BOWEN COKING COAL LIMITED

(FORMERLY CABRAL RESOURCES LIMITED)

ABN 72 064 874 620

And its Controlled Entities

Annual Financial Report
30 June 2018

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CORPORATE DIRECTORY

Directors:	Ariel (Eddie) King (Non-Executive Chairman) Gerhard Redelinghuys (Managing Director) Steven Formica (Non-Executive Director) James Agenbag (Non-Executive Director)
Company Secretary:	Mr Stephen Brockhurst
Registered Office and Principal place of Business:	Level 19 1 Eagle Street BRISBANE QLD 4000 Telephone: +61 7 3360 0837 Facsimile: +61 7 3360 0222
Share Register:	Link Market Services Limited Level 12, 680 George Street Sydney NSW 2000 *Postal Address* Locked Bag A14 Sydney South NSW 1235
Auditors:	RSM Australia Partners Level 6 340 Adelaide Street Brisbane QLD 4000
Securities Exchange Listing:	Bowen Coking Coal Limited Australian Securities Exchange Limited (Code: “BCB”)
Company Numbers:	ACN: 064 874 620 ABN: 72 064 874 620

DIRECTORS' REPORT

Your Directors present their report on the Bowen Coking Coal Consolidated Entity, consisting of Bowen Coking Coal Limited (Formerly Cabral Resources Limited, "BCB" or "the Company") and the entities it controlled at the end of, or during, the year ended 30 June 2018.

DIRECTORS

The names of the Directors of the Company at any time during or since the end of the year are:

- *Ariel (Eddie) King*
  Non-Executive Chairman
- *Gerhard Redelinghuys*
  Managing Director (appointed 27 September 2017)
- James Agenbag
  Non-Executive Director (appointed 27 September 2017)
- *Gregory D'Arcy*
  Former Non-Executive Director (resigned 27 September 2017)
- *Steven Formica*
  Non-Executive Director

PRINCIPAL ACTIVITIES

The principal activities of the Bowen Coking Coal Consolidated Entity consisted of the acquisition, exploration and development of coal projects with a primary focus on Metallurgical coal.

RESULTS

The loss after tax for the year ended 30 June 2018 was $1,327,448 (30 June 2017: $648,291).

REVIEW OF OPERATIONS

On 28 September 2017 the Company successfully completed a Public Offer pursuant to the Prospectus lodged on 3 August 2017 to raise $4.6 million through the issue of 200,434,782 fully paid ordinary shares in the Company at an issue price of 2.3 cents per share. The acquisitions of Coking Coal One Pty Ltd (formerly named Bowen Coking Coal Pty Ltd) from Cape Coal Pty Ltd and the Comet Ridge Project (EPC 1230 and MLA 700005) from Acacia Coal Ltd (ASX: AJC) occurred on 28 September 2017. The Company issued 70,000,000 fully paid ordinary shares to Cape Coal Pty Ltd, and issued Acacia Coal Ltd 17,391,304 fully paid ordinary shares and paid to it the sum of $350,000, in respect of these acquisitions.

Completion of the acquisition of the Cooroorah Project (MDL 453) and the Hillalong Project (EPC 1824) from Area Coal Pty Ltd, a subsidiary of Australian Pacific Coal Ltd (ASX:AQC), occurred on 2 October 2017. The Company issued 54,347,826 fully paid ordinary shares to Area Coal Pty Ltd in respect of these acquisitions.

Cooroorah (MDL453, 100%)

During the year, the Company's main focus has been its 100% owned Cooroorah Project, located between Coronado Coal's Curragh mine and the Anglo, Marubeni and Sojitz owned Jellinbah mine in the Bowen Basin, Central Queensland.

Following on from its ongoing exploration at the project, BCB announced in April 2018 an increase of 23% in the Cooroorah Resource estimate, now estimated at 154Mt (68Mt Indicated and 86Mt Inferred, see Table 1 below).

The estimate also includes a Maiden Resource of 37Mt in the Mammoth seam, and a new shallow open pit target area in the Burngrove Measures on the Eastern side of the Jellinbah fault. Final rehabilitation of the drill sites and tracks were completed during the June quarter.

BCB is currently working closely with Xenith Consulting and Xtract Consulting to plan follow-up drilling at Cooroorah to target an increase in the Mammoth seam Resource. The Company hopes that this follow up drilling will provide an increase in confidence level to such an extent that it could support the commencement of a Pre-feasibility study at Cooroorah.

Table 2. Cooroorah Resource estimate (April 2018).

Seam	Indicated (Mt)	Inferred (Mt)	Total (Mt)
CASTOR	15	5	20
MAMMOTH	14	23	37
POLLUX	17	29	46
PISCES	23	28	51
TOTAL	69	85	154

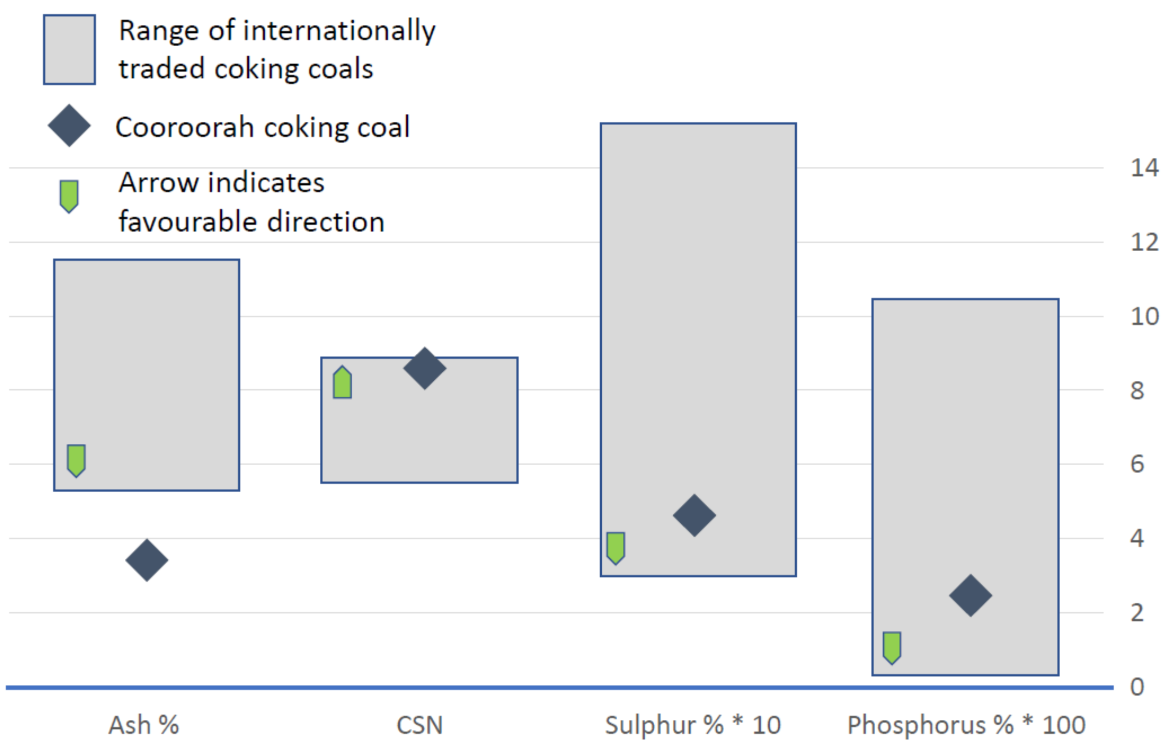
In June 2018, BCB announced the outcome of the maiden coal quality analysis for its intersection of the Mammoth coal seam which appears to have different characteristics to the two lower seams. Encouraging raw coal quality prompted the Company to engage M Resources, a well-known coal trader and consultancy which specialises in metallurgical coal supply to steel mills to analyse the coal for coking coal properties, as hard coking coal trades at a premium price to PCI in the market.

The outcome of this analysis proved that the Mammoth seam hosts an array of highly desirable coal qualities. The primary coking coal fraction varies between 40% and 45%, with a secondary PCI product yielding between 45% and 50%. The total laboratory yield is estimated in excess of 90%, making it one of the highest yielding metallurgical coals in the Bowen Basin.

Coking coal is used to make coke which in turn is used in blast furnaces to make steel. Coke manufacturers blend various types of coal with different coal qualities which impact the coal's behaviour and contribution in the coke-making process. Outstanding qualities such as low ash, low sulphur, low phosphorus and high fluidity allows the addition of lower quality coking coals to the coke blend, thus attracting a premium on the standard price.

Initial analysis suggests that the Cooroorah coking product could attract a premium for its very low ash and high CSN but would be penalised for low fluidity to ultimately end up close to the pricing benchmark for a hard coking coal 64 CSR product.

__Table 3. Cooroorah coking coal compared to traded coking coal qualities(M Resources).__



The Company engaged John T Boyd Mining Consultants to update the Cooroorah Scoping Study with the latest resource estimate and coal quality results. The outcome of the study is expected in late August 2018.

Planning for the Cooroorah follow-up exploration is underway through Xenith Consulting, and land owner engagement and cultural heritage clearance for the envisaged drill sites are in progress.

Mt Hillalong and Hillalong East (100%)

The Mt Hillalong Project (PC 1824) is located in the northern Bowen Basin approximately 105 km west-southwest of Mackay. The tenement is approximately 48km^2 and is located to the west of the Mount Hillalong Anticline, approximately 16 km northwest of Rio Tinto's Hail Creek Mine.

Mt Hillalong contains the Rangal coal measures and Moranbah coal measures with initial focus on the Elphinstone and Hynds seams (Leichardt and Vermont equivalents) within the Rangal measures which are currently being mined at proximate mines. The seams sub-crop in the tenement and steeply dip to the west at the limb of the Hillalong anticline.

As such and following shareholder approval being obtained in May 2018, BCB completed the acquisition of the Hillalong East Project from Rio Tinto Exploration Pty Ltd ("RTX") (comprising EPCs 1860 and 2141) located adjacent to the east of the Company's Mt Hillalong Project (See Figure 1 below, light blue areas). Tenement transfers have received indicative ministerial approval and are in the process of finalisation.

Under the terms of the Agreement, the Company made a $100,000 cash payment to RTX, issued 30,000,000 ordinary fully paid shares to Cape Coal Pty Ltd, and reimbursed Cape Coal for direct legal expenses incurred in relation to the Hillalong East Project of $45,439. The Shares issued to Cape Coal are subject to an ASX-imposed 12 month escrow period from the date of issue.

