods beginning on or after 1 July 2014 and makes the following significant amendments:

- revises/adds the definitions of the terms "market condition", "performance condition" and "service condition" in AASB 2: *Share-based Payment*;
- clarifies that contingent considerations arising in a business combination should be accounted for as items of equity or liability and not as provisions in accordance with AASB 137: *Provisions, Contingent Liabilities and Contingent Assets*;
- requires additional disclosures when an entity aggregates its operating segments into one reportable segment in accordance with AASB 8: *Operating Segments*; and
- includes an entity that provides key management personnel services (a "management entity") to a reporting entity (or a parent of the reporting entity) within the definition of a "related party" in AASB 124: *Related Party Disclosures*.

This part also makes other editorial corrections to various Australian Accounting Standards; however, it is not expected to have a significant impact on the Group's financial statements.

Part B of this Standard is applicable to annual reporting periods beginning on or after 1 July 2014 and permits an entity to recognise the amount of contributions from employees or third parties in a defined benefit plan as a reduction in service cost for the period in which the related service is rendered, if the amount of contributions is independent of the number of years of service. This part is not expected to have a significant impact on the Group's financial statements.

Part C of this Standard is applicable to annual reporting periods beginning on or after 1 July 2014 and deletes the reference to AASB 1031: *Materiality* in particular Australian Accounting Standards. This part is not expected to have a significant impact on the Group's financial statements.

32 New Accounting Standards for Application in Future Periods

Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Group, together with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods, are discussed below:

32 New Accounting Standards for Application in Future Periods (continued)

- ***AASB 2014-1: Amendments to Australian Accounting Standards (Parts D and E)***

  Part D of this Standard is applicable to annual reporting periods beginning on or after 1 January 2016 and makes amendments to AASB 1: *First-time Adoption of Australian Accounting*

Standards, which arise from the issuance of AASB 14: *Regulatory Deferral Accounts* in June 2014. AASB 14 permits first-time adopters to continue to account for amounts related to rate regulation in accordance with their previous GAAP when they adopt Australian Accounting Standards. In line with management's assessment of AASB 14, this part is not expected to have a significant impact on the Group's financial statements.

Part E of this Standard is applicable to annual reporting periods beginning on or after 1 January 2015 and defers the application date of AASB 9 (December 2010) to annual reporting periods beginning on or after 1 January 2018. This part also makes consequential amendments to hedge accounting disclosures set out in AASB 7: *Financial Instruments: Disclosures*, and to AASB 132: *Financial Instruments: Presentation* to permit irrevocable designation of "own use contracts" as measured at fair value through profit or loss if the designation eliminates or significantly reduces an accounting mismatch. Management believes that there will not be any significant impact on the Group's financial statements on adoption of this part of the Standard.

– *AASB 9: Financial Instruments and associated Amending Standards* (applicable to annual reporting periods beginning on or after 1 January 2018).

The Standard will be applicable retrospectively (subject to the provisions on hedge accounting outlined below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

The key changes that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, upfront accounting for expected credit loss, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. AASB 9 also introduces a new model for hedge accounting that will allow greater flexibility in the ability to hedge risk, particularly with respect to hedges of non-financial items. Should the entity elect to change its hedge policies in line with the new hedge accounting requirements of the Standard, the application of such accounting would be largely prospective.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group’s financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

32 New Accounting Standards for Application in Future Periods (continued)

– *AASB 15: Revenue from Contracts with Customers* (applicable to annual reporting periods commencing on or after 1 January 2017).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue.

Although the directors anticipate that the adoption of AASB 15 may have an impact on the Group's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.

– AASB 2014-3: Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations

This Standard is applicable to annual reporting periods beginning on or after 1 January 2016. It amends AASB 11: *Joint Arrangements* to require the acquirer of an interest (both initial and additional) in a joint operation in which the activity constitutes a business, as defined in AASB 3: *Business Combinations*, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11; and disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations. Since adoption of this Standard would impact only acquisition of interests in joint operations on or after 1 January 2016, management believes it is impracticable at this stage to provide a reasonable estimate of such impact on the Group's financial statements.

6 DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Bounty Mining Limited, the directors of the Company declare:

1 that the financial statements and notes set out in pages 18 to 56 are in accordance with the Corporations Act 2001, and:

(a) comply with Accounting Standards and the Corporations Regulations 2001; and

(b) give a true and fair view of the financial position as at 30 June 2016 and of the performance for the year ended on that date of the Company and Consolidated Entity; and

(c) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1 (a).

2 that the Chief Executive Officer and Chief Financial Officer have each declared that:

(a) the financial records of the Consolidated Entity for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001; and

(b) the financial statements and notes for the financial year comply with the Accounting Standards; and

(c) the financial statements and notes for the financial year give a true and fair view;

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

Dated this 23rd day of September 2016.

Signed in accordance with a resolution of the Directors:

Gary Cochrane
Chairman

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOUNTY MINING LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Bounty Mining Limited, which comprises the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the company and 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 entity'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 entity'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.

Nexia Sydney Audit Pty Ltd
Level 16, 1 Market Street, Sydney NSW 2000
PO Box H195, Australia Square NSW 1215
p +61 2 9251 4600, f +61 2 9251 7138
info@nexiasydney.com.au, www.nexia.com.au

Opinion

In our opinion:

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

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

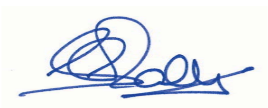
(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 1.

Emphasis of Matter

Without qualification to the opinion expressed above, we draw attention to Note 1(a) - Going Concern in the financial statements which advises that as at 30 June 2016, whilst the Group's current assets exceeded current liabilities by $0.05m, total liabilities exceeded total assets by $1.36m The consolidated entity incurred a loss from continuing operations of $1.85m, and had net cash outflows from operating activities of $0.6m. Further, Note 27 – Parent Entity Disclosures indicate a loss for the year of $0.26m and the Parent entity's total assets exceed total liabilities by $0.05m. These conditions, along with other matters as set forth in Note 1(a), indicate the existence of a material uncertainty which may cast doubt about the consolidated entity's ability to continue as a going concern.

Nexia Audit Sydney Pty Limited
Chartered Accountants



Gregory Ralph M.Com FCA
Director

Sydney
23 September 2016