Previous exploration by RTX has determined that the same coal seams from the Moranbah and Rangal Coal Measures are found at shallower depths on the Hillalong East tenement, ranging from as shallow as 24 metres to more than 370 metres at thicknesses between 2 and 5.5 metres. Exploration by RTX has also intersected seams from the Moranbah Measures from 28 metres, which will be investigated further as a secondary target.

Following the acquisition, BCB engaged Xstract Mining Consultants to consolidate all the historic and Rio Tinto Exploration data into a geological model and to recommend an exploration plan to advance the Hillalong East Project.

Xstract estimated an exploration target of between 61Mt and 409Mt of high quality coking coal and low volatile PCI in both Open Pit and Underground exploration targets for the Rangal and Moranbah measures. However as there has been insufficient exploration to estimate a Mineral Resource, the quantity and grade of an exploration target is conceptual in nature and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

Table 4. Summary of seam intersections in the Rangal Coal Measures by the RTX exploration program.

Hole	Tenement	Seam intersection	FROM	TO	Thickness (m)
HILL005	EPC2141	Elphinstone	21.50	25.25	3.75
		Hynds	102.76	107.36	4.60
HILL008	EPC2141	Elphinstone	24.73	28.70	3.97
		Hynds	86.27	89.40	3.13
HILL002	EPC 1824	Elphinstone	319.28	323.85	4.57
HILL003	EPC1824	Elphinstone	157.35	163.05	5.70
		Hynds	172.43	174.90	2.47
		Hynds	182.03	185.70	3.67

The Company is working with its consultants to analyse the most cost-efficient way to advance the Hillalong exploration program, which will soon commence with site approvals for the drilling program and land owner engagement. The initial program will focus on testing the areas around the shallow intersections of the Elphinstone seam for potential open pit extraction.

Isaac River Project

During December the Company entered into an agreement with Aquila Resources to acquire the Isaac River Project for a cash consideration of $200,000. The Isaac River Project consists of Mineral Development Licence 444 ("MDL 444") and Exploration Permit for Coal 830 ("EPC 830").

BMA's (BHP Mitsubishi Alliance) Daunia Mine is located to the immediate west, and Peabody's Moorvale West resource is located to the immediate north of the Isaac River Project (Figure 2).

The Isaac River Project is prospective for coal from the Leichardt seam, the main target seam in the Rangal Coal Measures which is extensively mined by numerous operating mines. The target seam was intersected in several drill holes on MDL 444 between 35m and 142m deep with seam thicknesses varying between 2m and 5.5m. The Vermont seam was also encountered in several drill holes, but is not considered a priority target at this stage due to lower quality. However, in the future it may open up some blending optionality to proximate mines and projects.

Indicative coal quality and washability analysis have been conducted on hole (E830041C) only by A&B Mylec Pty Ltd, which indicated the potential for an 8.9% ash semi-soft coking coal product with a secondary thermal coal product (6900kcal air dried) at a combined total simulated yield of 87%. Further quality tests, blending options and washability analysis are planned for 2018.

A section of EPC 830 is overlain by BMA's Mining Lease 1781 for the Daunia Mine in the south (which section is excluded from EPC 830). ML 70115, Daunia East also directly abuts MDL 444, as can be seen in Figures 2. Daunia targets the same seams from the Rangal Coal Measures (Leichhardt and Vermont) and extracts the seams via open cut mining. Drill holes and seismic lines close to the western boundary with Daunia have demonstrated the continuation of those seams into Isaac River.

The Board views the Isaac River Project as having potential development synergies with regional mines which could trigger a fast-tracked development path. Discussions have commenced with potential partners to investigate development options.

Figure 1. Hillalong Project

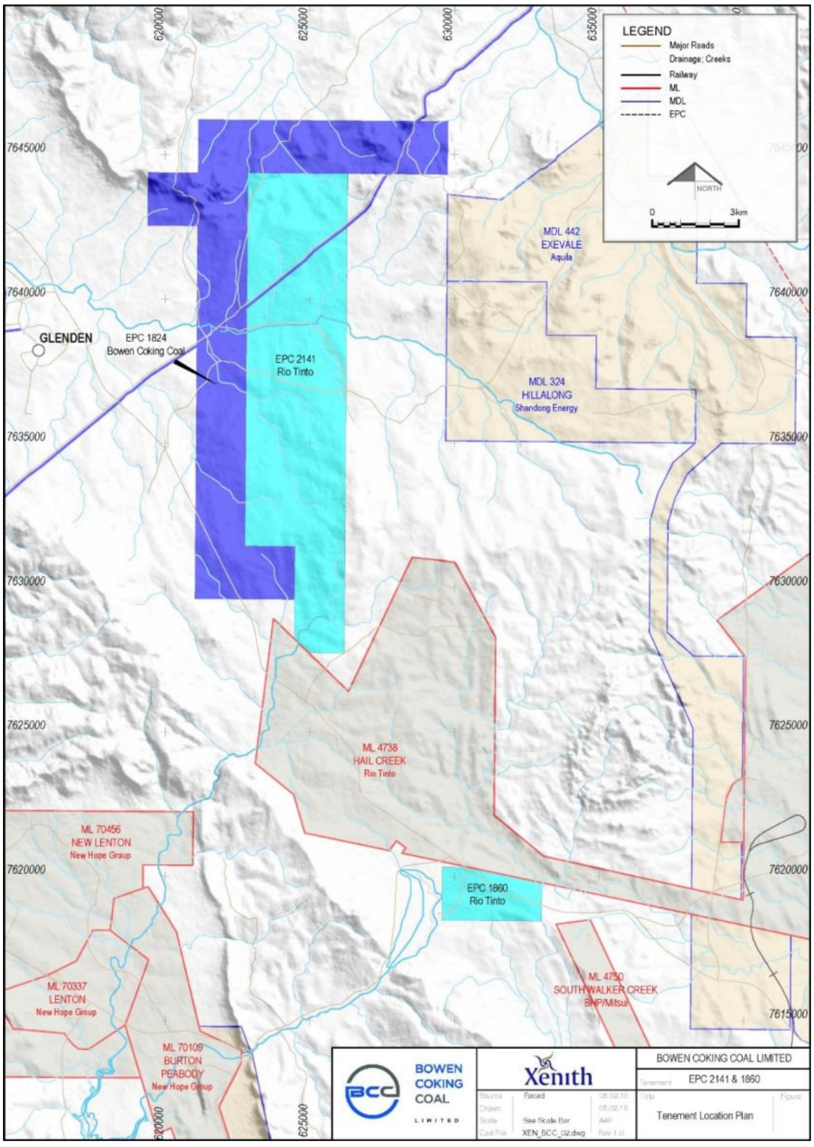
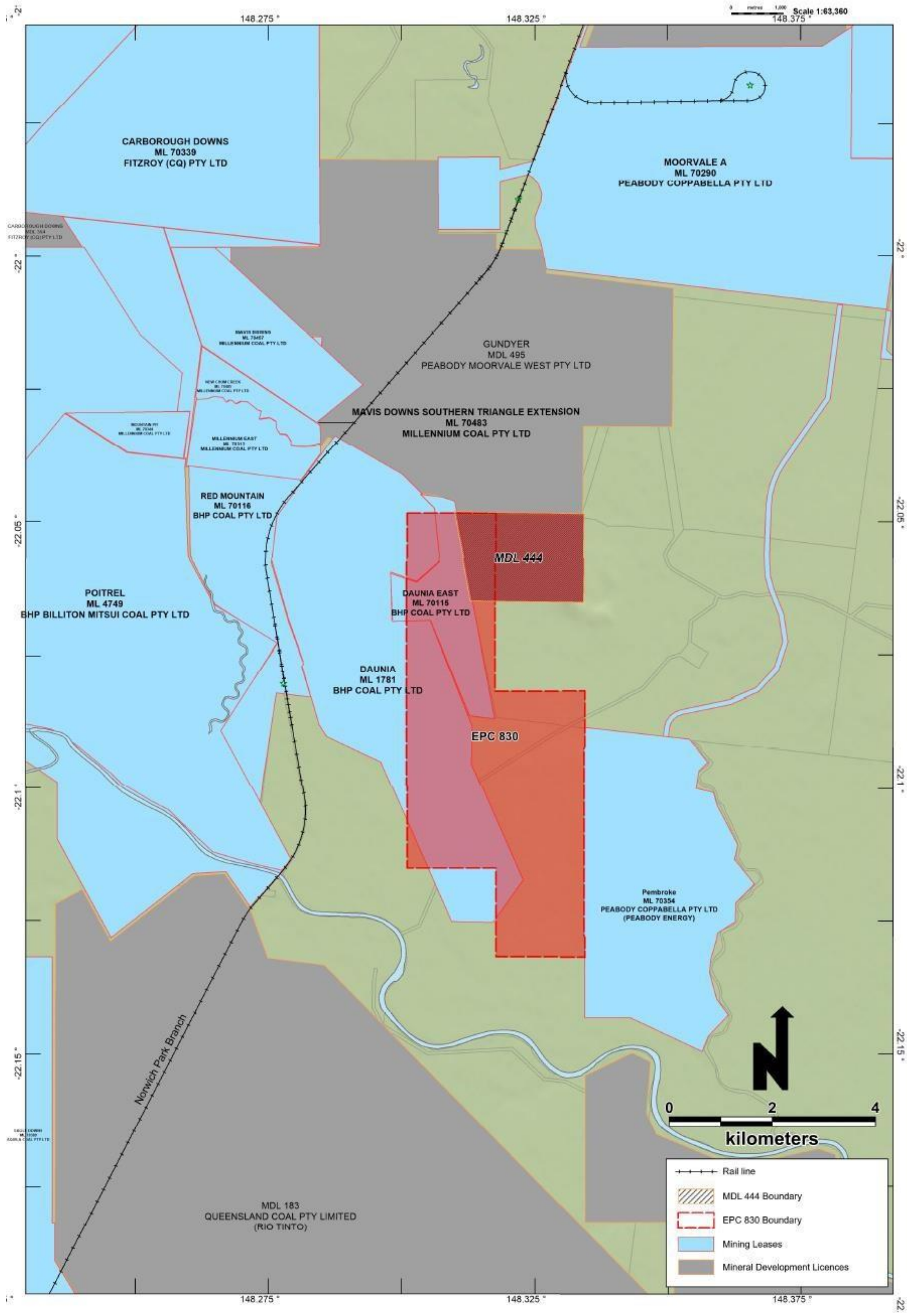


Figure 2. Isaac River Project



Lilyvale 15% JV with Stanmore Coal Ltd (ASX:SMR)

Exploration planning is well under way and expected drilling has been postponed to 2019. Lilyvale is located directly adjacent to the Kestrel Mine recently acquired by EMR Capital and Adaro Energy from Rio Tinto. Previous exploration delineated a 33Mt Inferred Resource in the German Creek seam of the Moranbah Measures which demonstrated very good coking properties at very high yields comparable to Kestrel's product.

Divestment of Comet Ridge (100%)

The Company spent a significant amount of time to review study work by the previous owners and to investigate the best development option for Comet Ridge. Following an approach by Springsure Creek Coal Pty Ltd ("SCC") who holds the neighbouring tenements and rail infrastructure concluded that the development by SCC will be the best suited strategy for Comet Ridge whist still keeping exposure to the project. The Company announced in May 2018 it had entered into a binding Term Sheet with Springsure Creek Coal Pty Ltd (SCC) to sell the Comet Ridge Project (EPC1230 & MLA700005) in exchange for a $100,000 cash payment and a royalty stream of 1.25% of FOR (Free on Rail) revenue from the first 2.8Mt coal produced from Comet Ridge. SCC holds an option to buy the royalty from BCB for $3m, and BCB has an option to buy all the coal produced from Comet Ridge for trading and blending purposes.

In the event that SCC does not reach this milestone and no royalty has been paid by the end of that 4-year period, and SCC has not exercised the Royalty Buy-Out, BCB can elect (at its sole discretion) to buy back the Comet Ridge Project for an amount equal to the capitalised exploration costs, with SCC also granting BCB a right to access its rail infrastructure for the purposes of loading up to 350,000 tpa of coal.

The Terms Sheet is subject to certain conditions precedent and BCB will apply to the Land Court to be replaced by SCC as applicant in the court proceedings related to entering into Compensation and Conduct Agreements with landowners in respect of the Comet Ridge Project.

Metallurgical Coal Markets

The Board believes that Metallurgical coal is a scarce commodity with strong market fundamentals demonstrated by the fact that coal is now foreseen to become Australia's largest export earner, even exceeding export revenue from iron ore.

Trade tension between the US and China as well as logistical constraints by key suppliers created some volatility in the markets. Overall the market for metallurgical coal remained strong during the year on the back of high levels of steel production, especially from China who accounts for around 49% of global steel production. Demand is expected to remain strong for the commodity in the medium to long term based on strong growth in Asia, mainly from India. Australian supply is expected to grow from 183Mtpa in 2017/2018 to 200Mtpa in 2019/20.

The high demand for metallurgical coal supported the FOB price for premium hard coking coal just below US$200 per tonne most of the year. Analysts forecast an easing of the price in the medium to long term, although recent transaction pricing for Queensland coking coal mines and tenements implied longer term prices as high as US$170 per tonne.

EARNINGS PER SHARE

	2018 (cents)	**2017 (cents)**
Basic and diluted earnings per share from continuing operations	(0.34)	(0.51)
Basic and diluted earnings per share	(0.34)	(0.51)

DIVIDENDS

The Directors do not recommend the payment of a dividend at this time and no dividend has been paid or declared during the financial year.

EVENTS SUBSEQUENT TO BALANCE DATE

On 21 September 2018 the Company announced firm commitments for a capital raising to sophisticated and professional investors for a total of 74,875,000 fully paid ordinary shares at an issue price of $0.016 per share to raise approximately $1.2m before costs. Settlement of this placement is expected to take place on 27 September 2018 with the shares expected to be issued on 28 September 2018.

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

DIRECTORS' INTERESTS

Information on Directors

	Particulars of Directors' interests at the date of this report		
Director / experience	**Ordinary shares**	**Performance Shares**	**Options**
Eddie King - Non-Executive Chairman BComm, BEng (Mining - Hons) Mr. King is a qualified mining engineer and holds a Bachelor of Commerce and Bachelor of Engineering from The University of Western Australia. Mr. King is currently a representative for CPS Capital. Mr. King's past experience includes being manager for an investment banking firm, where he specialised in the technical and financial requirements of bulk commodity and other resource projects. Mr. King was born in the Philippines where he has an extensive network. *Other current directorships* Lindian Resources Limited, European Cobalt Ltd, Drake Resources Limited and Axxis Technology Group Ltd *Former directorships in last 3 years* None *Length of Service:* 3 years 2 months	5,000,000	Nil	15,000,000
Steve Formica – Non-Executive Director Mr Formica is a successful businessman with over 30 years' experience. He has been involved in multiple business ventures either as a founding shareholder, operational Managing Director or as a Non-Executive Director. Steve is currently a director of both FPG Projects and Viridian Property Group, both successful property developers. *Other current directorships* Lindian Resources Limited and High Grade Metals Limited (formerly Quest Minerals Limited) *Former directorships in last 3 years* Enerji Limited *Length of Service:* 2 years 10 months	8,970,807	Nil	Nil

Director / experience	Particulars of Directors' interests at the date of this report: Ordinary shares	Performance Shares	Options
Gregory D'Arcy - Former Non-Executive Director[1] BComm, GradDipAppGeol From 2008 to July 2016, Mr D'Arcy was the Managing Director of Report Card Pty Ltd which owns and operates the Australian stock market forum known as HotCopper. Mr D'Arcy was responsible for expanding the business, budgeting, making critical decisions, setting timelines and managing staff. Prior to this role he worked in commercial real estate in both Perth and Melbourne. *Other current directorships* None *Former directorships in last 3 years* None *Length of Service:* 2 years 5 months	500,000[2]	Nil	3,000,000[3]
Gerhard Redelinghuys – Managing Director[4] B. Comm. Acc, Hons, B. Compt, GAICD. Mr Redelinghuys is the Managing Director of Cape Coal and has 24 years' experience in financial and project development within the mining sector. After studying finance at the University of Pretoria in South Africa, Gerhard joined Price Waterhouse Coopers, before commencing his employment with EXXARO Resources Ltd (former ISCOR and KUMBA Resources) in 1995. Since 1995 he has held various senior management positions in both open cut and underground mining operations in South Africa. He has held directorships in Australia, including the position of Managing Director of Exxaro Australia Pty Ltd. In addition to his business analysis experience, Gerhard has extensive experience in mining project acquisitions and deal making on an international level. Gerhard was the owner's representative on a multi-billion underground coal project in Queensland. In 2013, Gerhard became a graduate member of the Australian Institute of Company Directors. *Other current directorships* None *Former directorships in last 3 years* None *Length of Service:* 9 months	101,325,000[5]	26,000,000[6]	Nil

[1] Resigned 27 September 2017.
[2] According to final directors interest notice (Appendix 3Z) announced 29 September 2017.
[3] According to final directors interest notice (Appendix 3Z) announced 29 September 2017.
[4] Appointed 27 September 2017.
[5] Gerhard Redelinghuys and James Agenbag have beneficial interests in and are directors of Cape Coal Pty Ltd. Cape Coal Pty Ltd holds 100,000,000 ordinary shares, 13,000,000 Class A performance shares and 13,000,000 Class B performance shares.
[6] Gerhard Redelinghuys and James Agenbag have beneficial interests in and are directors of Cape Coal Pty Ltd. Cape Coal Pty Ltd holds 100,000,000 ordinary shares, 13,000,000 Class A performance shares and 13,000,000 Class B performance shares.

Director / experience	Particulars of Directors' interests at the date of this report — Ordinary shares	Performance Shares	Options
James Agenbag – Non-Executive Director[7]	100,000,000[8]	26,000,000[9]	Nil

B. Eng, Chemical Engineering.

Mr Agenbag has 14 years' experience in the mining industry covering all phases of business and project development, process design, including the commissioning and optimisation of processing facilities across multiple commodities. After completing his Chemical Engineering degree at the University of Stellenbosch in 2003, James worked as a process design engineer at EPCM companies including GRD Minproc Limited and DRA Global. In 2008, James moved to Australia to help build DRA's Brisbane office. His responsibilities included research and development of new business and client management in Southern Africa, Australia and Indonesia. James also has substantial experience in beneficiation optimisation with emphasis on various technologies including some technologies where he jointly holds patent rights. James has delivered technical papers within his area of expertise within the chemical engineering area. More recently, he has been responsible for the process engineering discipline across Peabody Energy Australia PCI Pty Ltd coal projects. James has been accredited with ECSA as a Professional Engineer. He is a Member of IEAust (Chem), and is an active Member of the South African and Australian Coal Processing Societies.

Other current directorships
None

Former directorships in last 3 years
None

Length of Service: 9 months

COMPANY SECRETARY

Mr. Brockhurst has over fifteen years of experience in the finance and corporate advisory industry and has been responsible for the due diligence process and preparation of prospectuses on a number of initial public offers. His experience includes corporate and capital structuring, corporate advisory, and company secretarial services, capital raising, ASX and ASIC compliance requirements. Mr. Brockhurst has served on various boards and is acting as a company secretary for numerous ASX listed and unlisted companies.

[7] Appointed 27 September 2017.
[8] Gerhard Redelinghuys and James Agenbag have beneficial interests in and are directors of Cape Coal Pty Ltd. Cape Coal Pty Ltd holds 100,000,000 ordinary shares, 13,000,000 Class A performance shares and 13,000,000 Class B performance shares.
[9] Gerhard Redelinghuys and James Agenbag have beneficial interests in and are directors of Cape Coal Pty Ltd. Cape Coal Pty Ltd holds 100,000,000 ordinary shares, 13,000,000 Class A performance shares and 13,000,000 Class B performance shares.

Meetings of Directors

The number of meetings held during the year and the number of meetings attended by each Director whilst in office are as follows:

	Directors' meetings		Audit Committee Meetings		Remuneration Committee Meetings	
	No. held while in office	No. attended	No. held while in office	No. attended	No. held while in office	No. attended
Eddie King	3	3	-	-	-	-
Gerhard Redelinghuys	2	2	-	-	-	-
James Agenbag	2	2	-	-	-	-
Gregory D'Arcy	1	1	-	-	-	-
Steve Formica	3	3	-	-	-	-

It is noted that the Directors were able to attend to business of the Company during the year by circulated resolution and telephone meetings as permitted by the Company's Constitution in place of conducting meetings.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than those disclosed in this annual report no significant changes in the state of affairs of the Company occurred during the financial year.

REMUNERATION REPORT – AUDITED

The Remuneration Report, which has been audited, outlines the key management personnel remuneration arrangements for BCB in accordance with the requirements of the Corporations Act and its Regulations.

The remuneration report is set out under the following main headings:

- Key management personnel disclosed in this report
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share based compensation
- Additional disclosures relating to key management personnel

Key management personnel disclosed in this report

Non-executive and executive directors:

- Eddie King: Non-Executive Chairman
- Gerhard Redelinghuys: Managing Director[10]
- James Agenbag: Non-Executive Director[11]
- Gregory D'Arcy: Non-Executive Director[12]
- Steve Formica: Non-Executive Director

Principles used to determine the nature and amount of remuneration

The Board determines the remuneration of Executive and Non-Executive Directors from time to time.

Executive remuneration and other terms of employment are reviewed annually having regard to performance, relevant comparative information and independent expert advice. Remuneration packages are set at levels that are intended to attract and retain Executives capable of managing the Consolidated Entity's business activities and operations. Currently, no element of any Director's remuneration is dependent on the satisfaction of a performance condition.

Fees and payments to Non-Executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. Non-Executive Directors' fees and payments are reviewed annually by the Board. The Board has also drawn on external sources of information to ensure Non-Executive Directors' fees and payments are appropriate and in-line with the market for comparable companies for time, commitment and responsibilities. Fees for Non-Executive Directors are not linked to the performance of BCB.

Non-Executive Directors' fees are determined within an aggregate Directors' fee pool limit, which is currently set by the Constitution of the Company at $300,000. This maximum can be changed by Company shareholders in general meeting.

All Directors receive a superannuation guarantee contribution required by the government, which was 9.5% for the year ended 30 June 2018, and do not receive any other retirement benefits. Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation or elect to receive their Directors' fees by way of consultancy fees for which no superannuation guarantee contribution applies.

Remuneration paid to all Directors is valued at the cost to the Company and expensed. The value of any unlisted options granted to Directors is brought to account over the vesting period of the options.

Independent advice on the appropriateness of remuneration packages is obtained should the Board of Directors consider it necessary. Remuneration packages are based on fixed remuneration, performance based remuneration and equity based remuneration in the year ended 30 June 2018.

In relation to any element of the remuneration of key management personnel or executives which consists of securities, the Board has no policy in relation to those persons limiting their exposure to risk in relation to the securities.

No other element of remuneration for key management personnel or executives was dependent on a performance condition as the Board determined that these elements were fair and appropriate remuneration.

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[10] Appointed 27 September 2017
[11] Appointed 27 September 2017
[12] Resigned 27 September 2017

Details of Remuneration

Details of the remuneration of the Directors, other key management personnel of the Consolidated Entity and specified executives of the Consolidated Entity for the years ended 30 June 2018 and 30 June 2017 respectively are set out on the following tables:

	30 June 2018				
	Salary, fees & entitle-ments $	Entitle-ments $	Super-annuation and other entitlements $	Other transactions $	Total $
Eddie King	48,822	-	-	-	48,822
Gerhard Redelinghuys	164,764	3,333	15,653	-	183,750
James Agenbag	27,000	-	-	8,000[13]	35,000
Gregory D'Arcy	6,000	-	-	-	6,000
Steve Formica	44,565	-	-	30,000[14]	74,565
	291,151	**3,333**	**15,653**	**38,000**	**348,137**

	30 June 2017				
	Salary, fees & entitle-ments $	Entitle-ments $	Super-annuation and other entitlements $	Termination benefits $	Total $
Eddie King	60,000	-	-	-	60,000
Steve Formica	57,000	-	-	-	57,000
Gregory D'Arcy	24,000	-	-	-	24,000
	141,000	**-**	**-**	**-**	**141,000**

Service Agreements

The Company has entered into an executive services agreement with Redhouse Consulting Pty Ltd, for Gerhard Redelinghuys's services on the following material terms:

- Position: Managing Director and CEO.
- Commencement Date: 11 October 2017.
- Term: Initial period of 12 months.
- Notice period: The Company must give 3 months' notice to terminate the agreement other than for cause. The executive must give 3 months' notice to terminate the agreement.
- Salary: $220,000 per annum (plus superannuation), base salary.
- Other industry standard provisions for senior executive of a public listed company are included in the agreement.

[13] Relates to consultancy provided on an arm's length basis at commercial rates.
[14] Relates to consultancy provided on an arm's length basis at commercial rates.

Share based compensation

No options over ordinary shares in the Company were provided as remuneration to Directors and other key management personnel of the Consolidated Entity and specified executives of the Company and Consolidated Entity in this or the previous reporting period.

No ordinary shares in the Company were provided as a result of an exercise of remuneration options to Directors and other key management personnel of the Consolidated Entity in this or the previous reporting period.

Additional disclosures relating to key management personnel

The movement during the reporting period in the number of ordinary shares of the Company held directly, indirectly or beneficially, by each Director or key management personnel, including their personally-related entities is as follows:

Shares

Director	Held at 30 June 2017	Received during the year on the exercise of options	Other changes	Held at Resignation	Held at 30 June 2018
Eddie King	2,000,000	-	3,000,000[15]	N/A	5,000,000
Gerhard Redelinghuys	-	-	101,325,000[16]	N/A	101,325,000
James Agenbag	-	-	100,000,000[17]	N/A	100,000,000
Gregory D'Arcy	500,000	-	-	500,000	500,000
Steve Formica	-	-	8,970,807[18]	N/A	8,970,807

Note: Shares held on a post consolidated basis

[15] On-market purchases.
[16] Includes on-market purchases and issue to Cape Coal of consideration of purchase rights in respect of Hillalong East project.
[17] Issue to Cape Coal of consideration of purchase rights in respect of Hillalong East project.
[18] On-market purchases.

Options & Performance Shares

Director	Held at 30 June 2017	Received on grant of options	Other changes	Held at Resignation	Held at 30 June 2018
Eddie King	15,000,000	-	-	N/A	15,000,000
Gerhard Redelinghuys*	-	-	26,000,000[19]	N/A	26,000,000
James Agenbag*	-	-	26,000,000[20]	N/A	26,000,000
Gregory D'Arcy	-	-	1,780,000	N/A	1,780,000
Steve Formica	-	-	-	N/A	-

End of Remuneration Report

SHARE OPTIONS

At the date of this report, the unissued ordinary shares of the Company under option are as follows:

Date of Expiry	Exercise Price	Number under Option
30 October 2019	$0.04	50,000,000
30 October 2019	$0.02	30,000,000

During the year ended 30 June 2018, no ordinary shares were issued on the exercise of options. No shares have been issued as a result of the exercise of options since year end.

ENVIRONMENTAL REGULATION

BCB is not aware of any breaches in relation to environmental matters.

LIKELY DEVELOPMENTS AND ANNOUNCEMENTS

The Directors have excluded from this report any further information on the likely developments in the operations of the Company and the expected results of those operations in future financial years, as the Directors believe that it would be speculative and prejudicial to the interests of the Company.

INDEMNIFICATION AND INSURANCE OF OFFICERS

During the year, the Company paid premiums in respect of a contact insuring all the directors and officers of the Company against liabilities, past present and future.

In accordance with normal commercial practice, the disclosure of the total amount of premiums under and the nature of the liabilities covered by the insurance contract is prohibited by a confidentiality clause in the contract.

[19] Held at appointment. Represents the Class A and Class B Performance Shares issued to Cape Coal Pty Ltd.
[20] Held at appointment. Represents the Class A and Class B Performance Shares issued to Cape Coal Pty Ltd.
*Performance Shares

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of the Company support and have adhered to the principles of Corporate Governance. Refer to the Company's Corporate Governance Statement at www.bowencokingcoal.com.au.

NON AUDIT SERVICES

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

During the year ended, 30 June 2018 no fees were paid to Nexia Sydney Partnership (former auditor) nor RSM Australia Partners for non-audit services. (2017:Nil)

AUDITOR INDEPENDENCE

Section 307C of the Corporations Act 2001 requires our auditors, RSM Australia Partners to provide the Directors of the Company with an Independence Declaration in relation to the audit of the Financial Report. The Directors received the Independence Declaration set out on page 20 for the year ended 30 June 2018.

Signed in accordance with a resolution of the Directors.

Dated: 27 September 2018

Eddie King
Non-Executive Chairman

RSM Australia Partners

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Bowen Coking Coal Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

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

RSM

RSM AUSTRALIA PARTNERS

Albert Loots
Partner

Brisbane, Queensland
Dated: 27 September 2018

BOWEN COKING COAL LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the financial year ended 30 June 2018

	Note	Consolidated 2018 $	2017 $
Other income	2	31,106	13,487
Administration expenses	3	(1,203,367)	(433,040)
Employee benefits expense		(155,187)	(141,000)
Impairment of loans		-	(87,738)
Loss before income tax		(1,327,448)	(648,291)
Income tax benefit	4	-	-
Loss attributable to owners of the Company		(1,327,448)	(648,291)
Other comprehensive income, net of tax		-	-
Total comprehensive loss attributable to members of the Company		(1,327,448)	(648,291)
Basic and diluted loss per share	5	(0.34) ¢	(0.51) ¢

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

as at 30 June 2018

	Note	Consolidated 2018 $	2017 $
Current assets			
Cash and cash equivalents	6	1,461,445	325,153
Trade and other receivables	7	66,234	31,731
Other assets	8	12,098	234,882
Total current assets		1,539,777	591,766
Non-Current assets			
Exploration expenditure	9	5,932,212	-
Total non-current assets		5,932,212	-
TOTAL ASSETS		**7,471,989**	**591,766**
Current liabilities			
Trade and other payables	10	242,672	61,928
Borrowings	11	4,013	-
Total current liabilities		246,685	61,928
TOTAL LIABILITIES		**246,685**	**61,928**
NET ASSETS		**7,225,304**	**529,838**
Equity			
Contributed equity	12	49,830,181	42,064,761
Reserves	13	258,294	800
Accumulated losses		(42,863,171)	(41,535,723)
TOTAL EQUITY		**7,225,304**	**529,838**

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

for the financial year ended 30 June 2018

	Note	Consolidated			
		Contributed equity $	**Reserves $**	**Accumulated losses $**	**Total equity $**
Balance as at 1 July 2016		**42,084,401**	**800**	**(40,887,432)**	**1,197,769**
Total comprehensive loss for the year		-	-	(648,291)	(648,291)
Transactions with owners in their capacity as owners					
Issue of ordinary shares (net)	12	(19,640)	-	-	(19,640)
Balance as at 30 June 2017		**42,064,761**	**800**	**(41,535,723)**	**529,838**
Balance as at 1 July 2017		**42,064,761**	**800**	**(41,535,723)**	**529,838**
Total comprehensive loss for the year		-	-	(1,327,448)	(1,327,448)
Transactions with owners in their capacity as owners					
Issue of ordinary shares (net)	12	7,765,420	-	-	7,765,420
Share based payments	9	-	257,494	-	257,494
Balance as at 30 June 2018		**49,830,181**	**258,294**	**(42,863,171)**	**7,225,304**

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

for the financial year ended 30 June 2018

	Note	Consolidated 2018 $	Consolidated 2017 $
Cash flows from operating activities			
Payments to suppliers, employees and creditors (inclusive of GST)		(1,379,136)	(657,911)
Payments for exploration expenses		(1,173,623)	-
Interest received		26,560	18,166
Net cash outflows from operating activities	21	(2,526,199)	(639,745)
Cash flows from investing activities			
Payments for exploration assets		(350,000)	(160,000)
Net cash outflows from investing activities		(350,000)	(160,000)
Cash flows from financing activities			
Loans to unrelated entities		(19,922)	(87,738)
Proceeds from issue of shares and options	12	4,610,000	-
Payments for capital raising costs	12	(580,323)	(75,349)
Net cash outflows from investing activities		4,009,755	(163,087)
Net increase / (decrease) in cash held		1,133,556	(962,832)
Cash and cash equivalents at 1 July		325,153	1,287,985
Coking Coal One cash acquired		2,736	-
Cash at 30 June	6	**1,461,445**	**325,153**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principals accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Bowen Coking Coal Limited is a company domiciled in Australia. The financial statements are for the Consolidated Entity consisting of Bowen Coking Coal Limited and its subsidiaries. The Consolidated Entity is a for-profit entity and is primarily involved in mineral exploration.

a. Basis of Preparation

These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

The financial report has been prepared on an accrual 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 presentation currency is Australian dollars.

i. Compliance with IFRS

The consolidated financial statements of Bowen Coking Coal Limited also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

ii. Going Concern

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

The Consolidated Entity incurred a net loss for the year ended 30 June 2018 of $1,327,448 and incurred net cash outflows from operating activities of $2,526,199. At 30 June 2018, cash and cash equivalents was $1,461,445.

In considering the above, the Directors have reviewed the Consolidated Entity's financial position and are of the opinion that the use of the going concern basis of accounting is appropriate.

The financial report does not contain any adjustments relating to the recoverability and classification of recorded assets or to the amounts or classification of recorded assets or liabilities that might be necessary should the Consolidated Entity not be able to continue as a going concern.

b. Principals of Consolidation- Subsidiaries

The consolidated financial statements comprise the financial statements of Bowen Coking Coal Limited and its subsidiaries at 30 June each year ("the Consolidated Entity"). Subsidiaries are entities over which the Consolidated Entity has the power to govern the financial and operational policies generally accompanying a shareholding of more than one half of the voting rights. Potential voting rights that are currently exercisable or convertible are considered when assessing control. Consolidated financial statements include all subsidiaries from the date that control commences until the date that control ceases. The financial statements of subsidiaries are prepared for the same reporting period as the parent, using consistent accounting policies.

All intercompany balances and transactions, including unrealised profits arising from intragroup transactions have been eliminated. Unrealised losses are also eliminated unless costs cannot be recovered.

Minority interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income and statement of financial position respectively.

Subsidiaries are accounted for in the parent entity at cost.

c. Foreign Currency Translation

i. Functional and Presentation Currency

Items included in the financial statements of each of the Consolidated Entity are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Australian dollars, which is Bowen Coking Coal Limited's functional and presentation currency.

ii. Transactions and Balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss and other comprehensive income within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss and other comprehensive income on a net basis within the other income and other expenses.

Non-monetary items that are measured at their fair value in a foreign currency are translated using exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

iii. Consolidated Entity

The results and financial positions of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet.

- Income and expenses for each income statement and statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions).
- All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

d. Revenue Recognition

Revenue is recognised at the fair value of consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. The following specific recognition criteria must also be met before revenue is recognised:

- Interest revenue is recognised as interest accrues using the effective interest method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.
- Revenue from dividends is recognised when the Consolidated Entity’s right to receive payment is established.

e. Income Taxes

The income tax expense for the period is the tax payable on the current period’s taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets are recognised for all differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Bowen Coking Coal Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

f. Impairment of Assets

At each reporting date the Consolidated Entity assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, the recoverable amount is determined and impairment losses are recognised in the statement of profit or loss and other comprehensive income where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets.

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

g. Cash and Cash Equivalents

For presentation purposes of the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

h. Trade Receivables

Trade receivables are recognised at fair value as the amounts receivable are due for settlement no more than 30 days from the date of recognition. Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is raised where there is some doubt over collection.

i. Investments in Other Financial Assets

The Consolidated Entity classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

i. Financial Assets at Fair Value through Profit or Loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. The policy of management is to designate a financial asset if there exists the possibility it will be sold in the short term and the asset is subject to frequent changes in fair value. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within twelve months of the balance sheet date.

Financial assets at fair value through profit or loss are carried at fair value. Realised and unrealised gains and losses arising from changes in the fair value are included in the statement of profit or loss and other comprehensive income in the period in which they arise.

The fair value of investments traded in active markets is determined by reference to quoted market bid prices at balance date. The fair value of investments not traded in an active market is determined using valuation techniques including reference to recent arm's length transactions, net asset backing and current market value of another similar instrument.

ii. Loan and Receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Consolidated Entity provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than twelve months after balance sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the statement of financial position.

Receivables are stated at their cost less impairment losses.

iii. Held-to-Maturity Investments

Held-to-maturity investments are non derivative financial assets with fixed or determinable payments and fixed maturities that the Consolidated Entity's management has the positive intention and ability to hold to maturity.

iv. Available for Sale Financial Assets

Available for sale financial assets, comprising principally marketable equity securities, are non derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within twelve months.

Available-for-sale financial assets are carried at fair value. Unrealised gains and losses arising from changes in fair value are recognised in equity. When sold the accumulated fair value adjustments are included in the statement of profit or loss and other comprehensive income as gains and losses from investment securities.

j. Intangible Assets

i. Exploration and Evaluation Expenditure

Expenditure on acquisition, exploration and evaluation relating to an area of interest is carried forward where rights to tenure of the area of interest are current and:

- It is expected that expenditure will be recouped through successful development and exploitation of the area of interest or alternatively by its sale; and/or
- Exploration and evaluation activities are continuing in an area of interest but at balance date have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

Where the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated then any capitalised exploration and evaluation expenditure is reclassified as capitalised "mine properties in development". Prior to reclassification, capitalised exploration and evaluation expenditure is assessed for impairment.

If facts and circumstances suggest that the carrying amount of any recognised exploration and evaluation assets may be impaired, the entity must perform impairment tests on those assets in accordance with AASB 136 "Impairment of Assets'. Impairment of exploration and evaluation assets is to be assessed at a cash generating unit or group of cash generating units level provided this is no larger than an area of interest. Any impairment loss is to be recognised as an expense in accordance with AASB 136. Accumulated costs in relation to an abandoned area are written off to the statement of profit or loss and other comprehensive income in the period in which the decision to abandon the area is made.

BOWEN COKING COAL LIMITED

k. Earnings per Share

i. Basic Earnings per Share

Basic earnings per share is determined by dividing the net result attributable to members of the Company by the weighted average number of ordinary shares outstanding during the financial year.

ii. Diluted Earnings per Share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

l. Employee Benefits

i. Short-Term Obligations

Liabilities for employee benefits for wages, salaries, annual leave and sick leave represent present obligations resulting from employees' services provided to reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Consolidated Entity expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

ii. Share Based Payment Benefits

Share based compensation benefits are provided to Directors and employees via share or option plans in place from time to time.

The fair value of options granted under the Plans is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The fair value of the options is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (e.g. profitability or transaction specific targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the statement of profit or loss and other comprehensive income with a corresponding adjustment to equity.

m. Lease Payments

Leases where the lessor retains substantially all the risks and rewards of ownership of the net asset are classified as operating leases. Payments under operating leases (net of incentives received from the lessor) are charges to the statement of profit or loss and other comprehensive income on a straight line basis over the period of the lease.

n. Trade and other Payables

Trade and other payables represent liabilities for goods and services provided to the Consolidated Entity prior to year-end and which are unpaid. These amounts are unsecured and have 30 to 60 day payment terms.

o. Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

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

p. Contributed Equity

Ordinary shares are classified as equity. Costs attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit. Costs directly attributable to the issue of new shares or options associated with the acquisition of a business are included as part of the purchase consideration.

q. Fair Value

Fair values may be used for financial asset and liability measurement as well as for sundry disclosures. Fair values for quoted financial instruments traded in active markets are based on quoted market prices at the date of the statement of financial position. The quoted market price for financial assets is the current bid price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Consolidated Entity for similar financial instruments.

r. Non-current assets or disposal groups classified as held for sale

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, the must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down on the non-current assets and assets of disposal groups to fair value less cost of disposal. A gain is recognised for any subsequent increase in fair value less costs of disposal of non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of the assets held for sale continue to be recognised. Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

s. Changes in accounting policies and disclosure

In the year ended 30 June 2018, the Consolidated Entity has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period. It has been determined by the Consolidated Entity that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Consolidated Entity accounting policies.

t. New Standards and Interpretations

AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The Consolidated Entity will adopt this standard from 1 July 2018. The Consolidated Entity has assessed the current impact on financial assets as nil due to the financial assets already being measured in accordance with the new standard at 30 June 2018. The Company has assessed the current impact on financial liabilities as nil due to the financial liabilities at 30 June 2018 (trade and other payables) not being affected by the Company's own credit risk. As and when the Company acquires more financial assets and liabilities, it will account for them in accordance with AASB 9.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. 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 those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue.

For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The Consolidated Entity will adopt this standard from 1 July 2018. The Consolidated Entity has assessed the impact as nil due to there being no revenue from contracts with customers as the Consolidated Entity are mining exploration companies.

u. **New Standards and Interpretations not yet Adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Consolidated Entity for the annual reporting period ended 30 June 2018. The Consolidated Entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Consolidated Entity, are set out below.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs).

In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The Consolidated Entity has assessed the impact as nil due to there currently being no leases. As and when the Consolidated Entity enters into lease agreements, it will account for them in accordance with AASB 16.

v. Use of Estimates and Judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

i. Exploration and evaluation costs

Exploration and evaluation costs have been capitalised on the basis that the Consolidated Entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resource. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

	Consolidated	
	2018 $	2017 $
2. OTHER INCOME		
Interest	31,106	13,487
	31,106	13,487

	Consolidated	
	2018 $	2017 $
3. EXPENSES		
Administration		
Accounting, legal and compliance costs	275,037	376,959
Consulting fees	422,242	5,200
Insurance	28,566	9,880
Management fees	180,417	-
Marketing	154,035	-
Other	59,226	29,948
Travel costs	83,844	11,053
	1,203,367	433,040

	Consolidated	
	2018 **$**	**2017** **$**
4. INCOME TAX BENEFIT		
4.1 Income Tax Benefit		
Current tax	-	-
Deferred tax	-	-
Income tax benefit attributable to (loss) from continuing operations	-	-
4.2 Numerical Reconciliation of Income Tax Benefit to Prima Facie Tax Payable		
(Loss) from ordinary activities before income tax expense	(1,327,448)	(648,291)
Income tax benefit calculated at domestic rate of 27.5% (2017 – 27.5%)	(365,048)	(178,280)
Tax effect of permanent differences:		
Non-deductible items	6,959	90,162
Movement in unrecognised temporary differences	(30,152)	-
deductible equity raising costs	(44,529)	(8,582)
Income tax adjusted for permanent differences	(67,722)	(96,700)
Tax effect of losses not recognised	432,770	96,700
Income tax expense	-	-
4.3 Tax Losses		
Unused revenue losses for which no deferred tax asset has been recognised	12,172,105	10,138,363
Unused capital losses for which no deferred tax asset has been recognised	3,682,968	3,682,968
	15,855,073	13,821,331

The Company is of the opinion that tax and capital losses from prior periods will continue to be available to the Consolidated Entity. These losses have not been recognised as a deferred tax asset as there is uncertainty that future taxable profits will be available against which the losses can be utilised. The future income tax benefit will only be obtained if:

a) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
b) the conditions for deductibility imposed by tax legislation continue to be applied with; and
c) no changes in tax legislation adversely affect the Company in realising the benefit.

5. LOSS PER SHARE

	Consolidated	
	2018 cents	**2017 cents**
Basic and diluted loss per share	(0.34)	(0.51)

	2018 No.	**2017 No.**
Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	389,648,811	127,312,898

	2018 $	**2017 $**
Loss used in calculating basic and dilutive EPS	(1,327,448)	(648,291)

6. CASH AND CASH EQUIVALENTS

	Consolidated	
	2018 $	**2017 $**
Cash at bank and on hand	411,445	217,700
Deposits at call	1,050,000	107,453
	1,461,445	325,153

Deposits at call are interest bearing. Deposits at call have a fixed interest rates of 1.50% and 2.05% respectively and maturity of 3 months.

7. TRADE AND OTHER RECEIVABLES

	Consolidated	
	2018 $	**2017 $**
Current		
Other receivables	66,234	31,731
	66,234	31,731

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

	Consolidated	
	2018	**2017**
	$	**$**

8. OTHER ASSETS

Current		
Bowen Coking coal pre-acquisition and due diligence costs	-	165,638
Other	584	
Prepaid expenses	11,514	69,244
	12,098	234,882

9. EXPLORATION EXPENDITURE

Non-Current		
Acquisition – Cape Coal Pty Ltd	4,131,531	-
Deposit – Isaac River Project	50,000	-
Exploration expenditure	1,750,681	-
	5,932,212	-

On 28 September 2017, the Company completed the acquisition from Cape Coal Pty Ltd (Cape Coal) of all of the issued capital of Coking Coal One Pty Ltd (formerly Bowen Coking Coal Pty Ltd) (CCO). The Company has issued to Cape Coal 70,000,000 ordinary fully paid shares, 13,000,000 Class A Performance Shares and 13,000,000 Class B Performance Shares. On 28 September 2017, CCO completed the acquisition of MLA 700005 and EPC 1230 (Comet Ridge Project) from Acacia Coal Limited (ACN 009 092 068) (Acacia Coal). The Company issued 17,391,304 ordinary fully paid shares to Acacia Coal, and paid the sum of $350,000 in cash. On 28 September 2017, CCO completed the acquisition of the Cooroorah Project (MDL 453) and Hillalong Project (EPC1824) from Australian Pacific Coal Ltd. The Company issued 54,347,826 ordinary fully paid shares to Area Coal Pty Ltd, a subsidiary of Australian Pacific Coal Ltd. The acquisition of Coking Coal One Pty Ltd has been treated as an asset acquisition via the issue of equity under AASB 2 Share-based Payment (“AASB 2”).

Consideration:		
Pre-acquisition costs transferred from other current assets	165,637	-
70,000,000 ordinary shares – Cape Coal Pty Ltd	1,610,000	-
13,000,000 class A performance shares – Cape Coal Pty Ltd	89,700	-
13,000,000 class B performance shares – Cape Coal Pty Ltd	167,794	-
17,391,304 ordinary shares and $350,000 cash component – Acacia Coal Limited	750,000	-
54,347,826 ordinary shares - Area Coal Pty Ltd	1,250,000	-
Stamp duty on tenement acquisitions	98,400	-
	4,131,531	-

	Consolidated	
	2018 $	2017 $
Identifiable assets acquired:		
Cash and cash equivalents	2,736	-
Trade and other receivables	6,141	-
Exploration expenditure	4,227,331	-
Trade and other payables	(104,677)	-
	4,131,531	-

On 28 September 2017, the Company issued 26,000,000 performance shares which will each convert to one ordinary share upon completion of the following milestones within 24 months:

Class A:

(i) the Total JORC-Compliant Resource Base being increased, following Completion, by delineation of a further 30,000,000 tonnes mineral resources of at least inferred category, or at least 30,000,000 tonnes of the Company's existing mineral resources being upgraded to at least the next higher category, in accordance with the JORC Code, in each case on the Initial BCC Projects only; and

(ii) the Company's Share price achieving a 30 day VWAP of at least 5 cents.

Class B:

(i) the Total JORC-Compliant Resource Base being increased, following Completion, by delineation of a further 50,000,000 tonnes mineral resources of at least inferred category, or at least 50,000,000 tonnes of the Company's existing mineral resources being upgraded to the next higher category, in accordance with the JORC Code, in each case on the Initial BCC Projects only.

No consideration will be payable upon the vesting of the Performance Shares. Based on the above, the performance share valuations have been calculated as follows:

Class	No. of Shares	Grant Date	Lapse Date	Fair Value	Total Value
A	13,000,000	28/9/2017	28/9/2019	$0.0069	$89,700
B	13,000,000	28/9/2017	28/9/2019	$0.0129	$167,794

Fair value: this was determined with reference to the prevailing share price at the grant date.

Probability: for each performance milestones described above, the Directors assessment of the probability of achievement and eventually vesting as at the date of acquisition. In determining the probability of the Consolidated Entity achieving each of the respective milestones for Class A and B performance shares, which would permit vesting of the performance shares, the Directors took into account that risk factors that were outlined in the prospectus dated 3 August 2017, at the date of acquisition.

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	Consolidated 2018 $	2017 $
10. TRADE AND OTHER PAYABLES		
Current		
Trade creditors and accruals	242,672	61,928
	242,672	61,928
11. BORROWINGS		
Current		
Other	4,013	-
	4,013	-

	2018 No	2017 No	2018 $	2017 $
12. CONTRIBUTED EQUITY				
Ordinary shares	499,486,810	127,312,898	49,830,181	42,064,761
Movements in share capital				
Opening balance 1 July	127,312,898	127,312,898	42,064,761	42,084,401
Placement – 28 September 2017	200,434,782	-	4,610,000	-
Cape Coal acquisition – 28 September 2017	70,000,000	-	1,610,000	-
Acacia Coal acquisition – 28 September 2017	17,391,304	-	400,000	-
Area Coal acquisition – 2 October 2017	54,347,826	-	1,250,000	-
Cape Coal acquisition – 11 May 2018	30,000,000	-	549,000	-
Capital raising costs	-	-	(653,580)	(19,640)
Closing balance 30 June	499,486,810	127,312,898	49,830,181	42,064,761

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 sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or proxy, at a meeting of the Company.

Capital risk management

The Consolidated Entity's capital comprises share capital, reserves less accumulated losses amounted to equity of $7,225,304 at 30 June 2018 (2017: $529,838). The Consolidated Entity manages its capital to ensure its ability to continue as a going concern and to optimise returns to its shareholders. The Consolidated Entity was ungeared at year end and not subject to any externally imposed capital requirements.

Share options

At 30 June 2018, there were 50,000,000 listed options exercisable at $0.04 on or before 30 October 2019 (2017: 50,000,000) and 30,000,000 unlisted options exercisable at $0.02 on or before 30 October 2019 on issue (2017: 30,000,000).

No options were issued, exercised or expired during the financial year.

13. RESERVES

	Consolidated	
	2018 $	2017 $
Share Option Reserve		
Balance at 1 July	800	800
Options issued	-	-
Balance at 30 June	800	800
Share Based Payments Reserve		
Balance at 1 July	-	-
Share based payments	257,494	-
Balance at 30 June	800	-
Total Reserves	258,294	800

Nature and Purpose of Reserves

i. Share Option Reserve

The share option reserve is used to recognise the fair value of options issued but not exercised.

14. PARENT ENTITY INFORMATION

	Consolidated 2018 $	Consolidated 2017 $
Current assets	1,519,139	591,766
Total assets	7,416,154	591,766
Current liabilities	166,028	61,928
Total liabilities	166,028	61,928
Shareholders' equity		
Issued capital	49,830,181	42,064,761
Reserves	258,294	800
Retained earnings	(42,838,349)	(41,535,723)
	7,250,126	529,838
Loss for the year	(1,302,626)	(648,291)
Other comprehensive income	-	-
Total comprehensive income	(1,302,626)	(648,291)

15. INVESTMENT IN SUBSIDIARIES

Name of subsidiary	Country of incorporation	Class of shares	Equity holding 2018 %	Equity holding 2017 %
Northern Yeelirrie Pty Limited	Australia	Ordinary	100	100
Cabral Brazil Pty Limited	Australia	Ordinary	-[1]	-[1]
Cabral Metais Ltda	Brazil	Ordinary	100	100
Coking Coal One Pty Ltd	Australia	Ordinary	100	-

1 Deregistered on 20 November 2016

16. REMUNERATION OF AUDITORS

	Consolidated	
	2018 $	2017 $
Amounts received, or due and receivable by:		
The current auditor of the parent entity (RSM Australia Partners – Australian Firm)		
- for auditing and reviewing the financial reports of the entity or any entity in the Consolidated Entity	22,000	-
The former auditor of the parent entity (Nexia Sydney Partnership – Australian Firm)		
- for auditing and reviewing the financial reports of the entity or any entity in the Consolidated Entity	-	32,236
	22,000	32,236

17. CONTINGENT LIABILITIES

There are no contingent liabilities of the Company as at 30 June 2018 (2017: Nil).

18. COMMITMENTS FOR EXPENDITURE

	Consolidated	
	2018 $	2017 $
Exploration commitments within 1 year	258,252	-
	258,252	-

19. KEY MANAGEMENT PERSONNEL AND RELATED PARTY INFORMATION

19.1 Key Management Personnel Remuneration

	Consolidated	
	2018 $	2017 $
Short term employee benefits	306,804	141,000
	306,804	141,000

Details of Directors' and key personnel remuneration are set out in the Remuneration Report in the Directors' Report.

19.2 Other Transactions with Key Management Personnel

There were no other transactions with key management personnel during the year (2017: nil).

20. SEGMENT INFORMATION

a. Description of Segments

Management has determined the operating segments based on the reports reviewed by those responsible for decision making which are used to make strategic decisions.

The management team have identified one reportable segment based on geographical factors for the year ended 2018 being Australia (2017: two segments - one segment in Australia and one segment in Brazil).

b. Segment Information Provided to those Responsible for Decision Making

The segment information provided to those responsible for decision making for the reportable segments for the year ended 30 June 2018 are as follows:

2018	**Australia AUD**	**Total AUD**
Total segment revenue	-	-
Inter-segment revenue	-	-
Revenue from external customers	-	-
Adjusted EBITDA	**(1,358,554)**	**(1,358,554)**
Depreciation and amortisation	-	-
Impairment	-	-
Share of loss from associates	-	-
Total segment assets	**7,225,304**	**7,225,304**
Total assets includes:		
Investment in associates	-	-
Exploration and tenements	-	-
Additions to non-current assets (other than financial assets and deferred tax)	-	-
Total segment liabilities	**246,685**	**246,685**

The segment information provided to those responsible for decision making for the reportable segments for the year ended 30 June 2017 are as follows:

c.

2017	Australia AUD	Total AUD
Total segment revenue	-	-
Inter-segment revenue	-	-
Revenue from external customers	-	-
Adjusted EBITDA	**(574,040)**	**(574,040)**
Depreciation and amortisation	-	-
Impairment	(87,738)	(87,738)
Share of loss from associates	-	-
Total segment assets	**591,766**	**591,766**
Total assets includes: Investment in associates	-	-
Exploration and tenements	-	-
Additions to non-current assets (other than financial assets and deferred tax)	-	-
Total segment liabilities	**61,928**	**61,928**

Other Segment Information

i. Segment Revenue

Segment revenue reconciles to total revenue from continuing operations as follows:

	2018 $	2017 $
Total segment revenue	-	-
Intersegment eliminations	-	-
Interest revenue	31,106	13,487
Gain on effectuation of DOCA	-	-
Total revenue from continuing operations (note 2)	**31,106**	**13,487**

ii. Adjusted EBITDA

The measurement of adjusted EBITDA excludes the non-recurring expenditure from the operating segment such as restructuring costs, legal expenses and goodwill impairments when the impairment is the result of an isolated, non-recurring event. Furthermore the measure excludes the effects of equity-settled share-based payments and unrealised gains/(losses) on financial instruments. Interest income and expenditure are not allocated to segments, as this type of activity is driven by a central treasury function in managing the cash position of the Consolidated Entity.

A reconciliation of adjusted EBITDA to operating loss is provided as follows:

	2018 $	2017 $
Adjusted EBITDA	(1,358,554)	(574,040)
Impairment	-	(87,738)
Interest	31,106	13,487
Loss from continuing operations	**(1,327,448)**	**(648,291)**

iii. Segment Assets

The amounts provided to those responsible for decision making with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

Reportable segments' assets are reconciled to total assets as follows:

	2018 $	2017 $
Segment assets	7,225,304	591,766
Intersegment eliminations	-	-
Total assets as per statement of financial position	**7,225,304**	**591,766**

iv. Segment Liabilities

The amounts provided to those responsible for decision making with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment. Reportable segments' liabilities are reconciled to total liabilities as follows:

	2018 $	2017 $
Segment liabilities	246,685	61,928
Intersegment eliminations	-	-
Total liabilities as per statement of financial position	**246,685**	**61,928**

21. RECONCILIATION OF LOSS FROM CONTINUING OPERATIONS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	Consolidated	
	2018 **$**	**2017** **$**
Loss from continuing and discontinued operations	(1,327,448)	(648,291)
Impairment of loans	-	87,738
Changes in Assets and Liabilities		
Decrease/(increase) in trade and other receivables	(34,503)	22,446
Decrease/(increase) in other assets	222,784	-
Decrease/(increase) in exploration expenditure	(1,654,881)	-
Increase/(decrease) in trade and other creditors	267,849	(101,638)
Net cash outflows from operating activities	(2,526,199)	(639,745)

22. EVENTS SUBSEQUENT TO BALANCE DATE

On 21 September 2018 the Company announced firm commitments for a capital raising to sophisticated and professional investors for a total of 74,875,000 fully paid ordinary shares at an issue price of $0.016 per share to raise approximately $1.2m before costs. Settlement of this placement is expected to take place on 27 September 2018 with the shares expected to be issued on 28 September 2018.

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

23. FINANCIAL INSTRUMENTS

23.1 Financial Risk Management

The Consolidated Entity's financial instruments consist of deposits with banks, trade receivable and payables, investments at fair value and loans to and from subsidiaries and associates. Derivative financial instruments are not currently used by the Consolidated Entity.

Senior executives meet regularly to analyse and monitor the financial risk associated with the financial instruments used by the Consolidated Entity. The Managing Director and Chief Executive Officer reports regularly to the Board which appraises the adequacy of the risk management strategies and also creates policies for risk management.

The Consolidated Entity's activities expose it to market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

Market Risk

a. Foreign Exchange Risk

The Consolidated Entity has no material exposure to foreign currency risk at the end of the reporting period.

b. Interest Rate Risk

The Consolidated Entity does not have any exposure to interest rate risk as there were no external borrowings at 30 June 2018 (2017: nil). Any borrowings were intercompany related and unsecured and interest free and therefore there is no exposure to interest rate risk associated with these amounts. Interest bearing assets are all short term liquid assets and the only interest rate risk is the effect on interest income by movements in the interest rate. There is no other material interest rate risk.

c. Liquidity Risk

The Consolidated Entity manages liquidity risk by maintaining cash reserves, placing funds on fixed term deposits with reputable financial institutions, having limited borrowings or debt and having, to the extent possible, the investments in instruments that are tradeable in highly liquid markets. All trade and other payables are expected to be paid within one year of balance date.

The Consolidated Entity's credit risk primarily arises from cash and deposits with Australian ADIs. The credit risk of financial assets of the Consolidated Entity which have been recognised on the statement of financial position, other than investments in shares, is generally the carrying amount, net of any provision for doubtful debts. There is no collateral or security held for those assets at balance date. There are no financial assets that are past due or impaired.

23.2 Net Fair Value of Financial Assets and Liabilities

The carrying amount of the Consolidated Entity's financial assets and financial liabilities in the financial statements approximates their fair values as at balance date.

BOWEN
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DIRECTORS' DECLARATION

In the directors' opinion:

1. the financial statements and accompanying notes set out on pages 21 to 48 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 Consolidated Entity's financial position as at 30 June 2018 and of its performance for the year ended on that date;
2. the financial statements and notes also comply with International Financial Reporting Standards (IFRS), as disclosed in Note 1(a)(i) to the financial statements;
3. there are reasonable grounds to believe that the Consolidated Entity will be able to pay its debts as and when they become due and payable
4. the directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:

Eddie King
Non-Executive Chairman

Perth**,** 27 September 2018

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INDEPENDENT AUDITOR'S REPORT

To the Members of Bowen Coking Coal Limited

Opinion

We have audited the financial report of Bowen Coking Coal Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2018 and of its financial performance for the year then ended; and

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed this matter
Carrying Value of Capitalised Exploration Expenditure **Refer to Note 9 in the financial statements**	
The Group has capitalised exploration expenditure with a carrying value of $5.675m. We determined this to be a key audit matter due to the significant management judgment involved in assessing the carrying value in accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources,* including: • Determination of whether expenditure can be associated with finding specific mineral resources, and the basis on which that expenditure is allocated to an area of interest; • Assessing whether any indicators of impairment are present; and • Determination of whether exploration activities have progressed to the stage at which the existence of an economically recoverable mineral reserve may be determined.	Our audit procedures in relation to the carrying value of capitalised exploration costs included: • Ensuring that the right to tenure of the areas of interest was current through confirmation with the relevant government departments; • Critically assessing and evaluating management's assessment that no indicators of impairment existed; • Agreeing a sample of the additions to capitalised exploration expenditure during the year to supporting documentation, and ensuring that the amounts were capitalised correctly; and • Through discussions with the Group's Directors, and review of the Group's ASX announcements and other relevant documentation, assessing management's determination that exploration activities have not yet progressed to the point where the existence or otherwise of an economically recoverable mineral resource may be determined.
Acquisition of Coking Coal One Pty Ltd (formerly named Bowen Coking Coal Pty Ltd) **Refer to Note 9 in the financial statements**	
During the year the Company completed the acquisition of Coking Coal One Pty Ltd (formerly named Bowen Coking Coal Pty Ltd) pursuant to the issue of 70,000,000 ordinary fully paid shares, 13,000,000 Class A Performance Shares and 13,000,000 Class B Performance Shares. The Company determined the acquiree did not meet the definition of a business under *AASB 3 Business Combinations* as at the date of the transaction. We identified the acquisition of Coking Coal One Pty Ltd as a key audit matter as it is a significant transaction that occurred during the period and the judgement involved in determining whether the acquiree met the definition of a business under *AASB 3 Business Combinations*.	Our audit procedures in relation to the Company's accounting for the acquisition of Coking Coal One Pty Ltd included: • Reviewing the acquisition agreement to obtain an understanding of the transaction and the related accounting considerations; • Critically evaluating management's determination that Bowen Coking Coal Limited was the acquiring entity and that the acquired entity did not meet the definition of a business; • Evaluating the timing and appropriateness of the accounting treatment and the consideration of the acquisition based on the agreement; and • Assessing the compliance of the financial presentation and disclosures with the requirements of Australian Accounting Standards.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf.
This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report
We have audited the Remuneration Report included in pages 14 to 18 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Bowen Coking Coal Limited, for the year ended 30 June 2018, complies with section 300A of the Corporations Act 2001.

Responsibilities
The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

RSM
RSM AUSTRALIA PARTNERS

Albert Loots
Partner

Brisbane, Queensland
Dated: 27 September 2018

CORPORATE INFORMATION

The information contained below is as at 20 September 2018.

NUMBER OF SHAREHOLDERS AND OPTION HOLDERS

Shares

As at 20 September 2018, there were 603 shareholders holding a total of 499,486,810 fully paid ordinary shares.

Options

As at 20 September 2018, there were 50,000,000 Quoted Options exercisable at $0.04 on or before 30 October 2019 held by 67 holders.

As at 20 September 2018, there were 30,000,000 Unquoted Options exercisable at $0.02 on or before 30 October 2019 held by 55 holders.

Performance Shares

As at 20 September 2018, there are 13,000,000 Class A Performance Shares and 13,000,000 Class B Performance Shares held by 1 holder – Cape Coal Pty Ltd.

Class A Performance Shares convert into Ordinary Shares on a 1:1 ratio upon the delineation of an increase in JORC-compliant inferred resources of at least 30 million tonnes coal on the Company's projects, and a 30 day VWAP share price hurdle of 5 cents.

Class B Performance Shares convert into Ordinary Shares on a 1:1 ratio upon the delineation of an increase in JORC-compliant inferred resources of at least 50 million tonnes coal on the Company's projects.

The Performance Shares have a term of 24 months from their date of issue, 11 October 2017, being expiration on 11 October 2019.

NON-MARKETABLE PARCELS

There were no holders of less than a marketable parcel of ordinary shares, amounting to nil ordinary shares.

DISTRIBUTION OF EQUITY SECURITIES

Analysis of number of share and option holders by size of holding:

Fully paid ordinary shares

Range			Number of holders	Number of shares
1	-	1,000	121	26,456
1,001	-	5,000	18	47,066
5,001	-	10,000	3	21,178
10,001	-	100,000	194	13,404,244
100,001 and over			267	485,987,866
			603	**499,486,810**

Quoted Options exercisable at $0.04 on or before 30 October 2019				
Range			**Number of holders**	**Number of options**
1	-	1,000	-	-
1,001	-	5,000	-	-
5,001	-	10,000	-	-
10,001	-	100,000	33	1,289,000
100,001 and over			34	48,211,000
			67	**50,000,000**

Unquoted Options exercisable at $0.02 on or before 30 October 2019				
Range			**Number of holders**	**Number of shares**
1	-	1,000	-	-
1,001	-	5,000	-	-
5,001	-	10,000	-	-
10,001	-	100,000	22	1,439,000
100,001 and over			33	28,561,000
			55	**30,000,000**

No holder has a 20% or more holding in the unquoted Options exercisable at $0.02 on or before 30 October 2019.

VOTING RIGHTS

The relevant conditions about voting rights attaching to each share are set out in Article 9.22 of the Constitution as follows:

"Subject to any rights or restrictions for the time being attached to any class or classes of shares and to this constitution:

a. *On a show of hands, each Member present in person and each other person present as a proxy, attorney or Representative of a Member has one vote; and*

b. *On a poll, each Member present in person has one vote for each fully paid share held by the Member and each person present as proxy, attorney or Representative of a Member has one vote for each fully paid share held by the Member that the person represents, but a Member is not entitled to vote at a general meeting in respect of shares which are the subject of a current Restriction Agreement for so long as any breach of that agreement subsists*

BOWEN COKING COAL LIMITED

SUBSTANTIAL SHAREHOLDERS

The Company has the following substantial shareholders as at 20 September 2018:

Name	Number of ordinary shares held	Percentage of issued shares
CAPE COAL PTY LTD	100,000,000	20.02%
AREA COAL LIMITED	54,347,826	10.88%

TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest holders of ordinary fully paid shares are set out below:

Name		Number of ordinary shares held	Percentage of issued shares
1.	CAPE COAL PTY LTD	100,000,000	20.02%
2.	AREA COAL LIMITED	54,347,826	10.88%
3.	MRS LILY MAH <MJ A/C>	18,843,478	3.77%
4.	ACACIA COAL LIMITED	17,391,304	4.19%
5.	MR PAUL GABRIEL SHARBANEE <THE SCORPION FUND A/C>	15,500,000	3.10%
6.	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	12,209,298	2.44%
7.	RIO SUPER PTY LTD <RIO GRANDE DO NORTE SF A/C>	10,835,000	2.17%
8.	MR GOH GEOK KHIM	10,000,000	2.00%
9.	V7 INVESTMENT & DEVELOPMENT <THE ZHOU FAMILY A/C>	9,000,000	1.80%
10.	MRS DENISE JOY SHARBANEE	9,000,000	1.80%
11.	STEVSAND INVESTMENTS PTY LTD <STEVEN FORMICA FAMILY A/C>	8,970,807	1.80%
12.	FIRST ONE REALTY PTY LTD	6,347,827	1.27%
13.	MR TYLER JOHN FORMICA	5,500,000	1.10%
14.	SACCO DEVELOPMENTS AUSTRALIA PTY LIMITED <THE SACCO FAMILY A/C>	5,388,427	1.08%
15.	MR DAVID JOHN FRANKLYN & MRS LUCILLE CORINNE FRANKLYN <UNION STREET SUPER FUND A/C>	5,000,000	1.00%
16.	MR ARIEL EDWARD KING	5,000,000	1.00%
17.	ROVIGNO PTY LTD	5,000,000	1.00%
18.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,879,951	0.98%
19.	MISS EUN JOO LEE	4,355,244	0.87%
20.	KALGOORLIE MINE MANAGEMENT PTY LTD	4,000,000	0.80%
		311,569,162	**63.07%**

BOWEN COKING COAL LIMITED

TWENTY LARGEST OPTION HOLDERS ($0.04 OPTIONS)

Name		Number of options held	Percentage of issued options
1.	MR ARIEL EDWARD KING	10,000,000	20.00%
2.	FIRST INVESTMENTS PARTNERS PTY LTD	6,260,000	12.52%
3.	TANGO88 PTY LTD <TANGO88 A/C>	6,000,000	12.00%
4.	FIRST ONE REALTY PTY LTD	3,900,000	7.80%
5.	MR GREGORY KENNETH D'ARCY	3,500,000	7.00%
6.	MR JASON YIN	2,231,000	4.46%
7.	MR TYLER JOHN FORMICA	2,000,000	4.00%
8.	LAKE SPRINGS PTY LTD <THE LAKE SPRINGS S/F A/C>	3,700,000	7.40%
9.	JOMOT PTY LTD	1,110,000	2.22%
10.	GREENWOOD RESOURCES PTY LTD	1,000,000	2.00%
11.	MR DAVID CHARLES NEESHAM & MRS PAMELA CHRISTINE NEESHAM <DC &PC NEESHAM FAMILY A/C>	1,000,000	2.00%
12.	MR STEVEN JOHN DIGGERMAN	1,000,000	2.00%
13.	FOUCART PTY LTD <CRB A/C>	940,000	1.88%
14.	MR MARK RICHARD JENSEN	800,000	1.60%
15.	MR BRETT JAMES RUDD	600,000	1.20%
16.	CINQUE HOLDINGS PTY LTD	500,000	1.00%
17.	MR MOHAMED GABR	500,000	1.00%
18.	LANTECH DEVELOPMENTS PTY LTD <CLAIRE FAMILY A/C>	500,000	1.00%
19.	MR EDMUND TECK HWANG LIM	462,000	0.92%
20.	MR THOMAS SAMUEL LATAGE LAMBETH & MISS RU YI LI <LAMBETH SUPER FUND A/C>	457,143	0.91%
		46,460,143	**92.91%**

RESTRICTED SECURITIES

The Company has the following restricted securities on issue:

Name	ordinary shares	Performance shares	Escrow release date
CAPE COAL PTY LTD	100,000,000	26,000,000	24 months from date of ASX re-quotation
ACACIA COAL LIMITED	17,391,304	-	12 months from date of issue
AREA COAL LIMITED	54,347,826	-	12 months from date of issue

Use of Funds

Between the date of listing on ASX and the date of this report the Company has used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives and as set out in the Prospectus dated 3 August 2017.

INTERESTS IN EXPLORATION TENEMENTS

Tenement Number	Project Name	Tenement Location	Bowen Coking Coal Interest Held
EPC 1824	HILLALONG	BOWEN BASIN, QUEENSLAND	100%
MDL 453	COOROORAH	BOWEN BASIN, QUEENSLAND	100%
EPC 1687	LILYVALE	BOWEN BASIN, QUEENSLAND	15%
EPC 2157	LILYVALE	BOWEN BASIN, QUEENSLAND	15%
EPC 2081	MACKENZIE	BOWEN BASIN, QUEENSLAND	5%
EPC 1230	COMET RIDGE	BOWEN BASIN, QUEENSLAND	100%
MLA 7005	COMET RIDGE	BOWEN BASIN, QUEENSLAND	100%
EPC2141	HILLALONG EAST	BOWEN BASIN, QUEENSLAND	100%[1]
EPC 1860	HILLALONG EAST	BOWEN BASIN, QUEENSLAND	100%[1]
MDL 444	ISAAC RIVER	BOWEN BASIN, QUEENSLAND	100%
EPC 830	ISAAC RIVER	BOWEN BASIN, QUEENSLAND	100%

1 Acquisition cost and duties paid. Indicative Ministerial Consent for the transfer received, final transfer underway.

COMPANY SECRETARY

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STOCK EXCHANGE QUOTATION

The Company's shares are quoted only on the Australian Securities Exchange (code "BCB").